

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ARCTIC CAT, INC.,
Petitioner,

v.

POLARIS INDUSTRIES, INC.,
Patent Owner.

Case IPR2014-01427
Patent 8,596,405 B2

Before MICHAEL W. KIM, WILLIAM V. SAINDON, and
RICHARD E. RICE, *Administrative Patent Judges*.

KIM, *Administrative Patent Judge*.

DECISION ON REQUEST FOR REHEARING
37 C.F.R. §§ 42.5, 42.71(d)

On March 7, 2016, Patent Owner filed a Request for Rehearing Pursuant to 37 C.F.R. § 42.71 (Paper 60, "Req.") concerning a Final Written Decision mailed February 4, 2016 (Paper 58, "Dec."). With Board authorization, Petitioner filed a Response to Patent Owner's Request for

Rehearing (Paper 64, “Resp.”), and Patent Owner filed a Reply in Support of its Request for Rehearing (Paper 65, “Reply”).

A request for rehearing can only point out that which the Board misapprehended or overlooked. 37 C.F.R. § 42.71(d). Moreover, as the moving party, the burden of persuasion falls on Patent Owner. 37 C.F.R. § 42.20(c). The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and where each matter was previously addressed in a motion, an opposition, or a reply. Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,768 (Aug. 14, 2012).

1. “Misapprehended or Overlooked”

Patent Owner asserts that the Board misapprehended or overlooked a claim construction of “extending between” in a Final Written Decision of related proceeding IPR2014-01428 (Ex. 2095, “other proceeding”). Specifically, Patent Owner asserts that if that claim construction of “extending between” from the other proceeding were applied in the instant proceeding, the record would show that the prior art asserted in the instant proceeding is missing a claim element recited in every challenged independent claim, and, thus, the Board’s determination that independent claims are unpatentable cannot be maintained.

When considered in the confines of a request for rehearing, this is a straightforward case. By Patent Owner’s own acknowledgment, no proposed claim construction concerning “extending between,” much less any assertion concerning its relevance to proffered prior art, was considered in the Final Written Decision for the instant proceeding. This should come as no surprise, as it is undisputed that no argument or evidence has been advanced in any substantive paper, and, thus, no evaluation of any argument

or evidence has been conducted, concerning this issue, in the instant proceeding. Absent such argument or evidence, Patent Owner has not, and cannot, identify that which the Board misapprehended or overlooked in the instant proceeding, as required by the Office Patent Trial Practice Guide. And without such identification, we are unpersuaded that there is any basis for a request for rehearing, in that it certainly cannot be said that the Board misapprehended or overlooked that which was not argued.

2. *Effect of Related Parallel Proceeding on Request for Rehearing*

Patent Owner asserts that, in this particular instance, the postures of the two proceedings are such that the Board should set aside the above-referenced rules and principles concerning requests for rehearing. In general, the relevant facts are as follows: the two proceedings involve the same patent and substantially the same claims; the proceedings were set forth on the same schedule; the oral hearings were merged and conducted at the same time; and at least some arguments and evidence concerning claim construction of “extending between” were set forth in both proceedings, in that while it was not mentioned in the substantive papers of the instant proceeding, as a matter of expediency, some arguments and evidence concerning “extending between” were advanced during the oral hearing.

We address first any arguments and evidence advanced in the instant proceeding that could plausibly be considered as being directed to “extending between.” Substantively, the only place in this proceeding where arguments and evidence were asserted concerning “extending between” was in the oral hearing transcript, which Patent Owner correctly identifies as being directed to both proceedings, and, thus, the contents of which are equally applicable to both proceedings. Paper 54, 3:18–23. As set forth

expressly in our Office Patent Trial Practice Guide, however, “[n]o new evidence or arguments may be presented at the oral argument.” 77 Fed. Reg. at 48,768. *See also Dell Inc. v. Acceleron, LLC*, 2016 WL 1019075, *6, *7 (Fed. Cir. Mar. 15, 2016) (“the Board denied Acceleron its procedural rights by relying in its decision on a factual assertion introduced into the proceeding only at oral argument, after Acceleron could meaningfully respond.”). Accordingly, when the oral hearing transcript is excluded from consideration, there is no argument or asserted evidence concerning “extending between” in this proceeding.

Of course, there is asserted evidence, along with arguments providing context to that evidence, in the substantive papers for the other proceeding. In asserting that the Board should consider those arguments, Patent Owner asserts that claim constructions should be consistent across proceedings. We would agree with Patent Owner if the evidence and arguments presented in the two proceedings were consistent. Such is not the case here. Indeed, even if we were to import some arguments from the other proceeding, they would be directed solely to a proper construction of “extending between,” with no explanation of the relevance of “extending between” to the combination of Denney and Furuhashi in the instant proceeding, as that combination was not at issue in the other proceeding.

