

19-1165

IN THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

UBER TECHNOLOGIES, INC.,
Appellant,

v.

X ONE, INC.,
Appellee.

**Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in Inter Partes Review No. IPR2017-01264**

**X ONE'S COMBINED PETITION FOR PANEL
REHEARING AND REHEARING EN BANC**

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April 2, 2020

CERTIFICATE OF INTEREST

Counsel for Appellee X One, Inc., certifies the following:

1. Full Name of Party Represented by me:

X One, Inc.

2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:

None

3. Parent corporations and publicly held companies that own 10% or more of the stock in the party:

None

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this Court (and who have not or will not enter an appearance in this case) are:

None

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal are:

X One, Inc. v. Uber Technologies, Inc.,
No. 5:16-cv-06050-LHK (N.D. Cal.)

TABLE OF CONTENTS

STATEMENT OF COUNSEL.....	1
POINTS OVERLOOKED BY THE PANEL.....	2
ARGUMENT.....	3
I. The Panel Found Facts Regarding the Prior Art Inconsistent with the Board’s Findings	3
A. The Panel Changed the Board’s Claim Construction	3
B. The Panel Found Facts Regarding the Prior Art Under Its New Claim Construction.....	5
1. The Panel’s Fact Findings on the “Application” in the Konishi and Mitsuoka Prior Art Are Inconsistent with the Board’s Findings.....	5
2. The Panel’s Fact Findings on Konishi and Mitsuoka on the Relationship Between Launching an Application and the Claimed Steps Are Inconsistent with the Board’s Findings.....	8
II. The Panel Should Have Remanded to the Board for Further Fact Finding Under the New Claim Construction.....	11
CONCLUSION	15

TABLE OF AUTHORITIES

	Page(s)
Federal Cases	
<i>Ariosa Diagnostics v. Verinata Health, Inc.</i> , 805 F.3d 1359 (Fed. Cir. 2015).....	11, 13
<i>Bilstad v. Wakalopulos</i> , 386 F.3d 1116 (Fed. Cir. 2004).....	13
<i>D’Agostino v. MasterCard Int’l, Inc.</i> , 844 F.3d 945 (Fed. Cir. 2016).....	12
<i>Dell Inc. v. Acceleron, LLC</i> , 818 F.3d 1293 (Fed. Cir. 2016).....	12
<i>Graham v. John Deere Co.</i> , 383 U.S. 1 (1966).....	14
<i>L.A. Biomed. Research Inst. at Harbor-UCLA Med. Ctr. v. Eli Lilly & Co.</i> , 849 F.3d 1049 (Fed. Cir. 2017).....	12, 15
<i>In re Lee</i> , 277 F.3d 1338 (Fed. Cir. 2002).....	14
<i>Microsoft Corp. v. Proxyconn, Inc.</i> , 789 F.3d 1292 (Fed. Cir. 2015).....	13
<i>PersonalWeb Techs., LLC v. Apple, Inc.</i> , 848 F.3d 987 (Fed. Cir. 2017).....	11
<i>Regents of Univ. of Cal. v. Broad Inst., Inc.</i> , 903 F.3d 1286 (Fed. Cir. 2018).....	14
<i>SAS Inst. Inc. v. ComplementSoft, LLC</i> , 825 F.3d 1341 (Fed. Cir. 2016).....	11
<i>SEC v. Chenery Corp.</i> , 332 U.S. 194 (1947).....	1, 11, 13, 15
<i>Smith & Nephew, Inc. v. Rea</i> , 721 F.3d 1371 (Fed. Cir. 2013).....	14

In re Smith Int'l, Inc.,
871 F.3d 1375 (Fed. Cir. 2017).....14

Sony Corp. v. Iancu,
924 F.3d 1235 (Fed. Cir. 2019).....12

Sullivan v. McDonald,
815 F.3d 786 (Fed. Cir. 2016).....14

In re Varma,
816 F.3d 1352 (Fed. Cir. 2016).....12

Federal Statutes

35 U.S.C. § 318(a).....14

STATEMENT OF COUNSEL

Based on my professional judgment, I believe the panel decision is contrary to the following decision of the Supreme Court of the United States: *SEC v. Chenery Corp.*, 332 U.S. 194 (1947). Specifically, after adopting a claim construction different from that of the Board and not urged by either party, the panel reversed the Board based on its own fact findings on obviousness. Those fact findings were contrary to fact findings made by the Board, which the panel did not address. The panel improperly substituted its own obviousness determination for one that should have been made in the first instance by the Board, thus intruding on the domain entrusted to the Board by Congress.

