

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.

Case IPR2015-00826
Patent 5,810,029

Before JENNIFER S. BISK, MIRIAM L. QUINN, and
PATRICK M. BOUCHER, *Administrative Patent Judges*.¹

BOUCHER, *Administrative Patent Judge*.

DECISION

*Patent Owner's Request for Rehearing and
Patent Owner's Motion for Sanctions
37 C.F.R. §§ 42.12, 42.71*

¹ Judge James B. Arpin has taken no part in this decision due to recusal.

IPR2015-00826
Patent 5,810,029

On August 20, 2016, we issued a Final Written Decision holding that, based on a preponderance of the evidence, claims 1–8 of U.S. Patent No. 5,810,029 (Ex. 1001, “the ’029 patent”) are unpatentable. Paper 31 (“Dec.”). Bennett Regulator Guards, Inc. (“Patent Owner”) filed a Request for Rehearing of that Final Written Decision. Paper 33 (“Req. Reh’g”). Pursuant to our authorization, Patent Owner also filed a Motion for Sanctions against Atlanta Gas Light Company (“Petitioner”). Paper 35 (“Mot.”). Petitioner opposed the Motion (Paper 36, “Opp.”), and Patent Owner replied (Paper 38, “Reply”).

We deny the Request for Rehearing. We grant the Motion for Sanctions and award Patent Owner costs and fees incurred in association with this proceeding from the time after issuance of the Final Written Decision until the date of this Decision.

I. BACKGROUND

In 2012, Patent Owner filed a complaint in the Northern District of Ohio alleging infringement of the ’029 patent by Petitioner and a third party (“the district court proceeding”). Ex. 2002. 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. Pet. 2, Paper 6, 6.

On July 18, 2013, Petitioner filed a petition to institute an *inter partes* review of all claims of the ’029 patent in IPR2013-00453 (“the related IPR”). *Atlanta Gas Light Company v. Bennett Regulator Guards, Inc.*, Case

IPR2015-00826
Patent 5,810,029

IPR2013-00453, Paper 4. Throughout the entire pendency of the related IPR, Petitioner was a direct, wholly owned subsidiary of AGL Resources, Inc. (“AGLR”). *Atlanta Gas*, slip op. at 2 (PTAB Jan. 6, 2015) (Paper 88) (citing related IPR, Ex. 2006, 4). After completion of briefing and an oral hearing in the related IPR, we found that AGLR was an unidentified real party in interest, and accordingly terminated the proceeding in accordance with 35 U.S.C. § 312(a)(2) (“A petition . . . may be considered only if— . . . the petition identifies all real parties in interest”). *Id.* at 13, 17.

On February 27, 2015, Petitioner filed its Petition to institute an *inter partes* review of all claims of the ’029 patent in IPR2015-00826 (“this proceeding”). Paper 1. The Petition asserts that “[t]he following entities are in privity with [Petitioner], but out of an abundance of caution, Petitioner also identifies them as real parties-in-interest: AGL Resources Inc. (holding company and direct or indirect parent company of [Petitioner] and the following entities), [and other entities].” *Id.* at 1.

On July 1, 2016 (i.e., between the time the oral hearing was held in this proceeding on May 27, 2016, and the time the Board issued its Final Written Decision on August 20, 2016), 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.* On September 20, 2016, after the

IPR2015-00826
Patent 5,810,029

panel issued its Final Written Decision in this case, the Board ordered Petitioner to “file . . . an updated mandatory notice pursuant to 37 C.F.R. § 42.8(a)(3)” in response to a concern raised by Patent Owner that not all real parties in interest had been identified. Paper 32. In its updated mandatory notices, Petitioner asserted that

[t]he following entities are in privity with [Petitioner], but out of an abundance of caution, Petitioner also identifies them as real parties-in-interest: The Southern Company (parent company of Southern Company Gas f/k/a/ AGL Resources Inc.), Southern Company Gas f/k/a AGL Resources, Inc. (holding company and direct or indirect parent company of [Petitioner] and the following entities), [and other entities].

