UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE DIRECTOR

Samsung Electronics Co., Ltd. Petitioner v. **Netlist, Inc.** Patent Owner IPR2022-00064 Patent No. 10,474,595	Order re: Netlist Request for Extension of Time under 37 C.F.R. § 90.3(c)(1)(ii)

ORDER

The Patent Trial and Appeal Board issued a Final Written Decision on May 9, 2023 in the above-captioned inter partes review proceeding finding that all of Netlist, Inc.'s ("Netlist") claims were shown unpatentable. Netlist's Notice of Appeal was due on July 11, 2023. On July 14, 2023, Netlist requested a three-day extension of time under 37 C.F.R. § 90.3(c)(1)(ii) to file the notice of appeal. On July 26, 2023, the Office denied, without prejudice, Netlist's first request for an extension of time and allowed Netlist to file a renewed request within seven calendar days. Netlist timely filed a Renewed Request on August 2, 2023. On August 8, 2023 Samsung Electronics Co., Ltd. ("Samsung") filed an Opposition. Netlist filed its Reply on August 17, 2023. The Office has considered and denies Netlist's request for the reasons set forth below.

Rule 90.3(c)(1) allows parties additional time to file a notice of appeal under two circumstances. Pursuant to Rule 90.3(c)(1) the Director may grant an

extension if it is (1) requested before the expiration of the period for filing an appeal upon a showing of good cause, or (2) requested after the expiration of the period for filing an appeal due to excusable neglect. The extension request at issue here must satisfy the "excusable neglect" provision of 37 C.F.R. § 90.3(c)(1); *see also Mitsubishi Cable Indus., Ltd. v. Goto Denshi Co.*, Memorandum and Order at 2-7, Paper 28 (IPR2015-01108) (May 3, 2017) ("*Mitsubishi*"). 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., Mitsubishi,* Mem. Op. at 7-14; *IpVenture, Inc. v. FedEx Corp*., Memorandum and Order (*Inter Partes* Reexamination Control No. 95/001,896) (Apr. 4, 2017). The Supreme Court in *Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P'ship* made clear that "'excusable neglect' is understood to encompass situations in which the failure to comply with a filing deadline is attributable to negligence." *See* 507 U.S. 380, 394 (1993). Netlist does not deny that it missed the deadline to file its notice of appeal. The question therefore is whether that negligence is excusable.

In *Pioneer*, the Court explained that the determination whether "excusable neglect" occurred is "an equitable one, taking account of all relevant circumstances

surrounding the party's omission." *Id.* at 395. *Pioneer* explains that "inadvertence . . . do[es] not usually constitute excusable neglect, but also observes that "excusable neglect . . . is a somewhat elastic concept and is not limited strictly to omissions caused by circumstances beyond the control of the movant." *Id*. at 392 (internal quotation marks omitted). Generally, the factors to be considered in determining whether negligence is excusable 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. *Id.* at 395.

Here, the first, second, and fourth *Pioneer* factors weigh in favor of granting the Request. Under the first factor, there is no evidence of prejudice to another party or the USPTO, although there are concerns here about protecting the integrity of the USPTO regulations and judicial system, as explained below. Nor is there evidence of potential direct negative impact to any judicial or administrative proceedings and the delay between the expiration of the deadline and the filing of the Request was small. As to the fourth factor, there is no evidence of bad faith; the failure to file a timely notice of appeal appears to have been an honest mistake. *See* Renewed Request at 4-5; *Cheney v. Anchor Glass Container Corp.*, 71 F.3d 848, 850 (11th Cir. 1996) (weighing absence of bad faith with other factors in finding

"excusable neglect" for delayed filing).

The third *Pioneer* factor—relating to why the filing was delayed—is generally considered the most important factor in the analysis. *Justus v. Clarke,* No. 20-6351, 2023 WL 5211380, at *6 (4th Cir. Aug. 15, 2023) ("The most important of these factors for determining whether 'neglect' is 'reasonable' is the reason for the delay.") (citations omitted); *see also, e.g., FirstHealth of the Carolinas, Inc. v. Carefirst of Maryland, Inc.*, 479 F.3d 825, 829 (Fed. Cir. 2007); *Pumpkin Ltd. v. The Seed Corps.*, 43 USPQ2d 1582, 1587 n.7 (T.T.A.B. 1997). As explained below, on the current record, the third factor weighs heavily against granting the request because Netlist has failed to reasonably explain its reason for failing to timely file the notice of appeal.

