

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,
Petitioner,

v.

PARUS HOLDINGS, INC.,
Patent Owner.

IPR2022-00805
Patent 9,769,314 B2

Before DAVID C. McKONE, PATRICK M. BOUCHER, and
JAMES J. MAYBERRY, *Administrative Patent Judges*.

BOUCHER, *Administrative Patent Judge*.

ORDER TO SHOW CAUSE
Duty of Candor and Representations to the Board
37 C.F.R. § 42.11

Parus Holdings, Inc. (“Patent Owner”) and its back-up counsel,
Scott W. Hejny, a registered practitioner, are ordered to show cause why the
conduct described in this order has not violated their duty of candor to the

Board and why the specific sanctions identified herein should not be imposed.

I. BACKGROUND

A. Priority Claim

The '314 patent was filed on June 27, 2016, and recites, through a chain of continuation applications, a priority claim to U.S. Prov. Patent Appl. No 60/180,343 (“the provisional application”), filed on February 4, 2000. Ex. 1001 at codes (22), (60), (63). The priority chain includes U.S. Patent Appl. No. 09/777,406 (the grandparent of the '314 patent, “the '406 application”), and the '314 patent asserts that the '406 application “claims priority” to the provisional application. Ex. 1001, 1:7–14. But because there was, in fact, a lack of copendency between the '406 application and the provisional application, that priority claim is ineffective. *See* 35 U.S.C. § 119(e)(1) (requiring that a nonprovisional application be “filed not later than 12 months after the date on which the provisional application was filed” in order to receive the benefit of the earlier filing date).

The prosecution history of the '406 application is clear. *See* Ex. 1056. The Office accorded the '406 application a filing date of February 6, 2001, one day after the provisional application expired (accounting for weekends). *Id.* at 170. The Applicant petitioned the Commissioner to change the filing date to February 5, 2001, which would have maintained copendency, and acknowledged that, “by not affording Applicant the filing date of February 5th, Applicant will be precluded from obtaining priority from the provisional application.” *Id.* at 142. That petition was dismissed as “lack[ing] the corroborating evidence of the assertions made in the petition.” *Id.* at 189.

The Applicant requested, and was denied, reconsideration of that dismissal because the Applicant’s “showing to date does not confirm that the instant application should be accorded a filing date of 5 February, 2001.” *Id.* at 193–97, 248–50.

Subsequently, the Applicant affirmatively removed the ’406 application’s priority claim to the provisional application. *Id.* at 354. Consequently, the statement in the ’314 patent that the ’406 application “claims priority” to the provisional application is facially false. *See* Ex. 1001, 1:7–14. The claims of the ’314 patent thus unequivocally and inarguably have an effective filing date no earlier than the February 6, 2001, filing date of the ’406 application.

B. Woods

One of the references asserted by Petitioner in this proceeding is U.S. Patent No. 6,510,417 B1 (Ex. 1012, “Woods”), which was filed on March 21, 2000. Ex. 1012 at code (22). Because Woods was filed before the earliest possible effective filing date of the ’314 patent’s claims (i.e., before February 6, 2001), Woods is unambiguously and indisputably prior art to all claims of the ’314 patent under the pre-AIA version of 35 U.S.C. § 102(e) that applies to this proceeding. *See* Paper 7 (Institution Decision, “Dec.”), 7 n.1.

C. The Instant Proceeding

In summarizing relevant portions of the history of the instant proceeding, we sometimes also refer herein to portions of the history of IPR2022-00948 (“the *Apple* proceeding”). We do this to provide context

because it bears on when Patent Owner and Mr. Hejny would have had actual knowledge of the defective priority claim. The petition in the *Apple* proceeding was filed by a different petitioner, but challenges the same claims of the '314 patent at issue in this proceeding, and relies on the same Woods reference for some of those challenges. *Apple*, Paper 2 at 25.

