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Paper 33

Entered: December 15, 2014

UNITED STATES PATENT AND
TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND
APPEAL BOARD

PETROLEUM GEO-SERVICES INC.
Petitioner,

v.

WESTERNGECO LLC
Patent Owner.

Case IPR2014-00687
Patent 7,162,967 B2

Before BRYAN F. MOORE, SCOTT A. DANIELS, and
BEVERLY M. BUNTING, *Administrative Patent
Judges.*

DANIELS, *Administrative Patent Judge.*

DECISION

Decision on Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

A. Background

Petroleum Geo-Services (“Petitioner”) filed a Petition to institute an *inter partes* review of claims 1 and 15 of U.S. Patent No. 7,162,967 B2 (“the ’967 patent”).¹ Paper 1 (“Pet.”). WesternGeco LLC (“Patent Owner”) timely filed a Preliminary Response. Paper 26 (“Prelim. Resp.”).

We have authority to determine whether to institute an *inter partes* review under 35 U.S.C. § 314; 37 C.F.R. § 42.4(a). Upon consideration of the Petition and the Preliminary Response, we determine that Petitioner has established a reasonable likelihood of prevailing on the claims challenged in the Petition. Accordingly, we institute an *inter partes* review for claims 1 and 15 of the ’967 patent.

B. Additional Proceedings

Petitioner states that related lawsuits involving the ’967 patent presently asserted against Petitioner are *WesternGeco LLC v. Petroleum Geo-Services, Inc.*, 4:13-cv-02725 (the “PGS lawsuit”) in the Southern District of Texas and *WesternGeco LLC v. ION Geophysical Corp.*, 4:09-cv-01827 (the “ION

¹ The Petition was initially accorded the filing date of April 23, 2014. Paper 6. Following submission of an updated Mandatory Notice (Paper 18) on August 5, 2014, including additional real-parties-in-interest, we exercised our discretion under 37 C.F.R. § 42.5(c), changing the filing date of the Petition to August 5, 2014. Paper 22.

lawsuit”) also in the Southern District of Texas. Pet. 10.

Petitioner also has concurrently filed three additional petitions challenging the patentability of claims 1 and 15 of U.S. Patent No. 7,080,607 B2 (“the ’607 patent”); claims 1, 2, 6, 18, 19, and 23 of U.S. Patent No. 7,293,520 B2 (“the ’520 patent”); and claim 14 of U.S. Patent No. 6,691,038 B2 (“the ’038 patent”).² See IPR2014-00688; IPR2014-00689; IPR2014-00678.

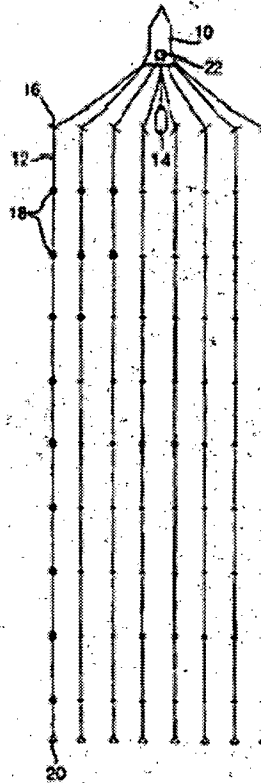
C. The ’967 Patent

The ’967 patent (Ex. 1001), titled “Control System for Positioning of Marine Seismic Streamers,” generally relates to a method and apparatus for improving marine seismic survey techniques by more effectively controlling the movement and positioning of marine seismic streamers towed in an array behind a boat. Ex. 1001, col. 1, ll. 24–36. As illustrated in Figure 1 of the ’967 patent, reproduced below, labeled prior art, a seismic source, for example, air gun 14, is towed by boat 10 producing acoustic signals, which are reflected off the earth below. *Id.* at col. 1, ll. 36–38. The reflected signals are received by hydrophones (no reference number) attached to streamers 12, and

² The ’520, ’607, and ’967 patents each issued as continuations of Application No. 09/787,723, filed July 2, 2001, now U.S. Patent No. 6,932,017, which was in turn a 35 U.S.C. § 371 national stage filing from Patent Cooperation Treaty application number PCT/IB99/01590, filed September 28, 1999, claiming foreign priority under 35 U.S.C. § 119 from Great Britain patent application number 9821277.3, filed October 1, 1998. See Ex. 1001, col. 1, ll. 7–16.

Fig. 1.

Prior Art



the signals "digitized and processed to build up a representation of the subsurface geology." *Id.* at col. 1, ll. 38-41.

Figure 1 depicts an array of seismic streamers 12 towed behind the vessel.

In order to obtain accurate survey data, it is necessary to control the positioning of the streamers, both vertically in the water column, as well as

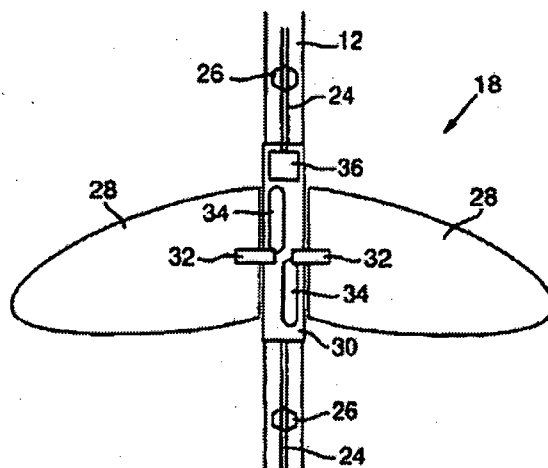
horizontally against ocean currents and forces, which can cause the normally linear streamers to bend and undulate and, in some cases, become entangled with one another. *Id.* at col. 1, l. 42–col. 2, l. 25.

As depicted by Figure 1, each streamer 12 is maintained in a generally linear arrangement behind the boat by deflector 16 which horizontally positions the end of each streamer nearest the vessel. *Id.* at 43–45. Drag buoy 20 at the end of each streamer farthest from the vessel creates tension along the streamer to maintain the linear arrangement.

Additionally, to control the position and linear shape of the streamer, a plurality of streamer positioning devices, called “birds” 18, are attached along the length of each streamer. The birds are horizontally and vertically steerable and control the shape and position of the streamer in both vertical (depth) and horizontal directions. *Id.* at col. 3, ll. 53–61. The birds’s job is usually to maintain the streamers in their linear and parallel arrangement, because, when the streamers are horizontally out of position, the efficiency of the seismic data collection is compromised. *Id.* at col. 2, ll. 14–17. The most important task of the birds, however, is to keep the streamers from tangling. *Id.* at col. 4, ll. 4–5.

Figure 2 of the '967 patent, reproduced below, illustrates a preferred embodiment of bird 18 as it relates to the described invention.

Fig.2.



As depicted by Figure 2 of the '967 patent, when the streamers are towed, birds 18 are capable of controlling their own position, and hence the position of streamers 12, in both horizontal and vertical directions. *Id.* at col. 5, ll. 34-36. In a preferred embodiment of the bird, the '967 patent explains that "[t]he bird 18 preferably has a pair of independently moveable wings 28 that are connected to rotatable shafts 32 that are rotated by wing motors 34 and that allow the orientation of the wings 28 with respect to the bird body 30 to be changed." *Id.* at col. 5, ll. 50-54.

Global control system 22 located on or near the vessel, controls the birds on each streamer to maintain the streamers in their particular linear and parallel arrangement. *Id.* at col. 3, ll. 62-66. The control system is provided with a model (desired) position representation of each streamer in the towed

streamer array, and also receives (actual) position information from each of the birds. *Id.* at col. 4, ll. 21–23. The control system uses the desired and actual position of the birds to “regularly calculate updated desired vertical and horizontal forces the birds should impart on the seismic streamers 12 to move them from their actual positions to their desired positions.” *Id.* at col. 4, ll. 37–40.

D. Illustrative Claim

Claims 1 and 15 are independent. Claim 1 is a method claim, and claim 15, an apparatus claim, illustrates the claimed subject matter and is reproduced below:

15. An array of seismic streamers towed by a towing vessel comprising:
(a) a plurality of streamer positioning devices on or inline with each streamer, at least one of the streamer positioning devices having a wing;
(b) a global control system transmitting location information to at least one local control system on the at least one streamer positioning device having a wing, the local control system adjusting the wing.

Ex. 1001, col. 11, ll. 16–24

E. The Alleged Grounds of Unpatentability

Petitioner contends that the challenged claims are unpatentable on the following specific grounds.³

References	Basis	Claims Challenged
'636 PCT ⁴	§ 102	1 and 15
'636 PCT	§ 103	1 and 15
Ambs ⁵	§ 102	1 and 15
Ambs	§ 103	1 and 15
'636 PCT and Ellholm ⁶	§ 103	1 and 15

II. CLAIM CONSTRUCTION

Petitioner proposes constructions for “streamer positioning device,” “global control system,” “location information,” and “local control system.” Patent Owner proposes a claim construction only for “streamer positioning device” and “global control system.” Pet. 22–28, Prelim. Resp. 20–27.

A. Streamer Positioning Device

We construe the same limitation “streamer positioning device,” in the context of claims 1 and 18 of the '520 patent. *See* IPR 2014-00689, Paper 31 at 9–10. As set forth below, we adopt that same

³ Petitioner supports its challenge with Declarations of Dr. Brian J. Evans, Ph.D. (Ex. 1002) (“Evans Decl.”) and Dr. Jack H. Cole, Ph.D. (Ex. 1003) (“Cole Decl.”). *See infra*.

⁴ Ex. 1004, WO 98/28636 (July 2, 1998).

⁵ Ex. 1005, U.S. Patent No. 6,011,752 (Jan. 4, 2000).

⁶ Ex. 1006, U.S. Patent No. 5,532,975 (July 2, 1996).

construction here, although we do not repeat our analysis. See *NTP Inc., v. Research in Motion, Ltd.*, 418 F.3d 1282, 1293 (Fed. Cir. 2005) (When construing claims in patents that derive from the same parent application and share common terms, “we must interpret the claims consistently across all asserted patents.”). Because, *inter alia*, the Specification of the ’967 patent discloses that “positioning” of the device may be accomplished by either horizontal and vertical steering, or both, of the device, and that the device may be a bird or other type of device, any interpretation including specific directional terms would read limitations improperly from the Specification into the claims. The broadest reasonable interpretation of “streamer positioning device” is, therefore, “a device that positions a streamer as it is towed.”

B. Global Control System

Petitioner argues that “global control system” should be interpreted as “a control system that sends commands to other devices in a system (e.g., local control systems).” Pet. 24. Patent Owner agrees with this interpretation. Prelim. Resp. 26–27. The problem with this interpretation is that it defines “global control system” solely in functional terms, i.e., by what the control system does, rather than what it is. In both the method claim 1, and the apparatus claim 15, the global control system is a structural element, and its function, “transmitting location information” is clearly recited in both claims. We are not persuaded that either party has provided sufficient reason to ascribe further functional elucidation to this term. From a structural and apparatus standpoint, neither

party has presented any argument that this term needs interpretation. On this record, no express construction of “global control system” is needed for this Decision.

C. Location Information

Independent claims 1 and 15 recite the limitation “location information.” Petitioner asserts that this term should be interpreted as “information regarding location.” Pet. 26–27. This interpretation is circular in that it merely reverses the substantive nouns in the term, placing a preposition between them to indicate a relationship, a relationship no different than the original claim term itself, “location information.” Moreover, Petitioner does not explain why the term “location information” requires an express construction on this record. On this record, no express construction of “location information” is needed for this Decision.

D. Local Control System

Petitioner contends that “local control system” should be interpreted as “a control system located on or near the streamer positioning devices (e.g., birds).” Pet. 27–28 (emphasis added). Patent Owner does not provide an interpretation. The Specification of the ’967 patent states that the “local control system [is] located within or near the birds 18.” Ex. 1001, col. 3, ll. 65–66. The Specification further explains that “[t]he inventive control system is based on shared responsibilities between the global control system 22 located on the seismic survey vessel 10 and the local control system 36 located on the bird 18.” *Id.* at col.

10, ll. 18–21. Figure 3 appears to disclose an embodiment having local control system 36 on, or within, bird body 30. Figure 4, on the other hand, does not schematically indicate a specific position for local control system 36 relative to bird 18, or bird body 30, only that it is part of the control communication between streamer 12 and the bird.

Although both claims 1 and 15 recite the local control system “on” the streamer positioning device, the descriptions referenced above from the Specification, in context, appear to use the words, “within,” “near,” and “on,” essentially interchangeably, as non-exclusive alternatives. In context with the Specification under the broadest reasonable construction, we find Petitioner’s proposed claim construction, absent the example, to be reasonable for the purposes of this Decision, and Patent Owner does not oppose that construction. See Prelim. Resp. 20–27. In light of the Specification, “local control system” means “a control system located on or near the streamer positioning devices.”

III. Analysis

A. Statutory Bar Under 35 U.S.C. § 315(b)

Patent Owner disputes that Petitioner timely filed its Petition for an *inter partes* review. Prelim. Resp. 6–9. Specifically, under 35 U.S.C. § 315(b), a party may not file a petition for *inter partes* review if the party had been served with a complaint alleging infringement more than one year previously. Patent Owner asserts that Petitioner was served with a complaint on March 14, 2011.

On June 12, 2009, Patent Owner filed, via the court's electronic case filing procedure ("ECF"), a complaint initiating the ION lawsuit, alleging infringement of the '967 patent against ION based on ION's "DigiFIN" and other products. Prelim. Resp. 6. Patent Owner also filed a similar complaint against a company called Fugro, a customer of ION, which was consolidated with the ION lawsuit. *Id.* (citing Ex. 2037). On December 8, 2009, remarking that Petitioner may have been involved in the design and testing of the ION products, Patent Owner provided Petitioner via email with a copy of the complaint against ION. *Id.* (citing Ex. 2008).

Subsequently, Patent Owner subpoenaed Petitioner on January 22, 2010 to produce documents and evidence relating inter alia to Petitioner's use and operation of ION's DigiFIN product. *Id.* (citing Ex. 2009). In response to the subpoena, Petitioner appeared in the ION lawsuit through its counsel, Heim, Payne & Chorush. *Id.* at 6 (citing Ex. 2011). On March 14, 2011, Patent Owner filed an amended complaint in the ION lawsuit via the court's electronic filing system ("ECF"), naming ION and Fugro, but not Petitioner. *Id.* (citing Ex. 2012). Patent Owner argues that because Petitioner's counsel, as an ECF notice recipient in the ION lawsuit, received a copy of the amended complaint against Fugro and ION on March 14, 2011, Petitioner was therefore "served" in accordance with 35 U.S.C. § 315(b) the same day. *Id.* at 7. Thus, it is Patent Owner's position that because Petitioner was "served" with the complaint more than one year before filing, the Petition here is now time-barred.