/s/ J. Michael Jakes
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POINTS OVERLOOKED BY THE PANEL

In Uber's appeal of its IPR challenge to X One's '647 patent, a panel of this Court changed the Board's claim construction and then made new fact findings. Based on its new findings that the prior art discloses the newly construed claim elements, the panel reversed the Board's decision as to the only claims addressed by the Board and vacated the decision as to the other challenged claims. In doing so, the panel misapprehended the record and made new fact findings contradicted by those of the Board without ever addressing the Board's findings.

In finding that Konishi made launching an application on a wireless device obvious, the panel found that "[t]he 'application' is Konishi's vehicle allocation service." Slip Op. 12. The Board, however, distinguished Konishi's vehicle allocation service from an application on a wireless device and did not find they are the same. Appx19.

In addressing whether Mitsuoka also made the same claim term obvious, the panel found that "[m]aking the dial-up connection" in Mitsuoka is "'launching' the application." Slip Op. at 14. The Board, however, credited testimony that "the application launched on the portable terminal would utilize the dial-up connection to the ASP to start the process." Appx31. The Board thus recognized that Mitsuoka discloses a dial-up connection, but never found that making the dial-up connection

is launching an application. Instead, the Board recognized Uber’s recognition that “Mitsuoka does not expressly state that an application is launched.” Appx30.

In making new fact-findings on the prior art, not only did the panel contradict facts found by the Board without addressing them, but it also overlooked fundamental principles of administrative law precluding this Court from finding facts in the first instance.

X One requests rehearing for the Court to vacate the portion of the panel’s opinion finding new facts, starting in section I.B. (Slip Op. at 11-15, as to claims 1 and 28) and in section II (Slip Op. at 15, starting with “As we have explained, both Konishi and Mitsuoka . . . ,” as to claim 22). The Court should vacate the Board’s finding of patentability as to all claims, and remand the case for the Board to make fact findings on the scope and content of the prior art and the differences between the prior art and the claims, applying this Court’s new claim construction.

ARGUMENT

I. The Panel Found Facts Regarding the Prior Art Inconsistent with the Board’s Findings

A. The Panel Changed the Board’s Claim Construction

The Board’s Final Written Decision construed the “responsive to launching” claim elements to “require[] that there be a temporal relationship between the startup of the recited application and the occurrence of the other recited activities.”

Appx15-16. The Board held this element is met if the method is invoked “during or near” the launch of the application on the user’s wireless device. Appx15.

Based on this construction, the Board found the prior art (Konishi and Mitsuoka) did not disclose this claim element. For Konishi, the Board found Uber failed to show a temporal relationship between launch of an application on a wireless device and the claimed steps. Appx21-22 (finding Uber failed to make a “showing as to the temporal relationship between the launch of the application and the recited method”). As to Mitsuoka, the Board similarly found Uber failed to provide “sufficient evidence” regarding “the necessary connection between application startup and method invocation.” Appx31-32.

Considering the construction of “responsive to launching an application on the first wireless device,” the panel stated that “neither party’s construction is correct” and that the Board’s construction had to be changed “in light of the specification.” Slip Op. at 9. Rejecting the Board’s construction of the “responsive to launch” elements as “during or near” when the application is launched, the panel concluded that the specification requires that the “‘responsive to’ limitation is met if the claimed method is invoked minutes or hours after launch of the application.” Slip Op. at 8-9. According to the panel, any narrower reading “would exclude the specification’s preferred embodiment.” Slip Op. at 9.

B. The Panel Found Facts Regarding the Prior Art Under Its New Claim Construction

After construing the claims differently from both the Board and the parties, the panel found that the prior art discloses the newly construed claim terms and reversed the Board as to the only claims the Board considered. *See* Slip Op. at 11-13 (Section I.B.1) as to Konishi and claims 1 and 28; 13-15 (Section I.B.2) as to Mitsuoka and claims 1 and 28; and 15-16 (Section II) as to Konishi and Mitsuoka and claim 22. The panel did not address whether its fact finding on the prior art under its new construction was appropriate. *See* Slip Op. at 11-16. In addition, while Uber had argued for reversal, it did so based on its proposed construction, Bl. Br. 43-47, which the panel rejected. *Id.* at 9.

