UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE DIRECTOR

Google Inc.	)	*Inter Partes* Reexamination
v.	)	Control No. 95/000,682
Vederi, LLC	)	
	)	Decision on Request
	)	under 37 C.F.R. § 1.304(a)(3)(ii)

MEMORANDUM AND ORDER

Before the Director is a "Request for Extension of Time to File an Appeal" ("Request"), filed on January 5, 2017, by Patent Owner Vederi, LLC ("Vederi") in subject *inter partes* reexamination proceeding control no. 95/000,682 ("the '682 reexamination"). For the reasons given below, Vederi's Request is granted.

On September 27, 2016, the Patent Trial and Appeal Board ("Board") issued its decision affirming the rejection of claims 2, 3, 8, 12-18, 21-26, 29, 32-37, 39-44, 46-49, 50, and 51 as unpatentable under various statutory provisions in the '682 reexamination. Under 37 C.F.R. § 1.304(a) (Jul. 2012)[1], Vederi had until November 28,

[1] On September 16, 2012, various changes to title 37 of the Code of Federal Regulations took effect. These included replacing the previous regulations governing the seeking of judicial review of Board decisions at 37 C.F.R. §§ 1.301-304, with the provisions at 37 C.F.R. §§ 90.1-90.3. The prior regulations continue to apply in certain proceedings, however, including inter partes reexaminations requested under pre-AIA 35 U.S.C. § 311. *See* 37 C.F.R. § 90.1. Substantively, however, the two sets of rules are similar with respect to demonstrating entitlement to an extension of time under the "excusable neglect" standard.

2016 (i.e., two months from the date of the September 27, 2016 Board decision)[2] in which to file a notice of appeal to the United States Court of Appeals for the Federal Circuit. Vederi did not file an appeal notice on or before that date.

Having missed its appeal filing deadline, on January 5, 2017, Vederi filed the subject Request for additional time in which to file a notice of appeal. Vederi also filed its Notice of Appeal to the Federal Circuit in the '682 reexamination on the same day with both the USPTO and the Federal Circuit. On January 12, 2017, the Federal Circuit docketed Vederi's appeal as Appeal No. 2017-1749. *See Vederi, LLC v. Google Inc.*, Appeal No. 17-1479, ECF No. 1 (Jan. 12, 2017).

As an initial matter, the Director observes that on January 5, 2017, Vederi also filed a "Petition for Revival of an Application for Patent Abandoned Unintentionally Under 37 CFR 1.137(b)" ("Revival Petition"). Attached to the Revival Petition was the underlying Request. The Revival Petition and the underlying Request seek distinct relief. Per 37 C.F.R. § 1.4(c), each distinct basis for relief must be raised in a separate filing. The USPTO typically treats a paper running afoul of Rule 4(c) as one raising the basis for relief articulated therein that makes the most sense to address. Accordingly, the Director treats Vederi's combined filing as a request for an extension

[2] The two-month date was November 27, 2016, which was a Sunday. Accordingly, the due date was November 28, 2016.

of time to file an appeal from the Board decision in the '682 reexamination.[3]

The Director may extend the time for filing a notice of 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).[4] 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; *Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P'ship*, 507 U.S. 380, 395 (1993); *see, e.g.*, *IpVenture, Inc. v. FedEx Corp.*, Memorandum and Order (Inter Partes Reexamination Control No. 95/001,896) (Apr. 4, 2017) ("*IpVenture II*").

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, [3] the reason for the delay, including whether it was within the reasonable control of the movant, and [4] whether the movant acted in good faith.

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[3] Vederi's Revival Petition appears unnecessary. A petition under 37 C.F.R. § 1.137 may be filed "to revive a reexamination prosecution terminated under § 1.957(b) or limited under § 1.957(c) if the delay in response was unintentional." 37 C.F.R. § 1.958; *see also* 37 C.F.R. § 1.137(a). Prosecution in the '682 reexamination was neither terminated nor limited under Rule 957(b) or (c), respectively.

[4] Vederi's filing of a Notice of Appeal with the Federal Circuit on January 5, 2017—the same day it filed the underlying Request for additional time in which to appeal—and subsequent appeal docketing does not deprive the Director of jurisdiction to decide the Request because the appeal notice was untimely. *See generally Mitsubishi Cable Industr., Ltd., et al. v. Goto Denshi Co., Ltd.*, Memorandum and Order at 2-7 (IPR2015-01108) (May 3, 2017) ("*Mitsubishi*").

Pioneer, 507 U.S. at 395. Excusable neglect "is understood to encompass situations in which the failure to comply with a filing deadline is attributable to negligence." *Id.* at 394. 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." *Id.* at 392. The third *Pioneer* factor—relating to why the filing was delayed—is generally considered the most important factor in the analysis, although it does not control the inquiry. *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, 1586 n.7 (T.T.A.B. 1997).

