



UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMAZON.COM, INC., AMAZON DIGITAL SERVICES, INC.,
AMAZON FULFILLMENT SERVICES, INC., HULU, LLC,
and NETFLIX, INC,
Petitioner,

v.

UNILOC LUXEMBOURG S.A.,
Patent Owner.

Case IPR2017-00948
Patent 8,566,960 B2

Before DAVID C. McKONE, BARBARA A. PARVIS, and
MICHELLE N. WORMMEESTER, *Administrative Patent Judges*.

McKONE, *Administrative Patent Judge*.

DECISION
PATENT OWNER'S REQUEST FOR REHEARING
37 C.F.R. § 42.71(d)

I. INTRODUCTION

Amazon.com, Inc., Amazon Digital Services, Inc., Amazon Fulfillment Services, Inc., Hulu, LLC, And Netflix, Inc. (collectively “Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting an *inter partes* review of claims 1–25 of U.S. Patent No. 8,566,960 B2 (Ex. 1001, “the ’960 patent”). Pursuant to 35 U.S.C. § 314, in our Institution Decision (Paper 10), we instituted this proceeding as to claims 1–25. Inst. Dec. 34. Patent Owner¹ filed a Patent Owner’s Response (Paper 15, “PO Resp.”), and Petitioner filed a Reply to the Patent Owner’s Response (Paper 18, “Reply”).

Patent Owner also filed a Contingent Motion to Amend (Paper 17, “Mot. to Amend”), seeking to replace claims 1, 22, and 25 with substitute claims 26, 27, and 28 if claims 1, 22, and 25 were found unpatentable. Petitioner filed an Opposition to the Motion to Amend (Paper 19, “Opp. to Mot. to Amend”), and Patent Owner filed a Reply supporting its Motion to Amend (Paper 24, “Mot. to Amend Reply”). Because we found that claims 1, 22, and 25 are unpatentable, we considered, and ultimately denied, Patent Owner’s Motion to Amend, concluding that the proposed substitute claims are directed to non-statutory subject matter under 35 U.S.C. § 101. Paper 31, Final Written Decision (“FWD”) 53, 63, 70.

In a Request for Rehearing (Paper 33, “Req.”), Patent Owner contends that we misapprehended the law and improperly considered whether substitute claims 26–28 constitute statutory subject matter under § 101.

¹ Patent Owner represents that Uniloc 2017 LLC is the owner of the ’960 patent, and that Uniloc USA, Inc. and Uniloc Licensing USA LLC are real parties-in-interest. Paper 6; Paper 32.

Req. 2–3. For the reasons explained below, we deny Patent Owner’s Request for Rehearing.

II. BACKGROUND

In a related matter, a district court determined that independent claims 1, 22, and 25 are non-statutory subject matter under § 101. *See Uniloc USA, Inc. v. Amazon.com, Inc.*, 243 F. Supp. 3d 797, 811 (E.D. Tex. 2017) (“For the reasons listed above, the Court finds that all claims of the ’960 Patent are drawn to ineligible subject matter under 35 U.S.C. § 101.”). The Federal Circuit has affirmed the District Court’s decision. *See Uniloc USA, Inc. v. Amazon.com, Inc.*, 2017-2051 (Fed. Cir. Aug. 9, 2018) (Fed. Cir. R. 36 decision). Substitute claims 26, 27, and 28 propose amendments to claims 1, 22, and 25, respectively. Mot. to Amend, 1, App. A.

Petitioner opposed Patent Owner’s Motion to Amend, *inter alia*, on the ground that substitute claims 26–28 are non-statutory subject matter under § 101. Opp. to Mot. to Amend 1–11. Patent Owner did not respond substantively to this argument; rather, Patent Owner argued that Petitioner was not permitted to raise § 101 in opposition to a motion to amend in an *inter partes* review. Mot. to Amend Reply 12–13. We fully considered and rejected Patent Owner’s argument and found that a preponderance of the evidence showed that substitute claims 26–28 are non-statutory subject matter. FWD 57–63, 69.

