

**In The  
United States Court of Appeals  
For The Federal Circuit**

**IN RE SAND REVOLUTION LLC AND  
SAND REVOLUTION II, LLC,**

*Petitioners,*

**ON PETITION FOR WRIT OF MANDAMUS TO THE UNITED STATES  
DISTRICT COURT FOR THE WESTERN DISTRICT OF TEXAS,  
CASE NO. 7:18-CV-00147-ADA, HON. ALAN D. ALBRIGHT.**

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**PETITION FOR WRIT OF MANDAMUS**

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## CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rule 47.4(a)(1) and Federal Rule of Appellate Procedure 26.1, counsel for Petitioners certify the following:

1. **Represented Entities** (Fed. Cir. R. 47.4(a)(1)):

Sand Revolution LLC  
Sand Revolution II, LLC

2. **Real Party in Interest** (Fed. Cir. R. 47.4(a)(2)):

Sand Revolution LLC  
Sand Revolution II, LLC

3. **Parent Corporations and Stockholders** (Fed. Cir. R. 47.4(a)(3)):

**Sand Revolution LLC** has no parent corporation and no publicly held company owns 10 percent or more of its stock.

**Sand Revolution II, LLC** states that Sand Revolution, LLC has a 55.5% ownership interest in Sand Revolution II, LLC, and no publicly held corporation owns 10% or more of its stock.

4. **Legal Representatives** Fed. Cir. R. 47.4(a)(4):

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5. **Related Cases** (Fed. Dir. R. 47.4(a)(5)):

*Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 (PTAB June 16, 2020) (informative).

6. **Organization Victims and Bankruptcy Cases**  
(Fed. Cir. R. 47.4(a)(6)):

Not Applicable.

I certify the above information are accurate and complete to the best of my knowledge.

Date: August 13, 2020

Signature: /s/ Benjamin D. Bailey  
Benjamin D. Bailey

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## STATEMENT OF RELATED CASES

This case is related to an *inter partes* review (“IPR”) proceeding recently instituted by the Patent Trial and Appeal Board (“PTAB”) in Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC, IPR2019-01393, Paper 24 (PTAB June 16, 2020) (informative).

This case is not related to any other pending civil actions. No appeal in or from the civil action or proceeding in the lower court has previously been before the Federal Circuit or any other appellate court.

## **JURISDICTIONAL STATEMENT**

This Court has jurisdiction under the All Writs Act, 28 U.S.C. § 1651, and because the underlying action is a patent case. 28 U.S.C. § 1295; *In re Princo Corp.*, 478 F.3d 1345, 1351 (Fed. Cir. 2007).

## **STATEMENT OF THE ISSUES**

Whether, despite its inherent power to control its docket, the district court nonetheless clearly abused its discretion by denying Sand Revolution's motion to stay pending an instituted IPR of all asserted claims, where a balancing of the traditional stay factors strongly supports a stay.

## INTRODUCTION

Despite a likelihood that most, if not all, asserted claims in this action will be invalidated by the PTAB either before or just after the parties' currently scheduled trial date, the district court denied a motion to stay this action without meaningfully considering the traditional stay factors. Going forward in parallel proceedings before both the PTAB and the district court, while each tribunal considers overlapping issues of validity, is likely to prove "extraordinarily wasteful of both the parties' resources and the Court's resources." *See Click-to-Call Techs. LP v. Oracle Corp.*, No. A-12-CA-468-SS, 2013 WL 12121528, at \*1 (W.D. Tex. Nov. 26, 2013).

The PTAB recently instituted IPR of all claims of the sole patent in this case.<sup>1</sup> *See* Appx068-125. In instituting the IPR, the PTAB not only found a reasonable likelihood that all but one of the asserted claims are unpatentable, but went one step further finding that the invalidity grounds presented in Sand Revolution's petition were "strong." *See id.*

Shortly after the PTAB instituted the IPR, Sand Revolution moved the district court to stay this action. A balancing of the traditional stay factors strongly favors a stay. Not only is the IPR highly likely to simplify the issues before the district court,

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<sup>1</sup> Following institution, Plaintiff filed a request for rehearing of the PTAB's decision. The PTAB denied Plaintiff's request, finalizing the decision to institute, on July 9, 2020. Sand Revolution filed its motion to stay before the district court on July 21, 2020, less than two weeks later.

but the proceeding could eliminate the need for a trial altogether if all asserted claims are invalidated. Even if some or all claims survive the proceeding, Sand Revolution will be estopped from asserting any invalidity grounds in the litigation that were raised or reasonably could have been raised in the IPR. *See* 35 U.S.C. § 315(e)(2).

Furthermore, fact discovery does not close for almost three months from the date Sand Revolution filed its motion to stay.<sup>2</sup> Document production is ongoing and several fact witnesses remain to be deposed, including Plaintiff's 30(b)(6) witness. Expert discovery has not yet begun, and significant pretrial motions and filings all remain several months out. Trial in this action is tentatively scheduled for April 12, 2021, nearly nine months after the date Sand Revolution filed its motion to stay, while the oral hearing date in the related IPR is scheduled for March 15, 2021—one month before trial.

Nor would a stay unduly prejudice Plaintiff. The parties have agreed to six joint extensions in this case that have moved the originally scheduled trial date back more than thirteen months. On multiple occasions, Plaintiff proposed extending various deadlines, including the trial date, farther out than initially proposed by Sand Revolution. In fact, the parties' sixth joint extension was submitted just after the

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<sup>2</sup> When considering a motion to stay, courts have adopted the filing date of the motion as the proper time to measure the stage of the litigation. *See VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1316-17 (Fed. Cir. 2014).



IPR was instituted. This series of extensions seriously undermines any assertion that a delay would prejudice Plaintiff.

Any risk of Plaintiff suffering undue prejudice resulting from a stay is further reduced by the ongoing collapse in the oil markets. Sand Revolution believes that both parties have drastically scaled back their businesses in the current environment and may no longer even compete in the same geographic areas. As a result, any damages that may accrue during the stay are greatly reduced compared to earlier time periods.

These circumstances notwithstanding, the court denied Sand Revolution's request for a stay in a text order that issued just hours after Sand Revolution filed its motion and brief.<sup>3</sup> The text order lists four reasons for denying the stay. Each of those reasons is present in every case where the plaintiff opposes a stay, and none address the traditional stay factors that district courts should consider.

The district court's stated reasons also include at least one error of fact and some reasons are in direct conflict with the traditional stay factors and Congress's intent in providing for IPR under the Leahy-Smith America Invents Act ("AIA") as a cost-effective alternative to litigation.

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<sup>3</sup> Sand Revolution filed its motion to stay this action at approximately 9:00pm CT on July 21, 2020. The district court issued its text order denying Sand Revolution's motion at approximately 2:00am CT on July 22, 2020.

Consideration of the traditional stay factors reveals that a stay should be granted here based on a “near-uniform line of authority” established in a long line of cases where IPR is instituted with respect to all asserted claims of the sole patent-in-suit.<sup>4</sup> *See NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-cv-1058-WCB, 2015 WL 1069111, at \*7 (E.D. Tex. Mar. 11, 2015); *see also VirtualAgility*, 759 F.3d at 1314. The district court’s denial did not consider the traditional stay factors, which demonstrates a clear abuse of discretion and warrants issuing a writ directing a stay of this action.

## **RELIEF SOUGHT**

Sand Revolution respectfully petitions for a writ of mandamus directing the District Court for the Western District of Texas to vacate its order denying a stay of this action and enter an order staying this action pending the conclusion of the instituted IPR.

## **FACTUAL BACKGROUND AND PROCEDURAL HISTORY**

### **A. The patented technology.**

U.S. Patent No. 8,944,740 (“the ’740 Patent”), the only patent asserted in this action, describes a proppant storage and distribution system used in hydraulic fracture drilling (“fracking”). Appx044 [1:5-21]. During a fracking operation,

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<sup>4</sup> The long line of cases establishing the “near-uniform line of authority” for granting stays in this situation extends to district courts across the country and is not limited to the Fifth Circuit.

granular proppant material—usually sand—maintains underground fractures in rock while allowing oil and gas to rise to the surface. Appx044 [1:14-18]. The proppant material requires transportation to the fracking site, storage at the site, and conveyance from storage to the well. Appx044 [1:22-32].

The patented system was developed in Canada by third parties. *See* Appx030. The '740 Patent was originally assigned to a Canadian company, Ty-Crop Manufacturing Ltd. (“Ty-Crop”) and issued on February 3, 2015. *Id.* Plaintiff acquired the patent from Ty-Crop almost three years later, on December 15, 2017. *See* Appx180. Roughly eight months after acquiring the patent, Plaintiff filed this infringement suit against Sand Revolution. Appx178.

**B. The PTAB recently instituted IPR of all asserted claims, finding the invalidity grounds “strong.”**

The PTAB recently issued a final decision instituting IPR of all claims of the '740 Patent. Appx068-125. The decision reversed an earlier decision by the Board denying institution that was based almost exclusively on the then-scheduled trial date in the parties' litigation.<sup>5</sup> Appx081.

According to the PTAB, the chief factors weighing in favor of reversal and institution were: (1) a likelihood that Sand Revolution will prevail in showing that

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<sup>5</sup> At the time of the PTAB's original denial of institution, trial was scheduled for July 20, 2020. When the PTAB reversed and instituted IPR, trial had been rescheduled for February 8, 2021. Since institution of the IPR, the parties submitted their sixth joint extension to the scheduling order, moving trial to April 12, 2021.

the claims of the asserted patent are unpatentable, including a “strong” case on all but one challenged claim; and (2) the parties’ multiple, joint extensions to the case schedule in this litigation, including the trial date. Appx075-077, Appx080.

Oral argument in the IPR is scheduled for March 15, 2021, a month before the parties’ currently scheduled trial date of April 12, 2021. Appx131-134, Appx155-157. The date for oral argument cannot be extended by the parties. Appx133. A final decision in the IPR can issue any time after oral argument but no later than June 16, 2021. *See* Appx068. Accordingly, the PTAB will issue its decision either just before or just after the currently scheduled trial date.

Pursuant to 35 U.S.C. § 315(e)(2), following a final decision in the IPR, Sand Revolution will be estopped from asserting any invalidity grounds in the district court that it raised or reasonably could have raised in the IPR. *See* 35 U.S.C. § 315(e)(2).

**C. The parties have jointly extended the scheduling order in the district court six times, agreeing to delay trial more than thirteen months.**

Through a series of six jointly filed extensions, the trial date in this action has been pushed back over thirteen months from its original date of March 2, 2020. *Compare* Appx173-177, *with* Appx155-157. A number of discovery issues have made each of these joint extensions necessary. Those issues include, but are not limited to: (1) Plaintiff’s limited initial document production in this case which

required court intervention to remedy; (2) Plaintiff's witnesses' availability for deposition, including the inventors; and (3) Plaintiff's failure to produce all its conception documents in a timely manner despite the Court's Standing Rules requiring production.

**D. Fact discovery will not close for almost three months from the stay motion's filing date, and expert discovery is yet to begin.**

While this action is not in its infancy, neither is it in an advanced stage. Fact discovery does not close until October 16, 2020—almost three months after the date Sand Revolution moved for a stay. *See* Appx053-067, Appx155-157. Document production is ongoing and several fact witnesses remain to be deposed, including Plaintiff's 30(b)(6) witness.

Just weeks ago, the district court granted Sand Revolution leave to amend its answer and invalidity contentions to include multiple new defenses and prior art combinations, respectfully. Appx205-209. Sand Revolution's amendments were necessitated by Plaintiff's recent production of documents disclosing an unnamed inventor who the district court characterized as "heavily involved" in the conception of the patented technology. Appx208. The unnamed inventor is not affiliated with Plaintiff or Ty-Crop (the original assignee of the '740 Patent) and was under no obligation to assign his rights to Ty-Crop at the time he contributed to the invention. The disclosure of the unnamed inventor also led to the discovery that Plaintiff had not yet produced its earliest conception and reduction-to-practice documents.

Expert discovery, briefing, and depositions all lie ahead. Appx155-157. Under the current scheduling order, opening expert reports are not due for almost three months from the date Sand Revolution filed its motion to stay and expert discovery will close five months from that date. *Id.* Significant pretrial motions, briefing, and filings also remain several months in the future with trial currently scheduled to take place almost nine months after the filing of Sand Revolution's motion to stay. *Id.*

**E. The district court denied Sand Revolution's motion to stay the case pending resolution of the IPR.**

Given the facts set forth above, on July 21, 2020, Sand Revolution moved to stay this case pending resolution of the IPR. Appx053-154. Hours later, the district court issued a text order denying Sand Revolution's request. Appx014. The district court's text order stated:

The Court DENIES this motion for at least the following reasons:

- (1) The Court strongly believes [in] the Seventh Amendment,
- (2) This case has been pending since 2017 and staying the case would only further delay its resolution,
- (3) Denying the stay would allow the Parties to obtain a more timely and complete resolution of infringement, invalidity, and damages issues, and
- (4) Plaintiff opposes the stay.

*Id.*

## STANDARD OF REVIEW

“The writ of mandamus is ‘an extraordinary remedy, to be reserved for extraordinary situations.’” *In re Princo Corp.*, 478 F.3d at 1353 (quoting *Gulfstream Aerospace Corp. v. Mayacamas Corp.*, 485 U.S. 271, 289 (1988)). “The writ may only issue ‘to confine an inferior court to a lawful exercise of its prescribed jurisdiction or to compel it to exercise its authority when it is its duty to do so.’” *Id.* (quoting *Gulfstream*, 485 U.S. at 289).

Mandamus review of decisions to stay an action pending IPR proceedings has been approved under the rulings of the Federal Circuit. *See id.*; *see also Ultratec, Inc. v. CaptionCall, LLC*, 611 F. App’x 720, 721 (Fed. Cir. 2015). The district court’s ruling is only disturbed where it “amounted to a clear abuse of discretion.” *See In re Corel Software LLC*, 778 F. App’x 951, 953 (Fed. Cir. 2019) (quotations omitted) (citing *Bankers Life & Cas. Co. v. Holland*, 346 U.S. 379, 383 (1953)).

In the context of a stay pending IPR, a clear abuse of discretion exists where the district court’s ruling reflects “a failure to meaningfully consider the traditional stay factors.” *See id.* (quotations omitted) (citing *In re Link\_A\_Media Devices Corp.*, 662 F.3d 1221, 1223 (Fed. Cir. 2011)). “[T]he petitioner [for a writ of mandamus] carries the burden of demonstrating that its right to issuance of the writ is clear and indisputable and that it lacks adequate alternative means to obtain the

relief sought.” *See In re Princo*, 478 F.3d at 1353 (quotations omitted) (citing *In re Regents of Univ. of Cal.*, 101 F.3d 1386, 1387 (Fed. Cir. 1996)).

## ARGUMENT

### A. The traditional factors governing a stay pending IPR.

Whether to stay proceedings pending IPR is a matter committed to the district court’s discretion. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). The decision “must weigh competing interests and maintain an even balance.” *Landis v. N. Am. Co.*, 299 U.S. 248, 254-55 (1936) (quotations omitted); *see also CaptionCall*, 611 F. App’x at 721-22; *NFC Tech. LLC*, 2015 WL 1069111, at \*1. The three traditional factors weighed when considering a stay pending IPR are: (1) whether the stay will likely result in simplifying the case before the district court; (2) whether the stay will unduly prejudice the nonmoving party; and (3) whether the proceedings before the district court have reached an advanced stage, including whether discovery is complete. *See, e.g., Universal Elec., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1030-31 (C.D. Cal. 2013); *Ultratec, Inc. v. Sorenson Commc’ns, Inc.*, 3:13-cv-00346-BBC, 2015 WL 2248437, at \*3 (W.D. Wis. May 13, 2015), *aff’d*, 611 F. App’x 720 (Fed. Cir. 2015); *NFC Tech. LLC*, 2015 WL 1069111, at \*2. “Based on those factors, courts determine whether the benefits of a stay outweigh the inherent costs of postponing resolution of the litigation.” *NFC Tech.*, 2015 WL 1069111, at \*2 (citation omitted).



A stay is “particularly justified” when “the outcome of a PTO proceeding is likely to assist the court in determining patent validity or eliminate the need to try infringement issues.” *Id.* at \*1 (quoting *Evolutionary Intelligence, LLC v. Millennial Media, Inc.*, No. 5:13-cv-4206-EJD, 2014 WL 2738501, at \*2 (N.D. Cal. June 11, 2014)); *see also Slip Track Sys., Inc. v. Metal Lite, Inc.*, 159 F.3d 1337, 1341 (Fed. Cir. 1998); *VirtualAgility*, 759 F.3d at 1314. As a result, the PTAB’s decision to institute the IPR is considered a “highly significant factor” because, at that point, there is a “substantial likelihood of simplification of the district court litigation.” *See NFC Tech.*, 2015 WL 1069111, at \*4; *see also VirtualAgility*, 759 F.3d at 1314; *Crossroads Sys., Inc. v. Dot Hill Sys. Corp.*, No. 13-CA-800-SS, 2015 WL 3773014, at \*3 (W.D. Tex. June 15, 2015). Once the PTAB institutes an IPR, “the parallel district court litigation ordinarily should be stayed.” *NFC Tech.*, 2015 WL 1069111, at \*7.

**B. The district court clearly abused its discretion in failing to “meaningfully consider the traditional stay factors.”**

Under Federal Circuit precedent, a district court’s decision regarding a stay pending an IPR amounts to an abuse of discretion when the district court fails to “meaningfully consider the traditional stay factors.” *See In re Corel*, 778 F. App’x at 953 (quotations omitted).

Shortly after Sand Revolution filed its request for a stay based on the institution of IPR with respect to all asserted claims, the district court issued a text order denying the request. Appx014. The district court's text order stated:

The Court DENIES this motion for at least the following reasons:

- (1) The Court strongly believes [in] the Seventh Amendment,
- (2) This case has been pending since 2017 and staying the case would only further delay its resolution,
- (3) Denying the stay would allow the Parties to obtain a more timely and complete resolution of infringement, invalidity, and damages issues, and
- (4) Plaintiff opposes the stay.

*Id.*

The order fails to meaningfully consider any of the traditional stay factors. Instead, the court's order lists considerations common to every opposed motion for stay, some of which contradict the factors. For example, rather than considering whether a stay is likely to simplify the case, the order states that denying the stay would allow for a "more timely and complete resolution of infringement, invalidity, and damages issues." *Id.* Certainly, declining to stay a case allows a court to continue resolving outstanding issues in that case. But this fact is inherent to every motion for stay and fails to address whether a stay would simplify the issues. On the issue of simplification, courts routinely find that stays pending an instituted IPR

are highly likely to simplify litigation by resolving questions of validity. *See NFC Tech.*, 2015 WL 1069111, at \*4; *see also VirtualAgility*, 759 F.3d at 1314.

Here, the district court dismisses the benefits of simplifying the case in favor of litigating all issues of infringement, validity, and damages together, even as the IPR proceeds in parallel on all claims asserted in the litigation. This error is compounded by the fact that a decision in the IPR is likely to issue just before or just after the parties' currently scheduled trial date, presenting the possibility of conflicting decisions. *See Ultratec, Inc.*, 2015 WL 2248437, at \*4 (“[T]he judgment in this case and the board’s inter partes review decision would be on appeal in the Court of Appeals for the Federal Circuit at approximately the same time. . . . [C]ancellation of the patent claims would moot plaintiffs’ infringement claims.”).

Similarly, rather than considering whether a stay would unduly prejudice the plaintiff, the court’s order states that plaintiff opposes the stay and that “staying the case would only further delay its resolution.” Appx014. But courts routinely find that while a stay inherently delays plaintiff’s day in court, that fact is present in every case and therefore is not sufficient to deny a stay. *Parallel Networks Licensing, LLC v. Ramquest Software, Inc.*, No. 4:19-cv-487, 2020 WL 1236266, at \*2 (E.D. Tex. Mar. 13, 2020) (citing *NFC Tech.*, 2015 WL 1069111, at \*2). The order also fails to consider any facts specific to the plaintiff of this case, such as the numerous

extensions it has joined, pushing the trial date out over a year from its original date. *See* Appx155-164, Appx166-167, Appx170-177.

In the same vein, rather than considering whether the proceedings before the district court have reached an advanced stage, the court states that the case has been pending since 2017. But plaintiff filed this case on August 21, 2018. *See* Appx178-186. And more importantly, the length of time an action has been pending is not among the traditional stay factors. Rather, district courts should examine the stage of the litigation. *See NFC Tech.*, 2015 WL 1069111, at \*3. The purpose of this factor is to weigh the amount of time and resources the parties and court have invested in the action against the amount of time and resources likely necessary to conclude the action. *See Click-to-Call*, 2013 WL 12121528, at \*2; *see also NFC Tech.*, 2015 WL 1069111, at \*3.

The order did not consider the stage of the case, such as fact discovery remaining open for three months from the date of Sand Revolution's motion or expert discovery having not yet begun. The order also did not consider that the resources required to advance this action through trial in parallel with the IPR proceeding could prove "extraordinarily wasteful of both the parties' resources and the Court's resources." *See Click-to-Call*, 2013 WL 12121528, at \*1. This is particularly true in light of the PTAB's finding that the instituted IPR presents a "strong" case against the asserted claims. *See* Appx080.

Thus, the district court’s denial of Sand Revolution’s motion to stay “without meaningfully consider[ing] the traditional stay factors” was a clear abuse of discretion. *See In re Corel*, 778 F. App’x at 953 (quotations omitted).

**C. The district court’s stated reasons for denying the stay are incompatible with Congress’s intent in providing for IPR proceedings under the AIA.**

Not only does the district court’s order reflect a failure to “meaningfully consider the traditional stay factors,” but the court’s stated reasons are also incompatible with Congress’s intent in providing for IPR proceedings under the AIA as an alternative to costly litigation. *See Appx187-204.*

When passing the AIA, Sen. Patrick Leahy stated that one purpose of the Act was to “address the related unpredictability of litigation.” *See Appx200.* Sen. Orrin Hatch similarly explained, “[t]he bill will also establish another means to administratively challenge the validity of a patent at the U.S. Patent and Trademark Office, USPTO—creating *a cost-effective alternative to formal litigation*, which will further enhance our patent system.” *Appx202.* Speaking specifically with respect to *inter partes* review, Sen. Charles Grassley stated:

[T]he bill would improve the current *inter partes* administrative process for challenging the validity of a patent. It would establish an adversarial *inter partes* review, with *a higher threshold for initiating a proceeding* and procedural safeguards to prevent a challenger from using the process to harass patent owners. It also would include *a strengthened estoppel standard to prevent petitioners from raising in a subsequent challenge the*

*same patent issues that were raised or reasonably could have been raised in a prior challenge. . . . These new procedures would also provide faster, less costly alternatives to civil litigation to challenge patents.*

Appx203 (emphasis added).

It is difficult to reconcile, on the one hand, Congress's unambiguous desire to provide an alternative to costly patent litigation via the AIA with, on the other hand, each of the district court's stated reasons for denying the stay. This is especially true where each of those stated reasons are inherent to any opposed motion for stay. Forcing the parties to proceed in parallel, overlapping proceedings before both the PTAB and the district court not only skirts Congressional intent underlying IPR proceedings, but will likely prove "extraordinarily wasteful" of the parties' and district court's resources. *See, e.g., Click-to-Call*, 2013 WL 12121528, at \*1 (finding that "it simply makes no sense for this Court to proceed in parallel with the PTAB.").

**D. This Court should instruct the district court to stay the litigation.**

A balancing of the traditional stay factor weighs decidedly in favor of staying this case pending resolution of the IPR. This Court should, therefore, instruct the district court to stay the litigation.

**1. A stay will simplify the issues before the district court, if not eliminate the need for a trial.**

The most important factor to be considered when deciding whether to grant a stay based on a pending IPR is whether the proceeding will simplify issues before

the district court. *See NFC Tech.*, 2015 WL 1069111, at \*4; *see also Parallel Networks Licensing*, 2020 WL 1236266, at \*3. This factor weighs decidedly in favor of granting a stay where, as here, the PTAB has instituted the IPR with respect to all asserted claims. *See Crossroads*, 2015 WL 3773014, at \*3 (“Clearly, a stay will simplify the issues in the case.”).

The court in *Click-to-Call Technologies LP v. Oracle Corp.* found institution of the IPR conclusive with respect to this factor. *See Click-to-Call*, 2013 WL 12121528, at \*2. The plaintiff there argued that, despite institution of PTAB proceedings, the court should not grant a stay because the parties’ trial was expected to occur before the PTAB’s decision in the IPR. *Id.* at \*1. The district court found the plaintiff’s argument unpersuasive, explaining, “[a]lthough it is true an appeal of the PTAB’s review decision may extend past this case’s June 2015 trial date, the PTAB has already determined ‘there is a reasonable likelihood’ Oracle will succeed on its challenge to the ’836 Patent.” *Id.* (citations omitted). The court concluded that “[p]roceeding to trial could therefore prove to be extraordinarily wasteful of both the parties’ resources and the Court’s resources.” *Id.*

A similar holding in *NFC Technology* is also instructive. *See NFC Tech.*, 2015 WL 1069111. The circumstances there were similar to those in the present action. The parties had been engaged in fact discovery for over a year and claim construction briefing was complete when the PTAB instituted IPR of the asserted

patent. *Id.* at \*3. Though the court conceded that the litigation was clearly “not in its infancy,” that fact was not sufficient to deny a stay. *Id.* (quotations omitted). After reviewing a long series of cases,<sup>6</sup> the court in *NFC Technology* explained, “[the] near-uniform line of authority reflects the principal point made by the [Federal Circuit] in *VirtualAgility*—that after the PTAB has instituted review proceedings, the parallel district court litigation should be stayed.” *Id.* at \*7. In reaching its decision to grant a stay, the district court also took note of Congress’s intent for PTAB proceedings to provide “an inexpensive substitute for district court litigation that allows key issues to be addressed by experts in the field.” *Id.* at \*5 (quotations omitted).

*Image Processing Technologies, LLC v. Samsung Electronics Co., Ltd.* is another case in the “near-uniform line of authority” granting stays where the PTAB has instituted an IPR of all or most asserted claims. *See Image Processing*, No. 2:16-cv-505-JRG, 2017 WL 7051628 (E.D. Tex. Oct. 25, 2017). There, the court addressed a situation where an IPR was instituted with respect to all claims but one.<sup>7</sup>

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<sup>6</sup> The court in *NFC Technology* found a “near-uniform line of authority” establishing that a stay should be granted following institution of IPR based on its review of dozens of such cases around the U.S. *See id.* at \*6-7.

<sup>7</sup> Prior to the U.S. Supreme Court’s decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018), the PTAB was free to institute an IPR with respect to some but not all challenged claims. The *SAS* decision now requires the PTAB to institute IPRs with respect to all or no claims. *Image Processing*, though decided before *SAS*, remains somewhat instructive here. In the present case, the IPR was instituted with respect



*Id.* at \*1. Finding a stay was nonetheless appropriate, the district court explained, “[s]ince only one asserted claim is not currently under a simultaneous IPR review, there is a material possibility that the outcome of all IPR proceedings will streamline the scope and resolution of this case.” *Id.*; see also *Intellectual Ventures II LLC v. BITCO Gen. Ins. Corp.*, No. 6:15-cv-59, 2016 WL 4394485, at \*3 (E.D. Tex. May 12, 2016) (granting a stay where the PTAB instituted review of 9 of the 10 asserted claims); *Uniloc USA, Inc. v. Samsung Elec. Am., Inc.*, No. 2:16-cv-642-JRG, 2017 WL 9885168, at \*1 (E.D. Tex. June 13, 2017) (granting a stay after the PTAB instituted IPR of three out of four asserted patents).

In *VirtualAgility*, this Court found that the “simplification of issues” factor weighed heavily in favor of a stay, stressing the significance that the PTAB had granted covered business method (“CBM”) review on *all* asserted claims of the *sole* asserted patent. *VirtualAgility*, 759 F.3d at 1314 (emphasis in original). This Court concluded that “CBM review could dispose of the entire litigation: the ultimate simplification of issues.” *Id.* (citations omitted).

Although *VirtualAgility* differs from this action as an interlocutory appeal based on the CBM statutes, the factors to be considered for a stay pending CBM review substantially overlap with the traditional stay factors to be considered in the

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to all asserted claims but the PTAB’s decision to institute the IPR indicates that all but one asserted claim is likely invalid.

context of an IPR. *See* AIA, Pub. L. No. 112-29, § 18(b)(1), 125 Stat. 284, at 331 (2011). So much so that district courts considering stays pending IPR have looked to the Federal Circuit’s decision in *VirtualAgility* for guidance. *See, e.g., NFC Tech.*, 2015 WL 1069111, at \*6 (discussing overlap between the statutory stay provisions for CBM review and the court-developed stay provisions for IPR).

The same rationale set forth in the “near-uniform line of authority” represented by *Crossroads*, *Click-to-Call*, *NFC Technology*, *Image Processing*, and *VirtualAgility* is applicable here. In deciding to institute IPR of all asserted claims of the sole asserted patent, the PTAB determined that Sand Revolution has “met its burden of demonstrating a reasonable likelihood that it would prevail in showing that the claims of the ’740 patent are unpatentable.” Appx080.

The PTAB then went one step further, asserting that “[a]t this preliminary stage of the proceeding and on the record before us, [Sand Revolution’s] case is strong on most challenged claims.” *Id.* Quoting from its recent decision in *Apple Inc. v. Fintiv, Inc.*, the Board explained, “If the merits of a ground raised in the petition seem *particularly strong* on the preliminary record, this fact has favored institution.” *Id.* (emphasis added) (quoting *Fintiv*, IPR2020-00019, Paper 11 (PTAB March 20, 2020) (precedential) at 14-15). The strong likelihood that most, if not all, of the asserted claims will be invalidated in the IPR weighs heavily in favor of granting a stay in this litigation.

If all claims of the asserted patent are invalidated, there will be nothing left for the parties to litigate. *See Crossroads*, 2015 WL 3773014, at \*3 (“If, for example, the PTAB were to determine the claims were invalid, the case could effectively be over.”). As explained in *VirtualAgility*, this would be “the ultimate simplification of issues.” *See VirtualAgility*, 759 F.3d at 1314. But even if one or more claims of the asserted patent survives the proceeding, it will greatly simplify any remaining issues of validity and infringement. *See NFC Tech.*, 2015 WL 1069111, at \*4 For example, following a final decision in the IPR, Sand Revolution would be estopped from challenging the validity of any remaining claims on any ground that was, or reasonably could have been, asserted in the IPR. *See id.* (citing 35 U.S.C. § 315(e)(2)). The parties would also benefit from any statements made during the PTAB proceedings by Plaintiff or the Board regarding claim scope, which would simplify infringement issues. Proceeding to trial under these circumstances would likely prove “extraordinarily wasteful” given the probable outcome of the IPR. *See Click-to-Call*, 2013 WL 12121528, at \*1.

Further, the fact that the final decision in the IPR may be issued soon after the parties’ current trial date is of little consequence. First, the PTAB can issue its decision before the current trial date. *Compare* Appx134, *with* Appx155-157. Oral argument in the IPR is scheduled to take place a month before the parties’ current trial date and the parties cannot alter the date of the oral argument. *See* Appx134.

Second, as the court held in *Click-to-Call*, the likelihood that an instituted IPR will simplify the issues in the litigation trumps concerns regarding the timing of the IPR decision relative to the parties' current trial date. *See Click-to-Call*, 2013 WL 12121528, at \*1.

This most important factor, therefore, weighs decidedly in favor of staying this action pending conclusion of the IPR.

**2. Plaintiff would not be unduly prejudiced by a stay.**

Plaintiff would suffer no undue prejudice if this case were stayed. The inherent delay to Plaintiff's day in court that necessarily follows a stay is present in every case. *Parallel Networks*, 2020 WL 1236266, at \*2; *see also NFC Tech.*, 2015 WL 1069111, at \*2. As a result, courts recognize that such delay, standing alone, is not sufficient to deny a stay. *Id.*

It is also difficult to square any assertion by Plaintiff of undue prejudice resulting from a delay in trial with Plaintiff's willingness to repeatedly extend the schedule in this case. As described above, Plaintiff has previously joined in requesting six extensions to the Scheduling Order that have pushed the parties' trial date back more than thirteen months. *See* Appx155-164, Appx166-167, Appx170-177. On multiple occasions, Plaintiff has proposed extending various deadlines, including the trial date, farther out than initially proposed by Sand Revolution. It

has also joined in requesting another extension to the trial date after the IPR was instituted. *See Appx155-157.*

Moreover, Plaintiff's own conduct necessitated several of the extensions in this case. For example, Plaintiff initially took an exceedingly narrow view of its document production obligations, requiring court intervention before Plaintiff began producing the vast majority of its current production earlier this year. *See Appx165.* Extensions have also been necessary to accommodate Plaintiff's witnesses' schedules for deposition and afford Plaintiff additional time to locate and produce its conception documents.

In *VirtualAgility*, this Court found the plaintiff's almost one-year delay in filing suit against the defendants from the date its patent issued supported a finding that a stay would not unduly prejudice the plaintiff. *See VirtualAgility*, 759 F.3d at 1319. Plaintiff's conduct in this action is analogous in that Plaintiff has voluntarily pushed back its trial date over a year. Similarly, any assertion by Plaintiff that it would be prejudiced by Sand Revolution's filing of the IPR eleven months into the twelve-month statutory window is also more than completely offset by the joint extensions that have pushed trial back more than thirteen months.<sup>8</sup>

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<sup>8</sup> Preparation and filing of Sand Revolution's IPR petition was complicated by Plaintiff's assertion of two, mutually exclusive infringement theories. The dueling theories, taken at face value, broadened the scope of prior art and created confusion as to the alleged meaning of certain claim terms. Defendant filed its IPR petition more than a month before receiving Plaintiff's first final infringement contentions

Any risk of Plaintiff suffering undue prejudice as a result of a stay is further reduced by the ongoing collapse in the oil markets. *See* Appx136-154. Oil exploration and production businesses are all suffering in the current environment. *See id.* Sand Revolution believes that Plaintiff has drastically reduced, if not entirely suspended, its activity at well sites in western Texas where the parties are alleged to compete for business. But Plaintiff is not alone, as almost all oil-and-gas companies in West Texas, including Sand Revolution, have scaled back their businesses. As a result, any damages that may accrue in the current environment are greatly reduced compared to earlier time periods. A stay of this litigation pending the outcome of the IPR, therefore, is particularly unlikely to unduly prejudice Plaintiff.

As a result, this factor weighs in favor of granting a stay.

**3. The litigation has not reached an advanced stage as fact discovery and document production are still ongoing.**

This case is not currently in an advanced stage. When considering a motion to stay, district courts are instructed to consider the filing date of the motion as the proper time to measure the stage of the litigation. *See Uniloc USA, Inc. v. Avaya Inc.*, No. 6:15-cv-1168-JRG, 2017 WL 2882725, at \*2 (E.D. Tex. Apr. 19, 2017) (citing *VirtualAgility*, 759 F.3d at 1316). Barring any further extensions to the schedule, fact discovery—which includes ongoing document production and

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and more than three months before receiving Plaintiff's amended final infringement contentions.

depositions—will close three months after the date Sand Revolution filed its motion. *See* Appx155-157. Plaintiff is producing its conception documents related to the asserted patent soon and there are several fact witnesses who have not yet been deposed, including Plaintiff’s 30(b)(6) witness. Only recently, on July 24, 2020, the district court granted Sand Revolution leave to amend its answer and invalidity contentions to include multiple new defenses and prior-art combinations based on Plaintiff’s recent disclosure of an unnamed inventor who heavily participated in the conception and reduction to practice of the patented technology. *See* Appx205-209.

Expert discovery has not yet begun, and significant pretrial filings and motions all remain several months out under the current schedule. *See* Appx155-157. Trial is scheduled for nine months from the filing of Sand Revolution’s motion. *Id.*

In *Click-to-Call*, the district court noted that the parties were engaged in post-*Markman* discovery, a trial date had been set, and any future appeal of the PTAB decision in the IPR could extend beyond the parties’ trial date. *Compare Click-to-Call*, 2013 WL 12121528, at \*1, with Appx126-135, Appx155-157, and Appx168-169. Nonetheless, the court found that “it simply makes no sense for [the court] to proceed in parallel with the PTAB. The finality of any judgment rendered by [the court] will be dubious so long as the PTAB retains authority to review, and therefore invalidate, the asserted claims.” *Click-to-Call*, 2013 WL 12121528, at \*2. The court

then concluded that “[t]his has consistently been the [c]ourt’s position with regard to stays under the new America Invents Act procedures.” *Id.*

In *NFC Technology*, the litigation began more than a year before the defendant’s motion for stay, the parties had engaged in “significant discovery,” and claim construction briefing was complete. *See NFC Tech.*, 2015 WL 1069111, at \*3. Nonetheless, the court granted a stay pending conclusion of the IPR proceeding, finding that fact discovery did not close for one more month and significant pretrial discovery, filings, and motions remained before trial. *Id.* The trial in *NFC Technology* was scheduled to take place six months from the date of the court’s decision regarding the stay. *Id.*

Here, the close of fact discovery and trial are both scheduled much farther out than in *NFC Technology*. *See Appx155-157.* Given all the work ahead for the parties, including completing fact discovery, expert discovery, and substantive pre-trial motion practice, denying a stay would impose significant expenses on the parties that may well prove unnecessary given the PTAB’s determination that Sand Revolution is likely to prevail in the IPR.

Because this case has not reached an advanced stage, this factor weighs in favor of staying the case.



**E. Sand Revolution has no other means to obtain the requested relief.**

Mandamus relief is appropriate in this case because Sand Revolution has no other means of obtaining the requested relief. If any of the asserted claims survive the IPR, Sand Revolution would not have an adequate remedy for an improper denial of a stay by way of an appeal from an adverse judgment because Sand Revolution would not be able to show that it would have won the case had it been stayed. *See In re TS Tech USA Corp.*, 551 F.3d 1315, 1322-23 (Fed. Cir. 2008).

**CONCLUSION**

For the foregoing reasons, Sand Revolution requests that this Court issue a writ of mandamus directing the district court to vacate its order denying a stay and stay this case pending conclusion of the instituted IPR.

RESPECTFULLY SUBMITTED, August 13, 2020

/s/ Benjamin D. Bailey

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### **CERTIFICATE OF COMPLINACE**

The foregoing filing complies with the relevant type-volume limitation of the Federal Rules of Appellate Procedure and Federal Circuit Rules because the filing has been prepared using a proportionally spaced typeface and includes 6,498 words.

Date: August 13, 2020

Signature: /s/ Benjamin D. Bailey  
Benjamin D. Bailey

**CERTIFICATE OF FILING AND SERVICE**

The undersigned hereby certifies that on August 13, 2020, a true and correct copy of the above and foregoing document was filed with the Clerk of Court for the United States Court of Appeals for the Federal Circuit using the appellate CM/ECF system.

I further certify that the following participants in the underlying litigation were served the Petition for Writ of Mandamus and Supporting Appendix of Exhibits by UPS Ground at the following addresses of record:

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Date: August 13, 2020

Signature: /s/ Benjamin D. Bailey  
Benjamin D. Bailey

**In The  
United States Court of Appeals  
For The Federal Circuit**

**IN RE SAND REVOLUTION LLC AND  
SAND REVOLUTION II, LLC,**

*Petitioners,*

**ON PETITION FOR WRIT OF MANDAMUS TO THE UNITED STATES  
DISTRICT COURT FOR THE WESTERN DISTRICT OF TEXAS,  
CASE NO. 7:18-CV-00147-ADA, HON. ALAN D. ALBRIGHT.**

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**NON-CONFIDENTIAL APPENDIX OF EXHIBITS IN SUPPORT OF  
PETITION FOR WRIT OF MANDAMUS**

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### **CONFIDENTIAL MATERIAL OMITTED**

The material omitted at pages 205-209 of the appendix is a sealed order from the district court granting Defendants permission to amend their answer on the grounds that newly discovered information necessitates the addition of several affirmative defenses and invalidity contentions.

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND/ODESSA DIVISION**

CONTINENTAL INTERMODAL	)	
GROUP – TRUCKING, LLC,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Case No. 7:18-cv-00147-DC
	)	
SAND REVOLUTION LLC,	)	
SAND REVOLUTION II, LLC,	)	
	)	
Defendants.	)	

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**CONFIDENTIALITY AND PROTECTIVE ORDER**

Pursuant to Federal Rule of Civil Procedure 26(c), Plaintiff Continental Intermodal Group – Trucking LLC (“CIG”), and Defendants Sand Revolution LLC, and Sand Revolution II, LLC (collectively “Sand Revolution”) (all collectively, the “Parties”), by and through their respective counsel of record, hereby stipulate and agree that discovery in the above-captioned case may involve the disclosure of certain documents, things, and information in the possession, custody, or control of a party or a nonparty that constitute or contains sensitive commercial information about the Parties’ respective businesses.

The Parties therefore stipulate and agree, subject to the approval of the Court, that the following terms and conditions of this Protective Order shall govern the handling of documents, things, and information in this case. Accordingly, good cause exists for the entry of this Stipulated Confidentiality and Protective Order (“Protective Order”) pursuant to Fed. R. Civ. P. 26(c) to protect against improper disclosure or use of Confidential or Attorneys Eyes Only information produced or disclosed in this case.

1. This Protective Order applies to any document, or portion thereof, any type of information, including electronically stored information and any form of discovery contemplated under Rules 26 through 36 of the Federal Rules of Civil Procedure that, in the

good-faith opinion of the party providing such material (the “Producing Party”), contains any trade secret or other Confidential research, development, manufacture, regulatory, financial, marketing or other competitive information of the Producing Party, or a nonparty if such documents and information are within the possession, custody, or control of the Producing Party. The party receiving such information is herein referred to as the “Receiving Party.” This Protective Order describes the information protected under its terms and the use and disclosure of such protected information.

## 2. Definitions

a. “Party” means any party to this action, including all of its officers, directors, employees, consultants, retained experts, and Counsel of Record (and their support staffs).

b. “Person” means an individual or an entity.

c. “Designating Party” means a Party or Non-Party that designates information or items that it produces or provides for production in disclosures or in responses to discovery as “Confidential” or “Attorneys Eyes Only.”

d. “Producing Party” means a Party or Non-Party that produces Disclosure or Discovery Material in this action.

e. “Receiving Party” means a Party that receives Disclosure or Discovery Material from a Producing Party.

f. “Non-Party” means natural person, partnership, corporation, association, or other legal entity not named as a Party to this action.

g. “Disclosure” or “Discovery Material” means all items or information, regardless of the medium or manner in which they are generated, stored, or maintained,



including but not limited to documents, testimony, transcripts, tangible things, and/or electronically stored information, produced or generated in disclosures or responses to discovery in this case.

h. “Protected Material” means any Disclosure or Discovery Material that is designated “Confidential” or “Attorneys Eyes Only.”

i. “Confidential” information includes information concerning a Party’s business operations, processes, and technical and development information. All such designated material, all copies, excerpts and summaries thereof, and all information contained therein or derived therefrom shall hereinafter be referred to as “Confidential” information.

j. “Attorneys Eyes Only” information is information within the scope of Rule 26(c)(1)(G) or information that is: current or future business or technical trade secrets, commercial and financial information, and plans more sensitive or strategic than Confidential information, the disclosure of which is likely to harm that Party’s competitive position, or the disclosure of which would contravene an obligation of Confidentiality to a third party or to a Court.

### 3. **Designation Criteria**

*When information should not be designated:*

a. Information is not Confidential or Attorneys Eyes Only if it (i) is in the public domain at the time of disclosure, as evidenced by a written document or printed publication; (ii) becomes part of the public domain through no fault of the recipient or by means not constituting a breach of this Order, as evidenced by a written document; (iii) was known to or in the rightful and lawful possession of the recipient without obligation of Confidentiality before

the Producing Party disclosed it; or (iv) lawfully comes into the recipient's possession independently of this litigation.

*Designation of Information as Confidential or Attorneys Eyes Only:*

b. A Designating Party's designation of information as Confidential or Attorneys Eyes Only means that the Designating Party believes in good faith, upon reasonable inquiry, that the information qualifies as such.

c. A Designating Party designates information in a document or thing as Confidential or Attorneys Eyes Only by clearly and prominently marking it, before disclosure or production to the Receiving Party, on its face and on each page, as "Confidential" or "Attorneys Eyes Only." A Producing Party may make documents or things containing confidential information available for inspection and copying without marking them as Confidential or Attorneys Eyes Only and without forfeiting a claim of confidentiality, so long as the Producing Party causes copies of the documents or things to be marked as Confidential or Attorneys Eyes Only before providing them to the Receiving Party.

d. A person designates information in deposition testimony as Confidential or Attorneys' Eyes Only by stating on the record at the deposition that the information is Confidential or Attorneys' Eyes Only or by advising the opposing party and the stenographer and/or videographer in writing, within thirty (30) days after receipt of the deposition transcript, unless otherwise agreed to by counsel, that the information is Confidential or Attorneys Eyes Only. During this thirty (30) day period, the deposition testimony shall be treated as Attorneys Eyes Only until such time as the opposing party and the stenographer and/or videographer are advised of any such designation(s). If no such advisement is made within that time, the

deposition testimony shall remain undesignated, or, if information was designated during the deposition, as originally designated.

e. In the case of responses to interrogatories, other discovery requests or responses, and other pleadings, information contained therein may be designated as Confidential or Attorneys Eyes Only information by prominently marking such paper Confidential or Attorneys Eyes Only.

f. Tangible objects may be designated as Confidential or Attorneys Eyes Only information by affixing to the object or its container a label or tag indicating its confidentiality.

g. A Producing Party or Designating Party's failure to designate a document, thing, or testimony as Confidential or Attorneys Eyes Only does not constitute forfeiture of a claim of confidentiality as to any other document, thing, or testimony. If the Producing Party discovers that information should have been but was not designated Confidential or Attorneys Eyes Only, the Producing Party must immediately notify all other Parties in writing. Upon notification, such information shall be treated as Confidential or Attorneys Eyes Only in accordance with this Order, and within seven (7) business days of such notification, the Producing Party must provide copies of the document, thing, or testimony re-designated Confidential or Attorneys Eyes Only in accordance with this Order. The Receiving Party shall have no liability, under this Order or otherwise, for any disclosure of information contained in unmarked or mismarked documents or things occurring before the Receiving Party was placed on notice of the Producing Party's claims of confidentiality.

h. A person who has designated information as Confidential or Attorneys Eyes Only may withdraw the designation by written notification to all other Parties.

4. **Qualified Persons**

a. Confidential and Attorneys' Eyes Only information may be used and disclosed solely for purposes of this litigation, subject to the terms of this Order. No party or person shall make any other use of any such Protected Material, including but not limited to use for commercial or competitive purposes or use in any other legal proceeding or administrative action, except as permitted by order of the Court or otherwise agreed up by the parties.

b. Further, such information may be disclosed only to the categories of persons and under the conditions described in this Order. Nothing herein shall be construed as preventing a party from using or continuing to use any information that is or becomes known through the means listed in Section 3(a) above. Should a dispute arise as to any specific information or materials, the burden shall be on the party claiming that such information or materials is or was publicly known or was lawfully obtained other than through discovery of the Producing Party.

c. Absent written permission from the Producing Party or further order by the Court, the Receiving Party may not disclose Confidential information to any person other than the following:

- i. the Receiving Party's outside counsel of record, including their partners and associates, and necessary paralegal, secretarial and clerical personnel assisting such counsel;
- ii. the Receiving Party's in-house counsel;
- iii. the Receiving Party's officers and employees directly involved in this case whose access to the information is reasonably required to supervise, manage, or participate in this case;

- iv. any person who authored the document or thing at issue, including as indicated on the face of the document or thing;
- v. a stenographer and videographer recording testimony concerning the information;
- vi. subject to the provisions regarding experts below, experts and consultants and their staff whom a party engages for purposes of this litigation; and
- vii. the Court and personnel assisting the Court.

d. Absent written permission from the Producing Party or further order by the Court, the Receiving Party may not disclose Attorneys Eyes Only information to any person other than the following:

- i. the Receiving Party's outside counsel of record, including their partners and associates, and necessary paralegal, secretarial and clerical personnel assisting such counsel;
- ii. any person who authored the document or thing at issue, if indicated by the document or thing;
- iii. a stenographer and videographer recording testimony concerning the information;
- iv. subject to the provisions regarding experts below, experts and consultants and their staff whom a party engages for purposes of this litigation; and
- v. the Court and personnel assisting the Court.

e. A party may not disclose Confidential or Attorneys Eyes Only information to an expert or consultant until after the expert or consultant has signed an undertaking in the form of **Appendix 1** to this Order, acknowledging receipt and understanding of, agreeing to handle Protected Material in accordance with, and to be bound by the terms of this Order. At least five (5) business days before the first disclosure of Confidential or Attorneys Eyes Only information to an expert or consultant (or member of their staff), the party proposing to make the disclosure must notify the Producing Party in writing of the expert's or consultant's name, and serve upon the Producing Party the expert's or consultant's signed undertaking (Appendix 1) along with a copy of his or her current resume or curriculum vitae containing a description of the expert's or consultant's past and present professional activities, including a list of publications, and a list of the cases in which he or she has offered expert testimony, during the preceding four (4) years. If the Producing Party has good cause to object to the disclosure to the expert or consultant (which does not include challenging his or her qualifications or contemplated work), it must serve the party proposing to make the disclosure with a written objection within five (5) business days after receiving notice and such signed undertaking and resume or curriculum vitae. Unless the parties resolve the dispute within five (5) business days after service of the objection, the Producing Party must promptly move the Court for a ruling, and the Confidential or Attorneys Eyes Only information may not be disclosed to the expert or consultant without the Court's approval. If the Producing Party fails to object to such disclosure or fails to raise the objection with the Court within the prescribed periods, the expert or consultant proposed shall be deemed approved, but that shall not preclude the Producing Party from later objecting to continued access by that expert or consultant where a new basis for objection is subsequently learned by the Producing Party.

f. A party who wishes to disclose Confidential or Attorneys Eyes Only information to a person not authorized under Paragraphs 4(c), 4(d) or 4(e) above must first make a reasonable attempt to obtain the Producing Party's permission. If the party is unable to obtain permission, it may move the Court to obtain permission.

**5. Unintentional Disclosures**

In the event of any unintentional or inadvertent disclosure to unauthorized recipient(s) of information or things designated by a Producing Party as Confidential or Attorneys Eyes Only, counsel for the party responsible for the disclosure shall: (1) immediately notify the Designating Party in writing of the inadvertent disclosure, including the identity of the recipient(s) of the confidential information, (2) use objectively reasonable efforts to obtain the prompt return of the confidential information from the unauthorized recipient(s), (3) inform the person or persons to whom the inadvertent disclosure was made of the terms of this Order, and request such person(s) not to further disseminate the confidential information in any form. Compliance with the foregoing shall not prevent either party from seeking additional relief from the Court. Inadvertent disclosures of material protected by the attorney-client privilege or the work product doctrine shall be handled in accordance with Federal Rule of Evidence 502.

**6. Challenging the Designation**

a. Any Party may challenge a designation of confidentiality at any time. A Party does not waive its right to challenge a confidentiality designation by electing not to mount a challenge promptly after the original designation is disclosed, provided however, that any delay in mounting a challenge does not prejudice the Producing Party or significantly disrupt or delay the litigation.

b. If a Party disputes a Producing Party's designation of information as Confidential or Attorneys Eyes Only, the Party shall notify the Producing Party in writing of the basis for the dispute, identifying the specific document[s] or thing[s] as to which the designation is disputed and proposing a new designation for such materials. The Receiving Party and the Producing Party shall then meet and confer to attempt to resolve the dispute without involvement of the Court.

c. If the Parties cannot resolve the dispute without court intervention, the disputing Party may within fourteen (14) days of the date of service of notice seek an Order requesting that the Court withdraw or modify a Confidential or Attorneys Eyes Only designation. If the disputing Party does not seek an Order within that time, the objection shall be deemed waived and the information shall remain as designated by the Producing Party. If the disputing Party files a motion within the specified time period, the information shall remain as designated by the Producing Party unless and until a Court orders otherwise.

d. The burden of persuasion in any such challenge proceeding shall be on the Designating Party.

#### **7. Manner of Use in Proceedings**

In the event a Party wishes to use any information designated by the Producing Party as Confidential or Attorneys Eyes Only in affidavits, declarations, briefs, memoranda of law, or other papers filed in this litigation, the party shall do one of the following: (1) obtain the consent of the Producing Party to file the information; (2) with the consent of the Producing Party, file only a redacted copy of the information; (2) where appropriate (e.g., in connection with discovery and evidentiary motions) provide the information solely for in camera review; or



(3) file such information under seal with the Court consistent with the applicable sealing requirements of the Court.

**8. Filing Under Seal**

The Clerk of this Court is directed to maintain under seal all documents, transcripts of deposition testimony, answers to interrogatories, admissions, and other papers filed under seal in this litigation that have been designated, in whole or in part, as either Confidential or Attorneys Eyes Only information by any party to this litigation consistent with the sealing requirements of the Court.

**9. Return or Disposal of Documents**

Within ninety (90) calendar days of receipt of written notice of the final disposition of this Action, whether by judgment and exhaustion of all appeals, by voluntary dismissal, or by settlement, all documents and things produced and/or designated as Confidential or Attorneys Eyes Only information, including extracts and summaries thereof, and all reproductions thereof, shall be destroyed and within fourteen (14) calendar days of such destruction certify to counsel for the Producing Party that destruction has taken place. Notwithstanding the above, one archival copy of pleadings, discovery responses, correspondence, deposition transcripts, deposition exhibits, Court exhibits, documents (included in submissions to the Court), and work product that contains or reflects Confidential or Attorneys Eyes Only information may be retained only by each outside counsel for the Receiving Party.

**10. Ongoing Obligations**

Insofar as the provisions of this and any other protective order entered in this Action restrict the communication and use of information produced thereunder, such order

shall be binding after the conclusion of this litigation except that (1) there shall be no restriction on documents that are used as exhibits in Court for which the Court found that they should not remain protected or on documents that were used as exhibits in open court unless such exhibits were filed under seal; and (2) a party may seek the written permission of the Producing Party or further order of the Court with respect to dissolution or modification of any such protective order.

**11. Non-Party Use of this Protective Order**

A Non-Party producing information or material voluntarily or pursuant to a subpoena or a court order may designate such material or information in the same manner provided in this Order and shall receive the same level of protection under this Protective Order as any Party to this Action. However, a Non-Party's use of this Protective Order to protect its information does not entitle that Non-Party to access Protected Material produced by any Party to this Action.

**12. Miscellaneous**

a. Any party designating any person as a Qualified Person shall have the duty to reasonably ensure that such person observes the terms of this Protective Order and shall be responsible upon breach of such duty for the failure of such person to observe the terms of this Protective Order.

b. Pursuant to Federal Rule of Evidence 502, neither the attorney-client privilege nor work product protection is waived by disclosure connected with this litigation.

c. Nothing in this Order abridges the right of any Party to seek its modification either by stipulation or by the Court in the future.

d. This Order's obligations regarding Confidential and Attorneys' Eyes Only information survive the conclusion of this action.

e. By stipulating to the entry of this Protective Order, no Party waives any right it otherwise would have to object to disclosing or producing any information or item on any ground not addressed in this Protective Order. Similarly, no Party waives any right to object on any ground to use in evidence of any of the material covered by this Protective Order.

It is so **ORDERED**.

**SIGNED this 28th day of November, 2018.**

  
\_\_\_\_\_  
**DAVID COUNTS**  
**UNITED STATES DISTRICT JUDGE**

**From:** TXW\_USDC\_Notice@txwd.uscourts.gov  
**Sent:** Wednesday, July 22, 2020 12:05 AM  
**To:** cmecf\_notices@txwd.uscourts.gov  
**Subject:** Activity in Case 7:18-cv-00147-ADA Continental Intermodal Group-Trucking LLC v. Sand Revolution LLC et al Order on Motion to Stay Case

[External Email]

**This is an automatic e-mail message generated by the CM/ECF system. Please DO NOT RESPOND to this e-mail because the mail box is unattended.**

**\*\*\*NOTE TO PUBLIC ACCESS USERS\*\*\*** Judicial Conference of the United States policy permits attorneys of record and parties in a case (including pro se litigants) to receive one free electronic copy of all documents filed electronically, if receipt is required by law or directed by the filer. PACER access fees apply to all other users. To avoid later charges, download a copy of each document during this first viewing. However, if the referenced document is a transcript, the free copy and 30 page limit do not apply.

U.S. District Court [LIVE]

Western District of Texas

## Notice of Electronic Filing

The following transaction was entered on 7/22/2020 at 2:05 AM CDT and filed on 7/22/2020

**Case Name:** Continental Intermodal Group-Trucking LLC v. Sand Revolution LLC et al

**Case Number:** [7:18-cv-00147-ADA](#)

**Filer:**

**Document Number:** No document attached

**Docket Text:**

**Text Order DENYING [104] Motion to Stay Case entered by Judge Alan D Albright. Before the Court is Defendants' motion to stay pending conclusion of an instituted IPR. The Court DENIES this motion for at least the following reasons:**

- (1) The Court strongly believes the Seventh Amendment,**
- (2) This case has been pending since 2017 and staying the case would only further delay its resolution,**
- (3) Denying the stay would allow the Parties to obtain a more timely and complete resolution of infringement, invalidity, and damages issues, and**
- (4) Plaintiff opposes the stay.**

**(This is a text-only entry generated by the court. There is no document associated with this entry.) (jy)**

7:18-cv-00147-ADA Notice has been electronically mailed to:

8/11/2020

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PATENT/TRADEMARK

**U.S. District Court [LIVE]  
Western District of Texas (Midland)  
CIVIL DOCKET FOR CASE #: 7:18-cv-00147-ADA**

Continental Intermodal Group-Trucking LLC v. Sand Revolution  
LLC et al  
Assigned to: Judge Alan D Albright  
Cause: 35:271 Patent Infringement

Date Filed: 08/21/2018  
Jury Demand: Both  
Nature of Suit: 830 Patent  
Jurisdiction: Federal Question

**Plaintiff**

**Continental Intermodal Group-Trucking  
LLC**

represented by **Andrew Harper Estes**  
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8/11/2020

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V.