1. The Panel’s Fact Findings on the “Application” in the Konishi and Mitsuoka Prior Art Are Inconsistent with the Board’s Findings

Applying its new claim construction to Konishi, the panel found that “[t]he ‘application’ is Konishi’s vehicle allocation service.” Slip Op. at 12 (claims 1 and 28); *id.* at 15 (claim 22). The panel apparently misunderstood the difference between Konishi’s vehicle allocation service and an application on a wireless device, a distinction that the Board recognized. Even Uber has not argued that Konishi’s vehicle allocation service is the claimed application.

The panel’s new claim construction did not give it license to find new facts and ignore the Board’s findings. By finding that the claimed application is

Konishi's vehicle allocation service, the panel found facts contrary to the Board without ever considering whether the Board's findings were correct or supported by substantial evidence.

The Board specifically found that “[a] skilled artisan . . . would understand from Konishi's teachings that a customer would launch an application on his mobile phone before selecting the vehicle allocation service,” Appx19, thus distinguishing an application from Konishi's vehicle allocation service. This distinction was recognized by Uber, too. In its Petition, immediately after stating that Konishi discloses a vehicle allocation service, Uber recognized that “Konishi does not expressly disclose a customer launching an application.” Appx166-167. Uber instead argues that Konishi's Figure 2 shows the “application launching” claim limitations. Bl. Br. 44-48. Figure 2 of Konishi, however, is a “flowchart of the vehicle operation management system,” executed by the remote information processing device 11, not an application on the wireless device. Appx1334-1335, ¶¶ 29, 32, 33-35 and Fig. 2.

The panel's fact findings with respect to Mitsuoka are similarly flawed. The panel found that “[t]he process in Mitsuoka's portable user terminal that makes a dial-up connection to the ASP 4 is, as the Board found, an ‘application.’ Making the dial-up connection is, therefore, ‘launching’ the application.” Slip Op. at 14 (claims 1 and 28); *see id.* at 15 (claim 22). The Board, however, did not find that

making a dial-up connection in Mitsuoka is the claimed application. Instead, quoting the testimony of Uber's expert, the Board stated that "[t]he 'application' launched on the portable terminal would utilize the dial-up connection to the ASP to start the process," Appx31, thus distinguishing launching an application on a wireless device from Mitsuoka's dial-up connection. As with Konishi, the panel found facts contrary to the Board without considering whether the Board's findings were correct or supported by substantial evidence.

The panel's fact-finding on Mitsuoka's dial-up connection is also contrary to what Uber argued. Uber did not contend that making a dial-up connection in Mitsuoka is launching an application. Uber instead identified Mitsuoka's dial-up connection, Appx205-206, but recognized that "Mitsuoka does not expressly state that an application is launched." Appx30; Appx3041. Uber argued that Mitsuoka's dial-up connection shows "the method of claim 1 to be invoked in response to *running* of an application on the mobile device." Appx205-206 (emphasis added); Appx209. Uber's position, equating launching an application with an application running, was rejected by both the panel and the Board. Slip Op. at 9; Appx14. Uber's arguments based on its rejected claim construction cannot support the panel's new fact-finding as to Mitsuoka's dial-up connection or its reversal of the Board.

2. The Panel’s Fact Findings on Konishi and Mitsuoka on the Relationship Between Launching an Application and the Claimed Steps Are Inconsistent with the Board’s Findings

The ’647 patent claims are directed to steps that take place responsive to launching an application on a wireless device or in association with an application launched on a wireless device. Slip Op. at 2-6. The Board found that the relationship between application launch and the claimed steps was temporal and that “the temporal relationship must be anchored to the startup of the application or else the term ‘launch’ loses its meaning.” Appx15. While rejecting Uber’s argument that the application just needs to be running, Bl. Br. 15; Slip Op. 9, the panel concluded that “the responsive to” limitation [in claims 1 and 28] is met if the claimed method is invoked minutes or hours after launch of the application,” Slip Op. at 9; *see id.* at 11 and that “in association with” an application launched in claim 28 is met if the claimed steps are performed “after and as a result of” launch of the application, Slip Op. at 15.

The panel then made new fact findings on whether Konishi discloses this relationship between application launch and the claimed steps. In particular, the panel found:

- “The very purpose of Konishi is to start mapping shortly after the launch of the vehicle allocation service.” Slip Op. at 12 (claims 1 and 28).