III. ANALYSIS

The burden of showing that the Decision should be modified is on Patent Owner, the party challenging the Decision. *See* 37 C.F.R. § 42.71(d).

In addition, “[t]he request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.” *Id.*

Patent Owner argues that, by overruling the Board’s practice of placing on the patent owner the burden of showing patentability of amended claims in *Aqua Products Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017) (en banc), the Federal Circuit also foreclosed review of proposed amended claims under § 101. Req. 3–4. Under Patent Owner’s theory, Board cases such as *Ariosa Diagnostics v. Isis Innovation Limited*, Case IPR2012-00022 (PTAB Sept. 2, 2014) (Paper 166), considered § 101 only as part of a patent owner’s burden to show patentability of the amended claims, and the Federal Circuit’s removal of that burden “overruled the very basis for *Ariosa Diagnostic*’s holding that a motion to amend must address patent eligibility under § 101.” Req. 3–4. However, as we explained in our Final Written Decision, *Aqua Products* makes clear that Patent Owner does not bear the burden of persuasion on issues of patentability in a motion to amend,² but does not foreclose an analysis of whether substitute claims comply with

² To be clear, our Decision did not place the burden of showing patentability of substitute claims 26–28 on Patent Owner. FWD 59–63. The District Court determined that claims 1, 22, and 25 are non-statutory subject matter (which the Federal Circuit affirmed) and Petitioner introduced persuasive evidence and argument that the amendments proposed in substitute claims 26–28 did not address the statutory defect in claims 1, 22, and 25. *Id.* Patent Owner was silent as to whether the substitute claims recite statutory subject matter. *Id.* at 57 (citing Mot. to Amend Reply 12–13; Tr. 50:13–17). On the complete record, Petitioner proved by a preponderance of the evidence that substitute claims 26–28 recite non-statutory subject matter. *Id.* at 59, 62–63, 69.

§ 101. FWD 58–59. Although the panel in *Ariosa Diagnostic* noted that the burden to show patentability of amended claims required the patent owner to address § 101, the panel did not find that § 311(b) precludes us from considering the patentability of amended claims under other statutory provisions, such as § 101. Case IPR2012-00022, slip op. at 51–52.

By its terms, § 311(b) limits a petitioner to requesting cancellation of *existing* claims of a patent only under § 102 and § 103. 35 U.S.C. § 311(b) (“A petitioner in an inter partes review may request to cancel as unpatentable *1 or more claims of a patent* only on a ground that could be raised under section 102 or 103” (emphasis added)). It does not, however, limit the grounds of unpatentability that can be raised in response to proposed substitute amended claims presented in a motion to amend. In contrast to § 311(b), the statutory provision providing a right to a motion to amend, 35 U.S.C. § 316(d), does not prevent us from considering unpatentability under sections other than § 102 and § 103 with respect to substitute claims.³

This distinction between claims of a patent and amended claims is further reflected in the statute. For example, the statute makes clear that amended claims are proposed claims until they are added following a final written decision and action of the Director. See 35 U.S.C. §§ 318(a)–(b). Specifically, § 318(a) (emphases added) directs us to “issue a final written

³ Section 316(d)(1) provides that “(1) *In general*.—During an inter partes review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways: (A) Cancel any challenged patent claim. (B) For each challenged claim, propose a reasonable number of substitute claims.”

decision with respect to the patentability of *any patent claim challenged by the petitioner* and *any new claim added under section 316(d).*”

Section 318(b) (emphases added) reiterates this distinction, providing that, if we issue a final written decision, “the Director shall issue and publish a certificate canceling *any claim of the patent finally determined to be unpatentable*, confirming *any claim of the patent determined to be patentable*, and incorporating in the patent by operation of the certificate *any new or amended claim* determined to be patentable.”