Here, Netlist simply failed to instruct anyone to file the notice of appeal until after the deadline had lapsed. In attempting to explain how this came to pass, Mr. Jayson Sohi, Netlist's Director of IP Strategy, stated in his first declaration:

> On May 12, 2023, Netlist discussed the appealability of the Board's final written decision with Skiermont counselor Sarah Spires and prosecution counsel Jaimie Zheng. Based on the outcome of this discussion, I determined to appeal the decision. Skiermont was instructed that another firm that represents Netlist in district court proceedings would file the appeal. I memorialized this in writing to Skiermont. However, that other firm did not receive instructions to file a notice of appeal and had not made an appearance in the PTAB proceeding, and therefore was not monitoring the docket.

Sohi July 14, 2023 Declaration at ¶4. Netlist characterizes the delay as "the result of a miscommunication." Request at 1; *see also* Reply ISO Renewed Motion at 1. Netlist has since clarified in its Reply:

> Mr. Sohi also discussed the appeals with Irell partner Mr. Sheasby by telephone on May 11, 2023. As previously explained, Mr. Sohi believed that he had instructed Irell to take over these appeals as part of that conversation, but subsequently "learned that Mr. Sheasby did not share this impression." Indeed, Mr. Sheasby "did not understand Mr. Sohi to have actually engaged Irell for that purpose during these discussions." As such, no one at Irell filed an appearance or tracked the docket.

Reply at 2 (citations omitted).

Although Netlist stated that it filed the notice late because of a "miscommunication," Netlist does not clearly identify that "miscommunication" and appears to shift theories between its Request and its Renewed Request. *Compare* Request at 1 *with* Renewed Request at 4. In his first declaration, Mr. Sohi appears to describe a "miscommunication" as occurring when "that other firm did not receive instructions to file a notice of appeal." Sohi July 14, 2023 Declaration at ¶4. But in his second declaration, Mr. Sohi states that he "believed [he] had instructed Irell to take the appeals over, although [he has] since learned that Mr. Sheasby did not share this impression." Sohi August 2, 2023 Declaration at ¶7. The Renewed Request thus suggests a different "miscommunication": Mr. Sohi's

concededly mistaken belief that he directly informed Irell that there would be an appeal and instructed them to handle it. In evaluating the third factor, the question thus becomes whether Mr. Sohi's belief that he instructed Irell to handle the appeal was reasonable.

Netlist has failed to provide sufficient details regarding what Mr. Sohi said to Mr. Sheasby that led Mr. Sohi to mistakenly believe he had communicated to Mr. Sheasby that Irell should pursue the appeals. *See* Renewed Request at 4. The most that Netlist offers is that Mr. Sohi spoke with Mr. Sheasby and "discussed the outcome of the IPR, as well as the need for appeals and my desire that Irell handle those appeals." Sohi August 2, 2023 Declaration at ¶ 7.

There are at least three problems with Mr. Sohi's account. First, Mr. Sheasby does not corroborate that Mr. Sohi expressed a "desire for Irell to handle" the appeals. Mr. Sheasby states that he had a general conversation with Mr. Sohi about ongoing and future litigation, as well as the "need for appeals," but that he did not "understand Mr. Sohi to have actually engaged Irell for that purpose during these discussions." Sheasby August 2, 2023 Declaration at ¶3.

Second, even if Mr. Sohi conveyed a "desire" for Irell to handle the appeals, that does not justify Mr. Sohi's belief that he had affirmatively engaged Irell to handle the appeal. Mr. Sheasby explains that Irell was not involved in the IPR (*id.*

at ¶2), and Irell does not appear to have previously handled any of Netlist's IPR appeals (*see* Renewed Request at 3). There was thus no reason for Mr. Sheasby to infer from Mr. Sohi's "desire" for Irell to handle the appeal that Irell was actually responsible for it. And there is nothing in the record showing that Mr. Sohi instructed Skiermont to inform Irell to handle the appeal. *See* Spires August 2, 2023 Declaration at ¶2.

Third, and most significantly, Netlist does not explain why Mr. Sohi believed that he had instructed Irell to take over the appeal in a phone call on May 11, 2023, which, by his own account, was before he actually decided to appeal. Sohi July 14, 2023 Declaration at ¶4 (explaining that he "determined to appeal the decision" based on the outcome of a May 12, 2023 discussion with Skiermont Derby). Although Netlist alleges that a May 9, 2023 email sent by Mr. Sohi to Skiermont Derby counsel (and not to Irell) "memorializ[es] the decision to have Irell handle the appeal" (*Id.*), that email pre-dates Mr. Sohi's actual decision to appeal, and merely states that "[t]he current plan is to make a motion for reconsideration/POP review first (30-day deadline under 37 C.F.R. 42.71(d)(2)), and then eventually seek an appeal." Reply at Ex. A. Because Netlist provides no evidence that the "current plan" of seeking reconsideration changed to a plan to appeal without seeking reconsideration before May 12, the May 9 email does not

support Mr. Sohi's belief that he engaged Irell to appeal on May 11.

