

**VOLUME I of III**

**Misc. Docket No. \_\_\_\_\_**

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**UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

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IN RE  
DOMINION DEALER SOLUTIONS, LLC,

*Petitioner.*

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**PETITION FOR WRIT OF MANDAMUS  
TO THE ACTING DIRECTOR OF  
THE UNITED STATES PATENT & TRADEMARK OFFICE**

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**PETITION FOR WRIT OF MANDAMUS**

**INDEX OF EXHIBITS**

**EXHIBITS 1-6**

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November 25, 2013

Attorneys for Petitioner

**CERTIFICATE OF INTEREST**

Pursuant to Federal Circuit Rule 47.4, counsel of record for Petitioner Dominion Dealer Solutions, LLC certifies as follows:

1. The full name of every party or amicus represented by me is:

Dominion Dealer Solutions, LLC.

2. The name of the real party in interest represented by me is:

Dominion Dealer Solutions, LLC.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party represented by me are:

No publicly-held company owns 10 percent or more of the stock of Dominion Dealer Solutions, LLC. Landmark Media Enterprises, LLC, a Virginia LLC with 264 shareholders, is the ultimate corporate parent of Dominion Dealer Solutions, LLC.

4. The names of the law firms and the partners or associates that appeared for the party now represented by me in the United States Patent & Trademark Office or are expected to appear in this court are:

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DATED: NOVEMBER 25, 2013

Steven J. Rocci

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46. Complaint, Civil Action No. 3:13cv699 (E.D. Va.), filed October 15, 2013
47. Pertinent Excerpts from AIA Legislative History

**TABLE OF ABBREVIATIONS**

AIA	America Invents Act
Board	The particular Board within the PTAB who ruled on the five Petitions For <i>Inter Partes</i> Review here at issue
Decisions	The five Decisions issued on August 12 <sup>th</sup> and 15 <sup>th</sup> , 2013, denying the five Petitions For <i>Inter Partes</i> Review filed on March 28, 2013
Decisions On Request For Rehearing	The five Decisions issued on October 10, 2013, denying the five Requests For Rehearing On The Decision Not To Institute Trial For <i>Inter Partes</i> Review
Dominion	Petitioner Dominion Dealer Solutions, LLC
Exh. #	Exhibit submitted with the present Petition For Writ Of Mandamus
Hanson Declaration	Expert Declaration of Ward A. Hanson, Ph.D. dated March 22, 2013, with attached claim charts U.S. Patent No. 6,065,634
IPR	<i>Inter partes</i> review
Petitions	The five Petitions For <i>Inter Partes</i> Review filed on March 28, 2013, that are here at issue
PTAB	Patent Trial & Appeal Board of the U.S. Patent & Trademark Office
PTO	U.S. Patent & Trademark Office

## STATEMENT OF RELIEF SOUGHT

Petitioner requests that the Court issue a writ of mandamus: (a) vacating the Decisions; (b) remanding the Decisions to the PTO with instructions to institute IPR trials on each; and (c) providing guidance to the PTAB as to what minimum level of evidence is sufficient to meet the IPR “reasonable likelihood of unpatentability” threshold standard.

## JURISDICTIONAL STATEMENT

The Federal Circuit has jurisdiction over this petition. 28 U.S.C. § 1651.

## INTRODUCTION

This petition concerns a question of first impression as to the standard for deciding petitions seeking to institute IPR proceedings under the AIA. In particular, the statute and regulations only require a patent challenger to present in its IPR petition evidence sufficient to demonstrate “a reasonable likelihood” that one or more claims of a patent are unpatentable in order to initiate a full, contested IPR trial. As reflected in the legislative history, this “reasonable likelihood” standard is equatable to making a *prima facie* case. The Board here arbitrarily and capriciously failed to apply that threshold standard, instead preemptively delving into the ultimate merits, substituting its own views for unrebutted record evidence, and, in certain instances, applying an unduly high standard requiring that prior art references “facially describe” the claim element(s) at issue.

Because the Board's decisions are final and not directly appealable to this Court, a writ of mandamus is likely the Court's only mechanism for correcting the Board's errors and for clarifying the applicable threshold standard so that the abuses that occurred with respect to the Petitions are not repeated when considering other IPR petitions.

### **STATEMENT OF THE ISSUE**

Dominion submitted five Petitions that were supported by undisputed record evidence and conclusions of unpatentability from a highly-qualified expert in the relevant art, and that made out at least a *prima facie* case that those of ordinary skill in the relevant art in the relevant time frame would have been taught all of the elements of the claims of the AutoAlert patents by the Weiss, Sheets, and Jones references. Did the PTAB abuse its discretion in denying each of the Petitions by applying an unduly strict threshold standard and failing to credit and accept the undisputed record evidence and conclusions of the expert?

### **STATEMENT OF THE FACTS**

#### **I. The New *Inter Partes* Review Contested Proceeding Before The PTO Is A Means For Efficient and Cost-Effective Challenging Of Patents**

In creating the statutory framework for IPRs, Congress noted that, despite improvements in the then-existing reexamination proceedings, those reexamination proceedings "are [] often costly, taking several years to complete," and as a result, are less used (as compared to district court litigation) than Congress desired. H.R.

RPT. 112-98, at 45 (2011) (excerpted in Exh. 47 here); *see also* 157 CONG. REC. S1326 (daily ed. Mar. 7, 2011) (Sen. Sessions opining that post-grant review “will allow invalid patents that were mistakenly issued by the PTO to be fixed early in their life, before they disrupt an entire industry or result in expensive litigation”).

