

No. 21-1759

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

ATLANTA GAS LIGHT COMPANY

Appellant,

v.

BENNETT REGULATOR GUARDS, INC.

Appellee.

Appeal from the United States Patent and Trademark Office
in Inter Partes Review Case IPR2015-00826

**APPELLEE'S RESPONSE TO PETITION FOR REHEARING
OR REHEARING *EN BANC***

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July 27, 2022

CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rule 47.4, Counsel for Appellee Bennett Regulator Guards, Inc. certifies the following:

1. The full name of every party or amicus represented by me is Bennett Regulator Guards, Inc.
2. The name of the real party in interest is Bennett Regulator Guards, Inc.
3. There are no parent corporations or publicly held companies that own 10% or more of stock in Bennett Regulator Guards, Inc.
4. The names of all law firms, partners, and associates that have not entered an appearance in the appeal, and (a) appeared for Bennett Regulator Guards, Inc. in the lower tribunal; or (b) are expected to appear for Bennett Regulator Guards, Inc. in this court: None.
5. I am not aware of any case pending in this Court or another court or agency that will directly affect or be directly affected by this Court's decision in the pending appeal.
6. Organizational victims and bankruptcy cases applicable to this appeal: None.

Date: July 27, 2022

/s/ Wayne D. Porter, Jr.
Wayne D. Porter, Jr.

Attorney for Appellee
Bennett Regulator Guards, Inc.

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BACKGROUND AND INTRODUCTION

Atlanta Gas Light Co. (AGLC) filed its petition for *inter partes* review (IPR) more than one year after it had been served with a complaint for patent infringement, in violation of 35 U.S.C. § 315(b).¹ Nevertheless, the Patent Trial and Appeal Board instituted IPR and issued a final written decision that invalidated all claims of Bennett Regulator Guards' U.S. Patent 5,810,029. This Court held that the IPR had been filed out of time and remanded to the Board with instructions to dismiss the IPR.² Thereafter, the Supreme Court held that institution decisions based on the time-bar statute were "final and nonappealable" pursuant to 35 U.S.C. § 314(d)³ and remanded the case to this Court for further proceedings.⁴ With the time-bar issue no longer available for appellate consideration, this Court rendered a merits decision that affirmed the Board's final written decision; the panel also remanded the case to the Board for further consideration of an unresolved sanctions order that addressed monetary sanctions and possible termination of the IPR.⁵

¹ The complaint was served on July 18, 2012; the petition was filed on February 27, 2015.

² *Bennett Regulator Guards, Inc. v. Atlanta Gas Light Co.*, 905 F.3d 1311, 1313 (Fed. Cir. 2018) ("*Bennett I*").

³ *Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S. Ct. 1367 (2020).

⁴ *Atlanta Gas Light Co., v. Bennett Regulator Guards, Inc.*, 140 S. Ct. 2711 (2020).

⁵ *Bennett Regulator Guards, Inc. v. Atlanta Gas Light Co.*, 825 F. App'x 773, 783 (Fed. Cir. 2020) ("*Bennett II*").

Upon remand, the Board further considered the sanctions order and took the corrective action that this Court could not, namely, it deinstitutioned the IPR, vacated the final written decision, and terminated the proceeding. The Board's action prevented a grave injustice from being done to Bennett by having its patent invalidated in a time-barred IPR.

Attempting to take advantage of this Court's inability to correct the institution error, AGLC contends that rehearing is required to prevent the PTAB from being able to overrule judgments of this Court: "The panel majority's precedential opinion hands the Patent Trial and Appeal Board broad new authority to wipe out judgments of this Court." Pet. 2. AGLC alleges that the majority's decision "turns the hierarchy of the court system upside-down." Pet. 10. AGLC also alleges that the majority decision conflicts with prior Federal Circuit case law on the appealability of sanctions orders. Pet. 15-17. AGLC further argues that the Board misconstrued this Court's mandate, Pet. 10-12, and that the Board engaged in "shenanigans" by acting as it did, Pet. 17-19.

