UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE DIRECTOR

Mitsubishi Cable Industr., Ltd., et al.	)	IPR2015-01108
v.	)	
Goto Denshi Co., Ltd.	)	Decision on Request
	)	under 37 C.F.R. § 90.3(c)(1)(ii)

MEMORANDUM AND ORDER

Before the Director is a "Request for Extension of Time to File an Appeal with the Federal Circuit" ("Request"), filed on March 21, 2017, by Patent Owner Goto Denshi Co., Ltd. ("Goto") in the above-captioned IPR proceeding. For the reasons given below, Goto's Request is granted.

On January 10, 2017, the Patent Trial and Appeal Board ("Board") issued its decision denying Goto's request for rehearing of the Board's Final Written Decision in IRP2015-01108, which determined claims 1–8 of Goto's U.S. Patent No. 7,238,888 to be unpatentable. Under 37 C.F.R. § 90.3(a), Goto had until March 14, 2017 (i.e., sixty-three (63) days from the date of the January 10, 2017 rehearing decision) in which to file a notice of appeal to the United States Court of Appeals for the Federal Circuit. Goto did not file an appeal notice on or before that date.

Having missed its appeal filing deadline, on March 21, 2017, Goto filed the subject Request for additional time in which to file a notice of appeal. Goto also filed its Notice of Appeal to the Federal Circuit in IPR2015-01108 on the same day with

both the USPTO and the Federal Circuit. On March 23, 2017, the Federal Circuit docketed Goto's appeal as Appeal No. 2017-1826. *See Goto Denshi Co. Ltd. v. Mitsubishi Cable Indust.*, Appeal No. 17-1862, ECF No. 1 (Mar. 23, 2017).

The Director has previously concluded that the USPTO lacks the ability to address the merits of a request to extend the time in which to seek judicial review under 37 C.F.R. § 90 and its predecessor 37 C.F.R. § 1.304 (Jul. 2012)[1] in fact patterns such as the one in this case, namely where a notice of appeal was filed before any additional time to do so had been granted. *See, e.g., IpVenture, Inc. v. FedEx Corp.*, Memorandum and Order (Inter Partes Reexamination Control No. 95/001,896) (Aug. 19, 2016) ("*IpVenture I*"); *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) ("*Rambus*"); *In re Ishii*, Memorandum and Order on Request for Additional Time to File Federal Circuit Appeal (U.S. Application Serial No. 09/655,847) (Feb. 6, 2009) ("*Ishii*"). That conclusion was based on precedent both from the Federal Circuit and United States Court of Customs and Patent Appeals holding that the USPTO lacks

[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. While the Director refers to Rule 90 herein, the discussion and conclusions apply with equal force to a proper request made pursuant to prior regulation 37 C.F.R. § 1.304 as well.

jurisdiction to perform anything but "purely ministerial" functions once a party files a notice of appeal and indicating that deciding a request for additional time in which to appeal was not among those functions. The Director has reconsidered the USPTO's prior conclusions and determined that relevant precedent does not address the situation where, as here, the notice of appeal is untimely.

Precedent holds that "the subject matter of the appeal is transferred to this court" upon the filing of a notice of appeal. *In re Allen*, 115 F.2d 936, 941 (CCPA 1940). Under that precedent, the USPTO may perform only "purely ministerial function[s]" once such a notice of appeal is filed. *In re Grier*, 342 F.2d 120, 123 (CCPA 1965); *see Losbough v. Allen*, 359 F.2d 910 (CCPA 1966). The Federal Circuit clarified the scope of these principles in *In re Graves*, 69 F.3d 1147 (Fed. Cir. 1995).

In *Graves*, the Board issued its initial decision on September 20, 1994. Graves then sought timely reconsideration of the Board's initial decision. On January 4, 1995—after Graves requested reconsideration but before the Board had rendered a decision on the request—Graves filed a notice of appeal to the Federal Circuit and the Federal Circuit docketed Graves' appeal. The Board then issued a decision on Graves' request for reconsideration on January 20, 1995. *See Graves*, 69 F.3d at 1148-49.

