

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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GOOGLE LLC,  
Petitioner,

v.

VIRTAMOVE, CORP.,  
Patent Owner.

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Case No. IPR2025-00490  
U.S. Patent No. 7,784,058

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PATENT OWNER'S RESPONSE TO PETITIONER'S REQUEST  
FOR REHEARING OF DECISION GRANTING DISCRETIONARY  
DENIAL OF INSTITUTION OF *INTER PARTES* REVIEW

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**Legislative History**

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## I. INTRODUCTION

Congress intentionally invested in the Director the discretion to deny institution of IPR petitions, including for reasons unrelated to the merits of the challenges presented in those petitions. Congress intended that this discretion would be exercised to advance the valid policy goals of the Patent Office, including to avoid a backlog of instituted AIA review proceedings and to advance more general interests, such as the good of the economy and the integrity of the patent system. The Director properly created new interim processes this year for exercising this discretion to manage the workload of the PTAB and properly acted within her statutory discretion in denying institution of this IPR. Google’s arguments to the contrary fail. Rehearing should be denied, and Google’s IPR petition should be denied institution.

## II. ARGUMENT

### A. The Director’s Consideration of Patent Age Is Consistent with Law and with Congressional Intent

In enacting the America Invents Act, Congress invested the Director with discretion as to whether to institute *Inter Partes* Review. *Mylan Laboratories Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021) (“The Director is permitted, but never compelled, to institute an IPR[, a]nd no petitioner has a right to such institution.”); *see also* *Cuozzo Speed Technologies, LLC v. Lee*, 579 U.S. 261, 273 (2016) (citing 35 U.S.C. § 314(a) and

stating: “no mandate to institute review”). In exercising this discretion, Congress expressly expected that the Director may decide to deny petitions for reasons unrelated to their merits. Senator Kyl, a co-sponsor of the bill, explained:

It is expected that the Office will include in the threshold regulations a *safety valve* that allows the Office to decline to institute further proceedings if a high volume of pending proceedings threatens the Office's ability to timely complete all proceedings. The present bill's inclusion of this regulations consideration in [section 316(b)] reflects a legislative judgment that *it is better that the Office turn away some petitions that otherwise satisfy the threshold for instituting an inter partes or post-grant review than it is to allow the Office to develop a backlog* of instituted reviews that precludes the Office from timely completing all proceedings.

157 Cong. Rec. S1377 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (emphasis added).

Congress also recognized the benefits—to the public, to patent owners, and to the patent system—of favoring challenges that are brought early in the life of a patent over those brought later. In explaining the new Post-Grant Review process, the House Judiciary Committee stated:

The intent of the post-grant review process is to enable early challenges to patents, while still protecting the rights of inventors

and patent owners against new patent challenges unbounded in time and scope. The Committee believes that this new, *early-stage process for challenging patent validity and its clear procedures for submission of art will make the patent system more efficient and improve the quality of patents and the patent system*. . . . The Committee recognizes *the importance of quiet title to patent owners* to ensure continued investment resources.

H.R. Rep. No. 112-98, at 48 (2011) (“America Invents Act”).

In issuing her March 26, 2025 memorandum on “Interim Processes for PTAB Workload Management” (“Memorandum”), the Director properly made use of her discretion under 35 U.S.C. § 314(a) to further goals recognized by the Congress that created the *Inter Partes* Review system. The memorandum expressly sought to improve PTAB efficiency and maintain capacity to conduct both AIA proceedings and the other statutory duties of the PTAB. Memorandum at 3. It also recognized, as one of several factors that may be relevant to discretionary denial “the length of time the claims have been in force.” Memorandum at 2.

The memorandum is clear that the age of the patent is just one possible factor in discretionary denial, and it is not necessarily a dispositive factor. The Director has denied requests for discretionary denial in certain cases involving patents even older than the one at issue here, where there were other factors

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that weighed sufficiently against discretionary denial. *E.g.*, *Microsoft Corp. v. XI Discovery, Inc.*, Case No. IPR2025-00253, Paper 13 (P.T.A.B. June 25, 2025) (patent more than 16 years old); *Tesla, Inc. v. Intellectual Ventures II LLC*, Case No. IPR2025-00340, Paper 10 (P.T.A.B. July 2, 2025) (patent more than 19 years old).

Google argues that it was improper for the Director to consider the age of the challenged patent at all, because the decision on discretionary denial stated that the age of the patent created “settled expectations,” and this allegedly contradicted language in the Federal Circuit opinion and the Patent Office’s briefing in *Celgene* that mentions the patent owner’s “expectation[s].”

