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Apple Inc. v. Rensselaer Polytechnic Institute and Dynamic Advances, LLC, Denying Request for Rehearing of Decision on Institution IPR2014-00319

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Takeaway: The service of a complaint in a case that is later voluntarily dismissed for consolidation starts the clock for purposes of the 35 U.S.C. § 315(b) time bar, regardless of which Federal Rule of Civil Procedure such dismissal is made pursuant to.

In its Decision, the Board denied Petitioner's request for rehearing of the Board's Decision Not to Institute *inter partes* review of the '798 Patent. The Board began by stating the standard for a request for rehearing, which requires the party challenging the decision to identify "all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, opposition, or a reply." 34 C.F.R. § 42.71(d).

Petitioner argued that the Decision misapprehended whether the dismissal of ***Dynamic Advances, LLC v. Apple Inc.***, No. 1:12-cv-01579-DNH-CFH (N.D.N.Y), was under Federal Rule of Civil Procedure 41(a) or 42. The Board found Petitioner's arguments unpersuasive. Petitioner pointed specifically to the following language in the Decision as being in error: "Petitioner has failed to show that we should treat a dismissal without prejudice pursuant to consolidation under Fed. R. Civ. P. 42 in the same ways as a dismissal without prejudice, without consolidation, under Fed. R. Civ. P. 41(a)." Petitioner argued that the stipulated voluntary dismissal in the first action was without prejudice pursuant to Rule 41(a)(1)(A)(ii), not Rule 42. The Board stated that the Petitioner read too much into the passage in the Decision, which states that a voluntary dismissal without prejudice as part of a consolidation, which immediately continues the action, will not be treated as a nullity in this case because it is not the same as a voluntary dismissal without prejudice in which a cause of action is not immediately continued. Therefore, the Decision is not based upon the Federal Rule of Civil Procedure under which the cause of action was dismissed.

Petitioner also argued that the Board's decision to treat the consolidation of the pleadings in two actions as a continuation of the voluntarily dismissed first action is unsupported by any legal precedent. The Board noted that the immediate continuation of the case is the relevant fact regarding consolidation, and also provided several cases that do not treat the complaint in a first case as a nullity where the first case is voluntarily dismissed without prejudice and the cause of action is continued into a co-pending second case prior to dismissal of the first case.

Petitioner then argued that consolidation is a procedural device that cannot create one merged case and cannot be relied upon for relation back to the service date of the first complaint. The Board noted that courts have allowed relation back when a newly filed action is filed before the dismissal of the previous action, such as in consolidation. However, the Board did not rely on the concept of one merged case in its Decision, but instead determined that under these facts, the first case could not be considered a nullity for the purpose of establishing the date when Petitioner was first served with the complaint for the purpose of 35 U.S.C. § 315(b).

Finally, Petitioner argued for the first time on rehearing that the exclusive licensee date of service of the *Dynamic I* complaint cannot be relied on for the purpose of the 315(b) bar because section 315(b) is entitled "Patent Owner's Action" and because "an exclusive licensee has no right to sue at law in his own name for an infringement." The Board noted situations in which an exclusive licensee can sue in its own name for patent infringement, but found that because Petitioner did not raise this issue in its Petition, it could not be considered on rehearing.

***Apple Inc. v. Rensselaer Polytechnic Institute and Dynamic Advances, LLC*, IPR2014-00319**
Paper 14: Decision Denying Request for Rehearing
Dated: July 31, 2014
Patent 7,177,798 B2
Before: Josiah C. Cocks, Bryan F. Moore, and Miriam L. Quinn
Written by: Moore
Related Proceeding: *Dynamic Advances, LLC v. Apple Inc.*, No. 1:12-cv-01579-DNH-CFH (N.D.N.Y)

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