In the instant proceeding, Google LLC (“Petitioner”) filed a Petition on April 4, 2022, asserting that “Woods is 102(e) prior art to Claims 1-26 because it was filed on March 21, 2000, while the earliest effective filing date of Claims 1-26 is February 6, 2001.” Paper 1 (Petition), 1. When making this statement, Petitioner did not identify the broken priority chain as the reason why the challenged claims are entitled only to the filing date of the '406 application; instead, Petitioner argued that the provisional application lacked sufficient written-description support for the “content extraction agent” or “content extractor” recited in the challenged independent claims. *Id.* at 1–2.

About a month later, on May 5, 2022, the *Apple* petition was filed, identifying the broken priority chain and recounting some of the facts we summarize about that broken chain, *supra* § I. *Apple*, Paper 2, 26–27.

Patent Owner filed a Preliminary Response in the instant proceeding on August 9, 2022, signed by Mr. Hejny, disputing that the provisional application lacks sufficient support for the “content extraction agent” or “content extractor” claim limitations. Paper 6 (Preliminary Response) 9–14, 72 (signature of Mr. Hejny). The Preliminary Response did not identify the broken priority chain and affirmatively asserted that “the Woods reference (Ex-1012) is not prior art.” *Id.* at 14.

About a month later, on September 12, 2022, Patent Owner filed a preliminary response in the *Apple* proceeding, signed by Mr. Hejny, and did not dispute that Woods is prior art. *Apple*, Paper 6, 70 (signature of Mr. Hejny); *see id.*, Paper 7 (institution decision), 15 n.5 (“Patent Owner does not dispute that Woods is prior art, and we treat it as such for purposes of this Decision.”). The *Apple* proceeding was subsequently terminated without any further papers being filed that bear on the issue before us in the instant proceeding. *See Apple*, Paper 11 (termination decision).

After we instituted an *inter partes* review in the instant proceeding, Patent Owner filed a Patent Owner Response on February 13, 2023, signed by Mr. Hejny, largely repeating its argument that the provisional application provides sufficient support for the recited “content extraction agent” and “content extractor.” Paper 12 (Patent Owner Response), 8–14, 72 (signature of Mr. Hejny). Like the Preliminary Response, the Patent Owner Response also did not identify the broken priority chain and repeated the affirmative statement that “the Woods reference (Ex-1012) is not prior art.” *Id.* at 14.

On May 30, 2023, Petitioner filed a Reply reiterating its contention that Woods is prior art, but this time set forth two bases: first, Petitioner identified the broken priority chain; and, second, Petitioner repeated its contention that the provisional application does not provide sufficient support for the recited “content extraction agent” and “content extractor.” Paper 15 (Reply) 1–6. When identifying the broken priority chain, Petitioner set forth essentially the same facts that we summarize, *supra* § I. *Id.* at 1–3. Notably, Petitioner directly asserted that “there is no legal basis for [Patent Owner] to argue such an unbroken priority chain” and that “[t]he

factual record, and indeed [Patent Owner’s] own statements, admissions, and specification amendments preclude any such argument.” *Id.* at 3.

Nevertheless, Patent Owner’s Sur-reply, filed on June 20, 2023, signed by Mr. Hejny, urged us to discount the broken priority chain, characterizing Petitioner’s identification of it as a “new priority allegation” improperly raised on reply. Paper 16 (Sur-reply) 1–2. To do as Patent Owner requested would require us knowingly to accord the challenged claims an effective filing date to which they are plainly not entitled.

We held an oral hearing with the parties on August 8, 2023, and a transcript has been entered into the record. Paper 25 (“Tr.”). In preparation for the oral hearing, both parties filed demonstrative exhibits. Exs. 1061 (Petitioner’s demonstratives), 2005 (Patent Owner’s demonstratives). Patent Owner’s demonstrative exhibits include a slide again urging that we “reject[]” Petitioner’s “new priority argument” as “untimely.” Ex. 2005, 2 (citing Sur-reply 1–2).

