

UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE DIRECTOR

In re PPS Data, LLC)	
<i>Ex Parte Reexamination</i>)	Decision on Request
Control No. 90/011,977)	under 37 C.F.R. § 90.3(c)(1)(ii)
U.S. Patent No. 6,343,271)	
BPAI Final Decision: Feb. 27, 2014)	

MEMORANDUM AND ORDER

On July 23, 2014, PPS Data, LLC (assignee of the involved '271 patent) (PPS) filed this Request seeking an extension of time under 37 C.F.R. § 90.3(c)(1)(ii) to file a Notice of Appeal to the U.S. Court of Appeals for the Federal Circuit in Ex Parte Reexamination Control No. 90/011,977. For the reasons given below, PPS' request is denied.

On February 27, 2014, the Patent Trial and Appeal Board (Board) issued its decision affirming the rejections of certain claims in the '271 patent in the '977 reexamination. Under 37 C.F.R. § 90.3(a), PPS had until May 1, 2014 (i.e., 63 days from the initial decision) to file a Notice of Appeal to the U.S. Court of Appeals for the Federal Circuit (Notice). PPS did not file a Notice, or seek additional time to do so, on or before May 1, 2014. Critical to this Request, a "Notice of Intent to Issue a Reexamination Certificate" (NIRC) issued on May 23, 2014, and the "Ex Parte Reexamination Certificate" (Reexam Certificate) issued on June 12, 2014. The Reexam Certificate finally cancelled claims 1, 2, 7, 10, 12, and 17-19 of the '271 patent. On July 23, 2014, PPS filed the underlying Request seeking additional time in which to file a Notice.

The Director may extend the time for filing an appeal after the expiration of the period for filing an appeal "upon a showing that the failure to act was the result of excusable neglect." 37 C.F.R. § 90.3(c)(1)(ii). The authority to decide such requests has been delegated to the

Solicitor. See MPEP § 1002.02(k)(3). In determining excusable neglect, the USPTO applies the standard used by the Federal Courts. See MPEP § 1216; see, e.g., *Acqis LLC v. Hewlett-Packard Co.* (withdrawn) & *IBM* (withdrawn), Memorandum and Order on 37 C.F.R. § 90.3 Request (*Inter Partes* Reexam Control No. 95/001,475) (Oct. 2, 2015); *Rambus, Inc. v. Nvidia, Corp.*, Memorandum and Order on 37 C.F. R. § 90.3 Request (*Inter Partes* Reexam Control No. 95/001,169) (Jul. 11, 2013). The “excusable neglect” inquiry is

an equitable one, taking account of all relevant circumstances surrounding the party’s omission. These include . . . [1] the danger of prejudice to [another party], [2] the length of the delay and its potential impact on judicial proceedings, [and 3] the reason for the delay, including whether it was within the reasonable control of the movant, and whether the movant acted in good faith.

Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P’ship, 507 U.S. 380, 395 (1993). Excusable neglect “is understood to encompass situations in which the failure to comply with a filing deadline is attributable to negligence.” *Id.* at 390; see also *Information Sys. and Networks Corp. v. United States*, 994 F.2d 792, 796 (Fed. Cir. 1993) (holding that a party's failure to answer a counterclaim based on the mistaken belief that no answer was required constituted excusable neglect for purposes of Fed. R. Civ. P. 60(b)). Moreover, “[a]lthough inadvertence, ignorance of the rules, or mistakes construing the rules do not usually constitute excusable neglect, it is clear that excusable neglect . . . is a somewhat elastic concept and is not limited strictly to omissions caused by circumstances beyond control of the movant.” *Pioneer*, 507 U.S. at 392 (internal quotation marks omitted). The third *Pioneer* factor—relating to why the filing was delayed—is generally considered the most important factor in the analysis. See, e.g., *FirstHealth of the Carolinas, Inc. v. Carefirst of Maryland, Inc.*, 479 F.3d 825 (Fed. Cir. 2007); *Pumpkin Ltd. v. The Seed Corps*, 43 USPQ2d 1582, 1587 n.7 (TTAB 1997).

On the third factor, PPS explains that its failure to file a timely Notice owes to a “confluence of unfortunate events—partially inadvertent such as not receiving mail and others potentially negligent.” Req. at 2. PPS states that it never received a copy of the Board Decision mailed on February 27, 2014. Req. at 2, 4-6. The law firm representing PPS at the time—Kirton McConkie—was receiving USPTO correspondence for the ’977 reexamination through regular mail only; no electronic correspondence could be received. Req. at 5. The Board Decision here indicates that it was sent by regular U.S. Mail, but PPS represents that it did not receive it. Req. at 5-6. It was only on May 23, 2014 that PPS’ attorneys became aware of the Board Decision when Mr. Tucker—the associate tasked with primary responsibility for the reexamination—checked the electronic reexamination file. Mr. Tucker’s review of the electronic file also revealed that the NIRC had issued on the same day. Req. at 5. Mr. Tucker recognized that the time to file an appeal to the Federal Circuit had passed. Req. at 5.