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8/11/2020

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**Defendant****Sand Revolution II LLC**

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*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Benjamin Douglas Bailey**

(See above for address)  
*LEAD ATTORNEY*  
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**Brannon Charles McKay**

(See above for address)  
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**J. Josh Clayton**

(See above for address)

*LEAD ATTORNEY**ATTORNEY TO BE NOTICED***Leonard Jason Weinstein**

(See above for address)

*LEAD ATTORNEY**ATTORNEY TO BE NOTICED***Manoj S. Gandhi**

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*LEAD ATTORNEY**ATTORNEY TO BE NOTICED***Michael Charles Smith**

(See above for address)

*ATTORNEY TO BE NOTICED*

Date Filed	#	Docket Text
08/21/2018	<a href="#"><u>1</u></a>	COMPLAINT ( Filing fee \$ 400 receipt number 0542-11144208), filed by Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#"><u>1</u></a> Exhibit Exhibit A, # <a href="#"><u>2</u></a> Exhibit Exhibit B, # <a href="#"><u>3</u></a> Exhibit Exhibit C, # <a href="#"><u>4</u></a> Exhibit Exhibit D, # <a href="#"><u>5</u></a> Civil Cover Sheet Civil Cover Sheet)(Hooper, Lisa) (Entered: 08/21/2018)
08/21/2018	<a href="#"><u>2</u></a>	REQUEST FOR ISSUANCE OF SUMMONS by Continental Intermodal Group-Trucking LLC. <i>Request for Issuance of Summons Sand Revolution LLC</i> (Hooper, Lisa) (Main Document 2 replaced on 8/21/2018) (lw). (Entered: 08/21/2018)
08/21/2018	<a href="#"><u>3</u></a>	REQUEST FOR ISSUANCE OF SUMMONS by Continental Intermodal Group-Trucking LLC. <i>Request for Issuance of Summons Sand Revolution II LLC</i> (Hooper, Lisa) (Main Document 3 replaced on 8/21/2018) (lw). (Entered: 08/21/2018)
08/21/2018	<a href="#"><u>4</u></a>	Certificate of Interested Parties by Continental Intermodal Group-Trucking LLC. (Hooper, Lisa) (Entered: 08/21/2018)
08/21/2018	<a href="#"><u>5</u></a>	NOTICE of Attorney Appearance by Andrew Harper Estes on behalf of Continental Intermodal Group-Trucking LLC (Estes, Andrew) (Entered: 08/21/2018)
08/21/2018	<a href="#"><u>6</u></a>	NOTICE of Filing Report on the Filing or Determination of an Action Regarding a Patent or Trademark by Continental Intermodal Group-Trucking LLC (Hooper, Lisa) (Entered: 08/21/2018)
08/21/2018	<a href="#"><u>7</u></a>	Letter/Correspondence regarding Non-Admitted Status as to Attorney Travis W. McCallon. (lw) (Entered: 08/21/2018)
08/21/2018		Case assigned to Judge David Counts. CM WILL NOW REFLECT THE JUDGE INITIALS AS PART OF THE CASE NUMBER. PLEASE APPEND THESE JUDGE INITIALS TO THE CASE NUMBER ON EACH DOCUMENT THAT YOU FILE IN THIS CASE. (lw) (Entered: 08/21/2018)
08/21/2018	<a href="#"><u>10</u></a>	Report on Patent/Trademark sent to U.S. Patent and Trademark Office. (lw) Modified on 8/22/2018 (lw). (Entered: 08/22/2018)
08/22/2018	<a href="#"><u>8</u></a>	Summons Issued as to Sand Revolution LLC. (lw) (Entered: 08/22/2018)

**APPX0018**



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08/22/2018	<a href="#">9</a>	Summons Issued as to Sand Revolution II LLC. (lw) (Entered: 08/22/2018)
08/30/2018	<a href="#">11</a>	MOTION to Appear Pro Hac Vice by Travis W. McCallon (Filing fee \$ 100.00 receipt number 700013765) by on behalf of Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#">1</a> Proposed Order)(se) (Entered: 08/31/2018)
08/30/2018	<a href="#">12</a>	MOTION to Appear Pro Hac Vice by Luke M. Meriwether (Filing fee \$ 100.00 receipt number 700013766) by on behalf of Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#">1</a> Proposed Order)(se) (Entered: 08/31/2018)
08/30/2018	<a href="#">13</a>	MOTION to Appear Pro Hac Vice by Eric D. Sidler (Filing fee \$ 100.00 receipt number 700013767) by on behalf of Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#">1</a> Proposed Order)(se) (Entered: 08/31/2018)
09/04/2018		It is ORDERED Travis W. McCallon's Motion for Admission Pro Hac Vice, Doc. <a href="#">11</a> filed August 30, 2018, is GRANTED. Pursuant to our Administrative Policies and Procedures for Electronic Filing, the attorney hereby granted to practice pro hac vice in this case must register for electronic filing with our court within 10 days of this order. It is further ORDERED that if Mr. McCallon has not already done so, shall immediately tender the amount of \$100.00, made payable to Clerk, U.S. District Court, in compliance with Local Court Rule AT-1(f)(2). Entered by Judge David Counts. (This is a text-only entry generated by the court. There is no document associated with this entry.) (db) (Entered: 09/04/2018)
09/04/2018		It is ORDERED Luke M. Meriwether's Motion for Admission Pro Hac Vice, Doc. <a href="#">12</a> filed August 30, 2018, is GRANTED. Pursuant to our Administrative Policies and Procedures for Electronic Filing, the attorney hereby granted to practice pro hac vice in this case must register for electronic filing with our court within 10 days of this order. It is further ORDERED that if Mr. Meriwether has not already done so, shall immediately tender the amount of \$100.00, made payable to Clerk, U.S. District Court, in compliance with Local Court Rule AT-1(f)(2). Entered by Judge David Counts. (This is a text-only entry generated by the court. There is no document associated with this entry.) (db) (Entered: 09/04/2018)
09/04/2018		It is ORDERED Eric D. Sidler's Motion for Admission Pro Hac Vice, Doc. <a href="#">13</a> filed August 30, 2018, is GRANTED. Pursuant to our Administrative Policies and Procedures for Electronic Filing, the attorney hereby granted to practice pro hac vice in this case must register for electronic filing with our court within 10 days of this order. It is further ORDERED that if Mr. Sidler has not already done so, shall immediately tender the amount of \$100.00, made payable to Clerk, U.S. District Court, in compliance with Local Court Rule AT-1(f)(2). Entered by Judge David Counts. (This is a text-only entry generated by the court. There is no document associated with this entry.) (db) (Entered: 09/04/2018)
09/17/2018	<a href="#">14</a>	NOTICE of Attorney Appearance by Manoj S. Gandhi on behalf of Sand Revolution II LLC, Sand Revolution LLC. Attorney Manoj S. Gandhi added to party Sand Revolution II LLC(pty:dft), Attorney Manoj S. Gandhi added to party Sand Revolution LLC(pty:dft) (Gandhi, Manoj) (Entered: 09/17/2018)
09/17/2018	<a href="#">15</a>	Certificate of Interested Parties by Sand Revolution II LLC, Sand Revolution LLC. (Gandhi, Manoj) (Entered: 09/17/2018)
09/17/2018	<a href="#">16</a>	MOTION to Appear Pro Hac Vice by Manoj S. Gandhi <i>for Armon Shahdadi</i> ( Filing fee \$ 100 receipt number 0542-11236327) by on behalf of Sand Revolution II LLC, Sand Revolution LLC. (Gandhi, Manoj) (Entered: 09/17/2018)
09/17/2018	<a href="#">17</a>	MOTION to Appear Pro Hac Vice by Manoj S. Gandhi <i>for Brannon McKay</i> ( Filing fee \$ 100 receipt number 0542-11236378) by on behalf of Sand Revolution II LLC, Sand

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		Revolution LLC. (Gandhi, Manoj) (Entered: 09/17/2018)
09/17/2018	<a href="#">18</a>	Motion to Dismiss for Failure to State a Claim by Sand Revolution II LLC, Sand Revolution LLC. (Attachments: # <a href="#">1</a> Exhibit A, # <a href="#">2</a> Exhibit B)(Gandhi, Manoj) (Entered: 09/17/2018)
09/18/2018	<a href="#">19</a>	<b>DEFICIENCY NOTICE:</b> re <a href="#">14</a> Notice of Appearance. (jk) (Entered: 09/18/2018)
09/18/2018	<a href="#">20</a>	<b>DEFICIENCY NOTICE:</b> re <a href="#">15</a> Certificate of Interested Parties. (jk) (Entered: 09/18/2018)
09/18/2018	<a href="#">21</a>	<b>DEFICIENCY NOTICE:</b> re <a href="#">16</a> MOTION to Appear Pro Hac Vice by Manoj S. Gandhi <i>for Armon Shahdadi</i> ( Filing fee \$ 100 receipt number 0542-11236327). (jk) (Entered: 09/18/2018)
09/18/2018	<a href="#">22</a>	<b>DEFICIENCY NOTICE:</b> re <a href="#">17</a> MOTION to Appear Pro Hac Vice by Manoj S. Gandhi <i>for Brannon McKay</i> ( Filing fee \$ 100 receipt number 0542-11236378). (jk) (Entered: 09/18/2018)
09/18/2018	<a href="#">23</a>	Pro Hac Vice Letter sent to attorneys J. Josh Clayton and Benjami D. Bailey as to Sand Revolution II LLC, Sand Revolution LLC re: non-admitted status. (jk) (Entered: 09/18/2018)
09/18/2018	<a href="#">24</a>	CERTIFICATE OF SERVICE by Sand Revolution II LLC, Sand Revolution LLC <a href="#">14</a> Notice of Appearance, (Gandhi, Manoj) (Entered: 09/18/2018)
09/18/2018	<a href="#">25</a>	CERTIFICATE OF SERVICE by Sand Revolution II LLC, Sand Revolution LLC <a href="#">15</a> Certificate of Interested Parties (Gandhi, Manoj) (Entered: 09/18/2018)
09/18/2018	<a href="#">26</a>	CORRECTED MOTION to Appear Pro Hac Vice by Manoj S. Gandhi <i>for Armon Shahdadi</i> by on behalf of Sand Revolution II LLC, Sand Revolution LLC. (Gandhi, Manoj) (Entered: 09/18/2018)
09/18/2018	<a href="#">27</a>	CORRECTED MOTION to Appear Pro Hac Vice by Manoj S. Gandhi <i>for Brannon McKay</i> by on behalf of Sand Revolution II LLC, Sand Revolution LLC. (Gandhi, Manoj) (Entered: 09/18/2018)
09/19/2018		It is ORDERED Armon Bryan Shahdadi's Motion for Admission Pro Hac Vice, Doc. <a href="#">26</a> filed September 18, 2018, is GRANTED. Pursuant to our Administrative Policies and Procedures for Electronic Filing, the attorney hereby granted to practice pro hac vice in this case must register for electronic filing with our court within 10 days of this order. It is further ORDERED that if Mr. Shahdadi has not already done so, shall immediately tender the amount of \$100.00, made payable to: Clerk, U.S. District Court, in compliance with Local Court Rule AT-1(f)(2). Entered by Judge David Counts. (This is a text-only entry generated by the court. There is no document associated with this entry.) (db) (Entered: 09/19/2018)
09/19/2018		It is ORDERED Brannon Charles McKay's Motion for Admission Pro Hac Vice, Doc. <a href="#">27</a> filed September 18, 2018, is GRANTED. Pursuant to our Administrative Policies and Procedures for Electronic Filing, the attorney hereby granted to practice pro hac vice in this case must register for electronic filing with our court within 10 days of this order. It is further ORDERED that if Mr. McKay has not already done so, shall immediately tender the amount of \$100.00, made payable to: Clerk, U.S. District Court, in compliance with Local Court Rule AT-1(f)(2). Entered by Judge David Counts. (This is a text-only entry generated by the court. There is no document associated with this entry.) (db) (Entered: 09/19/2018)
09/19/2018	<a href="#">28</a>	Order for Scheduling Recommendations/Proposed Scheduling Order. Parties shall submit a scheduling recommendations/proposed scheduling order to the Court within thirty (30)

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		days from the date of this order. Signed by Judge David Counts. (se) (Entered: 09/19/2018)
09/27/2018	<a href="#">29</a>	MOTION to Appear Pro Hac Vice by Manoj S. Gandhi <i>for J. Josh Clayton</i> ( Filing fee \$ 100 receipt number 0542-11278482) by on behalf of Sand Revolution II LLC, Sand Revolution LLC. (Gandhi, Manoj) (Entered: 09/27/2018)
09/27/2018	<a href="#">30</a>	MOTION to Appear Pro Hac Vice by Manoj S. Gandhi <i>for Benjamin Bailey</i> ( Filing fee \$ 100 receipt number 0542-11278493) by on behalf of Sand Revolution II LLC, Sand Revolution LLC. (Gandhi, Manoj) (Entered: 09/27/2018)
09/28/2018		It is ORDERED J. Josh Clayton's Motion for Admission Pro Hac Vice, Doc. <a href="#">29</a> filed September 27, 2018, is GRANTED. Pursuant to our Administrative Policies and Procedures for Electronic Filing, the attorney hereby granted to practice pro hac vice in this case must register for electronic filing with our court within 10 days of this order. it is further ORDERED that if Mr. Clayton has not already done so, shall immediately tender the amount of \$100.00, made payable to: Clerk, U.S. District Court, in compliance with Local Court Rule AT-1(f)(2). Entered by Judge David Counts. (This is a text-only entry generated by the court. There is no document associated with this entry.) (db) (Entered: 09/28/2018)
09/28/2018		It is ORDERED Benjamin Douglas Bailey's Motion for Admission Pro Hac Vice, Doc. <a href="#">30</a> filed September 27, 2018, is GRANTED. Pursuant to our Administrative Policies and Procedures for Electronic Filing, the attorney hereby granted to practice pro hac vice in this case must register for electronic filing with our court within 10 days of this order. it is further ORDERED that if Mr. Bailey has not already done so, shall immediately tender the amount of \$100.00, made payable to: Clerk, U.S. District Court, in compliance with Local Court Rule AT-1(f)(2). Entered by Judge David Counts. (This is a text-only entry generated by the court. There is no document associated with this entry.) (db) (Entered: 09/28/2018)
10/01/2018	<a href="#">31</a>	Memorandum in Opposition to Motion, filed by Continental Intermodal Group-Trucking LLC, re <a href="#">18</a> Motion to Dismiss for Failure to State a Claim filed by Defendant Sand Revolution LLC, Defendant Sand Revolution II LLC (McCallon, Travis) (Entered: 10/01/2018)
10/01/2018	<a href="#">32</a>	CERTIFICATE OF SERVICE by Continental Intermodal Group-Trucking LLC <a href="#">31</a> Memorandum in Opposition to Motion, (McCallon, Travis) (Entered: 10/01/2018)
10/09/2018	<a href="#">33</a>	REPLY to Response to Motion, filed by Sand Revolution II LLC, Sand Revolution LLC, re <a href="#">18</a> Motion to Dismiss for Failure to State a Claim filed by Defendant Sand Revolution LLC, Defendant Sand Revolution II LLC (Gandhi, Manoj) (Entered: 10/09/2018)
10/19/2018	<a href="#">34</a>	Scheduling Recommendations/Proposed Scheduling Order ( <i>Joint</i> ) by Continental Intermodal Group-Trucking LLC. (McCallon, Travis) (Entered: 10/19/2018)
10/23/2018	<a href="#">35</a>	SCHEDULING ORDER: Final Pretrial Conference set for 2/7/2020 01:30 PM before Judge David Counts, Jury Selection set for 3/2/2020 09:00 AM before Judge David Counts, Jury Trial set for 3/2/2020 09:00 AM before Judge David Counts, ADR Report Deadline due by 12/17/2018, Amended Pleadings due by 1/14/2019, Discovery due by 7/26/2019, Joinder of Parties due by 1/14/2019, Dispositive Motions due by 10/28/2019. Signed by Judge David Counts. (se) (Entered: 10/24/2018)
11/09/2018	<a href="#">36</a>	CERTIFICATE OF SERVICE by Continental Intermodal Group-Trucking LLC <i>of its Initial Infringement Contentions and Plaintiff's Documents CIG_0001-426</i> (McCallon, Travis) (Entered: 11/09/2018)
11/27/2018	<a href="#">37</a>	STIPULATION ( <i>Joint - Regarding Production of Electronically Store Information</i> ) by

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		Continental Intermodal Group-Trucking LLC. (McCallon, Travis) (Entered: 11/27/2018)
11/27/2018	<a href="#">38</a>	Agreed MOTION for Protective Order by Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#">1</a> Proposed Order Proposed Confidentiality and Protective Order) (McCallon, Travis) (Entered: 11/27/2018)
11/28/2018	<a href="#">39</a>	CONFIDENTIALITY AND PROTECTIVE ORDER. Signed by Judge David Counts. (se) (Entered: 11/28/2018)
12/04/2018	<a href="#">40</a>	ORDER RESETTING, Jury Selection RESET for 3/2/2020 08:00 AM before Judge David Counts, Jury Trial RESET for 3/2/2020 08:00 AM before Judge David Counts. Signed by Judge David Counts. (se) (Entered: 12/04/2018)
12/10/2018	<a href="#">41</a>	CERTIFICATE OF SERVICE by Sand Revolution II LLC, Sand Revolution LLC <i>for Defendants' Preliminary Invalidity Contentions</i> (Shahdadi, Armon) (Entered: 12/10/2018)
12/17/2018	<a href="#">42</a>	ADR Report Filed - ( <i>Joint</i> ) by Continental Intermodal Group-Trucking LLC(McCallon, Travis) (Entered: 12/17/2018)
01/25/2019	<a href="#">43</a>	Joint MOTION to Extend Scheduling Order Deadlines by Sand Revolution II LLC, Sand Revolution LLC. (Shahdadi, Armon) (Entered: 01/25/2019)
01/25/2019	<a href="#">44</a>	MOTION to Appear Pro Hac Vice by Armon Bryan Shahdadi <i>for Leonard Weinstein</i> ( Filing fee \$ 100 receipt number 0542-11684539) by on behalf of Sand Revolution II LLC, Sand Revolution LLC. (Shahdadi, Armon) (Entered: 01/25/2019)
01/29/2019		It is ORDERED Leonard Jason Weinstein's Motion for Admission Pro Hac Vice, Doc. <a href="#">44</a> filed January 25, 2019, is GRANTED. Pursuant to our Administrative Policies and Procedures for Electronic Filing, the attorney hereby granted to practice pro hac vice in this case must register for electronic filing with our Court within 10 days of the date of this Order. It is further ORDERED that if Mr. Weinstein has not already done so, shall tender the amount of \$100.00, made payable to: Clerk, U.S. District Court, in compliance with Local Court Rule AT-1(f)(2). Entered by Judge David Counts. (This is a text-only entry generated by the court. There is no document associated with this entry.) (db) (Entered: 01/29/2019)
01/29/2019	<a href="#">45</a>	AMENDED SCHEDULING ORDER: (Discovery due by 8/9/2019, Motions due by 11/1/2019, Markman Hearing set for 5/10/2019 01:30 PM before Judge David Counts). Signed by Judge David Counts. (jk) (Entered: 01/31/2019)
03/01/2019	<a href="#">46</a>	BRIEF by Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#">1</a> Declaration of Robert Schaaf, # <a href="#">2</a> Appendix to Declaration of Robert Schaaf)(McCallon, Travis) (Entered: 03/01/2019)
03/29/2019	<a href="#">47</a>	BRIEF by Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#">1</a> Exhibit 1 - U.S. Patent No. 8,944,740, # <a href="#">2</a> Exhibit 2 - May 27, 2014 Amendment)(McCallon, Travis) (Entered: 03/29/2019)
03/29/2019	<a href="#">48</a>	BRIEF by Sand Revolution II LLC, Sand Revolution LLC. (Attachments: # <a href="#">1</a> Exhibit U.S. Patent No. 8,944,740, # <a href="#">2</a> Exhibit Prosecution History, # <a href="#">3</a> Exhibit Declaration of Robert Schaaf)(Shahdadi, Armon) (Entered: 03/29/2019)
04/02/2019	<a href="#">49</a>	ORDER REASSIGNING CASE. Case reassigned to Judge Alan D Albright for all proceedings. Judge David Counts no longer assigned to case. Signed by Judge David Counts. (jk) (Entered: 04/03/2019)
04/05/2019	<a href="#">50</a>	MOTION to Compel <i>Sufficient Identification of Invalidity Contentions and Limit Invalidity Bases</i> by Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#">1</a>



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		Exhibit 1 - Defs Preliminary Invalidity Contentions, # <a href="#">2</a> Exhibit 2 - Pltfs Initial Infringement Contentions, # <a href="#">3</a> Exhibit 3 - Jan. 9, 2019 Letter, # <a href="#">4</a> Exhibit 4 - Jan. 21, 2019 Email, # <a href="#">5</a> Exhibit 5 - Feb. 5, 2019 Email, # <a href="#">6</a> Exhibit 6 - Feb. 15, 2019 Email, # <a href="#">7</a> Proposed Order)(McCallon, Travis) (Entered: 04/05/2019)
04/08/2019	<a href="#">51</a>	ORDER DENYING <a href="#">18</a> Motion to Dismiss for Failure to State a Claim. Signed by Judge Alan D Albright. (se) (Entered: 04/09/2019)
04/08/2019	<a href="#">52</a>	ORDER Setting Telephonic Motion Hearing on <a href="#">50</a> MOTION to Compel <i>Sufficient Identification of Invalidity Contentions and Limit Invalidity Bases</i> : Telephonic Motion Hearing set for 4/11/2019 11:00 AM before Judge Alan D Albright. Signed by Judge Alan D Albright. (se) (Entered: 04/09/2019)
04/08/2019	<a href="#">53</a>	AMENDED ORDER Setting Telephonic Motion Hearing on <a href="#">50</a> MOTION to Compel <i>Sufficient Identification of Invalidity Contentions and Limit Invalidity Bases</i> : Telephonic Motion Hearing set for 4/11/2019 11:00 AM before Judge Alan D Albright. Signed by Judge Alan D Albright. (se) (Entered: 04/09/2019)
04/10/2019	<a href="#">54</a>	NOTICE of Attorney Appearance by Michael Charles Smith on behalf of Sand Revolution II LLC, Sand Revolution LLC. Attorney Michael Charles Smith added to party Sand Revolution II LLC(pty:dft), Attorney Michael Charles Smith added to party Sand Revolution LLC(pty:dft) (Smith, Michael) (Entered: 04/10/2019)
04/11/2019		Text Order DENYING <a href="#">50</a> Motion to Compel entered by Judge Alan D Albright. Pursuant to the Court's order at hearing held April 11, 2019, the instant motion is DENIED WITHOUT PREJUDICE. (This is a text-only entry generated by the court. There is no document associated with this entry.) (jw) (Entered: 04/11/2019)
04/11/2019	<a href="#">57</a>	Minute Entry for proceedings held before Judge Alan D Albright: Motion Hearing held on 4/11/2019 re <a href="#">50</a> MOTION to Compel <i>Sufficient Identification of Invalidity Contentions and Limit Invalidity Bases</i> filed by Continental Intermodal Group-Trucking LLC (Minute entry documents are not available electronically.). (Court Reporter Kristie Davis.)(se) (Entered: 04/15/2019)
04/12/2019	<a href="#">55</a>	BRIEF by Sand Revolution II LLC, Sand Revolution LLC. (Shahdadi, Armon) (Entered: 04/12/2019)
04/12/2019	<a href="#">56</a>	BRIEF regarding <a href="#">48</a> Brief by Continental Intermodal Group-Trucking LLC. (McCallon, Travis) (Entered: 04/12/2019)
04/23/2019	<a href="#">58</a>	ANSWER to <a href="#">1</a> Complaint, with Jury Demand by Sand Revolution II LLC, Sand Revolution LLC.(Shahdadi, Armon) (Entered: 04/23/2019)
04/26/2019	<a href="#">59</a>	BRIEF regarding <a href="#">47</a> Brief by Continental Intermodal Group-Trucking LLC. (McCallon, Travis) (Entered: 04/26/2019)
04/26/2019	<a href="#">60</a>	BRIEF by Sand Revolution II LLC, Sand Revolution LLC. (Shahdadi, Armon) (Entered: 04/26/2019)
05/13/2019	<a href="#">61</a>	ORDER, Telephone Conference set for 5/30/2019 11:00 AM before Judge Alan D Albright. Signed by Judge Alan D Albright. (se) (Entered: 05/14/2019)
05/28/2019	<a href="#">62</a>	Joint MOTION to Extend Scheduling Order Deadlines by Sand Revolution II LLC, Sand Revolution LLC. (Attachments: # <a href="#">1</a> Proposed Order)(Shahdadi, Armon) (Entered: 05/28/2019)
05/29/2019	<a href="#">63</a>	ORDER Setting Telephonic Status Conference on Thursday, May 30, 2019 at 12:00 p.m. Call in number is (866) 434-5269 with access code 9678090. Signed by Judge Alan D Albright. (sm3) (Entered: 05/30/2019)

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05/30/2019	<a href="#">64</a>	Minute Entry for proceedings held before Judge Alan D Albright: Status Conference held on 5/30/2019 (Minute entry documents are not available electronically.). (Court Reporter Kristie Davis.)(jk) (Main Document 64 replaced on 6/6/2019) (dm2). (Entered: 05/31/2019)
06/05/2019	<a href="#">65</a>	AMENDED SCHEDULING ORDER: Markman Hearing set for 6/14/2019 in Default hearing location for Austin before Judge Alan D Albright, Pretrial Conference set for 4/10/2020 in Default hearing location for Austin before Judge Alan D Albright, Jury Selection set for 4/27/2020 in Default hearing location for Midland before Judge Alan D Albright, Jury Trial set for 4/27/2020 in Default hearing location for Midland before Judge Alan D Albright, Amended Pleadings due by 9/6/2019, Discovery due by 1/24/2020, Joinder of Parties due by 7/26/2019, Motions due by 2/7/2020,. Signed by Judge Alan D Albright. (dm2) (Entered: 06/06/2019)
06/14/2019	<a href="#">66</a>	Minute Entry for proceedings held before Judge Alan D Albright: Markman Hearing held on 6/14/2019 (Minute entry documents are not available electronically.). (Court Reporter Lily Reznik.)(dm2) Corrected date hearing held on 6/25/2019 (dm2). (Entered: 06/17/2019)
06/24/2019	<a href="#">67</a>	MARKMAN CONSTRUCTION ORDER. Signed by Judge Alan D Albright. (dm2) (Entered: 06/25/2019)
06/26/2019		Text Order MOOTING <a href="#">62</a> Motion to Extend Scheduling Order Deadlines entered by Judge Alan D Albright. In view of the entry of an Amended Scheduling Order (Dkt. 65), the instant Motion is now MOOT. (This is a text-only entry generated by the court. There is no document associated with this entry.) (jw) (Entered: 06/26/2019)
08/07/2019	<a href="#">68</a>	Joint MOTION to Extend Scheduling Order Deadlines by Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#">1</a> Proposed Order Proposed Order)(McCallon, Travis) (Entered: 08/07/2019)
08/08/2019	<a href="#">69</a>	ORDER AMENDING SCHEDULING ORDER Signed by Judge Alan D Albright. (dm2) (Entered: 08/12/2019)
09/10/2019	<a href="#">70</a>	Transcript filed of Proceedings held on June 14, 2019, Proceedings Transcribed: Technical Tutorial/Markman Hearing. Court Reporter/Transcriber: Lily I. Reznik, Telephone number: 512-391-8792 or Lily_Reznik@txwd.uscourts.gov. Parties are notified of their duty to review the transcript to ensure compliance with the FRCP 5.2(a)/FRCrP 49.1(a). A copy may be purchased from the court reporter or viewed at the clerk's office public terminal. If redaction is necessary, a Notice of Redaction Request must be filed within 21 days. If no such Notice is filed, the transcript will be made available via PACER without redaction after 90 calendar days. The clerk will mail a copy of this notice to parties not electronically noticed Redaction Request due 10/1/2019, Redacted Transcript Deadline set for 10/11/2019, Release of Transcript Restriction set for 12/9/2019, (lr) (Entered: 09/10/2019)
09/27/2019	<a href="#">71</a>	ORDER, ( Pretrial Conference set for 4/16/2020 10:30 AM in Default hearing location for Waco before Judge Alan D Albright,. Signed by Judge Alan D Albright. (see) (Entered: 09/27/2019)
11/15/2019	<a href="#">72</a>	MOTION to Extend Scheduling Order Deadlines by Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#">1</a> Exhibit A - 11/11/19 email exchange, # <a href="#">2</a> Exhibit B - 11/13/19 email exchange)(McCallon, Travis) (Entered: 11/15/2019)
11/20/2019	<a href="#">73</a>	RESPONSE to Motion, filed by Sand Revolution II LLC, Sand Revolution LLC, re <a href="#">72</a> MOTION to Extend Scheduling Order Deadlines filed by Plaintiff Continental Intermodal Group-Trucking LLC (Attachments: # <a href="#">1</a> Proposed Order)(Smith, Michael) (Entered: 11/20/2019)

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11/20/2019	<a href="#">74</a>	Unopposed Motion for leave to File Sealed Document (Attachments: # <a href="#">1</a> Sealed Document Exhibit B, # <a href="#">2</a> Sealed Document Exhibit C, # <a href="#">3</a> Proposed Order) (Smith, Michael) (Entered: 11/20/2019)
11/21/2019		Text Order GRANTING <a href="#">74</a> Motion for Leave to File Sealed Document entered by Judge Alan D Albright. Came on for consideration is Defendants Sand Revolution LLC and Sand Revolution II, LLCs Motion to Leave to File Under Seal. The Court GRANTS the Motion. The Clerk's Office is directed to file Exhibits B and C under seal. (This is a text-only entry generated by the court. There is no document associated with this entry.) (jy) (Entered: 11/21/2019)
11/21/2019	<a href="#">77</a>	Sealed Document filed Exhibit B and Exhibit C. (Attachments: # <a href="#">1</a> Exhibit) (slt) (Entered: 11/25/2019)
11/22/2019	<a href="#">75</a>	MOTION to Appear Pro Hac Vice by Manoj S. Gandhi <i>for James D. Stein</i> ( Filing fee \$ 100 receipt number 0542-12885927) by on behalf of Sand Revolution II LLC, Sand Revolution LLC. (Gandhi, Manoj) (Entered: 11/22/2019)
11/22/2019	<a href="#">76</a>	REPLY to Response to Motion, filed by Continental Intermodal Group-Trucking LLC, re <a href="#">72</a> MOTION to Extend Scheduling Order Deadlines filed by Plaintiff Continental Intermodal Group-Trucking LLC (Attachments: # <a href="#">1</a> Proposed Order)(McCallon, Travis) (Entered: 11/22/2019)
11/23/2019		Text Order GRANTING <a href="#">75</a> Motion to Appear Pro Hac Vice. Before the Court is the Motion for Admission Pro Hac Vice. The Court, having reviewed the Motion, finds it should be GRANTED and therefore orders as follows: IT IS ORDERED the Motion for Admission Pro Hac Vice is GRANTED. IT IS FURTHER ORDERED that Applicant, if he/she has not already done so, shall immediately tender the amount of \$100.00, made payable to: Clerk, U.S. District Court, in compliance with Local Rule AT-I (f)(2). IT IS FURTHER ORDERED that Applicant, if he/she has not already done so, shall apply for admission to the bar of this court in compliance with Local Rule AT-1(f)(1). Pursuant to our Administrative Policies and Procedures for Electronic Filing, the attorney hereby granted to practice pro hac vice in this case must register for electronic filing with our court within 10 days of this order. entered by Judge Alan D Albright. (This is a text-only entry generated by the court. There is no document associated with this entry.) (jy) (Entered: 11/23/2019)
01/02/2020	<a href="#">78</a>	ORDER REGARDING MOTIONS TO EXTEND CASE DEADLINES/ORDER DENYING <a href="#">72</a> Motion to Extend Scheduling Order Deadlines. Signed by Judge Alan D Albright. (slt) (Entered: 01/02/2020)
01/06/2020	<a href="#">79</a>	Joint MOTION to Extend Scheduling Order Deadlines by Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#">1</a> Proposed Order)(McCallon, Travis) (Entered: 01/06/2020)
01/07/2020	<a href="#">80</a>	ORDER AMENDING SCHEDULING ORDER <a href="#">79</a> Motion to Extend Scheduling Order Deadlines Signed by Judge Alan D Albright. (slt) (Entered: 01/07/2020)
01/15/2020	<a href="#">81</a>	MOTION for Leave to File Invalidity Contentions by Sand Revolution II LLC, Sand Revolution LLC. (Attachments: # <a href="#">1</a> Exhibit Invalidity Contentions, # <a href="#">2</a> Exhibit Exhibits, # <a href="#">3</a> Appendix Appendices, # <a href="#">4</a> Proposed Order Proposed Order)(Shahdadi, Armon) (Entered: 01/15/2020)
01/16/2020	<a href="#">82</a>	ORDER: Miscellaneous Hearing set for <b>1/17/2020 at 02:00 PM</b> before Judge Alan D Albright. Signed by Judge Alan D Albright. (slt) (Entered: 01/16/2020)
01/17/2020	<a href="#">84</a>	Minute Entry for proceedings held before Judge Alan D Albright: Discovery Hearing held on 1/17/2020 (Minute entry documents are not available electronically). (Court

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		Reporter Kristie Davis)(slt) (Entered: 01/21/2020)
01/20/2020	<a href="#">83</a>	MOTION to Appear Pro Hac Vice by Armon Bryan Shahdadi <i>for Sarah E. Elsdén</i> ( Filing fee \$ 100 receipt number 0542-13097010) by on behalf of Sand Revolution II LLC, Sand Revolution LLC. (Shahdadi, Armon) (Entered: 01/20/2020)
01/21/2020		Text Order GRANTING <a href="#">83</a> Motion to Appear Pro Hac Vice. Before the Court is the Motion for Admission Pro Hac Vice. The Court, having reviewed the Motion, finds it should be GRANTED and therefore orders as follows: IT IS ORDERED the Motion for Admission Pro Hac Vice is GRANTED. IT IS FURTHER ORDERED that Applicant, if he/she has not already done so, shall immediately tender the amount of \$100.00, made payable to: Clerk, U.S. District Court, in compliance with Local Rule AT-I (f)(2). Pursuant to our Administrative Policies and Procedures for Electronic Filing, the attorney hereby granted to practice pro hac vice in this case must register for electronic filing with our court within 10 days of this order. entered by Judge Alan D Albright. (This is a text-only entry generated by the court. There is no document associated with this entry.) (jy) (Entered: 01/21/2020)
01/28/2020	<a href="#">85</a>	ORDER GRANTING <a href="#">81</a> Motion for Leave to File. Signed by Judge Alan D Albright. (slt) (Entered: 01/29/2020)
02/19/2020	<a href="#">86</a>	Joint MOTION to Extend Scheduling Order Deadlines by Continental Intermodal Group-Trucking LLC. (Attachments: # <a href="#">1</a> Proposed Order)(McCallon, Travis) (Entered: 02/19/2020)
02/20/2020	<a href="#">87</a>	ORDER AMENDING SCHEDULING ORDER: GRANTING <a href="#">86</a> Motion to Extend Scheduling Order Deadlines. Signed by Judge Alan D Albright. (slt) (Entered: 02/20/2020)
02/21/2020	<a href="#">88</a>	NOTICE of Change of Email Address and Firm Name by Continental Intermodal Group-Trucking LLC (McCallon, Travis) (Entered: 02/21/2020)
03/06/2020	<a href="#">89</a>	Motion for leave to File Sealed Document (Attachments: # <a href="#">1</a> Proposed Order Granting Defendants' Unopposed Motion to File Under Seal, # <a href="#">2</a> Defendants' Opposed Motion for Leave to Amend Answer and Invalidity Contentions, # <a href="#">3</a> Exhibit 1 to Defendant's Motion for Leave to Amend (First Amended Answer), # <a href="#">4</a> Exhibit A to First Amended Answer, # <a href="#">5</a> Exhibit B to First Amended Answer, # <a href="#">6</a> Exhibit C to First Amended Answer, # <a href="#">7</a> Exhibit D to First Amended Answer, # <a href="#">8</a> Exhibit E to First Amended Answer, # <a href="#">9</a> Exhibit F to First Amended Answer, # <a href="#">10</a> Exhibit G to First Amended Answer, # <a href="#">11</a> Exhibit H to First Amended Answer, # <a href="#">12</a> Exhibit I to First Amended Answer, # <a href="#">13</a> Exhibit J to First Amended Answer, # <a href="#">14</a> Exhibit K to First Amended Answer, # <a href="#">15</a> Exhibit L to First Amended Answer, # <a href="#">16</a> Exhibit 2 to Defendant's Motion for Leave to Amend (Defs' Updated Invalidity Contentions), # <a href="#">17</a> Exhibit 3 to Defendant's Motion for Leave to Amend, # <a href="#">18</a> Exhibit 4 to Defendant's Motion for Leave to Amend, # <a href="#">19</a> Exhibit 5 to Defendant's Motion for Leave to Amend, # <a href="#">20</a> Exhibit 6 to Defendant's Motion for Leave to Amend, # <a href="#">21</a> Exhibit 7 to Defendant's Motion for Leave to Amend, # <a href="#">22</a> Exhibit 8 to Defendant's Motion for Leave to Amend, # <a href="#">23</a> Exhibit 9 to Defendant's Motion for Leave to Amend, # <a href="#">24</a> Exhibit 10 to Defendant's Motion for Leave to Amend, # <a href="#">25</a> Proposed Order Granting Defendants' Opposed Motion for leave to Amend Answer and Invalidity Contentions) (Shahdadi, Armon) (Entered: 03/06/2020)
03/07/2020		Text Order GRANTING <a href="#">89</a> Motion for Leave to File Sealed Document entered by Judge Alan D Albright. Before the Court is Defendants' Sand Revolution LLC and Sand Revolution II, LLC (collectively, "Defendants") Unopposed Motion to File Under Seal. The Court GRANTS the motion. The Clerk's Office is directed to file Defendants' Opposed Motion for Leave to Amend Answer and Invalidity Contentions and all exhibits



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		attached under seal. (This is a text-only entry generated by the court. There is no document associated with this entry.) (jy) (Entered: 03/07/2020)
03/09/2020	<a href="#">90</a>	Sealed Motion filed (slt) (Entered: 03/09/2020)
03/13/2020	<a href="#">91</a>	Motion for leave to File Sealed Document (Attachments: # <a href="#">1</a> Proposed Order, # <a href="#">2</a> Sealed Document Plaintiff's Opposition to Defendants' Motion for Leave to Amend Answer and Invalidity Contentions, # <a href="#">3</a> Sealed Document Ex 2_CIG_0006735_SEALED, # <a href="#">4</a> Sealed Document Ex 3_CIG_0006737_AEO, # <a href="#">5</a> Sealed Document Ex 5_TyCrop_0000447_AEO, # <a href="#">6</a> Sealed Document Ex 6_TyCrop_0000448_TyCrop_452_AEO, # <a href="#">7</a> Sealed Document Ex 8_CIG_0000390-403_AEO, # <a href="#">8</a> Sealed Document Ex 10_2019-11-25 Def responses Interrs_4th Set_AEO, # <a href="#">9</a> Sealed Document Ex 11_CIG_0006738-6739_AEO, # <a href="#">10</a> Sealed Document Ex 12_CIG_0006742-43_AEO, # <a href="#">11</a> Sealed Document Ex 13_CIG_0006744-48_AEO, # <a href="#">12</a> Sealed Document Ex 14_CIG_0006749-53_AEO, # <a href="#">13</a> Sealed Document Ex 15_CIG_0006754-58_AEO, # <a href="#">14</a> Sealed Document Ex 16_CIG_0006759-64_AEO, # <a href="#">15</a> Sealed Document Ex 17_CIG_0006765-71_AEO, # <a href="#">16</a> Sealed Document Ex 18_CIG_0006772-73_AEO, # <a href="#">17</a> Sealed Document Ex 19_TyCrop_0006541_TyCrop_6543_AEO, # <a href="#">18</a> Sealed Document Ex 20_TyCrop_0006546_TyCrop_6547_AEO, # <a href="#">19</a> Sealed Document Ex 21_TyCrop_0006559_TyCrop_6560_AEO, # <a href="#">20</a> Sealed Document Ex 22_TyCrop_0006564_TyCrop_6577_AEO, # <a href="#">21</a> Sealed Document Ex 23_TyCrop_0006669-6683_AEO, # <a href="#">22</a> Sealed Document Ex 24_TyCrop_0006638_TyCrop_6639_AEO, # <a href="#">23</a> Sealed Document Ex 25_TyCrop_0006642-6643_AEO, # <a href="#">24</a> Sealed Document Ex 26_TyCrop_0006644-6648_AEO, # <a href="#">25</a> Sealed Document Ex 27_TyCrop_0006649-6653_CONF, # <a href="#">26</a> Sealed Document Ex 28_TyCrop_0006654-6659_AEO, # <a href="#">27</a> Sealed Document Ex 29_TyCrop_0006660-6666_AEO, # <a href="#">28</a> Sealed Document Ex 30_TyCrop_0006667_TyCrop_6668_AEO) (McCallon, Travis) (Entered: 03/13/2020)
03/13/2020	<a href="#">92</a>	Response in Opposition to Motion, filed by Continental Intermodal Group-Trucking LLC, re <a href="#">90</a> Sealed Motion filed by Defendant Sand Revolution LLC, Defendant Sand Revolution II LLC ( <i>to Defendants' Motion for Leave to Amend Answer and Invalidity Contentions</i> ) (Attachments: # <a href="#">1</a> Proposed Order, # <a href="#">2</a> Exhibit 1_FCBA Model Patent Local Rules, # <a href="#">3</a> Exhibit 2 -3_FILED UNDER SEAL, # <a href="#">4</a> Exhibit 4_2019-01-25 Email (Mueller to counsel) re CIG Supp Prod, # <a href="#">5</a> Exhibit 5-6_FILED UNDER SEAL, # <a href="#">6</a> Exhibit 7_2019-11-27 Email (Mueller to Adverse) TyCrop001-6840, # <a href="#">7</a> Exhibit 8_FILED UNDER SEAL, # <a href="#">8</a> Exhibit 9_2018-11-09 Email (Mueller to Adverse) CIG 001-426, # <a href="#">9</a> Exhibit 10-30_FILED UNDER SEAL, # <a href="#">10</a> Exhibit 31_2020-02-03 SR AMND 30(b)(6) Ntc of Depo_CIG, # <a href="#">11</a> Exhibit 32_US3934739, # <a href="#">12</a> Exhibit 33_US4187047, # <a href="#">13</a> Exhibit 34_US4268208, # <a href="#">14</a> Exhibit 35_12-30-19 email re Inventor Depos)(McCallon, Travis) (Entered: 03/13/2020)
03/15/2020		Text Order GRANTING <a href="#">91</a> Motion for Leave to File Sealed Document entered by Judge Alan D Albright. Before the Court is Plaintiff's Motion to File Under Seal (Dkt. 91). The Court GRANTS the Motion. The Clerk's Office is directed to file Plaintiff's Opposition to Defendants' Motion for Leave to Amend Answer and Invalidity Contentions and supporting Exhibits 2, 3, 5, 6, 8, 10-30 under seal. (This is a text-only entry generated by the court. There is no document associated with this entry.) (jy) (Entered: 03/15/2020)
03/16/2020	<a href="#">93</a>	Plaintiff's Opposition to Defendants' Motion for Leave. (slt) (Entered: 03/16/2020)
03/18/2020	<a href="#">94</a>	Joint MOTION to Extend Scheduling Order Deadlines <a href="#">87</a> by Sand Revolution II LLC, Sand Revolution LLC. (Attachments: # <a href="#">1</a> Proposed Order)(Shahdadi, Armon) (Entered: 03/18/2020)
03/20/2020	<a href="#">95</a>	ORDER AMENDING SCHEDULING ORDER. Signed by Judge Alan D Albright. (slt)

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		(Entered: 03/20/2020)
03/20/2020	<a href="#">96</a>	Motion for leave to File Sealed Document (Attachments: # <a href="#">1</a> Proposed Order Granting Motion to Seal, # <a href="#">2</a> Sealed Document Reply in Support of Motion for Leave to Amend [, # <a href="#">3</a> Sealed Document Ex. 1 to Reply, # <a href="#">4</a> Sealed Document Ex. 2 to Reply, # <a href="#">5</a> Sealed Document Ex. 3 to Reply, # <a href="#">6</a> Sealed Document Ex. 4 to Reply) (Shahdadi, Armon) (Entered: 03/20/2020)
03/21/2020		Text Order GRANTING <a href="#">96</a> Motion for Leave to File Sealed Document entered by Judge Alan D Albright. Before the Court is Defendants' Sand Revolution LLC and Sand Revolution II, LLC Unopposed Motion to File Under Seal. The Court GRANTS the motion. The Clerks Office is directed to file Defendants' Reply in Support of Motion for Leave to Amend Answer and Invalidity Contentions and all exhibits attached thereto under seal. (This is a text-only entry generated by the court. There is no document associated with this entry.) (jy) (Entered: 03/21/2020)
03/23/2020	<a href="#">97</a>	Sealed Document filed Defendants' Reply in Support of Motion for Leave. (slt) (Entered: 03/23/2020)
03/24/2020	<a href="#">98</a>	STANDING ORDER from U.S. District Judge Alan D. Albright regarding scheduled civil hearings. (tada) (Entered: 03/25/2020)
04/09/2020	<a href="#">99</a>	STANDING ORDER REGARDING POST-MARKMAN PATENT CASES. Signed by Judge Alan D Albright. (ja) (Entered: 04/09/2020)
04/27/2020	<a href="#">100</a>	Joint MOTION to Extend Scheduling Order Deadlines <a href="#">94</a> by Sand Revolution II LLC, Sand Revolution LLC. (Attachments: # <a href="#">1</a> Proposed Order)(Shahdadi, Armon) (Entered: 04/27/2020)
04/28/2020	<a href="#">101</a>	ORDER AMENDING SCHEDULING ORDER GRANTING <a href="#">100</a> Motion to Extend Scheduling Order Deadlines: Pretrial Conference set for <b>1/13/2021 at 09:00 AM</b> before Judge Alan D Albright, Jury Selection set for <b>2/8/2021 at 09:00AM</b> before Judge Alan D Albright, Jury Trial set for <b>2/8/2021 at 09:00 AM</b> before Judge Alan D Albright, Discovery due by <b>7/24/2020</b> , Motions due by <b>10/30/2020</b> . Signed by Judge Alan D Albright. (slt) (Entered: 04/29/2020)
07/09/2020	<a href="#">102</a>	Joint MOTION to Extend Scheduling Order Deadlines <a href="#">101</a> by Sand Revolution II LLC, Sand Revolution LLC. (Attachments: # <a href="#">1</a> Proposed Order)(Shahdadi, Armon) (Entered: 07/09/2020)
07/12/2020	<a href="#">103</a>	ORDER GRANTING <a href="#">102</a> Motion to Extend Scheduling Order Deadlines. Signed by Judge Alan D Albright. (slt) (Entered: 07/13/2020)
07/21/2020	<a href="#">104</a>	MOTION to Stay Case <i>After Institution of Inter Partes Review of Asserted Patent</i> by Sand Revolution II LLC, Sand Revolution LLC. (Attachments: # <a href="#">1</a> Exhibit A - IPR Paper 24, # <a href="#">2</a> Exhibit B - IPR Paper 25, # <a href="#">3</a> Exhibit C - WSJ Article, # <a href="#">4</a> Proposed Order) (Shahdadi, Armon) (Entered: 07/21/2020)
07/22/2020		Text Order DENYING <a href="#">104</a> Motion to Stay Case entered by Judge Alan D Albright. Before the Court is Defendants' motion to stay pending conclusion of an instituted IPR. The Court DENIES this motion for at least the following reasons:  (1) The Court strongly believes the Seventh Amendment, (2) This case has been pending since 2017 and staying the case would only further delay its resolution, (3) Denying the stay would allow the Parties to obtain a more timely and complete resolution of infringement, invalidity, and damages issues, and (4) Plaintiff opposes the stay.

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		(This is a text-only entry generated by the court. There is no document associated with this entry.) (jy) (Entered: 07/22/2020)
07/24/2020	<a href="#">105</a>	Sealed Order. Signed by Judge Alan D Albright. (slt) (Entered: 07/27/2020)

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<b>Billable Pages:</b>	12	<b>Cost:</b>	1.20



US008944740B2

(12) **United States Patent**  
**Teichrob et al.**

(10) **Patent No.:** **US 8,944,740 B2**  
(45) **Date of Patent:** **Feb. 3, 2015**

(54) **MOBILE MATERIAL HANDLING AND METERING SYSTEM**

(75) Inventors: **Gary Teichrob**, Chilliwack (CA); **Scott Mason**, Cultus Lake (CA); **Dave Keck**, Calgary (CA); **James Easden**, Chilliwack (CA)

(73) Assignee: **Ty-Crop Manufacturing Ltd.**, Rosedale, British Columbia (CA)

(\*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 1109 days.

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**B65G 67/36** (2006.01)  
**B65G 63/00** (2006.01)

(52) **U.S. Cl.**  
CPC ..... **B65G 63/008** (2013.01); **B65G 67/36** (2013.01); **Y10S 414/132** (2013.01)  
USPC ..... **414/332**; **414/268**; **414/582**; **414/919**

(58) **Field of Classification Search**  
USPC ..... **414/268**, **332**, **355**, **356**, **474**, **476**, **482**, **414/483**, **573**–**575**, **582**, **919**  
See application file for complete search history.

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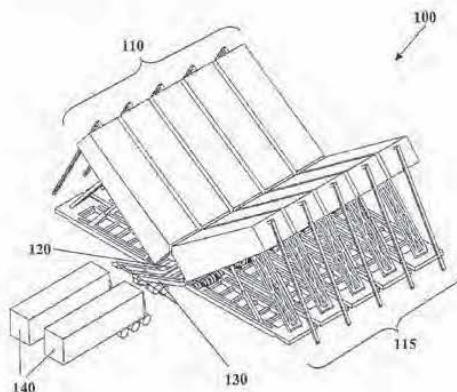
*Primary Examiner* — James Keenan

(74) *Attorney, Agent, or Firm* — Holland & Hart, LLP

(57) **ABSTRACT**

A method and system for handling granular material, such as proppant used in hydraulic fracturing in well drilling, is provided. In an operational configuration, a delivery module having conveyors receives and conveys granular material to a delivery location, and one or more mobile storage modules receive, hold and dispense granular material downward to the delivery module. The mobile storage modules comprise a raised, angular container portion for holding granular material. Each module may comprise a rock-over chassis for support against ground. In a transportation configuration, each of the delivery modules and mobile storage modules are separately transportable as semi-trailers. System redundancy features such as hydraulic power packs are also provided for.

**20 Claims, 12 Drawing Sheets**



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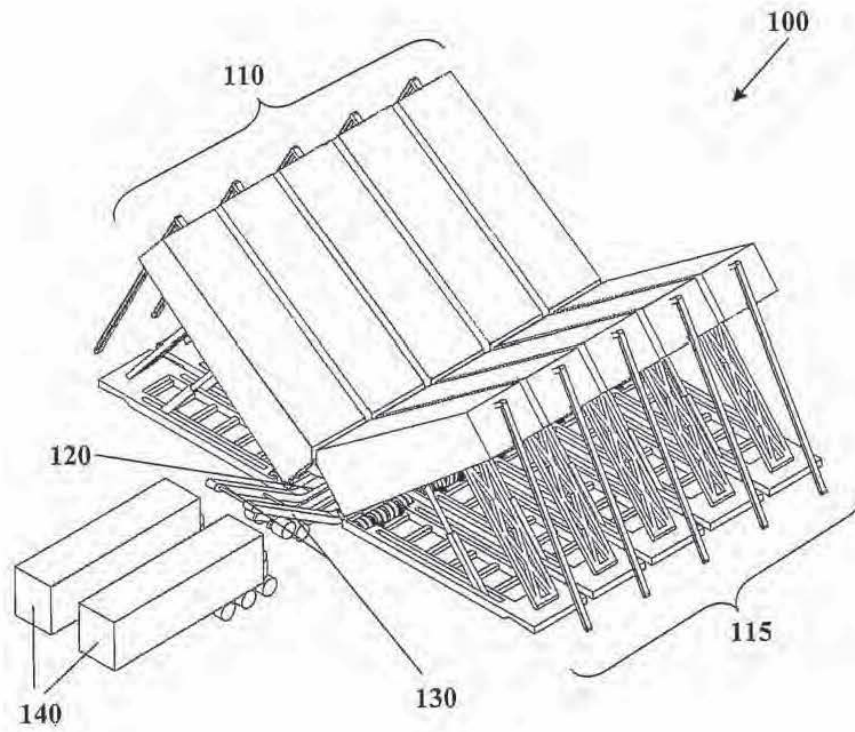


FIGURE 1

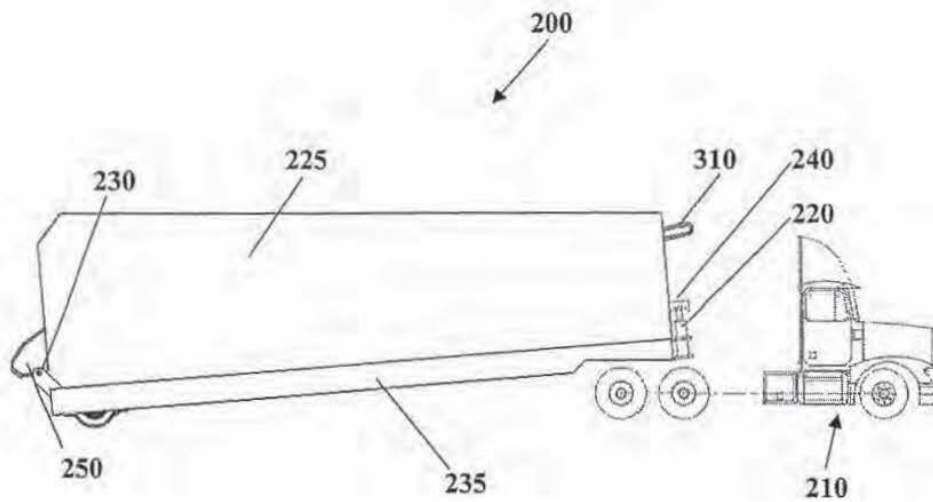
APPX0032

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**FIGURE 2**

**APPX0033**





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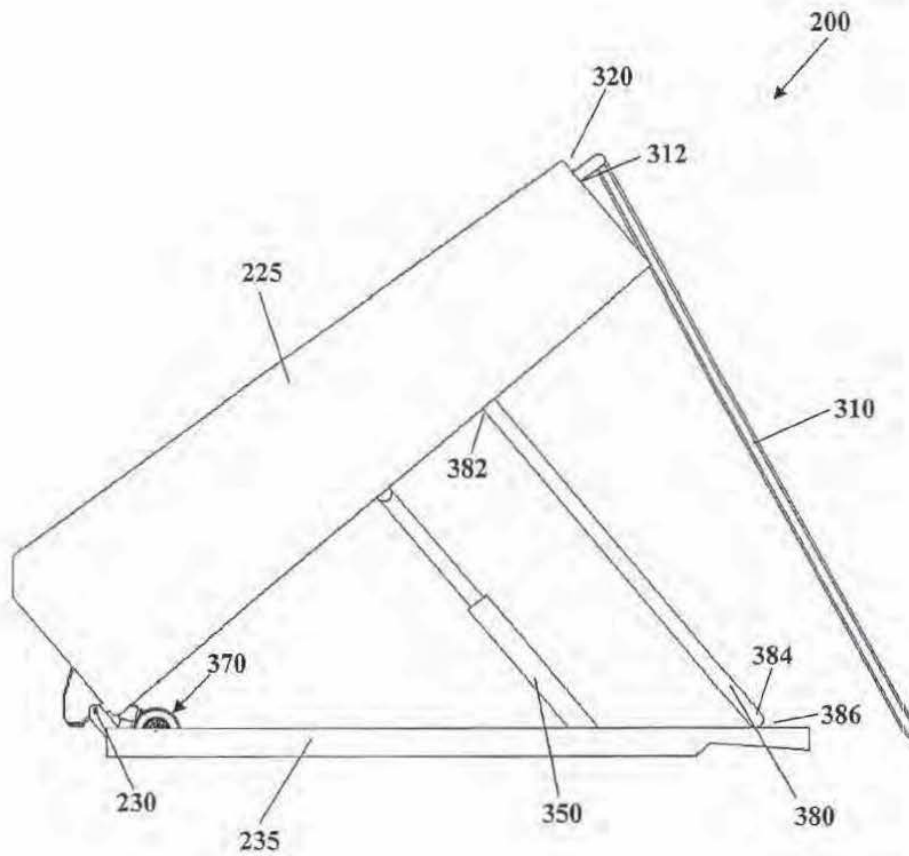


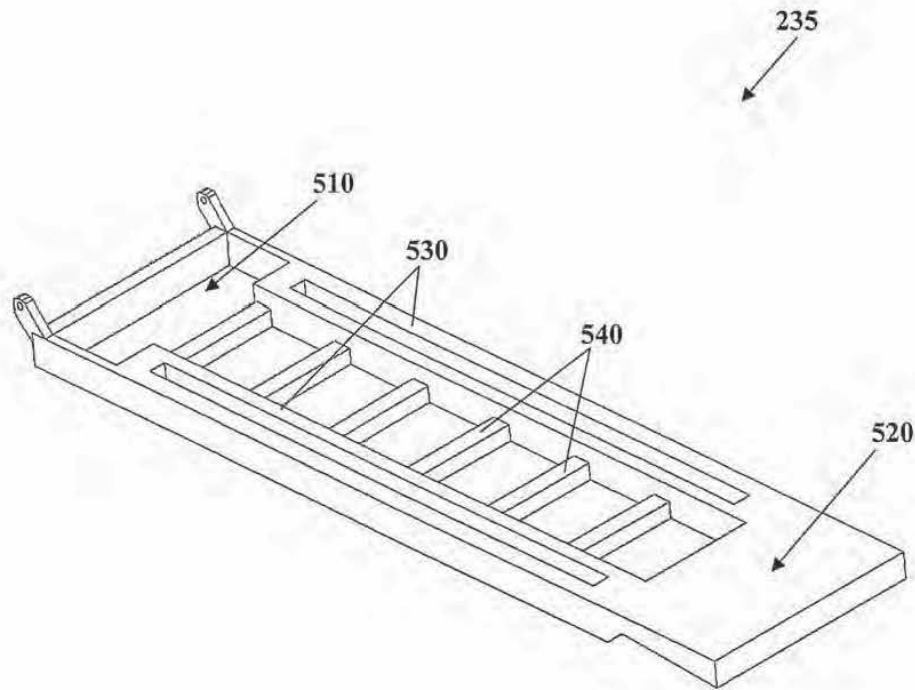
FIGURE 4

APPX0035

**U.S. Patent**

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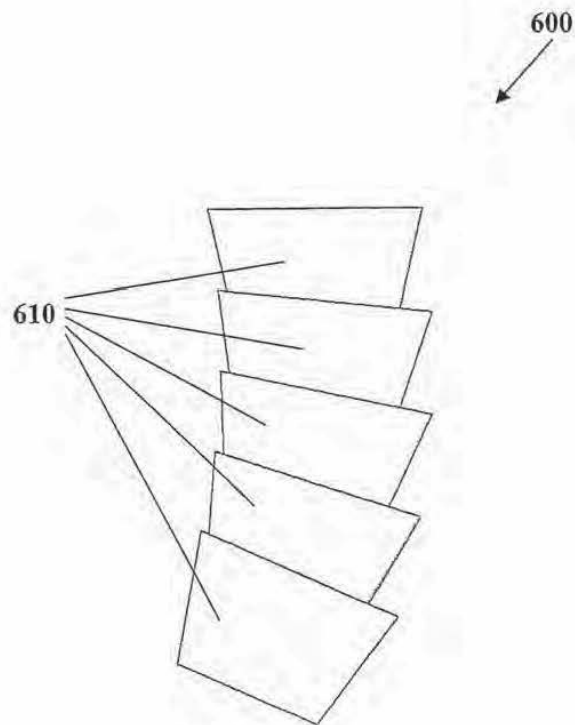
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**US 8,944,740 B2****FIGURE 5****APPX0036**

**U.S. Patent**

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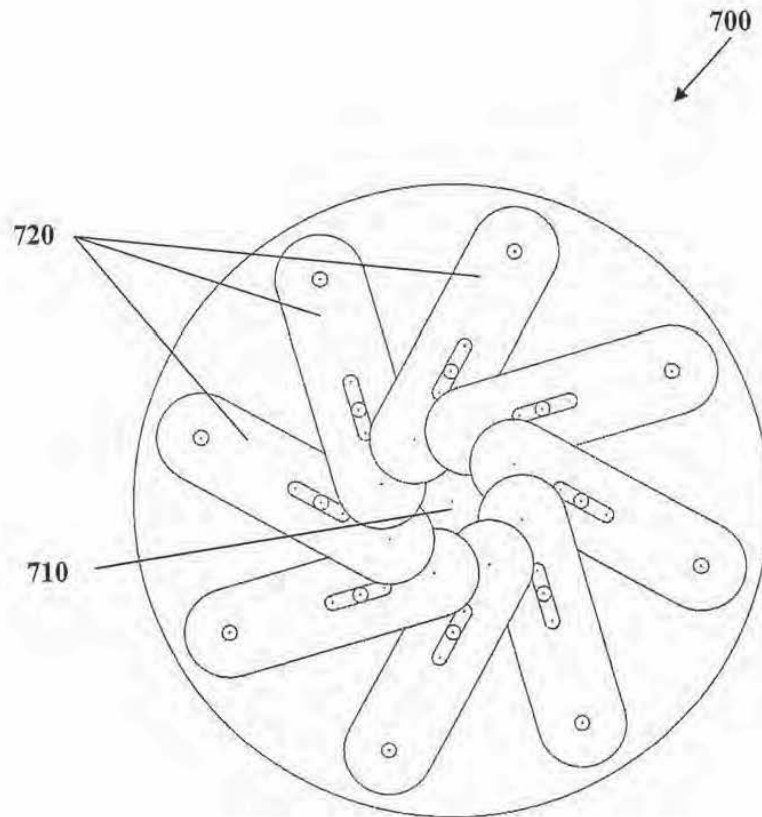
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**US 8,944,740 B2****FIGURE 6****APPX0037**

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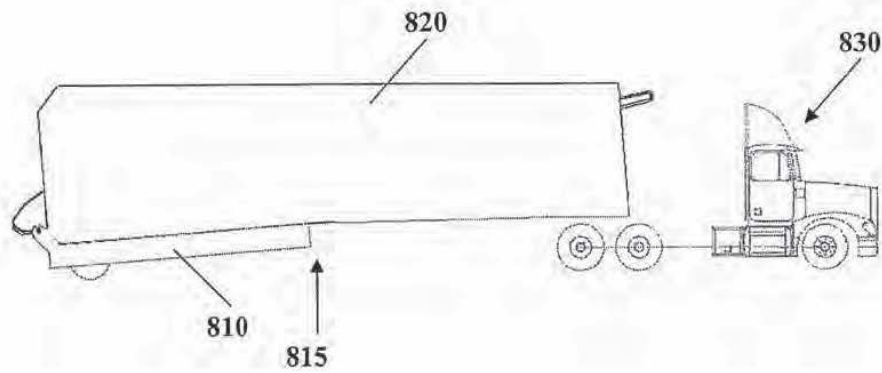
**US 8,944,740 B2****FIGURE 7****APPX0038**