The Board has dealt with similar arguments regarding the statutory interpretation of 35 U.S.C. § 315(b) before in *Motorola Mobility LLC v. Arnouse*, Case IPR2013-00010 (PTAB Jan. 30, 2013) (Paper 20) (the “*Motorola* decision”). For reasons similar to those set forth in the *Motorola* decision, we do not adopt the statutory construction that mere receipt of a complaint, via email or even ECF, initiates the one-year time period. We specifically agree with the *Motorola* Panel’s review and interpretation of the legislative history and intent of 35 U.S.C. § 315(b) in that, “[w]e do not believe that the Congress intended to have the time period start before a petitioner is officially a defendant in a law suit.” *Id.* at 5.

Patent Owner specifically argues that the present proceeding differs from *Motorola* because in the ION lawsuit “Petitioner was served with process and formally appeared,” (emphasis omitted) and was thus “brought under a court’s authority, by formal process’ before being served with the amended complaint.” Prelim. Resp. 7–8 n.1 (citing *Murphy Bros., Inc. v. Michetti Pipe Stringing, Inc.* 526 U.S. 344, 347 (1999)). Despite this factual difference from *Motorola*, Petitioner was not, and never has been, a party defendant in the ION lawsuit.

Petitioner, in the ION lawsuit, was served under Fed. R. Civ. P. 45, with a third party subpoena, to produce documents and things relating to the ION lawsuit. *See* Ex. 2009. Although a person, or entity, may have been served properly with a subpoena, and may fall under a court’s authority for purposes of producing appropriate documents and things not protected by a privilege or protection, Fed. R. Civ. P.

45(c)–(e) does not express, or imply, that a person subject to the subpoena is a “defendant” to a lawsuit. Indeed, Fed. R. Civ. P. 45 specifically differentiates between a “person” served with the subpoena, and “a party” to the lawsuit. *See* Fed. R. Civ. P. 45 (d)(2)(B) (“A person commanded to produce documents or tangible things or to permit inspection may serve on the party or attorney designated in the subpoena a written objection to inspecting, copying, testing or sampling any or all of the materials.”). We are aware of no case law or precedent, nor has Patent Owner cited to any, indicating that serving a person with a subpoena, and subjecting them to the authority of the court in enforcing such subpoena under Fed. R. Civ. P. 45(e), provides sufficient legal process to make such person a defendant to a lawsuit.

Thus, Petitioner was not a defendant in the ION lawsuit. Concomitant with our colleagues’ *Motorola* decision, we interpret 35 U.S.C. § 315(b) as requiring service upon a defendant to the lawsuit. Petitioner was not a defendant; thus, it was never “served with a complaint” in the ION lawsuit as required by 35 U.S.C. § 315(b).⁷

B. Real Parties-in-Interest Under 35 U.S.C. § 312(a)

⁷ Patent Owner’s argument that S.D. Texas L.R. 5-1 states that the ECF notice “constitutes service of the document on those registered as Filing Users,” is not persuasive as to the intent of Congress with respect to § 315(b). *See* 157 Cong. Rec. S5429 (daily ed. Sept. 8, 2011) (statement of Senator Kyl) (“it is important that the section 315(b) deadline afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation”).

(1) PGSAI

The statute governing *inter partes* review proceedings sets forth certain requirements for a petition for *inter partes* review, including that “the petition identif[y] *all* real parties in interest.” 35 U.S.C. § 312(a) (emphasis added); *see also* 37 C.F.R. § 42.8(b)(1) (requirement to identify real parties in interest in mandatory notices). The Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012) (“Practice Guide”) explains that “[w]hether a party who is not a named participant in a given proceeding nonetheless constitutes a ‘real party-in-interest’ . . . to that proceeding is a highly fact-dependent question.” 77 Fed. Reg. at 48,759. The Practice Guide further states that:

However, the spirit of that formulation as to IPR and PGR proceedings means that, at a general level, the “real party-in-interest” is the party that desires review of the patent. Thus, the “real party-in-interest” may be the petitioner itself, and/or it may be the party or parties *at whose* behest the petition has been filed.

Id. (emphasis added). The determination of whether a non-party is a real party-in-interest involves a consideration of control; “[a] common consideration is whether the non-party exercised or could have exercised control over a party’s participation in a proceeding.” *Id.*

Patent Owner alleges that a company called PGS Americas, Inc. (“PGSAI”) is a real party in interest to this proceeding because an in-house attorney for PGSAI, Kevin Hart, has been involved in the ION lawsuit, and “controlled the review, dissemination and discussion of the prior art that was presented in the Petition.” Prelim. Resp. 10. Patent Owner argues that Kevin Hart retained trial counsel for Petitioners PGS and a related company PGS Geophysical AS, (“PGSAS”), and “acted as [Petitioner’s] in-house counsel.” *Id.* Patent Owner argues that Kevin Hart of PGSAI also controlled the negotiation of indemnity protections for PGSAS, with ION, for potential patent infringement related to DigiFIN. *Id.* (citing Ex. 2022; Ex. 2023). Patent Owner further asserts that PGSAI controlled the payment of DigiFIN invoices to ION as well as the repair and shipment of DigiFIN products for PGSAS. *Id.* (citing Ex. 2019–2021).

Patent Owner’s argument relies on the requirement that all real parties-in-interest be identified in the Petition, and speculation that “[b]ecause PGSAI’s counsel is controlling [Petitioner’s] interests in the validity and infringement of the ‘967 patent, PGSAI is an RPI.” *Id.* at 11.

The *Practice Guide* provides guidance regarding factors to consider in determining whether a party is a real party-in-interest. Considerations may include whether a non-party exercises control over a Petitioner’s participation in a proceeding. Other considerations may include whether a non-party, in conjunction with control, is funding the proceeding

and directing the proceeding. 77 Fed. Reg. at 48,759–60.

Patent Owner provides insufficient evidence to support its speculative contention that any party other than Petitioner is, in fact, funding or controlling Petitioner's involvement in this proceeding, or that the Petition was filed "at the behest" of any party other than Petitioner. We are not persuaded that the evidence of common in-house counsel between PGSAI and Petitioner shows that PGSAI funded, or directed, Petitioner in connection with the filing of this Petition. While Kevin Hart may act on behalf of PGS at times, and PGSAI at other times, this employment association does not explain the corporate, or legal, relationship between PGSAI and Petitioner, or demonstrate that PGSAI has the ability to control the proceeding before the Board, nor is it evidence of corporate control between PGS and PGSAI. Discussions of potential remedies and indemnity protections by Mr. Hart on behalf of either entity, without specific evidence of corporate relationship, control, or contractual obligations of these entities, fail to prove that any entity is able to control the actions of another. Moreover, invoice payments by PGSAI for the DigiFIN product repair and development, at best, show that PGSAI, may be a corporate financial structure, not that any control was exercised by PGSAI over Petitioner and this *inter partes* review proceeding.

(2) ION

Patent Owner asserts that ION is a real party in interest because (a) ION and Petitioner have a

mutual desire to invalidate the '967 patent and other WesternGeco patents, and because in this regard, Petitioner claimed a "common interest privilege" over communications with ION; (b) ION expressed its desire to satisfy its product assurance pledge and fulfill its obligations to Petitioner by securing rights to the DigiFIN product, or replace it with a non-infringing product; and (c) because Petitioner invoked ION's indemnity obligations, notifying ION that Petitioner expected ION to fulfill its obligations and provide a remedy should infringement be found in the district court. Prelim. Resp. 13-14 (citing Ex. 2022; Ex. 2027).

The common interest privilege serves to protect confidential, or privileged, communications with third parties, which might otherwise be exceptions to the attorney-client privilege. There is nothing surreptitious about separate entities, as either third parties, or separate parties to a legal action, proclaiming shared interests to protect communications that are relevant to advance the interests of the entities possessing the common interest. See *In re Regents of Univ. of California*, 101 F.3d 1386, 1389 (Fed. Cir. 1996) ("The protection of communications among clients and attorneys 'allied in a common legal cause' has long been recognized.") (quoting *In re Grand Jury Subpoena Duces Tecum*, 406 F.Supp. 381, 386 (S.D.N.Y.1975)). The fact that Petitioner and ION, have a desire, and common interest, in invalidating the '967 patent and other WesternGeco patents, and have collaborated together, and invoked a common interest privilege with respect to sharing potentially invalidating prior art

references, does not persuade us that ION has the ability to control the instant Petition or is directing or funding the present proceeding.

The Board has issued decisions determining that a non-party entity is a real party-in-interest. See *Zoll Lifecor Corp. v. Philips Elecs. North America Corp.*, Case IPR2013-00609 (PTAB Mar. 20, 2014) (Paper 15) (the “Zoll Decision”). In the Zoll Decision, the Board was persuaded that an unnamed party to the IPR, Zoll Medical, exercised consistent control over Zoll Lifecore for over six years, including control of the *inter partes* review. *Id.* at 11. Specific evidence of control included Zoll Lifecor’s acknowledgment that Zoll Medical controlled 100% of Zoll Lifecor and approved Zoll Lifecor’s corporate budget and plans. *Id.* Other evidence of control included the fact that common counsel for Zoll Medical and Zoll Lifecor would not state affirmatively that counsel did not provide input into preparation of the IPRs. *Id.* at 11–12. Additional evidence showed that only Zoll Medical’s management team attended court-ordered mediation in the underlying district court litigation filed against Zoll Lifecor. *Id.* at 12.

We have no such evidence in this proceeding. ION and Petitioner are not related corporate entities. The evidence of record shows that Petitioner and ION preliminarily discussed potential remedies, relating to the product itself, not indemnification from litigation. Exs. 2022, 2027. As discussed above in section III.B.(1), absent specific facts evidencing the contractual obligations of the parties, we are not apprised of any evidence indicative of control, or

potential to control this *inter partes* proceeding by ION.

We, therefore, decline to deny the Petition for failure to comply with the requirement of 35 U.S.C. § 312(a)(2) for instituting an *inter partes* review.

C. Privity Under 35 U.S.C § 315(b)

Under 35 U.S.C. § 315(b), institution of an *inter partes* review is barred “if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or *privy of the petitioner is served with a complaint alleging infringement of the patent*” (emphasis added). Patent Owner contends that ION is a *privy of Petitioner* by virtue of shared interests regarding the validity of the '967 patent, the indemnity relationship between ION and Petitioner, the common interest privilege asserted by Petitioner and ION with respect to their communications in the ION lawsuit, and because Petitioner is essentially arguing that remand or reversal of the ION lawsuit on appeal should also extinguish Petitioner's liability for infringement of the '967 patent. Prelim. Resp. 16–17.

We note that “[t]he notion of ‘*privy*’ is more expansive, encompassing parties that do not necessarily need to be identified in the Petition as a ‘*real party-in-interest*.’” 77 Fed. Reg. at 48,759. It is undisputed that service was effected on ION as a named defendant in the ION lawsuit on June 12, 2009, more than one year before the filing date of this Petition. Patent Owner has not, however, provided evidence showing that Petitioner was a *privy of ION*

on June 12, 2009 when ION was served with a complaint alleging infringement of the '967 patent, nor a privity upon service of the amended complaint on March 14, 2011.

The nature of shared interests in invalidating the '967 patent, undertaking a joint defense and assertion of a common interest privilege does not, without more, indicate privity between Petitioner and ION. *See Practice Guide, 77 Fed. Reg. at 48,760* (“[I]f Party A is part of a Joint Defense Group with Party B in a patent infringement suit, and Party B files a PGR petition, Party A is not a ‘real party-in-interest’ or a ‘privity’ for the purposes of the PGR petition based solely on its participation in that Group.”). Patent Owner contends that Petitioner and ION have spun a “web of interlaced interests and unified legal efforts regarding the ‘967 patent, infringement liability therefor [sic] and the validity thereof,” but collaboration, by itself, is not evidence that ION has any involvement either by way of control, or funding the filing of this Petition. Prelim. Resp. 15.

Patent Owner has not provided evidence, or facts, that give rise to a showing of privity between ION and Petitioner. None of the evidence cited by Patent Owner, on the record before us, is indicative of the existence, much less consummation, of an indemnification agreement for patent infringement litigation, or IPR proceedings, between ION and Petitioner.

Moreover, as discussed above, Petitioner was never served as a party defendant in the ION lawsuit. Indemnification to fund or defend a lawsuit, arises

only upon service of the lawsuit upon the defendant. See *Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, Case IPR2013-00453, slip op. at 16 (PTAB Jan. 22, 2014) (Paper 31) (“Patent Owner’s privity theory relies fundamentally on [Indemnitor] having the right to control Petitioner’s involvement in this proceeding—a right that, at best, arises from Petitioner having been served with the complaint in the district court proceeding.”). Because Petitioner was never served as a defendant in the ION lawsuit, no indemnity impacting funding or control of such a defense could have arisen in that proceeding.

The fact that Petitioner has argued in district court that judgment against ION (in the ION lawsuit) would, if affirmed, render the recovery against Petitioner duplicative, or upon reversal or remand, eliminate Patent Owner’s patent claims against Petitioner, also does not implicate specific control or funding by ION. Patent Owner has failed to explain why such an argument, while indicative of a customer-client relationship, establishes privity between ION and Petitioner. Specifically, Patent Owner does not describe how either scenario is determinative of control or funding of this proceeding. The outcome in both scenarios could be potentially applicable to ION’s customers irregardless of privity.

Therefore, we conclude that institution of an *inter partes* review is not barred by 35 U.S.C. § 315(b).

We turn now to Petitioner’s asserted grounds of unpatentability, and Patent Owner’s arguments in its Preliminary Response, to determine whether

Petitioner has met the threshold standard of 35 U.S.C. § 314(a).

D. Claims 1 and 15 - Anticipation by '636 PCT

Petitioner asserts that claims 1 and 15 are anticipated by the '636 PCT. Pet. 29-40. Petitioner has established a reasonable likelihood of prevailing on its assertion that claims 1 and 15 are anticipated for the reasons explained below.

1. Overview of '636 PCT

The '636 PCT discloses a streamer control device, e.g. "a bird," for controlling the position of a marine seismic streamer as it is towed behind a boat in a streamer array. Ex. 1004, 2. Figure 1 of the '636 PCT, reproduced below, illustrates streamer control device 10 attached to seismic streamer 14. *Id.* at 3-4.

