

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ATLANTA GAS LIGHT COMPANY,
Petitioner,

v.

BENNETT REGULATOR GUARDS, INC.,
Patent Owner.

IPR2015-00826
Patent 5,810,029

Before JENNIFER S. BISK, MIRIAM L. QUINN, and
PATRICK M. BOUCHER, *Administrative Patent Judges*.

BOUCHER, *Administrative Patent Judge*.

TERMINATION

Vacating Institution and Dismissing Proceeding on Remand

35 U.S.C. §§ 314, 315(a)(1), 315(b)

Denying Patent Owner's Motion for Costs and Fees

37 C.F.R. § 42.12

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The Federal Circuit has remanded this proceeding to the Board. *Bennett Regulator Guards, Inc.*, 825 Fed. App'x 773 (Fed. Cir. 2020) (“*Bennett*”). For the reasons set forth below, we vacate our Institution Decision and Final Written Decision, and terminate the proceeding.

I. BACKGROUND

Two issues have permeated the lengthy and complex history of this proceeding, implicating the requirement to identify all real parties in interest (“the RPI issue”) under 35 U.S.C. § 312(a)(2) and the time bar under 35 U.S.C. § 315(b) (“the time-bar issue”). The following procedural summary is principally meant to provide context for our further consideration of those issues in light of the Federal Circuit’s remand.

This proceeding has its origins in a petition for *inter partes* review of U.S. Patent No. 5,810,029 (“the ’029 patent”) filed by Atlanta Gas Light Company (“Petitioner”) in 2013. *Atlanta Gas Light Company v. Bennett Regulator Guards, Inc.*, IPR2013-00453, Paper 2 (“the earlier proceeding”). In opposing institution of a trial in the earlier proceeding, Bennett Regulator Guards, Inc. (“Patent Owner”) raised both the RPI and time-bar issues. *See* IPR2013-00453, Paper 31, 10–13 (discussion of Patent Owner’s arguments directed at the RPI issue in institution decision), 13–16 (discussion of Patent Owner’s arguments directed at the time-bar issue in institution decision). After we granted the petition and instituted the earlier proceeding, Patent Owner continued to pursue its arguments directed at both the RPI and time-bar issues. Following a complete trial that included an oral hearing, we

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determined that, throughout the entire pendency of the earlier proceeding, Petitioner was a direct, wholly owned subsidiary of AGL Resources, Inc. (“AGLR”), and that AGLR was an unnamed real party in interest. IPR2013-00453, Paper 88, 2 (citing IPR2013-00453, Ex. 2006, 4). We thus ultimately agreed with Patent Owner on the RPI issue, vacated our institution decision, and terminated the proceeding without reaching a final written decision. IPR2013-00453, Paper 88 (termination order finding Petitioner failed to identify all real parties in interest), Paper 91 (denial of Petitioner’s request for rehearing of termination order).

Petitioner subsequently filed its Petition in the instant proceeding on February 27, 2015, setting forth the same challenges as its petition in the earlier proceeding, and relying on the same prior art. *Compare* Paper 1, 6–10 *with* IPR2013-00453, Paper 2, 4–7. The new Petition differed principally in its identification of additional parties as real parties in interest, including AGLR. *See* Paper 1, 1 (“The following entities are in privity with [Petitioner], but out of an abundance of caution, Petitioner also identifies them as real parties-in-interest.”). Patent Owner nevertheless continued to pursue its RPI argument, contending that additional, still unnamed, parties are real parties in interest. *See* Paper 16, 55–57.

In addition, throughout the instant proceeding, Patent Owner maintained its time-bar argument. *See id.* That argument is based on a district court proceeding in which Patent Owner alleged infringement of the ’029 patent by Petitioner and at least another party. *Bennett Regulator Guards, Inc. v. McJunkin Red Man Corp. and Atlanta Gas Light Co.*, No.

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5:12-cv-1040 (N.D. Ohio) (“the Ohio lawsuit”). Petitioner admits that it was served with a complaint in the Ohio lawsuit on July 18, 2012. Paper 1, 2; Ex. 2060, Dkt. #4. On July 3, 2013, the district court dismissed Petitioner as a defendant for lack of personal jurisdiction. Exs. 1017, 2006. The parties agree that the dismissal was without prejudice. Paper 1, 2; Paper 6, 6.

In our Final Written Decision in the instant proceeding, issued on August 20, 2016, we addressed both the RPI and time-bar issues. With respect to the time-bar issue, and consistent with Board practice at the time, we concluded that “Petitioner is deemed not to have been ‘served with a complaint alleging infringement’ of the ’029 patent within the meaning of 35 U.S.C. § 315(b)” because Petitioner’s dismissal from the Ohio lawsuit was without prejudice. Paper 31, 14–17 (citing, *inter alia*, *Oracle Corp. v. Click-to-Call Techs. LP*, IPR2013-00312, Paper 26, 15–18 (PTAB Oct. 30, 2013) (holding no time bar based on district court proceeding voluntarily dismissed without prejudice)). We accordingly concluded that Petitioner was not barred under 35 U.S.C. § 315(b) as a result of having been served with an infringement complaint in the Ohio lawsuit more than a year before filing its Petition. *Id.* at 17.