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**FIGURE 8**

**APPX0039**

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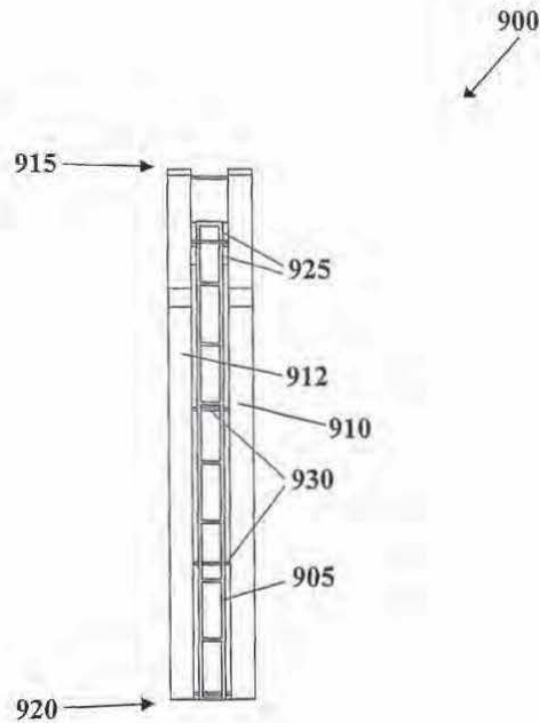


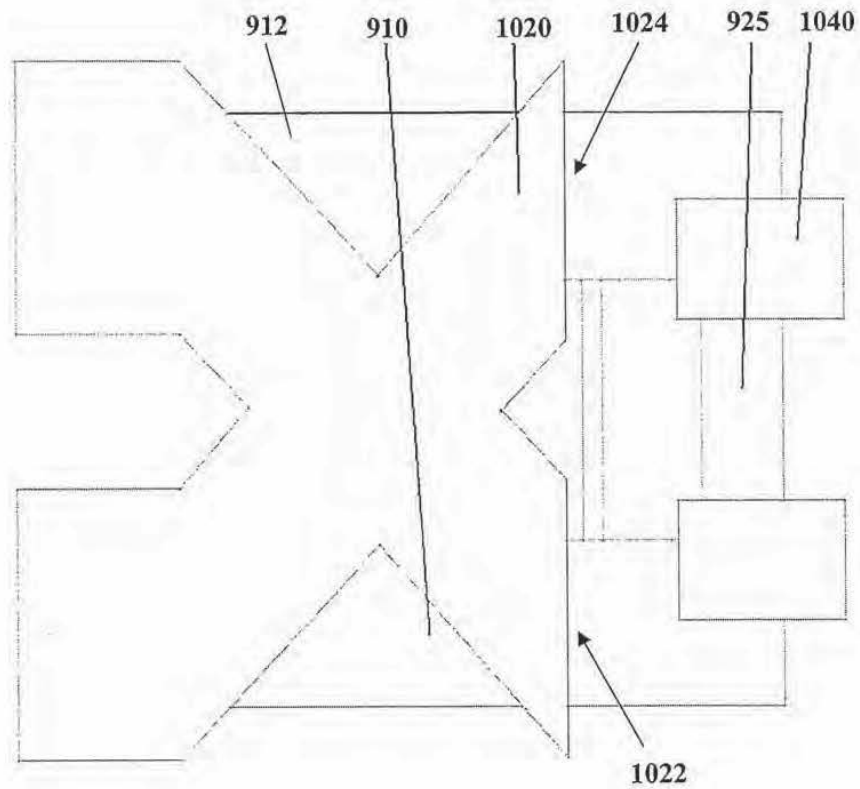
FIGURE 9

APPX0040

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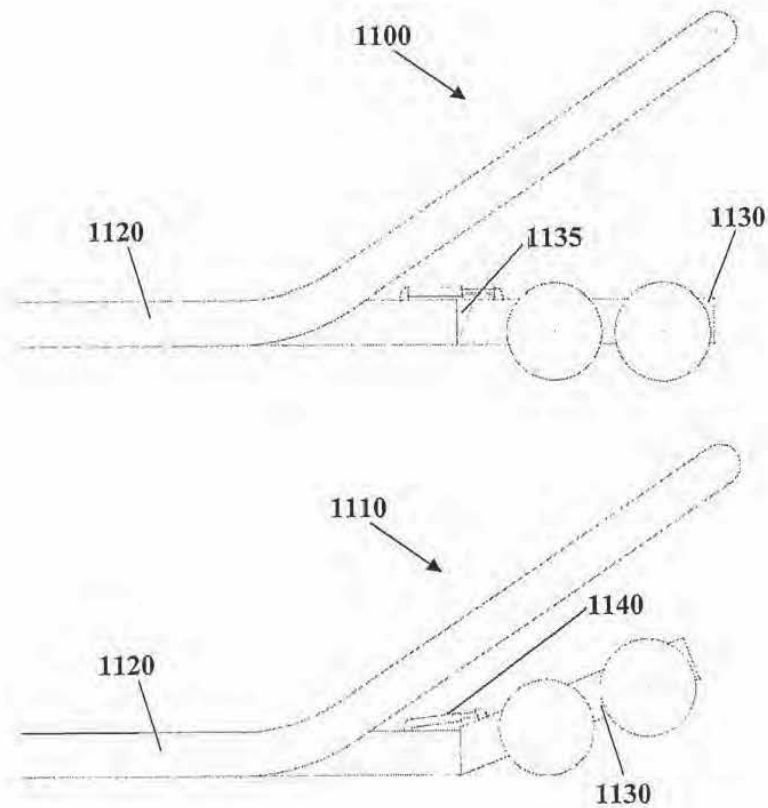
**US 8,944,740 B2****FIGURE 10****APPX0041**

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**FIGURE 11**

**APPX0042**



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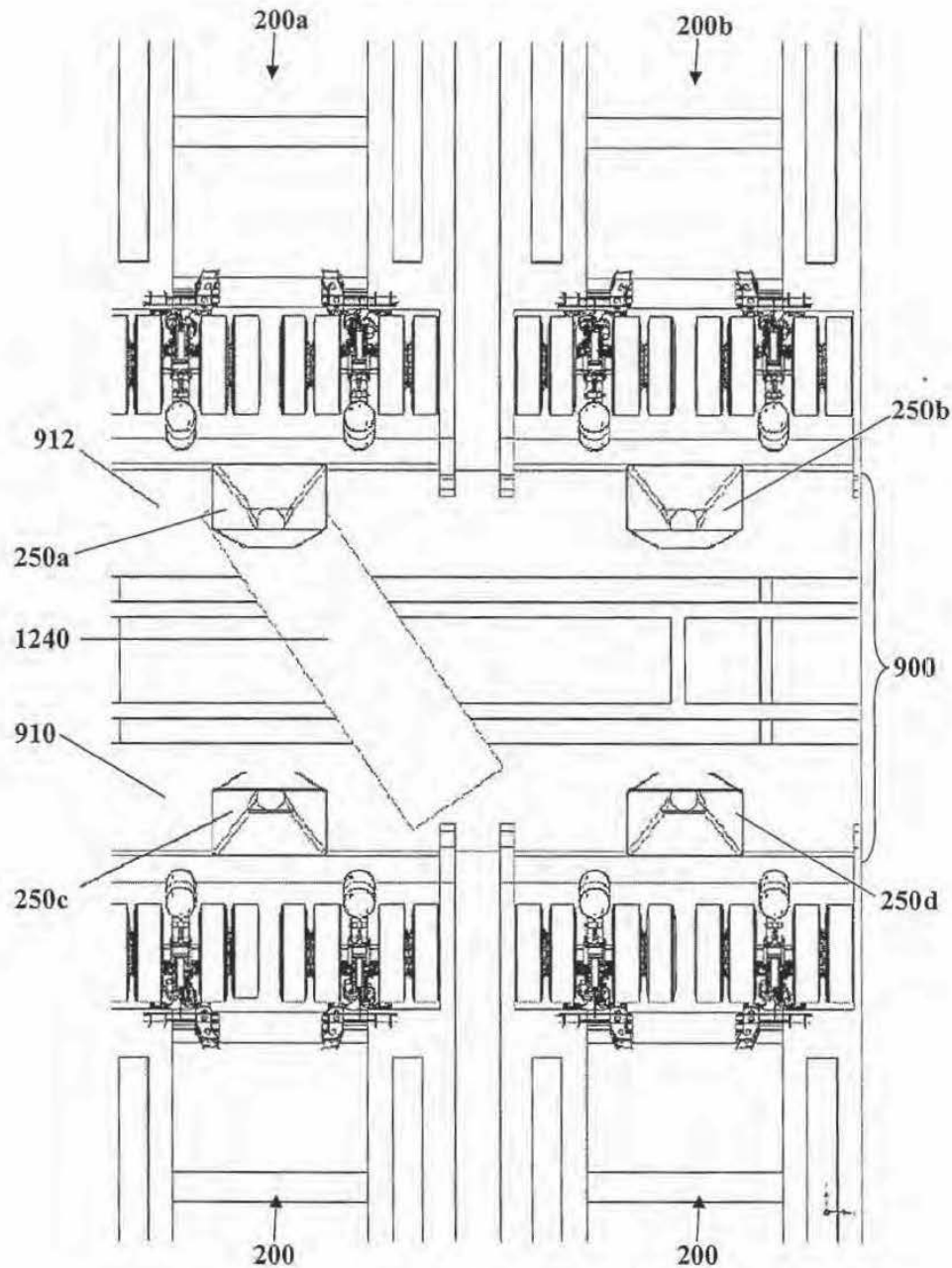


FIGURE 12

APPX0043

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**MOBILE MATERIAL HANDLING AND  
METERING SYSTEM****FIELD OF THE INVENTION**

The present invention pertains in general to material handling systems and in particular to a mobile material handling and metering system for storing and delivering granular material, and an associated method.

**BACKGROUND**

Granular material, such as sand, is used in bulk quantity in a number of applications. For example, in hydraulic fracture drilling by oil and gas and other industries, fracturing fluid, along with a granular proppant material such as sand and/or ceramics, is pumped into a drill well to create and prop open fractures in rock. Often, activities requiring large amounts of granular material are performed in a remote location, requiring granular material to be shipped in for example by road, rail or water.

For such activities, it is desirable to have sufficient and often large amounts of granular material readily available for adequately reliably carrying out operations. For hydraulic fracture drilling, storage facilities may be required, for example, to hold 50,000 cubic feet of proppant, and hence must be adequately large, as well as capable of supporting the resulting weight of proppant. However, in many cases, granular materials are only required over a limited time period, for example during the drilling operations. Thus, large, permanent on-site storage facilities for the required granular materials are often not economical.

Typically, proppant is stored at a well site in fixed vertical silos and supplied by a dry-bulk tanker and blown into the silo. This method of storage requires that the silos are transported on flat-deck trailers and hoisted into position using large cranes. The set-up time for this type of operation may be extensive, for example lasting on the order of days. Additionally, the silo filling operation may require a dry-bulk blower, which is costly, noisy and creates an undesirably large amount of dust. Furthermore, limited site space may place restrictions on overall size of this type of system, and vehicle compliance regulations may limit overall dimensions of components, such as silos, of system which are to be transported by vehicles such as flat-deck trailers.

United States Patent Application Publication No. 2008/0008562 discloses a method of transporting and storing an oilfield proppant, wherein proppant is transported to and accumulated at a storage facility. However, the storage facility is in the form of a large building which is not well-suited for portability.

U.S. Pat. No. 6,293,689 discloses a multi-trailer mobile concrete batching and mixing plant, including a concrete silo trailer and an aggregate trailer. However, this plant comprises a specific, closed arrangement of trailers and is limited in the amount of material that can be stored and in the rate at which material can be added or removed from the plant.

United States Patent Application Publication No. 2008/0179054 discloses a method and system for expandable storage and metering of proppant or other materials. A portable storage and metering device is transported to a well site and there expanded and filled with proppant, which is metered out as required. However, this approach is limited in scale of proppant material that can be stored and metered.

Therefore there is a need for a method and system for mobile storage and delivery of granular material that is not subject to one or more limitations of the prior art.

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This background information is provided for the purpose of making known information believed by the applicant to be of possible relevance to the present invention. No admission is necessarily intended, nor should be construed, that any of the preceding information constitutes prior art against the present invention.

**SUMMARY OF THE INVENTION**

An object of the present invention is to provide a method and system handling granular material. In accordance with an aspect of the present invention, there is provided a system for handling granular material, the system comprising: a delivery module configured, in a delivery module operational configuration, to receive said granular material and to convey said granular material to a predetermined delivery location; and one or more mobile storage modules adjacent to the delivery module, each of the one or more mobile storage modules configured, in a mobile storage module operational configuration, to hold and dispense said granular material downward to the delivery module.

In accordance with another aspect of the present invention, there is provided a delivery module for handling granular material, the delivery module configured, in a delivery module operational configuration, to receive said granular material from one or more mobile storage modules and to convey said granular material to a predetermined delivery location, the one or more mobile storage modules adjacent to the delivery module, each of the one or more mobile storage modules configured, in a mobile storage module operational configuration, to hold and dispense said granular material downward to the delivery module.

In accordance with another aspect of the present invention, there is provided a mobile storage module for handling granular material, the mobile storage module configured, in a mobile storage module operational configuration, to hold and dispense said granular material downward to an adjacent delivery module, the delivery module configured, in a delivery module operational configuration, to receive said granular material from the mobile storage module and to convey said granular material to a predetermined delivery location.

In accordance with another aspect of the present invention, there is provided a method for handling granular material, the method comprising: providing a delivery module configured to receive said granular material and to convey said granular material to a predetermined delivery location; and providing one or more mobile storage modules adjacent to the delivery module, each of the one or more mobile storage modules configured to hold and dispense said granular material downward to the delivery module.

**BRIEF DESCRIPTION OF THE FIGURES**

These and other features of the invention will become more apparent in the following detailed description in which reference is made to the appended drawings.

FIG. 1 illustrates a system for handling granular material, in accordance with embodiments of the invention.

FIG. 2 illustrates a mobile storage module in a transportation configuration, in accordance with embodiments of the invention.

FIG. 3 illustrates a perspective view of a mobile storage module in an operational configuration, in accordance with embodiments of the invention.

FIG. 4 illustrates an elevation view of a mobile storage module in an operational configuration, in accordance with embodiments of the invention.

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FIG. 5 illustrates a frame of a mobile storage module, in accordance with embodiments of the invention.

FIG. 6 illustrates a flexible chute for fitting to an output port of a mobile storage module, in accordance with embodiments of the invention.

FIG. 7 illustrates a variable aperture device for operatively coupling to an output port of a mobile storage module, in accordance with embodiments of the invention.

FIG. 8 illustrates a frame of a mobile storage module, in accordance with embodiments of the invention.

FIG. 9 illustrates a top view of a delivery module, in accordance with embodiments of the invention.

FIG. 10 illustrates an end view of a delivery module, in accordance with embodiments of the invention.

FIG. 11 illustrates a discharge end of a delivery module in both transportation and operational configurations, in accordance with embodiments of the invention.

FIG. 12 illustrates a partial top view of a system for handling granular material, in accordance with embodiments of the invention.

#### DETAILED DESCRIPTION OF THE INVENTION

##### Definitions

The term “granular material” is used to define a flow-able material comprising solid macroscopic particles, such as sand, gravel, or the like.

The term “proppant” is used to define a granular material used in drilling, for example by oil and gas industries. Proppant comprises appropriately sized and shaped particles which may be mixed with fracturing fluid to “prop” fractures open after a hydraulic fracturing treatment. Proppant may comprise naturally occurring sand grains of a predetermined size, or engineered materials, such as resin-coated sand, ceramic materials, sintered bauxite, or the like.

As used herein, the term “about” refers to a  $\pm 10\%$  variation from the nominal value. It is to be understood that such a variation is always included in a given value provided herein, whether or not it is specifically referred to.

Unless defined otherwise, all technical and scientific terms used herein have the same meaning as commonly understood by one of ordinary skill in the art to which this invention belongs.

An aspect of the present invention provides for a system for handling granular material, for example for storage and delivery of proppant for use in hydraulic fracturing at a drill well site. The system comprises a delivery module configured to receive said granular material at a reception area thereof and to convey said granular material to a predetermined delivery location. The delivery module may comprise one or more mobile powered conveyor systems, for example at least partially for substantially horizontal conveyance of the granular material. The system further comprises one or more mobile storage modules, each configured to hold said granular material and to dispense said granular material downward to the delivery module. In an operational configuration, the mobile storage modules are arranged adjacent to the delivery module. In a transportation configuration, the mobile storage modules may be configured and towed as semi-trailers and may comprise a container pivotably connected to a base, which may be raised into position for gravity-assisted dispensing of granular material. The delivery module may also further be configured in a transportation configuration for towing as a semi-trailer.

Another aspect of the present invention provides for a delivery module for handling granular material, the delivery module as described above. Another aspect of the present

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invention provides for a mobile storage module for handling granular material, the mobile storage module as described above.

FIG. 1 illustrates a system 100 for handling granular material in accordance with embodiments of the present invention. The system 100 is illustrated as arranged in an operational site configuration, with a plurality of mobile storage modules 110, 115 arranged around a delivery module 120. As shown, there are five mobile storage modules 110 in a first bank on one side of the delivery module 120, and five mobile storage modules 115 in a second bank on another side of the delivery module 120 opposite the first bank. However, this number may be reduced or increased. If the number is increased, the delivery module portion 120 may be expanded in length, for example by adding one or more additional conveyors arranged end-to-end. Other arrangements, such as providing plural delivery modules in parallel, may also be used. The mobile storage modules 110, 115 are arranged so that they may individually discharge granular or flow-able material such as proppant onto one or more, centrally located main conveyors of the delivery module 120. The granular material is conveyed by the main conveyors to one or more discharge conveyors 130, which convey the material to a height appropriate to allow the material to feed one or more blender modules 140. Each blender module 140 may be a mobile unit used to blend fracking chemicals, proppant and bulk fluid. Alternatively, the discharge conveyors 130 may be configured for delivering granular material to another appropriate location or equipment, for example to re-load a bulk tanker during well-site decommissioning.

In some embodiments, there may be a substantially independently variable number of mobile storage modules provided on each side of the mobile storage module. For example, between zero and ten mobile storage modules may be arranged in a first bank along one side of a delivery module, and between zero and ten mobile storage modules may be arranged in a second bank along another side of a delivery module opposite the first bank. The number of mobile storage modules in the first and second bank need not be even. For example, two, three or four mobile storage modules may be arranged in the first bank, and five or six mobile storage modules may be arranged in the second bank.

An aspect of the present invention provides for a method for handling granular material. The method comprises providing a delivery module configured to receive said granular material and to convey said granular material to a predetermined delivery location. The delivery module may be transported to a desired site in a transportation configuration and then converted to an operational configuration for receiving and conveying the granular material. The method further comprises providing one or more mobile storage modules adjacent to the delivery module, each of the one or more mobile storage modules configured to hold and dispense said granular material downward to the delivery module. The mobile storage modules may be transported to a desired site in a transportation configuration and then converted to an operational configuration for holding and dispensing the granular material.

Embodiments of the present invention provide for robustness to component failure or mechanical breakdown by providing redundancies for one or more components. For example, the delivery module may comprise plural conveyor systems, and the system may be configured to facilitate continued operation in the event that one or more conveyor systems break down. As another example, each of the mobile storage modules may include interchangeable components, such as hydraulic power packs, which may be connected for

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use in another mobile storage module should that component of the other mobile storage module fail or break down. Plural components may be also used in series or parallel to augment specific operations.

Embodiments of the present invention may provide for one or more mechanical features facilitating operation of mobile storage modules and/or delivery modules. For example, one or more modules may comprise a rock-over chassis, which may operate as a semi-trailer chassis in the transportation configuration, and as a support structure engaging ground over an adequately large surface area in the operational configuration.

In embodiments of the present invention, each of the mobile storage modules and delivery modules are reconfigurable between transportation and operational configurations. In the transportation configuration, each module may be separately transportable in an adequately compact configuration. In the operational configuration, plural modules may be configured and arranged together for accepting, storing, conveying and delivering granular material.

Embodiments of the present invention are modular and expandable, which enables a configurable storage capacity for granular material such as proppant, and/or a configurable capacity for adding and/or removing granular material. The number of mobile storage modules may be adjusted as required, to provide the appropriate capacity. In some embodiments, additional delivery modules or delivery module expansion units may also be provided as desired. Excess storage modules may remain unused or may be used at another site to improve operational efficiencies. Each mobile storage module provides its own storage capacity, and plural mobile storage modules may be loaded with granular material at the same time, thereby facilitating quicker loading or reloading. In some embodiments, plural storage modules may further feed the delivery module at the same time, thereby providing granular material to the delivery module at a higher rate than from a single storage module.

At least some embodiments of the present invention may provide improvements in terms of operational efficiency, set-up time, transportation requirements, storage and asset tracking requirements, and the like, for example by requiring a relatively small number of component modules when compared with some prior art solutions.

#### Mobile Storage Module

The present invention comprises one or more mobile storage modules for holding and dispensing granular material. The number of storage modules utilized may be adjusted as needed for a given operation, from one to a predetermined maximum number which may depend at least in part on delivery module capacity. Each of the mobile storage modules may be reconfigurable between a transportation configuration and an operational or site configuration. In the transportation configuration, each mobile storage module may be configured as a separately transportable trailer or semi-trailer. In the operational configuration, each mobile storage module may be configured as a granular material storage container or silo.

In embodiments of the present invention, each mobile storage module comprises a frame and a container portion, such as an enclosed box, supported by the frame and pivotably coupled thereto. The mobile storage module frame may be referred to and/or associated with a chassis. The container portion is configured, for storing granular material and comprises an input port for receiving the granular material and an output port for dispensing the granular material. The container portion may be substantially enclosed on all sides, except for the input port and output port, which may comprise

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controllably-sized apertures. The mobile storage module may further comprise an actuating system configured to pivot the container between a lowered position and a raised position. In the raised position, the input port is located above the output port to allow the granular material to flow from input to output with assistance of gravity. The mobile storage module may further comprise a loading system, such as an in-feed elevator, conveyor, bucket conveyor, or the like, operatively coupled to the input port to facilitate loading of granular material into the container portion.

In some embodiments, the mobile storage module may comprise a discharge chute, gate valve, and/or variable discharge aperture valve, operatively coupled to the output port to facilitate controlled and metered flow of granular material from the container portion. The collective flow from container plural mobile storage modules, may also be controlled and metered by controlling and metering flows from plural mobile storage modules. The variable discharge chute, metering iris or aperture may facilitate remote, or manual, and ultimately combined, control of the rate of discharge from one or more storage units. A variable aperture at an output port may allow for a substantially continuous control of granular material flow from zero flow to a predetermined maximal flow.

In some embodiments, the mobile storage module may further comprise a hydraulic power pack for powering components such as the actuating system, loading system, and output port valves. In some embodiments, the mobile storage module may be configured into a transportation configuration corresponding to a trailer or semi-trailer complying with predetermined laws, regulations and/or and height and weight requirements, for transportation by a road tractor or other appropriate on-road, off-road, rail or water vehicle.

FIG. 2 illustrates a mobile storage module 200 arranged in a transportation configuration, as a semi-trailer mounted on a road tractor 210, in accordance with embodiments of the present invention. The semi-trailer may be configured to comply with applicable laws and regulations regarding size, length, weight, and the like.

In some embodiments, for example as illustrated in FIG. 2, the container portion 225 of a mobile storage module 200 is formed as a rigid box of a generally rectangular structure, tapered from front to rear so that the container top is at maximum allowable vehicle height when in the transportation configuration, in accordance with predetermined laws and/or transportation regulations. Other features illustrated in FIG. 2 are also described herein.

FIGS. 3 and 4 illustrate, in perspective and elevation views, respectively, a mobile storage module 200 arranged in a site configuration as an erected silo, in accordance with embodiments of the present invention. The mobile storage module 200 is detached from a road tractor and set up at an appropriate location, for example adjacent to a delivery module and possibly one or more other mobile storage modules. A loading system such as an elevator 310 or other conveyor is connected to an input port 320. Granular material may be loaded onto the elevator 310 from an appropriate container vehicle. The elevator 310 transports the material to the input port 320, where it may be stored in the container portion 225, and/or flowed therethrough to an output port. The mobile storage module 200 comprises, at its base, a frame 235, which may be substantially rigid and may span approximately the unit's full length and width. The container portion 225 is raised into position by an actuating system, for example in the form of a hydraulic actuator 350, for example comprising a set of one or more hydraulic piston-cylinder assemblies, which are coupled to the container portion 225 and the frame

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235 and controllably powered by a hydraulic power pack or other source of pressurized hydraulic fluid. The hydraulic actuators may be attached, via pin joints or other pivotable joints, at one end to the container portion 225 and at the other end to the frame 235, such that expansion of the hydraulic actuators 350 effects differential movement between the container portion 225 and frame 235 in an arc, thereby raising and pivoting the container portion 225 from the trailer chassis to a desired or predetermined angle. Embodiments of the present invention may be configured for pivoting the container portion to one or more predetermined or selectable angles, adequate for facilitating flow of material from the input port to the output port under gravity. Such an angle may depend on factors such as the material involved, material grain size, flow-ability, height availability, weight distribution requirements, and the like. In some embodiments, the container portion may be pivoted at an angle of about 40 degrees relative to the frame. In some embodiments, an agitator may be provided for agitating the container portion, thereby controllably increasing flow-ability of granular material at one or more predetermined angles.

As also illustrated in FIGS. 3 and 4, the container portion 225 may comprise a fully enclosed rigid box approximately dimensionally equal to the frame 235 in length and width. The container portion 225 may be attached to the frame 235 by way of a hinge 230, for example located rearward of the wheel axles 370. In another embodiment, the wheel axles 370 may be coupled to both the container portion 225 and the frame 235 and may act as a hinge therebetween.

In some embodiments, one or more hydraulic piston-cylinder assemblies or other substantially linear hydraulic actuators 350 are configured such that, in their collapsed state corresponding to the transportation configuration, one end is substantially higher than the other end. Thus, at commencement of expansion, the actuators can generate a sufficient vertical axis component of thrust to initiate movement of the container portion 225. For a given size of hydraulic actuator, this may be effected by positioning the upper end of the hydraulic actuator, for example a piston rod end thereof, substantially above the frame 340 and possibly into a region located within the convex hull of the container portion 225. In this arrangement, volume which could otherwise potentially be occupied by usable granular payload within the container portion 225 may, in some embodiments, be sacrificed to make room for a portion of the hydraulic actuator or actuators 350.

In some embodiments, the main hydraulic-actuators 350 are configured so as to be substantially parallel and within the frame 235 when in the transportation configuration, with a first end of the main hydraulic actuators 350 connected to the frame 235 and a second end coupled to a bottom surface of the container portion 225, for example by way of a yoke or lug extending below the container portion 225. In this arrangement, the hydraulic actuators 350 may then substantially lie outside of the convex hull of the container portion 225, thereby increasing potential granular material storage capacity thereof. A second set of one or more initiating hydraulic actuators, for example piston-cylinder assemblies oriented substantially vertically, may be provided, permanently or as needed, for initially raising the container portion 225 to an orientation at which the main hydraulic actuators 350 are able to provide sufficient vertical thrust to raise the box to its full height. At this point, the main hydraulic actuators 350 may take over the container portion load.

For example, as illustrated in FIG. 2, the initiating hydraulic actuators 220 may be located at an end of the container portion 225 opposite the hinge 230, the hydraulic actuators 220 supported by the frame 235. In some embodiments, the

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initiating hydraulic actuators 220 may be pin-jointed to the frame 235 at a lower end and bear, for example non-rigidly, against a box-mounted cup structure 240 at an upper end. At the point at which the main hydraulic actuators 350 take over lifting duty, the initiating hydraulic actuators 220 may reach maximum stroke and loose contact, at their upper ends, with the box-mounted cup structure 240.

In some embodiments, deployable rigid bracing 380, as illustrated in FIGS. 3 and 4, may be provided. The bracing 380 may be, for example, hinged at one end and free sliding at the other end. The bracing 380 may facilitate supporting the container portion 225 of a mobile storage unit 200 in a raised, operational configuration, thereby reducing or eliminating the need to maintain hydraulic power after the container portion is raised and the rigid bracing 380 locked into place.

In some embodiments, a rigid brace 380 may be provided for bracing the container portion 225 when in the raised position. As illustrated in FIGS. 3 and 4, a first end of the brace 380 may be pin jointed to the underside of the container portion 225 at a predetermined location 382, and a second end 384 of the brace 380 may be free to slide on and/or over the trailer chassis while raising the container portion 225. The second end 384 may be deployed and locked into place at a location 386 of the frame 235, for example by forcing the brace to arc over centre into a fixed pocket at the location 386 and then slightly lowering the container portion 225, and/or by pinning the second end 384 to the frame 235 at location 386.

In some embodiments, after raising the container portion 225, the hydraulic actuators 350 may be de-powered such that temperature induced hydraulic drift does not induce unexpected box loading. The rigid bracing structure 380 may therefore remove dependence upon the hydraulic actuators 350 after said raising. At full elevation the container portion 225 functions at a storage silo. As illustrated, the container portion 225 need not be fully vertical, but may be configured at an angle such as about 40 degrees. The system may provide for a set of mobile self-deploying silos forming a storage accumulator of variable capacity.

In embodiments of the present invention, the front end of the container portion includes an input port through which the container portion may be loaded with granular material, for example input port 320 as illustrated in FIG. 3. In some embodiments, the front end of the container portion may further include an opening through which the loading system, for example elevator 310 illustrated in FIG. 3 may be loaded for storage and transportation when in the transportation configuration. The stored elevator 310 is illustrated in FIG. 2.

As further illustrated in FIGS. 2 and 4, a discharge chute 250 may be provided at the rear of the container portion 225. The discharge chute 250 is configured in-line and in fluid communication with the output port and is oriented and located to position discharged granular material toward the delivery module for reception thereby. For example, the discharge chute 250 may be positioned to discharge the granular material onto a discharge conveyor of the delivery module. In some embodiments, the discharge chute 250 may be positioned low and close to the discharge conveyor to reduce unused volume in the lowermost rear corner of the box.

In some embodiments, as illustrated in FIG. 5, the frame 235 may be constructed from standard structural members, such as steel beams, to form a ladder frame chassis. At one end of the chassis, a set of one or more axles may be fitted at location 510. At the other end of the chassis, a kingpin and coupler structure, or other structure suitable for coupling to a standard or non-standard truck fifth wheel may be provided at location 520.

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FIG. 5 further illustrates the frame or trailer chassis 235 comprising a series of longitudinal beams 530 and transverse cross-members 540 oriented to form a rock-over chassis, in accordance with embodiments of the present invention. The chassis may incorporate, toward the front end 520 a coupler structure with a standard SAE kingpin and toward the rear end 510 a suspension assembly and one or more axles and wheels operatively coupled thereto. In some embodiments, the suspension assembly may be located and oriented such that by deflating air springs thereof, the frame 235 can be lowered into contact with the ground to form a full length bearing structure.

In some embodiments, the rock-over chassis front end and/or rear end may be lowered to ground by an external crane. In some embodiments, the present invention may comprise hydraulic landing legs operatively coupled to the frame or rock-over chassis. The hydraulic landing legs may be extended to contact ground to support the frame 235 while the road tractor drives away, the legs then fully retracted for lowering of the chassis to ground. The frame or rock-over chassis may be configured to present adequate ground contact area so that the ground footprint pressure remains below a predetermined maximum level.

In some embodiments, the in-feed elevator 310, for example as illustrated in FIGS. 3 and 4, may be dimensioned such that the elevator 310 reaches from the input port 320 to substantially ground level, when the elevator 310 is fully deployed and the container portion 225 is elevated to its full height in an operational configuration. Thus, the elevator 310 can transport material from approximately ground level to the height of the input port 320. In some embodiments, the container portion 225 may be raised while empty, and subsequently loaded via the elevator 310 at full elevation, thereby decreasing lifting capacity requirements of the hydraulic actuators 350. In some embodiments, the elevator 310 may be tilted upward and inserted into the container portion 225 for stowage in the transportation configuration, for example as illustrated in FIG. 2.

In some embodiments, the in-feed elevator 310 comprises a continuous belt equipped with cleats, buckets or other features for conveying material upward to the input port. The conveyor belt may be contained within a rigid frame extending approximately the full length of the conveyor belt such that the frame allows the conveyor system to be non-continuously supported along its length. The frame may be hingedly coupled at the upper end to a fixed location on the container portion 225, and may be supported by deployable legs or wheels at its lower end to ground. The frame is configured with a predetermined structural rigidity to resist bending due to payload and system weight, and buckling due to belt tension.

In some embodiments, the in-feed elevator 310 may be deployable from a stored position within the container portion 225, for example stowed and deployed via the container portion input port 320 or another port. Such a port may be located at the upper front corner of the front face of the container portion. The in-feed elevator 310 may, in deployment, be tilted, for example by a hinge, to an approximately vertical orientation such that the lowermost end of the belt is proximate to ground. In some embodiments, the deployed in-feed elevator 310 may be supplied with granular material by a standard low-elevation belly unloading conveyor directly from a series of bulk tankers or other bulk material transporters. In some embodiments, the in-feed elevator may be coupled, at an end proximate to the input port, to a set of one or more outboard, rollers. The outboard rollers may be located on both sides of the frame. A pair of channels, con-

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figured to accommodate the rollers therein, may also be provided inside of the container portion for stowage of the in-feed elevator in the transportation configuration. In some embodiments, a fixed roller, for example at location 312 as illustrated in FIG. 4, may be located at the lowermost edge of the port receiving the in-feed elevator, the fixed roller bearing against the underside of the in-feed elevator frame, thereby providing support during storage and deployment.

FIG. 6 illustrates a flexible chute 600 provided in accordance with embodiments of the invention. The flexible chute 600 may be fitted to a discharge chute or output port of a mobile storage module for directing granular material to the delivery module. The flexible chute 900 comprises a set of interlocking conical members 610, such as approximately concentric diminishing cones, which are movable relative to each other so that the chute 600 output may be configurably located as needed for granular material discharge.

The rear end of the container portion of a mobile storage module comprises an output port, for example formed in a flat structural wall. In some embodiments, the output port may comprise a hydraulically or manually operated variable aperture or other metering device. In some embodiments, a discharge chute may be coupled to the output port.

FIG. 7 illustrates a variable aperture device 700 operatively coupled to the output port, in accordance with some embodiments. The aperture 710 may be varied in size by pivoting of a plurality of plates 720, pivotably coupled to a main body of the variable aperture device 700. The variable aperture device 700 may comprise a series of overlapping plates 720, arranged such that they form a roughly circular aperture 710 of variable radius.

In some embodiments, rapid isolation of proppant flow is effected by a gate comprising a reinforced flat plate sliding in channels perpendicular to the proppant flow and arranged such that full withdrawal of the plate allows substantially maximum flow and full insertion of the plate allows substantially no flow. This gate valve may be manually operated with a local mechanically-advantaged lever or remotely by way of a quick-acting hydraulic cylinder. Alternatively a butterfly valve may be used for this application.

FIG. 8 illustrates a frame 810 of a mobile storage module, in accordance with embodiments of the present invention, which extends partway underneath the container portion 820 to an intermediate location 815. The coupler structure for coupling to the road tractor 830 may then be incorporated into the container portion 820 rather than the frame 810. This arrangement reduces weight of the mobile storage module and potentially increases allowable payload weight and/or available payload volume. In this configuration, the ground bearing envelope is reduced compared with a full-length frame, and thus additional frame surface area may be required to maintain adequately low bearing pressure. In some embodiments, the partial-length frame 810 may be configured to allow for frame adaptation to increase ground bearing area. For example, skids, deployable footings, sheeting, external supports, or the like, may be provided for this purpose.

In some embodiments, the mobile storage modules may be configured for accepting granular material from delivery vehicles other than dedicated dry-bulk proppant transporters and blowers. For example, a mobile storage module and/or in-feed elevator thereof may be adaptable or configured for use with simple belly unloading vehicles such as grain trailers, or other locally available equipment. This may allow for substantially local infrastructure and equipment, such as associated with a local agricultural industry, to service and supply proppant, or other granular material, rather than spe-



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cialized, expensive equipment sourced from a central location. This may be particularly advantageous in remote locations for operational reasons such as cost and scheduling.

#### Delivery Module

The present invention comprises one or more delivery modules, configured to receive granular material from the mobile storage modules and to convey the granular material to a predetermined delivery location. One or more powered conveyor systems may be provided on the delivery module for conveying the granular material. Conveyance of granular material may be, at various locations, at least partially assisted by gravity, unassisted by gravity, and/or conveyed against gravity.

In embodiments of the present invention, the delivery module may be reconfigurable between a transportation configuration and an operational or site configuration. In the transportation configuration, the delivery module may be configured as a standard or over-length trailer, for example subject to one or more predetermined sets of legal and/or regulatory requirements, and/or other height, length, width and/or weight restrictions. In the operational configuration, the delivery module may be configured having a granular material reception area with surface area and capacity adequate for receiving granular material from up to a predetermined number of mobile storage modules. The delivery module may be configured, in the operational configuration, to have a lower bearing surface with a predetermined portion contacting ground, adequate for supporting the weight of the delivery module and granular material thereon against ground. Conveyors may be stowed in the transportation configuration and deployed to cover or span a greater surface area in the operational configuration.

FIG. 9 illustrates a top view of a delivery module 900 in accordance with embodiments of the present invention. As illustrated, the delivery module 900 comprises a pair of main conveyors 910, 912 for receiving, granular material from the mobile storage modules and conveying same to a discharge end 915. The delivery module 900 may further comprise or be operatively coupled to one or more discharge conveyors, for example conveyors 130 as illustrated in FIG. 1.

As illustrated in FIG. 9, the delivery module 900 comprises a trailer chassis 905 upon which two main conveyors 910, 912 are mounted. Plural main conveyors may be provided for redundancy, to facilitate continued operation or failover in case of failure of one conveyor. Alternatively, a single-conveyor may be provided, which may simplify design and in some cases provide increased conveyor surface area, or more conveyors may be provided. The trailer chassis 905 may be a rock-over chassis, or other suitable frame or chassis. The delivery module may be reconfigurable between a transportation configuration and an operational or site configuration. In the operational configuration, the conveyors 910, 912 may be deployed outward relative to the transportation configuration. This configuration, in conjunction with a rock-over chassis, may facilitate deployment of the conveyors 910, 912 close to ground and outboard of the trailer chassis 905 in the operational configuration. In some embodiments, the conveyors 910, 912 may be connected to the chassis 905 via a series of laterally arranged sliding tubes spaced substantially evenly along the length of each conveyor. The sliding tubes may be deployed outward using one or more hydraulic actuators, for example, FIG. 9 also illustrates location of semi-trailer axles 925 and hydraulics 930 operatively coupled to the sliding tubes for movement thereat thereby facilitating deployment and stowage of the conveyors 910, 912.

In some embodiments, a main conveyor of the delivery module and an associated discharge conveyor may be asso-

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ciated via a common conveyor belt. The common conveyor belt may extend substantially horizontally over a first predetermined area associated with the main conveyor, to be situated substantially below the output ports of one or more mobile storage modules stationed around the delivery module. The common conveyor belt may further extend at an angle over a second predetermined area associated with the discharge conveyor, to raise the granular material to a predetermined height for discharge. In this manner, granular material, such as proppant, may be conveyed from output ports of the mobile storage modules and elevated to a height suitable for discharge into vehicular, or otherwise, mounted receptacles, such as blender modules.

In some embodiments, such as illustrated in FIG. 9, the delivery module conveyors 910, 912 may be carried upon a dedicated, custom configured semi-trailer chassis 905. The chassis 905 may comprise a full-length rigid frame having, at a first end 920, a standard trailer kingpin and coupler structure, or other trailer coupling components, and at a second, discharge end 915 a set of one or more axles and/or suspension assembly of the semi-trailer. As mentioned previously, the chassis 905 may be a rock-over chassis. When disconnected from the road tractor, the first end 920 of the rock-over chassis may be lowered to ground, and, the chassis lower surface may contact the ground, thereby evenly distributing load of the delivery module into the ground along the length of the rock-over chassis. In some embodiments, a suspension assembly may be located and oriented such that by deflating air springs thereof, the chassis 905 can be lowered, into contact with the ground to form a full length bearing structure.

FIG. 10 illustrates an end view of a discharge end of a delivery module, in accordance with embodiments of the present invention. As illustrated, the discharge ends of a pair of conveyors 910, 912 of the delivery module may be connected by a discharge manifold 1020 extending downwards and equipped with two discharge ports 1022, 1024. The discharge manifold receives granular material from both left and right conveyors 910, 912 and selectably provides the granular material to one or both of the two discharge ports 1022, 1024. The manifold 1020 may comprise a configurable multiple orientation gate or other means for directing granular material from a selected one, or both of the conveyors 910, 912 to a selected one, or both of the two discharge ports 1022, 1024. The manifold may thereby be configured to provide flow from one or more selected conveyors to one or more selected discharge ports, and/or to blend flow from each conveyor to a selected discharge port or both discharge ports. In some embodiments, the proportions and amounts of material provided to each discharge port and/or from each conveyor may be adjusted, thereby facilitating finer control of mixing. FIG. 10 further illustrates chassis 925 and wheels 1040 of the delivery module.

FIG. 11 illustrates a rear/discharge end of a delivery module in both a transportation configuration 1100 and an operational configuration 1110, in accordance with embodiments of the present invention. The chassis 1120 may be pivotably coupled with a wheeled portion 1130 containing the rear axles and wheels of the delivery module semi-trailer, for example via a pin joint or other pivotable coupling. In the transportation configuration, the wheeled portion 1130 may be lowered to engage ground, for example by actuation of one or more hydraulic cylinders 1140, the chassis 1120 lifted off of ground during transport. A removable brace 1135 may be installed in a substantially triangular gap between the chassis 1120 and the wheeled portion 1130 for improved support during transport. In the operational configuration, the brace 1125 may be removed and the wheeled portion 1130 raised,

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for example by actuation of the one or more hydraulic cylinders 1140, and the chassis lowered to engage ground. This configuration facilitates tilting/retraction of the axles for the operational configuration, thereby facilitating engagement of the chassis 1120 with the ground for load distribution. Tilting and retraction of axles may also be provided for in one or more mobile storage modules, for facilitating engagement of the frame thereof with ground to facilitate load distribution.

In some embodiments, the present invention may be configured to facilitate prevention of proppant loss, for example due to loss of proppant from conveyors or due to overflow in event of conveyor failure. For example, embodiments of the present invention comprise one or more covers, such as non-rigid covers or tarps, which may be deployed to enclose regions through which granular material is conveyed. For example, each main conveyor and/or discharge conveyor of the delivery module may be fully or partially enclosed by a cover over its length. The conveyor cover may comprise apertures at predetermined locations for receiving material from the output ports and/or discharge chutes of the mobile storage modules. One or more covers, such as fitted non-rigid cowls may be provided between the apertures of the conveyor cover and the output ports, with approximate seal at cover interfaces. In this manner, environmental contamination, such as rain or snow, may be restricted from entering the granular material as it is delivered from the mobile storage modules.

Set-up, Operation and Tear-down

Embodiments of the present invention are reconfigurable between transportation and operational configurations, thereby facilitating mobility, and relatively quick set-up and tear-down when compared with at least some prior art solutions. Each mobile storage module and delivery module may be hauled to a work site by a separate truck, for example. Embodiments of the present invention provide for a self-erecting, and substantially self-sufficient, system for storage and handling of proppant or other granular material. In some embodiments, the system may be set up on site within hours.

In some embodiments, the present invention may provide for storage and delivery capacity of suitable, for projects requiring about 50,000 cubic feet of granular material such as proppant. For example, the system may comprise plural mobile storage modules, each configured for holding up to 5,000 cubic feet of granular material, which may be discharged by gravity to a delivery module. Ten mobile storage modules so configured may thus provide about 50,000 cubic feet of granular material. The rate at which granular material may be supplied may also scale with the number of mobile storage modules used, subject to capacity of the distribution module arrangement in use. More or fewer mobile storage modules may also be provided, thereby making the system scalable as required by an operation. Each delivery module may be capable of servicing up to a predetermined number of mobile storage modules. Thus, in some embodiments, plural delivery modules may be provided, end-to-end or in parallel, to satisfy operational requirements.

In embodiments of the present invention, one or more modules, such as mobile storage modules and delivery modules, may be powered by self-contained hydraulic, power packs, or other appropriate sources of fluid or mechanical power. Each module may be powered by its own power pack, with power packs being interchangeable between modules in case of failure events. Each power pack may comprise a prime mover, such as a combustion engine, a hydraulic pump, a hydraulic reservoir and associated filtering, plumbing and control valves, and possibly other components configured together for supplying hydraulic power. In some configurations, plural modules can operate independently, but the

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hydraulic power packs may be configured to allow cross connection between modules or to auxiliary equipment as may be required. In some embodiments, each module having its own power pack may be operable independently. This reduces requirements for external lifting equipment or power sources, which may not be readily available on site.

FIG. 12 illustrates a partial top view of a system for handling granular material in accordance with the present invention. The system comprises a plurality of mobile storage modules 200a, 200b, 200c, 200d arranged around a delivery module 900. Each mobile storage module 200a, 200b, 200c, 200d comprises a discharge chute 250a, 250b, 250c, 250d, respectively. A first pair of discharge chutes 250a, 250b are positioned overtop of a first conveyor 912 of the delivery module, and a second pair of discharge chutes 250c, 250d are positioned overtop of a second conveyor 910 of the delivery module. During normal operation, the first pair of discharge chutes 250a, 250b discharge granular material onto the first conveyor 912, and the second pair of discharge chutes 250c, 250d discharge granular material onto the second conveyor 910. Granular material is then conveyed to a discharge end of the delivery module. A crossover conveyor 1240 may be provided as shown should the first conveyor 912 fail. The crossover conveyor 1240 may have a first end which may be oriented under the discharge chute 250a or another chute, and a second end overtop of the second conveyor. The crossover conveyor 1240 may thus be configured to convey material from the discharge chute 250a to the second conveyor 910, thereby bypassing the first conveyor 912 in the event of failure thereof. One or more crossover conveyors may be provided which may be oriented and/or re-oriented as needed between a selected discharge chute and a selected conveyor.

Uses

Embodiments of the present invention may be used for storing and delivering proppant for drilling by hydraulic fracturing, for example for oil and gas drilling, shale drilling, and the like. In accordance with some embodiments, the present invention may be configured to convey the proppant material, via the delivery module, to one or more blender modules. The blender modules may receive and combine the proppant with water and possibly other chemicals to create slurry which is then provided to one or more hydraulic fracturing pumps for pumping into a well borehole for drilling.

In some embodiments, the present invention may be employed as a material storage and metering device for granular or flow-able materials other than proppant, and/or in applications other than well stimulation. For example, embodiments of the present invention may be employed to receive, store and convey a predetermined granular material in applications such as agriculture, in construction, road sanding and salting, and the like. In some embodiments, the present invention may be configured for water recovery storage for slick water fracking operations.

It is obvious that the foregoing embodiments of the invention are examples and can be varied in many ways. Such present or future variations are not to be regarded as a departure from the spirit and scope of the invention, and all such modifications as would be obvious to one skilled in the art are intended to be included within the scope of the following claims.

We claim:

1. A system for handling granular material, the system comprising:

a. a delivery module configured, in a delivery module operational configuration, to receive said granular material and to convey said granular material to a predetermined delivery location via a continuous belt conveyor;

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- b. one or more mobile storage modules adjacent to the delivery module, each of the one or more mobile storage modules configured, in a mobile storage module operational configuration, to hold and dispense said granular material downward to the delivery module and to receive said granular material for holding via a continuous belt loading system operatively coupled to an input port, the continuous belt loading system being separated from the continuous belt conveyor by the mobile storage module; wherein the delivery module is mobile and reconfigurable between said delivery module operational configuration and a delivery module transportation configuration and wherein each of the one or more mobile storage modules comprises an integrated actuating system for moving a container portion thereof between a lowered position and a raised position, the raised position corresponding to the mobile storage module operational configuration, and wherein each of the one or more mobile storage modules further comprises:
- a frame;
  - the container portion supported by the frame and pivotably coupled thereto, the container portion configured to store said granular material and comprising the input port for receiving said granular material and an output port for dispensing said granular material; and
  - the integrated actuating system configured to pivot the container portion between the lowered position and a the raised position, wherein, in the raised position, the input port is located above the output port.
2. The system of claim 1, wherein each of the one or more mobile storage modules are reconfigurable between said mobile storage module operational configuration and a mobile storage module transportation configuration, the one or more mobile storage modules towable as separately transportable trailers in the mobile storage module transportation configuration.
3. The system of claim 1, wherein each of the one or more mobile storage modules further comprises a loading system configured to convey said granular material thereto.
4. The system of claim 1, wherein the delivery module is towable as a separately transportable trailer in the delivery module transportation configuration.
5. The system of claim 1, wherein the delivery module comprises two or more powered conveyor systems and a crossover conveyor system, the crossover conveyor system configurable to bypass one of the two or more powered conveyor systems.
6. The system of claim 1, wherein the one or more storage modules includes two or more mobile storage modules stationed along one or more sides of the delivery module in the mobile storage module operational configurations.
7. The system of claim 1, wherein the one or more mobile storage modules includes two or more mobile storage modules which comprise interchangeable components.
8. The system of claim 1, wherein at least one of the delivery module and the one or more mobile storage modules comprises a chassis, the chassis reconfigurable between a semi-trailer chassis for transportation and a bearing surface for support against ground during operation.
9. The system of claim 8, wherein reconfiguration of the chassis comprises lowering of a front portion of the chassis to contact the ground.
10. The system of claim 8, wherein the chassis comprises a wheeled portion movable relative to a bearing surface portion

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between a first position and a second position, the wheeled portion configured to engage the ground in the first position for transportation, the wheeled portion configured to retract from the ground in the second position to facilitate engagement of the ground by the bearing surface portion.

11. The system according to claim 1, wherein said granular material flows continuously downward from the input port to the output port, wherein each of the one or more mobile storage modules are reconfigurable between said mobile storage module operational configuration and a mobile storage module transportation configuration, said reconfiguring including said pivoting of the container portion between the lowered position and the raised position, and wherein reconfiguration of the mobile storage module from the transportation configuration to the operational configuration refrains from elevation of the output port.

12. The system according to claim 1, wherein the integrated actuating system comprises a hydraulic cylinder coupled at a first end to the frame and at a second end to the container portion at a location distal from the frame, thereby orienting the hydraulic cylinder at an angle away from horizontal in both the lowered position and the raised position of the container portion.

13. A mobile storage module for providing granular material to an adjacent delivery module, the mobile storage module configured, in a mobile storage module operational configuration, to hold and dispense said granular material downward to the adjacent delivery module, and to receive said granular material for holding via a continuous belt loading system operatively coupled to an input port, the continuous belt loading system being separated from the adjacent delivery module, wherein the mobile storage module comprises an integrated actuating system for moving a container portion thereof between a lowered position and a raised position, the raised position corresponding to the mobile storage module operational configuration, the mobile storage unit comprising:

- a frame;
- the container portion supported by the frame and pivotably coupled thereto, the container portion configured to store said granular material and comprising the input port for receiving said granular material and an output port for dispensing said granular material; and
- the integrated actuating system configured to pivot the container portion between the lowered position and the raised position, wherein, in the raised position, the input port is located above the output port.

14. The mobile storage module of claim 13, wherein the mobile storage module is reconfigurable between said mobile storage module operational configuration and a mobile storage module transportation configuration, the mobile storage module towable as a trailer in the mobile storage module transportation configuration.

15. The mobile storage module of claim 13, the mobile storage module comprising a loading system configured to convey said granular material thereto.

16. The mobile storage module of claim 13, the mobile storage module comprising a chassis, the chassis reconfigurable between a semi-trailer chassis for transportation and a bearing surface for support against ground during operation.

17. The mobile storage module of claim 16, wherein reconfiguration of the chassis comprises lowering of a front portion of the chassis to contact the ground.

18. The mobile storage module of claim 16, wherein the chassis comprises a wheeled portion movable relative to a bearing surface portion between a first position and a second position, the wheeled portion configured to engage the

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ground in the first position for transportation, the wheeled portion configured to retract from the ground in the second position to facilitate engagement of the ground by the bearing surface portion.

19. A method for handling granular material, the method comprising:

a. providing a delivery module configured in a delivery module operational configuration, to receive granular material and to convey said granular material to a predetermined delivery location via a continuous belt conveyor; and

b. providing one or more mobile storage modules adjacent to the delivery module, each of the one or more mobile storage modules configured in a mobile storage module operational configuration, to hold and dispense said granular material downward to the delivery module, and to receive said granular material for holding via a continuous belt loading system operatively coupled to an input port, the continuous belt loading system being separated from the continuous belt conveyor by the mobile storage module;

wherein the delivery module is mobile and reconfigurable between said delivery module operational configuration and a delivery module transportation configuration and wherein each of the one or more mobile storage modules comprises an integrated actuating system for moving a container portion thereof between a lowered position and a raised position, the

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raised position corresponding to the mobile storage module operational configuration, and

wherein each of the one or more mobile storage modules comprises

a. a frame;

b. the container portion supported by the frame and pivotably coupled thereto, the container portion configured to store said granular material and comprising the input port for receiving said granular material and an output port for dispensing said granular material; and

c. the integrated actuating system configured to pivot the container portion between the lowered position and the raised position, wherein, in the raised position, the input port is located above the output port.

20. The method according to claim 19, wherein each of the one or more mobile storage modules are reconfigurable between a mobile storage module operational configuration and a mobile storage module transportation configuration, the one or more mobile storage modules towable as separately transportable trailers in the mobile storage module transportation configuration, the method further comprising:

a. transporting the one or more mobile storage modules to positions adjacent to the delivery module in the mobile storage module transportation configuration; and

b. reconfiguring the one or more mobile storage modules to the mobile storage module operational configurations.

\* \* \* \* \*

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
MIDLAND-ODESSA DIVISION**

CONTINENTAL INTERMODAL  
GROUP – TRUCKING LLC,

Plaintiff,

v.

SAND REVOLUTION LLC,  
SAND REVOLUTION II, LLC

Defendants.

Case No. 7:18-cv-00147-ADA

**DEFENDANTS’ OPPOSED MOTION TO STAY AFTER INSTITUTION OF  
INTER PARTES REVIEW OF ASSERTED PATENT**

Defendants Sand Revolution LLC and Sand Revolution II, LLC (collectively, “Sand Revolution”) hereby move to stay the present action pending conclusion of the inter partes review (“IPR”) proceedings instituted by the Patent Trial and Appeal Board (“PTAB”). As explained below, a near-uniform line of authority supports granting a stay in these circumstances.

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## I. BACKGROUND

The PTAB recently issued a final decision instituting IPR of all claims of the asserted patent in this case. *See Sand Revolution II, LLC v Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 (PTAB June 16, 2020) (informative) (Ex. A). The decision reversed an earlier decision by the Board denying institution that was based almost exclusively on the then-scheduled trial date in the parties’ litigation. *See id.* at 14.

According to the PTAB, the chief factors weighing in favor of reversal and institution were: (1) a likelihood that Sand Revolution will prevail in showing that the claims of the asserted patent are unpatentable, including a “strong” case on all but one challenged claim; and (2) the parties’ multiple, joint extensions to the case schedule in this litigation, including the trial date. *See id.* at 8-10, 13.

Through a series of six jointly filed extensions, the trial date in this action has been pushed back over thirteen months from its original date of March 2, 2020. *See* Dkt. 35. A number of discovery issues have made each of these joint extensions necessary. Those issues include, but are not limited to: (1) Plaintiff’s limited initial document production in this case which required court intervention to remedy; (2) Plaintiff’s witnesses’ availability for deposition; and (3) the fact that Plaintiff has yet to produce all its conception documents in this case despite the Court’s Standing Rules requiring the production of those documents nearly two years ago. Currently, fact discovery is ongoing in this case, Plaintiff’s document production is not yet complete, and expert discovery has yet to begin.

As a result of these joint extensions, a final decision in the IPR could issue before the parties’ current trial date. In the latest scheduling order, trial is set to begin on April 12, 2021 or as the Court is available. *See* Dkt. 103. By comparison, the parties are scheduled to appear for

oral argument in the IPR a month earlier, on March 15, 2021. *See Sand Revolution*, IPR2019-01393, Paper 25 (Ex. B) at 9. The Board's decision in the IPR could follow any day after the oral argument but is due no later than June 16, 2021. *See* 37 C.F.R. § 42.100(c). The date for oral argument in the IPR cannot be extended by the parties. Ex. B at 9.

## II. LEGAL STANDARD

Whether to stay proceedings pending inter partes review of a patent is a matter committed to the district court's discretion. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). The determination involves weighing three factors: (1) whether the stay will likely result in simplifying the case before the Court; (2) whether the stay will unduly prejudice the nonmoving party; and (3) whether the proceedings before the Court have reached an advanced stage, including whether discovery is complete. *See NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-cv-1058-WCB, 2015 WL 1069111, at \*2 (E.D. Tex. Mar. 11, 2015).

A stay is "particularly justified" when "the outcome of a PTO proceeding is likely to assist the court in determining patent validity or eliminate the need to try infringement issues." *Id.* at \*1 (quoting *Evolutionary Intelligence, LLC v. Millenial Media, Inc.*, No. 5:13-cv-4206-EJD, 2014 WL 2738501, at \*2 (N.D. Cal. June 11, 2014)). As a result, the PTAB's decision to institute the IPR is considered a "highly significant factor" because, at that point, there is a "substantial likelihood of simplification of the district court litigation." *See NFC Tech.*, 2015 WL 1069111, at \*4; *see also Crossroads Sys., Inc. v. Dot Hill Sys. Corp.*, No. 13-CA-800-SS, 2015 WL 3773014, at \*3 (W.D. Tex. June 16, 2015). In fact, once the PTAB institutes the IPR, "the parallel court litigation ordinarily should be stayed." *NFC Tech.*, 2015 WL 1069111, at \*7.



### III. ARGUMENT

#### A. A stay will simplify the issues before the court, if not eliminate the need for a trial.

The most important factor to be considered when deciding whether to grant a stay based on a pending IPR is whether the proceeding will simplify issues before the district court. *Id.* at \*4; *see also Parallel Networks Licensing, LLC v. Ramquest Software, Inc.*, No. 4:19-cv-487, 2020 WL 1236266, at \*3 (E.D. Tex. Mar. 13, 2020). This factor weighs decidedly in favor of granting a stay where, as here, the PTAB has instituted the IPR. *See Crossroads*, 2015 WL 3773014, at \*3. In fact, a “near-uniform line of authority” supports granting stays after the PTAB has instituted proceedings. *See NFC Tech.*, 2015 WL 1069111, at \*7.

For example, as a court in the Western District of Texas explained in *Crossroads*, “Clearly, a stay will simplify the issues in the case. In instituting the various IPRs, the PTAB has determined ‘there is a reasonable likelihood’ the defendants will succeed on their challenges to the patents in question.” *Crossroads*, 2015 WL 3773014, at \*3.

The court in *Click-to-Call Technologies LP v. Oracle Corp.* similarly found the institution of the IPR conclusive with respect to this factor. *See Click-to-Call Tech.*, No. 12-CA-468-SS, 2013 WL 12121528, at \*2 (W.D. Tex. Nov. 26, 2013). The plaintiff there argued that, despite institution of PTAB proceedings, the court should not grant a stay because the parties’ trial was expected to occur before the PTAB’s decision in the IPR. *Id.* at \*1. The court found the plaintiff’s argument unpersuasive, explaining, “Although it is true an appeal of the PTAB’s review decision may extend past this case’s June 2015 trial date, the PTAB has already determined ‘there is a reasonable likelihood’ Oracle will succeed on its challenge to the ’836 Patent.” *Id.* The court concluded that “[p]roceeding to trial could therefore prove to be extraordinarily wasteful of both the parties’ resources and the Court’s resources.” *Id.*

A similar holding in *NFC Technology* is also instructive. *See NFC Tech.*, 2015 WL 1069111. The circumstances there were similar to those in the present action. The parties had been engaged in fact discovery for over a year and claim construction briefing was complete when the PTAB instituted IPR of the asserted patent. *Id.* at \*3. Though the court conceded that the litigation was clearly “not in its infancy,” that fact was not sufficient to deny a stay. *Id.* (quotations omitted). After reviewing a long series of cases,<sup>1</sup> the court in *NFC Technology* explained, “[the] near-uniform line of authority reflects the principal point made by the [Federal Circuit]—that after the PTAB has instituted review proceedings, the parallel district court litigation should be stayed.” *Id.* at \*7. In reaching its decision to grant a stay, the court also took note of Congress’s intent for PTAB proceedings to provide “an inexpensive substitute for district court litigation” that “allows key issues to be addressed by experts in the field.” *Id.* at \*5 (quotations omitted).

