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** Pro hac vice application forthcoming*

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on the signature page per Local Rule 3-4(a)(1)*

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

APPLE INC., CISCO SYSTEMS, INC.,
GOOGLE LLC, and INTEL CORPORATION,

Plaintiffs,

v.

ANDREI IANCU, in his official capacity as
Under Secretary of Commerce for Intellectual
Property and Director, United States Patent and
Trademark Office,

Defendant.

Case No.: 5:20-cv-6128

**COMPLAINT FOR DECLARATORY
AND INJUNCTIVE RELIEF**

Administrative Procedure Act Case

INTRODUCTION

1
2 1. This action under the Administrative Procedure Act (“APA”) challenges a rule
3 adopted by the Director of the U.S. Patent and Trademark Office (“PTO”) governing that agency’s
4 consideration of petitions to institute inter partes review (“IPR”)—an administrative proceeding for
5 determining the patentability of previously issued patent claims.

6 2. A strong patent system is vital to protecting the massive research and development
7 investments that fuel Plaintiffs’ innovative products and services. And a crucial element of any
8 strong patent system is a mechanism for “weeding out” weak patents that never should have been
9 granted because the claimed invention was not novel or would have been obvious in light of prior art.
10 *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1374 (2020). Such patents threaten
11 innovation—particularly in the hands of non-practicing entities that use the patent system not to spur
12 their own inventions, but to extract monetary returns by asserting weak patents in infringement suits.
13 As frequent targets of such tactics, Plaintiffs have a strong interest in having an efficient and
14 accessible means for challenging weak patents that should never have issued to ensure that such
15 patents cannot hamper innovation.

16 3. IPR was a centerpiece of Congress’s efforts to strengthen the U.S. patent system in the
17 Leahy-Smith America Invents Act (“AIA”). In enacting the AIA in 2011, Congress recognized that
18 innovation is inhibited when invalid patents are issued and then deployed in litigation against
19 technology inventors and developers. And Congress found existing procedures for challenging
20 already-issued patents, including litigation, to be insufficient to protect the patent system. Congress
21 accordingly created IPR to provide a more efficient and streamlined administrative alternative to
22 litigation for determining patentability before specialized patent judges. IPR has served to enhance
23 the U.S. patent system and strengthen U.S. technology and innovation by weeding out thousands of
24 invalid patent claims.

25 4. To ensure that IPR fulfills its purpose as a superior alternative to litigation over patent
26 validity, the AIA specifically contemplates that IPR will be available to determine the patentability of
27 patent claims that are also the subject of pending patent infringement litigation.
28

1 5. In the agency action challenged in this suit (referred to here as the “*NHK-Fintiv* rule”),
2 however, the Director determined that the PTO could deny a petition for IPR based on a balancing of
3 discretionary factors relating to the pendency of parallel patent infringement litigation—factors that
4 appear nowhere in the AIA. The agency’s application of that rule has dramatically reduced the
5 availability of IPR, regardless of the weakness of the patent claims being challenged, thereby
6 undermining IPR’s central role in protecting a strong patent system.

7 6. The *NHK-Fintiv* rule violates the AIA, which allows IPR to proceed in tandem with
8 infringement litigation involving the same patent claims so long as the IPR petition is filed within one
9 year after the petitioner was served with the complaint in the infringement suit. Congress dictated in
10 the AIA exactly when litigation should take precedence over IPR and vice versa, and the *NHK-Fintiv*
11 rule contravenes Congress’s judgment. Indeed, the *NHK-Fintiv* rule defeats the purpose of IPR,
12 which is to provide a streamlined and specialized mechanism for clearing away invalid patents that
13 never should have issued, and to do so without the substantial costs, burdens, and delays of litigation.

14 7. The *NHK-Fintiv* rule is also arbitrary and capricious because its vague factors lead to
15 speculative, unpredictable, and unfair outcomes and will not advance the agency’s stated goal of
16 promoting administrative efficiency.