On the third factor, Vederi explains that it and Third-Party Requester Google Inc. ("Google") are involved in four related *inter partes* reexaminations, each at different stages. *Inter partes* reexamination control no. 95/000,681 ("the '681 reexamination") was the first to administratively conclude. Vederi states that the March 1, 2016 Board decision for the '681 reexamination was identified in the electronic file as "Final and Appealable." Req. at 2; Lee Decl. ¶ 5, Exh. A. On April 25, 2016, Vederi filed a timely notice of appeal in the '681 reexamination; Google filed a cross-appeal on May 2, 2016. On May 3, 2016, those appeals—Federal Circuit Appeal Nos. 2016-1919 and 2016-1979, respectively—were consolidated by the

Federal Circuit. *See Vederi, LLC v. Google Inc.*, Appeal No. 2016-1919, ECF No. 2 (May 3, 2016).

In the subject '682 reexamination, Vederi states that it had determined not to seek rehearing but to file an appeal for review of the Board's September 27, 2016 decision. Req. at 3. Vederi explains that it did not immediately pursue its appeal because it had to wait for Google's period to request rehearing to expire. Req. at 3; Lee Decl. ¶¶ 6-7; 37 C.F.R. §§ 41.79, 41.81. Accordingly, Mr. Shaun Lee—counsel for Vederi and the "working attorney for the '682 Reexamination proceeding"—had his law firm create two entries for the '682 reexamination in his firm's docketing system: one for October 27, 2016 (to identify the due date for Google's rehearing request) and one for October 28, 2016 (to "serve as a reminder to calculate the deadline for filing the Notice of Appeal based on whether or not a Request for Rehearing [by Google] had been filed"). Req. at 3; Lee Decl. ¶ 8; Ferris Decl. ¶ 5.

Vederi explains that when the October 27, 2016 deadline arrived, the docketing system generated a deadline reminder; Mr. Lee responded to the reminder, stating that "Patent Owner would 'not be requesting rehearing.'" Req. at 5; Lee Decl. ¶ 10, Exh. C. This response was processed, however, as a request to close both the October 27, 2016, and October 28, 2016 entries. Req. at 5-6. Because the second entry was removed, Mr. Lee did not receive any subsequent notice regarding a notice of appeal

due date. Req. at 6. Further, Mr. Lee believed the Board would make some form of docket entry indicating the finality of the Board decision—as had happened in the '681 reexamination—but none was entered in the '682 reexamination. Req. at 6-7. The net result of these events was that the November 28, 2016 notice deadline came and went without action by Vederi.

Vederi explains that it was not until December 29, 2016, that a supervising partner observed the absence of any Board notice regarding finality and the passage of time since the September Board decision. On December 30, 2016, inquiry by Vederi's attorneys revealed the lapsed deadline. This Request followed on January 5, 2017. *See generally* Req. at 7.

Application of the *Pioneer* factors to these facts is a close question. As with most conduct at issue under the "excusable neglect" standard, the conduct here is less than desirable. Distilled, Vederi's explanation for its failure to file a timely notice of appeal here is that a docketing system entry was accidentally deleted, removing any filing-deadline reminder for the responsible attorney. To be sure, attorneys can and do rely upon docketing systems and support staff to keep track of deadlines, neither of which is infallible. Thus, to the extent that parties rely on such means to track important dates such as appeal deadlines, without more, they assume the risk of their shortcomings. The particular failing here—the accidental deletion of a docketing

entry—was certainly within the reasonable control of Vederi's counsel and negligent.

But that does not end the inquiry, which asks whether that negligence is "excusable." *Pioneer* makes clear that "'excusable neglect' is understood to encompass situations in which the failure to comply with a filing deadline is attributable to negligence." *See Pioneer*, 507 U.S. at 394; *Two-Way Media LLC v. AT&T, Inc.*, 782 F.3d 1311, 1316 (Fed. Cir. 2015) (observing in the context of FRAP 4(a)(5) that the "excusable neglect" inquiry "assumes some neglect on behalf of the non-filer and directs the district court to exercise its equitable discretion to determine whether that neglect should be excused"). Thus, *Pioneer* makes clear that determining whether "excusable neglect" occurred is "an equitable one, taking account of all relevant circumstances surrounding the party's omission." 507 U.S. at 395.