*Image Processing Technologies, LLC v. Samsung Electronics Co., Ltd.* is another case in the “near-uniform line of authority” granting stays where the PTAB has instituted an IPR. *See Image Processing*, No. 2:16-cv-505-JRG, 2017 WL 7051628 (E.D. Tex. Oct. 25, 2017). There,

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<sup>1</sup> The court in *NFC Technology* found a “near-uniform line of authority” establishing that a stay should be granted following institution of IPR based on its review of dozens of such cases around the U.S. *See NFC Tech.*, 2015 WL 1069111, at \*6-7 (citing, among others: *Gentherm Can., Ltd. v. IGB Auto., Ltd.*, No. 13-11536, 2015 WL 804657 (E.D. Mich. Feb. 26, 2015); *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. 12-cv-5501, 2015 WL 435457 (N.D. Cal. Feb. 2, 2015); *Service Sols. U.S., L.L.C. v. Autel.US Inc.*, No. 13-10534, 2015 WL 401009 (E.D. Mich. Jan. 28, 2015); *In re CTP Innovations, LLC, Patent Litig.*, No. 14-MD-2581, 2015 WL 317149 (D. Md. Jan. 23, 2015); *Surfcaster, Inc. v. Microsoft Corp.*, No. 2:12-cv-333-JDL, 2014 WL 6388489 (D. Me. Nov. 14, 2014); *Cypress Semiconductor Corp. v. GSI Tech., Inc.*, No. 13-cv-2013, 2014 WL 5021100 (N.D. Cal. Oct. 7, 2014); *Intellectual Ventures II LLC v. SunTrust Banks, Inc.*, No. 1:13-cv-2454, 2014 WL 5019911 (N.D. Ga. Oct. 7, 2014); *Evolutionary Intelligence, LLC v. Sprint Nextel Corp.*, No. C-13-4513, 2014 WL 4802426 (N.D. Cal. Sept. 26, 2014); *PersonalWeb Techs., LLC v. Google Inc.*, No. 5:13-cv-1317, 2014 WL 4100743 (N.D. Cal. Aug. 20, 2014); *Intellectual Ventures II LLC v. U.S. Bancorp.*, No. 13-2071-ADM-JSM, 2014 WL 5369386 (D. Minn. Aug. 7, 2014); *Affinity Labs of Tex. LLC v. Samsung Elecs. Co.*, No. 14-cv-2717, 2014 WL 3845684 (N.D. Cal. Aug. 1, 2014); and *Depomed Inc. v. Purdue Pharma L.P.*, No. 13-571-JAP, 2014 WL 3729349 (D.N.J. July 25, 2014)).

the court addressed a situation where an IPR was instituted with respect to all claims but one.<sup>2</sup> *Id.* at \*1. Finding a stay was nonetheless appropriate, now-Chief Judge Gilstrap explained, “Since only one asserted claim is not currently under a simultaneous IPR review, there is a material possibility that the outcome of all IPR proceedings will streamline the scope and resolution of this case.” *Id.*; see also *Intellectual Ventures II LLC v. BITCO Gen. Ins. Corp.*, No. 6:15-cv-59, 2016 WL 4394485, at \*3 (E.D. Tex. May 12, 2016) (granting a stay where the PTAB instituted review of 9 of the 10 asserted claims); *Uniloc USA, Inc. v. Samsung Elec. Am., Inc.*, No. 2:16-cv-642-JRG, 2017 WL 9885168, at \*1 (E.D. Tex. June 13, 2017) (granting a stay after the PTAB instituted IPR of three out of four asserted patents).

The same rationale set forth in the “near-uniform line of authority” represented by *Crossroads*, *Click-to-Call*, *NFC Technology*, and *Image Processing* is applicable here. In deciding to institute Sand Revolution’s IPR, the PTAB determined that Sand Revolution has “met its burden of demonstrating a reasonable likelihood that it would prevail in showing that the claims of the ’740 patent are unpatentable.” Ex. A at 13. The PTAB then went one step further in support of its reversal of the Board’s prior decision, asserting, “At this preliminary stage of the proceeding and on the record before us, [Sand Revolution’s] case is strong on most challenged claims.” *Id.* Quoting from its recent decision in *Apple Inc. v. Fintiv, Inc.*, the Board explained, “If the merits of a ground raised in the petition seem *particularly strong* on the preliminary record, this fact has favored institution.” *Id.* (quoting *Fintiv*, IPR2020-00019, Paper 11 (PTAB March 20, 2020))

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<sup>2</sup> Prior to the U.S. Supreme Court’s decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018), the PTAB was free to institute an IPR with respect to some but not all challenged claims. The *SAS* decision now requires the PTAB to institute IPRs with respect to all or no claims. *Image Processing*, though decided before *SAS*, remains somewhat instructive here. In the present case, the IPR has been instituted with respect to all asserted claims but the PTAB’s decision to institute the IPR indicates that all but one asserted claim is likely invalid.

(precedential) at 14-15) (emphasis added). The strong likelihood that most, if not all, of the asserted claims will be invalidated in the IPR weighs heavily in favor of granting a stay in this litigation.

If all claims of the asserted patent are invalidated, there will be nothing left for the parties to litigate. *See Crossroads*, 2015 WL 3773014, at \*3 (“If, for example, the PTAB were to determine the claims invalid, the case could effectively be over.”). But even if one or more claims of the asserted patent survives the proceeding, it will greatly simplify any remaining issues of validity and infringement. *See NFC Tech.*, 2015 WL 1069111, at \*4 For example, following a final decision in the IPR, Sand Revolution will be estopped from challenging the validity of any remaining claims on any ground that was, or could reasonably have been, asserted in the IPR. *See id.* (citing 35 U.S.C. § 315(e)(2)). The parties would also benefit from any statements made during the PTAB proceedings by Plaintiff or the Board regarding claim scope, which would simplify infringement issues. Proceeding to trial under these circumstances would likely prove “extraordinarily wasteful” given the probable outcome of the IPR. *See Click-to-Call*, 2013 WL 12121528, at \*1.

Further, the fact that the final decision in the IPR may be issued soon after the parties’ current trial date is of little consequence. First, the PTAB can issue its decision before the current trial date. Oral argument in the IPR is scheduled to take place a month before the parties’ current trial date and the parties cannot alter the date of the oral argument. *See Ex. B* at 9. Second, as the court held in *Click-to-Call*, the likelihood that an instituted IPR will simplify the issues in the litigation trumps concerns regarding the timing of the IPR decision relative to the parties’ current trial date. *See Click-to-Call*, 2013 WL 12121528, at \*1.

This most important factor, therefore, weighs decidedly in favor of granting a stay pending conclusion of the IPR.

**B. Plaintiff would not be unduly prejudiced by a stay.**

Plaintiff would suffer no undue prejudice if the Court grants a stay. The inherent delay to Plaintiff's day in court that necessarily follows a stay is present in every case. *Parallel Networks*, 2020 WL 1236266, at \*2; *see also NFC Tech.*, 2015 WL 1069111, at \*2. As a result, courts recognize that such delay, standing alone, is not sufficient to deny a stay. *Id.*

It is also difficult to square any assertion by Plaintiff of undue prejudice resulting from a delay in trial with Plaintiff's willingness to repeatedly extend the schedule in this case. As described above, Plaintiff has previously joined in requesting six extensions to the Scheduling Order that have pushed the parties' trial date back more than thirteen months. *See* Dkt. 62, 79, 86, 94, 100, and 102. On multiple occasions, Plaintiff has proposed extending various deadlines, including the trial date, farther out than initially proposed by Sand Revolution. It has also joined in requesting another extension to the trial date after the IPR was instituted. *See* Dkt. 102.

Moreover, Plaintiff's own conduct necessitated several of the extensions in this case. For example, Plaintiff initially took an exceedingly narrow view of its document production obligations, requiring court intervention before Plaintiff began producing the vast majority of its current production. *See* Dkt. 82. Extensions have also been necessary to accommodate Plaintiff's witnesses' schedules for deposition and afford Plaintiff additional time to locate and produce its conception documents. Despite Plaintiff's assertions to the contrary, the ongoing health crisis did not cause all of these extensions.

Any risk of Plaintiff suffering undue prejudice as a result of a stay is further reduced by the ongoing collapse in the oil markets. *See* Ex. C. Oil exploration and production businesses are

all suffering in the current environment. *See id.* Sand Revolution believes that Plaintiff has drastically reduced, if not entirely suspended, its activity at well sites in the region of western Texas where the parties may have previously competed for business. But Plaintiff is not alone, as almost all oil-and-gas companies in west Texas, including Sand Revolution, have scaled back their businesses. As a result, any damages that may accrue in the current environment are greatly reduced. A stay of this litigation pending the outcome of the IPR, therefore, is particularly unlikely to unduly prejudice Plaintiff.

As a result, this factor weighs in favor of granting a stay.

**C. This case has not reached an advanced stage as fact discovery is ongoing and expert discovery has not begun.**

This case is not currently in an advanced stage. When considering a motion to stay, courts have adopted the filing date of the motion as the proper time to measure the stage of the litigation. *See Uniloc USA, Inc. v. Avaya Inc.*, No. 6:15-cv-1168-JRG, 2017 WL 2882725, at \*2 (E.D. Tex. Apr. 19, 2017) (citing *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1316 (Fed. Cir. 2014)). Fact discovery does not close for another three months and document production is ongoing. Plaintiff has not yet produced all its conception documents related to the asserted patent and there are several fact witnesses who have not yet been deposed, including Plaintiff's 30(b)(6) witness. Expert discovery has not yet begun, and significant pretrial filings and motions all remain several months out in the current schedule. *See* Dkt. 103. Trial in this case is not scheduled for another nine months. *Id.*

In *Click-to-Call*, the court noted that the parties were engaged in post-*Markman* discovery, a trial date had been set, and any future appeal of the PTAB decision in the IPR could extend beyond the parties' trial date. *Click-to-Call*, 2013 WL 12121528, at \*1. Nonetheless, the court found that "it simply makes no sense for this Court to proceed in parallel with the PTAB. The

finality of any judgment rendered by this Court will be dubious so long as the PTAB retains authority to review, and therefore invalidate, the asserted claims.” *Id.* at \*2. The court then concluded, “This has consistently been the Court’s position with regard to stays under the new America Invents Act procedures.” *Id.*

The circumstances in *NFC Technology* are also instructive. The litigation there began more than a year before the defendant’s motion for stay, the parties had engaged in “significant discovery,” and claim construction briefing was complete. *See NFC Tech.*, 2015 WL 1069111, at \*3. Nonetheless, the court granted a stay pending conclusion of the IPR proceeding, finding that fact discovery did not close for one more month and that significant pretrial discovery, filings, and motions remained before trial. *Id.* The trial in *NFC Technology* was scheduled to take place six months from the date of the court’s decision regarding the stay. *Id.*

Here, the close of fact discovery and trial are both scheduled much farther out than was the case in *NFC Technology*. *See* Dkt. 103. Given all the work ahead for the parties, including completing fact discovery, expert discovery, and substantive pre-trial motion practice, denying a stay would impose significant expenses on the parties that may well prove unnecessary given the PTAB’s determination that Sand Revolution is likely to prevail in demonstrating almost all of Plaintiff’s asserted claims are unpatentable.

Because this case has not reached an advanced stage, this factor weighs in favor of granting a stay.

#### **IV. CONCLUSION**

Sand Revolution respectfully asks this Court to stay this litigation pending resolution of the recently instituted IPR. The PTAB’s decision in the IPR will likely simplify the validity and infringement issues before the Court, which is why a “near-uniform line of authority” is found in

district courts across the country, including among Texas district courts, granting stays after IPR has been instituted. *See, e.g., NFC Tech.*, 2015 WL 1069111; *Crossroads*, 2015 WL 3773014; *Click-to-Call Tech.*, 2013 WL 12121528; *Image Processing*, 2017 WL 7051628. And while the simplification of the issues before the court is recognized as the most important factor in determining whether to grant a stay, the other relevant factors also weigh in favor of a stay. Plaintiff would not suffer undue prejudice from a stay, having jointly requested six extensions spanning over a year, the last of which followed institution of the IPR. *See* Dkt. 62, 79, 86, 94, 100, and 102. Fact discovery remains open for another three months and will include the production of conception documents and various depositions, including a 30(b)(6) witness. *See* Dkt. 103. Expert discovery and pretrial motions remain even further away in the current schedule, with trial tentatively scheduled nine months from now. *See id.*

For at least all these reasons, the Court should grant a stay in this action pending the outcome of the IPR.

///



RESPECTFULLY SUBMITTED, July 21, 2020

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Paper 24  
Date: June 16, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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SAND REVOLUTION II, LLC,  
Petitioner,

v.

CONTINENTAL INTERMODAL GROUP – TRUCKING LLC,  
Patent Owner.

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IPR2019-01393  
Patent 8,944,740 B2

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Before SCOTT C. WEIDENFELLER, *Vice Chief Administrative Patent Judge*, SCOTT C. MOORE, and RYAN H. FLAX, *Administrative Patent Judges*.

FLAX, *Administrative Patent Judge*.

DECISION  
Granting Request For Rehearing  
and Instituting *Inter Partes* Review  
35 U.S.C. § 314; 37 C.F.R. § 42.71(d)

**APPX0068**

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## I. INTRODUCTION

### A. STATUS OF THE PROCEEDING

Sand Revolution II, LLC (“Petitioner”) filed a Petition for an *inter partes* review of claims 1, 2, 4, 6–14, and 16–20 of U.S. Patent 8,944,740 B2 (“the ’740 patent,” Ex. 1001). Paper 7 (“Pet.”). Continental Intermodal Group-Trucking LLC (“Patent Owner”) timely filed a Preliminary Response. Paper 8 (“Prelim. Resp.”).

In a divided decision, the Board denied institution pursuant to 35 U.S.C. § 314(a), reasoning that this case, as evidenced by the preliminary record, was controlled by the Board’s precedential decision in *NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential). Paper 12 (“Denial Decision”).

Petitioner filed a Request for Rehearing of the Denial Decision. Paper 15 (“Req. Reh’g” or “Request for Rehearing”). Concurrently therewith, Petitioner requested that the Board’s Precedential Opinion Panel (“POP”) reconsider the Denial Decision. Paper 17; Ex. 3002 (“POP Request”). The POP declined to review the issue raised in Petitioner’s POP Request. Paper 18. Thus, we proceed to the rehearing. Before rendering a decision, we determined that further briefing was warranted on the application of *NHK* to the evolving facts of this case and authorized supplemental briefing by the parties. Paper 19. Each of the parties filed such supplemental briefing. Papers 20, 22.

As discussed further below, we conclude that, in light of new evidence of record submitted by the parties with the aforementioned supplemental briefing, the circumstances of this proceeding are distinguishable from those in *NHK* and that the application of discretion to

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deny under 35 U.S.C. § 314(a) is not warranted when we apply the factors set forth in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (March 20, 2020) (precedential) (“*Fintiv*”). We, therefore, grant Petitioner’s Request for Rehearing.

Under 37 C.F.R. § 42.4(a), we have authority to determine whether to institute an *inter partes* review. We may institute an *inter partes* review if the information presented in the petition filed under 35 U.S.C. § 311, and any response filed under § 313, shows that there is a reasonable likelihood that Petitioner would prevail with respect to at least one of the claims challenged in the petition. 35 U.S.C. § 314. After reviewing the parties’ submissions, we conclude that on the preliminary record Petitioner demonstrates a reasonable likelihood that it would prevail in showing that certain claims of the ’740 patent are unpatentable under at least one ground. Therefore, we institute *inter partes* review of all challenged claims (1, 2, 4, 6–14, and 16–20) on Grounds 1 and 2 raised in the Petition, pursuant to 35 U.S.C. § 314. *See SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359–60 (2018).

**B. REAL PARTIES-IN-INTEREST**

Petitioner identifies itself, “Sand Revolution II, LLC,” and also “Sand Revolution LLC,” as real parties-in-interest. Pet. 87. Patent Owner identifies itself, “Continental Intermodal Group – Trucking LLC,” as the real party-in-interest. Paper 6, 1.

**C. RELATED MATTERS**

Petitioner states “[t]he ’740 patent is at issue in *Continental Intermodal Group – Trucking LLC v. Sand Revolution LLC*, No. 7:18-cv-00147-ADA (W.D. Tex. Aug. 21, 2018).” Pet. 87. Patent Owner also notes

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that this same case is a related matter pursuant to 37 C.F.R. § 42.8(b)(2).

Paper 6, 1. We refer to this matter as the “related district court litigation.”

II. REQUEST FOR REHEARING AND BOARD’S DISCRETION  
TO DENY INSTITUTION UNDER 35 U.S.C. § 314(A)

A. *STANDARD OF REVIEW*

A party requesting rehearing of a Board decision has the burden to show that the decision should be modified. Pursuant to 37 C.F.R. § 42.71(d), the rehearing request must identify, specifically, all matters the party believes the Board misapprehended or overlooked and the place where each matter was previously addressed in a motion, an opposition, or a reply. When rehearing a decision on a petition, we review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c) (2019). An abuse of discretion may arise if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if an unreasonable judgment is made in weighing relevant factors. *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000).

We review Petitioner’s Request for Rehearing in view of these standards of law and the evidence of record.

B. *DISCUSSION ON REHEARING*

In our Denial Decision, entered February 5, 2020, we held that *NHK* compelled the exercise of discretion under 35 U.S.C. § 314(a) because, upon comparing the facts of *NHK* to the circumstances of this proceeding, we found that, as in *NHK*, here: (1) the related district court litigation involves the same parties as this proceeding (*see* Pet. 87; Paper 6, 1; *see also supra* Section I.C); (2) the jury trial would begin before our final written decision would come due (Ex. 2004); (3) as in the district court, here Petitioner asserted that the claim language “integrated actuating system” and

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“reconfigurable” warranted express interpretation and this language was similarly interpreted in both proceedings (Ex. 2002, 14, 19, 20, 21; Ex. 2003; Ex. 2007; Ex. 1011; Pet. 10–12);<sup>1</sup> and (4) the grounds for unpatentability asserted here were also asserted for invalidity in the related district court litigation (*see* Ex. 2005; *compare* Pet. 12–86, *with* Ex. 2006 1–41).<sup>2</sup> Denial Decision 15–18.

In its Request for Rehearing, Petitioner asserts that the majority “denied institution under 35 U.S.C. § 314(a) based solely on the allegedly advanced stage of the parallel district court proceeding with one invalidity dispute similar to that in the instant IPR petition.” Reh’g Req. 1. Petitioner asserts that the Denial Decision was premised on the mistake that the district court’s schedule for its jury trial was certain, but such a schedule was actually merely tentative. *Id.* at 2. On this point, Petitioner argues that “a district court trial schedule is inherently unpredictable and the court will often ‘extend or accelerate deadlines and modify case schedules for myriad reasons.’” *Id.* at 8 (citing *Precision Planting, LLC v. Deere & Co.*, IPR2019-01044, Paper 17 at 15 (PTAB Dec. 2, 2019)). Petitioner notes, without specific citation to evidence, that “after the [Denial] Decision, the jury trial in the parallel proceeding was delayed by another two months, until

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<sup>1</sup> The district court concluded that the disputed claim language should be accorded its “plain and ordinary meaning,” without substantive elaboration; however, we provided substantive reasoning for our construction of this language and illuminated how such a skilled artisan would understand such ordinary meanings, where the district court did not. *Compare* Denial Decision 10–15 *with* Ex. 1011, 1–2; *see also infra* Section IV.B (maintaining our earlier claim construction analysis).

<sup>2</sup> There are, however, many additional prior art bases for invalidity asserted in the related district court litigation.

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September 2020, with further delays possible.” *Id.* at 9. Petitioner also asserts that “[d]enying an IPR petition simply because a parallel district court action could theoretically resolve invalidity before a final decision by the Board also undercuts § 315(b)’s one-year safe-harbor provision for filing an IPR.” *Id.* at 5.

Since our Denial Decision on February 2, 2020, the Board issued an order in *Fintiv*, designated as precedential, involving the application of *NHK*.<sup>3</sup> There, the Board ordered supplemental briefing on a nonexclusive list of factors for consideration in analyzing whether the circumstances of a parallel district court action are a basis for discretionary denial of trial institution under *NHK*. *Fintiv*, Paper 11 at 5–16. Those factors are:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

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<sup>3</sup> *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i), provides seven, non-exhaustive factors informing an analysis under 35 U.S.C. § 314(a) when more than one petition are filed. Here, to our knowledge, no other petitions for *inter partes* review have been filed over the ’740 patent by Petitioner. Therefore, *General Plastic* does not apply.

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*Id.* at 5–6.

In consideration of Petitioner’s assertion in the Request for Reconsideration that the nature of the related district court litigation’s trial schedule is uncertain and changing, we authorized additional briefing and evidence by the parties regarding these *Fintiv* factors, which we find helpful in evaluating the current circumstances. Paper 19. As noted above, both parties have submitted supplemental briefing directed to the *Fintiv* factors. Papers 20, 22. Based on the parties’ supplemental briefing, we analyze the *Fintiv* factors below.

1. *WHETHER THE COURT GRANTED A STAY OR EVIDENCE EXISTS THAT ONE MAY BE GRANTED IF A PROCEEDING IS INSTITUTED*

The parties’ supplemental briefing and evidence here explains that no stay has been requested or ordered in the related district court litigation. Paper 20, 4–5; Paper 22, 2–4; Ex. 2009 (copy of civil docket reflecting no motion or order for a stay of proceedings). Petitioner argues that district courts routinely grant stays pending resolution of *inter partes* review, and Patent Owner argues that district courts routinely deny them, in particular, the district court having jurisdiction over the related case. Paper 20, 4–5; Paper 22, 2–4.

In the absence of specific evidence, we will not attempt to predict how the district court in the related district court litigation will proceed because the court may determine whether or not to stay any individual case, including the related one, based on a variety of circumstances and facts beyond our control and to which the Board is not privy. Therefore, we do not find that this factor weighs in favor of either exercising or not exercising discretion to deny institution under 35 U.S.C. § 314(a).



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2. *PROXIMITY OF THE TRIAL DATE TO THE BOARD’S PROJECTED  
STATUTORY DEADLINE FOR A FINAL WRITTEN DECISION*

Petitioner’s assertions in its Request for Rehearing and supplemental briefing, in view of the additional evidence submitted as authorized, establish that the trial date of the related district court litigation is uncertain. Req. Reh’g 3, 8–9, 13–14; Paper 22, 4–6 (citing Ex. 1013); *see also* Ex. 1012; Ex. 1013; Ex. 2004; Ex. 2009; Ex. 2021; Ex. 3003. Patent Owner does not directly contest this assertion, but identifies that “the district court trial is scheduled to occur on November 9, 2020, at least five months (and more realistically six to seven months) before any final decision from the Board would be due.” Paper 20, 6; *but see* Ex. 3003 (new scheduling order indicating “February 8, 2021 (or as available)” as the trial date). Patent Owner also argues that the extensions of the schedule ordered by the court in the related district court litigation were “initially proposed” by the Petitioner; however, Patent Owner’s own evidence shows that the motions to amend the schedule were *jointly* filed. Paper 20, 6; Ex. 2009 (docket entries 86, 94).

Since our Denial Decision on February 5, 2020, the parties have jointly moved the district court to extend schedule deadlines twice; these motions were granted.<sup>4</sup> Ex. 2009 (docket entries 86, 87, 94, 95); *but see* Paper 20, 6 (asserting it was Petitioner that initially proposed the schedule extensions, citing Ex. 2025 and Ex. 2026, which are emails between the parties’ respective counsels). Furthermore, the district court’s express inclusion of the qualifier “or as available” for each calendared trial date of

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<sup>4</sup> Before our Denial Decision, it appears that the district court also amended its scheduling order at least two times. Ex. 2009 (docket entries 69, 80).

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its evolving schedule, which indicates a continuing degree of recognized uncertainty of the court's schedule by the court. Ex. 2004 (original trial date was Apr. 27, 2020, changed to July 20, 2020 (or as available)); Ex. 1012 (updated trial date of Sept. 28, 2020 (or as available) changed to Nov. 9, 2020 (or as available)). Since the parties' supplemental briefing and evidence was submitted on April 13, 2020, the district court again amended its scheduling order in the related litigation; the jury trial is now indicated as scheduled to begin "February 8, 2021 (or as available)." Ex. 3003 ("Order Amending Scheduling Order" responding to a joint motion by the parties).

Accordingly, at this point it is unclear that the court in the related district court litigation will adhere to any currently scheduled jury trial date or, if it is changed, when such a trial will be held.

Moreover, generally, barring exceptional circumstances, the Board adheres to a one-year statutory deadline prescribed by 35 U.S.C. § 316(a)(11) for entry of final decisions in instituted *inter partes* reviews. And, even in the extraordinary circumstances under which the entire country is currently operating because of the COVID-19 pandemic, the Board continues to be fully operational. See Ex. 1013. The Board's judges and staff continue to operate on their normal schedules, albeit remotely, and Board oral hearings continue to be conducted on schedule.

For the reasons above, particularly because of the number of times the parties have jointly moved for and the district court agreed to extend the scheduling order dates, the inclusion of the qualifier "or as available" for each calendared trial date, that the currently scheduled trial date is in relatively close proximity to the expected final decision in this matter, and the uncertainty that continues to surround the scheduled trial date, we find

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that this factor weighs marginally in favor of not exercising discretion to deny institution under 35 U.S.C. § 314(a).

3. *INVESTMENT IN THE PARALLEL PROCEEDING BY THE COURT AND THE PARTIES*

Patent Owner asserts that its investment in the related district court litigation has been “substantial,” including most facets of discovery and expert reports. Paper 20, 7. Petitioner asserts that, “[a]side from a *Markman* hearing,” which resulted in “a two-page *Markman* Order, stating that for each disputed claim term, ‘the proper construction . . . is the plain and ordinary meaning,’ the district court ‘has invested little time into considering the merits of any invalidity positions.’” Paper 22, 6.

We agree with Petitioner that the district court and the parties have not invested substantially in the merits of the invalidity positions. *See Fintiv*, Paper 15 (May 13, 2020) (non-precedential) at 14 (denying institution; analyzing the district court’s and parties’ investment in the invalidity contentions) (“*Fintiv* DI”). In the *Fintiv* DI, the Board found that the completed *Markman* hearing and order, completed contention discovery, but incomplete expert discovery and substantive motion practice, weighed “somewhat” in favor of denying institution. *Id.* at 13–14. This case is similar in some respects. Here, the parties have exchanged infringement and invalidity contentions, and the district court has conducted a *Markman* hearing and entered a related Order, repeatedly set and amended the case’s schedule, granted several *pro hac vice* motions, heard and denied a motion to dismiss, and transferred the case from one judge to another. *See* Ex. 2004; Ex. 2009; Ex. 3003. But aside from the district court’s *Markman* Order, much of the district court’s investment relates to ancillary matters untethered to the validity issue itself. And the district court’s two-page

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*Markman* Order in this case does not demonstrate the same high level of investment of time and resources as the detailed *Markman* Order in *Fintiv*. See *Fintiv*, Paper 15 at 14 (noting that the district court issued a detailed 34-page claim construction order construing seven claim terms). Also, we recognize that much work remains in the district court case as it relates to invalidity: fact discovery is still ongoing, expert reports are not yet due, and substantive motion practice is yet to come. See Ex. 3003. Thus, although the parties and the district court have invested effort in the related district court litigation to date, further effort remains to be expended in this case before trial.

For the reasons above, we find that this factor weighs only marginally, if at all, in favor of exercising discretion to deny institution under 35 U.S.C. § 314(a).

4. *OVERLAP BETWEEN ISSUES RAISED IN THE PETITION AND IN THE PARALLEL PROCEEDING*

This factor evaluates “concerns of inefficiency and the possibility of conflicting decisions” when substantially identical prior art is submitted in both the district court and the *inter partes* review proceedings. *Fintiv*, Paper 11 at 12. Patent Owner asserts that this proceeding and the related district court litigation “involve[] the same patent, same claims, same invalidity references, and nearly identical invalidity arguments.” Paper 20, 8. Petitioner asserts that “Petitioner’s district court invalidity contentions contain various prior-art references not at issue in the IPR, including several prior-art systems in use or on sale during the relevant time period. See EX1014 at 4-8. The overlap is therefore minimal.” Paper 22, 7. Also, in order “[t]o eliminate any doubt as to overlap between the proceedings, Petitioner has stipulated to counsel for Patent Owner that, if the IPR is

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instituted, Petitioner will not pursue the same grounds in the district court litigation.” Paper 22, 7 (citing Ex. 1015).

As the majority noted in the Denial Decision, “although the issues on patentability here are more focused than the invalidity contentions in the district court litigation, the patentability issues presented here are nevertheless a subset of the issues in the district court case.” Denial Decision 17–18. Petitioner’s stipulation, however, mitigates to some degree the concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions.<sup>5</sup>

Thus, we find that this factor weighs marginally in favor of not exercising discretion to deny institution under 35 U.S.C. § 314(a).

5. *WHETHER PETITIONER AND THE DEFENDANT IN THE PARALLEL PROCEEDING ARE THE SAME PARTY*

The parties to this proceeding are the same as those of the related district court litigation. Paper 22, 7; Paper 20, 8 (Patent Owner asserts only that Petitioner is the defendant in the parallel action). Although it is far from an unusual circumstance that a petitioner in *inter partes* review and a

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<sup>5</sup> Notably, Petitioner stipulates only that it will not pursue, in district court, the “same grounds” presented in the Petition in this case. Ex. 1015. Petitioner could have stipulated that it would not pursue any ground raised or that could have been reasonably raised in an IPR, i.e., any ground that could be raised under §§ 102 or 103 on the basis of prior art patents or printed publications. A broader stipulation of that nature, not at issue here, might better address concerns regarding duplicative efforts and potentially conflicting decisions in a much more substantial way. Likewise, such a stipulation might help ensure that an IPR functions as a true alternative to litigation in relation to grounds that could be at issue in an IPR. Further still, Petitioner could have expressly waived in the district court any overlapping patentability/invalidity defenses. Doing so might have tipped this factor more conclusively in its favor.

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defendant in a parallel district court proceeding are the same, or where a district court is scheduled to go to trial before the Board's final decision would be due in a related *inter partes* review, this factor weighs in favor of discretionary denial. *Fintiv*, Paper 11 at 13–14.

6. *OTHER CIRCUMSTANCES THAT IMPACT THE BOARD'S EXERCISE OF DISCRETION, INCLUDING THE MERITS*

Patent Owner asserts that “[n]o other circumstances warrant upsetting the Denial Decision.” Paper 20, 8–10. Petitioner asserts that “[a]dditional circumstances strongly favor institution,” and raises several policy-based arguments. Paper 22, 8–10. We need not consider Petitioner's policy arguments given that the balance of previously discussed factors weigh in favor of Petitioner.

Moreover, as discussed below, Petitioner has met its burden of demonstrating a reasonable likelihood that it would prevail in showing that claims of the '740 patent are unpatentable. At this preliminary stage of the proceeding and on the record before us, Petitioner's case is strong on most challenged claims. *Fintiv*, Paper 11 at 14–15 (“[I]f the merits of a ground raised in the petition seem particularly strong on the preliminary record, this fact has favored institution.”). Although we recognize the record can change during trial, as discussed in detail below, Petitioner has made a sufficiently persuasive showing, on the record presently before us, that the prior art references cited in the Petition teach or suggest all limitations of most challenged claims.

We determine, on this preliminary record, that Petitioner has set forth a reasonably strong case for the obviousness of most challenged claims. Thus, this factor weighs in favor of not exercising discretion to deny institution under 35 U.S.C. § 314(a).

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C. *CONCLUSION ON REHEARING AND DISCRETIONARY DENIAL OF INSTITUTION*

As noted in *Fintiv*, we consider six factors when taking “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Fintiv*, Paper 11 at 6. For the reasons discussed above, the *Fintiv* factors weigh against invoking our discretion to deny institution. Considering the *Fintiv* factors as part of a holistic analysis, we are not persuaded that the interests of the efficiency and integrity of the system would be best served by invoking our authority under 35 U.S.C. § 314(a) to deny institution of a potentially meritorious Petition.

For the reasons discussed above, we modify our initial decision denying institution. On rehearing, after considering the factors outlined in the precedential order in *Fintiv*, we decline to deny institution under § 314(a). Accordingly, we grant Petitioner’s Request for Rehearing. We consider the merits of the Petition with respect to the threshold for institution below.

III. BACKGROUND OF PROCEEDING

A. *THE ’740 PATENT*

The ’740 patent issued on February 3, 2015, from application serial number 12/909,357, which was filed on October 21, 2010. Ex. 1001, codes (45), (21), (22). The ’740 patent identifies its inventors as Gary Teichrob, Scott Mason, Dave Keck, and James Easden. *Id.* at code (75).

The ’740 patent’s Abstract indicates the invention is directed to:

A method and system for handling granular material, such as proppant used in hydraulic fracturing in well drilling, is provided. In an operational configuration, a delivery module having conveyors receives and conveys granular material to a delivery location, and one or more mobile storage modules



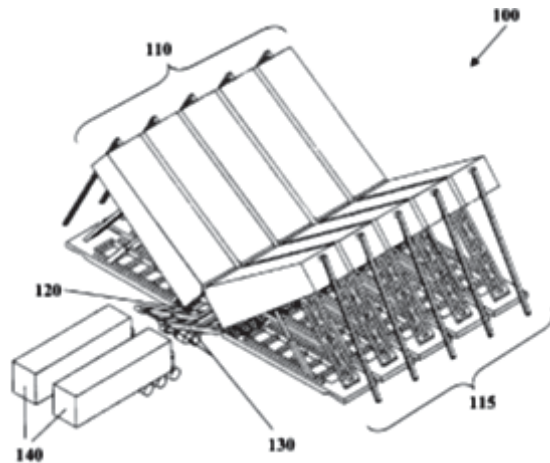
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receive, hold and dispense granular material downward to the delivery module. The mobile storage modules comprise a raised, angular container portion for holding granular material. Each module may comprise a rock-over chassis for support against ground. In a transportation configuration, each of the delivery modules and mobile storage modules are separately transportable as semi-trailers. System redundancy features such as hydraulic power packs are also provided for.

*Id.* at Abstract (57).

As indicated in its Abstract, the '740 patent is directed to a two-module-based system, where a storage module (or several) is oriented adjacent a delivery module such that the storage module(s) delivers granular material to the delivery module, which can then convey the material to some delivery location. Such a system is illustrated at the '740 patent's Figure 1, which is reproduced below:



Ex. 1001, Fig. 1. Figure 1, above, shows system 100 for handling granular material, having two sets of five mobile storage modules 110, 115 arranged on either side of delivery module 120. *Id.* at 4:4–12. The mobile storage modules 110, 115 are pivoted upward, with their pivot points being on frame sections thereof nearest the delivery module so that each is sloped towards



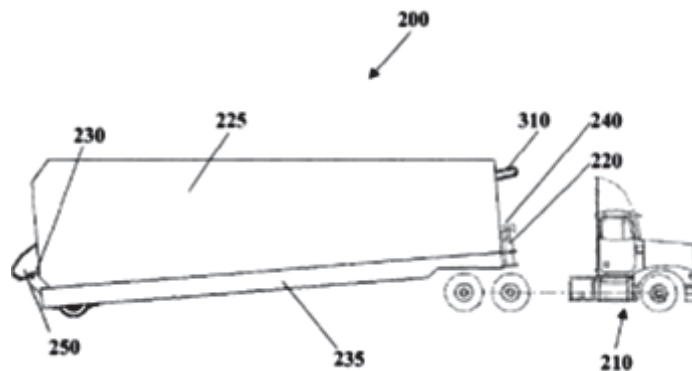
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the delivery module. The delivery module has discharge conveyors 130 for moving granular material discharged from the mobile storage modules to some desired location and height. *Id.* 4:21–23.

The '740 patent describes that each of the mobile storage module and delivery module is reconfigurable between transportation and operational configurations. *Id.* at 5:13–16. As their identified configurations suggest, one is for transporting the module and one is for using the module for storing or conveying granular material. *Id.* at 5:16–20.

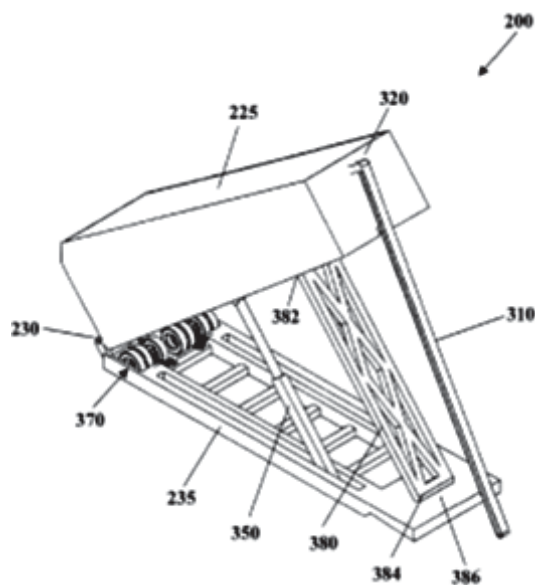
In its transportation configuration, the mobile storage module is disclosed to be a trailer towable by a truck. This is illustrated by Figure 2 of the '740 patent, reproduced below:



*Id.* at Fig. 2. Figure 2 shows a side view of mobile storage module 200 in its transportation configuration, as a trailer hitched to truck 210 and having container portion 225 and frame 235, which supports the container portion 225 and is connected thereto at hinge 230. *Id.* at 6:34–8:48. The container portion 225 also includes discharge chute 250 positioned to discharge granular material when container portion 225 is pivoted at hinge 230 to be in its operational configuration, which is shown in Figure 1, above. *Id.* at 8:49–56.

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A more detailed illustration of the mobile storage module in its operational configuration is shown by the '740 patent at its Figure 3, reproduced below:

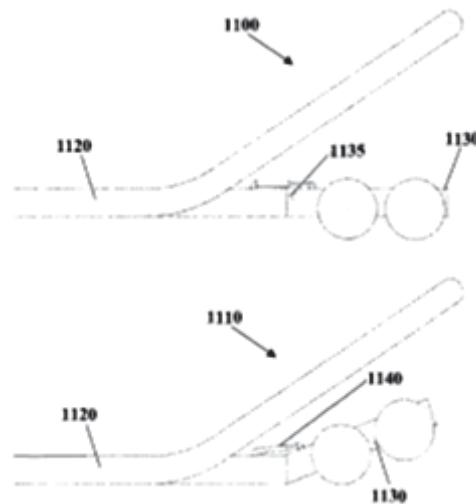


*Id.* at Fig. 3. Figure 3, above, shows a perspective view of mobile storage module 200 in its operational configuration, detached from the truck of Figure 2, pivoted at hinge 230, and arranged as an erected silo. *Id.* at 6:48–54. Figure 3 shows that container portion 225 of mobile storage module 200 is raised into this operational position with an actuating system in the form of hydraulic actuator 350 coupled to container portion 225 and frame 235. *Id.* at 6:60–7:2. Figure 3 also shows input port 320 on the elevated end of container portion 225 where granular material may be loaded thereinto. *Id.* at 8:40–43.

The configurability of the delivery module is illustrated in the '740 patent's Figure 11, reproduced below:

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*Id.* at Fig. 11. Figure 11, above, shows two views of a portion of a delivery module, one in transportation configuration 1100 (top) and one in operational configuration 1110 (bottom). *Id.* at 12:53–56. In its transportation configuration 1100 the delivery module has wheeled portion 1130 extending from chassis 1120 such that the wheels are lowered to engage the ground. *Id.* at 12:59–61. As shown in the bottom illustration above, in its operational configuration 1110, wheeled portion 1130 is pivoted upward by hydraulic cylinders 1140 so that wheeled portion 1130 is raised and chassis 1120 is respectfully lowered to engage the ground for load distribution. *Id.* at 12:60–13:4.

Independent claim 1 of the '740 patent reads as follows:

1. A system for handling granular material, the system comprising:
  - a. a delivery module configured, in a delivery module operational configuration, to receive said granular material and to convey said granular material to a predetermined delivery location via a continuous belt conveyor;

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b. one or more mobile storage modules adjacent to the delivery module, each of the one or more mobile storage modules configured, in a mobile storage module operational configuration, to hold and dispense said granular material downward to the delivery module and to receive said granular material for holding via a continuous belt loading system operatively coupled to an input port, the continuous belt loading system being separated from the continuous belt conveyor by the mobile storage module;

wherein the delivery module is mobile and reconfigurable between said delivery module operational configuration and a delivery module transportation configuration and wherein each of the one or more mobile storage modules comprises an integrated actuating system for moving a container portion thereof between a lowered position and a raised position, the raised position corresponding to the mobile storage module operational configuration, and

wherein each of the one or more mobile storage modules further comprises:

- a. a frame;
- b. the container portion supported by the frame and pivotably coupled thereto, the container portion configured to store said granular material and comprising the input port for receiving said granular material and an output port for dispensing said granular material; and
- c. the integrated actuating system configured to pivot the container portion between the lowered position and the raised position, wherein, in the raised position, the input port is located above the output port.

Ex. 1001, 14:62–15:32. Independent claim 13 is directed to a mobile storage module, similar to the one or more mobile storage modules recited by claim 1, and, although there are some differences, recites essentially the same claim elements with respect to those of claim 1 directed to its mobile storage module(s). *Id.* at 16:24–45. Independent claim 19 is directed to a method

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for handling granular material, which includes providing the structures recited by claim 1. *Id.* at 17:5–18:15.

**B. PETITIONER’S ASSERTED GROUNDS FOR UNPATENTABILITY**

Petitioner asserts two grounds for the unpatentability of claims 1, 2, 4, 6–14, and 16–20 of the ’973 patent, as follows:

GROUND	CLAIMS CHALLENGED	35 U.S.C. §	REFERENCES
1	1, 2, 4, 6–9, 11–14, 16, 17, 19, 20	103	Forsyth, <sup>6</sup> Haskins, <sup>7</sup> Blackman <sup>8</sup>
2	10, 18	103	Forsyth, Haskins, Blackman, Grotte <sup>9</sup>

In support of these grounds for unpatentability, Petitioner submits, *inter alia*, the Declaration of Robert Schaaf. Ex. 1003 (“Schaaf Declaration”). We discuss the asserted referenced below.

**C. FORSYTH**

Forsyth issued on February 17, 1998, from application serial number 668,523, which was filed on June 28, 1996; it claims priority as a continuation-in-part application to application serial number 427,807, filed April 26, 1995. Ex. 1005, codes [45], [21], [22], [63]. Forsyth is prior art to the ’740 patent’s claims.

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<sup>6</sup> US 5,718,556 (issued Feb. 17, 1998) (Ex. 1005, “Forsyth”).

<sup>7</sup> US 3,208,616 (issued Sept. 28, 1965) (Ex. 1006, “Haskins”).

<sup>8</sup> US 2,753,979 (issued July 10, 1956) (Ex. 1007, “Blackman”).

<sup>9</sup> US 4,621,972 (issued Nov. 11, 1986) (Ex. 1008, “Grotte”).

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In its Abstract, Forsyth states that it is directed to

[a] bulk granular material transport system having multiple compartments with a detachable elevating conveyor to permit the conveyor to assist with unloading as well as loading of the transport device. Each compartment may be individually discharged onto a horizontal conveyor which delivers the seed to the elevating conveyor when the elevating conveyor is in its first position. The elevating conveyor is suspended from an adjustable crane which is pivotable on the frame of the transport system. The elevating conveyor may be released from its first position such that the discharge of the elevating conveyor may be positioned over a compartment of the transport device. All mechanisms are individually actu[at]able through a remote control device.

*Id.* at code [57]. Forsyth illustrates such a bulk granular material transport system at its Figure 1, reproduced below:

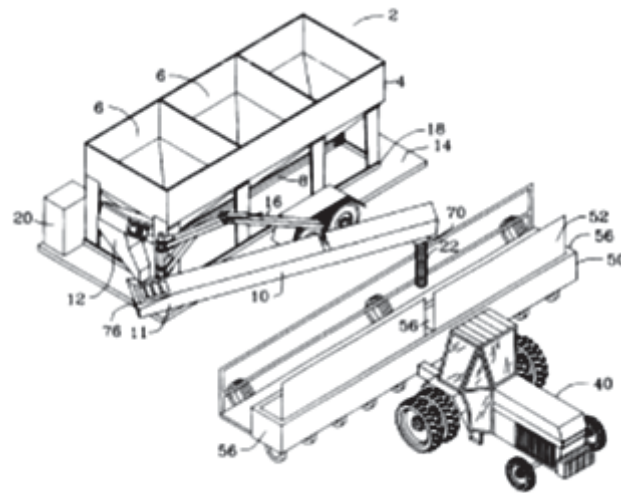


FIG. 1

*Id.* at Fig. 1. Figure 1 shows a perspective view of Forsyth’s “invention 2,” which is shown in use for holding seed grain and transporting it to fill an adjacent planter 50 attached to tractor 40. *Id.* at 4:15–17. Forsyth discloses the configuration of the system 2 to be a deployed, off-loading position. *Id.*

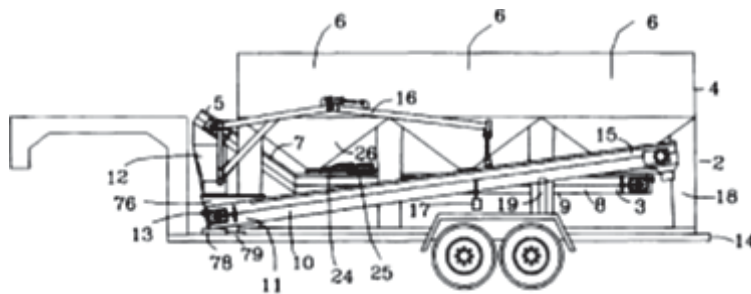


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at 3:47–52, 4:22. The system invention 2 is shown to have a compartment assembly 4 with three compartments 6, shown open at their tops, arranged for holding granular material, e.g., seed. *Id.* at 4:15–47; *see also id.* at Fig. 2. In Figure 1, system 2 is supported on frame 18, which is mounted on a suitable trailer 14 so that it may be transported. *Id.* at 4:33–35. The system 2 is shown having first conveyor 8 below the compartments 6 for receiving granular material therefrom and then delivering it to chute 12, which directs the material to intake hopper 76 on the end 11 of elevating conveyor 10. *Id.* at 4:26–32. The first conveyor 8 operates via endless belt 130 and is fixed below the compartments. *Id.*; *see also id.* at 5:40–42, Fig. 6. The elevating conveyor 10 is not fixed, but is movable, and is shown configured by crane 16 of system 2 to receive granular material from first conveyor 8 and transport it to planter 50 attached to tractor 40. *Id.* at 4:26–32.

Another view of the system 2 of Forsyth is shown in its Figure 3, reproduced below:

**FIG. 3**

*Id.* at Fig. 3. As in Figure 1, Figure 3 shows a side view of system 2 mounted to trailer 14. “In FIG. 3, elevating conveyor 10 is shown in its storage position alongside compartment assembly 4 and resting on support

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19. Intake end 11 of elevating conveyor 10 is retained to frame 18 by turntable 78.” *Id.* at 6:42–45.

*D. HASKINS*

Haskins issued on September 28, 1965, from application serial number 296,278, filed July 19, 1963. Ex. 1006 1:1–4. Haskins is prior art with respect to the ’740 patent’s claims.

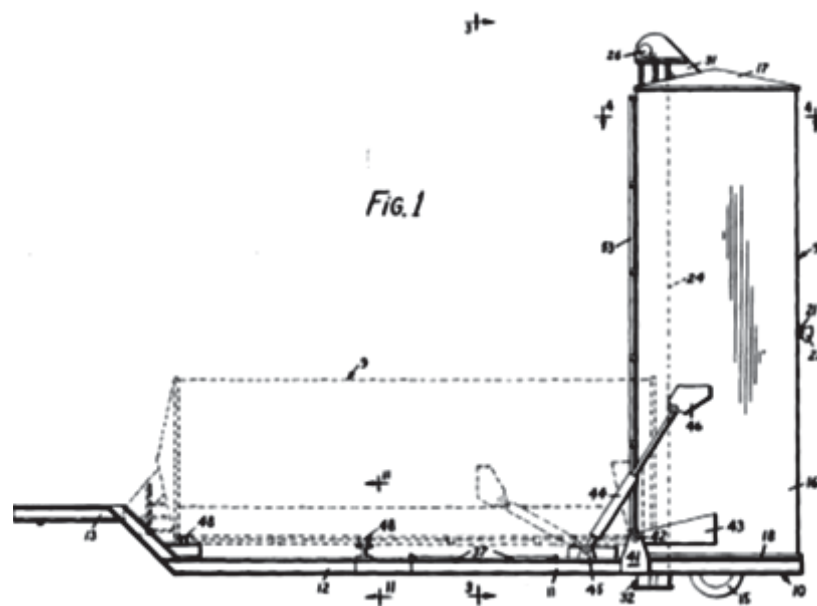
As an introduction, Haskins discloses that its

invention relates to a novel portable storage bin for the storage of dry materials such as grain, fertilizer, seed, or other flowable materials.

The present invention is concerned with a storage bin which is portable and fully automatic, capable of acting as a grain elevator or storage bin in the field. The bin is movable from a horizontal transport position on a mobile framework to a vertical storage position in which it is capable of storing a day’s supply of grain, seed, fertilizer, peas, beans, or other dry flowable material. The bin features a top compartment which is used to load highway trucks for transport purposes and a lower overflow compartment to which excess material is automatically shunted for selective transfer to the upper compartment at a later time. The apparatus also features delivery and elevating means for transferring materials from a field truck to the upper compartment of the storage bin.

*Id.* at 1:7–23. An illustration of such a portable storage bin is provided by Haskins at Figure 1, reproduced below:

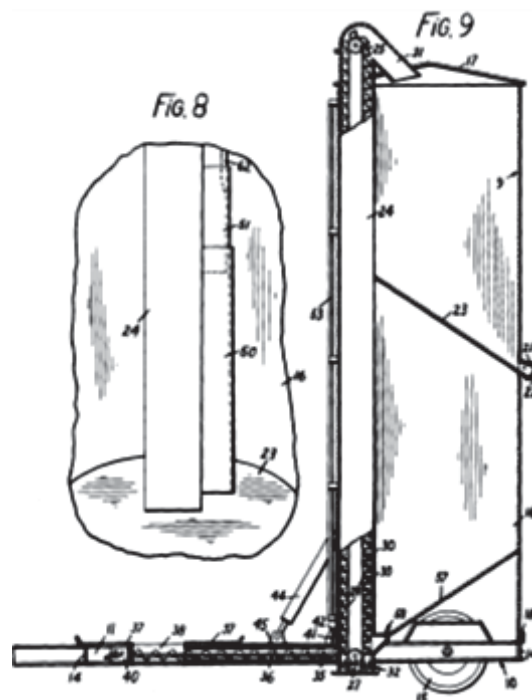
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*Id.* at Fig. 1. Haskins's Figure 1 shows a side view of its storage bin apparatus having container 9 mounted to supporting framework 10 on wheels 15; thereby, container 9 can be pulled by a vehicle. *Id.* at 2:30–45. The container 9 is illustrated to have 2 configurations, one where it is positioned upright on frame 10, as indicated by the solid-line drawing, and one where it is laid down horizontally on frame 10, indicated by the dashed-line of the drawing. Container 9 is shown to be connected to framework 10 at pivot shaft 42, and its raising and lowering is controlled by hydraulic cylinder assemblies 44 mounted to the container's sides and to framework 10. *Id.* at 3:40–51.

The interior workings of container 9 are shown in Haskins's Figure 9, reproduced with Figure 8 below:

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*Id.* at Fig. 9. Figure 9 shows a cross-section side view through a portion of the image shown at Figure 1, having the same container 9 and framework 10, but showing the inside of container 9. As shown, container 9 has two main compartments: an upper compartment with sloped floor 23 that terminates in spout 21 on exterior wall 16 of container 9; and a lower compartment that also has a sloped floor 57, which terminates in interior opening 58. *Id.* at 2:53–60, 3:66–67. The upper compartment holds 900 bushels of grain above spout 21, which is 14 feet above the ground line in the container's raised position; the grain from the upper compartment flows to and out this spout 21 under the force of gravity into, e.g., a trailer. *Id.* at 2:66–69, 5:45–49. Once the material resource is depleted from the upper container it may be replenished from additional grain, seed, fertilizer, peas, beans, or other dry flowable material stored in the lower compartment,

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which flows to opening 58 and therethrough to a bucket-and-chain conveyor device 24, 28, 30, 31 that transports the material to the upper compartment. *Id.* at 2:70–3:10, 5:3–15.

Haskins explains that, in operation, framework 10 is moved to the desired location and driven into a trench 59 such that framework 10 rests on the ground. *Id.* at 4:31–44, Fig. 3. Thereafter, hydraulic cylinder assemblies 44 shift container 9 about its pivot shaft 41 from its horizontal to its vertical configuration and “provides complete control over the erection of the container.” *Id.* at 4:44–48. “When the storage of material from a particular location has been completed, the empty tank is returned to its horizontal position and pulled from the trench 59 by the tractor . . . .” *Id.* at 5:11–15.

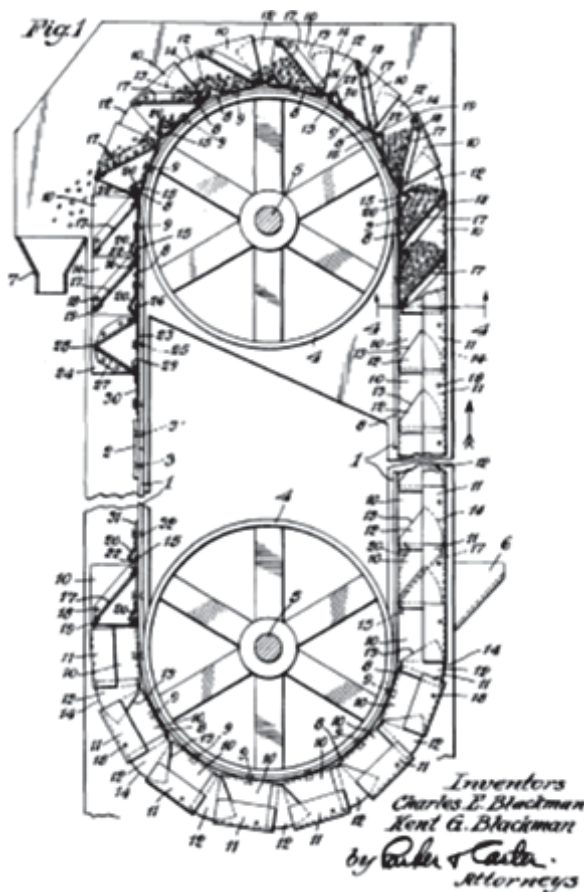
*E. BLACKMAN*

Blackman issued on July 10, 1956, from application serial number 236,256, filed July 11, 1951. Ex. 1007, 1:3–10. Blackman is prior art with respect to the ’740 patent’s claims.

Blackman states that its “invention relates to an elevating conveyor and has for one object to provide a conveyor adapted to convey relatively finely divided and easily broken material.” Ex. 1007, 1:15–17. Blackman further states that “[a]mong the types of material which may be readily handled by the conveyor of the present invention are seeds, nutmeats, coffee beans, brittle pellets, and brittle articles of small size and generally frangible and friable materials.” *Id.* at 1:25–29.

An image of this conveyor is illustrated by Blackman’s Figure 1, reproduced below:

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*Id.* at Fig. 1. Although Figure 1 is somewhat complex and is endowed with extensive reference labeling, in general, it shows a side view of Blackman's conveyor device, having an endless belt 1 positioned about pulleys 4 and carrying buckets (bottom portions 8, sides 10). *Id.* at 1:61–2:24. Blackman states that “it will be recognized that many changes in the form, shape and arrangement of parts may be made without departing from the spirit of the invention, and our showing is, therefore, to be taken as, in a sense, diagrammatic. In particular, the buckets might, if desired, be carried by a chain rather than by a belt.” *Id.* at 4:5–11. Further, “[t]he conveyor



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comprises a chain or a belt and to this are secured a plurality of buckets.”

*Id.* at 4:17–18.

*F. GROTE*

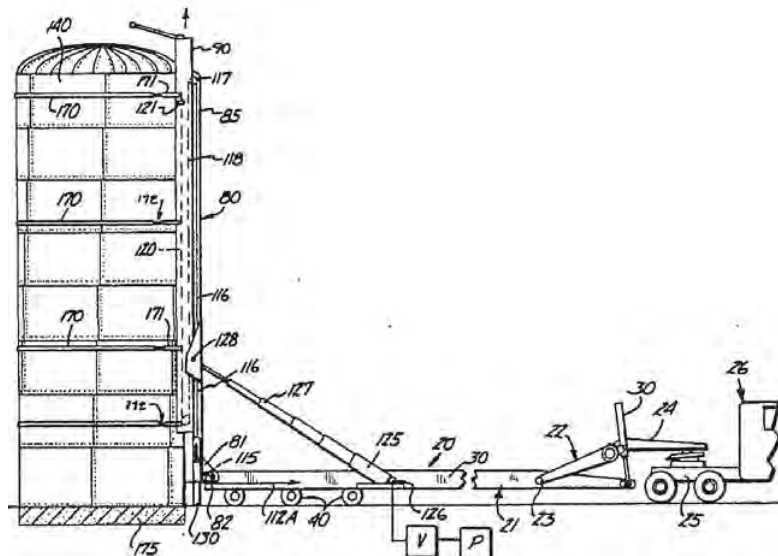
Grotte issued on November 11, 1986, from application serial number 702,478, filed on February 19, 1985. Ex. 1008, codes [45], [21], [22].

Grotte is prior art with respect to the '740 patent's claims.

Grotte's abstract states that its invention is directed to

[a] silo mover apparatus comprising a main frame that is movable across the ground on a plurality of support wheels, and which has a subframe pivotally mounted thereon adjacent one end. The subframe can be raised about the pivot to a substantially vertical position through the use of hydraulic cylinders, stabilized in position adjacent to a silo to be moved, clamped to the silo by straps, after the silo has been suitably reinforced, and then the silo can be lifted and tilted downwardly with the subframe to rest on the main frame for transport to a new location.

*Id.* at code [57]. An image of such a silo mover apparatus is shown by Grotte's Figure 1, reproduced below:



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*Id.* at Fig. 1. Figure 1 is a side view of silo mover 20, which has a semitrailer with main frame 21 and wheels 40, which is hitched to truck 26.

*Id.* at 1:24–28. The silo mover 20 is vertically holding silo 140 with the mover’s subframe 80, which has large pivot bracket 81 positioned at the rear of frame 21 and at the lower end of silo 140. *Id.* at 6:25–29; 9:12–15. The pivoting of subframe 80 and silo 140 is accomplished with a pair of hydraulic cylinders 125 connected between main frame 21 and subframe 80. *Id.* at 8:35–39. For transport of silo 140, subframe 80 is pivoted about pivot bracket 81 and lowered to mainframe 21 with silo 140 so that silo 140 rests on silo mover 20. *Id.* at 2:54–56, Fig. 2.

Grotte further discloses that its silo mover has “six pivot support sleeves or tubes 36 and 37 for supporting [its] wheel assemblies.” *Id.* at 3:50–51. Grotte teaches that the wheels can be raised or lowered relative to main frame 21 by operating cylinders 45 for the wheel assemblies and they can be operated to level the frame or maintain it at any desired height. *Id.* at 4:66–5:8.

#### IV. DISCUSSION

##### A. *ORDINARY LEVEL OF SKILL IN THE ART*

Petitioner states “[a] person of ordinary skill in the art (“POSITA”) of the ’740 Patent in October 2010 would have had a bachelor’s degree in an engineering or logistics discipline plus 1–2 years of experience in hydraulic fracturing and logistical support thereof, or 4–5 years of experience in hydraulic fracturing and logistical support thereof.” Pet. 9 (citing Ex. 1003 ¶ 30).

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Patent Owner neither contests Petitioner’s proposed definition of the ordinary skilled artisan nor offers its own definition thereof. *See generally* Prelim. Resp.

For purposes of this Decision, we accept Petitioner’s proposed definition, which is consistent with the level of skill in the art reflected in the prior art of record, including the Specification (Ex. 1001). *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (“[T]he prior art itself [may] reflect[] an appropriate level” as evidence of the ordinary level of skill in the art. (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985))).

*B. CLAIM CONSTRUCTION*

The Board interprets claim terms in an *inter partes* review using the same claim construction standard that is used to construe claims in a civil action in federal district court. 37 C.F.R. § 42.100(b)(2019). In construing claims, district courts give claim terms their ordinary and customary meaning, which is “the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention.” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–13 (Fed. Cir. 2005) (en banc).