Through the AIA, PUB. L. 112-29, 125 Stat. 284 (Sept. 16, 2011), Congress streamlined the administrative process. Section 6(a) amended the reexamination statute, 35 U.S.C. §§ 311-318, and added 35 U.S.C. § 319. Through these amended sections, the AIA “convert[ed] inter partes reexamination from an examinational to an adjudicative proceeding.” H.R. RPT. 112-98, at 46-47; *see also* 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011) (comments of Sen. Kyl).

Under the AIA, IPR proceedings are conducted by the PTAB. *See* 35 U.S.C. § 316(c). IPR petitions are considered by a three-member panel of administrative law judges from the PTAB. 35 U.S.C. § 6(c). If a petition is granted, a “trial” is instituted. 37 C.F.R. § 42.100(a) (definition of “trial”). An IPR trial is a contested proceeding (37 C.F.R. § 42.2) where both the patentee and the petitioner are actively involved.

The PTAB must adjudicate an IPR petition within three months of the filing of a response to the petition. 35 U.S.C. § 314(b). In line with the policy goal behind the AIA of creating a timely, cost-effective alternative to litigation, Congress mandates regulations such that a final determination would be reached no



later than one year after the date on which the proceeding is instituted, with the possibility of up to a six-month extension for good cause. *See id.* § 316(a)(11).

Finally, Congress provided for appellate review at the Federal Circuit at the conclusion of instituted IPR proceedings. *See id.* § 319.

Congress directed the PTO Director to “prescribe regulations... (2) setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a)” (35 U.S.C. § 316(a)(2)). That section sets the threshold standard at “***a reasonable likelihood that the petitioner would prevail*** with respect to at least 1 of the claims challenged in the petition” (emphasis added), and the PTO enacted rules reiterating this standard. 37 C.F.R. § 42.108(c).

The legislative history shows that this “reasonable likelihood” standard requires no more than setting forth a *prima facie* case of unpatentability, i.e., setting out a case that would justify the PTO in issuing a rejection during examination. *See* 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011) (Sen. Kyl noting that the “reasonable likelihood” standard is ***lower*** than more-likely-than-not and “effectively requires the petitioner to present a *prima facie* case justifying a rejection”); *see* <http://www.patentspostgrant.com/2012/04/different-thresholds>.

IPR petitions are limited to sixty pages. 37 C.F.R. § 42.24(a)(i). This page limit appears in keeping with the legislative-history notion that a petition merely needs to present a *prima facie* case for invalidity, with an ultimate determination as

to unpatentability made later after a fully-developed record. Consequently, it is only after extensive additional proceedings (which occur *after* the institution of an IPR trial) – in which all parties seek and present evidence in accordance with the Federal Rules of Evidence and submit argument – that the PTAB issues a final written decision. 35 U.S.C. § 318(a).

## **II. The California Litigation And Dominion’s Petitions**

On October 1, 2012, AutoAlert, Inc. (“AutoAlert”) sued Dominion and two others for infringement of U.S. Patent Nos. 7,827,099 (Exh. 2), 8,005,752 (Exh. 1), 8,086,529 (Exh. 3), and 8,095,461 (Exh. 4) in the Central District of California (Civil Action No. 8:12-cv-01661) (“the California Action”). On April 22, 2013, AutoAlert amended its complaint to include U.S. Patent No. 8,396,791 (Exh. 5).

Dominion filed the Petitions on March 28, 2013 (Exhs. 6-10). The Petitions requested IPR of the AutoAlert patents-in-suit (“Patents”) in light of three references alone or in combination – U.S. Patent Publication No. 2002/0035520 (“Weiss” – Exh. 11), U.S. Patent Publication No. 2001/0049653 (“Sheets” – Exh. 12), and U.S. Patent No. 7,249,322 (“Jones” – Exh. 13) (“References”). Each Petition discussed: (a) an overview of the particular Patent (Exh. 6 at 7-8; Exh. 7 at 7-8; Exh. 8 at 7-8; Exh. 9 at 7-9; Exh. 10 at 8-9); (b) the level of ordinary skill in the art (Exh. 6 at 9; Exh. 7 at 9; Exh. 8 at 9; Exh. 9 at 9; Exh. 10 at 9-10); and (c) overviews of each of the References forming the principal bases for the validity

challenge (Exh. 6 at 9-14; Exh. 7 at 9-14; Exh. 8 at 9-14; Exh. 9 at 10-14; Exh. 10 at 10-14), and each Petition also contained separately-delineated sections detailing how each element of each Patent claim was taught in the References, with multiple citations (Exh. 6 at 16-54; Exh. 7 at 16-60; Exh. 8 at 15-59; Exh. 9 at 16-60; Exh. 10 at 17-55). Each Petition also included the Expert Declaration of Ward A. Hanson, Ph.D. (Exh. 14), a 25-year veteran in the field to which the Patents pertain (*see* Exh. 14 at 4-7). The Hanson Declaration discussed in detail what each Reference would have taught to one of ordinary skill in the art of the Patents *in the 2003-2004 time frame*, and demonstrated how the References taught or suggested the claims of the Patents. There is no dispute that the Hanson Declaration included specific conclusions that each claim of the Patents was taught alone by, or by combination of, the References (*see, e.g., id.* at 8-9 and 43, and Exhs. G-K), nor that Dr. Hanson discussed each element of each claim separately.

The California Action was stayed on May 22, 2013, “pending final exhaustion of all pending IPR proceedings, including any appeals” (Exh. 15 at 6).