Aqua Products says nothing to the contrary. Instead, the lead opinion in *Aqua Products* recognizes that substitute claims sought to be added to a patent are not claims of that patent. *See Aqua Prods.*, 872 F.3d at 1304 (“The ‘request’ made by a motion to amend is—in the PTO’s own words—for ‘entry’ into the IPR, not for entry of an amended claim into the patent. Once entered into the proceeding, the amended claims are to be assessed for patentability alongside the original instituted claims.”). Although not binding on this point, the *Aqua Products* lead opinion recognizes this distinction, in the statute, between the claims challenged by a petitioner and substitute claims introduced by a patent owner:

For example, §§ 316(a)(9) and 316(d) distinguish a “challenged claim” from “substitute claims.” Similarly, § 314(a) only applies to “claims challenged in the petition.” In § 318(a), Congress distinguished between “any patent claim challenged by the petitioner” and “any new claim added under section 316(d).” And in § 318(b), Congress explained the procedure for issuing a certificate confirming the patentability of claims “and incorporating in the patent . . . any new or amended claim determined to be patentable.” In § 318(c), Congress provided for intervening rights with respect to “proposed amended or

new claim[s] determined to be patentable” and incorporated into the patent following an IPR.

Aqua Prods., 872 F.3d at 1306. As the lead opinion notes, “Congress is presumed to have acted intentionally when it made the distinction between challenged and amended claims in multiple parts of the AIA statutory scheme” *Id.* at 1306–07 (citing *Bates v. United States*, 522 U.S. 23, 29–30 (1997)).

This understanding is consistent with the Board’s practice of relying on provisions other than § 102 and § 103 to evaluate amended claims for unpatentability. *See, e.g., Apple Inc. v. Valencell, Inc.*, Case No. IPR2017-00315, 2018 WL 2552323, at *18 (PTAB May 31, 2018) (“[W]e agree with Petitioner that the proposed substitute claims do not pass muster under 35 U.S.C. § 112 because they are indefinite.”); *Cook Grp. Inc. v. Bos. Sci. Scimed, Inc.*, Case No. IPR2017-00440, 2018 WL 6828874, at *34 (PTAB Dec. 28, 2018) (“[W]e determine, based on the final record before us, that Petitioner has not shown, by a preponderance of the evidence, that proposed substitute claims 21, 30, and 38 are unpatentable for failing to comply with the requirements of 35 U.S.C. § 112, ¶¶ 1, 2.”); *Intel Corp., Cavium, LLC v. Alacritech, Inc.*, Case No. IPR2017-01409, 2018 WL 5992621, at *10 (PTAB Nov. 14, 2018) (“[W]e are not persuaded by Petitioner that substitute claims 61–78 are indefinite under 35 U.S.C. § 112, second paragraph.”).

Patent Owner does not point us to authority that § 311(b) precludes Petitioner from raising, or us from considering, other grounds of unpatentability, including § 101, as to substitute claims not yet part of a patent, in the context of a motion to amend. Patent Owner’s only authority for its contention that we may only consider § 102 and § 103 as to substitute

claims is the *Secure Access* case. Req. 2–3 (citing *Secure Access, LLC v. PNC Bank Nat’l Ass’n*, 848 F.3d 1370, 1379 (Fed. Cir. 2017), cert. granted, judgment vacated sub nom. *PNC Bank Nat. Ass’n v. Secure Access, LLC*, 138 S. Ct. 1982 (2018)). In *Secure Access*, the Federal Circuit explained:

Congress intended that the CBM program was to be more limited in scope than that. Its restriction to “covered business method” patents, and its temporary nature (eight years), make clear that it is a program established for a defined set of patents, not for virtually every patent. Moreover, in the AIA, the same statute that established the CBM program, Congress carefully set out limits on the *inter partes* review (“IPR”) program for review of patents after issuance. Persons sued for infringement had no more than one year to petition for IPR, and were restricted to presenting only certain §§ 102 and 103 grounds of unpatentability, thus excluding grounds based on, for example, § 101 or § 112. It is not sensible to read AIA § 18(d)(1) as obliterating these important limits for review of essentially any patent, subject only to the “technological invention” exception.