Mr. Tucker contacted Mr. Burton—the Kirton McConkie partner with primary responsibility for interacting with PPS in this reexamination—and informed him of the Board Decision and lapsed appeal deadline. Req. at 6. Per Mr. Burton’s instructions, Mr. Tucker prepared an email summarizing the Board decision for the client, and the two met to discuss options, including the availability of a Request such as this one for additional time to seek judicial review. Req. at 6-7. When Mr. Burton subsequently sent the email to PPS on May 28, 2014 informing it of the Board Decision, Mr. Burton neglected to tell PPS either (1) that the appeal deadline had passed or (2) that PPS could request additional time to appeal. Req. at 7-8; Miller Decl. Exh. A (May 28, 2014 Tucker email). There is also no indication that PPS was informed that the NIRC had issued, or what that meant for the ’977 reexamination. *Id.*

The Burton Email was received by PPS in-house counsel Ms. Rena Miller, who represents that she believed there to be “ample time to file a notice of appeal” because the email was silent as to the already-passed deadline. Req. at 8. Ms. Miller states that she handles many legal issues at PPS, a small percentage of which involves intellectual property, and, thus, she relies “on the advice of outside counsel with respect to patent[-]related issues.” Req. at 7. On June 17, 2014, Ms. Miller forwarded the Board Decision to different outside counsel—Mr. Anthony Son, then at Wiley Rein LLP—to obtain his independent assessment of the decision. Req. at 8. Mr. Son informed Ms. Miller that same day that the appeal deadline had passed and that an extension request under the “excusable neglect” standard was necessary. Req. at 8. PPS represents that the time between June 28, 2014, and the filing of this Request on July 23, 2014, was spent investigating the facts underlying the events at issue, and preparing this Request and supporting documentation. Req. at 9.

The Director accepts PPS’ explanation that its outside counsel did not receive the Board Decision via mail on or before May 23, 2014, despite indications that the Decision was, in fact, mailed. But PPS’ counsel’s conduct after becoming aware of the Board Decision, which must be considered, is troubling. *See Pioneer*, 507 U.S. at 397 (excusable neglect inquiry focuses on conduct of party and their attorneys); *id.* at 395 (inquiry takes “account of all relevant circumstances surrounding the party’s omission”). While PPS’ counsel communicated the decision to PPS in a timely fashion on May 28, 2014 after learning of its existence, the Request does not explain why counsel did not provide critical information to PPS directly relevant to pursuing appeal. In particular, no reason is given for counsel’s failure to tell PPS (1) that the appeal deadline had passed, (2) that PPS needed to request an extension on the appeal deadline

to seek any appeal, and (3) that the NIRC had issued, meaning that the Reexam Certificate was forthcoming.

The Director finds that the conduct here constitutes neglect under the “excusable neglect” standard. But the remaining question is whether that negligence is excusable. The failure of PPS’ counsel to communicate this critical information was the primary reason why the underlying Request here was not filed until July 23, 2014, after the NIRC and Reexam Certificate had issued. Indeed, it is not clear that this Request would have been filed when it was had PPS not shared the Board Decision with different outside counsel. The Request does not address the impact of the NIRC and Reexam Certificate having both issued before the Request was filed on the merits of the Request. But the facts here regarding the reason for the delay and related timing of the Request weigh heavily against PPS under the third *Pioneer* factor, and thus, against finding “excusable neglect” under Rule 90.

The Reexam Certificate terminated the ’977 reexamination proceedings. *See* 37 C.F.R. § 1.570(a); 35 U.S.C. § 307(a); *see also* MPEP § 2287 *Conclusion of Ex Parte Reexamination Proceeding* (“A NIRC informs the patent owner and any third party requester that the reexamination prosecution has been terminated.”). The Reexam Certificate was correctly issued here, compelled by 35 U.S.C. § 307(a) once PPS’ appeal deadline expired on May 1, 2014:

In a reexamination proceeding under this chapter [35 U.S.C. §§ 301 et seq.], when the time for appeal has expired or any appeal proceeding has terminated, the Director will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable

(emphasis added). Granting PPS additional time after the Reexam Certificate issued would have the practical effect of withdrawing the Reexam Certificate and reopening the ’977 reexamination proceedings. Time-extension requests under Rule 90 do not contemplate providing substantive

relief from actions taken in the underlying proceedings. More importantly, withdrawing a properly-issued Reexam Certificate is a result inconsistent with, if not contrary to, the reexamination statute and USPTO regulations. The relief sought by the Request under Rule 90 is thus foreclosed, at least in the context of this Request.