On July 3, 2013, AutoAlert filed Preliminary Responses in the PTO (Exhs. 16-20). AutoAlert did not challenge Dr. Hanson’s credentials as an expert or point to any statements in his declaration that it believed were not credible, unsupported or contrary to the References. AutoAlert also did not challenge Dr. Hanson’s

testimony about the existence of multiple motivations in 2003-2004 to combine the References in the manner asserted (*see, e.g.*, Exh. 14 at ¶¶116-19, and 36-40).

### III. The PTO's Improper Denial Of Dominion's IPR Petitions

On August 12<sup>th</sup> and 15<sup>th</sup>, 2013, the Board issued Decisions denying the Petitions (Exhs. 21-25). In each Decision, the Board did not question Dr. Hanson's credibility or status as an expert at the time that the alleged inventions were made, nor did the Board conclude that the References' teachings contradicted the Hanson Declaration. Yet, the Board refused to accept his unrebutted and uncontradicted testimony showing how the References would have taught each Patent's claims to one of ordinary skill in the art in 2003-2004. Instead of crediting Dr. Hanson's testimony, the Board substituted its own views. For example:

Dominion cites to Exhibit H (Exhibit 1018) of the declaration of Dr. Hanson (Exhibit 1005). . . . *We are unpersuaded* because ¶0036 of Sheets *facially describes* nothing about how the new monthly payment is calculated based on first financial terms for a first vehicle and also on second financial terms for a second vehicle.

(Exh. 21 at 19; emphasis added.) The Decisions repeatedly state that the Board is “unpersuaded” by, or “disagrees” with, Dr. Hanson's testimony or the related analysis (Exh. 21 at 10-11, 15-16, 19, and 20; Exh. 22 at 13, 19-20, and 23; Exh. 23 at 9, 16, 17, and 20; Exh. 24 at 11, 14, 16, 17-18, 19-20, and 22; Exh. 25 at 11, 16, 18, and 22), but cites no rebuttal evidence as to what the References would have taught those of ordinary skill a decade ago.

On September 11 and 16, 2013, Dominion filed Requests For Rehearing pointing out the Board's failure to accept the un rebutted factual evidence (Exhs. 26-30). On October 10<sup>th</sup>, the Board denied each of them (Exhs. 41-45), erroneously stating that Dominion had cited no authority for the point that "uncontested factual evidence must be accepted by the Board" (*see, e.g.*, Exh. 41 at 2). To the contrary, Dominion had discussed *Brand v. Miller*, 487 F.3d 862, 869 (Fed. Cir.), *cert. denied*, 552 U.S. 1038 (2007), at length and had brought *Rambus Inc. v. Rea*, Case No. 2012-1634, 2013 U.S. App. LEXIS 19500 (Fed. Cir. 2013), to the Board's attention.<sup>1</sup> The Board did not mention these cases, much less address them.

#### **IV. The Eastern District Of Virginia Action Seeking Agency Review Of The PTO's Improper Denial Of Dominion's IPR Petitions**

On October 15, 2013, Dominion filed a Complaint in the Eastern District of Virginia seeking review of the Denials of the Petitions under the Administrative Procedure Act (Civil Action No. 3:13cv699; Exh. 46; the "Virginia Action"). To date, there has been no substantive activity in that action.

#### **REASONS WHY THE WRIT SHOULD ISSUE**

A writ of mandamus may be employed "in extraordinary circumstances to correct a clear abuse of discretion or usurpation of judicial power" where it is

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<sup>1</sup> Dominion submitted a copy of the *Rambus* decision to the Board in each of the five proceedings on September 25, 2013 (the day after it issued) (Exhs. 31-35). The Board, however, refused to consider that case and "expunged" the submissions as untimely (Exhs. 36-40).

shown that the party seeking the writ “has no other means of obtaining the relief desired. . . and that the right to issuance is clear and indisputable.” *In re Shared Memory Graphics LLC*, 659 F.3d 1336, 1339 (Fed. Cir. 2011) (citing cases); *Bankers Life & Cas. Co. v. Holland*, 346 U.S. 379, 382 (1953); *In re Broadcom Corp.*, 2013 U.S. App. LEXIS 8157, \*5 (Fed. Cir. Apr. 23, 2013). The Court can also provide “advisory” mandamus in review of “basic, undecided questions.” *Schlagenhauf v. Holder*, 379 U.S. 104 (1964). *See generally* 16 Wright et al., § 3934.1; *In re Sony BMG Music Entm't*, 564 F.3d 1, 3-4 (1st Cir. 2009) (“[w]e may entertain a petition that ‘presents a systemically important issue as to which this court has not yet spoken’”). “The aim of advisory mandamus. . . is to settle substantial questions of law in circumstances that ‘would assist other jurists, parties, [and] lawyers.’” *U.S. v. Green*, 407 F.3d 434, 439 (1st Cir. 2005).

Here, the issuance of a writ is appropriate and necessary, both to correct the Board’s abuses of discretion and to provide proper guidance to the PTAB so that similar abuses do not occur in the future.

## **I. Mandamus Is An Appropriate Procedural Avenue**

### **A. Dominion Likely Has No Other Avenue Of Relief From The PTAB’s Abuses Of Discretion**

Thirty-five U.S.C. § 314(d) states that “[t]he determination by the Director whether to institute an inter partes review under this section shall be final and non-appealable.” It is likely that the PTO will cite to this section and move to dismiss

the Virginia Action (Exh. 46) in view of *Versata Dev. Corp. v. Rea*, 2013 U.S. Dist. LEXIS 112718 at \*15-\*16 (E.D. Va. Aug. 7, 2013). While Dominion submits that the *Versata* decision was incorrectly decided, it is also not controlling here (at least not if the Board is allowed to impose the improperly strict standard that it did here – *see* discussion about estoppel at 14-15, *infra*) – among other things, *Versata* involved the *grant* of a petition in a post-grant review, whereas the present situation involves the *denial* of a petition in an IPR. Nonetheless, there is at least a possibility that the district court will decline jurisdiction in the Virginia Action. In that event, Dominion has no recourse to address the Board’s abuses of discretion other than through the present petition seeking a writ of mandamus.