ARGUMENT

I. THE CASE DOES NOT WARRANT PANEL REHEARING OR REHEARING *EN BANC*

This case does not warrant panel rehearing or *en banc* consideration because it does not meet the criteria set forth in Federal Rules of Appellate Procedure 35 and 40. First, *en banc* consideration is not "necessary to secure or maintain uniformity of

the court’s decisions,” Fed. R. App. P. 35(a)(1). The petition alleges that “[t]he panel’s decision . . . conflicts with this Court’s precedent holding that the Court has jurisdiction to review the Board’s sanctions decisions,” citing *Gerritsen v. Shirai*, 979 F.2d 1524, 1526 (Fed. Cir. 1992). Pet. 4. *See also* Pet. 15, 17.

AGLC’s reliance on *Gerritsen* is misplaced, in part because the appealability *per se* of sanctions decisions was not disputed in *Gerritsen* or here. *Gerritsen* was an interference case that defined the standard of review for a sanctions decision: “We define, for the first time, our standard of review for the Board’s decision to impose a sanction and for its choice of sanction under 37 C.F.R. § 1.616 against an interference party who allegedly failed to comply with an interference regulation.” 979 F.2d at 1527. The present case is not an interference case, nor is the standard of review of a sanctions order in dispute. Thus, the petition does not identify a conflict with an existing decision of this Court.

Second, the case does not involve “a question of exceptional importance,” Fed. R. App. P. 35(a)(2), because it has limited applicability to other litigants and is unlikely to recur. The assertion that the decision broadly provides a basis for lower courts to nullify a decision of a higher court simply is incorrect. Existing decisions of this Court already recognize the inherent authority of the PTAB to deinstitution an IPR and that such deinstitution decision is final and nonappealable. *See, e.g., Sling TV, L.L.C. v. Realtime Adaptive Streaming, LLC*, 840 Fed. Appx. 598, 599 (Fed. Cir.

2021); *BioDelivery Sciences Int'l, Inc. v. Aquestive Therapeutics, Inc.*, 935 F.3d 1362, 1366 (Fed. Cir. 2019) (deinstitution after remand).

The present case is applicable only to “deinstitutionable” cases, i.e., those in which a proceeding has been instituted and that are capable of being deinstitutioned. Additionally, even though the present case had been affirmed on the merits, it had not been completely resolved. It was remanded for further consideration of issues unrelated to the merits and the remand instructions permitted (or at least did not preclude) deinstitution. It is extremely unlikely that another case would meet all of these conditions.

After the petition for IPR in the present case was filed, the law concerning commencement of the time bar of Section 315(b) was settled.⁶ Accordingly, the likelihood that future IPRs will be instituted in violation of Section 315(b) is greatly reduced. *See Sony Electronics, Inc. v. U.S.*, 382 F.3d 1337, 1339 (Fed. Cir. 2004) (availability of prejudgment interest on refund of harbor maintenance tax (HMT) was not question of exceptional importance justifying *en banc* review; cases in which this issue could arise were finite and diminishing, and life span of HMT was relatively short). The questions presented by the present petition may be important to the

⁶ A bright-line, easily ascertainable date determines when the statute of limitations starts to run -- the date a complaint for patent infringement was served; subsequent dismissal of the complaint is irrelevant. *See* Section II, *infra*, at 6.

parties, but the importance of these questions is not “exceptional” within the meaning of Fed. R. App. P. 35(a)(2).

Third, panel rehearing under Rule 40 also is unwarranted. The petition does not specifically contend that the panel “overlooked or misapprehended” a point of “law or fact,” Fed. R. App. P. 40(a)(2). Instead, the petition merely disagrees with the conclusion reached by the majority and reargues points previously presented to the panel.

II. AGLC IS ASKING THIS COURT TO AMEND 35 U.S.C. 314(d) AND CREATE AN EXCEPTION TO EXISTING CASE LAW

AGLC’s case can be summarized as follows: “Since the PTAB is inferior to this Court, the PTAB does not have the authority to deinstitution a remanded IPR if the effect of such deinstitution is to nullify a final decision of this Court.” AGLC’s position effectively amends 35 U.S.C. § 314(d) and creates an unwritten exception to existing case law.