Additionally, *Pioneer* contemplates consideration of the potential for prejudice to other parties, as well as the “potential impact” on related proceedings, under the first and second factors, respectively, in determining whether “excusable neglect” has been shown. *Pioneer*, 507 U.S. at 395; *FirstHealth*, 479 F.3d at 829 (impact on “judicial proceedings” includes administrative proceedings). The Director finds that granting PPS additional time to pursue review of the Board Decision here would create severe prejudice to the USPTO under the second *Pioneer* factor. The USPTO has a vested interest in respecting the timely conclusion of its proceedings. *See* 35 U.S.C. § 305 (*ex parte* reexamination proceedings to be conducted with “special dispatch”). Granting PPS additional time now to pursue judicial review runs counter to that interest and thus weighs heavily against a finding of excusable neglect. *See, e.g., FirstHealth*, 479 F.3d at 829.

The Director also finds an unacceptable potential for prejudice to the public under the first *Pioneer* factor should the Request be granted. *See Pioneer*, 507 U.S. at 395. The result of the Reexam Certificate—finally cancelling claims 1, 2, 7, 10, 12, and 17-19 of the ’271 patent, *see Ex Parte Reexamination Certificate*, Reexamination Control No. 90/011,977 (Jun. 12, 2014))—became binding on all parties once issued. *See, e.g., Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013). Interested members of the public should be able to rely on the scope of the ’271 patent as modified by the Reexam Certificate when organizing their

business affairs. Reopening these reexamination proceedings to permit PPS to pursue appeal would moot that reliance, and open third parties to possible liability. Indeed, the frequent assertion of the '271 patent in prior litigation (*see* Request at 3) only highlights the distinct danger of prejudice to otherwise unsuspecting parties.

The USPTO has made clear that considering whether “prejudice or issues” may result by excusing a party’s inattentiveness to their legal affairs is of paramount importance in deciding whether to grant a request for additional time to pursue judicial review of a Board decision under the “excusable neglect” standard. *See, e.g., Acqis* at 4 (“Similarly, the USPTO and the public should be able to conduct their affairs with the reasonable expectation that parties such as Acqis are conducting theirs in a timely manner; it would be grounds for denying additional time under Rule 90.3(c)[1](ii) if resurrecting a part[y’s] appeal rights would cause prejudice or issues for other parties. *See Pioneer*, 507 U.S. at 398 (indicating that prejudice to private parties or ‘judicial administration’ would be grounds for declining to find neglect ‘excusable’).”). Rambus and Acqis, for example, were both granted additional time in large part because their requests were sought before either a notice of intent to issue the reexamination certificate, or the certificate itself, had been issued; thus, prejudice to the USPTO or the public in granting the additional time was absent. *See Rambus* at 5; *Acqis* at 5. But the USPTO explained that prejudice would exist “if the USPTO had issued a reexamination certificate, or even a NIRC” in those situations because “the USPTO and public at large should be able to rely upon the timely and proper conclusion of the reexamination proceedings.” *Rambus* at 5; *Acqis* at 5. To be sure, there is no *per se* rule against finding excusable neglect when a time-extension request is sought after a notice of intent to issue the reexamination certificate, or the certificate itself, has issued. *See*

Pincay v. Andrews, 389 F.3d 853, 855 (9th Cir. 2004). *Rambus* and *Acqis* simply make clear that the presence of such facts makes finding neglect “excusable” more difficult, absent a showing of other extenuating facts or considerations.

Such is the case here. The Request was filed two months after the NIRC issued, and six weeks after the Reexam Certificate issued. While the length of delay between the Board Decision and filing of the Request was relatively short (*see Pioneer*, 507 U.S. at 395), time is always of the essence in seeking an extension under the “excusable neglect” standard; it takes heightened importance in the reexamination context. PPS’ attorneys knew that the NIRC had issued when they told PPS about the Board Decision and should have known that the purpose of the NIRC is to give the parties notice that the Reexam Certificate would issue. Nothing prevented PPS’ attorneys from informing PPS about that crucial fact. And nothing prevented filing a Request before the Reexam Certificate had issued, which would have presented vastly different facts. *See Miller Decl.* at ¶ 8. The Request was simply filed too late to be granted under the excusable neglect standard, given the real and potential impact of those intervening events on USPTO proceedings and other parties.