**B. Mandamus Is Likely The Only Way In Which The Underlying Question Of First Impression And Important Public Policy Will Reach This Court**

Two basic questions have never been addressed by the courts: (1) how the threshold standard for instituting IPR trials – reasonable likelihood of unpatentability – should properly be applied at the PTAB level; and (2) how the PTAB must handle expert testimony submitted in conjunction with an IPR petition (including the deference that should be given to such evidence at the petition stage). They will, however, undoubtedly arise in many future IPR proceedings.

The IPR procedure is an important part of the AIA intended to provide a speedier, less expensive way to challenge the patent validity. Thus, the questions

raised here are matters of important public policy. The Court's direction on them will provide constructive guidance not only to the particular Board here but also to all parties making use of IPR and to the PTAB in general. It will determine in large part whether or not IPR will fulfill its role as a less expensive, speedier determination of the validity of patent claims in comparison to a civil action. If the PTAB is initially free to ignore or not credit undisputed and uncontradicted facts, or simply to state its own view of the facts contrary to a credible, competent expert declaration, then the Congressional intent will be thwarted – parties will lose confidence in the PTO and turn to the district courts instead.

A writ of mandamus is appropriate for dealing with “basic and undecided” questions when a lower court abuses its authority. *Schlagenhauf v. Holder*, 379 U.S. 104 (1964). As in *In re BP Lubricants USA*, 637 F.3d 1307, 1313 (Fed. Cir. 2011) (citing *LaBuy v. Howes Leather Co.*, 352 U.S. 249, 259-60 (1957)), what amount of evidence meets the “reasonable likelihood of unpatentability” standard, and the proper amount of deference that the PTAB must give to undisputed evidence when determining whether that standard has been met, are issues important to “proper judicial administration” and will benefit the public.

Moreover, confirming that the threshold standard is met by making out a *prima facie* case properly serves the public policy behind the IPR system – providing a cost-effective, efficient alternative to district court litigation for



determining whether or not a patent was improperly issued. A probing inquiry into the merits of Dominion's obviousness theories, and Dr. Hanson's supporting testimony, should occur at the conclusion of the proceeding, not its inception.

Absent guidance from the Court as to how the PTAB must evaluate undisputed testimony in deciding whether to institute an IPR trial, there is a good likelihood that the Board will continue on the path set forth in the Decisions here – nominally acknowledging the presence of expert testimony while ignoring that such testimony is undisputed, and then proceeding to ignore the testimony itself or impose its own views of the facts in place of an expert's.

Finally, should the district court refuse to accept jurisdiction over the Virginia Action, mandamus is particularly needed since unsuccessful petitioners before the PTAB will have no other avenue by which to have the PTAB's actions in ruling on IPR petitions reviewed for any abuse of discretion.

## **II. The Board Abused Its Discretion By Applying An Overly High Threshold Standard For Granting IPR Petitions While Substituting Its Own Views For Undisputed Testimony**

### **A. The Proper Standard For An IPR Petition Is Whether The Petitioner Has Made Out A *Prima Facie* Case Of Unpatentability**

For an IPR petition to be granted, a petitioner need only satisfy the standard of "a reasonable likelihood" of unpatentability. 35 U.S.C. § 314(a); 37 C.F.R. § 42.108(c). This standard, as set out in the legislative history, is met through the presentation of a *prima facie* case as to any given claim. 157 CONG. REC. S1375

(daily ed. Mar. 8, 2011). This standard is not new to the PTO, and is exactly the standard that is applied at the PTO itself when an examiner or Board seeks to reject a patent claim during normal patent prosecution. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992) (“*prima facie* case is a procedural tool of patent examination, allocating the burdens of going forward.... The term ‘*prima facie* case’ refers only to the initial examination step”). As such, what suffices to make out a “*prima facie* case of unpatentability” is well-documented:

The Patent and Trademark Office (“PTO”) satisfies its initial burden of production by “adequately explain[ing] the shortcomings it perceives *so that the applicant is properly notified and able to respond.*” *Hyatt*, 492 F.3d at 1370. In other words, the PTO carries its procedural burden of establishing a *prima facie* case when its rejection satisfies 35 U.S.C. § 132.... That section “is violated when a rejection is *so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection.*” *Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990).

*In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011) (emphasis added).

At its core, the *prima facie* case standard merely allocates the burden of going forward; it is *not* intended to be equated to the ultimate burden of persuasion. In the context of IPR, the burden placed on a petitioner to obtain institution of a trial can be seen by substituting appropriately in the quoted passage above (internal citations and some extra language omitted):

The [Petitioner] satisfies its initial burden of production by adequately explaining the shortcomings it perceives so that the [patentee] is properly notified and able to respond.... [This burden is not met] when

a [petition] is so uninformative that it prevents the [patentee] from recognizing and seeking to counter the grounds for [invalidity].

This is the standard that the Board should have applied when considering the five Dominion Petitions. It is also a standard that has been met by the PTO in numerous instances even where the PTO's rejection was lacking in any significant detail. For example, in *In re Huston*, 308 F.3d 1267, 1280-81 (Fed. Cir. 2002), this Court affirmed a "cryptic" finding of obviousness when "'the Board's path may reasonably be discerned'" and is supported by the record. *See also Chester*, 906 F.2d at 1577-78 ("[Thirty-five U.S.C. § 132] does not mandate that in order to establish prima facie anticipation, the PTO [petitioner] must explicitly preempt every possible response to a section 102 rejection").