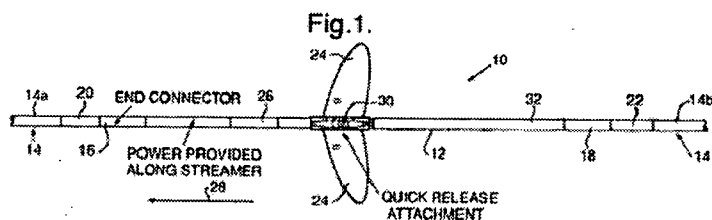
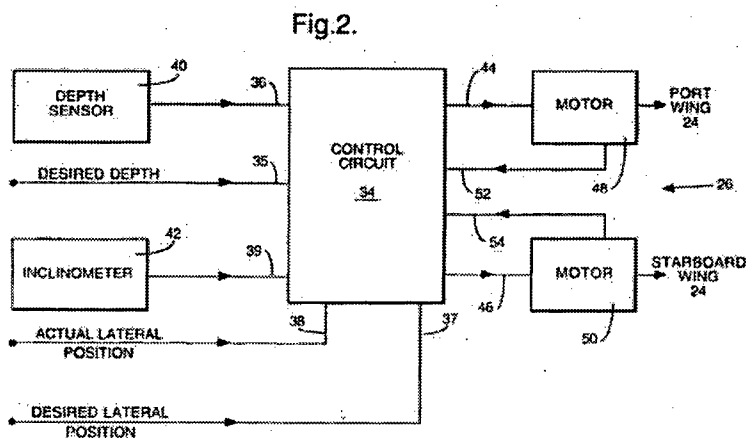


Figure 1 of the '636 PCT illustrates that bird 10 is controlled by wings 24 according to a control system and control circuit to move the bird, and hence the streamer, in both a vertical (up and down) and lateral (left and right) direction, to achieve a desired position of the streamer in the water. *Id.* at 5-6.

The control system disclosed by the '636 PCT is illustrated by Figure 2, reproduced below, and

includes control circuit 34 with inputs 35–39 for receiving signals indicating actual depth and lateral position (36, 38), as well as desired depth and desired lateral position (35, 37).



As depicted by Figure 2 of the '636 PCT, above, the actual and desired signals are used by control circuit 34 to calculate and adjust, via stepper motors 48, 50, "the respective angular positions of the wings 24 which together will produce the necessary combination of vertical force (upwardly or downwardly) and lateral force (left or right) required to move the bird 10 to the desired depth and lateral position." *Id.* at 6.

(2) Claims 1 and 15 as Anticipated by the '636 PCT

Based on this disclosure, Petitioner argues that the '636 PCT discloses an array of streamers towed behind a marine seismic survey vessel, with each

streamer having a plurality of positioning devices, "birds" along the streamer, with at least one of the positioning devices having a wing, as called for in paragraphs (a) of claims 1 and 15. Pet. 29-30. Petitioner also contends that the '636 PCT discloses a "global control system" that sends desired location information to a local control system associated with each positioning device on the streamers as recited in paragraphs (b) of the claims at issue. Although Petitioner does not refer to the '636 PCT for a specific recitation of a global control system, Petitioner cites to the Background of the Invention portion of the '967 Specification, discussing the '636 PCT, where the '967 Specification explains:

Another system for controlling a horizontally steerable bird is disclosed in our published PCT International Application No. WO 98/28636. Using this type of control system, the desired horizontal positions and the actual horizontal positions are received from *a remote control system* and are then used by a local control system within the birds to adjust the wing angles.

Pet. 31; Ex. 1001, col. 2, ll. 38-44 (emphasis added). Petitioner's position is that the '967 patent provides an explicit admission that the local control system of the birds described in the '636 PCT receives the desired positions of the streamer positioning devices from a "remote control system" which is equivalent to the "global control system" recited in claims 1 and 15. Pet. 31. Petitioner also points to various parts of the '636 PCT disclosure, which allegedly indicate the

desired control signals emanating from a remote “position determining system.” *Id.* at 32 (citing Ex. 1004, 5).

Patent Owner argues that the “remote control system” referred to in the ’967 patent is not the same as the claimed “global control system” recited in claims 1 and 15. Prelim. Resp. 29–30. Patent Owner asserts that the claimed “global control system” is required to send “commands” to the local control system, in addition to location information. *Id.* at 30. In other words, the ’636 PCT apparently discloses sending only location information, and, according to Patent Owner, does not disclose sending “commands” to the local control system. *Id.* We are not persuaded by this argument because on their face neither claim 1, nor claim 15, recites any limitation of the global control system sending anything besides “location information” to the local control system. Claim 15 explicitly recites the global control system “transmitting location information,” and the method claim 1 recites “transmitting [] location information.” Patent Owner has not pointed us to any recitation in the claims, or any disclosure in the Specification of the ’967 patent, that explains that “location information” sent by the claimed global control system should be understood as sending “commands” as well as the recited “location information.”⁸ Indeed, the ’967

⁸ Patent Owner alleges that Petitioner’s incorporation by reference of U.S. Patent No. 4,992,990 to Langeland et al. (Ex. 1019) is improper with respect to potential deficiencies in the ’636 PCT. Prelim. Resp. 30–31. This argument, however, does not explain why, or where, in the claims or disclosure of the ’967 patent, we should understand “location information” as including “commands.”

patent discloses an embodiment in which “the global control system 22 can transmit location information to the local control system 36 instead of force information.” Ex. 1001, col. 6, ll. 45–47 (emphasis added).

Accordingly, we are not apprised by the record, at this point in the proceeding, of any substantial difference between a “global control system” and “remote control system” transmitting location information to the birds’s local control system.

Petitioner has shown sufficiently that the ’636 PCT discloses each of the limitations recited in independent claims 1 and 15. Accordingly, we are persuaded, for the reasons provided above, and for purposes of this Decision, that Petitioner has established a reasonable likelihood of prevailing on the ground of unpatentability of claims 1 and 15 as anticipated by the ’636 PCT under 35 U.S.C. § 102(b).

E. Claims 1 and 15 – Obviousness over the ’636 PCT

As noted above, we are persuaded that Petitioner has established a reasonable likelihood of prevailing in showing that claims 1 and 15 are anticipated by the ’636 PCT. Because anticipation is the epitome of obviousness, a disclosure that anticipates under 35 U.S.C. § 102 also generally renders the claim unpatentable under 35 U.S.C. § 103. See *In re Fracalossi*, 681 F.2d 792, 794 (CCPA 1982); *In re Meyer*, 599 F.2d 1026, 1031 (CCPA 1979); *In re Pearson*, 494 F.2d 1399, 1402 (CCPA 1974).

Therefore, we conclude that the information presented shows a reasonable likelihood that Petitioner would prevail in demonstrating that claims 1 and 15 are unpatentable as obvious over the '636 PCT.

F. Additional Grounds

With respect to the alleged grounds of unpatentability that claims 1 and 15 would have been anticipated by, and obvious over, Ambs, as well as obvious over the '636 PCT and Elholm, we exercise our discretion not to institute in light of our decision to institute review of these same claims on the grounds discussed above. See 35 U.S.C. §314(a); 37 C.F.R. § 42.108(b).

IV. SUMMARY

For the foregoing reasons, we determine that the information presented in the Petition establishes a reasonable likelihood that Petitioner would prevail on at least one alleged ground of unpatentability with respect to each of claims 1 and 15 of the '967 patent. The Board has not made a final determination on the patentability of any challenged claims.

V. ORDER

For the reasons given, it is

ORDERED that *inter partes* review of the '967 patent is hereby instituted as to all the challenged claims on the following grounds:

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1. Claims 1 and 15 as anticipated by the '636 PCT; and
2. Claims 1 and 15 as obvious over the '636 PCT;

FURTHER ORDERED that no ground other than those specifically granted above is authorized for the *inter partes* review; and

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial on the grounds of unpatentability authorized above; the trial commences on the entry date of this Decision.

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201a

Paper 53
Filed: April 23, 2015

UNITED STATES PATENT AND
TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND
APPEAL BOARD

ION GEOPHYSICAL CORPORATION and ION
INTERNATIONAL S.A.R.L.,
Petitioners,

v.

WESTERNGECO LLC
Patent Owner.

Case IPR2015-00566
Patent 7,162,967

Before SCOTT A. DANIELS, BEVERLY M.
BUNTING, and BARBARA A. PARVIS,
Administrative Patent Judges.

DANIELS, *Administrative Patent Judge.*

DECISION

Institution of *Inter Partes* Review and Grant of
Motion for Joinder
37 C.F.R. § 42.108
37 C.F.R. § 42.122(b)

I. INTRODUCTION

ION Geophysical Corporation and ION International S.a.r.l. (“ION”) filed a Petition to institute an *inter partes* review of claims 1 and 15 of U.S. Patent No. 7,162,967 (“the ’967 patent”). Paper 3 (“Pet.”). The Petition was accorded a filing date of January 15, 2015. Paper 8. With the Petition, ION also filed a Motion for Joinder (“Mot.,” Paper 4) seeking to join this proceeding with *Petroleum Geo-Services, Inc., v. WesternGeco L.L.C.*, Case IPR2014-00687 (the “PGS IPR”). Mot. 2. The PGS IPR concerns the same patent as at issue here, namely the ’967 patent. We instituted trial in the PGS IPR on December 15, 2014. See *Petroleum Geo-Services, Inc., v. WesternGeco L.L.C.*, Case IPR2014-00687, Paper 33 (Decision instituting *inter partes* review).

Patent Owner, WesternGeco L.L.C. (“WesternGeco”) timely filed an Opposition (“Opp.,” Paper 10) to ION’s Motion for Joinder, and ION, in turn, filed a Reply (Paper 12).

For the reasons provided below, we (1) institute an *inter partes* review on certain grounds, and (2) grant ION’s Motion for Joinder, subject to the conditions detailed herein.

II. INSTITUTION OF *INTER PARTES* REVIEW

We have jurisdiction under 35 U.S.C. § 314, which provides that an *inter partes* review may not be instituted “unless . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” The Petition in this proceeding asserts the same grounds as those asserted in the PGS IPR. Pet. 1, 29, Mot. 2–4. We instituted a trial in the PGS IPR on two grounds:

1. Claims 1 and 15 as anticipated by the '636 PCT;
and
2. Claims 1 and 15 as obvious over the '636 PCT;

Petroleum Geo-Services, Inc., v. WesternGeco L.L.C., Case IPR2014-00687, slip op. at 25 (PTAB Dec. 15, 2014) (Paper 33). We did not institute on three grounds, namely, claims 1 and 15 as anticipated by, or obvious over Ambs, and obvious over Elholm and the '636 PCT. *Id.* In view of the challenges in the instant Petition and the petition in the PGS IPR, we institute an *inter partes* review in this proceeding on the same two grounds as those on which we instituted in the PGS IPR. *Id.* at 20–24. We do not institute on any other grounds.

III. GRANT OF MOTION FOR JOINDER

An *inter partes* review may be joined with another *inter partes* review, subject to the provisions 35 U.S.C. § 315(c), which governs joinder of *inter partes* review proceedings:

(c) JOINDER.—If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter parties review under section 314.

As the moving party, ION bears the burden of proving that it is entitled to the requested relief. 37 C.F.R. § 42.20(c). A motion for joinder should: (1) set forth the reasons joinder is appropriate; (2) identify any new grounds of unpatentability asserted in the petition; and (3) explain what impact (if any) joinder would have on the trial schedule for the existing review. See Frequently Asked Question H5, <http://www.uspto.gov/patents-application-process/appealing-patentdecisions/trials/patent-review-processing-system-prps-0> (last visited April 1, 2015).

The Petition in this proceeding has been accorded a filing date of January 15, 2015 (Paper 8), and the Motion for Joinder was filed on the same date. (Mot.). Thus, the Motion for Joinder in this proceeding satisfies the requirement of being filed within one month of the date, December 15, 2014, of the decision instituting a trial in the PGS IPR. See 37 C.F.R. § 42.122(b) (Any request for joinder must be filed, as a motion under § 42.22, no later than one month after the institution date of any *inter partes* review for which joinder is requested.).

In its Motion for Joinder, ION contends that “aside from the procedural sections of the Petition, for example that identify ION and its standing, the Petition and accompanying evidence are identical.” Mot. 7. ION further represents that because the challenges are identical, it “envisions few, if any, differences in position between ION and PGS.” *Id.* at 8.

PGS indicated during a conference call on March 25, 2015, with the Board and all the participants in the PGS IPR and this proceeding, that it opposes joinder because PGS does not desire to coordinate its conduct of the PGS IPR with ION, and also, because joining these proceeding may raise issues relating to alleged hearsay evidence. For its part, WesternGeco argues that joinder would create duplicative litigation, delay and complicate the PGS IPR schedule, thus prejudicing WesternGeco and raising its costs. Opp. Mot. 2–4.

Based on the present record, we agree that joinder with the PGS IPR would promote the efficient resolution of these proceedings. In the March 25, 2015 conference call, ION confirmed that it was amendable to joinder on only the already instituted grounds in the PGS IPR. In its Motion for Joinder, ION notes that both proceedings involve the same prior art, the same claims, and the same arguments and evidence. Mot. 6–7. ION has brought the same substantive challenges in this proceeding, as in the PGS IPR, and joinder simplifies addressing the overlap of the instituted grounds. *Compare* Pet. 1–60 *with* *Petroleum Geo-Services, Inc.*, Paper 1, 1–60. Addressing the same grounds in the PGS IPR as

presented here, in a joined proceeding, facilitates scheduling of the joined actions and minimizes delay. Also, because the challenges, prior art and evidence are identical substantively to the PGS IPR, prejudice to WesternGeco is minimal. With respect to PGS's concern regarding hearsay evidence, even if these proceedings were not joined, the parties have the ability to request authorization to obtain 3rd party testimony under 35 U.S.C. 24. *See* § 42.53. In addition, scheduling of the joined proceeding, as set forth below, will occur so as to minimize impact to WesternGeco and PGS, yet maintain the current DUE DATE 7 (July 30, 2015) for oral hearing.

IV. SCHEDULING

The Scheduling Order in the PGS IPR (Paper 33) sets the oral hearing for July 30, 2015. Final hearing and final determination shall not be delayed by joining the two proceedings. In view of our joinder order below, the remaining DUE DATES are unchanged. The parties may stipulate to different dates for DUE DATES 2 through 5 (earlier or later, but no later than DUE DATE 6). A notice of the stipulation, specifically identifying the changed due dates, must be promptly filed. The parties may not stipulate to an extension of DUE DATES 6 and 7.

VI. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that a trial is instituted as to the challenged claims of the '967 patent on the following grounds:

Claims 1 and 15 as anticipated by the '636 PCT;
and

Claims 1 and 15 as obvious over the '636 PCT;

FURTHER ORDERED that ION's Motion for Joinder with respect to the same grounds as instituted in the PGS IPR is *granted*, and that this proceeding is joined with IPR2014-00687;

FURTHER ORDERED that the grounds on which IPR2014-00687 was instituted are unchanged and no other grounds are instituted in the joined proceeding;

FURTHER ORDERED that the Scheduling Order in place for IPR2014-00687 (Paper 34) remains unchanged, and shall govern the joined proceedings;

FURTHER ORDERED that ION is not permitted to file papers, engage in discovery, or participate in any deposition or oral hearing in IPR2014-00687. ION, however, is permitted to appear in IPR2014-00687 so that it may receive notification of filings and may attend depositions and oral hearing. Should ION believe it necessary to take any further action, ION should request a conference call to obtain authorization from the Board;

FURTHER ORDERED that IPR2015-00566 is terminated under 37 C.F.R. § 42.72 and all further filings in the joined proceeding are to be made in IPR2014-00687;

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FURTHER ORDERED that a copy of this Decision be entered into the file of IPR2014-00687; and

FURTHER ORDERED that the case caption in IPR2014-00687 shall be changed to reflect joinder with this proceeding in accordance with the attached example.