Section 314(d), titled “No Appeal,” is straightforward and unambiguous. In its entirety it states: “The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.” There are no exceptions or qualifications. If AGLC’s position were to be accepted, the statute would be amended to read “. . . final and nonappealable *unless such determination would nullify a final decision of a reviewing court.*” Any such construction provides

an *ad hoc* qualification to existing precedential cases such as *Thryv* and *BioDelivery*, which are not limited in such a manner.

AGLC's position is analogous to the position originally taken by the PTO (and argued by AGLC) concerning the statute of limitations found in 35 U.S.C. § 315(b). That statute, like Section 314(d), is unambiguous and contains no exceptions to the requirement that a petition for IPR must be filed within one year of the petitioner being served with a complaint that alleges infringement of the patent. Nevertheless, the PTO construed the statute to add "unless the complaint is later dismissed" to the end of the sentence. The theory behind the PTO's position was that dismissal of a complaint supposedly nullifies service of process, which retroactively prevents the statute from starting to run. The PTO's position had the effect of expanding the jurisdiction of the PTAB to adjudicate cases that otherwise would have been time-barred.

The PTO eventually reconsidered and changed its position in reliance on the rationale expressed in later-vacated *Click-to-Call Techs., LP v. Ingenio, Inc.*, 899 F.3d 1321, 1330 (Fed. Cir. 2018) ("The statute does not contain any exceptions or exemptions for complaints served in civil actions that are subsequently dismissed, with or without prejudice."). *See also, GoPro, Inc. v. 360Heros, Inc.*, IPR2018-10754 (P.T.A.B. Aug. 23, 2019) (Paper No. 38) (precedential) and *Infiltrator Water Tech., LLC v. Presby Patent Trust*, IPR2018-00224 (P.T.A.B. Oct. 1, 2018) (Paper No. 18) (precedential).

In the present case, the panel majority notes that Section 314(d) applies to deinstitution decisions: “. . . § 314(d) ‘plainly states that the Patent Office’s decision whether to institute IPR is not appealable’ and that this includes the Board’s vacatur of prior institution decisions.” Slip Op. 10, quoting *BioDelivery*, 935 F.3d at 1366. The statute does not limit the circumstances under which institution decisions can be vacated. Therefore, the majority correctly held that the Board acted within its authority to deinstitution the IPR and vacate the final written decision, and that such action was final and nonappealable.

III. THE BOARD DID NOT VIOLATE THIS COURT’S MANDATE OR ENGAGE IN SHENANIGANS

AGLC argues that the Board’s deinstitution of the IPR and vacatur of the final written decision violated the mandate rule and that such action constituted reviewable “shenanigans” referenced by the Supreme Court in *Cuozzo Speed Technologies, LLC v. Lee*, 579 U.S. 261, 275 (2016). AGLC disagrees with the Board’s resolution of the sanctions order but does not argue that the Board lacked jurisdiction to consider it.

This Court’s remand instructions in *Bennett II* authorized the Board to quantify any sanctions but did not limit the Board to a consideration of only that issue. *Bennett II, supra*, 825 F. App’x at 783. Instead, the remand instructions stated that the Board might further consider its sanctions order, which addressed both monetary sanctions and termination. “We instead treat the Board's order as a single decision

addressing Bennett's entire motion for sanctions, which requested both termination and compensatory sanctions.” *Id.* In other words, the remand instructions did not restrict the Board to a consideration of only monetary issues. If this Court wished to restrict the Board’s further consideration to only monetary issues, it could have said so.

It must be remembered that this Court earlier had ordered the Board to dismiss the IPR for violation of the time-bar. *Bennett I, supra*, 905 F.3d at 1313. The remand from the Supreme Court was grounded on the nonappealability of the institution decision, not because the time-bar issue had been decided incorrectly. On remand from the Supreme Court, this Court remembered that the statute of limitations had been violated, but deliberately avoided any discussion of it: “We said nothing about the time bar because we could not say anything.” Slip Op. 12. Hence, this Court knew that by authorizing the Board to further consider the sanctions order, the Board might (indeed, should) terminate the IPR for violation of the time bar: “Thus, the Board permissibly took its first opportunity to reconsider its application of the time bar on remand . . .” *Id.* This Court did not prevent that result by providing limiting remand instructions.