Mr. Hejny spoke on behalf of Patent Owner at the oral hearing. Tr. 3:13–19 (appearance by Mr. Hejny). During the hearing, an exchange occurred with the panel that ultimately resulted in Patent Owner “drop[ping] its argument that Woods is not prior art.” *Id.* at 27:17–12. When asked directly during that exchange, “Were you aware of that broken priority issue when you filed your Patent Owner [R]esponse,” Mr. Hejny replied, “Your Honor, I was aware of that.” *Id.* at 25:14–16. And when asked to confirm that Mr. Hejny “made the statement that the [’314] patent was, in fact, entitled to the earlier priority date,” Mr. Hejny responded “I did, Your Honor.” *Id.* at 26:25–27:1. During the exchange on this issue, Mr. Hejny added certain qualifications to his answer, such as that “[t]hat statement is

included based upon the arguments that Google presented about the content extraction agent and the content extractor that Google had not shown it should be entitled to its priority date.” *Id.* at 27:1–4. Mr. Hejny also stated that he “was aware of the Apple petition that followed the Google petition,” i.e., of the *Apple* proceeding, and that he “was responsible for editing the portion related to priority.” *Id.* at 25:23–26:7. Mr. Hejny also stated that neither he nor any member of his team investigated, before the Patent Owner Response was filed, whether the priority claim Patent Owner was making was supported by the record. *Id.* at 26:8–17.

After the oral hearing, Mr. Hejny sent an (unauthorized) email communication to the Board to “clear up one point that arose during [his] argument during the case.” Ex. 3001. In that communication, Mr. Hejny stated that he “may have misspoken and stated that we (Parus) actually knew of the break in the priority chain for the '314 Patent before we filed the POPR [i.e., the Patent Owner Preliminary Response] in this proceeding.” *Id.* Mr. Hejny added that, “[a]t the time we filed the POPR in this case, I did not personally know, but accept responsibility for, the statement in the Parus POPR related to the Woods priority issue.” *Id.* Mr. Hejny also conceded that “we (Parus) had constructive knowledge based on the filing date of Apple’s IPR2022-00948, which likewise asserted Woods and presented a priority challenge in that Petition based on the same timing issue.” *Id.*

We note that Mr. Hejny’s email communication addressed *only* the Patent Owner Preliminary Response and did not address what he and Patent Owner knew at the time of other briefing that occurred later than the August 9, 2022, filing of the Preliminary Response. This particularly includes what he and Patent Owner knew at the time the Patent Owner Response was filed

on February 13, 2023, with the affirmative statement that “the Woods reference (Ex-1012) is not prior art.” *See* Paper 12, 14.

II. DISCUSSION

In an *inter partes* review proceeding, “[p]arties and individuals involved in the proceeding have a duty of candor and good faith to the Office during the course of [the] proceeding.” 37 C.F.R. § 42.11(a). “By presenting to the Board a petition, response, written motion, or other paper—whether by signing, filing, submitting, or later advocating it—an attorney, registered practitioner, or unrepresented party attests to compliance with the certification requirements under § 11.18(b)(2).” *Id.* § 42.11(c).

Those provisions include:

- (2) To the best of the party’s knowledge, information and belief, formed after an inquiry reasonable under the circumstances,
 - (i) The paper is not being presented for any improper purpose . . . ;
 - (ii) The other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law; [and]
 - (iii) The allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery

37 C.F.R. § 11.18(b)(2).

Patent Owner and/or Mr. Hejny are ordered to show cause why they have not violated one or more of these provisions relating to the duty of candor before the Board. The facts outlined above are consistent with Patent Owner and Mr. Hejny having actual knowledge of the broken priority chain

throughout much of this proceeding, at least from the February 13, 2023, filing of the Patent Owner Response onwards. Mr. Hejny had earlier filed the preliminary response in the *Apple* proceeding, after the petition in that proceeding had identified the broken priority chain, without contesting that Woods is prior art to the claims of the '314 patent. *Apple*, Paper 6. But the Patent Owner Response in the instant proceeding nonetheless included the false statement that “the Woods reference (Ex-1012) is not prior art.”