17 8. Finally, even if it were not contrary to law, the *NHK-Fintiv* rule is procedurally invalid
18 because it was not adopted through notice-and-comment rulemaking. Both the APA and the AIA
19 obligated the Director to follow that procedure, yet the Director instead propounded the *NHK-Fintiv*
20 rule through an internal process within the PTO for establishing binding rules by designating select
21 decisions of the Patent Trial and Appeal Board as “precedential”—a process that provides for no
22 opportunity for or consideration of public input.

23 9. The Court should therefore declare the *NHK-Fintiv* rule unlawful and set it aside under
24 the APA. The Court should further permanently enjoin the Director from applying the rule or the
25 non-statutory factors it incorporates to deny institution of IPR.

JURISDICTION AND VENUE

10. This case arises under the Administrative Procedure Act (“APA”), 5 U.S.C. § 701 *et seq.* This Court has subject matter jurisdiction under 28 U.S.C. § 1331.

11. Pursuant to 5 U.S.C. § 702, Defendant has waived sovereign immunity for purposes of this suit.

12. Plaintiffs’ claims for declaratory and injunctive relief are authorized by 28 U.S.C. §§ 2201 and 2202, by 5 U.S.C. §§ 702-706, by Federal Rules of Civil Procedure 57 and 65, and by the inherent equitable powers of this Court.

13. Venue is proper in this District under 28 U.S.C. § 1391(e) and 5 U.S.C. § 703 because at least one Plaintiff maintains its headquarters in this District.

14. The *NHK-Fintiv* rule is final agency action subject to judicial review under 5 U.S.C. § 704.

INTRADISTRICT ASSIGNMENT

15. This action arises in the San Jose Division because a substantial part of the events giving rise to Plaintiffs’ claims occurred in Santa Clara County, California, where all Plaintiffs maintain their headquarters.

PARTIES

16. Plaintiff Apple Inc. (“Apple”) is a California corporation having its principal place of business at One Apple Park Way, Cupertino, California, 95014.

17. Plaintiff Cisco Systems, Inc. (“Cisco”) is a California corporation having its principal place of business at 170 West Tasman Drive, San Jose, California, 95134.

18. Plaintiff Google LLC (“Google”) is a Delaware limited liability company having its principal place of business at 1600 Amphitheatre Parkway, Mountain View, California, 94043.

19. Plaintiff Intel Corporation (“Intel”) is a Delaware corporation having its principal place of business at 2200 Mission College Boulevard, Santa Clara, California, 95054.

20. Defendant Andrei Iancu is the Under Secretary of Commerce for Intellectual Property and Director of the PTO. The Director oversees the operations of the PTO and is statutorily vested

1 with the authority to decide whether to institute IPR of a patent claim. 35 U.S.C. § 314. Defendant
2 Iancu is being sued in his official capacity. His principal place of business is in Alexandria, Virginia.

3 **FACTUAL ALLEGATIONS**

4 **The Patent System**

5 21. “To promote the progress of science and useful arts,” the Constitution empowers
6 Congress to “secur[e] for limited times to ... inventors the exclusive right to their ... discoveries.”
7 U.S. Const., art. I, § 8, cl. 8. The U.S. patent system has long fueled American economic growth and
8 innovation. Plaintiffs each strongly support and rely on a strong patent system that lends robust legal
9 protection to meritorious patent claims.

10 22. Apple is an American success story and developer of iconic consumer devices and
11 software that have transformed the American economy. With more than 90,000 employees in the
12 United States, Apple is one of the country’s largest employers in the high-technology business sector.
13 Overall, Apple supports 2.4 million jobs in all 50 states. Last year, Apple spent over \$60 billion with
14 more than 9,000 domestic suppliers across the country, including at manufacturing locations in 36
15 states. Apple invests billions of dollars annually in U.S. research and development, and it owns more
16 than 22,000 U.S. patents that protect that investment.

17 23. Cisco is an American and worldwide leader in information technology, networking,
18 communications, and cybersecurity solutions. Cisco is a strong supporter of the U.S. patent system,
19 owning more than 16,000 U.S. patents, which protect more than \$6 billion in annual spending on
20 research and development. Cisco’s 20,000 worldwide engineers constantly invent new ways to better
21 connect the world. As a result of its commitment to innovation and intellectual property, Cisco files
22 more than 700 patent applications each year seeking protection for those inventions.