This Court has held that the Board retains “inherent authority” to reconsider its decisions regarding institution. *GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1313 (Fed. Cir. 2015). On remand the Board is permitted to revisit its determination whether to institute trial in an IPR, even when the remand order contains specific

instructions pertaining only to other legal issues. *BioDelivery, supra*, 935 F.3d at 1364 (remand “to implement the Court's decision in SAS” did not prevent Board from vacating decision to institute on remand). *See also, Microsoft Corp. v. Parallel Networks Licensing, LLC*, 2020 WL 5803053 (P.T.A.B. Sept. 29, 2020), where the Board vacated an institution decision as time-barred where the Federal Circuit’s remand instructions did not preclude such action and even though the Federal Circuit had already affirmed the Board’s claim constructions and its determination that an embodiment of a prior art reference did not anticipate the claims.

The Board’s modification of the sanctions order did not relitigate issues expressly or impliedly decided by this Court. The issues decided by this Court in *Bennett II* were limited to the merits of the final written decision, such as anticipation and obviousness. As noted above, those issues did not include whether AGLC’s petition was filed out of time, an issue that this Court was not permitted to address by virtue of the holding in *Thryv*. AGLC should not be able to hide behind the mandate rule to avoid termination of a case that violated the statute of limitations.

In any event, this Court did not decide or even discuss the time-bar issue in its decision. Since the remand instructions permitted the Board to further consider its sanctions order and did not preclude the Board from considering termination as a possible remedy, the modified sanctions order did not violate this Court’s mandate.

The majority opinion points out that “the result here is unusual and would be inappropriate in most cases.” Slip Op. 12. The majority opinion also acknowledges

that “[t]ypically, cases are not terminated on remand after the merits have been affirmed.” *Id.* Bennett agrees with the foregoing sentiments, but adds that it is unusual for an erroneous lower court decision on a threshold issue such as the statute of limitations to be insulated from appellate review.

As for alleged shenanigans, the majority opinion noted that such things conceivably could occur, but they did not happen here. The Board did not disturb this Court’s merits determination. Instead, the Board vacated the institution decision and terminated the IPR because it had been filed out of time. The majority correctly pointed out that “we see nothing that indicates the Board was seeking to subvert the mandate by using the time-bar determination as a pretext.” Slip Op. 13.

The petition for IPR was filed over 31 months after AGLC was served with a complaint for patent infringement. Therefore, as provided by Section 315(b), the IPR was instituted unlawfully (“An inter partes review may not be instituted if the petition . . . is filed more than 1 year after [service of the complaint]”). Despite the unlawful institution of the IPR, AGLC nevertheless seeks to validate the results of the IPR as if nothing had ever happened: “[T]he Court should make clear that [this Court’s] adjudication of the unpatentability of the ’029 patent remains in effect.” Pet. 19. This Court should reject AGLC’s backdoor attempt to obtain any benefit from its unlawfully instituted and now-terminated IPR.

CONCLUSION

The petition for panel rehearing or rehearing *en banc* should be denied.

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

Pursuant to Federal Rule of Appellate Procedure 32(g), I hereby certify that this response complies with the type-volume limitation provided in Federal Circuit Rule 35(e)(2), because it contains 2,483 words, including footnotes and excluding the parts exempted by Federal Rule of Appellate Procedure 32(f) and Federal Circuit Rule 32(b)(2).

I further certify that this response complies with the typeface and type style requirements of Federal Rules of Appellate Procedure 32(a)(5) and 32(a)(6) because it has been prepared in a proportionally spaced typeface using Microsoft® Word for Microsoft 365 MSO in 14-point Times New Roman proportional type.

Date: July 27, 2022

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