Applying a *prima facie* threshold standard is also entirely in keeping with the adjudicative nature of IPR proceedings. Given that the patentee will have the right to cross-examine Dominion's expert and present contrary testimony, it would be inappropriate for the PTAB to pre-emptively consider or analyze a petition at the petition stage in the patentee's stead, rather than waiting until the PTAB is charged with substantively determining – at the *end* of the trial – whether the challenged claims were unpatentable. It is up to the patentee to sharpen the issues first. Indeed, AutoAlert may not challenge much of Dr. Hanson's testimony.

The statutory scheme points toward a *prima facie* standard as well. Section 314(d) states that "[t]he determination. . . whether to institute an inter partes review

under this section shall be final and non-appealable.” Because the petitioner whose IPR petition is denied is not being given “his day in court,” such a bar against appeal only makes sense if a determination not to institute an IPR trial cannot result in an estoppel. If the PTAB is allowed to delve into the substantive merits of the petitions and to substitute its own views for a presented *prima facie* case, however, it is clear that at least *de facto* estoppels will arise that will unfairly prejudice the petitioner. When an unsuccessful petitioner returns to the district court, it is a near certainty that the patentee will take every opportunity to trumpet the fact that the PTAB considered, and rejected, the petitioner’s prior art. As a result, even if there is not the statutory estoppel that applies to post-IPR-trial determinations under 35 U.S.C. § 315(e), there is *de facto* estoppel – at a minimum, significant prejudice – as to which a petitioner would have no normal avenue of appeal. Thus, the very fact that the statute says that petition denials are not appealable weighs directly in favor of applying the lower *prima facie* standard where undisputed evidence must be accepted when considering IPR petitions.

**B. Dominion’s Petitions Made Out, At A Minimum, A *Prima Facie* Case Of Unpatentability As To The Claims Of Each Patent**

Anticipation, and the question of whether a claim limitation is inherently present in a reference, is a factual issue. *See, e.g., In re Schreiber*, 128 F.3d 1473, 1477 (Fed. Cir. 1997). Similarly, the issues underlying obviousness are all issues of fact. *See, e.g., Leo Pharm. Prods. v. Rea*, No. 12-1520, 2013 U.S. App. LEXIS

16610, \*14-15 (Fed. Cir. Aug. 12, 2013). In particular, the scope and content of the prior art are factual questions. *Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, 554 F.3d 1010, 1019 (Fed. Cir. 2009). “What a reference teaches and whether a person of ordinary skill in the art would have been motivated to combine the teachings of separate references *are questions of fact.*” *Pregis Corp. v. Kappos*, 700 F.3d 1348, 1353-54 (Fed. Cir. 2012) (emphasis added).

Applying those standards, each Petition discussed in detail: (a) the particular Patent; (b) the level of ordinary skill; (c) the References forming the bases for invalidity; and (d) how each element of each patent claim was taught in the References, with multiple citations both to the References and to the Hanson Declaration. Each Petition set forth conclusions based on the Hanson evidence that the References anticipate the challenged claims or at least render all claims obvious alone or in combination. The Hanson Declaration also included explicit conclusions to this effect along with voluminous claim charts and discussion of the motivations to combine (*see, e.g.*, Exh. 14 at 8-9, 43-45, and Exhibits G-K).

It is clear that the evidentiary opinions set forth by Dr. Hanson were directed to what the References would have taught to those of ordinary skill art “at the time of the invention” (*see, e.g.*, Exh. 14 at ¶¶20, 24, 26, 28-35, 37, 40, and 84, each discussing using this frame of reference, and ¶¶45-72, discussing the state of the art by late 2003). Based on his expertise and analysis, he explicitly testified as to how

those of ordinary skill *in late 2003* would have understood the teachings of the References. This evidence as to the state of the art a full decade ago goes directly to the factual issues of anticipation and obviousness and cannot be gleaned, much less disputed, by simply looking at the written words of the References themselves. Thus, there is no evidence of record whatsoever that could be considered contrary to Dr. Hanson's testimony as to the 2003 teachings of the References.

There cannot be any reasonable dispute that the Petitions and the evidence contained in the accompanying Hanson Declaration – when taken for what they set forth – easily establish *prima facie* cases of unpatentability as to each claim in each of the five patents. This is all that they were required to do in order to obtain institution of a trial. Applying the PTO's own *prima facie* case standards, the Petitions and Declaration: “adequately explained the shortcomings [Dominion] perceives so that the [patentee] is properly notified and able to respond,” and are certainly *not* “so uninformative that it prevents the [patentee] from recognizing and seeking to counter the grounds for [invalidity].” *See Jung*, 637 F.3d at 1362.

While facially discernible from the Petitions and Declaration, that *prima facie* cases were made out is further evidenced by the fact that AutoAlert (the patentee) raised no concerns or questions in its Preliminary Responses (Exhs. 16-20) as to Dominion's positions, merely indicating that it would attack Dr. Hanson's

assertions later, *after* IPR trials were instituted. In fact, it is likely that the majority of Dr. Hanson's testimony will never be challenged.