848 F.3d 1370 at 1379. *Secure Access*, however, only considered eligibility of a patent for covered business method patent review and with respect to claims as issued in the patent under consideration. Its statements regarding *inter partes* reviews were included as statutory background with regard to issued claims to illustrate why the threshold eligibility requirements should not be reduced to a technological invention test in a covered business method patent review. We do not read those statements as defining the scope of an *inter partes* review with respect to proposed substitute claims, which was not at issue in *Secure Access*. In the instant case, Petitioner did not request cancellation of previously issued patent claims based on § 101 in the Petition. Rather, consistent with § 311(b) and the language of *Secure*

Axcess cited by Patent Owner, Petitioner presented in the Petition only grounds based on § 102 and § 103. Petitioner did not raise § 101 until Patent Owner proposed substitute claims not yet added to the '960 patent and asserted that argument only against the substitute claims. Opp. to Mot. to Amend 1–11.

Finally, Patent Owner asserts that we relied improperly on *Western Digital Corp. v. SPEX Technologies, Inc.*, Case IPR2018-00082 (PTAB Apr. 25, 2018) (Paper 13) (informative). Req. 3. Patent Owner argues that *Western Digital* “did not hold that a motion to amend must address § 101 eligibility” and that “[i]t does not even hold that it is permissible for a Board to consider § 101 eligibility.” *Id.* at 4. According to Patent Owner, “[t]hat a patent owner may seek narrowing amendments to make the claims more robust against a potential § 101 challenge outside an IPR proceeding does not mean that the Board may consider such a § 101 challenge in the IPR in which those amendments are entered.” *Id.* at 4–5. We did not, however, cite *Western Digital* as holding that a motion to amend must address § 101 eligibility. Rather, by recognizing that § 101 issues can be introduced and corrected through a motion to amend, *Western Digital* reinforces that *Aqua Products* did not divest us of the power to consider a § 101 challenge to proposed amended claims.

According to the lead opinion in *Aqua Products*, “the Board must consider the entirety of the record before it when assessing the patentability of amended claims under § 318(a) and must justify any conclusions of unpatentability with respect to amended claims based on that record.” 872 F.3d at 1296; *accord id.* at 1309 (“When read in conjunction with the directive of § 318, we believe that the Board must assess the patentability of

all claims in the proceeding, including amended claims that have been entered into the proceeding after satisfying the requirements outlined in § 316(d), and must do so through the lens of § 316(e).”). Here, the record⁴ indicates that the existing claims of the ’960 patent have been determined to be non-statutory subject matter by a district court and the Federal Circuit. When we considered the record in its entirety, we determined that Petitioner proved, by a preponderance of the evidence, that the substitute claims are not patentable. Patent Owner has not argued persuasively, either in the Motion to Amend Reply or the Request for Rehearing, that any authority precludes Petitioner from arguing, or us from considering, whether a substitute claim in a motion to amend constitutes statutory subject matter under § 101. Accordingly, Patent Owner does not show that we misapprehended the law.

⁴ This evidence was introduced into the record by Petitioner. Paper 19, 1–2. Nevertheless, as Petitioner pointed out (*id.* at 2), Patent Owner had a duty of candor, under 37 C.F.R. § 42.11(a), to introduce this evidence. *See also* Memorandum of Chief Administrative Patent Judge, Guidance on Motions to Amend in view of *Aqua Products*, 2 (Nov. 21, 2017) (“[U]nder 37 C.F.R. § 42.11, all parties have a duty of candor, which includes a patent owner’s duty to disclose to the Board information that the patent owner is aware of that is material to the patentability of substitute claims, if such information is not already of record in the case.”); 37 C.F.R. § 42.8(b)(2) (“Each of the following notices must be filed: . . . (2) *Related matters*. Identify any other judicial or administrative matter that would affect, or be affected by, a decision in the proceeding.”). Thus, the adverse decisions should have been part of the record regardless of Petitioner’s choice to introduce them.

IV. CONCLUSION

Patent Owner has not shown that we misapprehended the law. Accordingly, we decline to change our Decision.

V. ORDER

For the reasons given:

Patent Owner's Request for Rehearing is *denied*.

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