In support of its position concerning consistent claim constructions, Patent Owner cites *SAP America, Inc. v. Lakshmi Arunachalam*, Case IPR2014-00414, Paper 24 at 13 (PTAB Aug. 17, 2015). Req. 10. As an initial matter, the case mentioned by Patent Owner is not precedential or informative. Moreover, the flaw in Patent Owner’s assertion is that in the aforementioned case, the claim constructions at issue were fully briefed in

both proceedings. *See SAP America, Inc. v. Lakshmi Arunachalam*, Case IPR2014-00413, Paper 19 at 1–38 (PTAB Nov. 14, 2014) (Patent Owner’s Response); *SAP America, Inc. v. Lakshmi Arunachalam*, Case IPR2014-00413, Paper 24 at 1–12 (PTAB Feb. 17, 2015) (Petitioner’s Reply); *SAP America, Inc. v. Lakshmi Arunachalam*, Case IPR2014-00414, Paper 18 at 1–39 (PTAB Nov. 14, 2014) (Patent Owner’s Response); *SAP America, Inc. v. Lakshmi Arunachalam*, Case IPR2014-00414, Paper 22 at 1–12 (PTAB Feb. 17, 2015) (Petitioner’s Reply). We discern that the panel in *SAP America* simply used the language at page 13 of the Final Written Decision as an analytical expedient to address the same arguments made, and evidence presented, in each proceeding. Such, again, is not the case here.

Patent Owner asserts further that, as a practical matter, the two proceedings are essentially one proceeding, and, thus, should be treated as such, at least to this purportedly narrow issue. In support, Patent Owner cites *W.L. Gore & Assocs. v. Garlock, Inc.*, 842 F.2d 1275, 1279 (Fed. Cir. 1988). Req. 10. As an initial matter, we are unpersuaded that case is applicable, as that is a single district court proceeding involving the application of the same claim construction to infringement and invalidity analyses.

Moreover, we disagree generally, and certainly disagree that such a posture is proper after the entry of separate Final Written Decisions in each proceeding. As a matter of general policy, we are unpersuaded that these two proceedings should be treated as one for several reasons. For example, the Board rules impose page limits for each proceeding such that, among other reasons, the Board is able to complete the proceeding within one year. *See 77 Fed. Reg. 48,612, 48,633–36* (Aug. 14, 2012) (responses to

comments 81–92). To treat these two proceedings as one, and to automatically allow all arguments made in one proceeding to be applicable to the other, would frustrate the purpose of those page limits. To be sure, at times, certain proceedings are consolidated and one final written decision may be issued for multiple proceedings, however, in those proceedings the consolidation is express and done for specific reasons. No such express consolidation was done here, and, indeed, neither party even requested such consolidation.

Additionally, even if we were to agree with Patent Owner that the claim construction for “extending between” should be applied to the instant proceeding, we are unclear as to whether the prior art in the instant proceeding would be distinguished on the basis of that claim construction. Specifically, Patent Owner sets forth a substantial technical analysis of Denney and Furuhashi concerning “extending between” (Req. 4–13), which is disputed vigorously by Petitioner (Resp. 5–6). Patent Owner replies that Petitioner’s positions concerning the combination of Denney and Furuhashi would constitute impermissible new grounds. Reply 2–3.

This back and forth highlights the reasons the Board is reluctant to address issues that were never asserted in the instant proceeding. Basically, in order to render the outcome desired by Patent Owner, the Board would need to make a plethora of determinations concerning all of the above disputes, which are only set forth in limited briefing submitted after the Final Written Decision. Furthermore, the Board would also be required to make factual findings, possibly supported by some evidence already in the instant proceeding, but for which no supporting evidence was submitted by Patent Owner, and upon which Petitioner did not have a chance to submit

countervailing evidence. There are just too many substantive and procedural permutations and gaps, at this stage, to persuade us that we should discard the aforementioned rules and principles limiting requests for rehearing to readily identifiable assertions made in a substantive paper in the instant proceeding.

Moreover, even if we delve somewhat into the merits, Patent Owner appears to be asserting that the ends of front propeller shaft 18 of Furuhashi are connected to connectors that denote a break in the “extending between.” Req. 7–9. Patent Owner may be correct. Patent Owner, however, also may be incorrect. Specifically, Patent Owner has not identified any argument or evidence, in either proceeding, as to where shaft 18 ends and each connector begins. For example, each end of shaft 18 may be sufficiently coextensive or overlapping with their respective connectors as to account for the entire distance “extending between.” Indeed, we noted this coextensive or overlapping possibility expressly in our Final Written Decision in the other proceeding.

Petitioner cites front propeller shaft 22 of Hickey as corresponding to the aforementioned “front drive shaft.” Front propeller shaft 22 is connected to transmission 14, however, via at least interaxle differential 20 and universal joint 26. Figure 1 of Hickey discloses that that front propeller shaft 22 stops well short of transmission 14, and so does not account for the entire distance between the transmission and the front axle assembly. ***While there could perhaps be some overlap in the distance covered by front propeller shaft 22, interaxle differential 20, and universal joint 26, Petitioner has not shown such overlap, and in any case, we determine that any such overlapping part of front propeller shaft 22 still would not account for the entire distance between the transmission and the front axle assembly.*** Accordingly, we determine that Hickey does not disclose or

suggest “a front drive shaft extending between the transmission and the front axle assembly,” as recited in independent claim 1.