Sources for claim interpretation include “the words of the claims themselves, the remainder of the specification, the prosecution history [i.e., the intrinsic evidence], and extrinsic evidence concerning relevant scientific principles, the meaning of technical terms, and the state of the art.” *Id.* at 1314 (quoting *Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1116 (Fed. Cir. 2004)). “[T]he claims themselves [may] provide substantial guidance as to the meaning of particular claim terms.” *Id.* However, the claims “do not stand alone,” but are part of “a fully

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integrated written instrument,’ . . . consisting principally of a specification that concludes with the claims,” and therefore, the claims are “read in view of the specification.” *Id.* at 1315 (quoting *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 978–79 (Fed. Cir. 1995)).

We analyze the parties’ positions on claim interpretation in view of these standards of law and our Trial Practice Guide. Except as set forth below, no other claim language is interpreted at this stage of the proceedings. *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (“[O]nly those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy.”). This claim construction is the same as that set forth in the Denial Decision (Paper 12, 10–15).

1. “INTEGRATED ACTUATING SYSTEM”

*Parties’ Positions*

Petitioner argues that the claim term “integrated actuating system,” which is recited by claims 1, 12, 13, and 19, means “a built-in, self-deployment system.” Pet. 10. Petitioner argues this definition “reflect[s] the plain and ordinary meaning[] of the term[.]” *Id.* n.2. Petitioner argues that the Specification supports this definition and the ’740 patent’s prosecution history is consistent with this definition. Pet. 10–11 (citing Ex. 1001, 5:38–43, 6:63–67, 7:2–9, 8:35–39, 13:34–37; Ex. 1002, 75, 76, 78–80; Ex. 1003 ¶¶ 44–46). Relating to the word “integrated,” Petitioner also cites a dictionary definition of the word. Pet. 11 (citing Ex. 1009).

Patent Owner argues that no claim terms, including this term, require construction. Prelim. Resp. 5–7. Patent Owner cites the claim interpretation (*Markman*) order in the related district court litigation, wherein the district

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court concluded that all contested claim terms, including this term, did not require express construction and each would be accorded its “plain and ordinary meaning that a person of ordinary skill in the art would ascribe to it.” Ex. 1011, 1. The district court’s order does not elaborate on its rationale for according the plain meaning to this (or any) term. However, Patent Owner also cites the related portions of the transcript of the hearing on claim construction in the related district court litigation. Prelim. Resp. 5–7 (citing Ex. 2007, 57, 60, 61, 63–65, 70–71).

### *Analysis*

The claim term “integrated actuating system” is recited in claim 1, for example, as a component of the claimed mobile storage module(s), and is recited to be “for moving a container portion thereof between a lowered position and a raised position.” Ex. 1001, 15:13–16. Further, claim 1 also recites that “the integrated actuating system [is] configured to pivot the container portion between the lowered position and a [*sic*] the raised position.” *Id.* at 15:28–30.

Each of the individual words of the claim term “integrated actuating system” would have been readily understandable to the skilled artisan on its face, and the combination of these words into the recited phrase does not introduce any different meaning or ambiguity. The fact that the mobile storage module *comprises* the “integrated actuating system,” as well as the inclusion of the word “integrated” in this disputed term, each supports that such a system is a part of the module; in other words, it is *built into* the module as proposed by Petitioner. Because the fact that the *actuating system* is built into the mobile storage module is evident from the claim language itself, defining the claim term expressly to include this concept is

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unnecessary, as it would be redundant of the term's plain meaning as understood by the skilled artisan. Nothing in the intrinsic record, or other evidence submitted by Petitioner, is inconsistent with this conclusion.

Furthermore, regarding the proposed *self-deployment* concept, we also conclude it is unnecessary to add this concept to define the claim term in view of the plain meaning of “integrated actuating system.” Per the plain language of the claim term, the system that actuates the mobile storage module, i.e., moves it between a lowered and raised position, is integrated into the mobile storage module. The mobile storage module's integrated components move, or actuate, the mobile storage module, per the plain meaning of the claim language. Thus, the system that is expressly recited as being a part of the module (*integrated*), actuates the module; the module actuates itself. Therefore, adding “self-deploying” to specially define the term “integrated actuating system” is unnecessary. Nothing in the intrinsic record is inconsistent with this conclusion. *See* Ex. 1002, 83–91 (arguing the characteristic of “self-deploying” invokes the inclusion of “an integrated actuating system,” but not the converse).

Because Petitioner's proposed construction of “integrated actuating system” would add unnecessary and undesirable redundancy to the claims, we determine that it is unnecessary to expressly construe this claim term at this stage of the proceedings.

2. “*RECONFIGURABLE*”

*Parties' Positions*

Petitioner argues the claim term “reconfigurable,” as recited by claims 1, 13, and 19, means “self-deployable.” Pet. 12. Again, Petitioner argues that this definition “reflect[s] the plain and ordinary meaning[] of the



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term[.]” *Id.* at 10 n.2. Petitioner argues that the Specification supports this definition and the ’740 patent’s prosecution history is consistent with this definition. *Id.* at 12 (citing Ex. 1001, 11:52–65; Ex. 1002, 88; Ex. 1003 ¶ 47).

Again, Patent Owner argues that no claim terms, including this term, require construction. Prelim. Resp. 5–7. Patent Owner cites the claim interpretation (*Markman*) order in the related district court litigation, wherein the district court concluded that all contested claim terms, including this term, did not require express construction and would be accorded its “plain and ordinary meaning that a person of ordinary skill in the art would ascribe to it.” Ex. 1011, 1. Patent Owner also cites the related portions of the transcript of the hearing on claim construction in the related district court litigation. Prelim. Resp. 5–7 (citing Ex. 2007, 57, 60, 61, 63–65, 70–71).

#### *Analysis*

Upon review of the Specification and prosecution history, we conclude the claim term “reconfigurable” needs no express construction because the meaning of the claim term is clear on its face. For example, claim 1 recites that the claimed delivery module is “reconfigurable between said delivery module operational configuration and a delivery module transportation configuration.” Ex. 1001, 15:10–13; *see also* Ex. 1002, 83–91 (arguing characteristic of “self-deploying” invokes the characteristic of “reconfigurable,” but not the converse).

It is clear that “reconfigurable,” in this context, would have been understood by the skilled artisan to mean the configuration of the delivery module can be changed. Moreover, the claim is also clear that such a configuration change in the delivery module is between an “operational

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configuration, to receive said granular material and to convey granular material to a predetermined delivery location via a continuous belt conveyer” and a “transportation configuration,” the delivery module being reconfigurable between the two. *Id.* at 14:64–15:13. Such reconfigurability, as claimed, is also described in the Specification as a changeable configuration. *See, e.g.*, Ex. 1001, 5:13–20, 11:4–65, 12:53–13:8. The concept of “self-deployable” is not a part of “reconfigurable.” Even if a module can be self-deployable because it is reconfigurable, that does not mean that such a module is reconfigurable because it is self-deployable. *See* Ex. 1002, 83–91.

Therefore, aside from our observations above as to how the skilled artisan would have understood “reconfigurable,” we determine that it is unnecessary to expressly construe this claim term further at this preliminary stage of the proceedings.

C. *APPLICABLE LEGAL STANDARDS*

“In an IPR, the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable.” *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1363 (Fed. Cir. 2016) (citing 35 U.S.C. § 312(a)(3) (requiring *inter partes* review petitions to identify “with particularity . . . the evidence that supports the grounds for the challenge to each claim”)). This burden of persuasion never shifts to Patent Owner. *See Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015) (discussing the burden of proof in *inter partes* review).

Regarding obviousness, the Supreme Court in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), reaffirmed the framework for determining obviousness as set forth in *Graham v. John Deere Co.*, 383 U.S.

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1 (1966). The *KSR* Court summarized the four factual inquiries set forth in *Graham* (383 U.S. at 17–18) that are applied in determining whether a claim is unpatentable as obvious under 35 U.S.C. § 103(a) as follows:

(1) determining the scope and content of the prior art; (2) ascertaining the differences between the prior art and the claims at issue; (3) resolving the level of ordinary skill in the pertinent art; and (4) considering objective evidence indicating obviousness or non-obviousness.<sup>10</sup> *KSR*, 550 U.S. at 406.

“The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *Id.* at 416. “[W]hen the question is whether a patent claiming the combination of elements of prior art is obvious,” the answer depends on “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.* at 417.

With these standards in mind, and in view of the definition of the skilled artisan and claim interpretation discussed above, we address Petitioner’s challenges below.

*D. GROUND 1 – CLAIMS 1, 2, 4, 6–9, 11–14, 16, 17, 19, AND 20  
OBVIOUSNESS OVER FORSYTH, HASKINS, AND BLACKMAN*

Petitioner argues that claims 1, 2, 4, 6–9, 11–14, 16, 17, 19, and 20 would have been obvious under 35 U.S.C. § 103 over the prior art combination of Forsyth, Haskins, and Blackman. Pet. 12–73. In response, Patent Owner states only “the Office need not consider the merits of this

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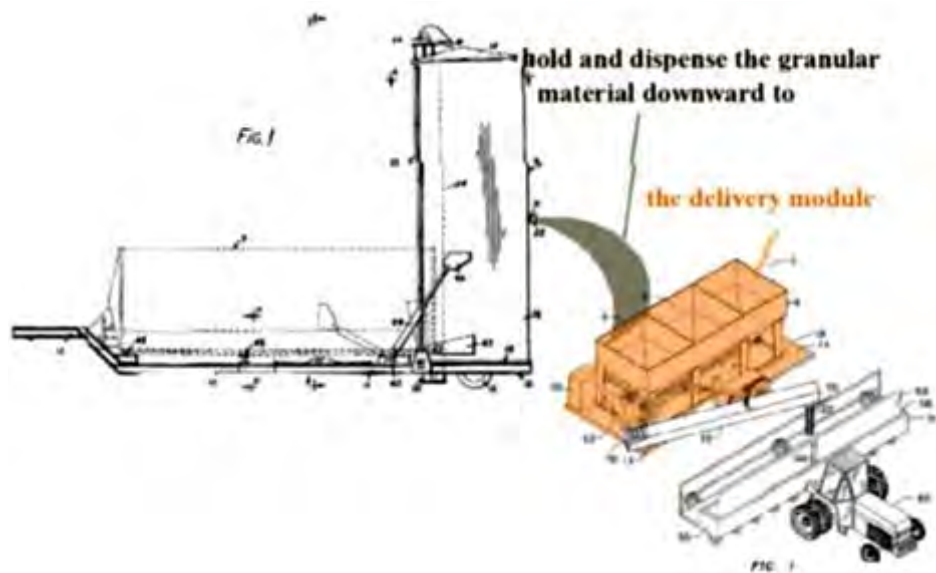
<sup>10</sup> At this stage of the proceeding, neither party has directed us to objective evidence indicating obviousness or non-obviousness.

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case,” and, thus, presented no substantive arguments against Petitioner’s positions under Ground 1. Prelim. Resp. 3.

Relevant to each of these claims, Petitioner provided an annotated image as a combination of Forsyth’s and Haskins’s respective Figures 1 to illustrate how a skilled artisan would have been motivated to combine or use the apparatuses of each reference in a system, as claimed. Because it is useful for understanding Petitioner’s positions on how this prior art combination renders the ’740 patent’s claims obvious, we reproduce this image below:



Pet. 24. Petitioner’s image shows the storage bin apparatus with container 9 of Haskins (above-left) positioned adjacent to the apparatus 2 of Forsyth (above-right) where granular material is dispensing (grey stream) from spout 21 of Haskins’s vertically oriented container 9 into compartments 6 of Forsyth’s apparatus 2, which has its elevating conveyor 10 extended to dispense the granular material to planter 50 hitched to tractor 40.

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*Petitioner's Positions: Claim 1*

Regarding claim 1, Petitioner discusses its preamble, “[a] system for handling granular material, the system comprising,”<sup>11</sup> asserting that, if it is considered a limitation, both Haskins’s bin and Forsyth’s apparatus are for handling granular material, such as seeds, beans, fertilizer, or cement. *Id.* at 12–15 (citing Ex. 1003 ¶¶ 48, 49, 51; Ex. 1005, Abstract, 4:41–45, Fig. 1; Ex. 1006, 1:7–21, Fig. 1).

Continuing with the discussion of claim 1, Petitioner discusses its first element, “a. a delivery module configured, in a delivery module operational configuration, to receive said granular material,” contending that it is taught by Forsyth. Pet. 15–17 (citing Ex. 1003 ¶¶ 54–56; Ex. 1005, 3:53–56, 4:24–32, 4:48–53, 6:36–41, 6:53–60, 8:31–37, Fig. 1). Petitioner argues that Forsyth’s granular material transport system, e.g., the apparatus 2 of Forsyth’s Figure 1, is the claimed “delivery module.” *Id.* Petitioner argues that the configuration of this apparatus 2 shown in Forsyth’s Figure 1 is its operational configuration because it is configured to receive granular material and convey it to a desired location. *Id.*

Petitioner next discusses the next element of claim 1, “[the] delivery module configured, in a delivery module operational configuration, . . . to convey said granular material to a predetermined delivery location via a continuous belt conveyor,” asserting that Forsyth’s conveyor 10 as shown in Forsyth’s Figure 1 is configured so that it is extended to convey granular material using a continuous belt conveyor 74. Pet. 17–19 (citing Ex. 1003 ¶¶ 57, 59; Ex. 1005, 4:26–32, 7:18–37, Figs. 1, 4).

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<sup>11</sup> Emphasis added here and below to highlight claim language.

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Petitioner next discusses the next element of claim 1, “*b. one or more mobile storage modules adjacent to the delivery module, each of the one or more mobile storage modules configured, in a mobile storage module operational configuration, to hold and dispense said granular material downward to the delivery module,*” asserting Haskins’s portable storage bin 9 teaches the claimed mobile storage module and, when vertically oriented, is configured to hold and dispense granular material downward via spout 21, therefore, being in an operational configuration, as claimed. Pet. 20–23 (citing Ex. 1003 ¶¶ 60–65; Ex. 1006 1:7–21, 1:49–50, 2:38–43, 2:53–69, 5:3–5, Fig. 1). Petitioner argues Haskins’s bin 9, like the apparatus of Forsyth, is for storing granular material such as grain, beans, fertilizer, seed, or cement, and that the bin 9 is mobile as it is designed to be pulled by a vehicle, e.g., a tractor. *Id.* at 20–21 (citing Ex. 1003 ¶¶ 61–65; Ex. 1006, 1:7–21, 2:38–43). Petitioner argues the Haskins bin has two configurations: (1) a horizontal position for transport and (2) a vertical position for supplying, e.g., grain. Pet. 21–22 (citing Ex. 1006, 1:10–16, 1:49–50, Fig. 1). Petitioner argues that if the Forsyth apparatus was placed alongside the Haskins bin, the bin’s spout would direct stored granular material downward to it. Pet. 23.

Petitioner also provides a rationale for combining Forsyth’s and Haskins’s teachings. Pet. 23–28. Petitioner contends that each of the devices of Forsyth and Haskins is mobile and can be towed as a trailer by a vehicle such that the two devices may be placed adjacent one another. Pet. 24–25 (citing, e.g., Ex. 1006, 5:3–5, Ex. 1005, 4:65–66; Ex. 1003 ¶¶ 66–68). Further, Petitioner argues the method disclosed by Forsyth for loading its apparatus with, e.g., seed, is slow and labor-intensive — it requires using a



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forklift to pour one bag of material at a time onto Forsyth's conveyor 10. *Id.* at 25–26 (citing Ex. 1003 ¶¶ 69–70; Ex. 1005, 2:36–54, 3:53–57, 4:48–53, 6:53–60, 8:15–23, Fig. 4). As such, Petitioner argues that using Haskins's container device for filling Forsyth's apparatus 2 would have been a recognized solution to the understood drawbacks of Forsyth's method; the skilled artisan would have sought the prior art combination to improve logistical efficiency. *Id.* at 26–27. Petitioner further argues the proposed combination of Forsyth and Haskins merely uses their taught devices predictably, in the same fashion taught by the references themselves; Petitioner alleges no real modification is required other than putting Haskins's storage bin container 9 next to Forsyth's apparatus 2. *Id.* at 27–28.

Petitioner then discusses the next element of claim 1, “*the one or more storage modules ‘configured . . . to receive said granular material for holding via a continuous belt loading system operatively coupled to an input port’*,” arguing that Haskins's bin 9 receives granular material via a continuous chain conveyor coupled to a receiving chute that is the claimed input port. Pet. 28–32 (citing Ex. 1003 ¶¶ 76–78, 80–83; Ex. 1006, 1:16–23, 2:21–27, 2:60–62, 3:1–10, 3:68–70, 4:3–23, 4:67–5:15, 5:39–52, Figs. 5, 9). Petitioner acknowledges that Haskins teaches a continuous chain driven loading system rather than a continuous belt loading system, as claimed. *Id.* at 32. Petitioner cites Blackman as teaching that continuous belt and continuous chain conveyors were well-known alternatives that may be substituted for one another and, therefore, argues it would have been obvious to the skilled artisan to substitute a belt for Haskins's chain for moving granular material. *Id.* at 32–34 (citing Ex. 1003 ¶¶ 79, 80–83; Ex. 1007,

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1:27–29, 1:54–55, 1:61–65, 1:68–71, 2:9–11, 2:16–17, 4:10–11, 4:17–50, Fig. 1). Petitioner also argues a belt would provide certain advantages over a chain, for example, tighter fit and adjustability. *Id.* at 37 (citing Ex. 1003 ¶ 83).

Petitioner continues to address the next element of claim 1, “*the continuous belt loading system being separated from the continuous belt conveyor by the mobile storage module,*” and argues that in the way the skilled artisan would have been motivated to arrange the apparatuses of Haskins and Forsyth together, the elevating conveyor of Haskins (the claimed continuous belt loading system) would be separated from the conveyor 10 of Forsyth (the claimed continuous belt conveyor) by Haskins’s bin. Pet. 38–39 (citing Ex. 1003 ¶ 85).

Petitioner then addresses the next element of claim 1, “*wherein the delivery module is mobile and reconfigurable between said delivery module operational configuration and a delivery module transportation configuration,*” and argues Forsyth’s apparatus 2 (the claimed delivery module) is reconfigurable between an operational configuration where its conveyor 10 is positioned to deliver granular material to a desired location, as shown in its Figure 1, and a transportation configuration where its conveyor 10 is stowed so that the apparatus can be towed, as shown in its Figure 3. Pet. 39–42 (citing Ex. 1003 ¶¶ 87–90; Ex. 1005, 2:21–54, 3:7–18, 3:48–52, 3:58–60, 4:15–35, 4:65–5:2, 6:33–41, 6:66–7:18, 7:47–8:8, 8:31–33, 8:37–44, Figs. 1, 3, 4, 8).

Petitioner addresses the next element of claim 1, “*wherein each of the one or more mobile storage modules comprises an integrated actuating system for moving a container portion thereof between a lowered position*

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*and a raised position, the raised position corresponding to the mobile storage module operational configuration,”* and argues that the hydraulic actuation system 41–46 of Haskins’s container 9 apparatus is such an integrated actuation system because it is a part of the storage module and pivots the container 9 between raised and lowered positions. Pet. 42–44 (citing Ex. 1003 ¶¶ 91–93; Ex. 1006, 1:10–16, 3:40–44, 3:47–55, Fig. 1).

Addressing the next element of claim 1, “*wherein each of the one or more mobile storage modules further comprises: a. a frame; b. the container portion supported by the frame and pivotably coupled thereto,”* Petitioner argues that the bin and container 9 of Haskins has a supporting framework 10 that supports the container 9, and that the container 9 is attached to the framework 10 by pivot supports 41 and a pivot shaft 42. Pet. 45–47 (citing Ex. 1003 ¶¶ 94, 96, 97; Ex. 1006, 2:30–43, 3:40–44, 3:51–57, 4:44–56, 5:63–6:9, 6:28–29, Fig. 1). As shown in Haskins’s Figure 1, the container pivots about this pivot shaft.

Petitioner moves on to address the next element of claim 1, “*the container portion configured to store said granular material,”* and argues Forsyth and Haskins teach containers for granular material and Haskin’s container 9 is for storing granular material. Pet. 47–48 (citing Ex. 1003 ¶ 98; Ex. 1006, 1:16–23, 2:21–27, 3:68–70, 4:3–20, 4:22–23, 4:73–5:15, 5:39–52, Fig. 9).

Petitioner then addresses the next element of claim 1, the container portion “*comprising the input port for receiving said granular material and an output port for dispensing said granular material,”* and argues that Haskins’s Figure 9 shows such an input port in receiving chute 31 and an output port in spout 21. Pet. 48 (citing Ex. 1003 ¶ 100; Ex. 1006, Fig. 9).

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Addressing the next element of claim 1, “*c. the integrated actuating system configured to pivot the container portion between the lowered position and [] the raised position,*” Petitioner argues that Haskins’s hydraulic cylinder assemblies 44 move its container 9 between a horizontal/lowered position and a vertical/raised position by pivoting about pivot shaft 42. Pet. 49 (citing Ex. 1006, 3:40–44, 3:47–57).

Finally, Petitioner addresses the last element of claim 1, “*wherein, in the raised position, the input port is located above the output port,*” and argues that Haskins’s Figure 9 shows its container 9 in its raised position and that its receiving chute 31, the claim’s input port, is above its spout 21, the claim’s output port. Pet. 49–50 (citing Ex. 1003 ¶ 103; Ex. 1006, 2:53–58, 5:3–5, Fig. 9).

#### *Analysis*

We find that, in view of the above, Petitioner has reasonably accounted for every element of independent claim 1 as taught or suggested by Forsyth, Haskins, and Blackman. Further, Petitioner’s rationale for combining these references is sufficiently persuasive at this stage of the proceeding. Petitioner has also made a sufficient showing that the skilled artisan would have had a reasonable expectation of successfully combining Forsyth, Haskins, and Blackman in the fashion proposed by Petitioner. As noted above, at this stage of the proceedings, Patent Owner has not substantively responded to Petitioner’s arguments and evidence for obviousness.

Based on the preliminary record, we find Petitioner demonstrates a reasonable likelihood that it would prevail in showing that claim 1 of the ’740 patent is unpatentable under Ground 1.

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*Petitioner's Positions: Claims 2 and 4*

Claims 2 and 4 depend from claim 1, which is discussed above. Claim 2 further requires “*each of the one or more mobile storage modules are reconfigurable between said mobile storage module operational configuration and a mobile storage module transportation configuration, the one or more mobile storage modules towable as separately transportable trailers in the mobile storage module transportation configuration,*” and claim 4 further requires “*the delivery module is towable as a separately transportable trailer in the delivery module transportation configuration.*” Ex. 1001, 15:33–39, 15:43–45. Petitioner asserts that Forsyth’s and Haskins’s apparatuses, i.e., the claimed delivery module and mobile storage module, respectively, as discussed above, have first configurations where they are operated and second configurations where they can be towed as trailers, as required by claims 2 and 4. Pet. 51–52 (Ex 1003 ¶¶ 104–107; Ex. 1005, 2:3–6, 4:33–35, 4:65–5:8, 8:12–14; Ex. 1006, 1:10–16, 1:49–50, 2:30–43, 3:47–55, 4:41–46, 5:11–16, Fig. 1).

*Analysis*

We find that, in view of the above, Petitioner has reasonably accounted for every element of claims 2 and 4 as taught or suggested by Forsyth, Haskins, and Blackman. As noted above, at this stage of the proceedings, Patent Owner has not substantively responded to Petitioner’s arguments and evidence for obviousness.

Based on the preliminary record, we find Petitioner demonstrates a reasonable likelihood that it would prevail in showing that claims 2 and 4 of the ’740 patent are unpatentable under Ground 1.

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*Petitioner's Positions: Claim 6*

Claim 6 depends from independent claim 1, discussed above. Claim 6 further requires “*the one or more storage modules includes two or more mobile storage modules stationed along one or more sides of the delivery module in the mobile storage module operational configurations.*”

Ex. 1001, 15:51–54. Petitioner argues that, as it would have been obvious to have one of Haskins’s containers 9 alongside Forsyth’s apparatus 2 to deliver granular material thereto, it would likewise have been obvious to use more than one of Haskins’s containers. Pet. 54–58 (citing Ex. 1002 ¶¶ 109–115; Ex. 1005, 3:23–25, 4:33–35, 4:41–43, 5:12–18, Fig. 1; Ex. 1006, 1:15–16, Fig. 1). Petitioner argues “[c]ompared to only one bin, two bins reduce the time and labor required to reposition the truck to fill additional compartments on Forsyth’s apparatus” and, “[a]s another benefit, the added bin allows for holding more granular material on the worksite than one bin alone.” Pet. 57 (citing Ex. 1003 ¶ 112). Petitioner also argues “[t]he proposed combination involves mere duplication of Haskins’ bin. ‘It is well settled that the mere duplication of parts has no patentable significance unless a new and unexpected result is produced.’ *In re Harza*, 274 F.2d 669, 671 (CCPA 1960).” Pet. 58.

*Analysis*

We find that, in view of the above, Petitioner has reasonably accounted for every element of claim 6 as taught or suggested by Forsyth, Haskins, and Blackman. We also find that Petitioner has set forth a rationale that is sufficiently persuasive at this stage of the proceeding for why it would have been obvious to use more than one of Haskins’s containers in the allegedly obvious system described by Petitioner. As noted above, at this



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stage of the proceedings, Patent Owner has not substantively responded to Petitioner's arguments and evidence for obviousness.

Based on the preliminary record, we find Petitioner demonstrates a reasonable likelihood that it would prevail in showing that claim 6 of the '740 patent is unpatentable under Ground 1.

*Petitioner's Positions: Claim 7*

Claim 7 depends from independent claim 1 and further requires "*the one or more mobile storage modules includes two or more mobile storage modules which comprise interchangeable components.*" Ex. 1001, 15:55–57. Petitioner argues claim 7 is like claim 6 and the addition of more of Haskins's storage bins would have been an obvious duplication of components. Pet. 58–59. Further, as claim 7 also requires "interchangeable components," Petitioner argues that identical Haskins storage bins would include interchangeable components because the components of one bin could be removed and used on the other. *Id.* at 59–61 (citing, *inter alia*, Ex. 1003 ¶¶ 116–119).

*Analysis*

We find that, in view of the above, Petitioner has reasonably accounted for every element of claim 7 as taught or suggested by Forsyth, Haskins, and Blackman. As noted above, at this stage of the proceedings, Patent Owner has not substantively responded to Petitioner's arguments and evidence for obviousness.

Based on the preliminary record, we find Petitioner demonstrates a reasonable likelihood that it would prevail in showing that claim 7 of the '740 patent is unpatentable under Ground 1.

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*Petitioner's Positions: Claim 8*

Claim 8 depends from claim 1 and further requires “*at least one of the delivery module and the one or more mobile storage modules comprises a chassis, the chassis reconfigurable between a semi-trailer chassis for transportation and a bearing surface for support against ground during operation.*” Ex. 1001, 15:58–62. Petitioner argues Haskins’s bin (the claimed mobile storage module) has framework 10, which is the claimed chassis as it is the structural support of the bin structure. Pet. 61–63 (citing Ex. 1003 ¶ 121; Ex. 1006, 2:32–40, 2:50–52, 3:58–60, Figs. 1, 2). Petitioner further argues that this structure of Haskins is reconfigurable between an orientation where the container 9 is horizontal and the framework 10 is to be hitched to and transported by a vehicle and an orientation where the framework 10 is a bearing surface against the ground when the container 9 is vertical and in operation. *Id.* at 64–65 (citing Ex. 1003 ¶¶ 123–125; Ex. 1006, 1:12–14, 1:26–28, 1:48–50, 2:30–36, 3:60–65, 4:41–43, 5:12–15, Figs. 1, 3). Petitioner argues framework 10 bares against the ground when it is drawn into a trench prepared for the structure on-site, as illustrated in Haskins’s Figure 3. *Id.* at 64–65.

*Analysis*

We find that, in view of the above, Petitioner has reasonably accounted for every element of claim 8 as taught or suggested by Forsyth, Haskins, and Blackman. As noted above, at this stage of the proceedings, Patent Owner has not substantively responded to Petitioner’s arguments and evidence for obviousness.

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Based on the preliminary record, we find Petitioner demonstrates a reasonable likelihood that it would prevail in showing that claim 8 of the '740 patent is unpatentable under Ground 1.

*Petitioner's Positions: Claim 9*

Claim 9 depends from claim 8, which depends from claim 1 as noted above, and further requires "*reconfiguration of the chassis comprises lowering of a front portion of the chassis to contact the ground.*" Ex. 1001, 15:63–65. Petitioner argues that when the Haskins apparatus is configured for operation, i.e., its container 9 is upright and framework 10 is drawn into a trench in the ground, its wheels are in the trench and part of framework 10 sits on the ground. Pet. 65–66 (citing Ex. 1003 ¶ 126). Petitioner further argues Haskins discloses "[w]hen the framework 10 has been released from the tractor (not shown) and the lower surfaces of the side members 10 and 11 are resting on a flat ground surface, the apparatus is ready to be erected for storage use." [Ex. 1006], 4:41-43, FIG. 3 (emphasis added). Thus, when the 'lower surfaces of the side members 10 and 11 are resting on a flat ground surface,' *id.*, 4:41-43, at least a 'front portion' of the framework 10 (the claimed chassis) contacts the ground," as claimed. *Id.* at 66–67 (citing Ex. 1003 ¶ 128).

*Analysis*

We find that, in view of the above, Petitioner has reasonably accounted for every element of claim 9 as taught or suggested by Forsyth, Haskins, and Blackman. As noted above, at this stage of the proceedings, Patent Owner has not substantively responded to Petitioner's arguments and evidence for obviousness.

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Based on the preliminary record, we find Petitioner demonstrates a reasonable likelihood that it would prevail in showing that claim 9 of the '740 patent is unpatentable under Ground 1.

*Petitioner's Positions: Claim 11*

Claim 11 depends from independent claim 1 and further requires “*said granular material flows continuously downward from the input port to the output port, wherein each of the one or more mobile storage modules are reconfigurable between said mobile storage module operational configuration and a mobile storage module transportation configuration, said reconfiguring including said pivoting of the container portion between the lowered position and the raised position, and wherein reconfiguration of the mobile storage module from the transportation configuration to the operational configuration refrains from elevation of the output port.*”

Ex. 1001, 16:6–16. Petitioner argues that because, as shown in Haskins’s Figure 9, its spout 21 is at the end of an inclined floor and below the chute 31 feeding granular material to the container 9, the granular material is taught to flow continuously downward from the input port, as claimed. Pet. 68 (citing Ex. 1003 ¶ 129, Ex. 1006, 2:54–69, 4:17–18, 4:71–72, Fig. 9).

Regarding the claim’s requirement that the output port not be elevated when the module is reconfigured from transportation to operational configuration, Petitioner points to a publication of the U.S. Department of Transportation’s Federal Highway Administration entitled “Federal Size Regulations for Commercial Motor Vehicles [(“CMV’s”)] as evidence that when the Haskins container 9 is resting horizontally on the trailer framework 10, as a semi-trailer or fifth-wheel trailer, its spout 21 would be required to be “from 13 feet, 6 inches (4.11 meters) to 14 feet (4.27 meters)” high

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above road/ground height. *Id.* at 69 (citing Ex. 1010, 5; Ex. 1003 ¶ 131).

Petitioner also argues that Haskins teaches that “[i]n the operational configuration, the ‘spout ... is 14 feet above the ground line’.” *Id.* (citing Ex. 1006, 5:44–46).

### *Analysis*

Petitioner’s Exhibit 1010 states: “[t]here is no Federal vehicle *height* requirement for CMVs. Thus, States may set their own height restrictions. Most height limits range from 13 feet, 6 inches (4.11 meters) to 14 feet (4.27 meters), with exceptions granted for lower clearance on particular roads.” Ex. 1010, 5. At least preliminarily, we are not persuaded by Petitioner’s argument that just because U.S. or state regulations may limit the height of a road-going trailer to 14 feet, spout 21 of Haskins would likewise be 14 feet high when the container 9 is laid down horizontally on its framework 10. Haskins’s Figure 1 (see above) illustrates its storage bin in a way that makes it appear that the spout 21 is elevated when the container 9 is raised to its vertical position. Although it is well established that patent drawings do not define precise proportions of the elements illustrated therein, we are not persuaded at this time by Petitioner’s arguments about this claim element in view of Haskins’s Figure 1, which shows the raised height of its spout 21 above the upper-most surface of its container 9 in its reclined position, and considering Petitioner’s Exhibit 1010. *Cf. Hockerson-Halberstadt, Inc. v. Avia Group Intern., Inc.*, 222 F.3d 951, 956 (2000) (“well established that patent drawings do not define the precise proportions of the elements and may not be relied on to show particular sizes if the specification is completely silent on the issue”).

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Based on the preliminary record, we do not find Petitioner demonstrates a reasonable likelihood that it would prevail in showing that claim 11 of the '740 patent is unpatentable under Ground 1.

*Petitioner's Positions: Claim 12*

Claim 12 depends from independent claim 1 and further requires “*the integrated actuating system comprises a hydraulic cylinder coupled at a first end to the frame and at a second end to the container portion at a location distal from the frame, thereby orienting the hydraulic cylinder at an angle away from horizontal in both the lowered position and the raised position of the container portion.*” Ex. 1001, 16:17–23. Petitioner argues Haskins teaches a pair of hydraulic cylinder assemblies 44 that are pivotally connected to the container 9 and framework 10, as shown in Haskins’s Figure 1. Pet. 70–71 (citing Ex. 1003 ¶¶ 133–134; Ex. 1006, 3:47–54). Petitioner argues this is the arrangement as claimed, with these cylinders being oriented at angles away from horizontal if either raised or lowered. *Id.*

*Analysis*

We find that, in view of the above, Petitioner has reasonably accounted for every element of claim 12 as taught or suggested by Forsyth, Haskins, and Blackman. As noted above, at this stage of the proceedings, Patent Owner has not substantively responded to Petitioner’s arguments and evidence for obviousness.

Based on the preliminary record, we find Petitioner demonstrates a reasonable likelihood that it would prevail in showing that claim 12 of the '740 patent is unpatentable under Ground 1.



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*Petitioner's Positions: Claims 13, 14, 16, 17, and 19*

Claim 13 is an independent claim and claims 14, 16, and 17 depend therefrom, directly or indirectly. Ex. 1001, 16:24–63. Claim 13 is directed to a mobile storage module and a delivery module, as also recited by claim 1. *Id.* at 16:24–47. Petitioner notes that claim 13 does not add any further limitations or elements not included in claim 1, discussed above, and does not recite the detailed elements of the delivery module as does claim 1.

*Compare id.* at 16:24–47, *with id.* at 14:62–15:32; *see* Pet. 71–72. Petitioner further argues claims 14, 16, and 17 are otherwise identical to claims 2, 8, and 9, discussed above. *Id.* at 72; *compare* Ex. 1001, 16:48–53, 16: 57–63, *with id.* at 15:33–39, 15:58–65.

Claim 19 is an independent claim with claim 20 depending therefrom. Ex. 1001 17:5–18:27. Claim 19 is a method claim, that method requiring *providing* a delivery module and a mobile storage module(s), as these structures are defined by claim 1. *Compare id.* at 17:5–18:15, *with id.* at 14:62–15:32. Petitioner makes this argument, also. Pet. 72.

Petitioner argues that the same evidence discussed above regarding claim 1 and its dependent claims teaches or suggests the elements of claims 12, 14, 16, 17, and 19. Pet. 71–72.

*Analysis*

At this stage of the proceeding, we agree with Petitioner's view of the similarities of claims 13, 14, 16, 17, and 19 to claims 1, 2, 8, and 9. We find that, in view of the above, Petitioner has reasonably accounted for every element of claims 13, 14, 16, 17, and 19 as taught or suggested by Forsyth, Haskins, and Blackman and has set forth sufficient rationale for combining these references. As noted above, at this stage of the proceedings, Patent

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Owner has not substantively responded to Petitioner's arguments and evidence for obviousness.

Based on the preliminary record, we find Petitioner demonstrates a reasonable likelihood that it would prevail in showing that claims 13, 14, 16, 17, and 19 of the '740 patent are unpatentable under Ground 1.

*Petitioner's Positions: Claim 20*

Claim 20 depends from independent claim 19, which we noted above is a method claim directed to providing the structures of claim 1; it further requires *"each of the one or more mobile storage modules are reconfigurable between a mobile storage module operational configuration and a mobile storage module transportation configuration, the one or more mobile storage modules towable as separately transportable trailers in the mobile storage module transportation configuration, the method further comprising: a. transporting the one or more mobile storage modules to positions adjacent to the delivery module in the mobile storage module transportation configuration; and b. reconfiguring the one or more mobile storage modules to the mobile storage module operational configurations."* Petitioner argues that these elements are similar to and essentially the same as those discussed above in relation to other claims (e.g., claims 1, 2, 4). Pet. 72–73.

*Analysis*

At this stage of the proceeding, we agree with Petitioner's view of the similarities of 20 to above-discussed claims, e.g., 1, 2, and 4, but requiring some action (transporting the transportable structure and reconfiguring the reconfigurable structure) with the structures otherwise defined by other claims. We find that, in view of the above, Petitioner has reasonably

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accounted for every element of claim 20 as taught or suggested by Forsyth, Haskins, and Blackman. As noted above, at this stage of the proceedings, Patent Owner has not substantively responded to Petitioner's arguments and evidence for obviousness.

Based on the preliminary record, we find Petitioner demonstrates a reasonable likelihood that it would prevail in showing that claim 20 of the '740 patent is unpatentable under Ground 1.

*E. GROUND 2 – CLAIMS 10 AND 18 OBVIOUSNESS OVER FORSYTH, HASKINS, BLACKMAN, AND GROTTÉ*

Claim 10 depends from claim 8, and thus, from independent claim 1, and further requires “*the chassis comprises a wheeled portion movable relative to a bearing surface portion between a first position and a second position, the wheeled portion configured to engage the ground in the first position for transportation, the wheeled portion configured to retract from the ground in the second position to facilitate engagement of the ground by the bearing surface portion.*” Ex. 1001, 15:66–16:5.

Claim 18 depends from claim 16 and, thus, from independent claim 13. Similar to claim 10, claim 18 further requires “*the chassis comprises a wheeled portion movable relative to a bearing surface portion between a first position and a second position, the wheeled portion configured to engage the ground in the first position for transportation, the wheeled portion configured to retract from the ground in the second position to facilitate engagement of the ground by the bearing surface portion.*”

Ex. 1001, 16:64–17:4. As noted above, claim 16 is the same as or substantially similar to claim 8, and claim 13 recites the same elements as claim 1, minus those specially defining the delivery module.

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*Petitioner's Positions*

Petitioner notes that none of Forsyth, Haskins, or Blackman teaches the specific elements of claims 10 and 18, i.e., the retractable wheels to allow frame engagement with the ground. Pet. 73–74. Petitioner argues that “[a]lthough the Forsyth-Haskins-Blackman combination lacks the features of claims 10 and 18, Grotte discloses a system with a height-adjustable wheel assembly having the features. Additionally, it would have been obvious to combine Grotte with Forsyth/Haskins/Blackman with respect to the subject matter of claims 10 and 18.” Pet. 74 (citing Ex. 1003, ¶ 140; Ex. 1008). Petitioner argues Grotte’s apparatus is similar in many respects to Haskins’s, incorporating a silo on a trailer that can lower and raise the silo by pivoting. *Id.* at 74–75 (citing Ex. 1008, 1:58–63, 3:24–37, 4:1–8, 6:25–29, 10:14–34, Fig. 1). Petitioner argues that Grotte’s wheel assemblies, taught as having controllable movement with respect to the frame such that the wheels, can be retracted so the Grotte’s frame, or Haskins’s frame if Grotte’s system were mounted thereto, would engage the ground. Pet. 76–77, 85–86 (citing Ex. 1003 ¶¶ 146–159; Ex. 1008, 3:24–37, 3:60–64, 4:1–33, 4:49–5:8, 10:14–34, Figs. 1, 2; Ex. 1006, 2:30–43, 3:40–57, 4:31–40, Figs. 1, 3). Petitioner argues that Grotte’s movable wheel assembly would be combined with Haskins’s storage bin by the skilled artisan because Grotte’s and Haskins’s apparatuses are so similar (both being trailer-based, wheeled container movers) and because Grotte’s controllable wheel assemblies would make it unnecessary to provide a trench to use Haskins’s storage bin, saving labor, time, and resources, and providing finer control when placing Haskins’s bin. Pet. 77–83. Petitioner argues that such a modification to Haskins’s device would involve only conventional parts and the substitution of one element

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for another similar one. Pet. 83–85. Petitioner argues that because the devices of Grotte and Haskins are used so similarly, e.g., bearing similar loads and being of similar sizes, such a modification would be expected to succeed. *Id.* at 83–86.

#### *Analysis*

We find that, in view of the above, Petitioner has reasonably accounted for every element of claims 10 and 18 as taught or suggested by Forsyth, Haskins, Blackman, and Grotte. Further, Petitioner’s rationale for combining these references is also reasonable. Petitioner also has made a sufficient showing at this stage in the proceeding that an ordinary skilled artisan would have had a reasonable expectation of successfully combining Forsyth, Haskins, Blackman, and Grotte in the fashion proposed by Petitioner. As noted above, at this stage of the proceedings, Patent Owner has not substantively responded to Petitioner’s arguments and evidence for obviousness.

Based on the preliminary record, we find Petitioner demonstrates a reasonable likelihood that it would prevail in showing that claims 10 and 18 of the ’740 patent are unpatentable under Ground 2.

#### V. CONCLUSION

Petitioner demonstrates a reasonable likelihood of prevailing at trial in demonstrating that claims 1, 2, 4, 6–10, 12–14, and 16–20 of the ’740 patent would have been obvious over the prior art combinations set forth in Grounds 1 and 2. Our decision at this stage derives from our review of the preliminary record before us. This decision does not reflect a final determination on the patentability of the claims.

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ORDER

Accordingly, it is hereby:

ORDERED that, Petitioner's Request for Reconsideration is *granted*;

FURTHER ORDERED that, pursuant to 35 U.S.C. § 314, an *inter partes* review of claims 1, 2, 4, 6–14, and 16–20 of the '740 patent, in accordance with Grounds 1 and 2 in the Petition, is hereby instituted; and

FURTHER ORDERED that, pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4(b), *inter partes* review of the '740 patent will commence on the entry date of this Order, and notice is hereby given of the institution of a trial.



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Paper 25  
Date: June 18, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

SAND REVOLUTION II, LLC,  
Petitioner,

v.

CONTINENTAL INTERMODAL GROUP – TRUCKING LLC,  
Patent Owner.

---

IPR2019-01393  
Patent 8,944,740 B2

---

Before SCOTT C. WEIDENFELLER, *Vice Chief Administrative Patent Judge*, SCOTT C. MOORE, and RYAN H. FLAX, *Administrative Patent Judges*.

FLAX, *Administrative Patent Judge*.

SCHEDULING ORDER

**APPX0126**

IPR2019-01393

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## I. GENERAL INSTRUCTIONS

### 1. Initial Conference Call

The parties are directed to contact the Board within a month of this Order if there is a need to discuss proposed changes to this Scheduling Order or proposed motions that have not been authorized in this Order or other prior Order or Notice. *See* Office Patent Trial Practice Guide (Nov. 2019) (“Practice Guide”) (guidance in preparing for the initial conference call). A request for an initial conference call shall include a list of proposed motions, if any, to be discussed during the call.

### 2. Protective Order

No protective order shall apply to this proceeding unless the Board enters one (upon motion by the parties). If either party files a motion to seal before entry of a protective order, a jointly proposed protective order shall be filed as an exhibit with the motion. The Board encourages the parties to adopt the Board’s default protective order if they conclude that a protective order is necessary. *See* Practice Guide, App’x B (Default Protective Order). If the parties choose to propose a protective order deviating from the default protective order, they must submit the proposed protective order jointly along with a marked-up comparison of the proposed and default protective orders showing the differences between the two and explain why good cause exists to deviate from the default protective order.

The Board has a strong interest in the public availability of trial proceedings. Redactions to documents filed in this proceeding should be limited to the minimum amount necessary to protect confidential information, and the thrust of the underlying argument or evidence must be clearly discernible from the redacted versions. We also advise the parties

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that information subject to a protective order may become public if identified in a final written decision in this proceeding, and that a motion to expunge the information will not necessarily prevail over the public interest in maintaining a complete and understandable file history. *See* Practice Guide.

### 3. Discovery Disputes

The Board encourages parties to resolve disputes relating to discovery on their own. To the extent that a dispute arises between the parties relating to discovery, the parties must meet and confer to resolve such a dispute before contacting the Board. If attempts to resolve the dispute fail, a party may request a conference call with the Board.

### 4. Testimony

The parties are reminded that the Testimony Guidelines appended to the Trial Practice Guide, Appendix D, apply to this proceeding. The Board may impose an appropriate sanction for failure to adhere to the Testimony Guidelines. 37 C.F.R. § 42.12. For example, reasonable expenses and attorneys' fees incurred by any party may be levied on a person who impedes, delays, or frustrates the fair examination of a witness.

### 5. Cross-Examination

Except as the parties might otherwise agree, for each due date:

Cross-examination ordinarily takes place after any supplemental evidence is due. 37 C.F.R. § 42.53(d)(2).

Cross-examination ordinarily ends no later than a week before the filing date for any paper in which the cross-examination testimony is expected to be used. *Id.*

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6. Motion to Amend

Patent Owner may file a motion to amend without prior authorization from the Board. Nevertheless, Patent Owner must confer with the Board before filing such a motion. 37 C.F.R. § 42.121(a). To satisfy this requirement, Patent Owner should request a conference call with the Board *no later than two weeks prior* to DUE DATE 1. *See* Section B below regarding DUE DATES.

Patent Owner has the option to receive preliminary guidance from the Board on its motion to amend. *See Notice Regarding a New Pilot Program Concerning Motion to Amend Practice and Procedures in Trial Proceedings under the America Invents Act before the Patent Trial and Appeal Board*, 84 Fed. Reg. 9497 (Mar. 15, 2019) (“MTA Pilot Program Notice”). If Patent Owner elects to request preliminary guidance from the Board on its motion, it must do so in its motion to amend filed on DUE DATE 1.

Any motion to amend and briefing related to such a motion shall generally follow the practices and procedures described in MTA Pilot Program Notice unless otherwise ordered by the Board in this proceeding. The parties are further directed to the Board’s Guidance on Motions to Amend in view of *Aqua Products* (<https://go.usa.gov/xU6YV>), *Lectrosonics, Inc. v. Zaxcom, Inc.*, IPR2018-01129 (Paper 15) (PTAB Feb. 25, 2019) (precedential), and *L&P Property Mgmt. v. Remarco Machinery & Tech.*, IPR2019-00255 (PTAB June 18, 2019) (Paper 15).

As indicated in the MTA Pilot Program Notice, Patent Owner has the option at DUE DATE 3 to file a revised motion to amend (*instead* of a reply, as noted above) after receiving petitioner’s opposition to the original motion to amend and/or after receiving the Board’s preliminary guidance (if

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requested). A revised motion to amend must provide amendments, arguments, and/or evidence in a manner that is responsive to issues raised in the preliminary guidance and/or petitioner's opposition.

If Patent Owner files a revised motion to amend, the Board will enter a revised scheduling order setting the briefing schedule for that revised motion and adjusting other due dates as needed. *See* MTA Pilot Program Notice, App'x B 1B.

As also discussed in the MTA Pilot Program Notice, if the Board issues preliminary board guidance on the motion to amend and the Patent Owner does not file either a reply to the opposition to the motion to amend or a revised motion to amend at Due Date 3, Petitioner may file a reply to the Board's preliminary guidance, *no later than* three (3) weeks after Due Date 3. The reply may only respond to the preliminary guidance. Patent Owner may file a sur-reply in response to Petitioner's reply to the Board's preliminary guidance. The sur-reply may only respond to arguments made in the reply and must be filed *no later than* three (3) weeks after the Petitioner's reply. No new evidence may accompany the reply or the sur-reply in this situation.

#### 7. Oral Argument

Requests for oral argument must comply with 37 C.F.R. § 42.70(a). To permit the Board sufficient time to schedule the oral argument, the parties may not stipulate to an extension of the request for oral argument beyond the date set forth in the Due Date Appendix.

Unless the Board notifies the parties otherwise, oral argument, if requested, will be held at the USPTO headquarters in Alexandria (oral



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argument may also be required to be held remotely via video or telephonically).

The parties may request that the oral argument instead be held at one of the USPTO Regional Offices, if possible (however, again, remote participation may be required). The parties should meet and confer, and jointly propose the parties' preference at the initial conference call, if requested. Alternatively, the parties may jointly file a paper stating their preference for the hearing location within one month of this Order. Note that the Board may not be able to honor the parties' preference of hearing location due to, among other things, the availability of hearing room resources and the needs of the panel. The Board will consider the location request and notify the parties accordingly if a request for change in location is granted. Other accommodations may be made upon party request.

Seating in the Board's hearing rooms is limited and will be available on a first-come, first-served basis. If either party anticipates that more than five (5) individuals will attend the argument on its behalf, the party should notify the Board as soon as possible, and no later than the request for oral argument. Parties should note that the earlier a request for accommodation is made, the more likely the Board will be able to accommodate additional individuals.

## II. DUE DATES

This Order sets due dates for the parties to take action after institution of the proceeding. The parties may stipulate different dates for DUE DATES 1 through 3, 5, and 6 (earlier or later, but no later than DUE DATE 7). In stipulating to move any due dates in the scheduling order, the parties must be cognizant that the Board requires four weeks after the filing of an

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opposition to the motion to amend (or the due date for the opposition, if none is filed) for the Board to issue its preliminary guidance, if requested by Patent Owner. A notice of the stipulation, specifically identifying the changed due dates, must be promptly filed. The parties may not stipulate an extension of DUE DATES 4, 7, and 8.

In stipulating different times, the parties should consider the effect of the stipulation on times to object to evidence (37 C.F.R. § 42.64(b)(1)), to supplement evidence (§ 42.64(b)(2)), to conduct cross-examination (§ 42.53(d)(2)), and to draft papers depending on the evidence and cross-examination testimony.

#### 1. DUE DATE 1

Patent Owner may file—

a. a response to the petition (37 C.F.R. § 42.120). If Patent Owner elects not to file a response, Patent Owner must arrange a conference call with the parties and the Board. Patent Owner is cautioned that any arguments for patentability not raised in the response may be deemed waived.

b. a motion to amend the patent (37 C.F.R. § 42.121).

#### 2. DUE DATE 2

Petitioner may file a reply to the Patent Owner's response.

Petitioner may file an opposition to the motion to amend.

#### 3. DUE DATE 3

Patent Owner may file a sur-reply to Petitioner's reply.

Patent Owner may also file either:

a. a reply to the opposition to the motion to amend and preliminary board guidance (if provided); or

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b. a revised motion to amend.

4. DUE DATE 4

Either party may file a request for oral argument (may not be extended by stipulation).

5. DUE DATE 5

Petitioner may file a sur-reply to Patent Owner's reply to the opposition to the motion to amend.

Either party may file a motion to exclude evidence (37 C.F.R. § 42.64(c)).

6. DUE DATE 6

Either party may file an opposition to a motion to exclude evidence.

Either party may request that the Board hold a pre-hearing conference.

7. DUE DATE 7

Either party may file a reply to an opposition to a motion to exclude evidence (may not be extended by stipulation).

8. DUE DATE 8

The oral argument (if requested by either party) shall be held on this date (may not be extended by stipulation). Approximately one month prior to the argument, the Board will issue an order setting the start time of the hearing and the procedures that will govern the parties' arguments.

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## DUE DATE APPENDIX

- DUE DATE 1 ..... September 8, 2020  
 Patent Owner's response to the petition;  
 Patent Owner's motion to amend the patent
- DUE DATE 2 ..... December 1, 2020  
 Petitioner's reply to Patent Owner's response to petition;  
 Petitioner's opposition to motion to amend
- DUE DATE 3 ..... January 12, 2021  
 Patent Owner's sur-reply to reply;  
 Patent Owner's reply to opposition to motion to amend  
 (or Patent Owner's revised motion to amend)
- DUE DATE 4 ..... February 2, 2021  
 Request for oral argument (may not be extended by stipulation)
- DUE DATE 5 ..... February 23, 2021  
 Petitioner's sur-reply to reply to opposition to motion to amend;  
 Motion to exclude evidence
- DUE DATE 6 ..... March 2, 2021  
 Opposition to motion to exclude;  
 Request for prehearing conference
- DUE DATE 7 ..... March 9, 2021  
 Reply to opposition to motion to exclude (may not be extended by  
 stipulation)
- DUE DATE 8 ..... March 15, 2021  
 Oral argument (if requested; may not be extended by stipulation)

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<https://www.wsj.com/articles/this-is-what-it-looks-like-when-a-texas-oil-boom-busts-11594440031>



## BUSINESS

# This Is What It Looks Like When a Texas Oil Boom Busts

A year ago, the Permian Basin region was one of America's hottest labor markets, fueled by a fracking gold rush. Today, the oil field has all but shut down, and everyone is feeling the pain, from restaurant owners to landlords to barbers.

By [Rebecca Elliott](#) and [Christopher M. Matthews](#) / Photographs by Cengiz Yar for *The Wall Street Journal*

July 11, 2020 12:00 am ET

When an oil bust takes hold in West Texas, no one is spared: Drilling rigs collect dust, barber chairs sit empty, students drop out of school and lines swell at the food bank.

The collapse in the wake of the new coronavirus has been historically brutal. In a matter of weeks, global demand for oil shriveled by more than 20% this spring, as people hunkered indoors and stopped flying and driving. Oil prices crashed. A fracking industry



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that had pushed American production to a world-leading 13 million barrels a day went into full retreat. And the nation's hottest oilfield, the Permian Basin, all but shut down overnight.

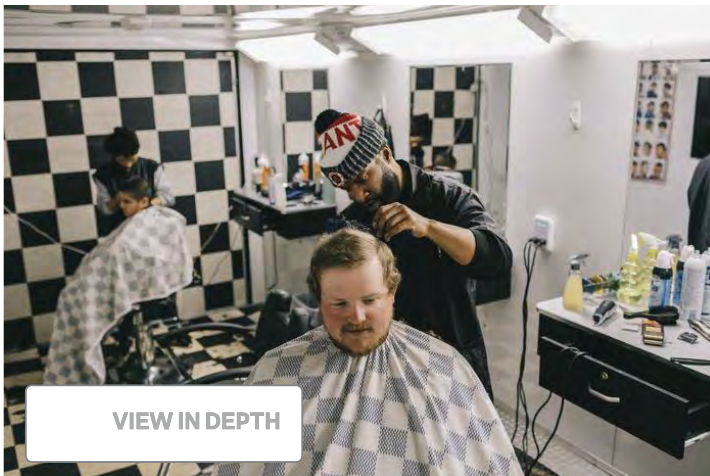


Workers cap off an oil well on the outskirts of Pecos, Texas, May 22, 2020.

Last year, The Wall Street Journal chronicled the boom in the Permian region, then one of the hottest labor markets in the country. At the time, construction there was soaring, hotels were charging rates rivaling those of New York City, barbers were earning up to \$180,000 a year and schools were scrambling to cope with housing costs that were surging along with oil output.

#### In This Oil Boom Town, Even a Barber Can Make \$180,000

WILLIAM WIDMER FOR THE WALL STREET JOURNAL



By the end of last year, that frenzy was slowing as investors withdrew from the oil patch after years of disappointing returns.

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Now, everyone from restaurant owners to ranchers is struggling to survive as oil companies pull back on drilling new wells and turn off existing ones that are uneconomical at current prices. By early July, there were just 125 rigs drilling for oil in the Permian, roughly one-third of the number at the end of last year, according to Baker Hughes Co.

This is what it looks like when an oil boom busts.

## Food Bank Lines and Empty BBQ Joints



Members of the Texas Army National Guard help load cars with boxes of food during a distribution at the Odessa Food Pantry in Odessa, Texas, in June.



Packing food boxes at the Odessa Food Pantry.

Abe Guerrero has been picking up food from the West Texas Food Bank since he was furloughed from his job two months ago as a safety manager for an oil field trucking company.

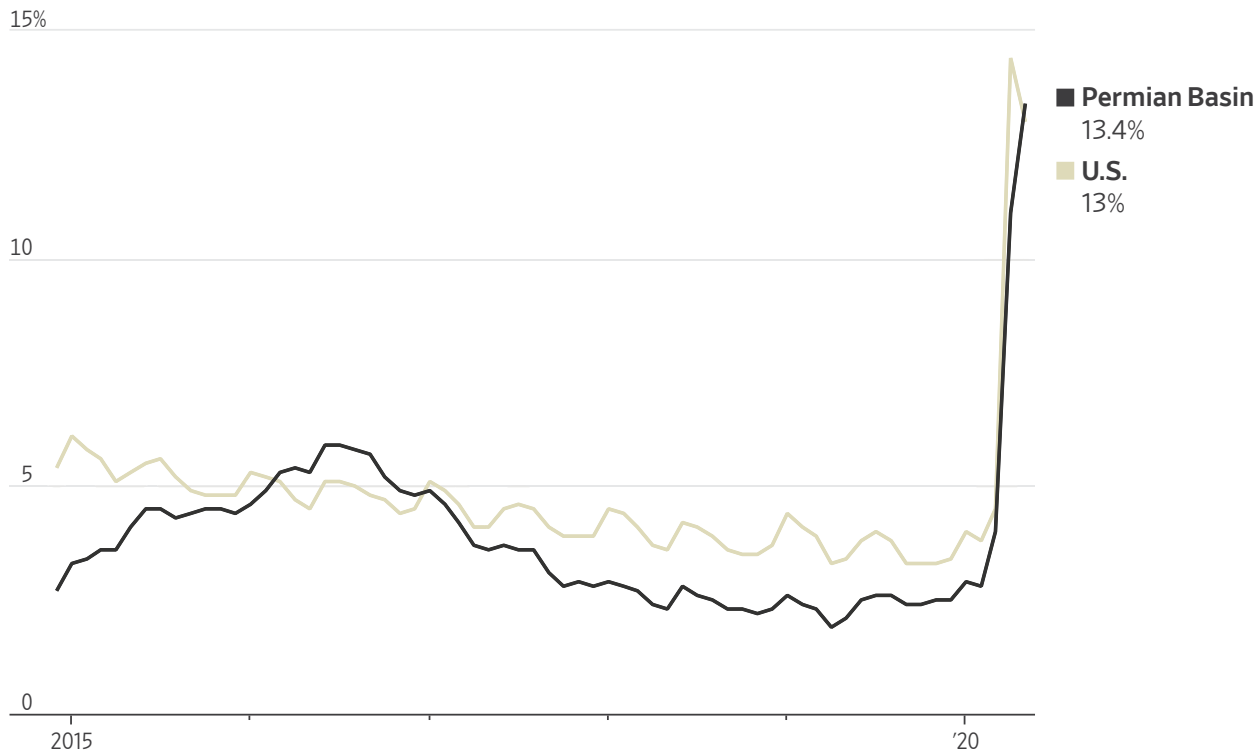
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This Is What It Looks Like When a Texas Oil Boom Busts WSJ

The company laid off all but 20 of its roughly 200 drivers. Overall, in the Permian Basin, unemployment soared to 13.4% in May, from 2.1% a year earlier, according to the Texas Workforce Commission.

### Unemployment rate



Notes: Not seasonally adjusted; through May  
Source: Texas Workforce Commission

The RV park where Mr. Guerrero lives with a friend cut rent from \$580 a month to \$480 after it lost 80% of its residents, but he says he still counts on the food bank.

“It’s a different way of life these days,” says Mr. Guerrero, 57, who recently waited in line to receive food in Odessa. “It’s like a third-world country.”

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Abe Guerrero and his dog, Toby, inside the trailer he shares with a friend in an RV park on the outskirts of Odessa.

The West Texas Food Bank has distributed nearly 900,000 pounds of food per month since March, up from about 550,000 pounds last year, according to Executive Director Libby Campbell. She says 74% of the households collecting food in April had never been to the food bank before.

“We know how to deal with hurricanes, fires, floods,” Ms. Campbell says. “With this, there’s no handbook. It’s going to be a long road, and we are nowhere near being done.”

Pody’s BBQ, a Pecos restaurant that was a mainstay for roughnecks when oil was booming, has lost 30% of its sales. It began shedding customers well before the bust, owner Israel Campos says. Drilling activity was already slowing last year as an oversupply of crude started to form.



Prepping for the next day’s service at Pody’s BBQ in Pecos, Texas.



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Source: U.S. Energy Information Administration

“You could see it coming,” Mr. Campos says. “Then the pandemic hit and that was even worse.”

Mr. Campos says many of his customers can no longer afford more expensive offerings such as brisket. Pody’s has shifted its menu to Mexican cuisine and burgers, less expensive fare.

## Mothballing Rigs

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Drilling equipment is stacked in Odessa.



Jime Valles, 36, moves equipment for oil rigs at Monahans Nipple Up Services in Monahans, Texas.