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209a

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Example Case Caption for Joined Proceeding

UNITED STATES PATENT AND
TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND
APPEAL BOARD

PETROLEUM GEO-SERVICES INC.,
and
ION GEOPHYSICAL CORPORATION
AND ION INTERNATIONAL S.A.R.L.,
Petitioners,

v.

WESTERNGECO LLC
Patent Owner.

Case IPR2014-00687¹
Patent 7,293,967

¹ Case IPR2015-00566 has been joined with this proceeding.

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Paper No. 18
Filed: March 17, 2015

UNITED STATES PATENT AND
TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND
APPEAL BOARD

PETROLEUM GEO-SERVICES INC.
Petitioner,

v.

WESTERNGECO LLC
Patent Owner.

Case IPR2014-01475
Patent 7,162,967 B2

Before SCOTT A. DANIELS, BEVERLY M.
BUNTING, and BARBARA A. PARVIS,
Administrative Patent Judges.

DANIELS, *Administrative Patent Judge.*

DECISION
Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

A. Background

Petroleum Geo-Services Incorporated (“Petitioner”) filed a Petition to institute an *inter partes* review of claim 4 of U.S. Patent No. 7,162,967 B2 (“the ’967 patent”). Paper 1 (“Pet.”). WesternGeco LLC (“Patent Owner”) timely filed a Preliminary Response. Paper 12 (“Prelim. Resp.”).

We have authority to determine whether to institute an *inter partes* review under 35 U.S.C. § 314; 37 C.F.R. § 42.4(a). Upon consideration of the Petition and the Preliminary Response, we determine that Petitioner has established a reasonable likelihood of prevailing on the claim challenged in the Petition. Accordingly, we institute an *inter partes* review for claim 4 of the ’967 patent.

B. Additional Proceedings

Petitioner states that related lawsuits involving the ’967 patent presently asserted against Petitioner are *WesternGeco L.L.C. v. Petroleum Geo-Services Inc.*, 4:13-cv-02725 (the “PGS lawsuit”) in the Southern District of Texas, and *WesternGeco L.L.C. v. ION Geophysical Corp.*, 4:09-cv-01827 (the “ION lawsuit”) also in the Southern District of Texas. Pet. 2.

Petitioner previously filed *Petroleum Geo-Services, Inc. v. WesternGeco LLC*, IPR2014-00687, (“the first PGS IPR”) upon which we instituted an *inter partes* review of claims 1 and 15 of the ’967 patent. Claims 1 and 15 of the ’967 patent are also

challenged in *ION Geophysical Corporation and ION International S.a.r.l. v. WesternGeco LLC*, IPR2015-00566 (“the ION IPR”).¹

Petitioner also has concurrently filed three additional petitions challenging the patentability of claims 16–23 of U.S. Patent No. 7,080,607 B2 (“the ’607 patent”); claims 1–3, 5–20, and 22–34 of U.S. Patent No. 7,293,520 B2 (“the ’520 patent”); and claims 1–4, 10, 20–21, 26–29, 35, 39, and 45–47 of U.S. Patent No. 6,691,038 B2 (“the ’038 patent”).² See IPR2014-01476; IPR2014-01477; and IPR2014-01478.

C. The ’967 Patent

The ’967 patent (Ex. 1001), titled “**CONTROL SYSTEM FOR POSITIONING OF MARINE SEISMIC STREAMERS**,” generally relates to a method and apparatus for improving marine seismic survey techniques by more effectively controlling the movement and positioning of marine seismic streamers towed in an array behind a boat. *Id.* at col. 1, ll. 24–36. As illustrated in Figure 1 of the ’967 patent, reproduced below, labeled prior art, a seismic

¹ ION filed a pending Motion for Joinder under 35 U.S.C. § 315(c) and 37 C.F.R. § 42.122(b) to join IPR2015-00566 with the first PGS IPR, IPR2014-00687.

² The ’520, ’607, and ’967 patents each issued as continuations of Application No. 09/787,723, filed July 2, 2001, now U.S. Patent No. 6,932,017, which was in turn a 35 U.S.C. § 371 national stage filing from Patent Cooperation Treaty application number PCT/IB99/01590, filed September 28, 1999, claiming foreign priority under 35 U.S.C. § 119 from Great Britain patent application number 9821277.3, filed October 1, 1998. See Ex. 1001, col. 1, ll. 7–16.

source, for example, air gun 14, is towed by boat 10 producing acoustic signals, which are reflected off the earth below. *Id.* at col. 1, ll. 36–38. The reflected signals are received by hydrophones (no reference number) attached to streamers 12, and the signals “digitized and processed to build up a representation of the subsurface geology.” *Id.* at col. 1, ll. 39–41.

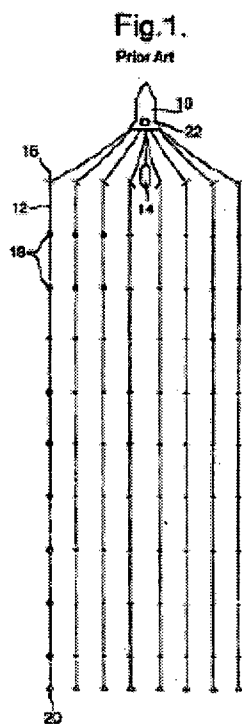


Figure 1, reproduced above, depicts an array of seismic streamers 12 towed behind the vessel. In order to obtain accurate survey data, it is necessary to control the positioning of the streamers, both vertically in the water column, as well as horizontally against ocean currents and forces, which can cause the normally linear streamers to bend and undulate

and, in some cases, become entangled with one another. *Id.* at col. 1, l. 42–col. 2, l. 25.

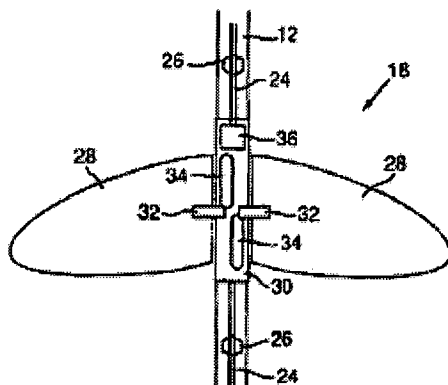
As depicted by Figure 1, each streamer 12 is maintained in a generally linear arrangement behind the boat by deflector 16 which horizontally positions the end of each streamer nearest the vessel. *Id.* at col. 1, ll. 43–45. Drag buoy 20 at the end of each streamer farthest from the vessel creates tension along the streamer to maintain the linear arrangement.

Additionally, to control the position and linear shape of the streamer, a plurality of streamer positioning devices, called “birds” 18, are attached along the length of each streamer.³ The birds are horizontally and vertically steerable and control the shape and position of the streamer in both vertical (depth) and horizontal directions. *Id.* at col. 3, ll. 53–61. The bird’s job is usually to maintain the streamers in their linear and parallel arrangement, because, when the streamers are horizontally out of position, the efficiency of the seismic data collection is compromised. *Id.* at col. 2, ll. 14–17. The most important task of the birds, however, is to keep the streamers from tangling. *Id.* at col. 4, ll. 4–5.

Figure 2 of the ’967 patent, reproduced below, illustrates a preferred embodiment of bird 18 as it relates to the described invention.

³ Although the term “streamer positioning device” may be inclusive of other structures besides a “bird,” unless otherwise noted in this Decision, we use the terms “birds” and “streamer positioning devices” interchangeably.

Fig.2.



As depicted by Figure 2 of the '967 patent, reproduced above, when the streamers are towed, birds 18 are capable of controlling their own position, and hence the position of streamers 12, in both horizontal and vertical directions. *Id.* at col. 5, ll. 34-36. The '967 patent explains that "[t]he bird 18 preferably has a pair of independently moveable wings 28 that are connected to rotatable shafts 32 that are rotated by wing motors 34 and that allow the orientation of the wings 28 with respect to the bird body 30 to be changed." *Id.* at col. 5, ll. 50-54.

Global control system 22 located on or near the vessel, controls the birds on each streamer to maintain the streamers in their particular linear and parallel arrangement. *Id.* at col. 3, ll. 62-66. The control system is provided with a model (desired) position representation of each streamer in the towed streamer array, and also receives (actual) position information from each of the birds. *Id.* at col. 4, ll. 21-23. The control system uses the desired and actual position of the birds to "regularly calculate updated desired vertical and horizontal forces the birds should

impart on the seismic streamers 12 to move them from their actual positions to their desired positions." *Id.* at col. 4, ll. 37–40. Alternatively, the '967 patent explains that "the global control system 22 can transmit location information to the local control system 36 instead of force information." *Id.* at col. 6, ll. 45–47. In this alternative embodiment, "the global control system 22 can transmit a desired vertical depth and the local control system 36 can calculate the magnitude and direction of the deviation between the desired depth and the actual depth." *Id.* at col. 6, ll. 48–51.

D. Illustrative Claims

Claim 4 is dependent upon claim 1, both are reproduced below:

1. A method comprising:
 - (a) towing an array of streamers each having a plurality of streamer positioning devices there along, at least one of the streamer positioning devices having a wing;
 - (b) transmitting from a global control system location information to at least one local control system on the at least one streamer positioning devices having a wing; and
 - (c) adjusting the wing using the local control system.

4. The method as claimed in claim 1, wherein the global control system transmits a desired vertical depth for the at least one streamer positioning device and the local control system calculates magnitude and direction of the

deviation between the desired vertical depth and actual depth.

Id. at col. 11, ll. 16–24, ll. 37–41.

E. The Alleged Grounds of Unpatentability

Petitioner contends that the challenged claims are unpatentable on the following specific grounds.⁴

References	Basis	Claim Challenged
'636 PCT ⁵	§ 102	4
'636 PCT	§ 103	4
Ambs ⁶	§ 102	4
Ambs	§ 103	4

II. CLAIM CONSTRUCTION

A. Legal Standard

In an *inter partes* review, claim terms in an unexpired patent are interpreted according to their broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.100(b); *see also In re Cuozzo Speed Techs., LLC*, No. 14-01301, slip op. at 16, 19 (Fed. Cir. Feb. 4, 2015) (“Congress implicitly adopted the broadest

⁴ Petitioner supports its challenge with Declarations of Dr. Brian J. Evans, Ph.D. (Ex. 1002) (“Evans Decl.”) and Dr. Jack H. Cole, Ph.D. (Ex. 1003) (“Cole Decl.”). *See infra*.

⁵ Ex. 1004, PCT International Publication No. WO 98/28636 (published July 2, 1998).

⁶ Ex. 1005, U.S. Patent No. 6,011,752 (issued Jan. 4, 2000).

reasonable interpretation standard in enacting the AIA,” and “the standard was properly adopted by PTO regulation.”). Claim terms are given their ordinary and customary meaning as would be understood by a person of ordinary skill in the art at the time of the invention and in the context of the entire patent disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). If the specification “reveal[s] a special definition given to a claim term by the patentee that differs from the meaning it would otherwise possess[,] . . . the inventor’s lexicography governs.” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316 (Fed. Cir. 2005) (en banc) (citing *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed. Cir. 2002)). Also, we must be careful not to read a particular embodiment appearing in the written description into the claim, if the claim language is broader than the embodiment. *See In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993) (“[L]imitations are not to be read into the claims from the specification.”). We apply this standard to the claims of the ’967 patent.

B. Streamer Positioning Device

Independent claim 1 recites the limitation, “streamer positioning device[].” Petitioner proposes that under the broadest reasonable interpretation, a “streamer positioning device” is “a device that controls the position of a streamer as it is towed (e.g., a ‘bird’).” Pet. 23. Patent Owner opposes the proposed construction and argues that, in accordance with the plain meaning of the term, the broadest reasonable construction of “streamer positioning device” is “a device that controls at least the lateral position of a

streamer as it is towed.” Prelim. Resp. 20.

A review of the claims and specification provides context for defining “streamer positioning device.” Claim 1 recites the limitations of “a plurality of streamer positioning devices,” and “at least one of the streamer positioning devices having a wing.” Describing how the wing is controlled, claim 1 further requires the step of “adjusting the wing using the local control system.” There is no specificity provided by the claim to the manner, trajectory, or direction in which the wing of the positioning device is controlled. The specification of the ’967 patent describes seismic streamers being maintained in linear position by “a plurality of streamer positioning devices known as birds 18. Preferably[,] the birds 18 are both vertically and horizontally steerable.” Ex. 1001, col. 3, ll. 54–56. The bird is preferably steered by “a pair of independently moveable wings 28 that are connected to rotatable shafts 32 that are rotated by wing motors 34 and that allow the orientation of the wings 28 with respect to the bird body 30 to be changed.” *Id.* at col. 5, ll. 51–55. However, none of the structure or function for adjusting the wings, or “horizontal,” i.e., lateral, or “vertical” steering, is required by claim 1.

Because, *inter alia*, the specification of the ’967 patent discloses that “positioning” of the streamer may be accomplished by either horizontal and vertical steering, or both, any interpretation including specific directional terms would read limitations improperly from the specification into the claims. Consequently, the broadest reasonable interpretation of “streamer positioning device” is “a device that positions a streamer as it is towed.”

C. Local Control System

Petitioner contends that “local control system” should be interpreted as “a control system located on or near the streamer positioning devices (e.g., birds).” Pet. 27–28 (emphasis added). Patent Owner does not provide an interpretation. The specification of the ’967 patent states that the “local control system [is] located within or near the birds 18.” Ex. 1001, col. 3, ll. 65–66. The specification further explains that “[t]he inventive control system is based on shared responsibilities between the global control system 22 located on the seismic survey vessel 10 and the local control system 36 located on the bird 18.” *Id.* at col. 10, ll. 18–21. Figure 3 appears to disclose an embodiment having local control system 36 on, or within, bird body 30. Figure 4, on the other hand, does not schematically indicate a specific position for local control system 36 relative to bird 18, or bird body 30, only that it is part of the control communication between streamer 12 and the bird.

Although claim 1 recites the local control system “on” the streamer positioning device, more informative are the descriptions referenced above from the specification, which in context, appear to use the words, “within,” “near,” and “on,” essentially interchangeably, as non-exclusive alternatives. Having considered Petitioner’s contentions in view of the specification, and for purposes of this proceeding, we determine that the claim phrase “local control system” means “a control system located on or near the streamer positioning devices.”