The Director is aware that there is no evidence of actual prejudice to a third party on this record. But Rule 90 filings do not contemplate that other parties will file any responsive papers, even in an inter partes setting. *See, e.g., UWA v. AZL*, Memorandum & Order on 37 C.F.R. § 90.3 Request (Int. No. 106,013) (Feb. 26, 2016). Thus, it would be difficult for the Director to assess important considerations regarding prejudice when deciding time-extension requests made under the “excusable neglect” standard without considering the potential for such impact. And, more broadly, the Director is charged with protecting the integrity of USPTO proceedings and

the patent system. The equitable principles of the “excusable neglect” standard require that even the potential for prejudice be considered, particularly in the reexamination context. *See Pioneer*, 507 U.S. at 395 (determining whether “excusable neglect” occurred is “an equitable [determination], taking account of all relevant circumstances surrounding the party’s omission”). Put simply, if a party is to bear the negative consequences of the patent owner’s actions, it should be the patent owner. The Director concludes that, given the facts here, the very real danger for actual prejudice to the public should the Request be granted weighs heavily against such relief.

The negative impact on USPTO proceedings and the public, both actual and potential, is particularly acute here, where the Reexam Certificate has been in effect for nearly two years. The Request reflects that it was received by the USPTO on July 23, 2014, and the Director regrets that it was not addressed before now. The decision here does not turn on the passage of time between filing the Request and this Decision, however; PPS’ Rule 90 Request suffered from the same hurdles discussed above when it was filed in July, 2014, as it does today because it was filed after the NIRC and Reexam Certificate had issued. But the Director cannot ignore that the passage of time only increases the negative impact that granting the Request would have on the administrative proceedings, as well as the likelihood of prejudice to the public. *See Pioneer*, 507 U.S. at 395 (“excusable neglect” requires consideration of “all relevant circumstances surrounding the party’s omission”). The latter is particularly true; third parties would be eminently justified in long-since assuming that the matter was finally settled as reflected in the Reexam Certificate issued two years ago.

Regarding the impact of the requested extension on pending litigation, the ’271 patent

was involved in active litigation when the Request was filed. Req. at 3. Review of the dockets for the litigations identified in the Request indicates that all were stayed pending resolution of the '977 reexamination on March 1, 2012. *See, e.g., PPS Data, LLC v. Allscripts Healthcare Solutions, Inc.*, Civil Action No. 3:11-cv-273 (M.D. Fla.), ECF No. 143 (Mar. 1, 2012).¹ The district court eventually asked the parties to provide periodic reexamination status updates. *See, e.g., id.*, ECF No. 153 (Sept. 22, 2014). And the parties filed at least one such update, stating that the Board Decision had issued and that the underlying Request was pending. *See, e.g., id.*, ECF No. 155 (Oct. 3, 2014); *id.*, ECF No. 161 (Jan. 2, 2015). The parties also explained that they were discussing settlement. *See, e.g., id.* Ultimately, the parties settled and motions to dismiss with prejudice were granted in each case between February 4, 2015, and September 15, 2015. *See, e.g., id.*, ECF No. 166 (Mar. 18, 2015).

Thus, the Director is not aware of any active litigation involving the '271 patent that would be negatively impacted by granting the requested extension, which weighs in favor of granting the Request under *Pioneer*. But, to the Director's knowledge, a phone call from PPS' counsel to the Central Reexamination Unit on May 3, 2016, was the first inquiry from PPS regarding the Request's status since it was filed on July 23, 2014. Thus, PPS let the Request remain pending at the USPTO for nearly two years before inquiring as to its status. PPS' silence is curious on its own, but all the more troubling given that the related litigations described above were also pending for at least some of the same time. The reasons for PPS' silence during the pendency of this Request are immaterial to this Decision. The Director merely highlights these facts to emphasize the importance of taking affirmative steps to ensure that time-sensitive

¹ PPS Data had asserted infringement of at least some of the same claims finally cancelled by the Reexam Certificate. *See, e.g., PPS Data, LLC v. Allscripts Healthcare Solutions, Inc.*, Civil

matters such as requests under Rule 90 are addressed in a timely manner, particularly when such requests may potentially impact concurrent administrative or judicial proceedings.

On balance, then, the Director finds that the facts here, considered under the *Pioneer* factors, weigh in favor of denying the requested relief. Resurrecting this Reexamination after the NIRC and Reexam Certificate have issued runs counter to the spirit, if not the letter, of the Patent Act and USPTO regulations. And granting the Request simply creates too many real and potential prejudices to justify excusing PPS' conduct.

ORDER

Upon consideration of the request for an extension of time under 37 C.F.R.

§90.3(c)(1)(ii), it is ORDERED that the request is denied.

MICHELLE K. LEE
UNDERSECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND
DIRECTOR OF THE UNITED STATES
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By: Nathan K. Kelley
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DATE: June 10, 2016

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