Matt Elliott realized U.S. oil production was about to fall early this year when he started to see drilling rigs sitting idle around Pecos. Then Saudi Arabia and Russia started a price war over market share in March, making the coronavirus oil crash worse.

“Within a matter of weeks, it was a whole new industry,” says Mr. Elliott, 32, the chief executive of White Shark Energy LLC, a service and equipment rental company.



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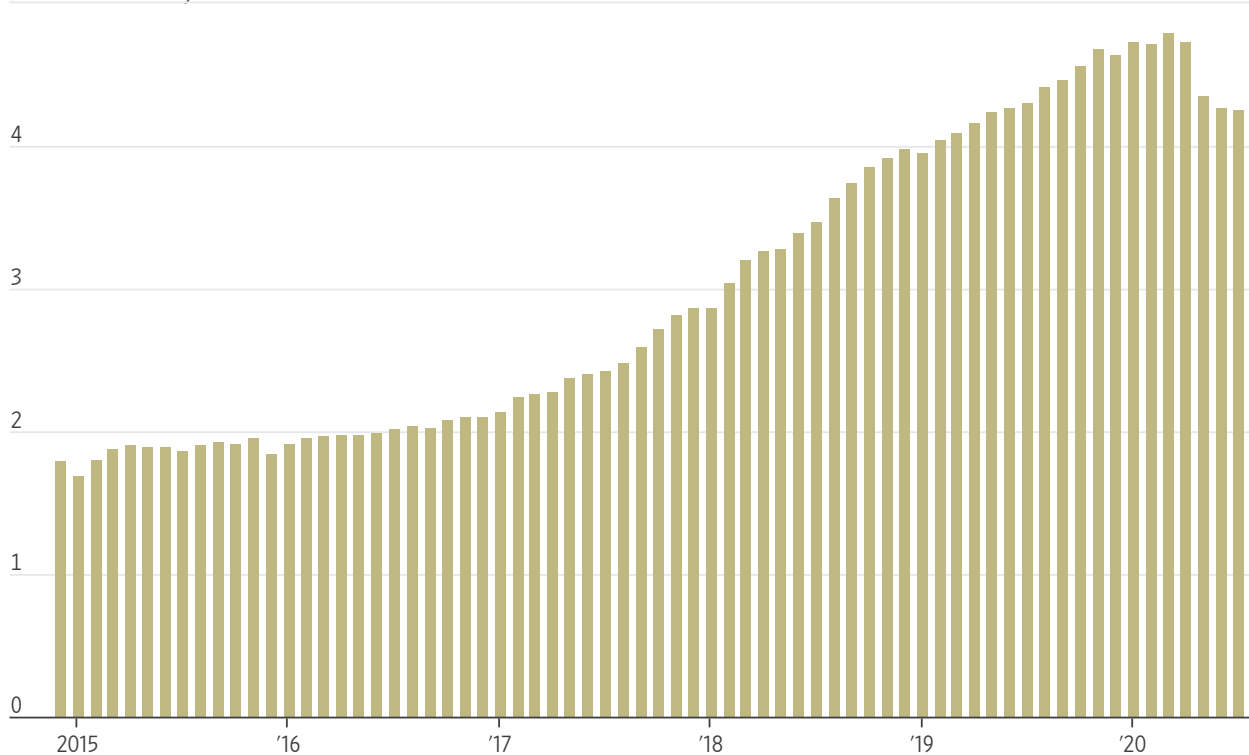


Matt Elliott, CEO of White Shark Energy, which specializes in rental equipment for the oil industry.

Work in the oil field all but dried up, so he and his employees busied themselves with equipment maintenance. He expects his company's revenue to be 50% to 70% below last year's.

### Oil production in the Permian Basin

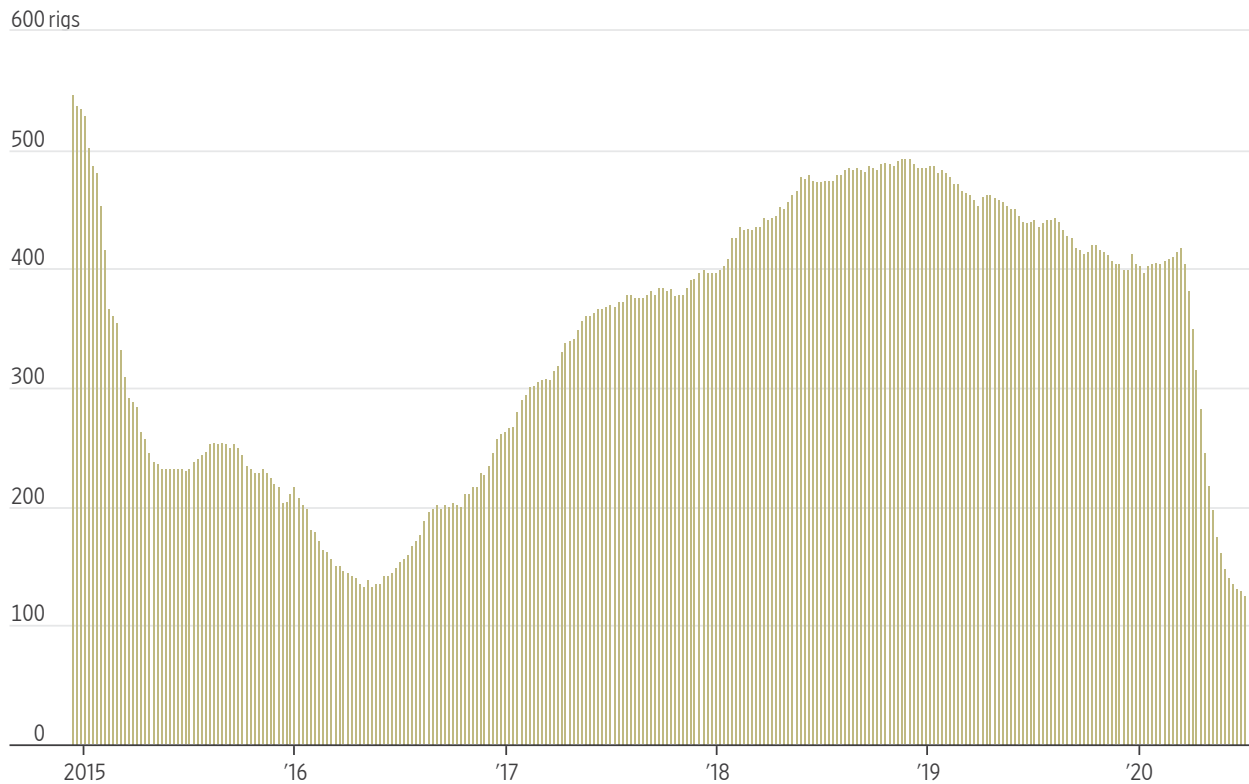
5 million barrels a day



Source: Energy Department

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**Number of drilling rigs in the Permian Basin**

Source: Baker Hughes

If there's a silver lining, it's that the crash may give towns such as Pecos time to build the infrastructure needed to support the influx of new residents and transient workers that the oil boom attracted, says Mr. Elliott, a Pecos native.

Pecos's population has soared nearly 20% since 2010 to about 10,000, according to the U.S. Census Bureau, and construction is underway on a new \$115 million hospital and a \$17 million recreation center.

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Work underway at an expansion project for the Reeves County Hospital District in Pecos. The new facility is scheduled for completion in 2021.



The future swimming pool at the Pecos Recreation Center.

“It provides our community time to regain our footing and make the changes that are needed,” he says.

## Vacant Barber Chairs

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Michael Davis cuts Hayden Lanbrano's hair at the newly reopened Headlines Barbershop in Odessa.

Last year, barbers working for Pete McGarity could make \$180,000 a year cutting hair near oil drilling sites across the Permian. Now, Mr. McGarity works the oil patch alone and sees a fraction of the customers.

"It's definitely a panic, man, there's a lot of people living off oil around here," he says.

Mr. McGarity and a team of three or four barbers used to work around the clock in his custom-built, mobile barbershop during the oil boom. Now, the roughnecks that would line up outside his trailer have all but disappeared, he says.

These days Mr. McGarity drives the shop alone to forgotten towns in the Chihuahuan Desert that lack barbers, to make up for lost oil customers. Where his team once cut as many as a hundred heads a day, Mr. McGarity says he might now see 20 customers.

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#### SHARE YOUR THOUGHTS

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*How has the pandemic affected your region specifically? Join the conversation below.*

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The closure of Headlines, his brick-and-mortar barbershop in Odessa made the pain worse. Initially closed due to quarantine measures, it wasn't able to reopen until June after a car crashed into the front of the shop.

Mr. McGarity hasn't had to lay off any employees yet, but says he'll only be able to use half of his barber chairs to maintain social distances and is worried customers might stay away.

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Still, he believes his shop will survive, having been through several oil busts since opening his Odessa store in 1998.

“If you look at history, oil will be back up,” he says. “What concerns me is how long it will take.”

## Lost Students



A camera providing a feed for a livestream records students walking to their seats during a graduation ceremony at Fort Stockton High School in Fort Stockton, Texas.



Guests watch the graduation ceremony at Fort Stockton High School.

In Fort Stockton, less than two hours southwest of Midland, the local school district was having to build duplexes for teachers to make the remote region more affordable for those not working in the oil field.



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Now, it has lost touch with roughly 10% of its student body since spring break, when the Lone Star State stopped in-person instruction due to the threat of the coronavirus. Typically, that figure is less than 1% in the district.

Fort Stockton administrators figure some of those students have moved away permanently, in some cases because their parents lost oilfield jobs.

“Whatever our school year looks like next year, it’s going to be a catching up,” says Robyn Derington, who until recently was Fort Stockton’s curriculum director.

Meanwhile, the school district still hopes the rental housing that it’s building for teachers will help lure prospective hires to the far-flung town. Homes in West Texas can be difficult to afford on a teacher’s salary and rentals scarce.



New houses under construction in Fort Stockton. The project is part of a plan to help attract new teachers to the area.

Despite the bust, home prices haven’t yet declined significantly. The typical home price in Midland was about \$265,000 in May, according to [Zillow Group Inc.](#)

“People are asking about it, so I think that’s a good thing,” says Fort Stockton school superintendent Ralph Traynham, adding that he expects the first units to be available this summer.

### **A Landlord Fears ‘Disaster’**



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The Best Western Swiss Clock Inn in Pecos. The hotel has 104 rooms and mainly serves people working in the oil industry. Staff say the hotel is at 40% capacity.

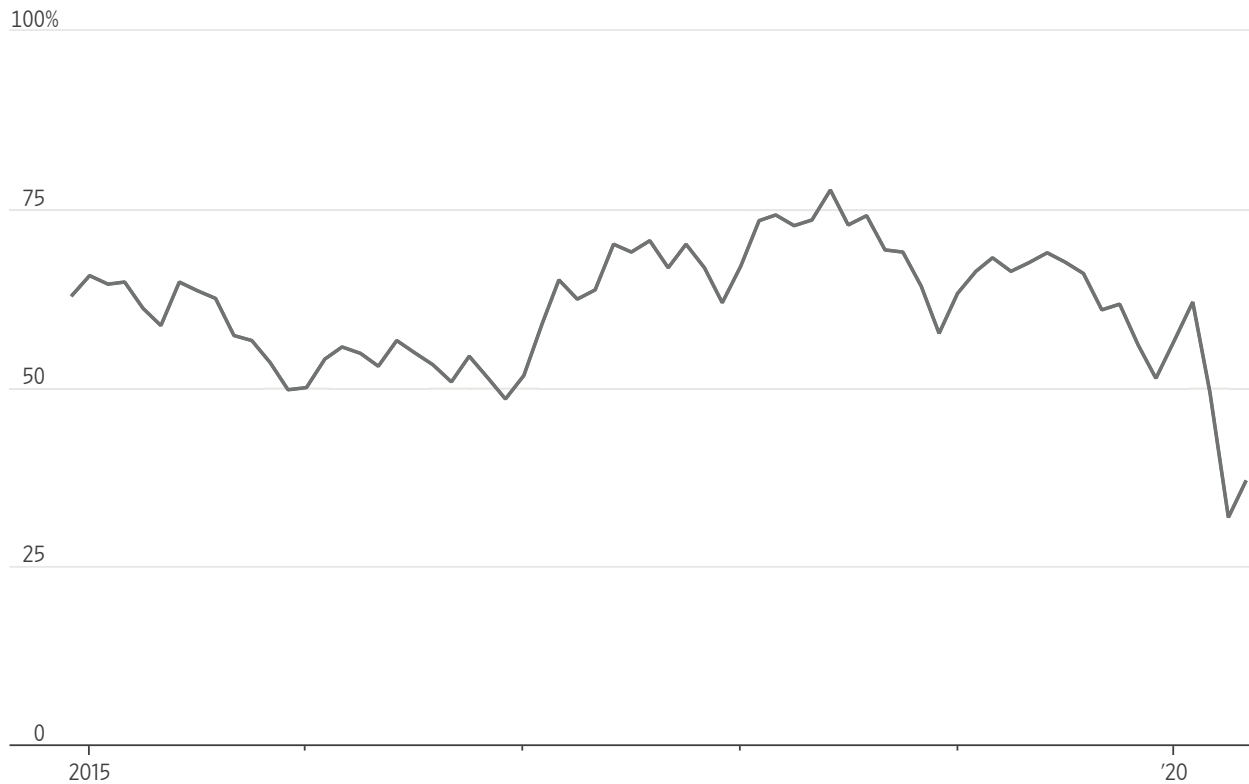
The boom spurred an explosion of temporary housing catering to oilfield workers, many of whom don't live locally. In Pecos, more than a dozen new hotels opened in the last decade, says Kurt Schlunegger, whose family owns two area hotels.

That construction surge made this spring's oil crash all the more painful. Hotel occupancy across the Permian plunged to 32% in April, less than half of year-ago levels and the lowest rate on record, according to hotel data tracker STR.

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This is what it looks like when a Texas oil boom busts - WSJ

**Hotel occupancy in the Permian Basin**

Source: STR

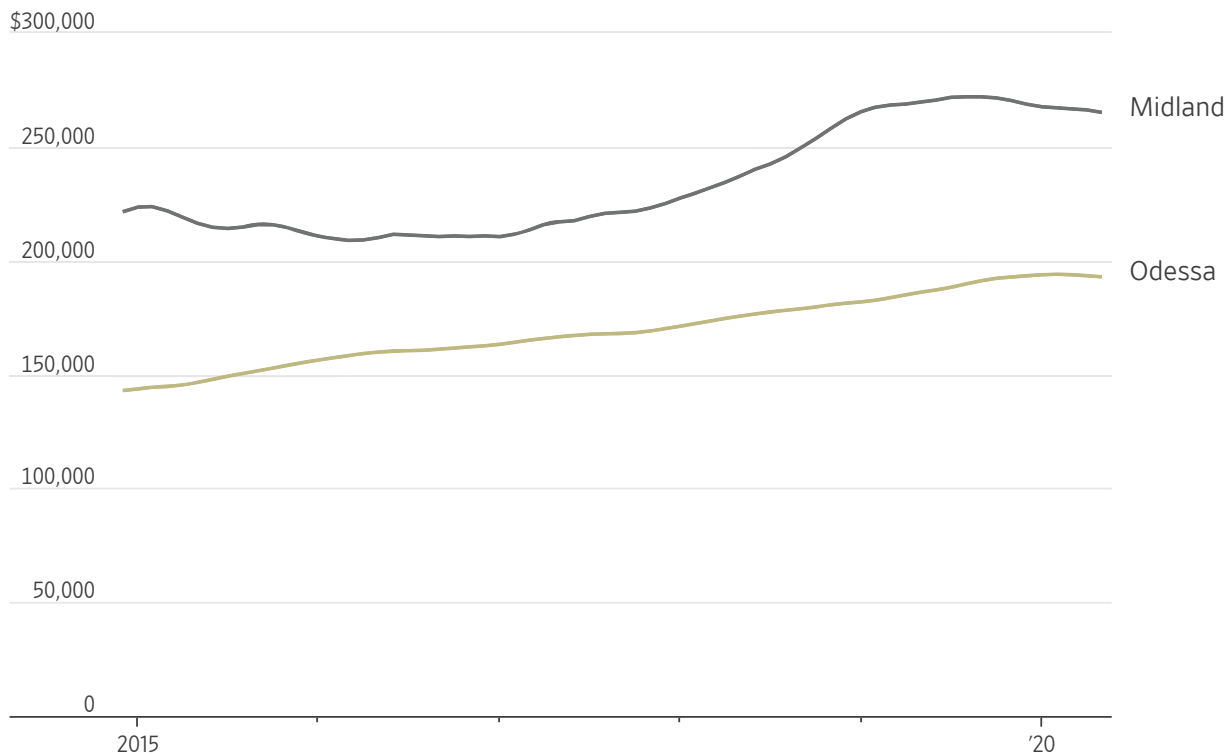
“People were building and opening right up until this Covid thing,” says Mr. Schlunegger, who saw occupancy at his properties fall below 20% over Memorial Day weekend.

He is optimistic about being able to recover, in part because neither of his hotels is mortgaged. But some competitors have already closed, he says.

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This is what it looks like when a Texas oil boom busts - WSJ

**Typical home value in select Texas cities in the Permian Basin**

Note: Weighted average price of the middle third of homes

Source: Zillow

About half an hour east, in the Monahans area, the apartments, trailers and RV parks that Henry Cutbirth and his brother own were still about 60% full in late June. But Mr. Cutbirth, 68, worries that demand could erode after federal assistance programs such as the Paycheck Protection Program expire, possibly leading to additional job losses.

“When that subsidy quits, this one is probably going to make ‘86 look like nothing. It’s going to be a disaster,” Mr. Cutbirth says, referring to the last major Texas oil bust.

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One of the Cutbirths' RV parks that sits along the highway in Monahans, Texas.



Steve Warren, 47, outside a trailer he shares with a coworker in Thorntonville, Texas.

Steve Warren, a 47-year-old electrician who services drilling rigs, lives in one of Mr. Cutbirth's RV parks two weeks out of every month.

"You come in and there's really hardly anybody to talk to," he says. "Almost like a ghost town, getting pretty close."

## Mailbox Money Goes Green

7/21/2020

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A solar field in West Texas.

Paul Weatherby's family has collected royalties from oil production on their Fort Stockton-area ranch for nearly a century.

Those checks have shrunk as large producers, including Exxon Mobil Corp. and Diamondback Energy Inc., have pulled drilling rigs from Mr. Weatherby's ranch. The 1,760-acre ranch has 11 producing wells. Exxon and Diamondback had planned to drill at least six additional wells between them, Mr. Weatherby says, but halted those plans for now.

"We love getting the mailbox money," Mr. Weatherby says. "Everybody's royalty checks have been minimal or nonexistent for a month or two, that's just the way it is."

But the Weatherby family, which collectively relies on the royalty payments to get by, has a new source of income: solar power. Mr. Weatherby signed a 30-year lease in 2018 for 600 of the ranch's acres with 7X Energy, which is building the largest solar field in Texas, a 602 megawatt project across 2,000 acres. Around 300 workers show up at the ranch every day to build the project.



7/21/2020

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Paul Weatherby checks a water pump near an oil facility on his land.



Mr. Weatherby at his home.

Mr. Weatherby, a retired rancher and sheriff, says his family's long-term bet is on solar. While the initial returns aren't as lucrative as an oil well, a 30-year solar lease is more dependable than what he sees as an oversaturated oil industry.

"We're not engineers, but from a redneck standpoint, it seems like they have too much competition," Mr. Weatherby says of oil companies. "Whenever you have a rig sitting there drilling well after well and Tom, Dick and Harry are drilling the same thing, you get nervous."

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**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND/ODESSA DIVISION**

CONTINENTAL INTERMODAL	)	
GROUP – TRUCKING LLC	)	
	)	
Plaintiff,	)	
	)	Case No. 7:18-cv-00147-ADA
v.	)	
	)	
SAND REVOLUTION LLC,	)	
SAND REVOLUTION II, LLC	)	
	)	
Defendants.	)	

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**ORDER AMENDING SCHEDULING ORDER**

The scheduling modifications provided by the parties in the Joint Motion to Amend The Scheduling Order (Dkt. 102), filed July 9, 2020, are adopted by the Court. Therefore, the following dates are extended as follows:

Event	Current Date	Extended Date
Close of Fact Discovery	July 24, 2020 (Fri)	October 16, 2020 (Fri)
File Designation of Expert Witnesses (issues on which a party has the burden of proof) Serve Opening Expert Reports (issues on which a party has the burden of proof)	July 31, 2020 (Fri)	October 16, 2020 (Fri)
File Designation of Rebuttal Expert Witnesses Serve Rebuttal Expert Reports	September 4, 2020 (Fri)	November 20, 2020 (Fri)
Close of Expert Discovery	October 2, 2020 (Fri)	December 18, 2020 (Fri)
Deadline to meet and confer to discuss narrowing the	October 6, 2020 (Tues)	December 23, 2020 (Fri)

Event	Current Date	Extended Date
number of claims asserted and prior art references at issue. The parties shall file a report within 5 business days regarding the results of the meet and confer.		
Dispositive and Daubert Motions	October 30, 2020 (Fri)	January 22, 2021 (Fri)
Serve Pretrial Disclosures (jury instructions, exhibit lists, witness lists, designations)	October 30, 2020 (Fri)	January 29, 2021 (Fri)
Serve objections to pretrial disclosures/rebuttal disclosures	November 13, 2020 (Fri)	February 12, 2021 (Fri)
Serve objections to rebuttal disclosures and File Motion <i>in limine</i>	December 4, 2020 (Fri) (avoid T-day week)	February 26, 2021 (Fri)
Responses to Dispositive and Daubert Motions	December 4, 2020 (Fri)	February 19, 2021 (Fri)
File Joint Pretrial Order and Pretrial Submissions (jury instructions, exhibit lists, witness lists, designations); file oppositions to motions <i>in limine</i>	December 17, 2020 (Thurs)	March 12, 2021 (Thurs)
Deadline to meet and confer regarding remaining objections and disputes on motions <i>in limine</i>	December 23, 2020 (Wed) (avoid Christmas eve)	March 12, 2021 (Fri)
Replies in Support of Dispositive and Daubert Motions	December 18, 2020 (Fri)	March 5, 2021 (Fri)
File Joint Notice identifying remaining objections to pretrial disclosures and	January 8, 2021 (Fri)	March 19, 2021 (Fri)

Event	Current Date	Extended Date
disputes on motions <i>in limine</i>		
Final Pretrial Conference	January 13, 2021 (Wed)	March 24, 2021 (Fri)
Jury Selection/Trial	February 8, 2020 (or as available)	April 12, 2021 (or as available)

It is so **ORDERED**.

SIGNED this 12th day of July 2020.

  
ALAN D ALBRIGHT  
UNITED STATES DISTRICT JUDGE

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND/ODESSA DIVISION**

CONTINENTAL INTERMODAL	)	
GROUP – TRUCKING LLC	)	
	)	
Plaintiff,	)	
	)	Case No. 7:18-cv-00147-DC
v.	)	
	)	
SAND REVOLUTION LLC,	)	
SAND REVOLUTION II, LLC	)	
	)	
Defendants.	)	

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**[PROPOSED] ORDER AMENDING SCHEDULING ORDER**

The scheduling modifications provided by the parties in the Joint Motion to Amend the Scheduling Order (Dkt. No. 100), filed April 27, 2020, are adopted by the Court. Therefore, the dates are extended as follows:

Event	Current Date	Extended Date
Close of Fact Discovery	May 1, 2020 (Fri)	July 24, 2020 (Fri)
File Designation of Expert Witnesses (issues on which a party has the burden of proof) Serve Opening Expert Reports (issues on which a party has the burden of proof)	May 15, 2020 (Fri)	July 31, 2020 (Fri)
File Designation of Rebuttal Expert Witnesses Serve Rebuttal Expert Reports	June 19, 2020 (Fri)	September 4, 2020 (Fri)
Close of Expert Discovery	July 17, 2020 (Fri)	October 2, 2020 (Fri)
Deadline to meet and confer to discuss narrowing the number of claims asserted and prior art references at issue. The parties shall file a report within 5 business days regarding the results of the meet and confer.	July 21, 2020 (Tues)	October 6, 2020 (Tues)
Dispositive and Daubert Motions	August 14, 2020 (Fri)	October 30, 2020 (Fri)

Event	Current Date	Extended Date
Serve Pretrial Disclosures (jury instructions, exhibit lists, witness lists, designations)	August 14, 2020 (Fri)	October 30, 2020 (Fri)
Serve objections to pretrial disclosures/rebuttal disclosures	August 28, 2020 (Fri)	November 13, 2020 (Fri)
Serve objections to rebuttal disclosures and File Motion <i>in limine</i>	September 11, 2020 (Fri)	December 4, 2020 (Fri)
Responses to Dispositive and Daubert Motions	September 11, 2020 (Fri)	December 4, 2020 (Fri)
File Joint Pretrial Order and Pretrial Submissions (jury instructions, exhibit lists, witness lists, designations); file oppositions to motions <i>in limine</i>	September 24, 2020 (Thurs)	December 17, 2020 (Thurs)
Deadline to meet and confer regarding remaining objections and disputes on motions <i>in limine</i>	October 1, 2020 (Thurs)	December 23, 2020 (Wed)
Replies in Support of Dispositive and Daubert Motions	September 25, 2020 (Fri)	December 18, 2020 (Fri)
File Joint Notice identifying remaining objections to pretrial disclosures and disputes on motions <i>in limine</i>	October 13, 2020 (Tues)	January 8, 2021 (Fri)
Final Pretrial Conference	October 15, 2020 (Thurs)	January 13, 2021 (Wed)
Jury Selection/Trial	November 9, 2020 (or as available)	February 8, 2021 (or as available)

It is so **ORDERED**.

SIGNED this 28 day of April, 2020.

  
 ALAN D. ALBRIGHT  
 UNITED STATES DISTRICT JUDGE

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND/ODESSA DIVISION**

CONTINENTAL INTERMODAL	)	
GROUP – TRUCKING LLC	)	
	)	
Plaintiff,	)	
	)	Case No. 7:18-cv-00147-ADA
v.	)	
	)	
SAND REVOLUTION LLC,	)	
SAND REVOLUTION II, LLC	)	
	)	
Defendants.	)	

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**ORDER AMENDING SCHEDULING ORDER**

The scheduling modifications provided by the parties in the Joint Motion to Amend the Scheduling Order (Dkt. No. 94), filed March 18, 2020, are adopted by the Court. Therefore, the following dates are extended as follows:

Event	Current Date	Extended Date
Close of Fact Discovery	March 20, 2020 (Fri)	May 1, 2020 (Fri)
File Designation of Expert Witnesses (issues on which a party has the burden of proof) Serve Opening Expert Reports (issues on which a party has the burden of proof)	April 3, 2020 (Fri)	May 15, 2020 (Fri)
File Designation of Rebuttal Expert Witnesses Serve Rebuttal Expert Reports	May 8, 2020 (Fri)	June 19, 2020 (Fri)
Close of Expert Discovery	June 5, 2020 (Fri)	July 17, 2020 (Fri)
Deadline to meet and confer to discuss narrowing the number of claims asserted and prior art references at issue. The parties shall file a report within 5 business days regarding the results of the meet and confer.	June 9, 2020 (Tuesday)	July 21, 2020 (Tues)



Event	Current Date	Extended Date
Dispositive and Daubert Motions	July 2, 2020 (Thurs)	August 14, 2020 (Fri)
Serve Pretrial Disclosures (jury instructions, exhibit lists, witness lists, designations)	July 2, 2020 (Thurs)	August 14, 2020 (Fri)
Serve objections to pretrial disclosures/rebuttal disclosures	July 17, 2020 (Fri)	August 28, 2020 (Fri)
Serve objections to rebuttal disclosures and File Motion <i>in limine</i>	July 31, 2020 (Fri)	September 11, 2020 (Fri)
Responses to Dispositive and Daubert Motions	July 31, 2020 (Fri)	September 11, 2020 (Fri)
File Joint Pretrial Order and Pretrial Submissions (jury instructions, exhibit lists, witness lists, designations); file oppositions to motions <i>in limine</i>	August 13, 2020 (Thurs)	September 24, 2020 (Thurs)
Deadline to meet and confer regarding remaining objections and disputes on motions <i>in limine</i>	August 20, 2020 (Thurs)	October 1, 2020 (Thurs)
Replies in Support of Dispositive and Daubert Motions	August 14, 2020 (Fri)	September 25, 2020 (Fri)
File Joint Notice identifying remaining objections to pretrial disclosures and disputes on motions <i>in limine</i>	September 1, 2020 (Tues)	October 13, 2020 (Tues)
Final Pretrial Conference	September 3, 2020 (Thurs)	October 15, 2020 (Thurs)
Jury Selection/Trial	September 28, 2020 (or as available)	November 9, 2020 (or as available)

It is so **ORDERED**.

SIGNED this 20 day of March, 2020.

  
 ALAN D. ALBRIGHT  
 UNITED STATES DISTRICT JUDGE

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND/ODESSA DIVISION**

CONTINENTAL INTERMODAL	)	
GROUP – TRUCKING LLC	)	
	)	
Plaintiff,	)	
	)	
v.	)	Case No. 7:18-cv-147 ADA
	)	
SAND REVOLUTION LLC,	)	
SAND REVOLUTION II, LLC	)	
	)	
Defendants.	)	

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**ORDER AMENDING SCHEDULING ORDER**

The scheduling modifications provided by the parties in the Joint Motion to Amend Scheduling Order Deadlines (Dkt. 86), filed February 19, 2020, are adopted by the Court. Therefore, the following dates are extended as follows:

Event	Current SO Date	Extended Date
Close of Fact Discovery	February 24, 2020	March 20, 2020 (Fri)
File Designation of Expert Witnesses (issues on which a party has the burden of proof) Serve Opening Expert Reports (issues on which a party has the burden of proof)	March 2, 2020	April 3, 2020 (Fri)
File Designation of Rebuttal Expert Witnesses Serve Rebuttal Expert Reports	March 30, 2020	May 8, 2020 (Fri)
Close of Expert Discovery	April 17, 2020	June 5, 2020 (Fri)
Deadline to meet and confer to discuss narrowing the number of claims asserted and prior art references at issue. The parties shall file a report	April 24, 2020	June 9, 2020 (Tuesday)

Event	Current SO Date	Extended Date
within 5 business days regarding the results of the meet and confer.		
Dispositive and Daubert Motions	May 4, 2020	July 2, 2020 (Thurs)
Serve Pretrial Disclosures (jury instructions, exhibit lists, witness lists, designations)	May 15, 2020	July 2, 2020 (Thurs)
Serve objections to pretrial disclosures/rebuttal disclosures	May 29, 2020	July 17, 2020 (Fri)
Serve objections to rebuttal disclosures and File Motion <i>in limine</i>	June 5, 2020	July 31, 2020 (Fri)
Responses to Dispositive and Daubert Motions	June 8, 2020	July 31, 2020 (Fri)
File Joint Pretrial Order and Pretrial Submissions (jury instructions, exhibit lists, witness lists, designations); file oppositions to motions <i>in limine</i>	June 12, 2020	August 13, 2020 (Thurs)
Deadline to meet and confer regarding remaining objections and disputes on motions <i>in limine</i>	June 19, 2020	August 20, 2020 (Thurs)
Replies in Support of Dispositive and Daubert Motions	June 22, 2020	August 14, 2020 (Fri)
File Joint Notice identifying remaining objections to pretrial disclosures and disputes on motions <i>in limine</i>	June 30, 2020	September 1, 2020 (Tues)
Final Pretrial Conference	July 3, 2020	September 3, 2020 (Thurs)
Jury Selection/Trial	July 20, 2020 (or as available)	September 28, 2020 (or as available)

It is so **ORDERED**.

SIGNED this 20th day of February 2020.

A handwritten signature in black ink, appearing to read "Alan D. Albright", is written over a horizontal line.

ALAN D. ALBRIGHT  
UNITED STATES DISTRICT JUDGE

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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND-ODESSA DIVISION

CONTINENTAL INTERMODAL  
GROUP-TRUCKING LLC

vs.

SAND REVOLUTION LLC, SAND  
REVOLUTION II LLC


§  
§  
§  
§  
§

NO: MO:18-CV-00147-ADA

**ORDER**

The Court hereby sets and directs the parties, or counsel acting on their behalf, to appear by phone for a telephone conference on January 17, 2020 at 02:00 PM . Please call (866) 434-5269 with access code 9678090 to be included in the hearing.

**SIGNED** on 16th day of January, 2020.

  
ALAN D ALBRIGHT  
UNITED STATES DISTRICT JUDGE

**APPX0165**

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND/ODESSA DIVISION**

CONTINENTAL INTERMODAL	)	
GROUP – TRUCKING LLC	)	
	)	
Plaintiff,	)	
	)	Case No. 7:18-cv-147 ADA
v.	)	
	)	
SAND REVOLUTION LLC,	)	
SAND REVOLUTION II, LLC	)	
	)	
Defendants.	)	

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**ORDER AMENDING SCHEDULING ORDER**

The scheduling modifications provided by the parties in the Joint Motion to Amend Scheduling Order Deadlines (Dkt. 79), filed January 6, 2020, are adopted by the Court. Therefore, the following dates are extended as follows:


Event	Current SO Date	Proposed Date
Close of Fact Discovery	November 29, 2019 (24 weeks after MM)	February 24, 2020
File Designation of Expert Witnesses (issue on which party has the burden of proof) Serve Opening Expert Reports (issues on which party has the burden of proof)	December 6, 2019 (25 weeks after MM)	March 2, 2020
File Designation of Rebuttal Expert Witnesses Serve Rebuttal Expert Reports	January 3, 2020 (29 weeks after MM)	March 30, 2020
Close of Expert Discovery	January 24, 2020 (32 weeks after MM)	April 17, 2020
Deadline to meet and confer to discuss narrowing the number of claims asserted and prior art references at issue. The parties shall file a report within 5 business days	January 31, 2020 (33 weeks after MM)	April 24, 2020



regarding the results of the meet and confer.		
Dispositive and Daubert Motions	February 7, 2020 (34 weeks after MM)	May 4, 2020
Serve Pretrial Disclosures (jury instructions, exhibits lists, witness lists, designations)	February 21, 2020 (36 weeks after MM)	May 15, 2020
Serve objections to pretrial disclosures/rebuttal disclosures	March 6, 2020 (38 weeks after MM)	May 29, 2020
Serve objections to rebuttal disclosures and File Motions <i>in limine</i>	March 13, 2020 (39 weeks after MM)	June 5, 2020
Responses to Dispositive and Daubert Motions	March 13, 2020	June 8, 2020
File Joint Pretrial Order and Pretrial Submissions (jury instructions, exhibits lists, witness lists, designations); file oppositions to motions <i>in limine</i>	March 20, 2020 (40 weeks after MM)	June 12, 2020
Deadline to meet and confer regarding remaining objections and disputes on motions <i>in limine</i>	March 27, 2020 (41 weeks after MM)	June 19, 2020
Replies in Support of Dispositive and Daubert Motions	March 27, 2020	June 22, 2020
File joint notice identifying remaining objections to pretrial disclosures and disputes on motions <i>in limine</i> .	April 7, 2020 (3 business days before Final Pretrial Conference)	June 30, 2020
Final Pretrial Conference	April 10, 2020 (43 weeks after MM)	July 3, 2020
Jury Selection/Trial	April 27, 2020	July 20, 2020 (or as available)

It is so **ORDERED**.

SIGNED this 7th day of January 2020.

  
 ALAN D. ALBRIGHT  
 UNITED STATES DISTRICT JUDGE

Case 7:18-cv-00147-ADA Document 67 Filed 06/24/19 Page 1 of 2

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS

WACO DIVISION

CONTINENTAL INTERMODAL  
GROUP-TRUCKING LLC  
*Plaintiff*

v.

SAND REVOLUTION LLC,  
SAND REVOLUTION II LLC  
*Defendant*

§  
§  
§  
§  
§  
§  
§  
§

CIVIL NO. 7:18-CV-00147-ADA

**MARKMAN CONSTRUCTION ORDER**

The Court enters the following claim constructions following briefing and a hearing that was conducted on June 14, 2019. During that hearing, the Court informed the Parties of the constructions it intended to provide. This Order does not alter any of those constructions.

**Term 1: “integrated actuating system”**

The Court finds that the proper construction for “integrated actuating system” is the plain and ordinary meaning that a person of ordinary skill in the art would ascribe to it. Giving a term its plain and ordinary meaning does not leave the term devoid of any meaning whatsoever. Instead, “the ‘ordinary meaning’ of a claim term is its meaning to the ordinary artisan after reading the entire patent.” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1321 (Fed. Cir. 2005).

**Term 2: “reconfigurable” (Claims 1, 13, and 19)**

The Court finds that the proper construction for “reconfigurable” is the plain and ordinary meaning that a person of ordinary skill in the art would ascribe to it.

**Term 3: “module”**

The Court finds that the proper construction for “module” is the plain and ordinary meaning that a person of ordinary skill in the art would ascribe to it.

**Term 4: “mobile”**

The Court finds that the proper construction for “module” is the plain and ordinary meaning that a person of ordinary skill in the art would ascribe to it.

SIGNED this 24th day of June 2019.



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ALAN D ALBRIGHT  
UNITED STATES DISTRICT JUDGE

Case 7:18-cv-00147-ADA Document 65 Filed 06/05/19 Page 1 of 3

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND/ODESSA DIVISION

CONTINENTAL INTERMODAL  
GROUP – TRUCKING LLC

Plaintiff,

v.

SAND REVOLUTION LLC,  
SAND REVOLUTION II, LLC

Defendants.

Case No. 7:18-cv-147 ADA

**FILED**  
JUN 05 2019  
CLERK, U.S. DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
BY *[Signature]* DEPUTY

**PROPOSED ORDER AMENDING SCHEDULING ORDER**

The scheduling modifications provided by the parties in the Joint Motion to Amend Scheduling Order Deadlines (Dkt. 62), filed May 28, 2019, are adopted by the Court. Therefore, the following dates are extended as follows:

Event	Current SO Date	Extended Date
Joint Claim Construction and Prehearing Statement (MPLR 4-3)	March 1, 2019	
Completion of Claim Construction Discovery (MPLR 4-4)	March 22, 2019	
Opening Claim Construction Briefs (MPLR 4-5)	March 29, 2019	
Responsive Claim Construction Briefs (MPLR 4-5)	April 12, 2019	
Claim Construction Hearing	May 10, 2019 1:30 PM	June 14, 2019
Court's Claim Construction Ruling NOTE: If the Court issues the Claim Construction Ruling at a later date, the parties may seek	May 31, 2019	July 5, 2019



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amendment of the remaining dates in the Scheduling Order		
Deadline to add parties		July 26, 2019 (6 weeks after MM)
Final Infringement Contentions Advice of Counsel Disclosures (MPLR 3-7)	June 28, 2019	August 9, 2019 (8 weeks after MM)
Final Invalidity Contentions	July 26, 2019	August 9, 2019 (8 weeks after MM)
Deadline to amend pleadings. A motion is not required unless the amendment adds patents or claims.		September 6, 2019 (12 weeks after MM)
Close of Fact Discovery	August 9, 2019	November 29, 2019 (24 weeks after MM)
File Designation of Expert Witnesses (issue on which party has the burden of proof) Serve Opening Expert Reports (issues on which party has the burden of proof)	August 16, 2019	December 6, 2019 (25 weeks after MM)
File Designation of Rebuttal Expert Witnesses Serve Rebuttal Expert Reports	September 13, 2019	January 3, 2020 (29 weeks after MM)
Close of Expert Discovery	October 4, 2019	January 24, 2020 (32 weeks after MM)
Deadline to meet and confer to discuss narrowing the number of claims asserted and prior art references at issue. The parties shall file a report within 5 business days regarding the results of the meet and confer.		January 31, 2020 (33 weeks after MM)
Dispositive and Daubert Motions	November 1, 2019	February 7, 2020 (34 weeks after MM)

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Serve Pretrial Disclosures (jury instructions, exhibits lists, witness lists, designations)		February 21, 2020 (36 weeks after MM)
Serve objections to pretrial disclosures/rebuttal disclosures		March 6, 2020 (38 weeks after MM)
Serve objections to rebuttal disclosures and File Motions <i>in limine</i>		March 13, 2020 (39 weeks after MM)
Responses to Dispositive and Daubert Motions	December 6, 2019	March 13, 2020
File Joint Pretrial Order and Pretrial Submissions (jury instructions, exhibits lists, witness lists, designations); file oppositions to motions <i>in limine</i>		March 20, 2020 (40 weeks after MM)
Deadline to meet and confer regarding remaining objections and disputes on motions <i>in limine</i>		March 27, 2020 (41 weeks after MM)
Replies in Support of Dispositive and Daubert Motions	December 20, 2019	March 27, 2020
File joint notice identifying remaining objections to pretrial disclosures and disputes on motions <i>in limine</i> .		April 7, 2020 (3 business days before Final Pretrial Conference)
Final Pretrial Conference		April 10, 2020 (43 weeks after MM)
Jury Selection/Trial	March 2, 2020	<del>May 8, 2020 (47 weeks after MM)</del> April 27, 2020

It is so ORDERED.

SIGNED this 30 day of May 2019.

  
 ALAN D. ALBRIGHT  
 UNITED STATES DISTRICT JUDGE



**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND/ODESSA DIVISION**

CONTINENTAL INTERMODAL GROUP – §  
TRUCKING LLC, §

Plaintiff, §

v. §

Case No. MO:18-CV-00147-DC

SAND REVOLUTION LLC, §  
SAND REVOLUTION II, LLC, §

Defendants. §

**SCHEDULING ORDER**

The scheduling recommendations provided by the parties on October 19, 2018 (Doc. 34) are adopted by the Court. Therefore, the following dates are entered to control the course of this case:

**MATTERS TO BE ADDRESSED UNDER RULE 26(f)(3)**

**A. Initial Disclosures**

The parties exchanged initial disclosures pursuant to Rule 26(a) on October 16, 2018.

**B. Scope of Discovery**

This is a patent infringement action in which CIG has alleged that Sand Revolution directly and indirectly infringes U.S. Patent No. 8,944,740 (the “‘740 Patent”) literally and/or under the doctrine of equivalents by or through making, selling, using, and/or offering for sale a mobile proppant handling system. As such, CIG anticipates that discovery will be needed on the following subjects, among others:

1. The design, development, functionality, and operation of Sand Revolution’s accused system, including the implicated components of the accused system.
2. Sand Revolution’s financial information relevant to the accused system, including sales, revenue, costs, profits, and forecasts regarding the same.
3. Sand Revolution’s marketing information relevant to the accused system, including manuals, instructions, advertising, market studies, and surveys.
4. Facts concerning the use of Sand Revolution’s accused system, including agreements with third parties.
5. Sand Revolution’s knowledge of the ‘740 Patent and the technology disclosed therein.
6. Sand Revolution’s communications (internally and with third parties) concerning the ‘740 Patent and accused system.
7. Sand Revolution’s defenses and counterclaims, including any prior art asserted.
8. The level of ordinary skill in the art.

9. The construction of claim terms in the '740 Patent.
10. Facts sufficient to establish a reasonable royalty concerning the '740 Patent.

Sand Revolution anticipates that discovery will be needed on the following subjects, among others:

1. The conception and reduction to practice of the subject matter of the '740 Patent.
2. CIG's claims as set forth in the Complaint.
3. The level of ordinary skill in the art.
4. The construction of claim terms in the '740 Patent.
5. Facts supporting the calculation of a reasonable royalty or lost profits concerning the '740 Patent.
6. Products manufactured and sold by CIG or CIG's competitors, if any, that allegedly practice any claims of the '740 Patent.
7. CIG's practices for marking products it claims are covered by the '740 Patent, if any.
8. CIG's financial information related to products it claims are covered by the '740 Patent, if any, or that are relevant to calculating damages.
9. CIG's communications (internally and with third parties) concerning the '740 Patent.
10. CIG's communications (internally and with third parties) concerning Sand Revolution.
11. Prior art of which CIG is aware.

Nothing in the Joint Report should be understood to constitute a waiver of any objections to discovery, including objections to the relevance of documents or information that may fall within categories listed in this Joint Report, including objections to the categories themselves.

The parties have set out a detailed proposal for discovery dates and issues at the end of this document.

#### **C. Electronically Stored Information**

The parties are in discussions regarding, and anticipate agreeing to, a stipulation regarding the discovery of electronically stored information, including email communications, and protocols governing the production of the same.

#### **D. Protective Order and Privilege/Work Product**

The parties are in discussions regarding, and anticipate filing, a stipulated protective order. In the meantime, the parties agree that any documents produced prior to the entry of such a protective order will be treated as "Confidential – Attorneys' Eyes Only," and access to such documents shall be restricted to counsel of record for the parties in this action. As a result, the parties agree that the lack of a court-ordered protective order is not a basis to withhold documents responsive to a discovery request. The

parties agree to work in good faith to appropriately re-designate such documents, if necessary, after the entry of a protective order. The parties are also in discussions regarding the exchange of privilege logs.

**E. Limitations on Discovery**

The parties agree that the Federal Rules of Civil Procedure, this Court's Local Rules, and where applicable and as noted below, the Federal Circuit Bar Association's Model Patent Local Rules, shall govern discovery.

**F. Other necessary orders under Rule 26(c) or Rule 16(b) and (c)**

None at this time.

**SCHEDULING ORDER**

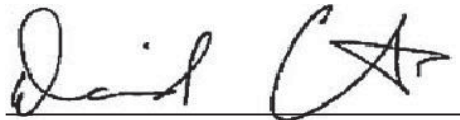
Activity	Deadline
<p>Disclosure of Asserted Claims and Initial Infringement Contentions, and Document Production Accompanying Disclosure (MPLR 3-2 and 3-2)</p> <p>NOTE: Contentions may be amended by order of the Court upon a showing of good cause. Nonexhaustive examples of circumstances that may, absent undue prejudice to the nonmoving party, support a finding of good cause include the recent discovery of nonpublic information about the accused product(s) and a good faith belief that the Court's claim construction necessitates amendment</p>	November 9, 2018
<p>Invalidity Contentions and Document Production Accompanying Invalidity Contentions (MPLR 3-3 and 3-4)</p> <p>NOTE: Contentions may be amended by order of the Court upon a showing of good cause. Nonexhaustive examples of circumstances that may, absent undue prejudice to the nonmoving party, support a finding of good cause include the recent discovery of material prior art despite earlier diligent search and a good faith belief that the Court's claim construction necessitates amendment</p>	December 10, 2018
<p>Report on Alternative Dispute Resolution (LR CV-88) and Party Asserting Claims for Relief Submit Written Offer of Settlement</p>	December 17, 2018
<p>Exchange of Proposed Terms for Construction (MPLR 4-1)</p>	December 19, 2018

Parties Opposing Claims for Relief Submit Responses to Written Offer of Settlement	January 7, 2019
Exchange of Preliminary Claim Constructions and Extrinsic Evidence (MPLR 4-2)	January 11, 2019
Joint Claim Construction and Prehearing Statement (MPLR 4-3)	January 25, 2019
Amend or Supplement Pleadings or Join Additional Parties NOTE: Amendments prior to this date are subject to Rule 15's pleading standard	January 14, 2019
Completion of Claim Construction Discovery (MPLR 4-4)	February 8, 2019
Opening Claim Construction Briefs (MPLR 4-5)	February 15, 2019
Responsive Claim Construction Briefs (MPLR 4-5)	March 1, 2019
<b>Claim Construction Hearing</b>	<b>March 29, 2019 at 1:30 PM</b>
Court's Claim Construction Ruling NOTE: If the Court issues the Claim Construction Ruling at a later date, the parties may seek amendment of the remaining dates in the Scheduling Order	May 3, 2019
Final Infringement Contentions Advice of Counsel Disclosures (MPLR 3-7)	May 31, 2019
Final Invalidity Contentions	June 28, 2019
Close of Fact Discovery	July 26, 2019
File Designation of Expert Witnesses (issues on which a party has the burden of proof) Serve Opening Expert Reports (issues on which a party has the burden of proof)	August 2, 2019
File Designation of Rebuttal Expert Witnesses Serve Rebuttal Expert Reports	August 30, 2019
Close of Expert Discovery	September 30, 2019
Dispositive and <i>Daubert</i> Motions	October 28, 2019

Responses to Dispositive and <i>Daubert</i> Motions	November 22, 2019
Replies in Support of Dispositive and <i>Daubert</i> Motions	December 9, 2019
<b>Final Pretrial Hearing</b>	<b>February 7, 2020 at 1:30 PM</b>
<b>Jury Selection/Trial</b>	<b>March 2, 2020 at 9:00 AM</b>

It is so **ORDERED**.

SIGNED this 23rd day of October, 2018.

A handwritten signature in black ink, appearing to read "David Counts", written over a horizontal line.

DAVID COUNTS  
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS

CONTINENTAL INTERMODAL	)	
GROUP – TRUCKING LLC	)	
Plaintiff,	)	Case No. 7:18-cv-147
v.	)	
SAND REVOLUTION LLC,	)	
SAND REVOLUTION II, LLC	)	
Defendants.	)	
	)	
	)	
	)	
	)	

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**COMPLAINT**

Plaintiff Continental Intermodal Group – Trucking LLC (“CIG”), alleges against defendants Sand Revolution LLC and Sand Revolution II, LLC (collectively, “Sand Revolution”) as set forth below.

**THE PARTIES**

1. CIG is an Oklahoma limited liability company with its principal place of business at 420 Throckmorton, Suite 550, Fort Worth, Texas 76102. CIG is, and at all times mentioned herein has been, qualified to do business in the State of Texas.

2. Upon information and belief, both Sand Revolution LLC and Sand Revolution II, LLC are Texas limited liability companies with their principal place of business at 10800 West County Road 72, Midland, Texas 79707. Sand Revolution LLC’s registered agent is located at 12349 Tierra Alamo Dr., El Paso, Texas 79938. Sand Revolution II, LLC’s registered agent is located at 518 Peoples Street, Corpus Christi, TX 78401. Upon information and belief, Sand Revolution LLC and Sand Revolution II, LLC are affiliated through overlapping management and/or ownership interests.

**JURISDICTION AND VENUE**

3. This action arises under the patent laws of the United States, 35 U.S.C. §§ 271,



281–285. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1338(a).

4. Sand Revolution LLC and Sand Revolution II, LLC are subject to personal jurisdiction in this District and subject to this Court’s specific and general jurisdiction, pursuant to due process, on the grounds that they reside in this District and/or the State of Texas, have committed acts of patent infringement in this District and the State of Texas, and regularly conduct and/or solicit business, engage in other persistent courses of conduct, and/or derive substantial revenue from the sale of services to persons or entities in this District and the State of Texas.

5. Venue is proper in this District pursuant to 28 U.S.C. § 1400(b) because both Sand Revolution LLC and Sand Revolution II, LLC reside in this District and/or have committed acts of infringement and have a regular and established place of business in this District.

#### **FACTUAL BACKGROUND**

6. CIG is a leading logistics provider offering comprehensive transloading, inventory management, transportation, and storage solutions for the oil and gas industry. More specifically, and in pertinent part, CIG provides innovative and efficient “last mile” services to oil field customers, delivering necessary oil field materials to the well site and providing services and equipment that allow for the management and storage of such materials on-site once delivered.

7. In the oil and gas and other industries, certain activities require large amounts of granular material. For example, hydraulic fracture (or “frac”) drilling in the oil and gas industry involves pumping fracturing fluid and a granular proppant material (typically sand) into a well to create and prop open fractures in rock. This requires large amounts of proppant to be transported to and stored at remote well locations.

8. Among the solutions that CIG provides is its innovative modular proppant handling

system, which includes (i) a mobile unit for on-site proppant storage, (ii) a delivery unit for delivering proppant from the mobile storage unit to a specified location, and (iii) a highly maneuverable belt loader vehicle efficiently transferring proppant from incoming delivery vehicles to one or more mobile storage units at the well site.

9. Unlike other prior systems, CIG's proppant handling system may be set up and broken down quickly and efficiently, without the need for external machinery, such as a crane, to hoist storage units into position. Likewise, CIG's system has a much smaller overall footprint, allowing for flexible placement of storage units and easier coordination with incoming delivery vehicles. The system is easily controlled, and eliminates the need for pneumatic blowers to fill storage units. This array of features and differences, among others, combine to give CIG's system significant advantages in the market.

10. CIG currently operates its proppant handling system throughout the Permian, Delaware, Midland, Powder River, and Denver-Julesburg Basins, as well as in the Bakken Formation.

11. Numerous aspects of CIG's system are subject to patent protection. CIG, for example, is the legal owner of U.S. Patent No. 8,944,740 (the "'740 Patent"), which is titled "Mobile Material Handling and Metering System," and includes claims directed to systems and methods for handling granular material. The '740 Patent was duly and legally issued on February 3, 2015 and is valid. CIG is the assignee and owner of all right, title, and interest in and to the '740 Patent, including the right to assert all causes of action arising under the patent and the right to any and all remedies for infringement of it. A true and correct copy of the '740 Patent is attached hereto as Exhibit A.

12. By way of example, claim 13 of the '740 Patent is representative:

A mobile storage module for providing granular material to an adjacent delivery module, the mobile storage module configured, in a mobile storage module operational configuration, to hold and dispense said granular material downward to the adjacent delivery module, and to receive said granular material for holding via a continuous belt loading system operatively coupled to an input port, the continuous belt loading system being separated from the adjacent delivery module, wherein the mobile storage module comprises an integrated actuating system for moving a container portion thereof between a lowered position and a raised position, the raised position corresponding to the mobile storage module operational configuration, the mobile storage unit comprising:

- a. a frame;
- b. the container portion supported by the frame and pivotably coupled thereto, the container portion configured to store said granular material and comprising the input port for receiving said granular material and an output port for dispensing said granular material; and
- c. the integrated actuating system configured to pivot the container portion between the lowered position and the raised position, wherein, in the raised position, the input port is located above the output port.

13. Sand Revolution bills itself as a last mile logistics provider that offers on-site proppant management systems to the oil and gas industry.

14. In particular, Sand Revolution provides, uses, and/or operates one or more proppant handling systems for its customers that includes a mobile unit for on-site proppant storage, a delivery unit for delivering proppant from a mobile storage unit to a specified location, and a belt loader for transferring proppant from incoming delivery vehicles to one or more mobile storage units.

15. Even more specifically, Sand Revolution's proppant handling system further comprises a frame, a container portion, and an integrated actuating system to pivot the container portion between lowered and raised positions, as recited in the various claims of the '740 Patent. Indeed, Sand Revolution's proppant handling system practices every element of one or more claims of the '740 Patent, including without limitation claim 13.

16. Sand Revolution displays and advertises this proppant handling system through summary descriptions, pictures, and videos posted on its website ([www.sandrevolution.com](http://www.sandrevolution.com)) and

through third party sites such as Facebook and YouTube. Videos depicting the system on YouTube appear under the heading “Sand Revolution II LLC,” and are viewable via links on the Sand Revolution website and “Sand Revolution LLC” Facebook page. Exemplary images and screenshots of the same are attached hereto as Exhibit D.

17. On information and belief, Sand Revolution currently provides, uses, and operates—and/or directs or instructs others in the use and operation of—its proppant handling system(s) on or at well sites throughout West Texas, including in this District, and Southeastern New Mexico.

18. On April 12, 2018, CIG sent a letter to Sand Revolution via e-mail expressly identifying the existence of a number of CIG’s patents, including specifically the ‘740 Patent. The e-mail successfully delivered, but Sand Revolution did not respond. Again on June 6, 2018, CIG resent the same letter, this time to the address that Sand Revolution LLC currently identifies as the address of its registered agent. The letter was successfully delivered. Again, Sand Revolution did not respond. True and correct copies of CIG’s letters are attached hereto as Exhibits B and C, respectively.

19. CIG is also the assignee and owner of all right, title, and interest in and to several other patents that pertain to its proppant handling system, including U.S. Patent Nos. 9,499,348, 9,643,789, 9,428,348, 9,334,124, 9,840,371, and 9,957,108. Non-public information concerning certain features of Sand Revolution’s proppant handling system that are pertinent to these patents is not reasonably available to CIG at this time. However, CIG suspects that Sand Revolution’s system may also infringe one or more of the foregoing patents, in addition to the ‘740 Patent, and intends to amend its claims in this case accordingly once additional information is made available.

**COUNT I**  
**(Direct Infringement of U.S. Patent No. 8,944,740)**

20. CIG incorporates by reference all previous allegations as though set forth fully here.

21. Sand Revolution has infringed and continues to infringe one or more claims of the ‘740 Patent under 35 U.S.C. § 271(a), literally and/or under the doctrine of equivalents, by making, using, offering to sell, selling, and/or importing in or into the United States all or portions of its proppant handling system identified above.

22. Sand Revolution’s infringing acts are without license or authorization from CIG.

23. By no later than the time of CIG’s express written notice of the ‘740 Patent to Sand Revolution, as described above, Sand Revolution knew or should have known that its actions constitute infringement of the ‘740 Patent. And yet Sand Revolution has continued in its infringement and ignored CIG’s communications. Moreover, Sand Revolution’s recent and current communications to the market indicate that Sand Revolution intends to significantly increase the number of its proppant handling systems in use in the market. Sand Revolution’s infringement is therefore willful and continuing, and this case is exceptional under 35 U.S.C. § 285.

24. As a direct and proximate result of Sand Revolution’s infringement of the ‘740 Patent, CIG has suffered and will continue to suffer injury for which it is entitled to damages under 35 U.S.C. § 284 adequate to compensate it for such infringement, in an amount to be proven at trial, as well as enhanced damages. CIG’s damages include its lost profits, but are in no event less than a reasonable royalty.

25. As a direct and proximate result of Sand Revolution’s infringement of the ‘740 Patent, CIG has also suffered irreparable injury for which it has no adequate remedy at law. Unless Sand Revolution is permanently enjoined from further infringement of the ‘740 Patent, CIG will

continue to suffer irreparable injury and impairment of the value of its patent rights.

**COUNT II**  
**(Indirect Infringement of U.S. Patent No. 8,944,740)**

26. CIG incorporates by reference all previous allegations as though set forth fully here.

27. Upon information and belief, Sand Revolution has induced and continues to induce others to infringe one or more claims of the ‘740 Patent under 35 U.S.C. § 271(b) by knowingly, intentionally, and actively aiding and abetting others to infringe the ‘740 Patent, and with the specific intent that such others infringe the ‘740 Patent. By way of example, and upon information and belief, Sand Revolution accomplishes such inducement by directing and/or instructing others to assemble, use, and/ or operate its proppant handling system.

28. Upon information and belief, Sand Revolution has also contributed to the infringement of one or more claims of the ‘740 Patent under 35 U.S.C. § 271(c) by offering to sell, selling, or importing in or into the United States one or more components of the system(s) for handling granular material that are the subject of the claims of the ‘740 Patent, knowing such components to be especially made or adapted for use in an infringement of the ‘740 Patent and not suitable for any substantial non-infringing use.

29. Sand Revolution’s infringing acts are without license or authorization from CIG.

30. By no later than the time of CIG’s express written notice of the ‘740 Patent to Sand Revolution, as described above, Sand Revolution knew or should have known that its actions constitute infringement of the ‘740 Patent. And yet Sand Revolution has continued in its infringement and ignored CIG’s communications. Moreover, Sand Revolution’s recent and current communications to the market indicate that Sand Revolution intends to significantly increase the number of its proppant handling systems in use in the market. Sand Revolution’s infringement is therefore willful and continuing, and this case is exceptional under 35 U.S.C. §



285.

31. As a direct and proximate result of Sand Revolution's infringement of the '740 Patent, CIG has suffered and will continue to suffer injury for which it is entitled to damages under 35 U.S.C. § 284 adequate to compensate it for such infringement, in an amount to be proven at trial, as well as enhanced damages. CIG's damages include its lost profits, but are in no event less than a reasonable royalty.

32. As a direct and proximate result of Sand Revolution's infringement of the '740 Patent, CIG has also suffered irreparable injury for which it has no adequate remedy at law. Unless Sand Revolution is permanently enjoined from further infringement of the '740 Patent, CIG will continue to suffer irreparable injury and impairment of the value of its patent rights.

#### **PRAYER FOR RELIEF**

33. In light of the foregoing, plaintiff CIG respectfully prays for the following relief against defendant Sand Revolution:

A. A judgment that Sand Revolution has infringed one or more of the claims of the '740 Patent directly (either literally or under the doctrine of equivalents) or indirectly;

B. A permanent injunction enjoining Sand Revolution, its officers, directors, employees, agents, representatives, parent companies, subsidiaries, and affiliates, and all persons acting in active concert or participation therewith, from engaging in any continued infringement of the '740 Patent;

C. An award of all damages to which CIG is entitled under 35 U.S.C. § 284 for all past and continuing infringement, including but not limited to all lost profits and/or reasonable royalties, and an order requiring a full accounting of the same;

D. An award of enhanced damages in accordance with the provisions of 35 U.S.C. §

284 as a result of Sand Revolution's knowing and willful infringement;

- E. A finding that this case is exceptional under 35 U.S.C. § 285 and an award of all of the attorneys' fees incurred by CIG in this action;
- F. An assessment of interest, both pre- and post-judgment, on the damages awarded;
- G. An award of costs incurred by CIG in bringing and prosecuting this action; and
- H. Any other and further relief as the Court deems just and proper.