With respect to the RPI issue, we determined, based on the record before us, that Petitioner had not failed, in the instant proceeding, to identify all real parties in interest. *Id.* at 17–20. That determination, however, was made on incomplete facts. We were unaware of relevant developments that had taken place, and that Petitioner had failed to draw to our attention. Specifically, on July 1, 2016, notably between the time the oral hearing was

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held in this proceeding on May 27, 2016, and issuance of our Final Written Decision, AMS Corp. (a wholly owned subsidiary of The Southern Company) merged with and into AGLR. Paper 34, 3. AGLR was the surviving corporation in the merger, which resulted in termination of the separate corporate existence of AMS Corp. and in AGLR becoming a wholly owned subsidiary of The Southern Company. *Id.* Following the merger, on July 11, 2016, AGLR effected a name change to become Southern Company Gas. *Id.*

As a result of these developments, Patent Owner raised a further concern that Petitioner may have failed to identify all real parties in interest. *See* Paper 32. We ultimately determined that Petitioner had again failed to identify all real parties in interest, and that Petitioner’s failure to apprise the Board of such relevant developments, particularly in light of the central nature of the RPI issue in the earlier proceeding, was sanctionable conduct that had caused Patent Owner to suffer harm. Paper 39, 4–9. Patent Owner proposed that “[a]n appropriate sanction would be to expunge the [Final Written] Decision and the request for rehearing, dismiss the Petition with prejudice, and order [Petitioner] to pay compensatory expenses and attorney fees to [Patent Owner].” Paper 35, 5. We disagreed that the proposed sanction was proportionate to the harm suffered by Patent Owner and that “[a] more limited sanction will have sufficient deterrent effect.” Paper 39, 8. As a more proportionate sanction, we awarded “costs and fees incurred in association with this proceeding from the time after issuance of the Final Written Decision until the date of [our ruling on whether to sanction

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Petitioner].” *Id.* We accordingly authorized “Patent Owner to file a Motion for Costs and Fees that includes specific information as to the total amount of costs and fees requested, details regarding the tasks performed underlying those fees, and reasons why the amounts of those fees are reasonable.” *Id.* at 9. Patent Owner filed its motion; Petitioner opposed; and Patent Owner filed a reply in support of its motion. Papers 41–43. We did not decide the sanctions issue prior to the parties’ Federal Circuit appeal.

Both parties appealed our Final Written Decision to the Federal Circuit. Papers 44, 46. Citing *Click-to-Call Techs., LP v. Ingenio, Inc.*, 899 F.3d 1321 (Fed. Cir. 2018), which held that the statutory time bar of 35 U.S.C. § 315(b) “endorses no exceptions for dismissed complaints,” the Federal Circuit initially vacated our Final Written Decision and remanded to the Board with instructions to “quantify any sanctions and dismiss this IPR” as time-barred. *Bennett Regulator Guards, Inc. v. Atlanta Gas Light Co.*, 905 F.3d 1311, 1315–1316 (Fed. Cir. 2018), *cert. granted and vacated*, *Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, 140 S. Ct. 2711 (2020). The Federal Circuit issued the mandate in the appeal on November 5, 2018. Accordingly, we reinitiated proceedings.

Consistent with the initial decision from the Federal Circuit, “we questioned whether sanctions are moot in light of the Federal Circuit’s order to dismiss the proceeding and Patent Owner’s previous request that we terminate the proceeding as an appropriate sanction.” Paper 48 (citing Paper 38 (Patent Owner arguing that “[a]ny remedy short of termination with prejudice would encourage future petitioners to try to suppress the

identification of real parties-in-interest”)). The parties subsequently submitted additional briefing on the sanctions issue. Papers 49–50.

Meanwhile, the Supreme Court vacated the Federal Circuit’s initial judgment, and remanded to the Federal Circuit for further consideration in light of *Thryv, Inc. v. Click-to-Call Technologies, LP*, 140 S. Ct. 136 (2020), which held that the Federal Circuit lacks jurisdiction to review the Board’s decisions on time-bar issues. The Federal Circuit then affirmed our Final Written Decision on the patentability merits but again “remand[ed] to the Board to quantify its sanctions award.” *Bennett*, 825 F. App’x at 776. The Federal Circuit made clear that “[o]n remand, the Board may, at its discretion, further consider its order given the outcome of this appeal.” *Id.* at 783.