**C. The Board Abused Its Discretion By Applying An Overly High Threshold Standard Instead Of Applying The *Prima-Facie-Case-Of-Unpatentability* Standard, Erroneously Substituting Its Own Factual Views for the Undisputed Testimony of Record**

Dominion's presentation of multiple *prima facie* cases of unpatentability in each of the Petitions without substantive challenge by the patentee should have ended the Board's consideration in the context of instituting an IPR trial. The Board, however, denied the Petitions, which can only reasonably mean (despite the Board's conclusory protestations when denying the Requests For Reconsideration) that it improperly failed to credit the undisputed Hanson testimony as to what the References would have taught to those of ordinary skill a decade ago, and instead substituted its own views and assumed expertise, failed to meaningfully review the entirety of the petition records, and/or possibly accepted AutoAlert's unsupported, non-evidentiary attorney argument.<sup>2</sup>

In all events, the Board abused its discretion by applying an unduly harsh standard – one that properly belongs, if at all, only later at the time of any ultimate determination of the IPR trial. The uncontested factual evidence should have been

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<sup>2</sup> In two of the Decisions denying Dominion's Requests For Rehearing, the Board contended *inter alia* that there was "contrary factual evidence... because the Patent Owner does contest the facts" (Exh. 41 at 2; Exh. 45 at 2 ). The patentee, however, offered no evidence but only attorney argument.

accepted by the Board. That evidence made out a *prima facie* case of unpatentability and the failure to institute trials was an abuse of discretion.

**1. As To The Petitions At Issue, The Board Was Required To Accept The Undisputed Evidence**

IPR proceedings are, by their very nature and name, contested. *See* H.R. RPT. 112-98, at 46-47; 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011). Indeed, AutoAlert filed Preliminary Responses that were specifically referenced by the Board in each of the Decisions (*see* Exh. 21 at 10, 15, and 17; Exh. 22 at 13, 18, 19-20, 23, and 24; Exh. 23 at 9, 10-11, and 13; Exh. 24 at 11-12, 14-15, 16, 17-18, 20, and 22; Exh. 25 at 11, 16, and 18). The contested nature, however, is critical to the allocation of the burdens and seems to have been overlooked or ignored by the Board.

In contested proceedings, two non-PTO parties are involved and effectively act as counter-balances to each other. As a corollary, it is impermissible for a PTAB panel to base fact-findings on its own alleged expertise rather than the record.

[I]n the context of a contested case, it is impermissible for the Board to base its factual findings on its expertise, rather than on evidence in the record, although the Board's expertise appropriately plays a role in interpreting record evidence.

*Brand*, 487 F.3d at 869 (reversing BPAI for improperly substituting its own opinions for record evidence as to various issues in a contested proceeding,



including the knowledge of one of ordinary skill at the relevant time);<sup>3</sup> *see also Rambus*, 2013 U.S. App. LEXIS 19500 at \*22 (finding *inter alia* that BPAI erred in failing to credit undisputed evidence of a commercial success nexus and that BPAI had “no evidence in the record to support [its] assertion that the commercial value of the licenses stemmed from other licensed Rambus patents”).

Consequently, since IPRs are contested proceedings, undisputed evidence presented therein must be accepted. This is particularly true at the initial petition stage when all that need be established is a *prima facie* case and there will be opportunity later for the patentee to offer contrary evidence. It is even clearer in the present case given that Dr. Hanson unquestionably has the expertise to understand what the References would have taught those of ordinary skill in 2003-2004.

## **2. The Board Improperly Substituted Its Own Assumed Expertise And Views**

Despite being obligated to accept undisputed evidence, the Board did just the opposite in each of its Decisions when it discarded without comment the 46-page Hanson Declaration and its more than 350 pages of charts explicitly and repeatedly presenting evidence as to how *those of ordinary skill in the art would have understood the References a decade ago*. There was no other evidence of

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<sup>3</sup> Although *Brand* concerned the old interference practice, its reasoning applies at least equally to the PTAB in IPRs given the close similarity of the two types of proceedings – e.g., both are contested proceedings with no right to trial *de novo* thereafter, and both have detailed regulations governing the evidentiary record.

record as to what an ordinarily-skilled artisan would have been taught by each of the References. In the absence of a credibility challenge, the Board was required to accept that evidence or show how it was contradicted by the record evidence. Not doing so was an abuse of discretion.

In *Brand*, this Court found that “the Board improperly substituted its own opinion for evidence of the knowledge of one of ordinary skill in the art.” *Brand*, 487 F.3d at 870. But that is exactly what the Board did when ruling on Dominion’s Petitions. While the Board later contended that “the literal disclosures of the references themselves constitute factual evidence” (*see, e.g.*, Exh. 41 at 2), such evidence does *not* go to what the References would have taught *to those of ordinary skill ten years ago*. The only evidence to that point was what was presented in the Hanson Declaration.

In each of the sections concerning anticipation in the Decisions, the Board states: “[w]e have considered... [the] supporting evidence... and are not persuaded” (Exh. 21 at 10 and 15; Exh. 22 at 13 and 19-20; Exh. 23 at 9; Exh. 24 at 11 and 17; Exh. 25 at 11 and 16) despite the fact that all of the evidence explicitly – and in detail – supports that the References would have taught each claimed invention to one of ordinary skill a decade ago. Similarly, when discussing obviousness, the Board stated: “[b]ased on the arguments and evidence ... we are unpersuaded” (Exh. 21 at 20; Exh. 25 at 22), “[w]e have considered... [the] supporting evidence...

but are not persuaded” (Exh. 22 at 23; Exh. 24 at 22), or “[u]pon consideration of the arguments and evidence... we are not persuaded” (Exh. 23 at 17) without ever addressing Dr. Hanson’s fact evidence, and while repeatedly stating its “agreement” with non-evidentiary *attorney arguments* presented by AutoAlert. On both counts, and particularly when confusing attorney argument for evidence, the Board abused its discretion. On both counts, the Board committed the same error that the Board in *Brand* was found to have committed: “[t]he Board rejected as unconvincing the only relevant testimony.” *Brand*, 487 F.3d at 870.<sup>4</sup>

As in *Brand*, this is not a situation where there was conflicting factual evidence requiring resolution by the Board as a fact-finder. The relevant evidence in both *Brand* and here was undisputed. Thus, it was improper for the Board to impose its own view of the facts in place of Dr. Hanson’s testimony.