D. Other Claim Constructions

Petitioner offers constructions for the terms “location information” and “global control system.” Pet. 26–27. We determine that no express construction is needed for purposes of this Decision for the noted terms or phrases.

III. ANALYSIS

A. Redundancy

As an initial matter, we address Patent Owner’s argument that the grounds presented in the present proceeding are redundant to the grounds set forth in the first PGS IPR. Prelim. Resp. 5–8.

In the first PGS IPR we instituted on claim 1, from which claim 4 depends. Claim 4 of the ’967 patent was not, however, included by Petitioner in the grounds presented in the first PGS IPR. Because this Petition involves a different claim Patent Owner’s redundancy argument does not demonstrate a persuasive reason why we should reject the present Petition.

B. Statutory Bar Under 35 U.S.C. § 315(b)

Patent Owner disputes that Petitioner timely filed its Petition for an *inter partes* review. Prelim. Resp. 8–12. Specifically, under 35 U.S.C. § 315(b), a party may not file a petition for *inter partes* review if the party had been served with a complaint alleging infringement more than one year previously. Patent

Owner asserts that Petitioner was served with a complaint on March 14, 2011. *Id.* at 9.

On June 12, 2009, Patent Owner filed, via the district court's electronic case filing procedure ("ECF"), a complaint initiating the ION lawsuit, alleging infringement of the '967 patent against ION based on ION's "DigiFIN" and other products. Prelim. Resp. 8. Patent Owner also filed a similar complaint against a company called Fugro, a customer of ION, which was consolidated with the ION lawsuit. *Id.* (citing Ex. 2037). On December 8, 2009, remarking that Petitioner may have been involved in the design and testing of the ION products, Patent Owner provided Petitioner via email with a copy of the complaint against ION. *Id.* (citing Ex. 2008).

Subsequently, Patent Owner subpoenaed Petitioner on January 22, 2010 to produce documents and evidence relating inter alia to Petitioner's use and operation of ION's DigiFIN product. *Id.* (citing Ex. 2009). In response to the subpoena, Petitioner appeared in the ION lawsuit through its counsel, Heim, Payne & Chorush. *Id.* at 9 (citing Ex. 2011). On March 14, 2011, Patent Owner filed an amended complaint in the ION lawsuit via the court's electronic filing system ("ECF"), naming ION and Fugro, but not Petitioner. *Id.* (citing Ex. 2012). Patent Owner argues that because Petitioner's counsel, as an ECF notice recipient in the ION lawsuit, received a copy of the amended complaint against Fugro and ION on March 14, 2011, Petitioner was therefore "served" in accordance with 35 U.S.C. § 315(b) the same day. *Id.* Thus, it is Patent Owner's position that because Petitioner was "served" with the complaint more than

one year before filing the present Petition, the Petition here is now time-barred.

The Board has dealt with similar arguments regarding the statutory interpretation of 35 U.S.C. § 315(b) before in *Motorola Mobility LLC v. Arrouse*, Case IPR2013-00010 (PTAB Jan. 30, 2013) (Paper 20) (the “*Motorola* decision”). For reasons similar to those set forth in the *Motorola* decision, we do not adopt the statutory construction that mere receipt of a complaint, via email or even ECF, initiates the one-year time period. We specifically agree with the *Motorola* Panel’s review and interpretation of the legislative history and intent of 35 U.S.C. § 315(b) in that, “[w]e do not believe that the Congress intended to have the time period start before a petitioner is officially a defendant in a law suit.” *Id.* at 5.

Patent Owner specifically argues that the present proceeding differs from *Motorola* because in the ION lawsuit “Petitioner was served with process and formally appeared,” (emphasis omitted) and was thus “‘brought under a court’s authority, by formal process’ before being served with the amended complaint.” Prelim. Resp. 10–11 n.1 (citing *Murphy Bros., Inc. v. Michetti Pipe Stringing, Inc.* 526 U.S. 344, 347 (1999)). Despite this factual difference from *Motorola*, Petitioner was not, and never has been, a party defendant in the ION lawsuit.

Petitioner, in the ION lawsuit, was served under Fed. R. Civ. P. 45, with a third party subpoena, to produce documents and things relating to the ION lawsuit. *See* Ex. 2009. Although a person, or entity, may have been served properly with a subpoena, and

may fall under a court's authority for purposes of producing appropriate documents and things not protected by a privilege or protection, Fed. R. Civ. P. 45(c)–(e) does not express, or imply, that a person subject to the subpoena is a “defendant” to a lawsuit. Indeed, Fed. R. Civ. P. 45 specifically differentiates between a “person” served with the subpoena, and “a party” to the lawsuit. See Fed. R. Civ. P. 45 (d)(2)(B) (“A person commanded to produce documents or tangible things or to permit inspection may serve on the party or attorney designated in the subpoena a written objection to inspecting, copying, testing, or sampling any or all of the materials.”). We are not aware of any case law or precedent, nor has Patent Owner cited to any, indicating that serving a person with a subpoena, and subjecting them to the authority of the court in enforcing such subpoena under Fed. R. Civ. P. 45(e), provides sufficient legal process to make such person a defendant to a lawsuit.

Thus, Petitioner was not a defendant in the ION lawsuit. Concomitant with our colleagues' *Motorola* decision, we interpret 35 U.S.C. § 315(b) as requiring service upon a defendant to the lawsuit. Petitioner was not a defendant; thus, it was never “served with a complaint” in the ION lawsuit as required by 35 U.S.C. § 315(b).⁷

⁷ Patent Owner's argument that S.D. Texas L.R. 5-1 states that the ECF notice “constitutes service of the document on those registered as filing users” (Prelim. Resp. 8 (citing Ex. 2033)), is not persuasive as to the intent of Congress with respect to § 315(b). See 157 Cong. Rec. S5429 (daily ed. Sept. 8, 2011) (statement of Senator Kyl) (“it is important that the section 315(b) deadline afford defendants a reasonable opportunity to

C. Real Parties-in-Interest Under 35 U.S.C. § 312(a)

1. PGSAI

The statute governing *inter partes* review proceedings sets forth certain requirements for a petition for *inter partes* review, including that “the petition identif[y] *all* real parties in interest.” 35 U.S.C. § 312(a)(2) (emphasis added); *see also* 37 C.F.R. § 42.8(b)(1) (requirement to identify real parties-in-interest in mandatory notices). *The Office Patent Trial Practice Guide*, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012) (“*Practice Guide*”) explains that “[w]hether a party who is not a named participant in a given proceeding nonetheless constitutes a ‘real party-in-interest’ . . . to that proceeding is a highly fact-dependent question.” 77 Fed. Reg. at 48,759.

The Practice Guide further states that:

However, the spirit of that formulation as to IPR and PGR proceedings means that, at a general level, the “real party-in-interest” is the party that desires review of the patent. Thus, the “real party-in-interest” may be the petitioner itself, and/or it may be the party or parties at whose behest the petition has been filed.

identify and understand the patent claims that are relevant to the litigation”).

Id. (emphasis added). The determination of whether a non-party is a real party-in-interest involves a consideration of control; “[a] common consideration is whether the non-party exercised or could have exercised control over a party’s participation in a proceeding.” *Id.*

Patent Owner alleges that a company called PGS Americas, Incorporated (“PGSAI”) is a real party-in-interest to this proceeding because an in-house attorney for PGSAI, Kevin Hart, has been involved in the ION lawsuit, and “controlled the review, dissemination[,] and discussion of the prior art that was presented in the Petition.” Prelim. Resp. 13. Patent Owner argues that Kevin Hart retained trial counsel for Petitioners PGS and a related company PGS Geophysical AS (“PGSAS”), and “acted as [Petitioner’s] in-house counsel.” *Id.* (citing Ex. 2018). Patent Owner argues that Kevin Hart of PGSAI also controlled the negotiation of indemnity protections for PGSAS, with ION, for potential patent infringement related to DigiFIN. *Id.* (citing Exs. 2022–23). Patent Owner further asserts that PGSAI controlled the payment of DigiFIN invoices to ION as well as the repair and shipment of DigiFIN products for PGSAS. *Id.* at 13–14 (citing Exs. 2019–21).

Patent Owner’s argument relies on the requirement that all real parties-in-interest be identified in the Petition, and speculation that “[b]ecause PGSAI’s counsel is controlling [Petitioner’s] interests in the validity and infringement of the ‘967 patent, PGSAI is an RPI.” Prelim. Resp. 11.

The *Practice Guide* provides guidance regarding factors to consider in determining whether a party is a real party-in-interest. Considerations may include whether a non-party exercises control over a Petitioner's participation in a proceeding. Other considerations may include whether a non-party, in conjunction with control, is funding the proceeding and directing the proceeding. 77 Fed. Reg. at 48,759-60.

Patent Owner provides insufficient evidence to support its speculative contention that any party other than Petitioner is, in fact, funding or controlling Petitioner's involvement in this proceeding, or that the Petition was filed "at the behest" of any party other than Petitioner. We are not persuaded that the evidence of common in-house counsel between PGSAI and Petitioner shows that PGSAI funded, or directed, Petitioner in connection with the filing of this Petition. While Kevin Hart may act on behalf of PGS at times, and PGSAI at other times, this employment association does not explain the corporate, or legal, relationship between PGSAI and Petitioner, or demonstrate that PGSAI has the ability to control the proceeding before the Board, nor is it evidence of corporate control between PGS and PGSAI. Discussions of potential remedies and indemnity protections by Mr. Hart on behalf of either entity, without specific evidence of corporate relationship, control, or contractual obligations of these entities, fail to prove that any entity is able to control the actions of another. Moreover, based on this record, invoice payments by PGSAI for the DigiFIN product repair and development, at best, show that PGSAI and PGS may share a corporate financial structure,

not that any control was exercised by PGSAI over Petitioner and this *inter partes* review proceeding.

2. ION

Patent Owner asserts that ION is a real party-in-interest because: (a) ION and Petitioner have a mutual desire to invalidate the '967 patent and other WesternGeco patents, and because in this regard, Petitioner claimed a "common interest privilege" over communications with ION; (b) ION expressed its desire to satisfy its product assurance pledge and fulfill its obligations to Petitioner by securing rights to the DigiFIN product, or replace it with a non-infringing product; and (c) because Petitioner invoked ION's indemnity obligations, notifying ION that Petitioner expected ION to fulfill its obligations and provide a remedy should infringement be found in the district court. Prelim. Resp. 15–16 (citing Exs. 2015, 2022, 2027).

The common interest privilege serves to protect confidential, or privileged, communications with third parties, which might otherwise be exceptions to the attorney-client privilege. There is nothing surreptitious about separate entities, as either third parties, or separate parties to a legal action, proclaiming shared interests to protect communications that are relevant to advance the interests of the entities possessing the common interest. See *In re Regents of Univ. of California*, 101 F.3d 1386, 1389 (Fed. Cir. 1996) ("The protection of communications among clients and attorneys 'allied in a common legal cause' has long been recognized.") (quoting *In re Grand Jury Subpoena Duces Tecum*,

406 F.Supp. 381, 386 (S.D.N.Y.1975)). The fact that Petitioner and ION, have a desire, and common interest, in invalidating the '967 patent and other WesternGeco patents, and have collaborated together, and invoked a common interest privilege with respect to sharing potentially invalidating prior art references, does not persuade us that ION has the ability to control the instant Petition or is directing or funding the present proceeding.

The Board has issued decisions determining that a non-party entity is a real party-in-interest. *See Zoll Lifecor Corp. v. Philips Elecs. North America Corp.*, Case IPR2013-00609 (PTAB Mar. 20, 2014) (Paper 15) (the "Zoll Decision"). In the Zoll Decision, the Board was persuaded that an unnamed party to the *inter partes* review, Zoll Medical, exercised consistent control over Zoll Lifecor for over six years, including control of the *inter partes* review. *Id.* at 11. Specific evidence of control included Zoll Lifecor's acknowledgment that Zoll Medical controlled 100% of Zoll Lifecor and approved Zoll Lifecor's corporate budget and plans. *Id.* Other evidence of control included the fact that common counsel for Zoll Medical and Zoll Lifecor would not state affirmatively that counsel did not provide input into preparation of the *inter partes* reviews. *Id.* at 11–12. Additional evidence showed that only Zoll Medical's management team attended court-ordered mediation in the underlying district court litigation filed against Zoll Lifecor. *Id.* at 12.

We have no such evidence in this proceeding. ION and Petitioner are not related corporate entities. The evidence of record shows that Petitioner and ION

preliminarily discussed potential remedies, relating to the product itself, not indemnification from litigation. Exs. 2022, 2027. As discussed above in section III.B.1, absent specific facts evidencing the contractual obligations of the parties, we are not apprised of any evidence indicative of control, or potential to control this *inter partes* proceeding by ION.

We, therefore, decline to deny the Petition for failure to comply with the requirement of 35 U.S.C. § 312(a)(2) for instituting an *inter partes* review.

D. Privity Under 35 U.S.C. § 315(b)

Under 35 U.S.C. § 315(b), institution of an *inter partes* review is barred “if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party[-]in[-]interest, or privity of the petitioner is served with a complaint alleging infringement of the patent” (emphasis added). Patent Owner contends that ION is a privity of Petitioner by virtue of shared interests regarding the validity of the '967 patent, the indemnity relationship between ION and Petitioner, the common interest privilege asserted by Petitioner and ION with respect to their communications in the ION lawsuit, and because Petitioner is essentially arguing that remand or reversal of the ION lawsuit on appeal should also extinguish Petitioner’s liability for infringement of the '967 patent. Prelim. Resp. 19 (citing Exs. 2016, 2027, 2029, 2032).

We note that “[t]he notion of ‘privity’ is more expansive, encompassing parties that do not

necessarily need to be identified in the [P]etition as a 'real party-in-interest.'" 77 Fed. Reg. at 48,759. It is undisputed that ION was served as a named defendant in the ION lawsuit on June 12, 2009, more than one year before the filing date of this Petition. Patent Owner has not, however, provided persuasive evidence showing that Petitioner had control over, or sufficient opportunity to control the district court proceeding.

The nature of shared interests in invalidating the '967 patent, undertaking a joint defense and assertion of a common interest privilege does not, without more, indicate privity between Petitioner and ION. See *Practice Guide*, 77 Fed. Reg. at 48,760:

[I]f Party A is part of a Joint Defense Group with Party B in a patent infringement suit, and Party B files a PGR petition, Party A is not a 'real party-in-interest' or a 'privy' for the purposes of the PGR petition based solely on its participation in that Group.