Paper 34, 4.

The original panel for this proceeding, as well as the panel for the related IPR, was composed of Judges Bisk, Arpin, and Boucher through the issuance of the Final Written Decision in this proceeding. Upon learning that The Southern Company may be a real party in interest, Judge Arpin recused himself from further participation. The Board substituted Judge Quinn, and the reconstituted panel has considered the issues discussed herein.

II. MOTION FOR SANCTIONS

The Board has authority to impose a sanction against a party for misconduct, including “[f]ailure to comply with an applicable rule or order in the proceeding.” 37 C.F.R. § 42.12(a)(1); *see* 35 U.S.C. § 316(a)(6). A motion for sanctions should address three factors: (1) whether a party has

IPR2015-00826
Patent 5,810,029

performed conduct that warrants a sanction; (2) whether the moving party has suffered harm from that conduct; and (3) whether the sanction requested is proportionate to the harm suffered by the moving party. *See Square, Inc. v. Think Comput. Corp.*, Case CBM2014-00159, slip op. at 2 (PTAB Nov. 27, 2015) (Paper 48) (citing *Ecclesiastes 9:10-11-12, Inc. v. LMT Holding Co.*, 497 F.3d 1135, 1143 (10th Cir. 2007)). The burden is on the moving party to persuade the Board that a sanction is warranted. *Id.*

First, Patent Owner's contention that Petitioner failed to comply with the continuing obligation to notify the Board of changes in real parties in interest is predicated primarily on its position that "[The] Southern Company ("SC") has been a real party-in-interest since completion of a merger with AGLR on July 1, 2016." Mot. 1. Petitioner disagrees with that position and contends instead that The Southern Company is not a real party in interest because "it is an entirely separate corporate entity and has not controlled, funded, or had the opportunity to control or fund this IPR." Opp. 3. Petitioner also contends that AGLR's "name change [to Southern Company Gas] did not create a new entity or real party-in-interest." *Id.* at 4–5.

With respect to Southern Company Gas, Petitioner's assertion ignores the fact that Southern Company Gas did not result merely from a name change, but rather also from a merger with AMS Corp. that occurred before the name change. *See* Paper 34, 3. In the related IPR, the Board specifically found that AGLR is a real party in interest, and it follows that the merged entity is also a real party in interest. *Atlanta Gas*, slip op. at 13 (PTAB Jan. 6, 2015) (Paper 88). The merger with AMS Corp. has meaningful effects

IPR2015-00826
Patent 5,810,029

that impose an obligation on Petitioner to apprise the Board that Southern Gas Company is a real party in interest. Petitioner's failure to file timely the updated mandatory notice is especially significant in light of the central nature that the issue of AGLR's status as a real party in interest played in the related IPR. *See Atlanta Gas*, Paper 87, 46:6–9 (“The problem that we have, and you will remember, we had to fight like tooth and nail to get these documents. At every turn there was an objection to producing documents related to the real party in interest issue or the privity issue.” (statement by Patent Owner at oral hearing in the related IPR)).

With respect to The Southern Company, we do not credit Petitioner's argument that The Southern Company is not a real party in interest in light of Petitioner's explicit notification to the contrary. Petitioner cannot have it both ways, identifying The Southern Company as a real party in interest (even “out of an abundance of caution”) to ensure compliance with 35 U.S.C. § 312(b), while simultaneously maintaining that it is *not* a real party in interest to evade the obligations of 37 C.F.R. § 42.8(a)(3).

In light of these various considerations, we conclude that Petitioner has performed conduct that warrants a sanction.