23 24. Google is a diversified American technology company whose mission is to organize
24 the world’s information and make it universally accessible and useful. Google offers leading web-
25 based products and services that are used daily around the world. With over 100,000 employees,
26 Google invests over \$20 billion annually to invent and develop its products and services, and it relies
27 on a strong and balanced patent system to protect them—owning more than 25,000 U.S. patents.

1 25. Intel is a global leader in the design and manufacture of semiconductor products,
2 including hardware and software products for networking, telecommunications, cloud computing,
3 artificial intelligence, autonomous driving, and other applications. Intel’s chips power a large
4 percentage of the world’s computers, from home-office desktops and laptops to the servers that
5 support the digital economy. To develop and improve these products, Intel makes significant
6 investments. Intel currently has more than 42,000 employees actively engaged in research and
7 development worldwide; in the United States, Intel employs more than 52,000 workers. In 2019
8 alone, Intel spent more than \$13 billion on research and development and more than \$16 billion on
9 manufacturing. These investments are protected by more than 25,000 U.S. patents, with more than
10 10,000 U.S. patent applications pending.

11 26. Each Plaintiff’s success in developing transformative, cutting-edge technologies
12 depends on a patent system that provides strong legal protections for meritorious patents while
13 ensuring that weak patents cannot be exploited in litigation to inhibit innovation.

14 **Inter Partes Review**

15 27. The U.S. patent laws have long provided both administrative and judicial paths for
16 challenging the validity of patent claims after a patent has been issued. By 2011, however, Congress
17 rightly perceived a “growing sense that questionable patents [we]re too easily obtained” and “too
18 difficult to challenge” through existing procedures. H.R. Rep. No. 98, at 39-40, 112th Cong., 1st
19 Sess. (2011) (“House Report”). Congress responded by creating IPR in the AIA to strengthen the
20 patent system. Pub. L. No. 112-29, § 6(a), 125 Stat. 284, 299 (2011).

21 28. As a centerpiece of the AIA, IPR provides “an administrative process in which a
22 patent challenger may ask the [PTO] to reconsider the validity of earlier granted patent claims.”
23 *Thryv*, 140 S. Ct. at 1370; *see* 35 U.S.C. § 311 *et seq.* Congress intended IPR to provide an improved
24 alternative to litigation over the validity of previously granted patents by “establish[ing] a more
25 efficient and streamlined patent system that will improve patent quality and limit unnecessary and
26 counterproductive litigation costs.” House Report at 39-40.

29. Several features of IPR make it advantageous compared to litigation for determining whether an issued patent's claims are patentable. IPR is conducted by the expert patent judges of the Patent Trial and Appeal Board ("Board"), who are appointed by the Secretary of Commerce and must be "persons of competent legal knowledge and scientific ability." 35 U.S.C. § 6(a), (c). In contrast, patent validity disputes in court are resolved by lay jurors who need not have—and often lack—any specialized technical experience relevant to the patent claims at issue. Moreover, unlike jury trials, which typically end in general verdicts, IPR ends with the Board's "final written decision," *id.* § 318(a), which enables more informed appellate review. And while bad patents can be held unpatentable in IPR by a preponderance of the evidence, *id.* § 316(e), those same patents will survive litigation unless the challenger proves invalidity by clear and convincing evidence, *see Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91 (2011).

30. IPR is also more streamlined and efficient than litigation. An IPR petitioner may challenge a claim's patentability only on limited grounds. 35 U.S.C. § 311(b). The scope of discovery in IPR proceedings is more limited than in civil litigation. *See id.* § 316(a)(5); 37 C.F.R. § 42.51. The AIA also limits how long the Director may take to decide whether to institute IPR, 35 U.S.C. § 314(b), and, if IPR is instituted, how long the Board may take to issue its final decision on patentability, *id.* § 316(a)(11). As a result, the life-span of an IPR from the filing of a petition to a final written decision is typically only 18 months. *See id.* § 316(a)(11); 37 C.F.R. § 42.107.