But the issue in *Celgene* was dramatically different from those in the discretionary denial decision in this IPR. The issue in *Celgene* was a Constitutional one, namely whether it was a Fifth Amendment taking—requiring monetary compensation from the government—for the PTAB to invalidate through an IPR proceeding claims in a patent that issued before the America Invents Act created the IPR process. *Celgene Corp. v. Peter*, 931 F.3d 1342, 1358 (Fed. Cir. 2019). What the Patent Office argued and what the Federal Circuit held was that IPR proceedings were similar enough to pre-AIA review

mechanisms that it did not violate the Constitution to invalidate pre-AIA patent claims through IPR proceedings without compensating the patent owner. *Celgene*, 931 F.3d at 1358–60.

Google seeks to expand this holding into something far broader than what the Patent Office argued or the Federal Circuit held. According to Google, the fact that the age of a pre-AIA patent does not make an IPR against that patent *unconstitutional* means that the Director *cannot consider the age of the patent at all* as a factor in exercising her discretion in instituting IPRs. In other words, Google would turn the fact that *Inter Partes* Review of long-ago-issued patents is *not unconstitutional* into such *Inter Partes* Review being *mandatory*. Such a result would both defy logic and subvert Congressional intent.

If the Director is to exercise the “safety valve” that AIA cosponsor Senator Kyl spoke of in order to avoid a backlog of instituted reviews, then by definition she must base denial decisions on *some* factor that is not by itself enough to make instituting review of the IPR contrary to the Constitution or to statute. Favoring reviews of patents earlier in their lives—while still permitting later-stage reviews where there are other sufficiently strong reasons to permit review—is within the proper scope of discretion granted to the Director by Congress.

**B. Judicial Estoppel Does Not Bar the Director’s Discretionary Denial Decision**

Google seeks to apply the doctrine of judicial estoppel against the Patent Office as though the federal government were an ordinary private litigant. The government is not an ordinary private litigant, and judicial estoppel does not apply as if it were. But even if judicial estoppel could be applied against the Office, the conditions for judicial estoppel are not met in this instance.

It is well settled that “the Government may not be estopped on the same terms as any other litigant.” *Heckler v. Community Health Services of Crawford Cnty., Inc.*, 467 U.S. 51, 60 (1984) (“When the Government is unable to enforce the law because the conduct of its agents has given rise to an estoppel, the interest of the citizenry as a whole in obedience to the rule of law is undermined.”). Indeed, “[w]here courts have permitted equitable defenses to be raised against the government, they have required that the agency’s misconduct be egregious and the resulting prejudice to the defendant rise to a constitutional level.” *Bartko v. Securities and Exchange Commission*, 845 F.3d 1217, 1227 (D.C. Cir. 2017) (internal citations omitted). There is nothing remotely rising to the level of “egregious” misconduct or “constitutional level” prejudice in the Director’s discretionary denial decision. Google remains free to challenge the validity of patent at issue in district court or via other proceedings at the Patent Office. As the Federal Circuit recognized in *Celgene*,

“no one has a vested right in any given mode of procedure.” *Celgene*, 931 F.3d at 1361.

This case vividly illustrates the dangers of applying judicial estoppel against the federal government and its agencies. Google seeks to make a position purportedly taken in litigation by one Director, in one case, involving one patent, forever binding on her successors, in any case, involving any other party in the world. In *Celgene*, the Office was doing what agencies almost invariably do when the constitutionality of the statute they are acting under is challenged: argue that the law passed by Congress is constitutional. The decision to argue for the constitutionality of an agency’s governing statute rarely requires a deep and searching analysis. But even for litigation positions that were taken unambiguously and with careful consideration, the dangers of the rule advanced by Google are obvious. There is little reason to assume that the first executive branch official to consider a particular issue will always make the best policy judgment. Her successors, with the benefit of further experience with the issue or facing changed circumstances may decide that a different policy is more consistent with her legal obligations or better advances the policy goals of the government. Agencies must be allowed to recognize their mistakes and change policy accordingly, and the mere fact that an issue arose

in legal briefs should not leave the agency's policy judgment of the day set in stone for eternity.

Here the situation is even worse. The position that Google seeks to estop the agency to is not its position on the actual issue in *Celgene*, i.e., whether canceling pre-AIA patent claims in IPR proceedings was an unconstitutional taking. Rather, Google seeks to bind the agency to out-of-context statements about whether patentees have "expectations" about the validity of their patents. Google would have agencies carefully parse every brief to avoid any statement that might later be taken out of context to constrain—for all time—its exercise of the discretion it was granted by Congress. This is not reasonable thing to expect of an agency, upon pain of permanently locking all successor administrations into the consequences of failure to sufficiently constrain what its lawyers wrote in a brief.

Even if judicial estoppel did apply broadly to executive agencies, the conditions for it to apply are not met here. As Google's own brief lays out the standard for judicial estoppel, the doctrine applies to "parties." Rehearing Brief at 7. The Director is not a "party" in this IPR. Indeed, the IPR is not even an adjudicative proceeding at this stage. The Director's role in institution is as a senior executive branch official, exercising discretion granted by Congress to oversee and ensure the efficient operation of the PTAB and of the Patent

Office broadly. Google cites to no authority that executive branch officials—or anyone else for that matter—are bound by their prior litigation positions when taking actions outside of the role as a party to litigation. Moreover, there is no prospect of the Director becoming a party to litigation concerning this discretionary denial, because the “determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.” 35 U.S.C. § 314(d).