II. DISCUSSION

We determine that no monetary sanction is warranted because vacatur of the Institution Decision and Final Written Decision, and termination of the proceeding, most effectively resolve the issues on remand by operating as a sufficient sanction while also conforming this Decision to current Office policy. We emphasize that terminating this proceeding, including vacating our Institution Decision and Final Written Decision, results from a holistic evaluation of multiple considerations. Those considerations include an assessment of where this case stands in light of the RPI and time-bar issues, the development of both the law and Office policy on those issues over the

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course of the proceeding, and our appraisal of Patent Owner's specific monetary request as a quantification of the sanction.

First, for the limited period of time we identified in our sanction order, i.e., from the time after issuance of the Final Written Decision until the date of our determination that Petitioner had engaged in sanctionable conduct, Patent Owner "requests an award of \$96,338.30." Paper 41, 1. This figure represents fees based on 213.8 hours of work at a billing rate of \$450.00 per hour, and costs of \$128.30. *Id.* According to Petitioner, the requested amount is "objectively unreasonable" for the limited scope of the sanction. Paper 42, 3. Without opining on whether we agree with Petitioner's characterization, we note that the amount Patent Owner requests significantly exceeds the range that we contemplated when attempting to fashion a sanction meant to be proportionate to the harm suffered by Patent Owner and to obtain the desired deterrent effect.

Second, the legal and Office-policy developments related to the § 315(b) time bar are usefully summarized in *Microsoft Corporation v. Parallel Networks Licensing, LLC*, IPR2015-00483, Paper 92 (PTAB Sept. 29, 2020). Most notable is the position taken by the Office in opposing the grant of certiorari in *Thryv*: "the Director of the USPTO has reconsidered the agency's interpretation of Section 315(b) in light of [*Click-to-Call*], and has determined that the court of appeals' reading reflects the better view of Section 315(b)." Brief for the Federal Respondent in Opposition, 11–12, *Thryv, Inc., fka Dex Media Inc. v. Click-to-Call Techs., LP*, case 2015-1242, available at <https://go.usa.gov/xp9G4>. As a result, "the agency now agrees

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that the proper course would have been to decline to institute inter partes review in [*Click-to-Call*]—in which event the Board’s now-vacated final written decision would not have been issued.” *Id.*

Although we recognize that *Parallel Networks* has not been designated as precedential by the Office, we agree with its reasoning. And like the panel in *Parallel Networks*, we find it significant that, in addition to expressing his view in the *Thryv* brief, the Director has not de-designated as precedential Board decisions that adopt the Federal Circuit’s *Click-to-Call* rationale. *See, e.g., Cisco Systems, Inc. v. Chrimar Systems, Inc.*, IPR2018-01511, Paper 11 (PTAB Jan. 31, 2019) (precedential). Accordingly, despite the vacatur of the Federal Circuit’s *Click-to-Call* opinion, we also find it appropriate to apply its reasoning.

Third, the Federal Circuit’s remand decision expressly left open the possibility that the Board would revisit the appropriate sanction on remand, including termination. The Court stated that “the Board may, at its discretion, further consider its [sanction] order given the outcome of this appeal.” *Bennett*, 825 Fed. App’x at 783. Further, in remanding the instant proceeding to the Board, the Federal Circuit explicitly rejected a formulation that “requires . . . arbitrarily divid[ing] the Board’s sanctions order into two decisions—one relating to termination and one related to a monetary award.” *Id.* Instead, the Federal Circuit’s remand decision specifically “treat[s] the Board’s order as a single decision addressing Bennett’s entire motion for

sanctions, which requested both termination and compensatory sanctions.”

*Id.*¹

In light of these considerations, we conclude that modification of our sanctions order is warranted. Vacatur of the Institution Decision and Final Written Decision, and termination of the proceeding, most effectively resolve the issues on remand by operating as a sufficient sanction while also conforming this Decision to current Office policy.

III. ORDER

Accordingly, it is hereby:

ORDERED that the Decision to Institute (Paper 12) and Final Written Decision (Paper 31) are *vacated*; and

FURTHER ORDERED that this proceeding is hereby *terminated*.

¹ In light of this treatment, termination of the proceeding presents no inconsistency with *Google, Inc. v. Ji-Soo Lee*, IPR2016-00045, Paper 43 (PTAB July 22, 2020), to which Petitioner drew our attention in a conference call. *Google* declined to vacate prior institution of an *inter partes* review proceeding because doing so “would be directly contrary to the Federal Circuit’s mandate in this case.” *Google* at 8–9. The Federal Circuit’s mandate is not comparably limited in this proceeding.

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PETITIONER

Holmes Hawkins
hhawkins@kslaw.com

Russell Blythe
rblythe@kslaw.com

PATENT OWNER

Wayne Porter
porter@porterpatenetlaw.com