Second, Patent Owner has suffered harm as a result of Petitioner's conduct. Patent Owner contends that Petitioner “conceal[ed] [The Southern Company's] status as a real party in interest,” and thereby “attempted to preserve the ability to file another IPR petition in the event of an unfavorable Decision.” Mot. 1. Although this contention is speculative, particularly in its assignment of a specific motive to what Petitioner represents was

IPR2015-00826
Patent 5,810,029

“inadverten[ce],” the contention is consistent with a theory maintained by Patent Owner throughout at least the related IPR regarding Petitioner’s failure to identify all real parties in interest. *See* Opp. 4; *see, e.g., Atlanta Gas*, Paper 55, 42 (“It would be unfair for a behind-the-scenes controlling party such as AGLR to conduct the IPR in the name of a subsidiary and then have the opportunity to initiate another IPR or a litigation defense based on arguments advanced, or possibly even not advanced, in the present IPR. The fundamental unfairness of having two bites at the apple is the basis for the requirement that all real parties-in-interest be identified in the Petition.”); Mot. 4 (“A similar, but far more egregious, situation has occurred in the present IPR. [Petitioner] did not identify [The Southern Company] as a new real party-in-interest upon completion of the merger, knowing that the Board’s Decision would be issued shortly thereafter. By not disclosing the results of the merger, [Petitioner] attempted to preserve the ability of [The Southern Company] to file another IPR petition if the Decision produced an unfavorable result.”). At the time Patent Owner learned of the merger and of the consequential potential for The Southern Company to be an unidentified real party in interest, it had not exhausted its avenues for further consideration by the Board, as reflected by its subsequent filing of a Request for Rehearing (Paper 33). The possibility thus existed that the Board would reverse or modify its Final Written Decision on rehearing, and prudent steps needed to be taken to ensure that estoppel provisions would be correctly applied.

Third, Patent Owner proposes that “[a]n appropriate sanction would be to expunge the Decision and the request for rehearing, dismiss the Petition with prejudice, and order [Petitioner] to pay compensatory expenses and attorney fees to [Patent Owner].” Mot. 5. We disagree that this proposed sanction is proportionate to the harm suffered by Patent Owner. In particular, as Petitioner contends, the harm suffered by Patent Owner is limited because “the estoppel provisions apply to the petitioner and ‘the real party in interest *or privy of the petitioner.*’” Opp. 6 (citing 35 U.S.C. § 325(e)(1)) (emphasis by Petitioner). There is no requirement that a petitioner identify all of its privies in a petition, and Patent Owner’s ability to address whether The Southern Company was a privy that would give rise to estoppel was not impacted by Petitioner’s original failure to file an updated mandatory notice.

Furthermore, “[a] sanction imposed under this rule *must be limited* to what suffices to deter repetition of the conduct or comparable conduct by others similarly situated.” 37 C.F.R. § 42.11(d)(4) (emphasis added). We have considered, but are not persuaded by, Patent Owner’s argument that “[a]ny remedy short of termination with prejudice would encourage future petitioners to try to suppress the identification of real parties-in-interest.” Mot. 6. A more limited sanction will have sufficient deterrent effect.

We determine that an appropriate sanction, proportionate to the harm suffered by Patent Owner, is to award costs and fees incurred in association with this proceeding from the time after issuance of the Final Written Decision until the date of this Decision. 37 C.F.R. § 42.12(b)(6).

IPR2015-00826
Patent 5,810,029

Accordingly, we authorize 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. Any privileged information may be redacted from billing information submitted with the Motion. The Motion must be filed no later than ten business days after entry of this Decision, and is limited to 1000 words.

III. RECUSAL

Sua sponte, we consider the impact of Judge Arpin's recusal in the context of Patent Owner's request for a sanction that vacates the Final Written Decision. We conclude that vacating the Final Written Decision is unwarranted.

In deciding whether to vacate a decision in light of a district-court judge's recusal, the following factors apply: (1) the risk of injustice to the parties in the particular case; (2) the risk that the denial of relief will produce injustice in other cases; and (3) the risk of undermining the public's confidence in the judicial process. *Shell Oil Co. v. United States*, 672 F.3d 1283, 1292 (Fed. Cir. 2012). We see no compelling reason not to apply parallel considerations in considering the impact of recusal by a judge of the Board.