Ex. 2095 15–16. (emphasis added).

In another example, ends of shaft 18 may be integrally formed with at least a portion of its respective connector, and shaft 18, including those integrated portions, may be sufficient to account for the entire distance “extending between.” Patent Owner may disagree with this assessment for any number of reasons. That, however, is the point; Patent Owner never made any assessment of shaft 18 of Furuhashi during either proceeding. Without such explicit argument and evidence set forth in the record, we decline to make a determination in either direction for the reasons set forth herein.

3. *Effect of a “Sua Sponte” Claim Construction*

Patent Owner asserts that, in this particular instance, the Board should set aside the above-referenced rules and principles concerning requests for rehearing, because the Board conducted a *sua sponte* claim construction to which Patent Owner was provided no notice. Thus, according to Patent Owner, because the claim construction of “extending between” was *sua sponte*, it should have a chance to respond, as if it had known the construction in advance, it would have presented different arguments concerning the prior art in the instant proceeding. We are unpersuaded.

As an initial matter, we are unclear as to Patent Owner’s use of the term *sua sponte*. By context, Patent Owner seems to be asserting that in setting forth a claim construction for “extending between” in the Final Written Decision in the other proceeding, because the parties only briefed, and, thus, only provided each other notice of, certain claim constructions in

that proceeding, the Board could only choose between those competing claim constructions. We disagree. While the parties' positions certainly inform the Board as to claim construction, the role of the Board is to provide the proper claim construction in light of the parties' positions. By analogy, if Petitioner asserts that $1 + 1 = 1$ and Patent Owner asserts that $1 + 1 = 3$, under Patent Owner's logic, the Board is prevented from determining that $1 + 1 = 2$. Indeed, Patent Owner did not file a request for rehearing challenging the Board's construction in the other proceeding.¹

Relatedly, Patent Owner asserts that *Dell Inc. v. Accelaron, LLC* is not applicable, because that case related to a disputed factual assertion. Our response is similar to that set forth above, namely, that we are unpersuaded the existence or non-existence of a dispute is dispositive, as even if both parties agree that $1 + 1 = 3$, the Board is not required to, and, indeed should not, adopt an incorrect assertion, even if it is undisputed.

Moreover, Patent Owner's assertions would have more salience if the parties had provided no claim construction arguments concerning "extending between" and no issue in dispute in either of the proceedings required construction of that phrase. Of course, such is not the case here. Rather, here, the parties raised the proper claim construction of "extending between" as an issue in the other proceeding, and the Board rendered a determination

¹ Patent Owner asserts, in a footnote, that a Magistrate Judge's Report and Recommendation in another proceeding confirmed their asserted claim construction. Req. 12. The panel notes the differences in claim construction standards between the two proceedings, and, moreover, notes that Patent Owner had the option to request amendment of the claims to include the exact connectors it asserted should be considered a part of the "drive shaft extending between."

on that issue based on the evidence in that proceeding. By doing so, Patent Owner was on notice of, and, indeed, acquiesced to, the possibility that the Board may render a claim construction in the other proceeding that would differ from that proposed by the parties. To that end, Patent Owner was free to address this possibility in the Patent Owner Response in the instant proceeding, or even request additional briefing following Petitioner's Reply in the other proceeding. Patent Owner chose not to exercise either option, however, and our Scheduling Order states expressly "[t]he patent owner is cautioned that any arguments for patentability not raised in the response will be deemed waived." Paper 8, 2–3. Given this, we are unpersuaded that carefully promulgated rules and principles concerning requests for rehearing should be set aside for the reasons asserted by Patent Owner.

Additionally, as a general matter, it can always be said that the party who does not have the last substantive paper is at a disadvantage, because it did not have notice of, and, thus, could not respond to, the assertions set forth in that last paper. Furthermore, all parties, and even tribunals, when informed that a determination has been made against their interests, undoubtedly second-guess previous tactical decisions and would desire a "redo" knowing what they know now. Nevertheless, briefing must end and decisions must be rendered, and we are unpersuaded that the current situation is one where the Board should upend its promulgated rules and principles that limit rehearings to readily identifiable assertions made in a substantive paper in the instant proceeding. To that end, we reiterate the fact that the parties were on notice that the proper claim construction of "extending between" was at issue in the other proceeding, and, yet, Patent Owner chose not to address it in the instant proceeding.

IT IS ORDERED that insofar as we have addressed above the assertions set forth in Patent Owner's Request for Rehearing (Paper 60), in light of the Response (Paper 64) and Reply (Paper 65), the Request is *granted*. In all other respects, the Request is *denied*.

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