The Court in *Graves* addressed "whether the Board had jurisdiction to render its decision on the applicant's request for reconsideration after the applicant had filed the notice of appeal" (69 F.3d at 1149), holding that the USPTO did have jurisdiction to

render that decision after the filing of the notice of appeal. The Court explained that the "mere filing of the notice of appeal did not instantly vest jurisdiction in this court." 69 F.3d at 1150. *Graves* read *Allen* and its progeny to be limited to circumstances where there was an "appealable decision." *Graves* held that there was no "appealable decision" in that case because the January 4, 1995 notice of appeal was untimely relative to the initial September 30, 1994 Board Decision. *Id.* Thus, the "mere filing" of the notice of appeal "did not deprive" the Board of jurisdiction to decide the pending request for reconsideration. *Id.* The Board thus properly rendered its reconsideration decision despite the filing of a notice of appeal.

Graves supports the conclusion that the limitations on USPTO activity identified in *Allen* and its progeny are not triggered by the filing of an untimely notice of appeal. The Director has concluded that like the ability to address the request for reconsideration of a Board decision at issue in *Graves*, an untimely notice of appeal does not defeat the USPTO's ability to render a decision on a request for additional time to seek judicial review. *Cf. IpVenture I* at 4-5. The Director is not aware of any binding judicial precedent holding that the filing of an untimely notice of appeal divests the USPTO of the ability to address such a request. The cases cited in previous time-extension decisions concluding that the Director lacked jurisdiction to address a pending time-extension request are not to the contrary. There is no indication that the holdings in *In re Grier* or *Losbough v. Allen* regarding the contours of

the USPTO's ability to execute only "purely ministerial function[s]" (*Grier*, 342 F.2d 120, 123 (CCPA 1965)) based on the filing of a notice of appeal involved an untimely notice of appeal. *Barbacid v. Brown* merely observed that a request for additional time pursuant to USPTO regulations was the proper remedy for seeking appeal outside the prescribed filing window. *See* 223 Fed. Appx. 972, 973-74 (Fed. Cir. Mar. 19, 2007) (non-precedential).[2] The Court in *Barbacid* did not address the USPTO's ability to decide such a request based on an already-filed notice of appeal (whether untimely or not). Permitting the USPTO to render a decision on a Rule 90 time-extension request in the face of an untimely notice of appeal is also consistent with other precedent confirming that an untimely notice of appeal is ineffective to confer jurisdiction to our reviewing court. *See, e.g.*, *In re Retail Clerks Int'l Protective Ass'n*, 108 F.2d 1008, 1009 (CCPA 1940); *General Elec. Co. v. Hygrade Sylvania Corp.*, 61 F. Supp. 476, 499 (S.D.N.Y. 1944). *See also Gilda Indus., Inc. v. United States*, 511 F.3d 1348, 1350-52 (Fed. Cir. 2008) (holding that an untimely notice of appeal from the United States Court of International Trade to the Federal Circuit "neither conferred jurisdiction on this court nor divested the trial court of jurisdiction to entertain Gilda's subsequent motion to extend the filing deadline" pursuant to Federal Rule of Appellate Procedure 4).[3] The

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[2] The Court in *Barbacid* dismissed the appeal without prejudice to *Barbacid* pursuing a time extension with the USPTO, indicating that one was not already pending. *See* 223 Fed. Appx. at 974.

[3] *Gilda* also observes that other defects in a notice of appeal may cause a similar result.

conclusion that an untimely notice of appeal does not preclude the Director from reaching the merits of a request for additional time to seek judicial review is also consistent with 35 U.S.C. §§ 142 and 143, which do not expressly address when jurisdiction over the proceedings passes from the USPTO to the Federal Circuit. *See, e.g.*, 35 U.S.C. § 78y(a)(3) (jurisdiction over "final order" of the Securities and Exchange Commission passes to appellate court upon filing of written petition, "which becomes exclusive on the filing of the record").

Practical considerations of judicial and administrative economy also motivate reconsidering the Director's prior position regarding the inability of the USPTO to decide a time-extension request based on the filing of an untimely notice of appeal. The fact pattern seen here is not uncommon. *See, e.g.*, *IpVenture I*; *Rambus*; *Ishii*. Requiring that an untimely appeal be dismissed or the underlying proceeding otherwise be returned to the USPTO so that the Office can decide whether additional time should be given in which to seek the same appeal only delays final resolution of the proceedings. Accordingly, absent express judicial instruction to the contrary, the Director concludes that an untimely notice of appeal does not deprive the USPTO of jurisdiction to decide a request to extend the time for seeking judicial review filed

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Gilda, 511 F.3d at 1350-51. The Director makes no conclusions here on whether other possible deficiencies in a notice of appeal would be sufficient to defeat a transfer of jurisdiction from the Office to a reviewing court.

pursuant to 37 C.F.R. § 90.3 (or 37 C.F.R. § 1.304 (Jul. 2012), as applicable).