Patent Owner contends that Petitioner and ION have spun a "web of interlaced interests and unified legal efforts regarding the '967 patent, infringement liability therefor and the validity thereof." Prelim. Resp. 17-18. Collaboration, by itself, is not evidence that ION has any involvement either by way of control, or funding the filing of this Petition.

Patent Owner has not provided evidence, or facts, that give rise to a showing of privity between ION and Petitioner. None of the evidence cited by Patent Owner, on the record before us, is indicative of

the existence, much less consummation, of an indemnification agreement for patent infringement litigation, or IPR proceedings, between ION and Petitioner.

Moreover, as discussed above, Petitioner was never served as a party defendant in the ION lawsuit. Indemnification to fund or defend a lawsuit, arises upon service of the lawsuit upon the defendant. *See Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, Case IPR2013-00453, slip op. at 16 (PTAB Jan. 22, 2014) (Paper 31) (“Patent Owner’s privity theory relies fundamentally on [Indemnitor] having the right to control Petitioner’s involvement in this proceeding—a right that, at best, arises from Petitioner having been served with the complaint in the district court proceeding.”). Because Petitioner was never served as a defendant in the ION lawsuit, no indemnity impacting funding or control of such a defense could have arisen in that proceeding.

The fact that Petitioner has argued in district court that judgment against ION (in the ION lawsuit) would, if affirmed, render the recovery against Petitioner duplicative, or upon reversal or remand, eliminate Patent Owner’s patent claims against Petitioner, also does not implicate specific control or funding by ION. Patent Owner has failed to explain why such an argument, while indicative of a customer-client relationship, establishes privity between ION and Petitioner. Specifically, Patent Owner does not describe how either scenario is determinative of control or funding of this proceeding. The outcome in both scenarios could be potentially applicable to ION’s customers regardless of privity.

Therefore, on this record we conclude that institution of an *inter partes* review is not barred by 35 U.S.C. § 315(b).

We turn now to Petitioner's asserted grounds of unpatentability, and Patent Owner's arguments in its Preliminary Response, to determine whether Petitioner has met the threshold standard of 35 U.S.C. § 314(a).

E. Claim 4 — Anticipation by '636 PCT

Petitioner asserts that claim 4 is anticipated by the '636 PCT. Pet. 29–40. Petitioner has established a reasonable likelihood of prevailing on its assertion that claim 4 is anticipated for the reasons explained below.

1. Overview of '636 PCT

The '636 PCT discloses a streamer control device, e.g., "a bird," for controlling the position of a marine seismic streamer as it is towed behind a boat in a streamer array. Ex. 1004, 2. Figure 1 of the '636 PCT, reproduced below, illustrates streamer control device 10 attached to seismic streamer 14. *Id.* at 3–4.

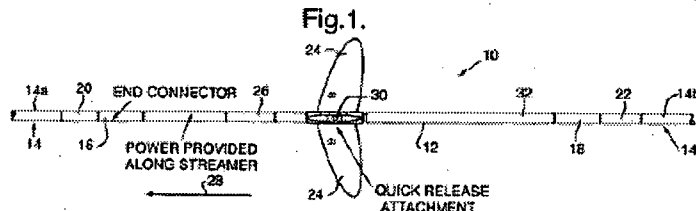
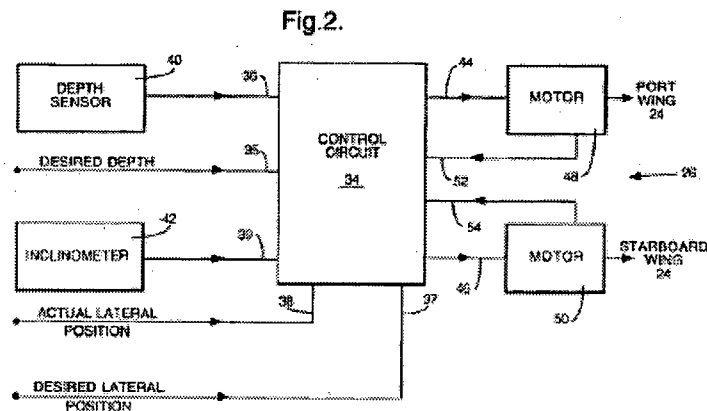


Figure 1 of the '636 PCT, reproduced above, illustrates that bird 10 is controlled by wings 24

according to a control system and control circuit to move the bird, and hence the streamer, in both a vertical (up and down) and lateral (left and right) direction, to achieve a desired position of the streamer in the water. *Id.* at 5-6.

Rotation of wings 24 is dictated by control system 26 illustrated by Figure 2 of the '636 PCT, reproduced below, and includes control circuit 34 with inputs 35-39 for receiving signals indicating actual depth and lateral position (36, 38), as well as desired depth and desired lateral position (35, 37).



As depicted by Figure 2 of the '636 PCT, reproduced above, the actual and desired signals are used by control circuit 34 to calculate and adjust, via stepper motors 48, 50, "the respective angular positions of the wings 24 which together will produce the necessary combination of vertical force (upwardly or downwardly) and lateral force (left or right) required to move the bird 10 to the desired depth and lateral position." *Id.* at 6.

2. Claim 1 as Anticipated by the '636 PCT

Because claim 4 is dependent upon claim 1, we turn first to the issue of anticipation with respect to claim 1. Petitioner provides a detailed claim chart for claim 1 (Pet. 38–39), and argues that the '636 PCT discloses an array of streamers towed behind a marine seismic survey vessel, with each streamer having a plurality of positioning devices, “birds” along the streamer, with at least one of the positioning devices having a wing, as called for in paragraph (a) of claim 1. *Id.* at 29–30 (citing Ex. 1004, 1, 2, Evans Decl. ¶¶ 111, 113). Petitioner also contends that the '636 PCT discloses a “global control system” that sends desired location information to a local control system associated with each positioning device on the streamers as recited in paragraph (b) of claim 1. Petitioner cites to the Background of the Invention portion of the '967 patent, discussing the '636 PCT. *Id.* at 31. The '967 specification states:

Another system for controlling a horizontally steerable bird is disclosed in our published PCT International Application No. WO 98/28636. Using this type of control system, the desired horizontal positions and the actual horizontal positions are received from a remote control system and are then used by a local control system within the birds to adjust the wing angles.

Ex. 1001, col. 2, ll. 38–44 (emphasis added). Petitioner’s position is that the local control system of the birds described in the '636 PCT receives the desired positions of the streamer positioning devices

from a “remote control system.” *Id.* at 31, 38–39. Petitioner alleges that the “remote control system” described in the ’636 PCT is no different from the “global control system” recited in claim 1. *Id.* Petitioner also points to various portions of the ’636 PCT disclosure, that allegedly indicate the desired control signals emanating from a remote “position determining system.” *Id.* at 32 (citing Ex. 1004, 5, Evans Decl. ¶ 120).

Patent Owner responds that the “remote control system” referred to in the ’967 patent is not the same as the claimed “global control system” recited in claim 1. Prelim. Resp. 29–30. Patent Owner asserts that the claimed “global control system” affords more control than the remote control system in the ’636 PCT because the “global control system” is required to send commands to the local control system, in addition to location information. *Id.* According to Patent Owner, the ’636 PCT does not disclose sending “commands” to the local control system. *Id.* Patent Owner contends that “Petitioner fails to identify the claimed combination of commands and information exchanged between a global and local control system—for the ’636 PCT.” *Id.*

We are not persuaded by this argument because on its face claim 1 recites “transmitting from a global control system location information to at least one local control system.” (Emphasis added). There is no recitation of a command, apart from location information, being transmitted in claim 1. We have reviewed the specification of the ’967 patent and find no reference to the word “command.” Patent Owner provides no claim construction at this stage of the

proceeding that persuasively differentiates the global control system on the basis that it sends a “command,” in addition to sending desired horizontal and vertical force values or location information. *See* Ex. 1001, col. 5, ll. 6–9, col. 6, ll. 45–47. Accordingly, we are not apprised on this record, at this point in the proceeding, of any substantial difference between a “global control system” and “remote control system” transmitting location information to the bird’s local control system.

Based on Petitioner’s evidence, we are persuaded also that the ’636 PCT discloses the local control system, via control circuit 34, “adjusting the wing” as called for in paragraph (c) of claim 1. Pet. 37–38 (citing Ex. 1004, 6).

3. Claim 4 as Anticipated by the ’636 PCT

Turning now to claim 4, Petitioner provides a detailed analysis for the additional recitations of claim 4. Pet. 39–40. Petitioner argues that local control system 26, for example as shown in Figure 2 of the ’636 PCT, receives via input 35 “a desired vertical depth” transmitted from the global control system. *Id.* at 40. Petitioner also alleges that the bird includes depth sensor 40 providing “actual depth” to local control system 26. *Id.* Having received both desired vertical depth, and actual vertical depth, Petitioner contends that a person of ordinary skill in the art would understand “that it is the control circuit 34 (which is part of the ‘local control system’) that generates the [sic] ‘the difference between the actual and desired depths of the bird.’” *Id.* at 41 (citing Evans Decl. ¶¶ 140–42).

Patent Owner maintains for claim 4, as it did for claim 1, that the '636 PCT does not disclose a global control system. Prelim. Resp. 33. Patent Owner further argues that the '636 PCT does not calculate the difference between the actual and desired depth "but rather receives a signal indicative of the difference." *Id.* at 34.

Petitioner contends to the contrary, that one of ordinary skill in the art would understand from the '636 PCT written description and Figure 2, that "it is the control circuit 34 (which is part of the 'local control system') that generates the [sic] 'the difference between the actual and desired depths of the bird.'" Pet. 41 (citing Evans Decl. ¶¶ 139–40). In support, Petitioner relies upon Dr. Evans testimony that "control circuit 34 calculates the difference between the inputs 35 and 36." Evans Decl. ¶ 140.

Upon consideration of the arguments and evidence presented by both parties, we are persuaded that there is a reasonable likelihood that one of skill in the art would understand that control circuit 34 receives a signal indicative of a desired vertical depth, and based on the actual depth input, calculates the difference between the two values. For purposes of this Decision, Petitioner has established a reasonable likelihood of prevailing on the ground of unpatentability of claim 4 as anticipated by the '636 PCT under 35 U.S.C. § 102.

F. Claim 4 — Obviousness over the '636 PCT

As noted above, we are persuaded that Petitioner has established a reasonable likelihood of

prevailing in showing that claim 4 is anticipated by the '636 PCT. Because anticipation is the epitome of obviousness, a disclosure that anticipates under 35 U.S.C. § 102 also generally renders the claim unpatentable under 35 U.S.C. § 103. See *In re Fracalossi*, 681 F.2d 792, 794 (CCPA 1982); *In re Meyer*, 599 F.2d 1026, 1031 (CCPA 1979); *In re Pearson*, 494 F.2d 1399, 1402 (CCPA 1974).

Therefore, we conclude that the information presented shows a reasonable likelihood that Petitioner would prevail in demonstrating that claim 4 is unpatentable as obvious over the '636 PCT.

G. Additional Grounds

With respect to the alleged grounds of unpatentability that claim 4 would have been anticipated by, and obvious over, Ambs, we exercise our discretion not to institute in light of our decision to institute review of this same claim on the grounds discussed above. See 35 U.S.C. § 314(a); 37 C.F.R. § 42.108(b).

H. Secondary Considerations

Patent Owner alleges that the Petition is fatally deficient because it does not address secondary indicia of non-obviousness, which was apparently an issue in the ION lawsuit. Prelim. Resp. 40–41 (citing *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 667 (Fed. Cir. 2000), *Knoll Pharm. Co., Inc. v. Teva Pharm. USA, Inc.*, 367 F.3d 1381, 1385 (Fed. Cir. 2004)). Patent Owner has apparently submitted alleged evidence of such secondary considerations (e.g., Exs. 2034–36). *Id.*

There was, of course, at the time of filing of the present Petition, no evidence of secondary indicia of non-obviousness in the record of this proceeding. *Id.* Secondary considerations are an important part of the *Graham* factors analysis in the considerations of non-obviousness. Patent Owner's citations to *Ruiz* and *Knoll Pharm. Co.* and respective arguments for legal insufficiency of the Petition are premature, as the evidence of secondary indicia of non-obviousness must be first developed in this proceeding by Patent Owner.

IV. SUMMARY

For the foregoing reasons, we determine that the information presented in the Petition establishes a reasonable likelihood that Petitioner would prevail on at least one alleged ground of unpatentability with respect to claim 4 of the '967 patent. The Board has not made a final determination on the patentability of any challenged claims.

V. ORDER

For the reasons given, it is

ORDERED that *inter partes* review of the '967 patent is hereby instituted as to all the challenged claims on the following grounds:

1. Claim 4 as anticipated by the '636 PCT;
2. Claim 4 would have been obvious over the '636 PCT;
3. FURTHER ORDERED that no ground other than those specifically granted above is authorized for the *inter partes* review; and

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FURTHER ORDERED that pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial on the grounds of unpatentability authorized above; the trial commences on the entry date of this Decision.

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

WESTERNGECO LLC, *Appellant*

v.

ION GEOPHYSICAL CORPORATION, ION
INTERNATIONAL S.A.R.L., *Appellees*

IN RE: WESTERNGECO LLC, *Appellant*

2016-2099, 2016-2100, 2016-2101,
2016-2332, 2016-2333, 2016-2334

Appeals from the United States Patent and
Trademark Office, Patent Trial and Appeal Board
in No. IPR2014-00687, IPR2014-00688,
IPR2014-00689, IPR2014-01475, IPR2014-01477,
IPR2014-01478, IPR2015-00565, IPR2015-00566,
IPR-2015-00567.

**ON PETITION FOR PANEL REHEARING
AND REHEARING EN BANC**

Before PROST, *Chief Judge*, NEWMAN, LOURIE,
DYK, MOORE, O'MALLEY, REYNA, WALLACH,
TARANTO, CHEN, HUGHES, and STOLL,
Circuit Judges.

PER CURIAM

ORDER

Appellant WesternGeco LLC filed a combined petition for panel rehearing and rehearing en banc. A response to the petition was invited by the court and filed by appellees ION Geophysical Corporation and ION International S.A.R.L. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on July 23, 2018.

FOR THE COURT

July 16, 2018

Date

/s/ Peter R. Marksteiner

Peter R. Marksteiner

Clerk of Court

245a

Paper 105

Entered: March 17, 2016

UNITED STATES PATENT AND
TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND
APPEAL BOARD

PETROLEUM GEO-SERVICES INC.
Petitioner,

v.

WESTERNGECO LLC
Patent Owner.