The absence of evidence supporting the reasonableness of Mr. Sohi's "mistaken belief" distinguishes these facts from cases like *Mitsubishi* and *Cheney*, on which Netlist relies (Renewed Request at 7-9). In *Mitsubishi*, the Japanese client had made a clear decision to appeal, conveyed it to its bilingual intermediary, and memorialized it in a court filing. The intermediary believed that the client's existing IPR counsel would file the notice of appeal without further instruction, whereas IPR counsel was actually awaiting further instruction. *Mitsubishi* at 8, 10-11. *Mitsubishi* thus concerned a misunderstanding regarding communications between preexisting outside counsel, which the Office found to be "less than desirable" (*id.* at 9) and "negligent" (*id.* at 10) but nevertheless excusable. Similarly, in *Cheney*, attorneys in the same firm incorrectly thought the other was filing the demand for a new trial because of a miscommunication between them. *Cheney*, 71 F.3d at 849. In both *Mitsubishi* and *Cheney*, the record supported the existence of attorney miscommunication in executing a timely filing.

Netlist's neglect was not a miscommunication or misunderstanding as in *Mitsubishi* and *Cheney*, but a complete failure to communicate regarding the critical task of filing the notice of appeal, a matter that was fully within Netlist's control. *FirstHealth,* 479 F.3d at 829-30 (finding the reasons for delay wholly

within Firsthealth's control, which weighed against excusable neglect). While misunderstandings will arise, there must be a reasonable basis to conclude that the client had placed the responsibility for pursuing the appeal with an appropriate party (here, the outside attorney). On the facts here, there was no such reasonable basis. Accordingly, the third *Pioneer* factor weighs heavily against finding excusable neglect based upon Netlist's failure to provide a sufficiently detailed explanation for its failure to file a timely notice of appeal. *See, e.g.*, *Graphic Commc'ns Int'l Union, Local 12-N v. Quebecor Printing Providence, Inc.*, 270 F.3d 1, 6 (1st Cir. 2001) (affirming district court finding of no "excusable neglect," particularly given absence of "unique or extraordinary circumstances" explaining conduct); *In re Montaldo Corp.*, 209 B.R. 40 (Bankr. M.D. N.C. 1997) (creditor failed to establish excusable neglect where it did not explain why it failed to timely file a proof of claim).

On balance, the Office finds that application of the *Pioneer* factors to these facts weighs against granting Netlist's Request. Entities must take reasonable steps to execute their responsibilities to seek timely appeals to ensure proper functioning of the IPR and judicial system. Finding excusable neglect under these facts would dilute the effectiveness of USPTO filing deadlines and undermine the ability to place reasonable boundaries on the scope of the "excusable neglect" standard. *See,*

e.g., *IpVenture, Inc. v. FedEx Corp.*, Memorandum and Order (*Inter Partes* Reexamination Control No. 95/001,896) (Apr. 4, 2017) (denying an extension request for failure to satisfy the "excusable neglect" standard where the explanation for missing a deadline was within movant's reasonable control); *see also Robaina v. Deva Concepts, LLP*, No. 22-1142, 2023 WL 3144038, at *2 (2d Cir. Apr. 28, 2023) ("Although we have 'considerable sympathy for those who, through mistakes—counsel's inadvertence or their own—lose substantial rights,' we have reasoned that the 'legal system would groan under the weight of a regimen of uncertainty in which time limitations were not rigorously enforced—where every missed deadline was the occasion for the embarkation on extensive trial and appellate litigation to determine the equities of enforcing the bar.'" (citing *Silivanch v. Celebrity Cruises, Inc.*, 333 F.3d 355, 367–68 (2d Cir. 2003)).

Netlist was given three chances to explain why it missed the filing deadline and support that explanation, but the record does not support its ultimate reliance on Mr. Sohi's mistaken belief that he communicated to Irell that they were to handle the appeal. The facts underlying the third *Pioneer* factor outweigh the findings that any delay on judicial proceedings has been relatively brief and prejudice to Samsung limited. *See, e.g., Graphic Commc'ns*, 270 F.3d at 6 ("focus" on the third *Pioneer* factor in making "excusable neglect" determination comports

with *Pioneer*). The Office therefore finds that Netlist has failed to establish that it is entitled to additional time under the "excusable neglect" standard.

ORDER

Upon consideration of Netlist's request for an extension of time under 37 C.F.R. § 90.3(c)(1)(ii), it is ORDERED that the request is denied.

KATHERINE K. VIDAL
Under Secretary of Commerce for
Intellectual Property and Director of the
U.S. Patent and Trademark Office

/s/ Thomas W. Krause
By: Thomas W. Krause
Solicitor

DATE: September 15, 2023

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