First, there is no risk of injustice to the parties in allowing the Final Written Decision to stand. That Decision was rendered by a properly constituted panel because the recused judge was unaware of any potential

conflict at the time of the Decision. *See* 28 U.S.C. § 455(b)(4) (“He *knows* that he . . .”) (emphasis added). In addition, the reconstituted panel has considered the Final Written Decision anew and expressly adopts its findings and conclusions.

Second, there is minimal risk that allowing the Final Written Decision to stand will produce injustice in other cases because, as noted above, the sanction crafted herein will have sufficient deterrent effect.

Third, there is minimal risk that the public’s confidence in *inter partes* reviews will be eroded by allowing the Final Written Decision to stand because the Board has taken appropriate steps to ensure the integrity of the Decision by reconstituting the panel. In this context—and in fashioning an appropriate sanction—we are mindful that our duties in considering the patentability of claims on a fully developed record in an *inter partes* review extend not only to the parties involved in the proceeding, but to the public. *See generally* 35 U.S.C. § 317(a) (stating that the Office may proceed to a final written decision even when no petitioner remains in an *inter partes* review as a result of settlement).

IV. REQUEST FOR REHEARING

On rehearing, the burden of showing that the Decision should be modified lies with Patent Owner, the party challenging the Decision. 37 C.F.R. § 42.71(d). “The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where

each matter was previously addressed in a motion, an opposition, or a reply.”
Id.

A. The National Meter Reference

As noted in the Final Written Decision, “[t]he ’029 patent issued on a first-action allowance, and underwent an *ex parte* reexamination initiated by Patent Owner.” Dec. 5 (citing Ex. 1010). In its Response to the Petition, Patent Owner observed that “[t]he reexamination included . . . a National Meter reference entitled ‘Weather and Bug Proof Breather Vents,’” and argued that the inverted vent described in that reference “appears to be identical to [Peterson] ’087,” i.e., the reference involved in all of the bases on which we concluded the claims of the ’029 patent are unpatentable. Paper 16, 32 (citing Ex. 1010, 18); Dec. 34–49. Patent Owner asserts in its Request for Rehearing that it “argued that Peterson ’087 did not anticipate or make obvious the ’029 patent because the same or substantially the same prior art was considered by the PTO during reexamination.” Req. Reh’g 3 (citing Paper 16, 32–33, 38, 41, 43, 46, 49, 51, 54). Patent Owner presents the following argument:

The Board refused to consider the National Meter reference, implying that Bennett had waived consideration of this reference because it had not raised the issue in its Preliminary Response. . . . The Board relied on the provisions of 35 U.S.C. § 325(d), which authorizes the Board to take into account whether “the same or substantially the same prior art or arguments previously were presented to the Office.”

IPR2015-00826
Patent 5,810,029

Id. (citing Dec. 37 n.5). Patent Owner contends that “[t]he Board’s refusal to consider the National Meter reference not only violates the [Administrative Procedures Act], but it also raises constitutional issues of denial of due process.” *Id.* at 5 (citing *Goldberg v. Kelly*, 397 U.S. 254 (1970)).

We are not persuaded by Patent Owner’s argument, which obscures the fundamental precept that the issue before us was whether claims of the ’029 patent are anticipated by Peterson ’087 or would have been obvious over the combination of Peterson ’087 and other cited references. Patent Owner was afforded full opportunity to address that issue and does not contend otherwise. Rather, Patent Owner presents a daisy-chained argument that an aspect of Peterson ’087 “appears to be identical” to an aspect of another reference considered during an *ex parte* reexamination and that we must, therefore, reach the same conclusion as the Examiner during reexamination. Such a position is untenable.