The Availability Of IPR In Parallel With Infringement Actions

31. Given its purpose to provide an efficient alternative to litigation, Congress expected that IPR would often proceed in parallel with litigation in which the validity of the same patent claims is at issue—particularly in cases where a defendant accused of patent infringement in a lawsuit seeks to challenge the asserted patent claims through IPR. Several provisions of the AIA reflect that expectation and govern the interaction between IPR and litigation.

32. The AIA permits a party accused of infringement to file a petition for IPR with regard to the same patent claims that are being asserted in the pending infringement suit, so long as the petition is filed within "1 year after the date on which the petitioner ... is served with a complaint

alleging infringement of the patent.” 35 U.S.C. § 315(b). And although the AIA forecloses IPR if the petitioner has previously “filed a civil action challenging the validity of a claim of the patent,” *id.* § 315(a)(1), it expressly permits a petitioner to assert invalidity arguments in a counterclaim in litigation without forgoing IPR, *id.* § 315(a)(3).

33. The AIA also removed statutory provisions that previously restricted the PTO’s review of patent claims that had been the subject of a challenge to the patent’s validity in district court. Before the creation of IPR, parties could challenge issued patents pursuant to an administrative procedure known as inter partes reexamination, but no such review could be maintained if a court entered “a final decision” concluding that the petitioner “ha[d] not sustained its burden of proving the invalidity” of the patent. 35 U.S.C. § 317(b) (2006). The AIA eliminated that rule and imposed no similar limitation on IPR, which replaced inter partes reexamination.

34. Apart from the one-year deadline in § 315(b), and the prohibition in § 315(a)(1) on filing an IPR petition after filing a suit challenging patent validity, no provision in the AIA expressly requires or even permits the Director (or the Board as his delegee) to deny IPR petitions based on pending litigation involving the same patent claims.

The NHK And Fintiv Decisions

35. The AIA specifies several requirements that must be met for the Director of the PTO to grant a petition for, or “institute,” IPR, and enumerates discretionary grounds on which the Director may decline to institute IPR even if those preconditions are met. *E.g.*, 35 U.S.C. §§ 311(c)(1)-(2), 312(a)(1)-(5), 315(a)(1)-(2). For example, the Director “may not” institute IPR “unless” he determines, based on the IPR petition, that “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” *Id.* § 314(a). And 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 [Patent] Office.” *Id.* § 325(d).

36. The Director has delegated to the Board the authority to decide whether to institute IPR. 37 C.F.R. § 42.4(a); *see id.* §§ 42.2, 42.108.

37. In two recent decisions, the Board articulated an additional standard, found nowhere in the AIA, under which the Board may decline to institute IPR based on the pendency of litigation over the validity of the same patent claims—even if the petition was timely filed within the one-year deadline set by 35 U.S.C. § 315(b).

38. In *NHK Spring Co. v. Intrix-Plex Technologies, Inc.*, the Board declared that “the advanced state of [a parallel] district court proceeding ... weighs in favor of denying the [IPR] Petition under § 314(a).” No. IPR2018-00752, Paper 8, at 20 (P.T.A.B. Sept. 12, 2018) (attached hereto as Ex. A; also available at 2018 WL 4373643).

39. The Board explained in *NHK* that because a pending infringement lawsuit involving “the same prior art and arguments” as the IPR petition was “nearing its final stages,” with trial “set to begin” about six months before the IPR would end, IPR “would not be consistent with an objective of the AIA ... to provide an effective and efficient alternative to district court litigation.” *NHK*, Paper 8 at 20 (internal quotation marks omitted).

40. In *Apple Inc. v. Fintiv, Inc.*, the Board elaborated on *NHK*, explaining how it would consider the pendency of a parallel infringement lawsuit when deciding whether to institute IPR. No. IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020) (attached hereto as Ex. B; also available at 2020 WL 2126495). The Board declared it would “weigh[]” various “non-dispositive factors” to decide whether to institute IPR when parallel litigation is pending “as part of a balanced assessment of all relevant circumstances of the case, including the merits,” to promote “system efficiency, fairness, and patent quality.” *Id.* at 5 (internal quotation marks omitted).