- “Thus, a user in Konishi typically will reserve a vehicle within minutes after launching the vehicle allocation service.” Slip Op. at 13 (claims 1 and 28).
- Specifically, Konishi’s selection of a vehicle to be reserved (i.e., the claimed “select[ion]”) occurs after and as a result (i.e., “in association with”) the selection of the vehicle allocation service (i.e., the “the launch of the application”). Slip Op. at 15 (claim 22).

The panel’s fact findings are inconsistent with the facts found by the Board, which stated that “[w]e agree that Konishi lacks an explicit disclosure of the launch of an application and, thus, lacks an explicit teaching of the occurrence of any activities in a manner that is responsive to the launch.” Appx20. The panel did not address the Board’s contradictory findings or whether they are supported by substantial evidence.

The panel also found that “Konishi does not place a strict time constraint on when, after launching the vehicle allocation service, a user may reserve a vehicle.” Slip Op. at 13. This, too, is inconsistent with the Board’s finding that “it is unclear [in Konishi] when an application is launched and, as such, there is no stated temporal relationship between the launch of any application and the invocation of the recited method.” Appx20-21 (as to claims 1 and 28). It is also inconsistent with the Board’s finding that Uber did not satisfy its burden with respect to claim 22

“by merely showing that the application was running and, thus, it must have been launched at some point in time prior to selection because this argument does not respect the patentee’s choice to associate the required actions with the application launch as opposed to associating them with just the running of an application.”

Appx23.

As to Mitsuoka, the panel found that, “[i]n Mitsuoka (as in Konishi), the user will typically invoke the ‘method’ (i.e., request the taxi) within minutes of when the [dial-up] connection between the user terminal and the ASP is made,” Slip Op. at 14 (as to claims 1 and 28), and that “Mitsuoka’s request for a taxi (i.e., the claimed ‘select[ion]’) occurs after and as a result of (i.e., ‘in association with’) the portable user terminal’s connection to the ASP (i.e., ‘the launch of the application’),” Slip Op. at 15. These findings are inconsistent with the Board’s finding that Uber provided no explanation as to why one of ordinary skill in the art would have made a connection between Mitsuoka’s “flow of data between ASP 4, the user’s portable terminal, and the taxi’s system” and the launch of an application and the invocation of the method. Appx30; *see also* Appx32-33. Again, the panel did not consider whether the Board’s findings were correct or supported by substantial evidence.

II. The Panel Should Have Remanded to the Board for Further Fact Finding Under the New Claim Construction

The Supreme Court has “emphasized a simple but fundamental rule” of administrative law:

That rule is to the effect that a reviewing court, in dealing with a determination or judgment which an administrative agency alone is authorized to make, must judge the propriety of such action solely by the grounds invoked by the agency. If those grounds are inadequate or improper, the court is powerless to affirm the administrative action by substituting what it considers to be a more adequate or proper basis. To do so would propel the court into the domain which Congress has set aside exclusively for the administrative agency.

SEC v. Chenery Corp., 332 U.S. 194, 196 (1947).

This Court has recognized as a “basic principle[] of administrative law” that an agency must provide a full and reasoned explanation for its decision, which is necessary to “prevent[] judicial intrusion on agency authority.” *PersonalWeb Techs., LLC v. Apple, Inc.*, 848 F.3d 987, 992 (Fed. Cir. 2017). This Court cannot “make factual and discretionary determinations that are for the agency to make.” *Ariosa Diagnostics v. Verinata Health, Inc.*, 805 F.3d 1359, 1365 (Fed. Cir. 2015) (citing *SEC v. Chenery Corp.*, 332 U.S. 194, 196-97 (1947)).

This Court’s precedent also holds that the Board violates the requirements of the Administrative Procedure Act if it changes claim construction theories “midstream” during an IPR proceeding. *SAS Inst. Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1351 (Fed. Cir. 2016). These requirements are likewise violated

when, as here, this Court adopts new claim constructions never proposed by the Board or either party during an IPR proceeding and finds facts contradicted by those found by the Board, all without adequate notice and a meaningful opportunity for the patent owner to respond.