Even if Peterson ’087 itself had been before the Examiner during reexamination, rather than what Patent Owner believes to be a surrogate, that fact would not preclude us from conducting an independent evaluation of the teachings of Peterson ’087. *See, e.g., Microsoft Corp. v. Parallel Networks Licensing, LLC*, Case IPR2015-00483, slip op. at 14–15 (PTAB July 15, 2015) (Paper 10) (instituting *inter partes* review involving art previously considered by Examiner, noting that consideration of such art may be justified because *ex parte* nature of reexamination differs from adversarial nature of *inter partes* review). Patent Owner’s argument also improperly

IPR2015-00826
Patent 5,810,029

conflates different aspects of *inter partes* review proceedings, which include separate institution and merits phases. *See Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652, 654 (Fed. Cir. 2015) (“Both IPR and CBMR proceed in two stages. In the first stage, the Director determines whether to institute IPR or CBMR. . . . In the second phase, the Board conducts the IPR or CBMR proceedings on the merits and issues a final written decision.”). During the institution phase, the Board, acting on authority delegated by the Director, may take into account whether “the same or substantially the same prior art or arguments previously were presented to the Office” in determining whether to institute the proceeding. 35 U.S.C. § 325(d). Patent Owner concedes that it made no such argument during the institution phase. Paper 30, 35:7–9.

Patent Owner’s conflation of distinct inquiries is especially evident from how it couched its argument in its Response that “[f]urther evidence that Peterson ’087 does not anticipate the claimed skirt assembly is found in the PTO’s consideration of the same or substantially the same reference during the 2002-03 reexamination.” *See* Paper 16, 32. In making that argument, even though the institution phase had concluded, Patent Owner cited § 325(d) for the proposition that “[i]n determining whether to institute an IPR, the Board is authorized to take into account whether ‘the same or substantially the same prior art or arguments previously were presented to the Office.’” *Id.* n.8.

Ultimately, Patent Owner’s arguments regarding the National Meter reference cannot trump an independent consideration of the art upon which

IPR2015-00826
Patent 5,810,029

inter partes review was actually initiated. No matter how much the National Meter reference may “appear to be identical” to Peterson ’087, it is *not* identical, nor was it subject to the same kind of consideration by the Office during an *ex parte* proceeding as given in adversarial proceedings.

B. Claim Construction

The ’029 patent expired before the Final Written Decision was issued, and we accordingly construed the claims under principles similar to those used during a district court’s review. Dec. 22–34. Patent Owner contends that “[d]espite using the correct legal standard, the Board made erroneous claim construction rulings,” and that “[i]f the disputed claim terms are construed as requested by [Patent Owner], they result in the claims not being anticipated or obvious.” Req. Reh’g 9, 24. Patent Owner specifically contends that the Board failed sufficiently to discuss the evidence presented by Patent Owner and to provide an explanation for how the evidence supports the Board’s claim constructions. *Id.* at 11–21.

A central aspect of Patent Owner’s argument is its contention that “[c]laims are to be construed to preserve validity in the case of ambiguity.” *Id.* at 22 (citing *Innolux Corp. v. Semiconductor Energy Lab. Co., Ltd.*, Case IPR2013-00064, slip op. at 10 (PTAB Apr. 30, 2013) (Paper 11); Paper 16, 21; *Phillips v. AWH Corp.*, 415 F.3d 1303, 1327–28 (Fed. Cir. 2005) (en banc)). We disagree that this is a correct statement of law as applied to *inter partes* review proceedings.

The standard asserted by Patent Owner is rooted in 35 U.S.C. § 282, which states that “[a] patent shall be presumed valid.” While a presumption of validity is accordingly applied by district courts, the contention that § 282 must be applied in proceedings before the Office “miscontrues the purposes for which that statute [was] enacted.” *In re Etter*, 756 F.2d 852, 856 (Fed. Cir. 1985) (en banc). “A statute setting rules of procedure and assigning burdens to litigants in a court trial does not automatically become applicable to proceedings before the PTO.” *Id.*