41. Accordingly, the Board enumerated six such “factors,” none of which appears in the AIA:

1. whether the court granted a stay or evidence exists that one may be granted if [an IPR] 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.

Fintiv, Paper 11 at 5-6.

42. Although the Board offered general guidance on how it might apply some of these factors, the *Fintiv* decision did not clearly “instruct [the Board] how to weigh the factors.” *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, No. IPR2020-00122, 2020 WL 2511246, at *5 (P.T.A.B. May 15, 2020) (Crumbley, APJ, dissenting).

Designation Of The Board's Decisions As Precedential

43. “[B]y default,” the Board's decisions in IPR proceedings have no precedential force in future cases. Patent Trial and Appeal Board, Standard Operating Procedure 2 (Rev. 10) (“SOP-2”), at 3, 8-9 (Sept. 20, 2018).

44. The PTO, however, has established a procedure for designating select Board decisions as “precedential.” SOP-2 at 1-2, 8-12. Decisions designated as precedential are “binding” on the Board “in subsequent matters involving similar factors or issues.” SOP-2 at 11.

45. Under this procedure, the Director decides whether to designate a Board decision as precedential. SOP-2 at 11.

46. Although members of the public (in addition to members of the Board) may nominate a Board decision for designation as precedential, SOP-2 at 9, the designation procedure otherwise does not allow for public notice of, or any opportunity for public comment on, whether a Board decision should be designated as precedential. SOP-2 at 8-11.

47. The Director designated *NHK* as precedential on May 7, 2019.

48. The Director designated *Fintiv* as precedential on May 5, 2020.

49. By designating these decisions as precedential, the Director propounded a rule (the “*NHK-Fintiv* rule”) that the Board is legally bound to apply in all its institution decisions.

50. The Director adopted the *NHK-Fintiv* rule without notice-and-comment rulemaking.

51. Having been established as a binding rule through the designation of the *NHK* and *Fintiv* decisions as precedential, the *NHK-Fintiv* rule constitutes final agency action.

The Board’s Application Of The *NHK-Fintiv* Rule

52. The Board has applied the *NHK-Fintiv* rule to deny institution of numerous IPR proceedings, including many petitions brought by Plaintiffs.

53. Following *NHK*, the Board relied on that decision to deny several IPR petitions. *See Edwards Lifesciences Corp. v. Evalve, Inc.*, No. IPR2019-01546, 2020 WL 1486766 (P.T.A.B. Mar. 19, 2020); *Edwards Lifesciences Corp. v. Evalve, Inc.*, No. IPR2019-01479, 2020 WL 927867 (P.T.A.B. Feb. 26, 2020); *Magellan Midstream Partners L.P. v. Sunoco Partners Marketing & Terminals L.P.*, No. IPR2019-01445, 2020 WL 373335 (P.T.A.B. Jan. 22, 2020); *Next Caller Inc. v. TRUSTID, Inc.*, No. IPR2019-00962, 2019 WL 5232627 (P.T.A.B. Oct. 16, 2019); *Next Caller Inc. v. TRUSTID, Inc.*, No. IPR2019-00961, 2019 WL 5232627 (P.T.A.B. Oct. 16, 2019).

54. For example, on March 27, 2020, the Board denied institution in *Google LLC v. Uniloc 2017, LLC*, No. IPR2020-00115, 2020 WL 1523248 (Mar. 27, 2020). Although Google timely filed the IPR petition in that proceeding less than nine months after being served with a related infringement complaint, the Board denied the petition under *NHK* based on the trial date set in the district court’s scheduling order. *Id.* at *1, *4. Google requested rehearing, but its request was denied. Soon thereafter, the district court action was ordered to be transferred, and the trial date was vacated. *Uniloc 2017, LLC v. Google LLC*, No. 18-cv-00504, 2020 WL 3064460, at *6 (E.D. Tex. June 8, 2020).