**DEMAND FOR JURY TRIAL**

Pursuant to Fed. R. Civ. P. 38(b), CIG hereby demands a jury trial on all issues so triable.

Respectfully submitted

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## CONGRESSIONAL RECORD—SENATE

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people move on to other topics; that we keep that straitjacket in place so we do those things that are, again, responsible not only to this generation but future generations.

Thirdly, I hope we figure out a way, through some type of amendment, to ensure that, on into the future, we have put something in place at the Federal level which causes us to be fiscally responsible in this country. All of us know what it means to have to make choices. All of us have households. Many of us have led cities and States. Many of us have had businesses. We all understand what happens in the real world, and it is something that certainly needs to happen here. That has been sorely lacking for a long time.

So I thank the Chair for the time on the floor today, and I hope to talk about this many more times. I have been doing it, I assure you, throughout the State of Tennessee and in multiple forums in the Senate.

I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CORKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CORKER. Mr. President, I had the opportunity to speak with you in the last several moments, and you had a couple questions about the CAP Act that I was just discussing on the floor. The Presiding Officer had some great questions about what it takes to overcome the CAP Act, in the event we were able to pass it.

It is just a 10-page bill. It is very eloquent. It doesn't have a lot of "whereases." It is just a business document that takes us from where we are to where we need to be. But, in essence, to override it, it would take a two-thirds vote. It would take two-thirds of the House and the Senate to actually override or get out of the straitjacket, if you will. There were previous bills, such as Gramm-Rudman and other types of bills that tried to keep Washington fiscally focused, and those bills required 60 votes. So this would be a higher threshold.

So, yes, if there was some type of national emergency and we needed to move beyond this straitjacket for 1 year or 6 months or something like that, a two-thirds vote could do that. I mean, 67 votes is a pretty tough threshold, and hopefully it is the kind of threshold necessary to keep the kind of discipline in place that we need.

So it is a 10-page bill. Again, it is very eloquent. I think it lays out a solution for us that hopefully will be a part of anything we do over the next several months.

I understand, after talking with the Presiding Officer over the last several

days, while traveling to these various countries, that he, along with many of our other colleagues—I know I did myself—came here to solve problems, not to message. In a body such as this, it is tough to solve these kinds of problems, but the only way to do it is to offer a pragmatic solution.

I know there are some people who are interested, sometimes, in messaging. I have tried to offer something that I think will take us from a place that is very much out of line in spending to a place that is more appropriate.

I might also say I thought the President's deficit reduction commission had some very good points as it relates to tax reform. I think all of us are aware of the \$1.2 trillion in tax expenditures that exist.

I was doing an event over the last several days, and a gentleman raised his hand and asked me: What do you mean by tax expenditures? Isn't the money ours until we give it to the Federal Government? Why would you call it a tax expenditure?

I think people realize in our Tax Code there are all kinds of exclusions and subsidies and favored companies and favored this and favored that. If we did away with all of those, there would be \$1.2 trillion we could use to lower everybody's rate, and we could make our Tax Code much more simple. The deficit reduction commission says we could take our corporate rates from where they are down to a level of about 26 percent—somewhere between 23 and 29 percent—and lower everybody's rates individually. I think most Americans, instead of filling out all these forms to see if they benefit from these various subsidies and credits, would much rather know that everybody is on the same playing field; that some favored company is not in a situation where they are more favored than another; that everybody is on the same basis.

I think there has been some good work done there. I hope we are able to take votes on that over the next several months. But there is a very elegant, pragmatic solution that has been offered that would go hand in hand with these types of measures and would cause us, over the next 10 years, to exercise the kind of fiscal discipline this country needs to confront what I think threatens our national security, certainly our economic security, even more than the things we saw on the ground in the Middle East last week.

With that, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. VITTER. I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

The clerk will continue to call the roll.

The assistant legislative clerk continued with the call of the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Is there an objection?

Without objection, it is so ordered.

# CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

## PATENT REFORM ACT OF 2011

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 23, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 23) to amend title 35, United States Code, to provide for patent reform.

The Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with amendments; as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italics.)

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the "Patent Reform Act of 2011".

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. First inventor to file.
- Sec. 3. Inventor's oath or declaration.
- Sec. 4. Damages.
- Sec. 5. Post-grant review proceedings.
- Sec. 6. Patent Trial and Appeal Board.
- Sec. 7. Preissuance submissions by third parties.
- Sec. 8. Venue.
- Sec. 9. Fee setting authority.
- Sec. 10. Supplemental examination.
- Sec. 11. Residency of Federal Circuit judges.
- Sec. 12. Micro entity defined.
- Sec. 13. Funding agreements.
- Sec. 14. Tax strategies deemed within the prior art.
- Sec. 15. Best mode requirement.
- Sec. 16. Technical amendments.
- Sec. 17. *Clarification of jurisdiction.*
- Sec. [17]18. Effective date; [rule of construction.]

### SEC. 2. FIRST INVENTOR TO FILE.

(a) **DEFINITIONS.**—Section 100 of title 35, United States Code, is amended by adding at the end the following:

"(f) The term 'inventor' means the individual or, if a joint invention, the individuals collectively who invented or discovered the subject matter of the invention.

"(g) The terms 'joint inventor' and 'co-inventor' mean any 1 of the individuals who invented or discovered the subject matter of a joint invention.

"(h) The term 'joint research agreement' means a written contract, grant, or cooperative agreement entered into by 2 or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention.

"(i)(1) The term 'effective filing date' of a claimed invention in a patent or application for patent means—

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“(A) if subparagraph (B) does not apply, the actual filing date of the patent or the application for the patent containing a claim to the invention; or

“(B) the filing date of the earliest application for which the patent or application is entitled, as to such invention, to a right of priority under section 119, 365(a), or 365(b) or to the benefit of an earlier filing date under section 120, 121, or 365(c).”

“(2) The effective filing date for a claimed invention in an application for reissue or reissued patent shall be determined by deeming the claim to the invention to have been contained in the patent for which reissue was sought.

“(j) The term ‘claimed invention’ means the subject matter defined by a claim in a patent or an application for a patent.”

(b) CONDITIONS FOR PATENTABILITY.—

(1) IN GENERAL.—Section 102 of title 35, United States Code, is amended to read as follows:

“§ 102. Conditions for patentability; novelty

“(a) NOVELTY; PRIOR ART.—A person shall be entitled to a patent unless—

“(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

“(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

“(b) EXCEPTIONS.—

“(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

“(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

“(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

“(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS.—A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

“(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

“(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

“(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

“(c) COMMON OWNERSHIP UNDER JOINT RESEARCH AGREEMENTS.—Subject matter disclosed and a claimed invention shall be deemed to have been owned by the same person or subject to an obligation of assignment to the same person in applying the provisions of subsection (b)(2)(C) if—

“(1) the subject matter disclosed was developed and the claimed invention was made

by, or on behalf of, 1 or more parties to a joint research agreement that was in effect on or before the effective filing date of the claimed invention;

“(2) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and

“(3) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.

“(d) PATENTS AND PUBLISHED APPLICATIONS EFFECTIVE AS PRIOR ART.—For purposes of determining whether a patent or application for patent is prior art to a claimed invention under subsection (a)(2), such patent or application shall be considered to have been effectively filed, with respect to any subject matter described in the patent or application—

“(1) if paragraph (2) does not apply, as of the actual filing date of the patent or the application for patent; or

“(2) if the patent or application for patent is entitled to claim a right of priority under section 119, 365(a), or 365(b), or to claim the benefit of an earlier filing date under section 120, 121, or 365(c), based upon 1 or more prior filed applications for patent, as of the filing date of the earliest such application that describes the subject matter.”

(2) CONTINUITY OF INTENT UNDER THE CREATE ACT.—The enactment of section 102(c) of title 35, United States Code, under the preceding paragraph is done with the same intent to promote joint research activities that was expressed, including in the legislative history, through the enactment of the Cooperative Research and Technology Enhancement Act of 2004 (Public Law 108-453; the “CREATE Act”), the amendments of which are stricken by subsection (c). The United States Patent and Trademark Office shall administer section 102(c) of title 35, United States Code, in a manner consistent with the legislative history of the CREATE Act that was relevant to its administration by the United States Patent and Trademark Office.

“(3) CONFORMING AMENDMENT.—The item relating to section 102 in the table of sections for chapter 10 of title 35, United States Code, is amended to read as follows:

“102. Conditions for patentability; novelty.”

(c) CONDITIONS FOR PATENTABILITY; NON-OBVIOUS SUBJECT MATTER.—Section 103 of title 35, United States Code, is amended to read as follows:

“§ 103. Conditions for patentability; non-obvious subject matter

“A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.”

(d) REPEAL OF REQUIREMENTS FOR INVENTIONS MADE ABROAD.—Section 104 of title 35, United States Code, and the item relating to that section in the table of sections for chapter 10 of title 35, United States Code, are repealed.

(e) REPEAL OF STATUTORY INVENTION REGISTRATION.—

(1) IN GENERAL.—Section 157 of title 35, United States Code, and the item relating to that section in the table of sections for chapter 14 of title 35, United States Code, are repealed.

(2) REMOVAL OF CROSS REFERENCES.—Section 111(b)(8) of title 35, United States Code, is amended by striking “sections 115, 131, 135, and 157” and inserting “sections 131 and 135”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect 1 year after the date of the enactment of this Act, and shall apply to any request for a statutory invention registration filed on or after that date.

(f) EARLIER FILING DATE FOR INVENTOR AND JOINT INVENTOR.—Section 120 of title 35, United States Code, is amended by striking “which is filed by an inventor or inventors named” and inserting “which names an inventor or joint inventor”.

(g) CONFORMING AMENDMENTS.—

(1) RIGHT OF PRIORITY.—Section 172 of title 35, United States Code, is amended by striking “and the time specified in section 102(d)”.

(2) LIMITATION ON REMEDIES.—Section 287(c)(4) of title 35, United States Code, is amended by striking “the earliest effective filing date of which is prior to” and inserting “which has an effective filing date before”.

(3) INTERNATIONAL APPLICATION DESIGNATING THE UNITED STATES: EFFECT.—Section 363 of title 35, United States Code, is amended by striking “except as otherwise provided in section 102(e) of this title”.

(4) PUBLICATION OF INTERNATIONAL APPLICATION: EFFECT.—Section 374 of title 35, United States Code, is amended by striking “sections 102(e) and 154(d)” and inserting “section 154(d)”.

(5) PATENT ISSUED ON INTERNATIONAL APPLICATION: EFFECT.—The second sentence of section 375(a) of title 35, United States Code, is amended by striking “Subject to section 102(e) of this title, such” and inserting “Such”.

(6) LIMIT ON RIGHT OF PRIORITY.—Section 119(a) of title 35, United States Code, is amended by striking “; but no patent shall be granted” and all that follows through “one year prior to such filing”.

(7) INVENTIONS MADE WITH FEDERAL ASSISTANCE.—Section 202(c) of title 35, United States Code, is amended—

(A) in paragraph (2)—

(i) by striking “publication, on sale, or public use,” and all that follows through “obtained in the United States” and inserting “the 1-year period referred to in section 102(b) would end before the end of that 2-year period”; and

(ii) by striking “the statutory” and inserting “that 1-year”; and

(B) in paragraph (3), by striking “any statutory bar date that may occur under this title due to publication, on sale, or public use” and inserting “the expiration of the 1-year period referred to in section 102(b)”.

(h) DERIVED PATENTS.—Section 291 of title 35, United States Code, is amended to read as follows:

“§ 291. Derived patents

“(a) IN GENERAL.—The owner of a patent may have relief by civil action against the owner of another patent that claims the same invention and has an earlier effective filing date if the invention claimed in such other patent was derived from the inventor of the invention claimed in the patent owned by the person seeking relief under this section.

“(b) FILING LIMITATION.—An action under this section may only be filed within 1 year after the issuance of the first patent containing a claim to the allegedly derived invention and naming an individual alleged to have derived such invention as the inventor or joint inventor.”

(i) DERIVATION PROCEEDINGS.—Section 135 of title 35, United States Code, is amended to read as follows:

“§ 135. Derivation proceedings

“(a) INSTITUTION OF PROCEEDING.—An applicant for patent may file a petition to institute a derivation proceeding in the Office.



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The petition shall set forth with particularity the basis for finding that an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner's application and, without authorization, the earlier application claiming such invention was filed. Any such petition may only be filed within 1 year after the first publication of a claim to an invention that is the same or substantially the same as the earlier application's claim to the invention, shall be made under oath, and shall be supported by substantial evidence. Whenever the Director determines that a petition filed under this subsection demonstrates that the standards for instituting a derivation proceeding are met, the Director may institute a derivation proceeding. The determination by the Director whether to institute a derivation proceeding shall be final and nonappealable.

**“(b) DETERMINATION BY PATENT TRIAL AND APPEAL BOARD.**—In a derivation proceeding instituted under subsection (a), the Patent Trial and Appeal Board shall determine whether an inventor named in the earlier application derived the claimed invention from an inventor named in the petitioner's application and, without authorization, the earlier application claiming such invention was filed. The Director shall prescribe regulations setting forth standards for the conduct of derivation proceedings.

**“(c) DEFERRAL OF DECISION.**—The Patent Trial and Appeal Board may defer action on a petition for a derivation proceeding until 3 months after the date on which the Director issues a patent that includes the claimed invention that is the subject of the petition. The Patent Trial and Appeal Board also may defer action on a petition for a derivation proceeding, or stay the proceeding after it has been instituted, until the termination of a proceeding under chapter 30, 31, or 32 involving the patent of the earlier applicant.

**“(d) EFFECT OF FINAL DECISION.**—The final decision of the Patent Trial and Appeal Board, if adverse to claims in an application for patent, shall constitute the final refusal by the Office on those claims. The final decision of the Patent Trial and Appeal Board, if adverse to claims in a patent, shall, if no appeal or other review of the decision has been or can be taken or had, constitute cancellation of those claims, and notice of such cancellation shall be endorsed on copies of the patent distributed after such cancellation.

**“(e) SETTLEMENT.**—Parties to a proceeding instituted under subsection (a) may terminate the proceeding by filing a written statement reflecting the agreement of the parties as to the correct inventors of the claimed invention in dispute. Unless the Patent Trial and Appeal Board finds the agreement to be inconsistent with the evidence of record, if any, it shall take action consistent with the agreement. Any written settlement or understanding of the parties shall be filed with the Director. At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents or applications, and shall be made available only to Government agencies on written request, or to any person on a showing of good cause.

**“(f) ARBITRATION.**—Parties to a proceeding instituted under subsection (a) may, within such time as may be specified by the Director by regulation, determine such contest or any aspect thereof by arbitration. Such arbitration shall be governed by the provisions of title 9, to the extent such title is not inconsistent with this section. The parties shall give notice of any arbitration award to the Director, and such award shall, as between the parties to the arbitration, be dispositive of the issues to which it relates. The

arbitration award shall be unenforceable until such notice is given. Nothing in this subsection shall preclude the Director from determining the patentability of the claimed inventions involved in the proceeding.”.

**(j) ELIMINATION OF REFERENCES TO INTERFERENCES.**—(1) Sections 41, 134, 145, 146, 154, 305, and 314 of title 35, United States Code, are each amended by striking “Board of Patent Appeals and Interferences” each place it appears and inserting “Patent Trial and Appeal Board”.

**(2)(A)** Sections 146 and 154 of title 35, United States Code, are each amended—

(i) by striking “an interference” each place it appears and inserting “a derivation proceeding”; and

(ii) by striking “interference” each additional place it appears and inserting “derivation proceeding”.

**(B)** The subparagraph heading for section 154(b)(1)(C) of title 35, United States Code, as amended by this paragraph, is further amended by—

(i) striking “OR” and inserting “OF”; and

(ii) striking “SECRECY ORDER” and inserting “SECRECY ORDERS”.

**(3)** The section heading for section 134 of title 35, United States Code, is amended to read as follows:

**“§ 134. Appeal to the Patent Trial and Appeal Board”.**

**(4)** The section heading for section 146 of title 35, United States Code, is amended to read as follows:

**“§ 146. Civil action in case of derivation proceeding”.**

**(5)** Section 154(b)(1)(C) of title 35, United States Code, is amended by striking “INTERFERENCES” and inserting “DERIVATION PROCEEDINGS”.

**(6)** The item relating to section 6 in the table of sections for chapter 1 of title 35, United States Code, is amended to read as follows:

“6. Patent Trial and Appeal Board.”.

**(7)** The items relating to sections 134 and 135 in the table of sections for chapter 12 of title 35, United States Code, are amended to read as follows:

“134. Appeal to the Patent Trial and Appeal Board.

“135. Derivation proceedings.”.

**(8)** The item relating to section 146 in the table of sections for chapter 13 of title 35, United States Code, is amended to read as follows:

“146. Civil action in case of derivation proceeding.”.

**(k) FALSE MARKING.**—

**(1) IN GENERAL.**—Section 292 of title 35, United States Code, is amended—

(A) in subsection (a), by adding at the end the following:

“Only the United States may sue for the penalty authorized by this subsection.”; and

(B) by striking subsection (b) and inserting the following:

“(b) Any person who has suffered a competitive injury as a result of a violation of this section may file a civil action in a district court of the United States for recovery of damages adequate to compensate for the injury.”.

**(2) EFFECTIVE DATE.**—The amendments made by this subsection shall apply to all cases, without exception, pending on or after the date of the enactment of this Act.

**(l) STATUTE OF LIMITATIONS.**—

**(1) IN GENERAL.**—Section 32 of title 35, United States Code, is amended by inserting between the third and fourth sentences the following: “A proceeding under this section shall be commenced not later than the earlier of either 10 years after the date on which

the misconduct forming the basis for the proceeding occurred, or 1 year after the date on which the misconduct forming the basis for the proceeding is made known to an officer or employee of the Office as prescribed in the regulations established under section 2(b)(2)(D).”.

**(2) REPORT TO CONGRESS.**—The Director shall provide on a biennial basis to the Judiciary Committees of the Senate and House of Representatives a report providing a short description of incidents made known to an officer or employee of the Office as prescribed in the regulations established under section 2(b)(2)(D) of title 35, United States Code, that reflect substantial evidence of misconduct before the Office but for which the Office was barred from commencing a proceeding under section 32 of title 35, United States Code, by the time limitation established by the fourth sentence of that section.

**(3) EFFECTIVE DATE.**—The amendment made by paragraph (1) shall apply in all cases in which the time period for instituting a proceeding under section 32 of title 35, United States Code, had not lapsed prior to the date of the enactment of this Act.

**(m) SMALL BUSINESS STUDY.**—

**(1) DEFINITIONS.**—In this subsection—

(A) the term “Chief Counsel” means the Chief Counsel for Advocacy of the Small Business Administration;

(B) the term “General Counsel” means the General Counsel of the United States Patent and Trademark Office; and

(C) the term “small business concern” has the meaning given that term under section 3 of the Small Business Act (15 U.S.C. 632).

**(2) STUDY.**—

**(A) IN GENERAL.**—The Chief Counsel, in consultation with the General Counsel, shall conduct a study of the effects of eliminating the use of dates of invention in determining whether an applicant is entitled to a patent under title 35, United States Code.

**(B) AREAS OF STUDY.**—The study conducted under subparagraph (A) shall include examination of the effects of eliminating the use of invention dates, including examining—

(i) how the change would affect the ability of small business concerns to obtain patents and their costs of obtaining patents;

(ii) whether the change would create, mitigate, or exacerbate any disadvantage for applicants for patents that are small business concerns relative to applicants for patents that are not small business concerns, and whether the change would create any advantages for applicants for patents that are small business concerns relative to applicants for patents that are not small business concerns;

(iii) the cost savings and other potential benefits to small business concerns of the change; and

(iv) the feasibility and costs and benefits to small business concerns of alternative means of determining whether an applicant is entitled to a patent under title 35, United States Code.

**(3) REPORT.**—Not later than 1 year after the date of enactment of this Act, the Chief Counsel shall submit to the Committee on Small Business and Entrepreneurship and the Committee on the Judiciary of the Senate and the Committee on Small Business and the Committee on the Judiciary of the House of Representatives a report regarding the results of the study under paragraph (2).

**(n) REPORT ON PRIOR USER RIGHTS.**—

**(1) IN GENERAL.**—Not later than 1 year after the date of the enactment of this Act, the Director shall report, to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives, the findings and recommendations of the Director on the operation of

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prior user rights in selected countries in the industrialized world. The report shall include the following:

(A) A comparison between patent laws of the United States and the laws of other industrialized countries, including members of the European Union and Japan, Canada, and Australia.

(B) An analysis of the effect of prior user rights on innovation rates in the selected countries.

(C) An analysis of the correlation, if any, between prior user rights and start-up enterprises and the ability to attract venture capital to start new companies.

(D) An analysis of the effect of prior user rights, if any, on small businesses, universities, and individual inventors.

(E) An analysis of legal and constitutional issues, if any, that arise from placing trade secret law in patent law.

(F) An analysis of whether the change to a first-to-file patent system creates a particular need for prior user rights.

(2) CONSULTATION WITH OTHER AGENCIES.—In preparing the report required under paragraph (1), the Director shall consult with the United States Trade Representative, the Secretary of State, and the Attorney General.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided by this section, the amendments made by this section shall take effect on the date that is 18 months after the date of the enactment of this Act, and shall apply to any application for patent, and to any patent issuing thereon, that contains or contained at any time—

(A) a claim to a claimed invention that has an effective filing date as defined in section 100(i) of title 35, United States Code, that is 18 months or more after the date of the enactment of this Act; or

(B) a specific reference under section 120, 121, or 365(c) of title 35, United States Code, to any patent or application that contains or contained at any time such a claim.

(2) INTERFERING PATENTS.—The provisions of sections 102(g), 135, and 291 of title 35, United States Code, in effect on the day prior to the date of the enactment of this Act, shall apply to each claim of an application for patent, and any patent issued thereon, for which the amendments made by this section also apply, if such application or patent contains or contained at any time—

(A) a claim to an invention having an effective filing date as defined in section 100(i) of title 35, United States Code, earlier than 18 months after the date of the enactment of this Act; or

(B) a specific reference under section 120, 121, or 365(c) of title 35, United States Code, to any patent or application that contains or contained at any time such a claim.

### SEC. 3. INVENTOR'S OATH OR DECLARATION.

(a) INVENTOR'S OATH OR DECLARATION.—

(1) IN GENERAL.—Section 115 of title 35, United States Code, is amended to read as follows:

#### “§ 115. Inventor's oath or declaration

“(a) NAMING THE INVENTOR; INVENTOR'S OATH OR DECLARATION.—An application for patent that is filed under section 111(a) or commences the national stage under section 371 shall include, or be amended to include, the name of the inventor for any invention claimed in the application. Except as otherwise provided in this section, each individual who is the inventor or a joint inventor of a claimed invention in an application for patent shall execute an oath or declaration in connection with the application.

“(b) REQUIRED STATEMENTS.—An oath or declaration under subsection (a) shall contain statements that—

“(1) the application was made or was authorized to be made by the affiant or declarant; and

“(2) such individual believes himself or herself to be the original inventor or an original joint inventor of a claimed invention in the application.

“(c) ADDITIONAL REQUIREMENTS.—The Director may specify additional information relating to the inventor and the invention that is required to be included in an oath or declaration under subsection (a).

“(d) SUBSTITUTE STATEMENT.—

“(1) IN GENERAL.—In lieu of executing an oath or declaration under subsection (a), the applicant for patent may provide a substitute statement under the circumstances described in paragraph (2) and such additional circumstances that the Director may specify by regulation.

“(2) PERMITTED CIRCUMSTANCES.—A substitute statement under paragraph (1) is permitted with respect to any individual who—

“(A) is unable to file the oath or declaration under subsection (a) because the individual—

“(i) is deceased;

“(ii) is under legal incapacity; or

“(iii) cannot be found or reached after diligent effort; or

“(B) is under an obligation to assign the invention but has refused to make the oath or declaration required under subsection (a).

“(3) CONTENTS.—A substitute statement under this subsection shall—

“(A) identify the individual with respect to whom the statement applies;

“(B) set forth the circumstances representing the permitted basis for the filing of the substitute statement in lieu of the oath or declaration under subsection (a); and

“(C) contain any additional information, including any showing, required by the Director.

“(e) MAKING REQUIRED STATEMENTS IN ASSIGNMENT OF RECORD.—An individual who is under an obligation of assignment of an application for patent may include the required statements under subsections (b) and (c) in the assignment executed by the individual, in lieu of filing such statements separately.

“(f) TIME FOR FILING.—A notice of allowance under section 151 may be provided to an applicant for patent only if the applicant for patent has filed each required oath or declaration under subsection (a) or has filed a substitute statement under subsection (d) or recorded an assignment meeting the requirements of subsection (e).

“(g) EARLIER-FILED APPLICATION CONTAINING REQUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—

“(1) EXCEPTION.—The requirements under this section shall not apply to an individual with respect to an application for patent in which the individual is named as the inventor or a joint inventor and who claims the benefit under section 120, 121, or 365(c) of the filing of an earlier-filed application, if—

“(A) an oath or declaration meeting the requirements of subsection (a) was executed by the individual and was filed in connection with the earlier-filed application;

“(B) a substitute statement meeting the requirements of subsection (d) was filed in the earlier filed application with respect to the individual; or

“(C) an assignment meeting the requirements of subsection (e) was executed with respect to the earlier-filed application by the individual and was recorded in connection with the earlier-filed application.

“(2) COPIES OF OATHS, DECLARATIONS, STATEMENTS, OR ASSIGNMENTS.—Notwithstanding paragraph (1), the Director may require that a copy of the executed oath or declaration, the substitute statement, or the

assignment filed in the earlier-filed application be included in the later-filed application.

“(h) SUPPLEMENTAL AND CORRECTED STATEMENTS; FILING ADDITIONAL STATEMENTS.—

“(1) IN GENERAL.—Any person making a statement required under this section may withdraw, replace, or otherwise correct the statement at any time. If a change is made in the naming of the inventor requiring the filing of 1 or more additional statements under this section, the Director shall establish regulations under which such additional statements may be filed.

“(2) SUPPLEMENTAL STATEMENTS NOT REQUIRED.—If an individual has executed an oath or declaration meeting the requirements of subsection (a) or an assignment meeting the requirements of subsection (e) with respect to an application for patent, the Director may not thereafter require that individual to make any additional oath, declaration, or other statement equivalent to those required by this section in connection with the application for patent or any patent issuing thereon.

“(3) SAVINGS CLAUSE.—No patent shall be invalid or unenforceable based upon the failure to comply with a requirement under this section if the failure is remedied as provided under paragraph (1).

“(i) ACKNOWLEDGMENT OF PENALTIES.—Any declaration or statement filed pursuant to this section shall contain an acknowledgment that any willful false statement made in such declaration or statement is punishable under section 1001 of title 18 by fine or imprisonment of not more than 5 years, or both.”

(2) RELATIONSHIP TO DIVISIONAL APPLICATIONS.—Section 121 of title 35, United States Code, is amended by striking “If a divisional application” and all that follows through “inventor.”

(3) REQUIREMENTS FOR NONPROVISIONAL APPLICATIONS.—Section 111(a) of title 35, United States Code, is amended—

(A) in paragraph (2)(C), by striking “by the applicant” and inserting “or declaration”;

(B) in the heading for paragraph (3), by inserting “OR DECLARATION” after “AND OATH”; and

(C) by inserting “or declaration” after “and oath” each place it appears.

(4) CONFORMING AMENDMENT.—The item relating to section 115 in the table of sections for chapter 11 of title 35, United States Code, is amended to read as follows:

“115. Inventor's oath or declaration.”

(b) FILING BY OTHER THAN INVENTOR.—

(1) IN GENERAL.—Section 118 of title 35, United States Code, is amended to read as follows:

#### “§ 118. Filing by other than inventor

“A person to whom the inventor has assigned or is under an obligation to assign the invention may make an application for patent. A person who otherwise shows sufficient proprietary interest in the matter may make an application for patent on behalf of and as agent for the inventor on proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties. If the Director grants a patent on an application filed under this section by a person other than the inventor, the patent shall be granted to the real party in interest and upon such notice to the inventor as the Director considers to be sufficient.”

(2) CONFORMING AMENDMENT.—Section 251 of title 35, United States Code, is amended in the third undesignated paragraph by inserting “or the application for the original patent was filed by the assignee of the entire interest” after “claims of the original patent”.

(c) SPECIFICATION.—Section 112 of title 35, United States Code, is amended—



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(1) in the first paragraph—  
(A) by striking “The specification” and inserting “(a) IN GENERAL.—The specification”; and

(B) by striking “of carrying out his invention” and inserting “or joint inventor of carrying out the invention”;

(2) in the second paragraph—

(A) by striking “The specification” and inserting “(b) CONCLUSION.—The specification”; and

(B) by striking “applicant regards as his invention” and inserting “inventor or a joint inventor regards as the invention”;

(3) in the third paragraph, by striking “A claim” and inserting “(c) FORM.—A claim”;

(4) in the fourth paragraph, by striking “Subject to the following paragraph,” and inserting “(d) REFERENCE IN DEPENDENT FORMS.—Subject to subsection (e).”;

(5) in the fifth paragraph, by striking “A claim” and inserting “(e) REFERENCE IN MULTIPLE DEPENDENT FORM.—A claim”; and

(6) in the last paragraph, by striking “An element” and inserting “(f) ELEMENT IN CLAIM FOR A COMBINATION.—An element”.

(d) CONFORMING AMENDMENTS.—

(1) Sections 111(b)(1)(A) is amended by striking “the first paragraph of section 112 of this title” and inserting “section 112(a)”.

(2) Section 111(b)(2) is amended by striking “the second through fifth paragraphs of section 112,” and inserting “subsections (b) through (e) of section 112,”.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect 1 year after the date of the enactment of this Act and shall apply to patent applications that are filed on or after that effective date.

#### SEC. 4. DAMAGES.

(a) DAMAGES.—Section 284 of title 35, United States Code, is amended—

(1) by striking “Upon finding” and inserting the following: “(a) IN GENERAL.—Upon finding”;

(2) by striking “fixed by the court” and all that follows through “When the damages” and inserting the following: “fixed by the court. When the damages”;

(3) by striking “shall assess them.” and all that follows through “The court may receive” and inserting the following: “shall assess them. *In either event the court may increase the damages up to 3 times the amount found or assessed. Increased damages under this subsection shall not apply to provisional rights under section 154(d) of this title. The court may receive*”; and

(4) by adding at the end the following:

“(b) PROCEDURE FOR DETERMINING DAMAGES.—

“(1) IN GENERAL.—The court shall identify the methodologies and factors that are relevant to the determination of damages, and the court or jury shall consider only those methodologies and factors relevant to making such determination.

“(2) DISCLOSURE OF CLAIMS.—By no later than the entry of the final pretrial order, unless otherwise ordered by the court, the parties shall state, in writing and with particularity, the methodologies and factors the parties propose for instruction to the jury in determining damages under this section, specifying the relevant underlying legal and factual bases for their assertions.

“(3) SUFFICIENCY OF EVIDENCE.—Prior to the introduction of any evidence concerning the determination of damages, upon motion of either party or sua sponte, the court shall consider whether one or more of a party’s damages contentions lacks a legally sufficient evidentiary basis. After providing a nonmovant the opportunity to be heard, and after any further proffer of evidence, briefing, or argument that the court may deem appropriate, the court shall identify on the

record those methodologies and factors as to which there is a legally sufficient evidentiary basis, and the court or jury shall consider only those methodologies and factors in making the determination of damages under this section. The court shall only permit the introduction of evidence relating to the determination of damages that is relevant to the methodologies and factors that the court determines may be considered in making the damages determination.

“(c) SEQUENCING.—Any party may request that a patent-infringement trial be sequenced so that the trier of fact decides questions of the patent’s infringement and validity before the issues of damages and willful infringement are tried to the court or the jury. The court shall grant such a request absent good cause to reject the request, such as the absence of issues of significant damages or infringement and validity. The sequencing of a trial pursuant to this subsection shall not affect other matters, such as the timing of discovery. This subsection does not authorize a party to request that the issues of damages and willful infringement be tried to a jury different than the one that will decide questions of the patent’s infringement and validity.

“(d) WILLFUL INFRINGEMENT.—

“(1) IN GENERAL.—The court may increase damages up to 3 times the amount found or assessed if the court or the jury, as the case may be, determines that the infringement of the patent was willful. Increased damages under this subsection shall not apply to provisional rights under section 154(d). Infringement is not willful unless the claimant proves by clear and convincing evidence that the accused infringer’s conduct with respect to the patent was objectively reckless. An accused infringer’s conduct was objectively reckless if the infringer was acting despite an objectively high likelihood that his actions constituted infringement of a valid patent, and this objectively-defined risk was either known or so obvious that it should have been known to the accused infringer.

“(2) PLEADING STANDARDS.—A claimant asserting that a patent was infringed willfully shall comply with the pleading requirements set forth under Federal Rule of Civil Procedure 9(b).

“(3) KNOWLEDGE ALONE INSUFFICIENT.—Infringement of a patent may not be found to be willful solely on the basis that the infringer had knowledge of the infringed patent.

“(4) PRE-SUIT NOTIFICATION.—A claimant seeking to establish willful infringement may not rely on evidence of pre-suit notification of infringement unless that notification identifies with particularity the asserted patent, identifies the product or process accused, and explains with particularity, to the extent possible following a reasonable investigation or inquiry, how the product or process infringes one or more claims of the patent.

“(5) CLOSE CASE.—The court shall not increase damages under this subsection if the court determines that there is a close case as to infringement, validity, or enforceability. On the motion of either party, the court shall determine whether a close case as to infringement, validity, or enforceability exists, and the court shall explain its decision. Once the court determines that such a close case exists, the issue of willful infringement shall not thereafter be tried to the jury.

“(6) ACCRUED DAMAGES.—If a court or jury finds that the infringement of patent was willful, the court may increase only those damages that accrued after the infringement became willful.”]

(b) DEFENSE TO INFRINGEMENT BASED ON EARLIER INVENTOR.—Section 273(b)(6) of title

35, United States Code, is amended to read as follows:

“(6) PERSONAL DEFENSE.—The defense under this section may be asserted only by the person who performed or caused the performance of the acts necessary to establish the defense as well as any other entity that controls, is controlled by, or is under common control with such person and, except for any transfer to the patent owner, the right to assert the defense shall not be licensed or assigned or transferred to another person except as an ancillary and subordinate part of a good faith assignment or transfer for other reasons of the entire enterprise or line of business to which the defense relates. Notwithstanding the preceding sentence, any person may, on its own behalf, assert a defense based on the exhaustion of rights provided under paragraph (3), including any necessary elements thereof.”.

(c) VIRTUAL MARKING.—Section 287(a) of title 35, United States Code, is amended by inserting “, or by fixing thereon the word ‘patent’ or the abbreviation ‘pat.’ together with an address of a posting on the Internet, accessible to the public without charge for accessing the address, that associates the patented article with the number of the patent” before “, or when”.

(d) ADVICE OF COUNSEL.—Chapter 29 of title 35, United States Code, is amended by adding at the end the following:

#### “§ 298. Advice of Counsel

“The failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent or the failure of the infringer to present such advice to the court or jury may not be used to prove that the accused infringer willfully infringed the patent or that the infringer intended to induce infringement of the patent.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to any civil action commenced on or after the date of the enactment of this Act.

#### SEC. 5. POST-GRANT REVIEW PROCEEDINGS.

(a) INTER PARTES REVIEW.—Chapter 31 of title 35, United States Code, is amended to read as follows:

#### “CHAPTER 31—INTER PARTES REVIEW

“Sec.

“311. Inter partes review.

“312. Petitions.

“313. Preliminary response to petition.

“314. Institution of inter partes review.

“315. Relation to other proceedings or actions.

“316. Conduct of inter partes review.

“317. Settlement.

“318. Decision of the board.

“319. Appeal.

#### “§ 311. Inter partes review

“(a) IN GENERAL.—Subject to the provisions of this chapter, a person who is not the patent owner may file with the Office a petition to institute an inter partes review for a patent. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review.

“(b) SCOPE.—A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.

“(c) FILING DEADLINE.—A petition for inter partes review shall be filed after the later of either—

“(1) 9 months after the grant of a patent or issuance of a reissue of a patent; or

“(2) if a post-grant review is instituted under chapter 32, the date of the termination of such post-grant review.

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**“§ 312. Petitions**

“(a) REQUIREMENTS OF PETITION.—A petition filed under section 311 may be considered only if—

“(1) the petition is accompanied by payment of the fee established by the Director under section 311;

“(2) the petition identifies all real parties in interest;

“(3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including—

“(A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and

“(B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on expert opinions;

“(4) the petition provides such other information as the Director may require by regulation; and

“(5) the petitioner provides copies of any of the documents required under paragraphs (2), (3), and (4) to the patent owner or, if applicable, the designated representative of the patent owner.

“(b) PUBLIC AVAILABILITY.—As soon as practicable after the receipt of a petition under section 311, the Director shall make the petition available to the public.

**“§ 313. Preliminary response to petition**

“(a) PRELIMINARY RESPONSE.—If an inter partes review petition is filed under section 311, the patent owner shall have the right to file a preliminary response within a time period set by the Director.

“(b) CONTENT OF RESPONSE.—A preliminary response to a petition for inter partes review shall set forth reasons why no inter partes review should be instituted based upon the failure of the petition to meet any requirement of this chapter.

**“§ 314. Institution of inter partes review**

“(a) THRESHOLD.—The Director may not authorize an inter partes review to commence unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

“(b) TIMING.—The Director shall determine whether to institute an inter partes review under this chapter within 3 months after receiving a preliminary response under section 313 or, if none is filed, within three months after the expiration of the time for filing such a response.

“(c) NOTICE.—The Director shall notify the petitioner and patent owner, in writing, of the Director's determination under subsection (a), and shall make such notice available to the public as soon as is practicable. Such notice shall list the date on which the review shall commence.

“(d) NO APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.

**“§ 315. Relation to other proceedings or actions**

“(a) INFRINGER'S ACTION.—An inter partes review may not be instituted or maintained if the petitioner or real party in interest has filed a civil action challenging the validity of a claim of the patent.

“(b) PATENT OWNER'S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 3 months after the date on which the petitioner, real party in interest, or his privy is required to respond to a civil action alleging infringement of the patent.】

“(b) PATENT OWNER'S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 6 months after the date on which the petitioner, real party in interest, or his privy 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 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 under this chapter, or his real party in interest or privy, may not request or maintain a proceeding before the Office with respect to a claim on any ground that the petitioner raised or reasonably could have raised during an inter partes review of the claim that resulted in a final written decision under section 318(a).

“(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—The petitioner in an inter partes review under this chapter, or his real party in interest or privy, 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 that a claim in a patent is invalid on any ground that the petitioner raised or reasonably could have raised during an inter partes review of the claim that resulted in a final written decision under section 318(a).

**“§ 316. Conduct of inter partes review**

“(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 be accompanied by a motion to seal, and such petition or document shall 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) in accordance with section 2(b)(2), establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title;

“(5) setting a time period for requesting joinder under section 315(c);

“(6) 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;

“(7) prescribing sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to har-

ass or to cause unnecessary delay or an unnecessary increase in the cost of the proceeding;

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

“(9) allowing the patent owner to file a response to the petition 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;

“(10) 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;

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

“(12) 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).

“(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 proceeding authorized by the Director.

“(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.

**“§ 317. Settlement**

“(a) IN GENERAL.—An inter partes review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. If the inter partes review is terminated with respect to a petitioner under this section, no estoppel under section 315(e) shall apply to that petitioner. If no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision under section 318(a).



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“(b) AGREEMENTS IN WRITING.—Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, the termination of an inter partes review under this section shall be in writing and a true copy of such agreement or understanding shall be filed in the Office before the termination of the inter partes review as between the parties. If any party filing such agreement or understanding so requests, the copy shall be kept separate from the file of the inter partes review, and shall be made available only to Federal Government agencies upon written request, or to any other person on a showing of good cause.

#### “§ 318. Decision of the board

“(a) FINAL WRITTEN DECISION.—If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).

“(b) CERTIFICATE.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

#### “§ 319. Appeal

“A party dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) may appeal the decision pursuant to sections 141 through 144. Any party to the inter partes review shall have the right to be a party to the appeal.”

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of chapters for part III of title 35, United States Code, is amended by striking the item relating to chapter 31 and inserting the following:

“31. Inter Partes Review ..... 311.”

(c) REGULATIONS AND EFFECTIVE DATE.—

(1) REGULATIONS.—The Director shall, not later than the date that is 1 year after the date of the enactment of this Act, issue regulations to carry out chapter 31 of title 35, United States Code, as amended by subsection (a) of this section.

(2) APPLICABILITY.—

(A) IN GENERAL.—The amendments made by subsection (a) shall take effect on the date that is 1 year after the date of the enactment of this Act and shall apply to all patents issued before, on, or after the effective date of subsection (a).

(B) EXCEPTION.—The provisions of chapter 31 of title 35, United States Code, as amended by paragraph (3), shall continue to apply to requests for inter partes reexamination that are filed prior to the effective date of subsection (a) as if subsection (a) had not been enacted.

(C) GRADUATED IMPLEMENTATION.—The Director may impose a limit on the number of inter partes reviews that may be instituted during each of the first 4 years following the effective date of subsection (a), provided that such number shall in each year be equivalent to or greater than the number of inter partes reexaminations that are ordered in the last full fiscal year prior to the effective date of subsection (a).

(3) TRANSITION.—

(A) IN GENERAL.—Chapter 31 of title 35, United States Code, is amended—

(i) in section 312—

(I) in subsection (a)—

(aa) in the first sentence, by striking “a substantial new question of patentability affecting any claim of the patent concerned is raised by the request,” and inserting “the information presented in the request shows that there is a reasonable likelihood that the requester would prevail with respect to at least 1 of the claims challenged in the request.”; and

(bb) in the second sentence, by striking “The existence of a substantial new question of patentability” and inserting “A showing that there is a reasonable likelihood that the requester would prevail with respect to at least 1 of the claims challenged in the request”; and

(II) in subsection (c), in the second sentence, by striking “no substantial new question of patentability has been raised,” and inserting “the showing required by subsection (a) has not been made.”; and

(ii) in section 313, by striking “a substantial new question of patentability affecting a claim of the patent is raised” and inserting “it has been shown that there is a reasonable likelihood that the requester would prevail with respect to at least 1 of the claims challenged in the request”.

(B) APPLICATION.—The amendments made by this paragraph shall apply to requests for inter partes reexamination that are filed on or after the date of the enactment of this Act, but prior to the effective date of subsection (a).

(d) POST-GRANT REVIEW.—Part III of title 35, United States Code, is amended by adding at the end the following:

#### “CHAPTER 32—POST-GRANT REVIEW

“Sec.

“321. Post-grant review.

“322. Petitions.

“323. Preliminary response to petition.

“324. Institution of post-grant review.

“325. Relation to other proceedings or actions.

“326. Conduct of post-grant review.

“327. Settlement.

“328. Decision of the board.

“329. Appeal.

#### “§ 321. Post-grant review

“(a) IN GENERAL.—Subject to the provisions of this chapter, a person who is not the patent owner may file with the Office a petition to institute a post-grant review for a patent. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the post-grant review.

“(b) SCOPE.—A petitioner in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).

“(c) FILING DEADLINE.—A petition for a post-grant review shall be filed not later than 9 months after the grant of the patent or issuance of a reissue patent.

#### “§ 322. Petitions

“(a) REQUIREMENTS OF PETITION.—A petition filed under section 321 may be considered only if—

“(1) the petition is accompanied by payment of the fee established by the Director under section 321;

“(2) the petition identifies all real parties in interest;

“(3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including—

“(A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and

“(B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on other factual evidence or on expert opinions;

“(4) the petition provides such other information as the Director may require by regulation; and

“(5) the petitioner provides copies of any of the documents required under paragraphs (2), (3), and (4) to the patent owner or, if applicable, the designated representative of the patent owner.

“(b) PUBLIC AVAILABILITY.—As soon as practicable after the receipt of a petition under section 321, the Director shall make the petition available to the public.

#### “§ 323. Preliminary response to petition

“(a) PRELIMINARY RESPONSE.—If a post-grant review petition is filed under section 321, the patent owner shall have the right to file a preliminary response within 2 months of the filing of the petition.

“(b) CONTENT OF RESPONSE.—A preliminary response to a petition for post-grant review shall set forth reasons why no post-grant review should be instituted based upon the failure of the petition to meet any requirement of this chapter.

#### “§ 324. Institution of post-grant review

“(a) THRESHOLD.—The Director may not authorize a post-grant review to commence unless the Director determines that the information presented in the petition, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

“(b) ADDITIONAL GROUNDS.—The determination required under subsection (a) may also be satisfied by a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications.

“(c) TIMING.—The Director shall determine whether to institute a post-grant review under this chapter within 3 months after receiving a preliminary response under section 323 or, if none is filed, the expiration of the time for filing such a response.

“(d) NOTICE.—The Director shall notify the petitioner and patent owner, in writing, of the Director's determination under subsection (a) or (b), and shall make such notice available to the public as soon as is practicable. The Director shall make each notice of the institution of a post-grant review available to the public. Such notice shall list the date on which the review shall commence.

“(e) NO APPEAL.—The determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.

#### “§ 325. Relation to other proceedings or actions

“(a) INFRINGER'S ACTION.—A post-grant review may not be instituted or maintained if the petitioner or real party in interest has filed a civil action challenging the validity of a claim of the patent.

“(b) PATENT OWNER'S ACTION.—A post-grant review may not be instituted if the petition requesting the proceeding is filed more than 3 months after the date on which the petitioner, real party in interest, or his privy is required to respond to a civil action alleging infringement of the patent.”

“(b) PATENT OWNER'S ACTION.—A post-grant review may not be instituted if the petition requesting the proceeding is filed more than 6 months after the date on which the petitioner, real party in interest, or his privy is served with a complaint alleging infringement of the patent.

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*The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).*

“(c) JOINDER.—If more than 1 petition for a post-grant review is properly filed against the same patent and the Director determines that more than 1 of these petitions warrants the institution of a post-grant review under section 324, the Director may consolidate such reviews into a single post-grant review.

“(d) MULTIPLE PROCEEDINGS.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of any post-grant review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the post-grant review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding. In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

“(e) ESTOPPEL.—

“(1) PROCEEDINGS BEFORE THE OFFICE.—The petitioner in a post-grant review under this chapter, or his real party in interest or privy, may not request or maintain a proceeding before the Office with respect to a claim on any ground that the petitioner raised or reasonably could have raised during a post-grant review of the claim that resulted in a final written decision under section 328(a).

“(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—The petitioner in a post-grant review under this chapter, or his real party in interest or privy, 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 that a claim in a patent is invalid on any ground that the petitioner raised during a post-grant review of the claim that resulted in a final written decision under section 328(a).

“(f) PRELIMINARY INJUNCTIONS.—If a civil action alleging infringement of a patent is filed within 3 months of the grant of the patent, the court may not stay its consideration of the patent owner's motion for a preliminary injunction against infringement of the patent on the basis that a petition for post-grant review has been filed or that such a proceeding has been instituted.

“(g) REISSUE PATENTS.—A post-grant review may not be instituted if the petition requests cancellation of a claim in a reissue patent that is identical to or narrower than a claim in the original patent from which the reissue patent was issued, and the time limitations in section 321(c) would bar filing a petition for a post-grant review for such original patent.

#### “§ 326. Conduct of post-grant review

“(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 be accompanied by a motion to seal, and such petition or document shall 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 subsections (a) and (b) of section 324;

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

“(4) in accordance with section 2(b)(2), establishing and governing a post-grant 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 evidence directly related to factual assertions advanced by either party in the proceeding;

“(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) allowing the patent owner to file a response to the petition after a post-grant 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; and

“(11) requiring that the final determination in any post-grant review be issued not later than 1 year after the date on which the Director notices the institution of a proceeding 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 325(c).

“(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 proceeding authorized by the Director.

“(d) AMENDMENT OF THE PATENT.—

“(1) IN GENERAL.—During a post-grant 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 327, or upon the request of the patent owner for good cause shown.

“(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 a post-grant review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.

#### “§ 327. Settlement

“(a) IN GENERAL.—A post-grant review instituted under this chapter shall be termi-

nated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. If the post-grant review is terminated with respect to a petitioner under this section, no estoppel under section 325(e) shall apply to that petitioner. If no petitioner remains in the post-grant review, the Office may terminate the post-grant review or proceed to a final written decision under section 328(a).

“(b) AGREEMENTS IN WRITING.—Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, the termination of a post-grant review under this section shall be in writing, and a true copy of such agreement or understanding shall be filed in the Office before the termination of the post-grant review as between the parties. If any party filing such agreement or understanding so requests, the copy shall be kept separate from the file of the post-grant review, and shall be made available only to Federal Government agencies upon written request, or to any other person on a showing of good cause.

#### “§ 328. Decision of the board

“(a) FINAL WRITTEN DECISION.—If a post-grant review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 326(d).

“(b) CERTIFICATE.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

#### “§ 329. Appeal

“A party dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 328(a) may appeal the decision pursuant to sections 141 through 144. Any party to the post-grant review shall have the right to be a party to the appeal.”

(e) TECHNICAL AND CONFORMING AMENDMENT.—The table of chapters for part III of title 35, United States Code, is amended by adding at the end the following:

“32. Post-Grant Review ..... 321.”.

(f) REGULATIONS AND EFFECTIVE DATE.—

(1) REGULATIONS.—The Director shall, not later than the date that is 1 year 18 months after the date of the enactment of this Act, issue regulations to carry out chapter 32 of title 35, United States Code, as added by subsection (d) of this section.

(2) APPLICABILITY.—The amendments made by subsection (d) shall take effect on the date that is 1 year 18 months after the date of the enactment of this Act and shall apply only to patents issued on or after that date. The Director may impose a limit on the number of post-grant reviews that may be instituted during each of the 4 years following the effective date of subsection (d).

(3) PENDING INTERFERENCES.—The Director shall determine the procedures under which interferences commenced before the effective date of subsection (d) are to proceed, including whether any such interference is to be dismissed without prejudice to the filing of a petition for a post-grant review under chapter 32 of title 35, United States Code, or is to



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proceed as if this Act had not been enacted. The Director shall include such procedures in regulations issued under paragraph (1). For purposes of an interference that is commenced before the effective date of subsection (d), the Director may deem the Patent Trial and Appeal Board to be the Board of Patent Appeals and Interferences, and may allow the Patent Trial and Appeal Board to conduct any further proceedings in that interference. The authorization to appeal or have remedy from derivation proceedings in sections 141(d) and 146 of title 35, United States Code, and the jurisdiction to entertain appeals from derivation proceedings in section 1295(a)(4)(A) of title 28, United States Code, shall be deemed to extend to final decisions in interferences that are commenced before the effective date of subsection (d) and that are not dismissed pursuant to this paragraph.

(g) CITATION OF PRIOR ART AND WRITTEN STATEMENTS.—

(1) IN GENERAL.—Section 301 of title 35, United States Code, is amended to read as follows:

“§ 301. Citation of prior art and written statements

“(a) IN GENERAL.—Any person at any time may cite to the Office in writing—

“(1) prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent; or

“(2) statements of the patent owner filed in a proceeding before a Federal court or the Office in which the patent owner took a position on the scope of any claim of a particular patent.

“(b) OFFICIAL FILE.—If the person citing prior art or written statements pursuant to subsection (a) explains in writing the pertinence and manner of applying the prior art or written statements to at least 1 claim of the patent, the citation of the prior art or written statements and the explanation thereof shall become a part of the official file of the patent.

“(c) ADDITIONAL INFORMATION.—A party that submits a written statement pursuant to subsection (a)(2) shall include any other documents, pleadings, or evidence from the proceeding in which the statement was filed that addresses the written statement.

“(d) LIMITATIONS.—A written statement submitted pursuant to subsection (a)(2), and additional information submitted pursuant to subsection (c), shall not be considered by the Office for any purpose other than to determine the proper meaning of a patent claim in a proceeding that is ordered or instituted pursuant to section 304, 314, or 324. If any such written statement or additional information is subject to an applicable protective order, it shall be redacted to exclude information that is subject to that order.

“(e) CONFIDENTIALITY.—Upon the written request of the person citing prior art or written statements pursuant to subsection (a), that person's identity shall be excluded from the patent file and kept confidential.”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect [1 year] 18 months after the date of the enactment of this Act and shall apply to patents issued before, on, or after that effective date.

(h) REEXAMINATION.—

(1) DETERMINATION BY DIRECTOR.—

(A) IN GENERAL.—Section 303(a) of title 35, United States Code, is amended by striking “section 301 of this title” and inserting “section 301 or 302”.

(B) EFFECTIVE DATE.—The amendment made by this paragraph shall take effect [1 year] 18 months after the date of the enactment of this Act and shall apply to patents issued before, on, or after that effective date.

(2) APPEAL.—

(A) IN GENERAL.—Section 306 of title 35, United States Code, is amended by striking “145” and inserting “144”.

(B) EFFECTIVE DATE.—The amendment made by this paragraph shall take effect on the date of enactment of this Act and shall apply to appeals of reexaminations that are pending before the Board of Patent Appeals and Interferences or the Patent Trial and Appeal Board on or after the date of the enactment of this Act.

SEC. 6. PATENT TRIAL AND APPEAL BOARD.

(a) COMPOSITION AND DUTIES.—Section 6 of title 35, United States Code, is amended to read as follows:

“§ 6. Patent Trial and Appeal Board

“(a) There shall be in the Office a Patent Trial and Appeal Board. The Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Patent Trial and Appeal Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary, in consultation with the Director. Any reference in any Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to the Board of Patent Appeals and Interferences is deemed to refer to the Patent Trial and Appeal Board.

“(b) The Patent Trial and Appeal Board shall—

“(1) on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a);

“(2) review appeals of reexaminations pursuant to section 134(b);

“(3) conduct derivation proceedings pursuant to section 135; and

“(4) conduct inter partes reviews and post-grant reviews pursuant to chapters 31 and 32.

“(c) Each appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director. Only the Patent Trial and Appeal Board may grant rehearings.

“(d) The Secretary of Commerce may, in his discretion, deem the appointment of an administrative patent judge who, before the date of the enactment of this subsection, held office pursuant to an appointment by the Director to take effect on the date on which the Director initially appointed the administrative patent judge. It shall be a defense to a challenge to the appointment of an administrative patent judge on the basis of the judge's having been originally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer.”.

(b) ADMINISTRATIVE APPEALS.—Section 134 of title 35, United States Code, is amended—

(1) in subsection (b), by striking “any reexamination proceeding” and inserting “a reexamination”; and

(2) by striking subsection (c).

(c) CIRCUIT APPEALS.—

(1) IN GENERAL.—Section 141 of title 35, United States Code, is amended to read as follows:

“§ 141. Appeal to the Court of Appeals for the Federal Circuit

“(a) EXAMINATIONS.—An applicant who is dissatisfied with the final decision in an appeal to the Patent Trial and Appeal Board under section 134(a) may appeal the Board's decision to the United States Court of Appeals for the Federal Circuit. By filing such an appeal, the applicant waives his right to proceed under section 145.

“(b) REEXAMINATIONS.—A patent owner who is dissatisfied with the final decision in an appeal of a reexamination to the Patent Trial and Appeal Board under section 134(b) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.

“(c) POST-GRANT AND INTER PARTES REVIEWS.—A party to a post-grant or inter partes review who is dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) or 328(a) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.

“(d) DERIVATION PROCEEDINGS.—A party to a derivation proceeding who is dissatisfied with the final decision of the Patent Trial and Appeal Board on the proceeding may appeal the decision to the United States Court of Appeals for the Federal Circuit, but such appeal shall be dismissed if any adverse party to such derivation proceeding, within 20 days after the appellant has filed notice of appeal in accordance with section 142, files notice with the Director that the party elects to have all further proceedings conducted as provided in section 146. If the appellant does not, within 30 days after the filing of such notice by the adverse party, file a civil action under section 146, the Board's decision shall govern the further proceedings in the case.”.

(2) JURISDICTION.—Section 1295(a)(4)(A) of title 28, United States Code, is amended to read as follows:

“(A) the Patent Trial and Appeal Board of the United States Patent and Trademark Office with respect to patent applications, derivation proceedings, reexaminations, post-grant reviews, and inter partes reviews at the instance of a party who exercised his right to participate in a proceeding before or appeal to the Board, except that an applicant or a party to a derivation proceeding may also have remedy by civil action pursuant to section 145 or 146 of title 35. An appeal under this subparagraph of a decision of the Board with respect to an application or derivation proceeding shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;”.

(3) PROCEEDINGS ON APPEAL.—Section 143 of title 35, United States Code, is amended—

(A) by striking the third sentence and inserting the following: “In an ex parte case, the Director shall submit to the court in writing the grounds for the decision of the Patent and Trademark Office, addressing all of the issues raised in the appeal. The Director shall have the right to intervene in an appeal from a decision entered by the Patent Trial and Appeal Board in a derivation proceeding under section 135 or in an inter partes or post-grant review under chapter 31 or 32.”; and

(B) by repealing the second of the two identical fourth sentences.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect [1 year] 18 months after the date of the enactment of this Act and shall apply to proceedings commenced on or after that effective date, except that—

(1) the extension of jurisdiction to the United States Court of Appeals for the Federal Circuit to entertain appeals of decisions of the Patent Trial and Appeal Board in reexaminations under the amendment made by subsection (c)(2) shall be deemed to take effect on the date of enactment of this Act and shall extend to any decision of the Board of Patent Appeals and Interferences with respect to a reexamination that is entered before, on, or after the date of the enactment of this Act;

(2) the provisions of sections 6, 134, and 141 of title 35, United States Code, in effect on

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the day prior to the date of the enactment of this Act shall continue to apply to inter partes reexaminations that are requested under section 311 prior to the date that is [1 year] 18 months after the date of the enactment of this Act;

(3) the Patent Trial and Appeal Board may be deemed to be the Board of Patent Appeals and Interferences for purposes of appeals of inter partes reexaminations that are requested under section 311 prior to the date that is [1 year] 18 months after the date of the enactment of this Act; and

(4) the Director's right under the last sentence of section 143 of title 35, United States Code, as amended by subsection (c)(3), to intervene in an appeal from a decision entered by the Patent Trial and Appeal Board shall be deemed to extend to inter partes reexaminations that are requested under section 311 prior to the date of the enactment of this Act.

#### SEC. 7. PREISSUANCE SUBMISSIONS BY THIRD PARTIES.

(a) IN GENERAL.—Section 122 of title 35, United States Code, is amended by adding at the end the following:

“(e) PREISSUANCE SUBMISSIONS BY THIRD PARTIES.—

“(1) IN GENERAL.—Any third party may submit for consideration and inclusion in the record of a patent application, any patent, published patent application, or other printed publication of potential relevance to the examination of the application, if such submission is made in writing before the earlier of—

“(A) the date a notice of allowance under section 151 is given or mailed in the application for patent; or

“(B) the later of—

“(i) 6 months after the date on which the application for patent is first published under section 122 by the Office, or

“(ii) the date of the first rejection under section 132 of any claim by the examiner during the examination of the application for patent.

“(2) OTHER REQUIREMENTS.—Any submission under paragraph (1) shall—

“(A) set forth a concise description of the asserted relevance of each submitted document;

“(B) be accompanied by such fee as the Director may prescribe; and

“(C) include a statement by the person making such submission affirming that the submission was made in compliance with this section.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect 1 year after the date of the enactment of this Act and shall apply to patent applications filed before, on, or after that effective date.

#### SEC. 8. VENUE.

(a) CHANGE OF VENUE.—Section 1400 of title 28, United States Code, is amended by adding at the end the following:

“(c) CHANGE OF VENUE.—For the convenience of parties and witnesses, in the interest of justice, a district court shall transfer any civil action arising under any Act of Congress relating to patents upon a showing that the transferee venue is clearly more convenient than the venue in which the civil action is pending.”.

(b) TECHNICAL AMENDMENTS RELATING TO VENUE.—Sections 32, 145, 146, 154(b)(4)(A), and 293 of title 35, United States Code, and section 21(b)(4) of the Act entitled “An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes”, approved July 5, 1946 (commonly referred to as the “Trademark Act of 1946” or the “Lanham Act”); 15 U.S.C. 1071(b)(4), are each amended

by striking “United States District Court for the District of Columbia” each place that term appears and inserting “United States District Court for the Eastern District of Virginia”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect upon the date of the enactment of this Act and shall apply to civil actions commenced on or after that date.