Although *Etter* considered application of a presumption of validity in the context of reexamination proceedings, its reasoning equally applies to *inter partes* review proceedings in light of the Supreme Court’s explicit recognition that “the purpose of [an *inter partes* review] proceeding is not quite the same as the purpose of district court litigation.” *Cuozzo Speed Techs., LLC v. Lee*, 136 S.Ct. 2131, 2144 (2016). “Although Congress changed the name from ‘reexamination’ to ‘review,’ nothing convinces us that, in doing so, Congress wanted to change its basic purposes, namely, to reexamine an earlier agency decision.” *Id.* In *Cuozzo*, the Supreme Court explicitly endorsed the Office’s use of the broadest-reasonable-interpretation standard for unexpired patents by analogy with reexamination proceedings; it logically follows by the same analogy that the Office’s use, in reexamination proceedings, of a claim construction standard similar to that used by district courts, but without a presumption of validity, applies to *inter partes* review proceedings.

In addressing the specific claim constructions of the Final Written Decision, Patent Owner places particular focus on construction of “diaphragm-type gas pressure regulator,” “outside gas pressure regulator,” and “valve means,” “because the manner in which these claim terms are construed affects the manner in which other claim terms are construed.” Req. Reh’g 12. In addressing these terms, Patent Owner contends that it “provided substantial analysis of the ’029 specification and drawings, as well as extrinsic evidence, to support its claim construction positions and for the proposition that the ’029 patent disclosed and claimed only a Fisher S254 high pressure, internally relieved regulator outdoors.” *Id.* (citing Paper 16, 13–19, “and the evidence referenced therein”). Patent Owner further contends that “[a]t oral argument, [Patent Owner’s] counsel emphasized that one skilled in the art would recognize that the regulator disclosed in the ’029 patent could only be a Fisher S254 regulator, citing the deposition testimony of [its expert,] Mr. Oleksa.” *Id.* On this basis, Patent Owner continues to seek claim constructions that read in limitations not recited explicitly in the claims, namely “high pressure,” “internally relieved,” and “located outdoors.” *Id.* Patent Owner makes similar arguments that seek to incorporate unrecited limitations into the construction of other terms. *Id.* at 15–21.

Although we agree with Patent Owner in the abstract that the “ordinary and customary meaning” standard applied to expired patents requires that evidence be viewed through the eyes of one of ordinary skill in the art, Patent Owner stretches that principle too far. *See id.* at 9–10. “[A]

IPR2015-00826
Patent 5,810,029

claim construction analysis must begin and remain centered on the claim language itself.” *Innova/Pure Water, Inc. v. Safari Water Filtration Systems, Inc.*, 382 F.3d 1111, 1116 (Fed. Cir. 2004). Patent Owner asks us to deviate far from this cardinal principle by incorporating features of the Fisher S254 regulator that are not recited in the claims themselves, under circumstances in which the Fisher S254 regulator is not explicitly identified as such anywhere in the specification of the ’029 patent. “Reading a claim in light of the specification, to thereby interpret limitations explicitly recited in the claim, is a quite different thing from reading limitations of the specification into a claim, to thereby narrow the scope of the claim by implicitly adding disclosed limitations which have no express basis in the claim.” *In re Prater*, 415 F.2d 1393, 1404–05 (CCPA 1969). This is particularly the case when the standard we are obliged to apply does not afford Patent Owner a presumption of validity of the patent’s claims.

For these reasons, we are not persuaded that we misapprehended or overlooked any aspect of Patent Owner’s claim-construction arguments. Nor are we persuaded that Patent Owner’s evidence in support of those arguments was inadequately considered.