Even if judicial estoppel could apply to the Director, and even if the Director were a party, the conditions for it to apply are not met here. First, the Director’s current position is not “clearly inconsistent” with her predecessor’s position. *New Hampshire v. Maine*, 532 U.S. 742, 750–51 (2001). The agency’s position in *Celgene* was that owners of pre-AIA patents did not have an expectation of being immune from IPR-type challenges sufficient to make invalidation of claims in an IPR was an unconstitutional taking. *Celgene*, 931 F.3d at 1358. The Office did not argue that patentees never develop any sort of expectations in the validity of their patent from the passage of time without successful challenges to the validity of that patent. Second, even to the extent the Office did make general statements about “expectations,” judicial estoppel also requires that the court “accept” the party’s prior position. *New Hampshire*, 532 U.S. 750–51. The Federal Circuit in *Celgene* did not “accept” some

generalized position about patent owner “expectations” concerning validity because no such issue was before it. Rather, the issue that the Federal Circuit decided was whether there had been an unconstitutional taking.

**C. The Director’s Decision Is Within Her Express Statutory Authority**

Contrary to Google’s arguments, the Director did not apply “a *de facto* deadline” to file an IPR. As the decision stated, it was “based on a holistic assessment of all of the evidence and arguments presented.” Decision Denying Institution at 2. While it may be true that patents that have been in force for a longer time are more likely to give rise to discretionary denial, the Director has not applied a rigid rule in applying her discretion. Since the creation of the new Interim processes earlier this year, the Director has permitted numerous IPRs involving old patents to proceed to consideration on the merits by a PTAB panel, including patents that are older than the patent at issue here. *E.g., Microsoft Corp. v. XI Discovery, Inc.*, Case No. IPR2025-00253, Paper 13 (P.T.A.B. June 25, 2025) (patent more than 16 years old); *Tesla, Inc. v. Intellectual Ventures II LLC*, Case No. IPR2025-00340, Paper 10 (P.T.A.B. July 2, 2025) (patent more than 19 years old).

Congress expressly gave the Director both discretion to deny institution of otherwise meritorious IPR petitions and rulemaking authority over the

standards governing “sufficient” (not mandatory) grounds to institute a review. 35 U.S.C. § 314(a); 35 U.S.C. § 316(a)(2). In granting this authority, Congress gave the Director broad policy discretion, directing her to “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.” 35 U.S.C. § 316(b).

Google cites *State Farm* for the proposition that an agency action violates the APA when “the agency has relied on factors which Congress has not intended it to consider.” *Motor Vehicle Mfrs. Ass’n of U., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (U.S. 1983). But as explained above, that is not the situation at all in this case. The Congress that enacted the America Invents Act intentionally granted the Director discretion to use denial of institution as a “safety valve” to address exactly the sorts of agency workload concerns that motivated the Memorandum and the Interim processes it created. 157 Cong. Rec. S1377 (daily ed. Mar. 8, 2011). And the Director’s choice to consider patent age as one factor among many in exercising her discretion is consistent with the value that Congress itself identified in providing at least a degree of “quiet title” for patent owners. H.R. Rep. No. 112-98, at 48 (2011).

**D. The Director Correctly Weighed the Reasons for and Against Discretionary Denial Advanced by the Parties**

While the Director’s decision denying institution did not address every argument advanced by the parties in detail, there was no need for it to do so, as it is “final and nonappealable.” 35 U.S.C. § 314(d). As the decision stated, it was “based on a holistic assessment of all of the evidence and arguments presented.” Decision Denying Institution at 2. Google argues that its petition demonstrated the patent at issue is one of “dubious validity.” Rehearing Brief at 7. But Virtamove showed in its request for discretionary denial that it was Google’s petition that was weak and over-reliant on expert testimony to fill gaps in the prior art. Moreover, even assuming for the sake of argument that Google presented a strong showing that the challenged claims were invalid, that would not render discretionary denial inappropriate. As explained above, Congress granted the Director discretion to deny institution of otherwise meritorious IPR petitions, in the interest of broadly stated policy factors such as “the effect . . . on the economy” and “the integrity of the patent system.” 35 U.S.C. § 316(b). The Director properly advanced such policy goals in denying institution of this IPR.

### III. CONCLUSION

For the foregoing reasons, and the reasons set forth in VirtaMove's original request for discretionary denial, VirtaMove requests that rehearing be denied and that Google's IPR petition be denied institution.

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CERTIFICATE OF SERVICE

I hereby certify that “Patent Owner’s Response to Petitioner’s Request for Rehearing of Decision Granting Discretionary Denial of Institution of *Inter Partes* Review” was served on August 14, 2025 by email sent to:

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