On the merits of Goto's request for additional time, 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). 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.

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 (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, 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, 1587 n.7 (T.T.A.B. 1997).

On the third factor, Goto explains that the March 14, 2017 filing deadline was missed as "the result of an excusable misunderstanding between…Japanese and American counsel." Req. at 1. As a Japanese company, Goto utilizes a patent attorney fluent in both Japanese and English—Mr. Hiroyuki Nakao—to handle its affairs in the United States. Mr. Nakao had been "effectively serv[ing] as an intermediary between" Goto and Mr. Trevor Coddington at San Diego IP Law Group LLP ("SDIPLG"), the United States-based counsel handling the underlying IPR proceeding here. Req. at 2.

On January 10, 2017, Mr. Coddington conveyed the Board's rehearing decision to Mr. Nakao, and informed Mr. Nakao of the relevant period for filing a notice of appeal. *See* Coddington Decl. at ¶ 4; Nakao Decl. ¶ 5. Mr. Nakao discussed the Board decision with Goto "shortly thereafter" and a decision to appeal to the Federal Circuit was made before the March 14th filing deadline. Nakao Decl. at ¶ 6. That decision was memorialized on January 20, 2017, in a "Joint Status Report Regarding Inter Partes Review Proceedings" filed with the Central District of California in the

litigation between Petitioners Mitsubishi Cable Industries, Ltd. and Mitsubishi Cable America, Inc. ("Mitsubishi") and Goto, in which Goto indicated that it "plan[ned] to appeal" the underlying Board decisions here. *See* Nakao Decl. Exh. 1. However, Mr. Nakao did not directly communicate the decision to appeal to Mr. Coddington because Mr. Nakao believed an appeal notice would be filed by SDIPLG unless instructed otherwise. *See* Req. at 2. Meanwhile, Mr. Coddington believed the opposite, namely that he should not file an appeal notice unless affirmatively instructed to do so. *See id.* Because Mr. Coddington did not receive any instruction to file a notice of appeal, the March 14th filing deadline was missed. On March 16, 2017, Mr. Nakao followed up with Mr. Coddington about the missed deadline and instructed SDIPLG to "take appropriate action to commence the appeal as soon as possible." Coddington Decl. at ¶ 6. The underlying Request and Notice of Appeal were then filed shortly thereafter.

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. Parties involved in important proceedings such as the underlying IPR need to assure timely adherence to filing deadlines. That was not done here. But *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. Thus, while the conduct here of Goto's counsel—for which

Goto is accountable—was negligent, it does not answer the question of whether it was excusable.

Petitioner Mitsubishi's focus in its Opposition on whether Goto's conduct was negligent fails to demonstrate that the Request should be denied for that reason. *See* Petitioner's Opposition to Patent Owner's Request for Extension of Time to File an Appeal, at 3-4 (IPR2015-01108) (Apr. 21, 2017).[4] Whether Goto's counsel's conduct was "contrary to basic tenets of legal practice" does not answer the question of whether that conduct can be found excusable, which should consider all relevant circumstances. Opp. at 3; *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"). Moreover, Mitsubishi incorrectly asserts that Goto's Request should be denied because "[n]one of Goto Denshi's attorneys made an effort to determine whether an appeal should be filed." Opp. at 1. The Request demonstrates

[4] The Director has previously explained that neither the existing nor previous regulations governing requests for extension of time in which to pursue judicial review provide for the filing of an "opposition" or subsequent "reply" thereto. *See, e.g., UWA v. AZL*, Decision on Request under 37 C.F.R. § 1.304(a)(3)(i), at 3-4 (Interference No. 106,013) (Feb. 26, 2016). However, the Director has the discretion to consider such papers, and has done so in the past. *See id.* Thus, the Director has considered the Opposition filed by Mitsubishi in this matter.

both that Mr. Nakao discussed the decision with Goto to arrive at an affirmative decision to appeal and that Mitsubishi was aware of that intent.