Case IPR2014-00687
Patent 7,162,967 B2

Before BRYAN F. MOORE, SCOTT A. DANIELS, and
BEVERLY M. BUNTING, *Administrative Patent
Judges.*

MOORE, *Administrative Patent Judge.*

DECISION

Denying Patent Owner's Request for Rehearing
37 C.F.R. § 42.71(d)

I. INTRODUCTION

WesternGeco LLC (“Patent Owner”) filed a Request for Rehearing (Paper 102, “Req. Reh’g”) of the Final Written Decision of the above entitled *Inter Partes* Review (IPR) (Paper 100, “Final Dec.”) of claims 1 and 15 of U.S. Patent No. 7,162,967 B2 (Ex. 1001, “the ’967 patent”). In the Request for Rehearing, Patent Owner argues that the Final Written Decision overlooked and/or Misapprehended several matters in the IPR. For the reasons set forth below, the Request for Rehearing is *denied*.

II. ANALYSIS

When considering a request for rehearing, we review the Final Written Decision for an abuse of discretion. 37 C.F.R. § 42.71(c). The party requesting rehearing bears the burden of showing that the Final Written Decision should be modified, and “[t]he request must specifically identify all matters the party believes [we] misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

A. Service under 315(b)

Patent Owner argues “[t]he Board attempts to analogize the present case to *Motorola Mobility LLC v. Arnouse Digital Devices Corp.*, IPR2013-00010, Paper 20 (PTAB Jan. 30, 2013), in order to find that PGS [Petroleum Geo-Services Inc.] merely “received a copy” of the complaint.” Req. Reh’g 3. Further, Patent Owner argues “[t]he Board compounded its error by rewriting ‘served’ in Section 315(b) to require ‘service upon a defendant.’ Paper 101 at 42.” *Id.* at 4. We

disagree. The Final Decision intended to read “petitioner, real party in interest, or privy of the petitioner is [served] with a complaint alleging infringement of the patent” to mean that the party is served as a defendant in the case rather than served the complaint for the purpose of enforcing a third party subpoena. *Id.* at 6.

The Final Decision states:

Patent Owner’s argument that S.D. Texas L.R. 5-1 “comports” (PO Resp. 44) with the proper interpretation of service under §315(b) is not persuasive as to the intent of Congress with respect to §315(b). *See* 157 Cong. Rec. S5429 (daily ed. Sept. 8, 2011) (statement of Senator Kyl) (“it is important that the section 315(b) deadline afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation”).

Final Dec. 42, n. 9. Thus, the Final Decision explicitly reads the requirement that the person “served” under section 315(b) is a defendant in from the legislative history of the statute. On rehearing, Patent Owner argues that “Congress did not intend to redefine the well-understood meaning of ‘service,’ but rather intended to ensure that the length of the Section 315(b) deadline would afford parties, defendants or otherwise, ‘a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation’ while still preventing the harassment of patent holders.” Req. Reh’g 6. However, applying this logic to third parties who are simply served with a

subpoena does not insure that such parties have “a reasonable opportunity to identify and understand the patent claims” because a party that is not a defendant may have no reason to evaluate the patent claims involved in the litigation in order to respond to the subpoena.

We decline to read 315(b) to apply the time bar to all third parties who after receiving a copy of a complaint concurrent with a third party subpoena, appear in the case for the purpose of responding to the subpoena. Patent Owner’s reliance on *LG Elecs., Inc. v. Mondis Tech. Ltd.*, IPR2015-00937, Paper 8 at 4-5 (PTAB Sept. 17, 2015) (precedential) (“*LG*”) is misplaced. Req. Reh’g 5. The Panel in *LG* declined to read a word into 315(b) in a situation where the addition of that word was *not* argued to be supported by legislative history. *LG*, Paper 8 at 5. The *LG* Panel went on to state that the legislative history and “equitable and public policy considerations [do not] favor a ‘broad’ interpretation of § 315(b).” *LG*, IPR2015-00937, Paper 8 at 7–8. Here, as in *LG*, we read the “service” requirement of 315(b) narrowly. We did not misapprehend or overlook anything relating to Patent Owner’s argument regarding the meaning of “service” under 315(b). Thus, we are not persuaded by that argument.

B. We Fully Considered Evidence of RPI and Privity

Patent Owner argues “the Board overlooked relevant evidence of ION’s relationship to PGS and the Petition and compounded that error by preventing WG [WesternGeco LLC] from discovering admittedly

existing documents that would have confirmed ION's status as an RPI and/or privy of PGS. Paper 100 at 34-38." Req. Reh'g 7. Patent Owner argues that the Board focused on whether ION "controlled" the instant proceeding but "the Board failed to fully consider ION's broader financial interest in, and ability to fund, the IPR." *Id.* at 8. Patent Owner does not cite to any rule or cases suggesting a "broader financial interest" or "ability to fund" is relevant nor does Patent Owner proffer which, if any, evidence in the record was *not* considered in the Final Decision. *C.f. GEA Process Engineering, Inc. v. Steuben Foods, Inc.*, IPR2014-00041, Paper 135 at 13-16 (PTAB Dec. 23, 2014) (Actual evidence of funding, as opposed to ability to fund, found to show that party was RPI). Thus, Patent Owner has not established the proposition that the Board overlooked some evidence it was required to consider. A request for rehearing is not an opportunity merely to disagree with the panel's assessment of the arguments or weighing of the evidence. Thus, we are not persuaded by this argument.

C. We Properly Denied Patent Owner's Request for Additional Discovery

Patent Owner argues "[i]n denying WG's request for additional discovery, the Board overlooked PGS's own admission that relevant agreements exist that have not been produced and ION's obvious contradictory statements—PGS and ION could not both be correct in their representations to the Board. Paper 100 at 38-39." Req. Reh'g 9. We disagree. The Final Decision relies on the fact that Exhibit 2018 shows "Petitioner unambiguously affirmed that

Petitioner had made no claims or demands to ION for indemnity with respect to the '967 patent." Final Dec. 38. The mere allegation that "relevant" agreements *may* exist, is not inconsistent with Petitioner's statement.

Patent Owner argues "[t]he Board further erred by basing its Decision on an undisputedly incomplete record." Req. Reh'g 9. A "complete" record is not the standard for granting discovery. Granting of additional discovery is discretionary with the Board. See 35 U.S.C. § 316(a)(5)(B) ("discovery shall be limited to — what is otherwise necessary in the interest of justice"); see also *Cochran v. Kresock*, 530 F.2d 385, 396 (CCPA 1976) (whether a party is entitled to additional discovery is discretionary with the board); *Keebler Co. v. Murray Bakery Products*, 866 F.2d 1386, 1388 n.1 (Fed. Cir. 1989) (standard of review of discovery order on appeal is abuse of discretion).

The first and oft-disputed factor in determining whether additional discovery is necessary in the interests of justice is whether there exists more than a "mere possibility" or "mere allegation that something useful [to the proceeding] will be found." *Garmin Int'l, Inc. et al. v. Cuozzo Speed Techs LLC*, Case IPR2012- 00001, Paper 20, slip op. at 2-3 (PTAB Feb. 14, 2014), "Order—Authorizing Motion for Additional Discovery" (listing factors to determine whether a discovery request is necessary in the interests of justice) ("the *Garmin* factors"). Under this first factor, a party should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered. *Id.* The

discovery-seeking party only needs to set forth a threshold amount of evidence tending to show that the discovery it seeks factually supports its contention. *See Garmin*, IPR2012-00001, Paper 26, slip op. at 8-9, “Decision—On Motion for Additional Discovery” (finding that, with respect to *Cuozzo*’s contention of commercial success, *Cuozzo* failed to present a threshold amount of evidence tending to show that the requested discovery of sales and pricing information involved units with a nexus to the claimed features).

Patent Owner states that “[t]he existence of additional indemnity agreements between PGS and ION is a case dispositive issue, and one on which WG should have been permitted to take discovery.” Req. Reh’g 9. The existence of indemnity agreements is not always case dispositive. *See Zerto, Inc v. EMC Corporation*, IPR2014-01295, Paper 34, 12–13 (PTAB March 3, 2015) (“an indemnification clause, by itself, is not dispositive with respect to whether the indemnitor exercises or could exercise control over an *inter partes* review proceeding.”) (citations omitted); *see also Arris Group, Inc. v. C-Cation Technologies, LLC*, IPR2015-00635, Paper 19, 9–12 (PTAB July 31, 2015) (determining fact that “indemnification claims were made according to the provisions of the [indemnification] Agreements” was not sufficient to show control over the district court proceedings such that a party was in privity with the Petitioner). For example, we determined that the indemnity agreement produced in this case (*see* Patent Owner’s Rehearing Request, Paper 62 (discussing indemnity agreement in evidence)) was not case dispositive.

Patent Owner argues that since the 315(b) bar date has passed, ION cannot be added as an RPI because the filing date of the Petition would have to be reset and more than one year has passed since ION was served with a an infringement complaint. Patent owner Preliminary Response, Paper 26, 15–16.

We determined, based on evidence (Ex. 2022, 2027; Dec. on Inst. 15–16, Paper 33) of the provisions of the indemnity agreement that was eventually produced (Ex. 2069), that the existence of the indemnity agreement did not sufficiently prove ION was a real party in interest to the Petition or privy of Petitioner. Dec. on Inst. 13–17. On rehearing, we determined that “[t]he evidence presented by Westerngeco in its second Preliminary Response with respect to privy and real party-in-interest between ION and PGS, is essentially the same as that set forth in its initial Preliminary Response (Paper 26), and Patent Owner Response (Paper [47]), with respect to PGS and ION.” Paper 98 (Decision Denying Patent Owner’s Request for Rehearing), 5. Thus, we considered Patent Owner’s argument and evidence of record multiple times, including in its May 7, 2015 Request for Rehearing regarding joinder (Paper 65), initial Preliminary Response (Paper 26), and Patent Owner Response (Paper 47).

D. We Properly Considered the May 14, 2015 Request for Rehearing

Patent Owner argues that the Board failed to consider its Request for Rehearing filed on May 14, 2015 and thus “failed to *substantively address* any issues that WG raised in its rehearing request and

prevented WG from fully developing its arguments. *See* Paper 98 at 2, n. 4.” Req. Reh’g. 10. We disagree. In response to the Patent Owner’s May 7, 2015 Request for Rehearing, we stated “[t]he matters raised by Westerngeco in their second Request for Rehearing were addressed in our Corrected Order (Cor. Order) entered May 19, 2015, denying authorization for a motion for additional discovery. *See* Cor. Order.” Paper 98 (Decision Denying Patent Owner’s Request for Rehearing), 2, n. 4. In that Corrected Order, we referred to the indemnification agreement cited in Patent Owner’s May 14, 2015 Request for Rehearing and we stated “[n]either are we persuaded that we misapprehended or overlooked such evidence in our Decisions to Institute.” Paper 67 (Corrected Order Conduct of the Proceeding), 3–4.

To the extent this statement was unclear, this statement was intended to indicate that we considered the arguments presented in Patent Owner’s May 14, 2015 Request for Rehearing. This is shown by our use of the “misapprehended or overlooked” standard that applies to requests for rehearing. Thus, we considered all arguments and evidence presented in the case with regard to RPI. Additionally, the Board is not required to “substantively address” all arguments raised by Patent Owner in all papers where some arguments are cumulative of previous arguments, rather the Board must consider and rule on challenges and/or requests made in those arguments. Thus, we are not persuaded by this argument.

D. The New Multi Klient Evidence is Too Late

Patent Owner argues that “[o]ne week after the Board rendered its Decision in this proceeding[] PGS filed an IPR Petition challenging the validity of a WG patent asserted alongside the ’967 patent in the same district court litigation and ***naming Multi Klient as an RPI***. See *Petroleum Geo-Services v. WesternGeco LLC*, IPR2016-00407, Paper 1 at 3 (PTAB Dec. 23, 2015).” Req. Reh’g 11. Patent Owner argues further “PGS’s disclosure of Multi Klient as an RPI in IPR2016-00407 is a *post hoc* admission that Multi Klient should also have been named in this proceeding and confirms that additional discovery was improperly denied.” *Id.* 11–12. The Final Decision has been entered and the record is closed in this IPR. We decline to decide whether such an “admission” would necessarily require a finding that Multi Klient should have been named an RPI in this case. For example, it is unclear when Petitioner became aware of the fact that led it to name Multi Klient as an RPI in the other IPR.

Nevertheless, we find that it is too late to introduce this evidence to support this argument after the Final Decision has been entered. See *Sony Computer Entertainment America LLC v. Game Controller Technology LLC*, IPR2013-00634, Paper 31, 3–5 (PTAB April 2, 2015) (“we determine that Patent Owner’s challenge of whether SAH and SONY should have been listed as RPIs in the Petition is untimely at this stage of the proceeding and, thus, is improper”).

III. CONCLUSION

The Request for Rehearing does not demonstrate that the Final Written Decision

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misapprehended or overlooked any matters in the case.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Request for Rehearing is denied.

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Paper 68

Entered: June 16, 2016

UNITED STATES PATENT AND
TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND
APPEAL BOARD

PETROLEUM GEO-SERVICES INC.
Petitioner,

v.

WESTERNGECO LLC
Patent Owner.

Case IPR2014-01475
Patent 7,162,967 B2

Before BRYAN F. MOORE, SCOTT A. DANIELS, and
BEVERLY M. BUNTING, *Administrative Patent
Judges.*

DANIELS, *Administrative Patent Judge.*

DECISION

Denying Patent Owner's Request for Rehearing
37 C.F.R. § 42.71(d)

I. INTRODUCTION

WesternGeco LLC (“Patent Owner” or “WG”) filed a Request for Rehearing (Paper 66, “Req. Reh’g”) of the Final Written Decision of the above entitled Inter Partes Review (IPR) (Paper 65, “Final Dec.”) of claim 4 of U.S. Patent No. 7,162,967 B2 (Ex. 1001, “the ’967 patent”). In the Request for Rehearing, Patent Owner argues that the Final Written Decision overlooked and/or misapprehended several matters in the IPR. For the reasons set forth below, the Request for Rehearing is denied.

II. ANALYSIS

When considering a request for rehearing, we review the Final Written Decision for an abuse of discretion. 37 C.F.R. § 42.71(c). The party requesting rehearing bears the burden of showing that the Final Written Decision should be modified, and “[t]he request must specifically identify all matters the party believes [we] misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

A. We Properly Denied Patent Owner’s Request for Additional Discovery

Patent Owner argues that Petitioner, or “PGS,” “admits to the existence of indemnification agreements between ION and PGS-related entities, but the Board has improperly denied WG access to those agreements.” Req. Reh’g 4–5 (citing Paper 65 at 41–59). Patent Owner is not satisfied that the Master Purchase Agreement (Ex. 2057) between Petitioner and ION, and the indemnifications recited therein, is

the only relevant agreement. *Id.* Specifically, Patent Owner asserts that the Board has improperly denied its requests for additional discovery because we overlooked “proof of the relevance of these additional indemnification agreements.” *Id.* at 5.