Notably, the Board’s Decisions never dispute the relevance of Dr. Hanson’s testimony nor attack his credibility or credentials (which showed him to have 25 years of relevant experience including years as a professor at Stanford (Exh. 14 at 4-7)). Based on numerous citations to the prior art (*id.* at ¶¶ 85-114 and Exhs. G-K), Dr. Hanson provided detailed *factual* testimony as to what one of ordinary skill would have taken away from the References and how he/she would have been

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<sup>4</sup> Additional specifics as to particular evidence that was not credited by the Board are set out in each of the five Requests For Rehearing (Exhs. 26-30).

motivated to combine their teachings. That testimony should have been credited. The Board did not point to any internal inconsistencies in the Hanson Declaration nor to any claim feature as being overlooked or ignored by Dr. Hanson. Significantly, there is no record evidence creating any factual dispute as to this testimony, so this is *not* a situation requiring resolution by a factfinder.

At the petition stage where the threshold is merely a “reasonable likelihood” of unpatentability, it was legally erroneous for the Board to discard the record and use its own factual characterization of what the References would have taught to those of ordinary skill ten years ago. It is *not* the Board’s task to come to a final conclusion on the merits now, but rather to simply examine the record evidence and determine whether Petitioner presented a *prima facie* case of unpatentability.

Once the Petitions are granted and an IPR trial conducted (with evidence from the patentee, cross-examination of witnesses, and complete briefing), the Board can then properly resolve any *disputed* facts in its adjudicatory function on the fully-developed record, taking into account its own expertise as needed. Until then, the PTAB needs to accept the undisputed factual record here and grant each Petition. The Board’s failure to do so was an abuse of discretion.

**3. The Board Abused Its Discretion By Applying An Overly Restrictive Standard Requiring That The References Had To “Facially Describe” The Claim Elements At Issue**

Not only did the Board abuse its discretion by failing to credit undisputed factual evidence, it also abused its discretion when considering whether or not Sheets taught the various challenged claim elements. For example, the Board discarded Dr. Hanson’s testimony that “Sheets discloses a system that can calculate monthly payments based on first financial terms and second financial terms” and that “Sheets determines whether the new payment satisfies an alert parameter” (*see, e.g.*, Exh. 14 at H56, H68, and H80) based solely on the Board’s view that “Sheets *facially describes nothing about* how the new monthly payment is calculated based on first financial terms for a first vehicle and also on second financial terms for a second vehicle” and “Sheets *facially describes nothing about* determining whether a payment satisfies an alert parameter that is based on first financial terms for a first vehicle and also on second financial terms for a second vehicle” (Exh. 16 at 19; emphasis added; *see also* Exh. 18 at 16). The Board cited no authority for its proposition that a reference must “facially describe” the words used in a claim under review and, indeed, this made-up standard is not proper. As this Court’s predecessor once said:

the PTO usually must evaluate both the scope and content of the prior art and the level of ordinary skill solely on the cold words of the literature. When only the literature is relied upon, occasionally one or both of these factual inquiries becomes distorted.

*In re Oelrich*, 579 F.2d 86, 91 (C.C.P.A. 1978) (citing *In re Palmer*, 451 F.2d 1100 (C.C.P.A. 1971)), and reversing a Board decision that had failed to credit submitted affidavits, which the Board contended had failed to recite factual bases for their conclusions, because “[t]o the extent that all of the affidavits express opinions, they are the opinions of men conceded to be of ordinary skill in the art based on information uniquely within their competence bearing on the level of ordinary skill in the art at the time the invention was made”).

Dr. Hanson was testifying about what Sheets would have taught to one of ordinary skill *a decade ago*, and such testimony and teachings – taken from the perspective of one who was already then skilled – could easily go well beyond that which is “facially described.” Indeed, this is one of the key reasons for having an expert analyze the prior art – to offer expert testimony that goes beyond the “facial description.” *See, e.g., Finisar Corp. v. DirecTV Group, Inc.*, 523 F.3d 1323, 1336 (Fed. Cir. 2008) (“the meaning of a prior art reference requires analysis of the understanding of an artisan of ordinary skill”). The Board’s application of an inappropriately strict “facial description” requirement was an abuse of discretion.

#### **4. The Board’s Contentions Are Inaccurate Or Inapposite**

In denying the Requests For Rehearing, the Board contended that Dominion had cited no authority for its assertion that “uncontested factual evidence must be accepted by the Board” and that it was not required to accept the Hanson

Declaration because “[n]othing in the Federal Rules of Evidence or Federal Circuit jurisprudence requires a fact finder to credit the unsupported conclusions or assertions of an expert witness. *Rohm and Haas Co. v. Brotech Corp.*, 127 F.3d 1089, 1092 (Fed. Cir. 1997)” (see each of Exhs. 16-20 at 2). The first assertion is wrong and the stated justification for the second is inapposite.

First, as discussed above, both *Brand*, 487 F.3d at 869, and *Rambus*, 2013 U.S. App. LEXIS 19500, were cited (*Rambus* in the Supplemental Submissions), and both stand directly for the idea that uncontested evidence must be accepted by the PTAB in an adjudicative proceeding such as an IPR.