This Court thus refrains from the type of first-instance fact-finding the panel engaged in here. Instead, this Court routinely remands to the Board after changing the Board's claim construction. *E.g.*, *Sony Corp. v. Iancu*, 924 F.3d 1235, 1241 (Fed. Cir. 2019) (changing construction of “reproducing means,” vacating the Board's decision because it did not address the changed construction, and remanding for the Board to consider obviousness under the new construction); *L.A. Biomed. Research Inst. at Harbor-UCLA Med. Ctr. v. Eli Lilly & Co.*, 849 F.3d 1049, 1067-68 (Fed. Cir. 2017) (“obviousness determination . . . predicated on erroneous claim construction” remanded to the Board); *D'Agostino v. MasterCard Int'l, Inc.*, 844 F.3d 945, 950-51 (Fed. Cir. 2016) (changing claim construction and remanding to Board for consideration of anticipation and obviousness); *Dell Inc. v. Accelaron, LLC*, 818 F.3d 1293, 1300 (Fed. Cir. 2016) (“the Board's construction of claim 20 is unreasonable. Because the Board did not find that Hipp anticipates claim 20 under the correct construction, we vacate the Board's cancellation of claim 20 and remand for reconsideration under that construction”); *In re Varma*, 816 F.3d 1352, 1364 (Fed. Cir. 2016) (“We conclude that the Board relied on

unreasonable interpretations of claim language in claims 22, 23, 25, and 29-31.

The proper remedy, we also hold, is to vacate the Board's rejections of those claims for reconsideration of anticipation and obviousness under the correct claim construction"); *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1299 (Fed. Cir. 2015) (changing the Board's "unreasonably broad" constructions, vacating the Board's patentability findings, and remanding for proceedings consistent with the opinion); *see also, e.g., Bilstad v. Wakalopulos*, 386 F.3d 1116, 1126 (Fed. Cir. 2004) ("vacat[ing] the Board's decision with respect to the written description requirement and remand[ing] for reconsideration under the proper test" because the court's "resolution of the [written description] question" previously decided by the Board under an incorrect legal standard would "require[] fact findings this court is not permitted to make."). To do otherwise "would propel the court into the domain which Congress has set aside exclusively for the administrative agency." *Chenery*, 332 U.S. at 196.

Further, while the panel reversed the Board as to the only claims the Board specifically addressed, such reversal is only appropriate when the Board has committed legal error and no further fact findings are required. *Ariosa*, 805 F.3d at 1365, 1366 (stating that this Court may only decide a matter in the first instance when it is "purely legal" and that "we must not ourselves make factual and discretionary determinations that are for the agency to make" (citations omitted));

see also In re Smith Int'l, Inc., 871 F.3d 1375, 1384 (Fed. Cir. 2017) (reversing where the Board's "findings depended on an incorrect claim construction" and where "[i]t [was] undisputed that [the prior art references] do not teach or render obvious the missing elements"); *Smith & Nephew, Inc. v. Rea*, 721 F.3d 1371, 1380 (Fed. Cir. 2013) (reversing where the PTAB's obviousness determination "was mainly the result of . . . analytical errors . . . , not the [PTAB]'s resolution of factual questions" and "the facts [we]re largely undisputed" (footnote omitted)).

Here, the panel made fact findings on the content of the Konishi and Mitsuoka prior art and the differences between that prior art and the claims. These are indisputably questions of fact. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966) (holding that determining "the scope and content of the prior art" and ascertaining the "differences between the prior art and the claims" are questions of fact). Congress has delegated this fact-finding authority to the Board. 35 U.S.C. § 318(a); *see also In re Lee*, 277 F.3d 1338, 1342 (Fed. Cir. 2002). "[A]ppellate tribunals are not appropriate fora for initial fact finding." *Sullivan v. McDonald*, 815 F.3d 786, 792 (Fed. Cir. 2016). "It is not our role to ask whether substantial evidence supports fact-findings not made by the Board, but instead whether such evidence supports the findings that were in fact made." *Regents of Univ. of Cal. v. Broad Inst., Inc.*, 903 F.3d 1286, 1294 (Fed. Cir. 2018). "[I]n the absence of the necessary factual findings by the Board," "it would be improper" for this Court to

make those fact findings in the first instance and to “resolve the obviousness question without a remand.” *L.A. Biomed*, 849 F.3d at 1068 n.9.

X One requests that same treatment here—namely, that consistent with *Chenery* and this Court’s precedent, the Court withdraw the parts of the panel’s opinion in which it engaged in fact-finding based on its new construction and remand this case to the Board to make fact findings in the first instance, guided by this Court’s new claim construction.

CONCLUSION

X One requests rehearing for the Court to: (1) withdraw the panel’s fact findings regarding obviousness (i.e., the scope and content of the prior art and the differences between the prior art and the claims), and (2) vacate the Board’s decision affirming patentability; and (3) remand to the Board for further proceedings in view of the panel’s new claim construction.

Date: April 2, 2020

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

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