Paper 12, 14. Actual knowledge of the broken priority chain from at least the filing of the Patent Owner Response in this proceeding is also consistent with Mr. Hejny’s response during the oral hearing that he “was aware of that” when asked directly whether he was “aware of that broken priority issue” when filing the Patent Owner Response. Tr. 25:14–16. And it is also consistent with Mr. Hejny’s follow-up email communication that focused exclusively on his knowledge at the earlier time of filing the Preliminary Response. Ex. 3001.

Even after being apprised directly of the broken priority chain in the instant proceeding by Petitioner’s Reply, Patent Owner continued to file a Sur-reply (signed by Mr. Hejny) and demonstrative exhibits maintaining the argument that we should accord the challenged claims an effective filing date to which they are plainly not entitled. Even at oral argument, Mr. Hejny appeared to argue that we should do so until challenged by the panel. Tr. 24:13–27:22. This conduct appears all the more troubling because Mr. Hejny clearly understood at the oral hearing that a broken priority chain is quite unlike many other bases under which the availability of a reference as prior art might legitimately be challenged. *See id.* at 24:25–25:2 (Mr. Hejny stating at oral argument that “This isn’t an instance

in which a priority challenge was based on a prior art reference where maybe the priority of the public availability of that reference could be determined based on additional discovery throughout the trial process.”); *see also id.* at 25:6–8 (Mr. Hejny stating at oral argument that “Google is now introducing a whole slew of evidence of which it must have been aware when it filed its petition,” prompting the question why Patent Owner must not similarly have been aware of such evidence).

The Board is considering imposing sanctions that may include one or more of the following: (1) making an adverse inference that Petitioner’s obviousness challenges with respect to the Wise-Woods combination have been proved by a preponderance of the evidence; (2) referring Mr. Hejny’s conduct to the Office of Enrollment and Discipline¹; and/or (3) awarding attorney fees to compensate Petitioner for having to address an improper argument. 37 C.F.R. § 42.12. Patent Owner and Mr. Hejny should address these possibilities when responding to this order.

¹ We note that “[a] practitioner shall not knowingly[] [m]ake a false statement of fact or law to a tribunal or fail to correct a false statement of material fact or law previously made to the tribunal by the practitioner.” 37 C.F.R. § 11.303(a)(1). Further, “[i]n a proceeding before the Office, a practitioner shall disclose to the Office information necessary to comply with applicable duty of disclosure provisions.” 37 C.F.R. § 11.303(e); *see also* 37 C.F.R. § 11.106(c). The duty of disclosure before the Office encompasses a duty to disclose information material to patentability, which includes information that “refutes, or is inconsistent with, a position the applicant takes in: (i) Opposing an argument relied on by the Office, or (ii) Asserting an argument of patentability.” 37 C.F.R. § 1.56(b).

It is ORDERED that

Patent Owner and Mr. Hejny show cause why the conduct described in this order has not violated their duty of candor to the Board and why the specific sanctions identified herein should not be imposed; and

Patent Owner and Mr. Hejny respond to this order with a paper not exceeding ten pages, by September 19, 2023.

IPR2022-00805
Patent 9,769,314 B2

For PETITIONER:

Benjamin Haber
Caitlin P. Hogan
O'MELVENY & MYERS LLP
bhaber@omm.com
chogan@omm.com

Elisabeth H. Hunt
WOLF GREENFIELD & SACKS, P.C.
EHunt-PTAB@wolfgreenfield.com

For PATENT OWNER:

John B. Campbell
Scott W. Henjy
McKOOOL SMITH, P.C.
jcampbell@mckoolsmith.com
shejny@mckoolsmith.com