We disagree that the Board overlooked any evidence relating to the relevance of any other agreements between Petitioner and ION. Our Final Written Decision considered the Master Purchase Agreement, particularly the relevant indemnification clause therein, as well as Patent Owner’s interrogatories (Exhibit 2018). Final Dec. 47–52, 54–59. The Final Decision relies on the fact that the Answers to the interrogatories “unambiguously stated that Petitioner had made no claims or demands to ION for indemnity with respect to the ’967 patent.” *Id.* at 58 (citing Ex. 2018, 14). Patent Owner’s contention, now, “that WG’s interrogatories were expressly limited to indemnity for WG patents” is not persuasive because Petitioner’s response to Interrogatory No. 5 is consistent with this limitation. *See* Req. Reh’g 5–6 *and see* Ex. 2018, 14 (“There are no agreements relating to indemnity, requests for indemnity, or ‘discussions regarding litigation funding or expenses [sic] patent disputes’ between PGS and ION relating to the PGS IPR Proceedings.”).

Patent Owner argues further that we misapprehended the law by requiring Patent Owner “to provide the detailed substance of the indemnification agreements that PGS hid.” Req. Reh’g 6 (citing Paper 65, 56). Patent Owner contends that because Petitioner allegedly admitted to other agreements with ION in Interrogatory No. 5, Patent

Owner “should have been granted discovery into these agreements on that basis alone.” *Id.* We disagree.

The first and oft-disputed factor in determining whether additional discovery is necessary in the interests of justice is whether there exists more than a “mere possibility” or “mere allegation that something useful [to the proceeding] will be found.” *Garmin Int’l, Inc. et al. v. Cuozzo Speed Techs LLC*, Case IPR2012- 00001, Paper 20, slip op. at 2-3 (PTAB Feb. 14, 2014), “Order—Authorizing Motion for Additional Discovery” (listing factors to determine whether a discovery request is necessary in the interests of justice) (“the *Garmin* factors”). Under this first factor, a party should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered. *Id.* The discovery-seeking party only needs to set forth a threshold amount of evidence tending to show that the discovery it seeks factually supports its contention. *See Garmin*, IPR2012-00001, Paper 26, slip op. at 8-9, “Decision—On Motion for Additional Discovery” (finding that, with respect to *Cuozzo’s* contention of commercial success, *Cuozzo* failed to present a threshold amount of evidence tending to show that the requested discovery of sales and pricing information involved units with a nexus to the claimed features).

In this Request, Patent Owner improperly blames its inability to provide any indemnification evidence showing privity between Petitioner and ION, on the Board. Req. Reh’g 6 (“Moreover, any deficiency in WG’s proof is because the Board has prevented WG from obtaining the necessary discovery, setting up a chicken-and-egg impossible situation.”). The only

“proof” or evidence that Patent Owner produced is that there may be other agreements between Petitioner and ION, because ION is a supplier of software and devices to Petitioner. *See* Ex. 2018, 14. That other agreements may exist between ION and Petitioner is potentially proof of just that, the existence of other agreements. What Patent Owner has failed to show, as we determined in our Final Decision, is even a scintilla of evidence that these “hidden” agreements relate to the PGS IPR Proceedings or to the ’967 patent. Final Dec. 54–59. The potential existence of other agreements between Petitioner and ION unrelated to these proceedings does not show any evidence that ION exercised or could have exercised control over Petitioner’s participation in these proceedings. *See Office Patent Trial Practice Guide*, 77 Fed. Reg 157, 48756, 48759 (Aug. 14, 2012) (“A common consideration is whether the non-party exercised or could have exercised control over a party’s participation in a proceeding”).

Patent Owner also takes our analysis out of context when they assert we have misinterpreted the law because “the PTAB has repeatedly found that agreements with indemnification provisions may establish privity.” Req. Reh’g 8. Granting of additional discovery is discretionary with the Board. *See* 35 U.S.C. § 316(a)(5)(B) (“discovery shall be limited to — what is otherwise necessary in the interest of justice”); *see also Cochran v. Kresock*, 530 F.2d 385, 396 (CCPA 1976) (whether a party is entitled to additional discovery is discretionary with the board); *Keebler Co. v. Murray Bakery Products*, 866 F.2d 1386, 1388 n.1 (Fed. Cir. 1989) (standard of review of discovery order on appeal is abuse of discretion). Moreover, none of

the Board decisions cited by Petitioner are precedential.

As we noted in the Final Decision “indemnification can, in certain cases, show privity.” Final Dec. 57. Our Final Decision considered fully and yet did not find that the indemnification clause in the Master Purchase Agreement established privity. *Id.* at 47–50. As noted above, the Board reviewed the arguments made by Patent Owner and the statement by Petitioner in Ex. 2018 and determined that additional discovery was not required in the interest of justice. A request for rehearing is not an opportunity merely to disagree with the panel’s assessment of the arguments or weighing of the evidence. Thus, we are not persuaded by this argument.

B. The New Multi Klient Evidence is Too Late

In our Final Decision, we refused to terminate this proceeding based on the Multi-Klient evidence of record, stating that “a financial interest in the outcome of litigation, however, does not by itself indicate that Multi Klient is a real party in interest in this IPR, or has any ability to control the present IPR proceeding.” Final Dec. 59 (citing Ex. 2066). Patent Owner argues now that “PGS’s disclosure of Multi Klient as an RPI in IPR2016-00407 and IPR2016-00499 is a *post hoc* admission that Multi Klient should also have been named in this proceeding and confirms that additional discovery was improperly denied.” Req. Reh’g 11. The Final Decision has been entered and the record is closed in this IPR. We decline to decide whether such an “admission” would necessarily

require a finding that Multi Klient should have been named an RPI in this case. For example, it is unclear when Petitioner became aware of the fact that led it to name Multi Klient as an RPI in the other IPR.

Nevertheless, we find that it is too late to introduce this evidence to support this argument after the Final Decision has been entered. *See Sony Computer Entertainment America LLC v. Game Controller Technology LLC*, IPR2013-00634, Paper 31, 3–5 (PTAB April 2, 2015) (“we determine that Patent Owner’s challenge of whether SAH and SONY should have been listed as RPIs in the Petition is untimely at this stage of the proceeding and, thus, is improper”).

C. Service under 315(b)

Patent Owner argues that our Final Decision “overlooks WG’s evidence and arguments that PGS was served under § 315(b) and fails to consider this case-dispositive issue.” Req. Reh’g 13–15. We note that in this Request for Rehearing Patent Owner asserts various evidence and arguments raised in its Preliminary Response. *Id.* at 13 (citing Paper 11, 8–9). In our Decision to Institute (“Inst. Dec.,” Paper 18) we considered, in detail, Patent Owner’s evidence and arguments with respect to the issue of service under 315(b) and found them unpersuasive. *See* Inst. Dec. 11–14. Although in their Patent Owner’s Response, Patent Owner again asserted that Petitioner and ION were in privity due to a common legal interest, the Response failed to raise or dispute the issue of “service” under 315(b). PO Resp. 47–54. Indeed, in its Response Patent Owner admitted that “PGS was not

a named defendant in the ION litigation.” *Id.* at 52 (citing Ex. 2015). Patent Owner’s admission is consistent with our understanding of 315(b) set forth in our Decision to Institute:

Petitioner, in the ION lawsuit, was served under Fed. R. Civ. P. 45, with a third party subpoena, to produce documents and things relating to the ION lawsuit. *See* Ex. 2009. Although a person, or entity, may have been served properly with a subpoena, and may fall under a court’s authority for purposes of producing appropriate documents and things not protected by a privilege or protection, Fed. R. Civ. P. 45(c)–(e) does not express, or imply, that a person subject to the subpoena is a “defendant” to a lawsuit. Indeed, Fed. R. Civ. P. 45 specifically differentiates between a “person” served with the subpoena, and “a party” to the lawsuit. *See* Fed. R. Civ. P. 45 (d)(2)(B) (“A person commanded to produce documents or tangible things or to permit inspection may serve on the party or attorney designated in the subpoena a written objection to inspecting, copying, testing, or sampling any or all of the materials.”). We are not aware of any case law or precedent, nor has Patent Owner cited to any, indicating that serving a person with a subpoena, and subjecting them to the authority of the court in enforcing such subpoena under Fed. R. Civ. P. 45(e), provides sufficient legal process to make such person a defendant to a lawsuit.

Thus, Petitioner was not a defendant in the ION lawsuit. Concomitant with our colleagues’

Motorola decision, we interpret 35 U.S.C. § 315(b) as requiring service upon a defendant to the lawsuit. Petitioner was not a defendant; thus, it was never “served with a complaint” in the ION lawsuit as required by 35 U.S.C. § 315(b)

Inst. Dec. 13–14. Petitioner did not contest our analysis and interpretation of service under 315(b) in its Response, and by its own admission concedes that Petitioner was never a defendant in the ION lawsuit. We are not, therefore, apprised of any argument or evidence in Patent Owner’s Response or Preliminary Response that was overlooked.

III. CONCLUSION

The Request for Rehearing does not demonstrate that the Final Written Decision misapprehended or overlooked any matters in the case.

IV. ORDER

In consideration of the foregoing, it is hereby: **ORDERED** that the Request for Rehearing is denied.

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35 U.S.C. §315

§315. Relation to other proceedings or actions

Effective: September 16, 2012

(a) Infringer's Civil Action.--

(1) Inter partes review barred by civil action.--An inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

(2) Stay of civil action.--If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for inter partes review of the patent, that civil action shall be automatically stayed until either--

(A) the patent owner moves the court to lift the stay;

(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

(C) the petitioner or real party in interest moves the court to dismiss the civil action.

(3) Treatment of counterclaim.--A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.

(b) Patent Owner's Action.--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 privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

(c) Joinder.--If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

(d) Multiple Proceedings.--Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

(e) Estoppel.--

(1) Proceedings before the Office.--The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

(2) Civil actions and other proceedings.--The petitioner in an inter partes review of a claim in

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a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

35 U.S.C. §316

§316. Conduct of inter partes review

Effective: September 16, 2012

(a) Regulations.--The Director shall prescribe regulations--

(1) providing that the file of any proceeding under this chapter shall be made available to the public, except that any petition or document filed with the intent that it be sealed shall, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion;

(2) setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a);

(3) establishing procedures for the submission of supplemental information after the petition is filed;

(4) establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title;

(5) setting forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to--

(A) the deposition of witnesses submitting affidavits or declarations; and

(B) what is otherwise necessary in the interest of justice;

(6) prescribing sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or to cause unnecessary delay or an unnecessary increase in the cost of the proceeding;

(7) providing for protective orders governing the exchange and submission of confidential information;

(8) providing for the filing by the patent owner of a response to the petition under section 313 after an inter partes review has been instituted, and requiring that the patent owner file with such response, through affidavits or declarations, any additional factual evidence and expert opinions on which the patent owner relies in support of the response;

(9) setting forth standards and procedures for allowing the patent owner to move to amend the patent under subsection (d) to cancel a challenged claim or propose a reasonable number of substitute claims, and ensuring that any information submitted by the patent owner in support of any amendment entered under subsection (d) is made available to the public as part of the prosecution history of the patent;

(10) providing either party with the right to an oral hearing as part of the proceeding;

(11) requiring that the final determination in an inter partes review be issued not later than 1 year after the date on which the Director notices the institution of a review under this chapter, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months, and may adjust the time periods in this paragraph in the case of joinder under section 315(c);

(12) setting a time period for requesting joinder under section 315(c); and

(13) providing the petitioner with at least 1 opportunity to file written comments within a time period established by the Director.

(b) Considerations.--In prescribing regulations under this section, the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.

(c) Patent Trial and Appeal Board.--The Patent Trial and Appeal Board shall, in accordance with section 6, conduct each inter partes review instituted under this chapter.

(d) Amendment of the Patent.--

(1) In general.--During an inter partes review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways:

(A) Cancel any challenged patent claim.

(B) For each challenged claim, propose a reasonable number of substitute claims.

(2) Additional motions.--Additional motions to amend may be permitted upon the joint request of the petitioner and the patent owner to materially advance the settlement of a proceeding under section 317, or as permitted by regulations prescribed by the Director.

(3) Scope of claims.--An amendment under this subsection may not enlarge the scope of the claims of the patent or introduce new matter.

(e) Evidentiary Standards.--In an inter partes review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.

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37 C.F.R. §42.20

§42.20 Generally.

Effective: September 16, 2012

(a) Relief. Relief, other than a petition requesting the institution of a trial, must be requested in the form of a motion.

(b) Prior authorization. A motion will not be entered without Board authorization. Authorization may be provided in an order of general applicability or during the proceeding.

(c) Burden of proof. The moving party has the burden of proof to establish that it is entitled to the requested relief.

(d) Briefing. The Board may order briefing on any issue involved in the trial.

37 C.F.R. §42.51

§42.51 Discovery.

Effective: May 19, 2015

(a) Mandatory initial disclosures.

(1) With agreement. Parties may agree to mandatory discovery requiring the initial disclosures set forth in the Office Patent Trial Practice Guide.

(i) The parties must submit any agreement reached on initial disclosures by no later than the filing of the patent owner preliminary response or the expiration of the time period for filing such a response. The initial disclosures of the parties shall be filed as exhibits.

(ii) Upon the institution of a trial, parties may automatically take discovery of the information identified in the initial disclosures.

(2) Without agreement. Where the parties fail to agree to the mandatory discovery set forth in paragraph (a)(1), a party may seek such discovery by motion.

(b) Limited discovery. A party is not entitled to discovery except as provided in paragraph (a) of this section, or as otherwise authorized in this subpart.

(1) Routine discovery. Except as the Board may otherwise order:

(i) Unless previously served or otherwise by agreement of the parties, any exhibit cited in a paper or in testimony must be served with the citing paper or testimony.

(ii) Cross examination of affidavit testimony prepared for the proceeding is authorized within such time period as the Board may set.

(iii) Unless previously served, a party must serve relevant information that is inconsistent with a position advanced by the party during the proceeding concurrent with the filing of the documents or things that contains the inconsistency. This requirement does not make discoverable anything otherwise protected by legally recognized privileges such as attorney-client or attorney work product. This requirement extends to inventors, corporate officers, and persons involved in the preparation or filing of the documents or things.

(2) Additional discovery.

(i) The parties may agree to additional discovery between themselves. Where the parties fail to agree, a party may move for additional discovery. The moving party must show that such additional discovery is in the interests of justice, except in post-grant reviews where additional discovery is limited to evidence directly related to factual assertions advanced by either party in the proceeding (see § 42.224). The Board may specify conditions for such additional discovery.

(ii) When appropriate, a party may obtain production of documents and things during cross examination of an opponent's witness or during authorized compelled testimony under § 42.52.

(c) Production of documents. Except as otherwise ordered by the Board, a party producing documents and things shall either provide copies to the opposing party or make the documents and things available for inspection and copying at a reasonable time and location in the United States.