Second, *Rohm & Haas* simply does not bear on the issues of the present Petitions and Declaration. It is readily distinguishable (and perhaps even supports issuance of a writ here) because the district court’s decision there to ignore expert testimony came *after a three-week trial* when the court was making a decision on the merits. Here, on the other hand, the Board was simply charged with examining a *proffer* of evidence. Indeed, this Court discussed this key distinction in *Rohm & Haas* (at 127 F.3d at 1092) while quoting from *Symbol Tech. Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1576 (Fed. Cir. 1991), explaining that the challenger was “permitted to rest its prima facie case on [the] expert testimony.”<sup>5</sup>

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<sup>5</sup> In *Symbol Tech.*, the defendant asserted that the patentee had failed to make out a *prima facie* infringement case because, while the expert had claim charts, there

Moreover, the notion that the Petitions and Dr. Hanson's testimony were somehow conclusory or his opinions unsupported is directly belied by the record. For example, in addition to the voluminous claim charts attached that included discussions of what the References taught and what they "would have [made] obvious, to one of ordinary skill in the art" (*see, e.g.*, Exh. 14 at H8), the Hanson Declaration also included detailed discussions of the applicable law and analytical framework (Exh. 14 at 9-17), twelve pages discussing the patent specification at issue and the state of the art (*id.* at 17-29), and ten pages discussing the References being applied (*id.* at 33-43). Each and every assertion was tied to a Reference. That Dr. Hanson *also* stated what the Reference would have taught to one of ordinary skill ten years ago (e.g., "Weiss discloses a system that...") is exactly what an expert is supposed to do – take the literal words and figures of the reference and explain what those words would have conveyed *at the earlier time*.

**5. The Board Erred In Overlooking The Evidence, And Applying An Overly Restrictive Standard, As To A Motivation To Combine**

The Board also erred in applying an overly restrictive obviousness analysis while ignoring important facts of record in finding that Petitioner allegedly had failed to provide "an articulated reason with a rational underpinning to combine" the References (Exh. 21 at 22; Exh. 22 at 30; Exh. 23 at 19; Exh. 24 at 23; Exh. 25

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was no linking analysis. The Court ruled that it was okay because the defendant



at 23). The Board failed to apply the law of obviousness flexibly, as the Supreme Court requires. *See KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398, 415 (2007). “[A]ny need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed,” and “in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle.” *Id.* at 420; *see also Perfect Web Techs. v. InfoUSA, Inc.*, 587 F.3d 1324, 1329 (Fed. Cir. 2009).

Under the correct, flexible, standard, Dominion provided ample factual evidence that those of ordinary skill would have combined the References. Indeed, Dominion’s “articulated reason” was premised on lengthy and undisputed declaration testimony from an expert on what a person of ordinary skill would have known or done a decade ago. Although ignored by the Board, Dr. Hanson specifically discussed at least seven rationales that would support an obviousness finding (Exh. 14 at ¶36) and set forth multiple factual reasons why the relevant combinations would have been made by those of ordinary skill (*id.* at ¶¶116-119). The combination of Dr. Hanson’s rationales and his specifically articulated facts more than adequately show motivation to combine. *See Dystar Textilfarben GmbH v. C.H. Patrick Co.*, 464 F.3d 1356, 1370-71 (Fed. Cir. 2006) (motivation to combine can be based on common knowledge of persons skilled in the art).

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had failed to cross-examine the expert.

Dominion offered even more. For example, a skilled artisan's knowledge of prior art references is presumed when, as here, the references are in the same field as that of the claimed invention, *In re Dance*, 160 F.3d 1339, 1343 (Fed. Cir. 1998), and where a problem addressed by the claimed invention was well-known, a person of ordinary skill would have been motivated to search the prior art in the related field for a solution. *Cross Med. Prods. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1322-23 (Fed. Cir. 2005); *see also In re Tzipori*, 316 Fed. Appx. 975, 983 (Fed. Cir. 2008). Applying those standards, the undisputed record shows that the problem addressed – alerting a seller when a customer is able to enter a new financial arrangement under favorable terms (*see, e.g.*, Exh. 1 at col. 1, lines 56-58; col. 3, lines 29-32) – was well-known at the time of the filing of the application that led to the patents (Exh. 14 at ¶¶44, 47-51, 65-67).

Beyond this undisputed factual evidence, Petitioner also explained that, “[t]o the extent that Weiss is found not to teach calculating a new payment, Sheets explicitly teaches this claim element,” and relied upon the Hanson Declaration (*see, e.g.*, Exh. 6 at 30-32). Various other examples of how Weiss, Sheets, and Jones are combinable were identified in the Hanson charts.

By finding that Dominion failed to explain how the References might be combined to arrive at the claimed invention, the Board improperly discarded Dr.

Hanson's testimony, and held Dominion to an impermissibly strict standard for articulating a rationale for obviousness.

### CONCLUSION

Because the PTAB has unevenly applied the statutory "reasonable likelihood of unpatentability" standard when considering *inter partes* review petitions, a writ of mandamus should issue to provide guidance as to the amount of evidence required to meet the threshold standard. Moreover, because the Board repeatedly abused its discretion when considering Dominion's Petitions in failing to accept undisputed evidence while substituting its own views, the Decisions to deny institution of the five IPR trials should be reversed.

Respectfully submitted,

Dated: November 25, 2013



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**CERTIFICATE OF SERVICE**

I hereby certify that I filed an original copy of this PETITION FOR WRIT OF MANDAMUS TO THE ACTING DIRECTOR OF THE UNITED STATES PATENT & TRADEMARK OFFICE with the U.S. Court of Appeals for the Federal Circuit and served a copy on counsel of record, this 25<sup>th</sup> day of November, 2013, via Federal Express to:

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