The Director puts significant weight on the fact that Vederi proceeded with due diligence in assessing whether to appeal, making an affirmative decision to appeal the underlying Board decision here before the appeal notice deadline. The Director accepts Vederi's statements that it had determined to file an appeal once Google's window for seeking rehearing had elapsed. Req. at 3; Lee Decl. ¶ 8-9. Thus, Vederi's conduct does not suggest that they abdicated their responsibility to make a prompt determination of whether to pursue appeal or otherwise "flout[ed]" the filing deadline,

reflecting reasonably diligent conduct. *See* 507 U.S. at 388.[5] *See Mitsubishi* at 12-13. Vederi's good faith conduct here weighs in favor of granting the relief under the fourth *Pioneer* factor. *See Pioneer*, 507 U.S. at 395; *Cheney v. Anchor Glass Container Corp.*, 71 F.3d 848, 850 (11th Cir. 1996) (delayed filing—an "omission[] caused by carelessness" as a result of "failure in communication" between different counsel—found to be "excusable neglect" in context of Fed. R. Civ. P. 60(b) given absence of prejudice and bad faith conduct) (internal citations omitted). *Compare IpVenture II* (denying Rule 90 request under "excusable neglect" standard, in part, owing to counsel's failure to identify and consult correct regulation).

There is no evidence of prejudice to Google under the first *Pioneer* factor. Google was aware of Vederi's intent to appeal the underlying reexamination decision. The parties jointly moved to stay the consolidated 16-1919/16-1979 appeals at the Federal Circuit (arising out of the '681 reexamination) based on the administrative pendency of the subject '682 reexamination (as well as the other two related *inter partes*

[5] By contrast, the Director puts little weight on Vederi's statement that it missed the deadline here because the Board did not provide a docket entry that its decision was final and appealable. Leaving aside that the USPTO included language to that effect in the '681 reexamination electronic file, the responsibility to make such determinations lies solely with the individuals and parties appearing before the USPTO. Private parties should not expect the USPTO to notify a party when that party may "appeal" a Board decision or that the absence of such notice will, standing alone, excuse otherwise questionable conduct.

reexaminations: control nos. 95/000,683 and 95/000,684). Req. at 9; Dillard Decl. ¶ 4-5 & Exh. A. In that joint stay motion, the parties acknowledged that all four reexaminations would ultimately be appealed. And, as discussed below, all proceedings involving Google and Vederi are currently stayed in light of the parties' reexamination proceedings.

Similarly, there is no evidence of actual or potential prejudice to judicial or administrative proceedings under the second *Pioneer* factor. The Federal Circuit has stayed all pending appeals between Vederi and Google arising out of the related reexaminations: Appeal Nos. 16-1919/-1979 (arising out of the '681 reexamination) and Appeal No.17-1479 (the appeal docketed based on the Notice of Appeal filed by Vederi in the underlying '682 reexamination here). *See Vederi, LLC v. Google Inc.*, Appeal No. 2016-1919, ECF No. 19 (Jun. 13, 2016) (staying 16-1919/-1979); *See Vederi, LLC v. Google Inc.*, Appeal No. 2017-1479, ECF No. 11 (Jan. 31, 2017) (ordering the appeal consolidated with 16-1919/-1979, and stayed per the stay order in -1919/-1979). Similarly, the district court stayed the parties' infringement litigation pending resolution of appeals in all the related reexaminations. *See* Req. at 9; *Vederi, LLC v. Google, Inc.,* No. 10-CV-7747, ECF No. 149 (Aug. 25, 2014). Both the Federal Circuit appeals and the District Court action remain stayed. Toward that end, the Federal Circuit appeals are stayed pending final resolution of all four related

reexaminations. The '683 and '684 reexaminations are currently before the Board, meaning the Federal Circuit appeals will seemingly remain stayed until those reexaminations are resolved. *See Google Inc. v. Vederi Inc.*, "Decision on Petition" (*Inter Partes* Reexamination Control No. 95/000,683) (Apr. 21, 2017) (granting Vederi's petition for reconsideration of order denying request to reopen prosecution as untimely; Vederi's request and Google's related comments are before Board for consideration); *Google Inc. v. Vederi, Inc.*, "Decision on Petition" (*Inter Partes* Reexamination Control No. 95/000,684) (Apr. 21, 2017) (same).

Finally, the Director finds relevant the relationship between the underlying '682 reexamination and the other three related reexaminations. It seems unnecessarily harsh to foreclose Vederi's appeal in this reexamination when the Federal Circuit will be hearing the appeal of at least one other related reexamination, an appeal based on Vederi's timely notice of appeal. Similarly, based on the parties' representations, it would appear that the Federal Circuit will be hearing appeals in the similarly related '683 and '684 reexaminations. The Director finds that these considerations weigh in favor of granting the requested extension. *See Pioneer*, 507 U.S. at 395 (determination permits consideration of "all relevant circumstances"). However, the Director encourages Vederi to avoid the same appeal filing mistakes if it elects to appeal the Board decisions arising out of the currently pending '683 and '684 reexaminations.

Thus, on balance, the Director finds that application of the *Pioneer* factors here weighs in favor of granting Vederi's Request.

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 granted. Vederi is granted an extension from November 28, 2016, to January 5, 2017.

JOSEPH MATAL,
PERFORMING THE FUNCTIONS AND DUTIES OF THE UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

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