#### SEC. 9. FEE SETTING AUTHORITY.

(a) FEE SETTING.—

(1) IN GENERAL.—The Director shall have authority to set or adjust by rule any fee established or charged by the Office under sections 41 and 376 of title 35, United States Code, or under section 31 of the Trademark Act of 1946 (15 U.S.C. 1113), or any other fee established or charged by the Office under any other provision of law, notwithstanding the fee amounts established or charged thereunder, for the filing or processing of any submission to, and for all other services performed by or materials furnished by, the Office, provided that patent and trademark fee amounts are in the aggregate set to recover the estimated cost to the Office for processing, activities, services and materials relating to patents and trademarks, respectively, including proportionate shares of the administrative costs of the Office.

(2) SMALL AND MICRO ENTITIES.—The fees established under paragraph (1) for filing, processing, issuing, and maintaining patent applications and patents shall be reduced by 50 percent with respect to their application to any small entity that qualifies for reduced fees under section 41(h)(1) of title 35, United States Code, and shall be reduced by 75 percent with respect to their application to any micro entity as defined in section 123 of that title.

(3) REDUCTION OF FEES IN CERTAIN FISCAL YEARS.—In any fiscal year, the Director—

(A) shall consult with the Patent Public Advisory Committee and the Trademark Public Advisory Committee on the advisability of reducing any fees described in paragraph (1); and

(B) after the consultation required under subparagraph (A), may reduce such fees.

(4) ROLE OF THE PUBLIC ADVISORY COMMITTEE.—The Director shall—

(A) submit to the Patent Public Advisory Committee or the Trademark Public Advisory Committee, or both, as appropriate, any proposed fee under paragraph (1) not less than 45 days before publishing any proposed fee in the Federal Register;

(B) provide the relevant advisory committee described in subparagraph (A) a 30-day period following the submission of any proposed fee, on which to deliberate, consider, and comment on such proposal, and require that—

(i) during such 30-day period, the relevant advisory committee hold a public hearing related to such proposal; and

(ii) the Director shall assist the relevant advisory committee in carrying out such public hearing, including by offering the use of Office resources to notify and promote the hearing to the public and interested stakeholders;

(C) require the relevant advisory committee to make available to the public a written report detailing the comments, advice, and recommendations of the committee regarding any proposed fee;

(D) consider and analyze any comments, advice, or recommendations received from the relevant advisory committee before setting or adjusting any fee; and

(E) notify, through the Chair and Ranking Member of the Senate and House Judiciary Committees, the Congress of any final rule setting or adjusting fees under paragraph (1).

(5) PUBLICATION IN THE FEDERAL REGISTER.—

(A) IN GENERAL.—Any rules prescribed under this subsection shall be published in the Federal Register.

(B) RATIONALE.—Any proposal for a change in fees under this section shall—

(i) be published in the Federal Register; and

(ii) include, in such publication, the specific rationale and purpose for the proposal, including the possible expectations or benefits resulting from the proposed change.

(C) PUBLIC COMMENT PERIOD.—Following the publication of any proposed fee in the Federal Register pursuant to subparagraph (A), the Director shall seek public comment for a period of not less than 45 days.

(6) CONGRESSIONAL COMMENT PERIOD.—Following the notification described in paragraph (3)(E), Congress shall have not more than 45 days to consider and comment on any final rule setting or adjusting fees under paragraph (1). No fee set or adjusted under paragraph (1) shall be effective prior to the end of such 45-day comment period.

(7) RULE OF CONSTRUCTION.—No rules prescribed under this subsection may diminish—

(A) an applicant's rights under title 35, United States Code, or the Trademark Act of 1946; or

(B) any rights under a ratified treaty.

(b) FEES FOR PATENT SERVICES.—Division B of Public Law 108-447 is amended in title VIII of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2005—

(1) in subsections (a), (b), and (c) of section 801, by—

(A) striking “During” and all that follows through “2006, subsection” and inserting “Subsection”; and

(B) striking “shall be administered as though that subsection reads” and inserting “is amended to read”;

(2) in subsection (d) of section 801, by striking “During” and all that follows through “2006, subsection” and inserting “Subsection”; and

(3) in subsection (e) of section 801, by—

(A) striking “During” and all that follows through “2006, subsection” and inserting “Subsection”; and

(B) striking “shall be administered as though that subsection”.

(c) ADJUSTMENT OF TRADEMARK FEES.—Division B of Public Law 108-447 is amended in title VIII of the Departments of Commerce, Justice and State, the Judiciary and Related Agencies Appropriations Act, 2005, in section 802(a) by striking “During fiscal years 2005, 2006 and 2007”, and inserting “Until such time as the Director sets or adjusts the fees otherwise.”.

(d) EFFECTIVE DATE, APPLICABILITY, AND TRANSITION PROVISIONS.—Division B of Public Law 108-447 is amended in title VIII of the Departments of Commerce, Justice and State, the Judiciary and Related Agencies Appropriations Act, 2005, in section 803(a) by striking “and shall apply only with respect to the remaining portion of fiscal year 2005, 2006 and 2007”.

(e) STATUTORY AUTHORITY.—Section 41(d)(1)(A) of title 35, United States Code, is amended by striking “, and the Director may not increase any such fee thereafter”.

(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to affect any other provision of Division B of Public Law 108-447, including section 801(c) of title VIII of the Departments of Commerce, Justice and State, the Judiciary and Related Agencies Appropriations Act, 2005.

(g) DEFINITIONS.—In this section, the following definitions shall apply:

(1) DIRECTOR.—The term “Director” means the Director of the United States Patent and Trademark Office.



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(2) OFFICE.—The term “Office” means the United States Patent and Trademark Office.

(3) TRADEMARK ACT OF 1946.—The term “Trademark Act of 1946” means an Act entitled “Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes”, approved July 5, 1946 (15 U.S.C. 1051 et seq.) (commonly referred to as the Trademark Act of 1946 or the Lanham Act).

(h) ELECTRONIC FILING INCENTIVE.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, a fee of \$400 shall be established for each application for an original patent, except for a design, plant, or provisional application, that is not filed by electronic means as prescribed by the Director. The fee established by this subsection shall be reduced 50 percent for small entities that qualify for reduced fees under section 41(h)(1) of title 35, United States Code. All fees paid under this subsection shall be deposited in the Treasury as an offsetting receipt that shall not be available for obligation or expenditure.

(2) EFFECTIVE DATE.—This subsection shall become effective 60 days after the date of the enactment of this Act.

(i) EFFECTIVE DATE.—Except as provided in subsection (h), the provisions of this section shall take effect upon the date of the enactment of this Act.

**SEC. 10. SUPPLEMENTAL EXAMINATION.**

(a) IN GENERAL.—Chapter 25 of title 35, United States Code, is amended by adding at the end the following:

**“§ 257. Supplemental examinations to consider, reconsider, or correct information**

“(a) IN GENERAL.—A patent owner may request supplemental examination of a patent in the Office to consider, reconsider, or correct information believed to be relevant to the patent. Within 3 months of the date a request for supplemental examination meeting the requirements of this section is received, the Director shall conduct the supplemental examination and shall conclude such examination by issuing a certificate indicating whether the information presented in the request raises a substantial new question of patentability.

“(b) REEXAMINATION ORDERED.—If a substantial new question of patentability is raised by 1 or more items of information in the request, the Director shall order reexamination of the patent. The reexamination shall be conducted according to procedures established by chapter 30, except that the patent owner shall not have the right to file a statement pursuant to section 304. During the reexamination, the Director shall address each substantial new question of patentability identified during the supplemental examination, notwithstanding the limitations therein relating to patents and printed publication or any other provision of chapter 30.

“(c) EFFECT.—

“(1) IN GENERAL.—A patent shall not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered, or was incorrect in a prior examination of the patent if the information was considered, reconsidered, or corrected during a supplemental examination of the patent. The making of a request under subsection (a), or the absence thereof, shall not be relevant to enforceability of the patent under section 282.

“(2) EXCEPTIONS.—

“(A) PRIOR ALLEGATIONS.—This subsection shall not apply to an allegation pled with particularity, or set forth with particularity in a notice received by the patent owner under section 505(j)(2)(B)(iv)(II) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C.

355(j)(2)(B)(iv)(II)), before the date of a supplemental-examination request under subsection (a) to consider, reconsider, or correct information forming the basis for the allegation.

“(B) PATENT ENFORCEMENT ACTIONS.—In an action brought under section 337(a) of the Tariff Act of 1930 (19 U.S.C. 1337(a)), or section 281 of this title, this subsection shall not apply to any defense raised in the action that is based upon information that was considered, reconsidered, or corrected pursuant to a supplemental-examination request under subsection (a) unless the supplemental examination, and any reexamination ordered pursuant to the request, are concluded before the date on which the action is brought.

“(d) FEES AND REGULATIONS.—The Director shall, by regulation, establish fees for the submission of a request for supplemental examination of a patent, and to consider each item of information submitted in the request. If reexamination is ordered pursuant to subsection (a), fees established and applicable to ex parte reexamination proceedings under chapter 30 shall be paid in addition to fees applicable to supplemental examination. The Director shall promulgate regulations governing the form, content, and other requirements of requests for supplemental examination, and establishing procedures for conducting review of information submitted in such requests.

“(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed—

“(1) to preclude the imposition of sanctions based upon criminal or antitrust laws (including section 1001(a) of title 18, the first section of the Clayton Act, and section 5 of the Federal Trade Commission Act to the extent that section relates to unfair methods of competition);

“(2) to limit the authority of the Director to investigate issues of possible misconduct and impose sanctions for misconduct in connection with matters or proceedings before the Office; or

“(3) to limit the authority of the Director to promulgate regulations under chapter 3 relating to sanctions for misconduct by representatives practicing before the Office.”.

(b) EFFECTIVE DATE.—This section shall take effect 1 year after the date of the enactment of this Act and shall apply to patents issued before, on, or after that date.

**[SEC. 11. RESIDENCY OF FEDERAL CIRCUIT JUDGES.**

[(a) INCOME LEVEL ADJUSTMENT.—The second sentence of section 44(c) of title 28, United States Code, is repealed.

[(b) FACILITIES.—Section 44 of title 28, United States Code, is amended by adding at the end the following:

[(“(e)(1) The Director of the Administrative Office of the United States Courts shall provide—

[(“A) a judge of the Federal judicial circuit who lives within 50 miles of the District of Columbia with appropriate facilities and administrative support services in the District of the District of Columbia; and

[(“B) a judge of the Federal judicial circuit who does not live within 50 miles of the District of Columbia with appropriate facilities and administrative support services—

[(“i) in the district and division in which that judge resides; or

[(“ii) if appropriate facilities are not available in the district and division in which that judge resides, in the district and division closest to the residence of that judge in which such facilities are available, as determined by the Director.

[(“2) Nothing in this subsection may be construed to authorize or require the construction of new facilities.”.]

**SEC. 11. RESIDENCY OF FEDERAL CIRCUIT JUDGES.**

(a) IN GENERAL.—Section 44(c) of title 28, United States Code, is amended—

(1) by repealing the second sentence; and

(2) in the third sentence, by striking “state”

and inserting “State”.

(b) EFFECTIVE DATE.—This section shall take effect on the date of enactment of this Act.

**SEC. 12. MICRO ENTITY DEFINED.**

Chapter 11 of title 35, United States Code, is amended by adding at the end the following new section:

**“§ 123. Micro entity defined**

“(a) IN GENERAL.—For purposes of this title, the term “micro entity” means an applicant who makes a certification under either subsection (b) or (c).

“(b) UNASSIGNED APPLICATION.—For an unassigned application, each applicant shall certify that the applicant—

“(1) qualifies as a small entity, as defined in regulations issued by the Director;

“(2) has not been named on 5 or more previously filed patent applications;

“(3) has not assigned, granted, or conveyed, and is not under an obligation by contract or law to assign, grant, or convey, a license or any other ownership interest in the particular application; and

“(4) does not have a gross income, as defined in section 61(a) of the Internal Revenue Code (26 U.S.C. 61(a)), exceeding 2.5 times the average gross income, as reported by the Department of Labor, in the calendar year immediately preceding the calendar year in which the examination fee is being paid.

“(c) ASSIGNED APPLICATION.—For an assigned application, each applicant shall certify that the applicant—

“(1) qualifies as a small entity, as defined in regulations issued by the Director, and meets the requirements of subsection (b)(4);

“(2) has not been named on 5 or more previously filed patent applications; and

“(3) has assigned, granted, conveyed, or is under an obligation by contract or law to assign, grant, or convey, a license or other ownership interest in the particular application to an entity that has 5 or fewer employees and that such entity has a gross income, as defined in section 61(a) of the Internal Revenue Code (26 U.S.C. 61(a)), that does not exceed 2.5 times the average gross income, as reported by the Department of Labor, in the calendar year immediately preceding the calendar year in which the examination fee is being paid.

“(d) INCOME LEVEL ADJUSTMENT.—The gross income levels established under subsections (b) and (c) shall be adjusted by the Director on October 1, 2009, and every year thereafter, to reflect any fluctuations occurring during the previous 12 months in the Consumer Price Index, as determined by the Secretary of Labor.”.

**SEC. 13. FUNDING AGREEMENTS.**

(a) IN GENERAL.—Section 202(c)(7)(E)(i) of title 35, United States Code, is amended—

(1) by striking “75 percent” and inserting “15 percent”; and

(2) by striking “25 percent” and inserting “85 percent”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act and shall apply to patents issued before, on, or after that date.

**SEC. 14. TAX STRATEGIES DEEMED WITHIN THE PRIOR ART.**

(a) IN GENERAL.—For purposes of evaluating an invention under section 102 or 103 of title 35, United States Code, any strategy for reducing, avoiding, or deferring tax liability, whether known or unknown at the time of the invention or application for patent, shall be deemed insufficient to differentiate a claimed invention from the prior art.

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(b) DEFINITION.—For purposes of this section, the term “tax liability” refers to any liability for a tax under any Federal, State, or local law, or the law of any foreign jurisdiction, including any statute, rule, regulation, or ordinance that levies, imposes, or assesses such tax liability.

(c) EFFECTIVE DATE; APPLICABILITY.—This section shall take effect on the date of enactment of this Act and shall apply to any patent application pending and any patent issued on or after that date.

**SEC. 15. BEST MODE REQUIREMENT.**

(a) IN GENERAL.—Section 282 of title 35, United States Code, is amended in its second undesignated paragraph by striking paragraph (3) and inserting the following:

“(3) Invalidity of the patent or any claim in suit for failure to comply with—

“(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or

“(B) any requirement of section 251.”.

(b) CONFORMING AMENDMENT.—Sections 119(e)(1) and 120 of title 35, United States Code, are each amended by striking “the first paragraph of section 112 of this title” and inserting “section 112(a) (other than the requirement to disclose the best mode)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect upon the date of the enactment of this Act and shall apply to proceedings commenced on or after that date.

**SEC. 16. TECHNICAL AMENDMENTS.**

(a) JOINT INVENTIONS.—Section 116 of title 35, United States Code, is amended—

(1) in the first paragraph, by striking “When” and inserting “(a) JOINT INVENTIONS.—When”;

(2) in the second paragraph, by striking “If a joint inventor” and inserting “(b) OMITTED INVENTOR.—If a joint inventor”;

(3) in the third paragraph—

(A) by striking “Whenever” and inserting “(c) CORRECTION OF ERRORS IN APPLICATION.—Whenever”;

(B) by striking “and such error arose without any deceptive intent on his part.”.

(b) FILING OF APPLICATION IN FOREIGN COUNTRY.—Section 184 of title 35, United States Code, is amended—

(1) in the first paragraph—

(A) by striking “Except when” and inserting “(a) FILING IN FOREIGN COUNTRY.—Except when”;

(B) by striking “and without deceptive intent”;

(2) in the second paragraph, by striking “The term” and inserting “(b) APPLICATION.—The term”;

(3) in the third paragraph, by striking “The scope” and inserting “(c) SUBSEQUENT MODIFICATIONS, AMENDMENTS, AND SUPPLEMENTS.—The scope”.

(c) FILING WITHOUT A LICENSE.—Section 185 of title 35, United States Code, is amended by striking “and without deceptive intent”.

(d) REISSUE OF DEFECTIVE PATENTS.—Section 251 of title 35, United States Code, is amended—

(1) in the first paragraph—

(A) by striking “Whenever” and inserting “(a) IN GENERAL.—Whenever”;

(B) by striking “without any deceptive intention”;

(2) in the second paragraph, by striking “The Director” and inserting “(b) MULTIPLE REISSUED PATENTS.—The Director”;

(3) in the third paragraph, by striking “The provisions” and inserting “(c) APPLICABILITY OF THIS TITLE.—The provisions”;

(4) in the last paragraph, by striking “No reissued patent” and inserting “(d) REISSUE PATENT ENLARGING SCOPE OF CLAIMS.—No reissued patent”.

(e) EFFECT OF REISSUE.—Section 253 of title 35, United States Code, is amended—

(1) in the first paragraph, by striking “Whenever, without any deceptive intention” and inserting “(a) IN GENERAL.—Whenever”;

(2) in the second paragraph, by striking “in like manner” and inserting “(b) ADDITIONAL DISCLAIMER OR DEDICATION.—In the manner set forth in subsection (a).”.

(f) CORRECTION OF NAMED INVENTOR.—Section 256 of title 35, United States Code, is amended—

(1) in the first paragraph—

(A) by striking “Whenever” and inserting “(a) CORRECTION.—Whenever”;

(B) by striking “and such error arose without any deceptive intention on his part”;

(2) in the second paragraph, by striking “The error” and inserting “(b) PATENT VALID IF ERROR CORRECTED.—The error”.

(g) PRESUMPTION OF VALIDITY.—Section 282 of title 35, United States Code, is amended—

(1) in the first undesignated paragraph—

(A) by striking “A patent” and inserting “(a) IN GENERAL.—A patent”;

(B) by striking the third sentence;

(2) in the second undesignated paragraph, by striking “The following” and inserting “(b) DEFENSES.—The following”;

(3) in the third undesignated paragraph, by striking “In actions” and inserting “(c) NOTICE OF ACTIONS; ACTIONS DURING EXTENSION OF PATENT TERM.—In actions”.

(h) ACTION FOR INFRINGEMENT.—Section 288 of title 35, United States Code, is amended by striking “, without deceptive intention.”.

(i) REVISER’S NOTES.—

(1) Section 3(e)(2) of title 35, United States Code, is amended by striking “this Act,” and inserting “that Act.”.

[(2) Section 202(b)(3) of title 35, United States Code, is amended by striking “the section 203(b)” and inserting “section 203(b).”]

(2) Section 202 of title 35, United States Code, is amended—

(A) in subsection (b)(3), by striking “the section 203(b)” and inserting “section 203(b)”;

(B) in subsection (c)(7)—

(i) in subparagraph (D), by striking “except where it proves” and all that follows through “; and” and inserting: “except where it is determined to be infeasible following a reasonable inquiry, a preference in the licensing of subject inventions shall be given to small business firms; and”;

(ii) in subparagraph (E)(i), by striking “as described above in this clause (D);” and inserting “described above in this clause”;

(3) Section 209(d)(1) of title 35, United States Code, is amended by striking “nontransferable” and inserting “non-transferable”.

(4) Section 287(c)(2)(G) of title 35, United States Code, is amended by striking “any state” and inserting “any State”.

(5) Section 371(b) of title 35, United States Code, is amended by striking “of the treaty” and inserting “of the treaty.”.

(j) UNNECESSARY REFERENCES.—

(1) IN GENERAL.—Title 35, United States Code, is amended by striking “of this title” each place that term appears.

(2) EXCEPTION.—The amendment made by paragraph (1) shall not apply to the use of such term in the following sections of title 35, United States Code:

(A) Section 1(c).

(B) Section 101.

(C) Subsections (a) and (b) of section 105.

(D) The first instance of the use of such term in section 111(b)(8).

(E) Section 157(a).

(F) Section 161.

(G) Section 164.

(H) Section 171.

(I) Section 251(c), as so designated by this section.

(J) Section 261.

(K) Subsections (g) and (h) of section 271.

(L) Section 287(b)(1).

(M) Section 289.

(N) The first instance of the use of such term in section 375(a).

(k) EFFECTIVE DATE.—The amendments made by this section shall take effect 1 year after the date of the enactment of this Act and shall apply to proceedings commenced on or after that effective date.

**SEC. 17. CLARIFICATION OF JURISDICTION.**

(a) SHORT TITLE.—This section may be cited as the “Intellectual Property Jurisdiction Clarification Act of 2011”.

(b) STATE COURT JURISDICTION.—Section 1338(a) of title 28, United States Code, is amended by striking the second sentence and inserting the following: “No State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights.”.

(c) COURT OF APPEALS FOR THE FEDERAL CIRCUIT.—Section 1295(a)(1) of title 28, United States Code, is amended to read as follows:

“(1) of an appeal from a final decision of a district court of the United States, the District Court of Guam, the District Court of the Virgin Islands, or the District Court of the Northern Mariana Islands, in any civil action arising under, or in any civil action in which a party has asserted a compulsory counterclaim arising under, any Act of Congress relating to patents or plant variety protection”;

(d) REMOVAL.—

(1) IN GENERAL.—Chapter 89 of title 28, United States Code, is amended by adding at the end the following new section:

**“§1454. Patent, plant variety protection, and copyright cases**

“(a) IN GENERAL.—A civil action in which any party asserts a claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights may be removed to the district court of the United States for the district and division embracing the place where such action is pending.

“(b) SPECIAL RULES.—The removal of an action under this section shall be made in accordance with section 1446 of this chapter, except that if the removal is based solely on this section—

“(1) the action may be removed by any party; and

“(2) the time limitations contained in section 1446(b) may be extended at any time for cause shown.

“(c) REMAND.—If a civil action is removed solely under this section, the district court—

“(1) shall remand all claims that are neither a basis for removal under subsection (a) nor within the original or supplemental jurisdiction of the district court under any Act of Congress; and

“(2) may, under the circumstances specified in section 1367(c), remand any claims within the supplemental jurisdiction of the district court under section 1367.”.

(2) CONFORMING AMENDMENT.—The table of sections for chapter 89 of title 28, United States Code, is amended by adding at the end the following new item:

“1454. Patent, plant variety protection, and copyright cases.”.

(e) TRANSFER BY COURT OF APPEALS FOR THE FEDERAL CIRCUIT.—

(1) IN GENERAL.—Chapter 99 of title 28, United States Code, is amended by adding at the end the following new section:

**“§1632. Transfer by the Court of Appeals for the Federal Circuit**

“When a case is appealed to the Court of Appeals for the Federal Circuit under section 1295(a)(1), and no claim for relief arising under any Act of Congress relating to patents or plant variety protection is the subject of the appeal by



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any party, the Court of Appeals for the Federal Circuit shall transfer the appeal to the court of appeals for the regional circuit embracing the district from which the appeal has been taken.”.

(2) CONFORMING AMENDMENT.—The table of sections for chapter 99 of title 28, United States Code, is amended by adding at the end the following new item:

“1632. Transfer by the Court of Appeals for the Federal Circuit.”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to any civil action commenced on or after the date of the enactment of this Act.

**SEC. 117.118. EFFECTIVE DATE; RULE OF CONSTRUCTION.**

[(a) EFFECTIVE DATE.]—Except as otherwise provided in this Act, the provisions of this Act shall take effect 1 year after the date of the enactment of this Act and shall apply to any patent issued on or after that effective date.

[(b) CONTINUITY OF INTENT UNDER THE CREATE ACT.]—The enactment of section 102(c) of title 35, United States Code, under section (2)(b) of this Act is done with the same intent to promote joint research activities that was expressed, including in the legislative history, through the enactment of the Cooperative Research and Technology Enhancement Act of 2004 (Public Law 108-453; the “CREATE Act”), the amendments of which are stricken by section 2(c) of this Act. The United States Patent and Trademark Office shall administer section 102(c) of title 35, United States Code, in a manner consistent with the legislative history of the CREATE Act that was relevant to its administration by the United States Patent and Trademark Office.]

Mr. LEAHY. Mr. President, I ask unanimous consent that the committee-reported amendments be agreed to, the motions to reconsider be considered made and laid upon the table, with no intervening action or debate; further, that the amended version be considered original text for the purposes of further amendment.

The ACTING PRESIDENT pro tempore. Is there an objection?

Without objection, it is so ordered.

The committee-reported amendments were agreed to.

Mr. LEAHY. Mr. President, the Senate today is turning its attention to a measure that will help create jobs, energize the economy, and promote innovation. The Patent Reform Act, which has also come to be called the America Invents Act, is a key part of any jobs agenda.

We can help unleash innovation and promote American invention, all without adding a penny to the deficit. This is commonsense and bipartisan legislation. During the next few days, the Senate can come together to pass this needed legislation, and do so in a bipartisan manner. It represents the finest traditions of the Senate.

I thank the majority leader for proceeding to this measure, and the Republican leader for his cooperation.

This is a bill that was reported unanimously by the members of the Judiciary Committee. Republicans and Democrats alike recognize that it is important to our country's continued economic recovery, and to our ability to successfully compete in the global economy. America needs a 21st century

patent system in order to lead. The last reform of our patent system was nearly 60 years ago, and I think it is about time the patent system caught up with the needs of this country and what the rest of the world has already done.

In his State of the Union Address, President Obama challenged the Nation to out-innovate, out-build, and out-educate. Enacting the America Invents Act is a key to meeting this challenge.

Reforming the Nation's antiquated patent system will promote American innovation, it will create American jobs, and it will grow America's economy. I thank the President and his administration for their help and support for the Leahy-Hatch-Grassley America Invents Act.

Commerce Secretary Locke has been a strong partner in our efforts, and Director Kappos of the Patent and Trademark Office has been an indispensable source of wise counsel.

Innovation drives the Nation's economy, and that entrepreneurial spirit can only be protected by a patent system that promotes invention and spurs new ideas. We need to reform our patent system so that these innovations can more quickly get to market.

A modernized patent system—one that puts American entrepreneurs on the same playing field as those throughout the world—is a key to that success. This is an idea that cuts across the political spectrum.

Our bipartisan Senate cosponsors include Senator KOHL of Wisconsin, Senator KLOBUCHAR of Minnesota, Senator GILLIBRAND of New York, the distinguished Acting President pro tempore, Senator COONS of Delaware, as well as Senator KYL, the assistant Republican leader, Senator SESSIONS of Alabama, Senator LIEBERMAN of Connecticut, Senator FRANKEN of Minnesota, Senator BLUMENTHAL of Connecticut, and Senator HARKIN of Iowa.

Republicans and Democrats from big States and small, and from all ends of the political spectrum, are coming together to support American innovation.

The Senate Judiciary Committee unanimously approved this legislation on February 3, 2011. But this effort extends back several years. Our current congressional efforts to reform the Nation's patent system began in 2005. Indeed, our bill is the product of years of work and compromise. The Senate Judiciary Committee has reported patent reform legislation to the Senate in each of the last three Congresses. And the House has seen efforts over the same period led by Congressmen LAMAR SMITH of Texas and HOWARD BERMAN of California. The legislation we are considering today, in fact, is structured on the original House bill and contains many of the original provisions.

From the beginning, we each recognized the need for a more effective and efficient patent system, one that im-

proves patent quality and provides incentives for entrepreneurs to create jobs.

A balanced and efficient intellectual property system that rewards invention and promotes innovation through high-quality patents is crucial to our Nation's economic prosperity and job growth. It is how we win the future—by unleashing the American inventive spirit. This bill, the America Invents Act, will allow our inventors and innovators to flourish, and it will do so without adding a penny to the deficit.

Not a dime in taxpayer money is spent on the Patent and Trademark Office reforms. They are all funded by patent fees, not taxes.

The America Invents Act will accomplish three important goals, which have been at the center of the patent reform debate from the beginning: It will improve and harmonize operations at the Patent and Trademark Office; it will improve the quality of patents that are issued; and it will provide more certainty in litigation.

Particularly, this legislation will transition our Nation's patent system to a first-inventor-to-file system. It will also make changes to improve the quality of patents that are issued, and it will provide the PTO with the resources it needs to work through its backlog.

The America Invents Act provides the tools the PTO needs to separate the inventive wheat from the chaff, to help businesses bring new products to market and create jobs.

This is interesting because this is a piece of legislation that is supported by both business and labor—something we all want to see in this Chamber—including the National Association of Manufacturers, the United Steelworkers, the National Venture Capital Association, the AFL-CIO, the Association of American Universities, and companies representing all sectors of the patent community that have been urging action on patent reform proposals for years.

Innovation has always been at the heart of America and American success. From the founding of our Nation, we recognized the importance of promoting and protecting innovation. The Constitution explicitly grants Congress the power to “promote the progress and science and useful arts, by securing for limited times to . . . inventors the exclusive right to their respective . . . discoveries.” It is not a creature of the legislature but an integral part of our Constitution.

The patent system plays a key role in encouraging innovation and bringing new products to market. The discoveries made by American inventors and research institutions, commercialized by our companies, and protected and promoted by our patent laws, have made our system the envy of the world.

In spite of this, a Newsweek study last year found that only 41 percent of Americans believe the United States is staying ahead of China in innovation.

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A Thompson Reuters analysis has already predicted that China will outpace the United States in patent filings this year.

China has a specific plan not just to overtake the United States in patent applications, but to more than quadruple its patent filings over the next 5 years—all the more reason why we must act now. This is not something that should be delayed. We should act on it. Delaying it is saying we want China to overtake the United States. Moving forward says we want to be competitive.

It is astonishing to consider that China has been modernizing its patent laws and promoting innovation, but the United States has failed to keep pace. I said before, it has been 60 years since we last enacted reform of American patent law. We can no longer wait. We can no longer remain complacent and expect to stay on top.

In many areas that were highly contentious when the patent reform debate began, the courts have acted. Their decisions reflect the concerns heard in Congress that questionable patents were too easily obtained, too difficult to challenge. The courts have moved the law in a generally positive direction, more closely aligned with the text of the statutes.

More recently, the Federal circuit aggressively moved to constrain runaway damage awards, which plagued the patent system by basing awards on unreliable numbers, untethered to the reality of licensing decisions.

The courts have addressed issues where they can, but in some areas only Congress can take the necessary steps. Our act will both speed the application process and, at the same time, improve patent quality. It will provide the USPTO with the resources it needs to work through its application backlog, while also providing for greater input from third parties to improve the quality of patents issued and that remain in effect.

High quality patents are the key to our economic growth. They benefit both patent owners and users, who can be more confident in the validity of issued patents. Patents of low quality and dubious validity, by contrast, enable patent trolls who extort unreasonable licensing fees from legitimate businesses, and constitute a drag on innovation. Too many dubious patents also unjustly cast doubt on truly high quality patents.

The Department of Commerce issued a report indicating that these reforms will create jobs without adding to the deficit. The Obama administration supports these efforts, as do industries and stakeholders from all sectors of the patent community. Congressional action can no longer be delayed.

Innovation and economic development are not uniquely Democratic or Republican objectives, so we worked together to find the proper balance for America, for our economy, for our inventors, for our consumers.

Thomas Friedman wrote not too long ago in the New York Times that the country which “endows its people with more tools and basic research to invent new goods and services . . . is the one that will not just survive but thrive down the road. . . . We might be able to stimulate our way back to stability, but we can only invent our way back to prosperity.”

I think of the country’s first patent, which was issued to a Vermonter, Thomas Jefferson, the Secretary of State, examined the application, and President George Washington signed it.

A recent Judiciary Committee meeting on this measure was on the anniversary of the day Thomas Edison received the historic patent for the principles of his incandescent lamp that paved the way for the bulb that has illuminated our homes, offices, and venues in our country and around the world.

This week is when the patent was issued for lifesaving improvements to the diver’s suit. It was magician Harry Houdini who devised a mechanism that allowed divers in distress to safely escape a diving suit.

So we can smooth the path for more interesting and great American inventions. That is what the bipartisan comprehensive patent reform bill would do.

I wish to recognize in particular the work of Senator HATCH, who is here on the Senate floor—and he has been a longtime partner of mine on intellectual property issues—and Senator GRASSLEY, the ranking Republican on our committee. The bill has also received tremendous input from Senator KYL, Senator KLOBUCHAR, Senator SESSIONS and many others. We are working together, along with those on both sides of the aisle in the House, to reach the goal of improving patent quality and the operations at the PTO, and to address the related unpredictability of litigation that has been harming innovation.

No one claims that ours is a perfect bill. It is a compromise that will make key improvements in the patent system. Over the course of the next couple of days, the Senate will have the opportunity to consider amendments.

Senator COBURN intends to bring an amendment on the use of patent fees. Other Senators who disagree with the move to a first-to-file system may seek to reverse that progress. I urge those Senators that have amendments to come forward, agree to time agreements and proceed without delay.

We should be able to complete action on this bill this week and I would hope by Wednesday night. Then the Senate will need to move on to other important matters. So after a brief period for opening statements to outline the bill and frame the debate, I will call for Senators to come forward with any amendments they may have to the bill. This bill is important and its scheduling comes as no surprise. It was more than 10 days ago that the Senate unanimously agreed to its consideration.

So, let us do our job, and get to the task of considering and completing action on this important bill in order to help create jobs, encourage innovation and promote American invention.

Mr. President, some of the Nation’s leading innovators and inventors have expressed strong support for S. 23, the America Invents Act. The Coalition for Patent and Trademark Information Dissemination, whose members are patent and trademark holders, recently wrote to the Senate Judiciary Committee in support of the bill, stating that its members have “an interest in a more efficient system that produces higher-quality patents and trademarks.” The Intellectual Property Owners Association, one of the largest trade associations devoted to intellectual property rights also recently wrote to Senators endorsing important provisions in the bill, including the first-to-file system. I ask that these letters, as well as a statement of support from the Coalition for 21st Century Patent Reform be printed in the RECORD at this time. I also ask that a list of cross-sector manufacturers and innovators that support S. 23 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COALITION FOR PATENT AND TRADEMARK INFORMATION DISSEMINATION,

February 1, 2011.

Hon. PATRICK J. LEAHY,  
Chairman, Judiciary Committee,  
U.S. Senate, Washington, DC.

Hon. CHARLES GRASSLEY  
Ranking Member, Judiciary Committee,  
U.S. Senate, Washington, DC.

DEAR CHAIRMAN LEAHY AND RANKING MEMBER GRASSLEY: The Coalition writes in support of S. 23, the Patent Reform Act of 2011.

Coalition members are information services and workflow solution provider companies that offer value-added patent and trademark information services. Our services are aimed at enabling patent and trademark applicants to find and make available the most relevant information related to their claimed inventions and marks through the data enhancements and state of the art search tools provided. Members also are patent and trademark holders with growing numbers of patent and trademark applications who have an interest in a more efficient system that produces higher-quality patents and trademarks.

Patent quality is directly related to the adequacy of the prior art presented to examiners. When applicants conduct a patentability search and disclose all relevant prior art to examiners, examiners will have a significantly increased likelihood of making the right decision about patentability. A major positive addition to patent law would be the provisions in S. 23 allowing submission of patents or other publications by third parties while applications are still under consideration by the USPTO. This should further add to the prior art made available to the examiner and has the potential to greatly enhance patent quality.

Additionally, we applaud the inclusion of supplemental examination provisions in the bill. This will allow patent holders to request a review of patents where pertinent history or information may have been intentionally omitted in original requests. The inclusion



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of this provision will further strengthen our laws to prevent unlawful infringement.

We are delighted that a provision disallowing outsourcing of USPTO searches no longer seems to be under consideration. Coalition members believe that the USPTO should be able to contract with private companies to perform searches, whether as part of the PCT process, as is now currently permitted, or possibly for national searches at some future time. USPTO operational flexibility with PCT searches has proven to drastically reduce pendency rates. Achieving quality, speed, and cost-effectiveness in USPTO processes is a goal to encourage. USPTO management should be empowered to use the best source or sources for searches.

There is one addition to S. 23 that we would hope to see as the legislation advances. Coalition members believe that full disclosure of prior art information to examiners is constrained by concerns about inequitable conduct liability. We urge Congress to reform the inequitable conduct defense in order to remove the disincentive for full disclosure of all prior art.

We appreciate this opportunity to express our positions on patent reform issues, and the members of the Coalition stand ready to work with the Senate Judiciary Committee as it considers patent reform legislation.

Sincerely,

MARLA GROSSMAN,  
*Executive Director, Coalition for Patent  
and Trademark Information Dissemination.*

INTELLECTUAL PROPERTY  
OWNERS ASSOCIATION,  
*February 25, 2011.*

Re amendments to S. 23, the "Patent Reform Act of 2011"

The Hon. \_\_\_\_\_  
*U.S. Senate,  
Washington, DC.*

DEAR SENATOR \_\_\_\_\_: Intellectual Property Owners Association (IPO) is pleased that the Senate is planning to proceed with consideration of S. 23, the "Patent Reform Act of 2011."

IPO is one of the largest and most diverse trade associations devoted to intellectual property rights. Our 200 corporate members cover a broad spectrum of U.S. companies in industries ranging from information technology to consumer products to pharmaceuticals and biotechnology.

We wish to give you our advice on amendments that we understand might be offered during consideration of S. 23:

Vote AGAINST any amendment to delete the "first-inventor-to-file" and related provisions in section 2 of the bill. First-inventor-to-file, explained in a 1-page attachment to this letter, is central to modernization and simplification of patent law and is very widely supported by U.S. companies.

Vote FOR any amendment guaranteeing the U.S. Patent and Trademark Office access to all user fees paid to the agency by patent and trademark owners and applicants. Current delays in processing patent applications are totally unacceptable and the result of an underfunded Patent and Trademark Office.

Vote AGAINST any amendment that would interpose substantial barriers to enforcement of validly-granted "business method" patents. IPO supports business method patents that were upheld by the U.S. Supreme Court in the recent *Bilski* decision.

For more information, please call IPO at 202-507-4500.

Sincerely,

DOUGLAS K. NORMAN,  
*President.*

INTELLECTUAL PROPERTY  
OWNERS ASSOCIATION,  
*February 25, 2011.*

FIRST-INVENTOR-TO-FILE IN S. 23, THE  
"PATENT REFORM ACT OF 2011"

Section 2 of S. 23 simplifies and modernizes U.S. patent law by awarding the patent to the first of two competing inventors to file in the U.S. Patent and Trademark Office (PTO), a change from the traditional system of awarding the patent, in theory, to the first inventor to invent. First-inventor-to-file in S. 23 has these advantages:

Eliminates costly and slow patent interference proceedings conducted in the PTO and the courts to determine which inventor was the first to invent.

Creates legal certainty about rights in all patents, the vast majority of which never become entangled in interference proceedings in the first place, but which are still subject to the possibility under current law that another inventor might come forward and seek to invalidate the patent on the ground that this other inventor, who never applied for a patent, was the first to invent.

Encourages both large and small patent applicants to file more quickly in order to establish an early filing date. Early filing leads to early disclosure of technology to the public, enabling other parties to build on and improve the technology. (Applicants who plan to file afterward in other countries already have the incentive to file quickly in the U.S.)

Makes feasible the introduction of post-grant opposition proceedings to improve the quality of patents, by reducing the issues that could be raised in a post-grant proceeding, thereby limiting costs and delay.

Follows up on changes already made by Congress that (1) established inexpensive and easy-to-file provisional patent applications and, (2) in order to comply with treaty obligations, allowed foreign inventors to participate in U.S. patent interference proceedings.

THE COALITION FOR 21ST  
CENTURY PATENT REFORM

BIPARTISAN EFFORTS MOVE STRONG PATENT REFORM BILL FORWARD IN SENATE—COALITION SUPPORTS COMMITMENT TO IMPROVE PATENT SYSTEM FOR ALL INVENTORS

Washington, DC.—Gary Griswold of the Coalition for 21st Century Patent Reform today released the following statement after the Senate Judiciary Committee overwhelmingly approved S. 23, The Patent Reform Act of 2011. The Coalition appreciates the strong bipartisan support of the bill in the committee and the recognition by the Senators that patent reform will spur innovation and help create jobs across all business sectors.

"Our Coalition is grateful for the bipartisan vote in support of the legislation and the Senators' hard work to craft legislation that will improve the patent system for all the nation's innovators. It is very encouraging to have the committee's overwhelming support for the legislation as it moves to the Senate floor. We recognize Senators will continue to fine-tune the language of the bill and we look forward to working actively with them to address outstanding issues.

The members of our Coalition will be working with other inventors and innovators in the coming weeks to communicate with all Senators as well as members of the House about the importance of this legislation for jobs, promoting innovation, and solidifying our global competitiveness."

CROSS-SECTOR MANUFACTURERS &  
INNOVATORS IN SUPPORT OF S. 23

3M, Air Liquide, Air Products, BP,  
Bridgestone American Holdings, Inc.,

Cargill, Caterpillar, Coalition for Patent and Trademark Information Dissemination, Coalition for 21st Century Patent Reform, Cummins.

The Dow Chemical Company, DuPont, Eastman Chemical Company, ExxonMobil, General Electric, General Mills, Henkel Corporation, Honeywell, Intellectual Property Owners Association.

Illinois Tool Works, Kodak, Milliken and Company, Monsanto, Northrop Grumman, PepsiCo, Inc., Procter & Gamble, United Technologies, USG Corporation, Weyerhaeuser.

AMENDMENT NO. 114

Mr. LEAHY. Mr. President, as part of the housekeeping measures we have, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BLUMENTHAL). The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Vermont [Mr. LEAHY] proposes an amendment numbered 114.

Mr. LEAHY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To improve the bill)

On page 1, strike line 5, and insert the following: "America Invents Act"

On page 79, strike lines 1 through 17, and insert the following:

(1) IN GENERAL.—The Director shall have authority to set or adjust by rule any fee established, authorized, or charged under title 35, United States Code, and the Trademark Act of 1946 (15 U.S.C. 1051 et seq.), notwithstanding the fee amounts established, authorized, or charged thereunder, for all services performed by or materials furnished by, the Office, provided that patent and trademark fee amounts are in the aggregate set to recover the estimated cost to the Office for processing, activities, services, and materials relating to patents and trademarks, respectively, including proportionate shares of the administrative costs of the Office.

Mr. LEAHY. Mr. President, I see the distinguished senior Senator from Utah on the Senate floor, a man who has worked for years on this issue and has made every effort to keep it bipartisan. I yield to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I thank the distinguished chairman of the Judiciary Committee. He has been one of the leaders the whole time I have been on that committee with regard to intellectual property issues. It has always been a pleasure to work with him and his staff. They are good people.

This is a particularly important bill. It is only the first step, once we bring it up and hopefully pass it, and then the House will bring up their bill. There are likely to be differences between the two, and we will have to get together in conference to resolve those differences. So those who might have some angst about this particular bill, give it time. We will be working diligently—the distinguished Senator from Vermont, myself, and others, including, of course, our ranking member, Senator GRASSLEY—we will be working diligently to try and resolve these

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problems and hopefully we will end up with a bill that everybody in this country should recognize as what needs to be done to keep us at the forefront of all technological innovation in this world.

I rise today to express my support for the pending patent reform legislation before us. As many know, several of my colleagues and I have been working together on this bill for several Congresses. I especially wish to recognize the ongoing efforts of our Judiciary Committee chairman, PAT LEAHY. Over the years he and I have worked tirelessly to bring about long overdue reform to our Nation's patent system. I also wish to recognize the efforts of the Judiciary Committee ranking member, CHUCK GRASSLEY, as well as many of my Senate colleagues who have been instrumental in forging the compromise before us today which, in my opinion, is the first step in trying to arrive at a final consensus bill.

Similarly, no enumeration would be complete without recognizing the considerable work that has been done by our colleagues over in the House of Representatives. House Judiciary Committee chairman LAMAR SMITH has been a leader on patent reform legislation for many years. His vision, his expertise, and his leadership are highly respected and appreciated by me, by my colleagues as well, and by many throughout the patent community.

I also wish to specifically acknowledge the invaluable contributions of Representatives JOHN CONYERS, HOWARD BERMAN, BOB GOODLATTE, HOWARD COBLE, DARRELL ISSA, and ZOE LOFGREN. They have all been very effective people with regard to these very important issues. They have been stalwarts in underscoring the vital need to reform our patent system. I look forward to seeing the results of their process and working with them to complete this important task.

Most of us are very familiar with the history of patent legislation, but it bears repeating that we have not had meaningful reform to our patent system in well over a half century—not any meaningful reform whatsoever, even though many things have changed during these intervening years—courts have instituted welcome changes to our patent system, a lot of technology has changed, and a lot of innovation has occurred.

I am not going to spend my time today on a history lesson. Instead, I urge everyone to consider not the past, but to look forward to the future, and that future begins with examining our present. The Nation's current economic situation requires that we take advantage of our ingenuity that has made America the economic envy of the world.

If enacted, the American Invents Act would move the United States to a first-inventor-to-file system, which will create a system that is more transparent, objective, and predictable for the patentee. In addition,

transitioning to a first-to-inventor-to-file system will facilitate harmonization with other patent offices across the world and contribute to ongoing work-sharing processes.

The bill will also establish another means to administratively challenge the validity of a patent at the U.S. Patent and Trademark Office, USPTO—creating a cost-effective alternative to formal litigation, which will further enhance our patent system.

Patent owners will be able to improve the quality of their patents through a new supplemental examination process. The bill further prevents patents from being issued on claims for tax strategies and provides fee-setting authority for the USPTO Director to ensure the Office is properly funded.

This bipartisan bill also contains provisions on venue to curb forum shopping; changes to the best mode disclosure requirement; increased incentives for government laboratories to commercialize inventions; restrictions on false marking claims, and removes restrictions on the residency of Federal Circuit judges.

For me, it is pretty simple. Patent reform is more than words on paper. It is about jobs and the positive impact they have on our economy. Chairman LEAHY understands this connection and has wisely named the bill the America Invents Act of 2011.

While we debate this important legislation, it is crucial that we keep the creation of jobs and economic prosperity at the forefront of our thoughts. After all, patents encourage technological advancement by providing incentives to invent, to invest in, and to disclose new technology. Now more than ever we must ensure efficiency and increased quality in the issuance of patents. This, in turn, will create an environment that fosters entrepreneurship and the creation of new jobs, thereby contributing to growth within all sectors of our economy.

If we think about it, one single deployed patent has a ripple effect that works like this: A properly examined patent, promptly issued by the USPTO, creates jobs—jobs that are dedicated to developing and producing new products and services. Unfortunately, the current USPTO backlog now exceeds 700,000 applicants. The sheer volume of the patent applications not only reflects the vibrant, innovative spirit that has made America a worldwide innovative leader in science, education, and technology, but the patent backlog also represents dynamic economic growth waiting to be unleashed. We cannot afford to go down this path any longer. We need to take advantage of this opportunity to expand our economy.

During consideration of the America Invents Act, I encourage my colleagues to be mindful that legislation is rarely without its imperfections, and we have a tremendous chance to take much needed action. To those who believe

otherwise, rest assured my intent is to do no harm. But I want the legislative process to move forward. It is long overdue.

I urge my colleagues to participate in the debate and vote on the amendments they think will strengthen the bill. There are some proposals that I believe merit serious consideration by all of us. At the end of the day, the passage of this bill will update our patent system, help strengthen our economy, and provide a springboard for further improvements to our intellectual property laws.

I have every confidence that we can come together and act in a bipartisan manner. The stakes are simply too high for us not to seize this moment.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I rise to speak on S. 23. We probably have a lot of amendments, but right now we are talking about the bill. The America Invents Act is what it is called. I should express my gratitude to those others who have helped so much on this and, quite frankly, more involved on this bill than I have been, including Chairman LEAHY, Senator HATCH, Senator SESSIONS, and Senator KYL.

This is a bipartisan bill. Over the past 5 years or so, the Senate Judiciary Committee has been considering comprehensive patent reform. Chairman LEAHY has engaged Senators on both sides of the aisle as well as a wide range of groups on the outside. His efforts have been pivotal in bringing together diverse views and crafting a reasonable compromise bill. In fact, the bill is supported by a large number of industries and other stakeholders from the U.S. patent community.

I commend the leadership of Chairman LEAHY as well as the leadership of Senator HATCH for getting us to where we are at this point. Intellectual property rights are extremely important to our Nation's economy. An effective and efficient patent system will help promote innovation and technological advancement in America and make life better for us all. An effective and efficient patent system also will help provide stimulus for businesses and obviously generate many new jobs. Everyone agrees we need a well-functioning patent and trademark office within our government so that it can complete its work in a timely manner.

We should find ways to help the Patent and Trademark Office speed up the patent application process and eliminate the current backlog it is experiencing. We should reduce costs and decrease abusive litigation and improve certainty in the patent process and strengthen patent quality. The America Invents Act will help do all of these things.

The bipartisan bill before us will update and upgrade the U.S. patent system. It will enhance transparency and patent quality, and it will ensure that the Patent and Trademark Office has



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the tools and funding it needs to cut its backlog and process patent applications more quickly.

The improvements to the patent system contained in our bill will help spur economic prosperity and job creation. I am pleased to support it.

Specifically, the bill would improve patent quality by establishing the opportunity for third parties to submit prior art and other information related to a pending application for consideration by a patent examiner. By allowing prior art to be submitted earlier in the process and explained to the office, patent examiners will be able to issue higher quality patents.

The bill would create a “first window” post-grant opposition proceeding open for 9 months after the grant of a patent. This would allow the Patent and Trademark Office to weed out patents that should not have been issued in the first place.

This new post-grant review process—which was recommended in a 2004 report issued by the National Academy of Sciences—would enable early challenges to patents, but also protect the rights of inventors and patent owners against endless litigation. The reason we want to ensure that the Patent and Trademark Office issues high quality patents is to incentivize investment in truly innovative technological advances and provide more certainty for investors in these inventions.

In addition, the bill would improve the current inter partes administrative process for challenging the validity of a patent. It would establish an adversarial inter partes review, with a higher threshold for initiating a proceeding and procedural safeguards to prevent a challenger from using the process to harass patent owners. It also would include a strengthened estoppel standard to prevent petitioners from raising in a subsequent challenge the same patent issues that were raised or reasonably could have been raised in a prior challenge. The bill would significantly reduce the ability to use post-grant procedures for abusive serial challenges to patents. These new procedures would also provide faster, less costly alternatives to civil litigation to challenge patents.

The bill would institute a gate-keeping role for the court to assess the legal basis for damages and jury instructions. This would provide more certainty in damages calculation and promote uniformity and fairness. The bill also would transition the United States to a first-inventor to file system, simplifying the application process and coordinating it with our trading partners. This change will reduce costs and help improve the competitiveness of American inventors abroad.

Further, the bill would provide fee setting authority for the Patent Trademark Office Director to ensure that the Patent and Trademark Office is properly funded and can reduce its current backlog of patent applications.

The bill also would mandate a reduction of fees by 50 percent for small entities and 75 percent for micro-entities.

I want to particularly thank Chairman LEAHY for working with me and Senator BAUCUS on a provision that would curtail patents on tax strategies. These patents encumber the ability of taxpayers and their advisers to use the tax law freely, interfering with the voluntary tax compliance system. Tax strategy patents undermine the fairness of the Federal tax system by removing from the public domain ways to satisfy a taxpayer's legal obligations. If firms or individuals hold patents for these strategies, some taxpayers could face fees simply for complying with the Tax Code. Moreover, tax patents provide windfalls to lawyers and patent holders by granting them exclusive rights to use tax loopholes, which could provide some businesses with an unfair advantage in our competitive market system.

Our provision would ensure that all taxpayers will have equal access to strategies to comply with the Tax Code.

This provision was carefully drafted with the help of the Patent and Trademark Office not to cover software preparation and other software, tools or systems used to prepare tax or information returns or manage a taxpayer's finances.

In conclusion, the America Invents Act will protect inventors' rights and encourage innovation and investment in our economy. The bill will improve transparency and third party participation in the patent application review process. This, in turn, will strengthen patent quality and result in more fairness for both patent holders and patent challengers. The bill will institute beneficial changes to the patent process to curb litigation abuses and improve certainty for investors and innovators. It will help companies do business more efficiently on an international basis.

The bill also will enhance operations of the Patent and Trademark Office with administrative reforms and will give the office fee setting authority to reduce backlogs and better manage its business.

I am pleased to support this hard fought bipartisan legislation, and I urge my colleagues to support it as well.

I yield the floor.

Mr. LEAHY. Mr. President, I thank the distinguished Senator from Iowa. As I noted before he got on the floor, he has been extremely important in working on this issue.

Mr. President, just so I can have a moment to speak with the Senator from Louisiana, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. VITTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 112

Mr. VITTER. Mr. President, pursuant to a conversation with the distinguished committee chairman, I ask unanimous consent to temporarily set aside the pending amendment to call up the Toomey-Vitter amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

The Senator from Louisiana [Mr. VITTER], for himself and Mr. TOOMEY, proposes an amendment numbered 112.

Mr. VITTER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To require that the Government prioritize all obligations on the debt held by the public in the event that the debt limit is reached)

At the appropriate place, insert the following:

**SEC. \_\_\_\_ FULL FAITH AND CREDIT ACT.**

(a) **SHORT TITLE.**—This section may be cited as the “Full Faith and Credit Act”.

(b) **PRIORITIZE OBLIGATIONS ON THE DEBT HELD BY THE PUBLIC.**—In the event that the debt of the United States Government, as defined in section 3101 of title 31, United States Code, reaches the statutory limit, the authority of the Department of the Treasury provided in section 3123 of title 31, United States Code, to pay with legal tender the principal and interest on debt held by the public shall take priority over all other obligations incurred by the Government of the United States.

Mr. VITTER. Mr. President, this Toomey-Vitter amendment is the Full Faith and Credit Act—the concept that has been discussed for several weeks prior to this week. It is very timely, as we are all rightly focused on the spending and debt issue with the Thursday deadline coming up.

No one that I know of wants the government to be shut down in any way, shape, or form. No one that I know of wants any massive, significant disruption. But lots of people that I know of, including many in Louisiana, want us to change business as usual in Washington, starting with spending and debt. This full faith and credit amendment is an important step in that regard. Because of the time limitations in front of us before we move to other pending business at 4:30, I have agreed to come back at a later time to fully lay out this Toomey-Vitter amendment, as well as a second-degree Vitter amendment that I will advance with regard to Social Security.

It is very important to discuss this spending, to put it on the floor and start this debate with vigor about spending and debt, changing the fiscal policy of this country so that we can get on a more sustainable path. There is only one thing certain about this debate; that is, if we don't change the fiscal path we are on, it will lead to an economic disaster.

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I urge us to debate these important proposals immediately, well before the Thursday deadline, and come to a strong, positive resolution. I will be back on the floor soon with Senator TOOMEY to fully explain this amendment, as well as the Vitter second-degree amendment.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Utah.

Mr. LEE. Mr. President, I send a motion to the desk.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I understand we have a unanimous consent agreement at 4:30 p.m. to go to two judicial nominations.

The PRESIDING OFFICER. The Senator is correct.

Mr. LEAHY. I ask for the regular order.

#### EXECUTIVE SESSION

#### NOMINATION OF AMY TOTENBERG TO BE UNITED STATES DISTRICT JUDGE FOR THE NORTHERN DIS- TRICT OF GEORGIA

#### NOMINATION OF STEVE C. JONES TO BE UNITED STATES DISTRICT JUDGE FOR THE NORTHERN DIS- TRICT OF GEORGIA

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to executive session to consider the following nominations, which the clerk will report.

The legislative clerk read the nominations of Amy Totenberg, of Georgia, to be United States District Judge for the Northern District of Georgia and Steve C. Jones, of Georgia, to be United States District Judge for the Northern District of Georgia.

The PRESIDING OFFICER. Under the previous order, there will now be 1 hour of debate, equally and divided and controlled in the usual form.

The Senator from Vermont.

Mr. LEAHY. There is both good news and bad news represented by today's debate. The good news is that we begin another week by considering two of President Obama's judicial nominations. With judicial vacancies remaining over 100, nearly half of them judicial emergencies, the Senate's action today on 2 outstanding nominees to fill judicial emergency vacancies in Georgia is much needed.

The bad news is that we did not consider these nominations earlier, and that we are not considering any of the other 8 judicial nominees awaiting final Senate consideration and confirmation. Two of those nominees, Sue Myerscough and James Shadid, were each nominated to fill emergency vacancies on the Central District of Illinois. Their confirmations would help relieve the chief judge of that district, who is the only active judge in the en-

tire district. Chief Judge McCuskey wrote to Senator DURBIN in November urging the Senate to take action to fill those vacancies, but we did not. Despite the desperate need in that district, neither of these nominations received final Senate votes when they were reported unanimously by the Judiciary Committee last year. Both have now been reported unanimously again, and we should not further delay taking care of this overburdened court and the hard-working Americans who depend on it.

I do thank, in particular, the majority leader for scheduling this time, and also thank the Republican leader for his cooperation. I also commend our ranking Republican on the Judiciary Committee. Senator GRASSLEY has worked with me on each of the judicial nominations that President Obama renominated this January.

All 13 of the judicial nominations that were unanimously reported last year have now been unanimously reported, again, this year. To date, five of those nominations have been confirmed and with the confirmation of Amy Totenberg and Steve Jones, we will have reconsidered and confirmed 7 of those 13 unanimously reported judicial nominees.

The Judiciary Committee has also now considered the renomination of Susan Carney of Connecticut to the Second Circuit and Michael Simon to be a district court judge in Oregon. More than half of the Republicans on the Judiciary Committee voted in favor of those nominations. They should be debated and confirmed without delay, as well.

Working with Senator GRASSLEY, I also expect to be able to move forward with Judiciary Committee consideration of the renominations of two district court nominees, Edward Chen of California and Jack McConnell of Rhode Island, in the next few weeks. The renomination of Goodwin Liu of California to the Ninth Circuit will be reexamined at a Judiciary Committee hearing this week, at the request of our Republican members, and then reconsidered by the committee, as well.

We will be holding our third confirmation hearing of the year this week. It will include Professor Liu and four other judicial nominees from Tennessee, Florida, and New Jersey. At the earlier two hearings we considered eight additional judicial nominees who now await committee approval and Senate consideration. We are holding hearings every 2 weeks and hope finally to begin to bend the curve and start to lower judicial vacancies across the country.

I also commend the Senator from Iowa for his statement on February 14 during which he urged the Senate to turn the page and not revisit the re-appointments from administrations past. I agree.

The nominees we consider today are both from Georgia. They were both reported unanimously by the Judiciary

Committee this year. Actually, they were also reported unanimously by the Judiciary Committee last year. They were among the 19 judicial nominees who were ready to be confirmed by the Senate last year but were not. When there was objection to proceeding last year, the vacancies persisted, the President had to renominate them and the Judiciary Committee had to reconsider their nominations. I expect the Senate will confirm them both tonight. I hope we do so unanimously. Both have the support of their home State Senators. Senators ISAKSON and Senator CHAMBLISS worked with me and with President Obama in connection with these nominations.

While I am encouraged that the Senate is proceeding today, I am disappointed that we did not consider these nominees and other nominees from California, North Carolina, and the District of Columbia before the Presidents Day recess. We used to be able to clear the calendar of nominations before a recess. All six of these judicial nominees were approved unanimously by every Republican and every Democrat on the Judiciary Committee weeks before the recess. When they are considered, I fully expect they will be confirmed unanimously by the Senate. With persistently high judicial vacancies around the country, the Senate should be considering judicial nominations without unnecessary delays. Litigants all over the country are having a hard time getting their cases heard in court because of the high number of vacancies. There are nominees pending on the calendar with unanimous support by both Republicans and Democrats on the Senate Judiciary Committee. We ought to at least vote on these nominations to fill the vacancies.

In fact, when these 2 nominations are confirmed, there will still be nearly 100 Federal judicial vacancies around the country. That is too many and they have persisted for too long. That is why Chief Justice Roberts, Attorney General Holder, White House Counsel Bob Bauer, and many others, including the President of the United States, have spoken out and urged the Senate to act.

Nearly one out of every eight Federal judgeships is vacant. That puts at serious risk the ability of Americans all over the country to have a fair hearing in court. The real price being paid for these unnecessary delays is that the judges who remain are overburdened and the American people who depend on them are being denied hearings and justice in a timely fashion. These delays affect everyone; whether you are a plaintiff, a prosecutor, or a defendant.

Regrettably, the progress we made during the first 2 years of the Bush administration has not been duplicated, and the progress we made over the 8 years from 2001 to 2009 to reduce judicial vacancies from 110 to a low of 34 was reversed. The vacancy rate we reduced from 10 percent at the end of

**PAGES APPX0205-0209 HAVE BEEN  
REMOVED PURSUANT TO  
PROTECTIVE ORDER**

**CERTIFICATE OF FILING AND SERVICE**

The undersigned hereby certifies that on August 13, 2020, a true and correct copy of the above and foregoing document was filed with the Clerk of Court for the United States Court of Appeals for the Federal Circuit using the appellate CM/ECF system.

I further certify that the following participants in the underlying litigation were served the Petition for Writ of Mandamus and Supporting Non-Confidential Appendix of Exhibits by UPS Ground at the following addresses of record:

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