Mitsubishi's Opposition is also based on an unnecessarily high "excusable neglect" standard. While "abnormal circumstances" can provide the basis for a finding of "excusable neglect" under *Pioneer*, they are not required. Opp. at 4. Mitsubishi cites *Rodgers v. Watt*, 722 F.2d 456, 458 (9th Cir. 1983), to support its standard, but *Rodgers* predates *Pioneer*, which has been generally understood to have "adopted a broader and more flexible test for excusable neglect." *Pincay v. Andrews*, 389 F.3d 853, 856 (9th Cir. 2004) (explaining that prior requirement of "extraordinary circumstances" in Ninth Circuit gave way to more equitable and flexible inquiry after *Pioneer*); *Pioneer*, 507 U.S. at 387-88 and n.3 (adopting more "flexible understanding" of excusable neglect to include more than simply "intervening circumstances beyond the party's control").

Similarly, whether the district court in *Two-Way Media* did not abuse its discretion in denying relief under the "excusable neglect" standard does not speak to whether Goto is entitled to relief here under different and distinguishable facts. *See* Opp. at 2, 4. Relief in *Two-Way Media* was based on AT&T's position that it lacked notice of the relevant court orders, in part because it was affirmatively misled by the court's initially incomplete electronic notifications of those orders. *See* 782 F.3d at 1315-17. The trial court found that "it was not excusable for AT&T's attorneys to rely

on the email notifications and neglect to read the orders in light of the circumstances surrounding" the relevant notifications. *Id.* at 1316. Those "circumstances" included clear indications that the trial court had finally disposed of all issues and the fact that the notifications were received by 18 different attorneys and assistants, at least some of whom had downloaded the orders. *Id.* at 1316-17. By contrast, this is not a "lack of notice" case. And, as discussed below, there is evidence of good faith conduct by Goto's attorneys, including the diligent consideration of the relevant Board decisions to arrive at a timely appeal determination, facts that meaningfully distinguish this case from *Two-Way Media.*

Ultimately, *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. Communication failures are not, per se, inexcusable under the *Pioneer* standard. *See Pincay*, 389 F.3d at 855; *see also Rambus* (granting Rule 304 request for additional time under "excusable neglect" standard where communication misunderstanding between in-house and outside legal counsel led to missed deadline). Absent the communication misunderstanding, Goto's conduct here was timely and does not evince that they abdicated their responsibility to make a prompt determination of whether to pursue appeal or otherwise "flout[ed]" the filing deadline. *See* 507 U.S. at 388. The Board decision was timely communicated by Mr. Coddington to Mr. Nakao, who in turn timely discussed the decision with

Goto to arrive at a prompt decision regarding appeal. And there is no indication that any involved party failed to appreciate the relevant regulations or procedures. *See IpVenture II* (denying Rule 90 request under "excusable neglect" standard, in part, owing to counsel's failure to identify and consult correct regulation). Goto then acted quickly to remedy the missed deadline, filing the underlying Request seven days after the missed deadline. Goto'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).

There is no evidence of prejudice to Mitsubishi under the first *Pioneer* factor. Mitsubishi does not allege any prejudice in their Opposition and Mitsubishi was on notice of Goto's intent to appeal given the joint status report that the parties filed with the district court in their litigation. Nor is there evidence of potential negative impact to any judicial or administrative proceedings, as relevant under the second *Pioneer* factor. The parties' district court litigation remains stayed pending the outcome of any appeal. *See Goto Denshi Co., Ltd. v. Mitsubishi Cable Indus., Ltd.*, Case No. 2:14-cv-09815, Dkt. Entry No. 66 (Apr. 11, 2017) (status report due May 26, 2017). Similarly, the seven-day delay between expiration of the appeal filing deadline and filing of the

underlying Request and Notice of Appeal did not result in any meaningful delay in the proceedings under the second *Pioneer* factor. These facts all weigh in favor of granting the Request.

Thus, on balance, the Director finds that application of the *Pioneer* factors here weighs in favor of granting Goto'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. Goto is granted an extension from March 14, 2017 to March 23, 2017.

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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