C. Preclusive Effects of the District Court Proceeding

In the Final Written Decision, we concluded that the Petition was not barred under 35 U.S.C. § 315(b), which provides: “An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or

IPR2015-00826
Patent 5,810,029

privity of the petitioner is served with a complaint alleging infringement of the patent.” Dec. 13–20. Although Petitioner was served with a complaint alleging infringement of the ’029 patent, its dismissal without prejudice for lack of personal jurisdiction nullified the effect of that service as it relates to § 315(b). *Id.* at 14 (“When considering the statutory bar under § 315(b), the Board has consistently held that dismissal without prejudice of a party from district-court litigation nullifies the effect of service on that party of the underlying complaint.”). Patent Owner takes issue with the portion of our analysis that explained that “[t]he Federal Circuit has characterized the effect of dismissals without prejudice as ‘leaving the parties as though the action had never been brought,’ thereby restoring the ability of the parties to pursue courses of action available to them before the action had been brought.” *Id.* at 16 (citing *Graves v. Principi*, 294 F.3d 1350, 1355–56 (Fed. Cir. 2002); *Bonneville Assocs., Ltd. P’ship v. Barram*, 165 F.3d 1360, 1364 (Fed. Cir. 1999)).

In particular, Patent Owner contends that “[t]he Board overlooked Bennett’s arguments and evidence concerning the preclusive effects of the Ohio suit that do not ‘[leave] the parties as though the action had never been brought[.]’” Req. Reh’g 25 (citation omitted). Patent Owner sets forth a number of preclusive effects that flow from the district court proceeding before Petitioner’s dismissal, including burden-of-proof effects on decided jurisdictional issues, a bar against refiling an infringement action against Petitioner in Ohio, and the impact of admissions made by the parties during the district court proceeding. *Id.* at 25–26. Patent Owner expresses

particular concern that the Final Written Decision gave effect as admissions to certain statements made in preliminary claim-construction positions advocated in the district court proceeding. *Id.* at 26–30.

We are not persuaded by Patent Owner’s arguments. Patent Owner merely observes that the district court proceeding impacts the positions that can be sustained by the parties in other proceedings, including this IPR proceeding, and that it may have other effects. But as we explained in the Institution Decision, the Federal Circuit’s characterization of the effect of dismissals without prejudice as leaving the parties as though the action had never been brought “is, of course, a legal fiction—the initiation of even procedurally defective proceedings have certain effects, and the Federal Circuit’s statement is understood properly as referring to the restored ability of parties to pursue courses of action available to them before the action had been brought.” Paper 12, 13. It is neither the case that a dismissal without prejudice somehow erases admissions by the parties involved so that those admissions can never be considered elsewhere, nor that a petitioner must show an utter absence of effects flowing from a prior district-court proceeding for the nullification of the effect of service to attach.

We thus disagree with Patent Owner’s characterization that “the Board estopped Bennett from asserting claim constructions different than those asserted in the Ohio suit.” Req. Reh’g 29. No estoppel has been applied; rather, the Final Written Decision merely took note of the inconsistency in positions as a factor in the Board’s determination that the claims were not properly construed as Patent Owner advocated. *See, e.g.,*

IPR2015-00826
Patent 5,810,029

Dec. 28 (“Such a position [to incorporate ‘high pressure,’ ‘internally relieved,’ and ‘located outdoors’ into the construction of ‘valve means’] *also* appears to be inconsistent with the position taken by Patent Owner in the Ohio lawsuit under a similar claim-construction standard.” (emphasis added)).

Accordingly, we are not persuaded that we misapprehended or overlooked any matter related to the preclusive effects of the district court proceeding.

D. Summary

For the foregoing reasons, we deny Patent Owner’s Request for Rehearing.

III. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Patent Owner’s Motion for Sanctions is *granted*;

FURTHER ORDERED that Patent Owner is awarded costs and fees incurred in association with this proceeding from the time after issuance of the Final Written Decision until the date of this Decision;

FURTHER ORDERED that Patent Owner is authorized to file, within ten business days of entry of this Decision and limited to 1000 words, a Motion for Costs and Fees that sets forth an accounting of amounts requested; and

IPR2015-00826
Patent 5,810,029

FURTHER ORDERED that Patent Owner's Request for Rehearing is
denied.

IPR2015-00826
Patent 5,810,029

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