55. On the same day that *Fintiv* was designated as precedential, the Board applied the *NHK-Fintiv* rule to deny Intel’s IPR petition in *Intel Corp. v. VLSI Technology LLC*, No. IPR2020-00106, 2020 WL 2201828 (P.T.A.B. May 5, 2020). The petition had been timely filed, but the Board concluded that the “advanced stage” of related district court litigation, overlap in the issues, and the

1 timing of trial—which was scheduled to begin approximately seven months before IPR would have
2 ended, but which was subsequently rescheduled—meant that IPR would have been “an inefficient use
3 of Board, party, and judicial resources.” *Id.* at *6.

4 56. Eight days later, the Board applied the *NHK-Fintiv* rule to deny Apple’s IPR petition
5 in *Fintiv*. *Apple Inc. v. Fintiv, Inc.*, No. IPR2020-00019, 2020 WL 2486683, at *3-4, *7 (P.T.A.B.
6 May 13, 2020) (Paper 15). In *Fintiv*, Apple had filed an IPR petition challenging the patentability of
7 certain patent claims that had been asserted against Apple in a patent infringement suit. Apple timely
8 filed the IPR petition less than ten months after the infringement suit began. After Apple filed its IPR
9 petition, the district court in the infringement lawsuit held a *Markman* hearing (to consider evidence
10 relevant to the interpretation of the patent claims) and then set a trial date, which it later rescheduled.
11 *Id.* at *3-4, *7. In declining to institute IPR, the Board explained that

12 the District Court case is ongoing, trial is scheduled to begin two months before
13 we would reach a final decision in this proceeding, the District Court has
14 expended effort resolving substantive issues in the case, the identical claims are
15 challenged based on the same prior art in both the Petition and in the District
16 Court, and the defendant in District Court and the Petitioner here are the same
17 party.

18 *Id.* at *7.

19 57. The Board subsequently applied the *NHK-Fintiv* rule to deny IPR petitions filed five
20 months after service of the complaint in the pending infringement action in *Cisco Systems, Inc. v.*
21 *Ramot at Tel Aviv University Ltd.* No. IPR2020-00122, 2020 WL 2511246 (P.T.A.B. May 15, 2020);
22 No. IPR2020-00123, 2020 WL 2511247 (P.T.A.B. May 15, 2020). Based on the scheduled trial date
23 in pending infringement litigation, overlap in substantive issues, and the absence of a stay in the
24 district court, the Board assumed that proceeding with IPR would “duplicate effort” in the litigation,
25 *Ramot*, No. IPR2020-00122, 2020 WL 2511246, at *4—even though the district court had denied a
26 stay “without prejudice” in light of its “established practice” to entertain stay requests only *after* the
27 Board institutes IPR, *id.* at *3—and denied Cisco’s IPR petitions to avoid “an inefficient use of
28 Board, party, and judicial resources,” *id.* at *5; *see also Ramot*, No. IPR2020-00123, 2020 WL
2511247, at *5.

58. Indeed, since the *NHK* and *Fintiv* decisions' designation as precedential, the Board has applied the *NHK-Fintiv* rule to deny IPR petitions filed by Plaintiffs and others on numerous occasions. *See, e.g., Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00407, 2020 WL 4680039 (P.T.A.B. Aug. 11, 2020); *Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00408, 2020 WL 4680042 (P.T.A.B. Aug. 11, 2020); *Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00409, 2020 WL 4680047 (P.T.A.B. Aug. 11, 2020); *Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00203, 2020 WL 3662522 (P.T.A.B. July 6, 2020); *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, No. IPR2020-00484, 2020 WL 4820592 (P.T.A.B. Aug. 18, 2020); *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, No. IPR2020-00122, 2020 WL 2511246 (P.T.A.B. May 15, 2020); *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, No. IPR2020-00123, 2020 WL 2511247 (P.T.A.B. May 15, 2020); *Ethicon, Inc. v. Bd. of Regents, Univ. of Tex. Sys.*, No. IPR2019-00406, 2020 WL 3088846 (P.T.A.B. June 10, 2020); *Google LLC v. Uniloc 2017, LLC*, No. IPR2020-00115, 2020 WL 1523248 (P.T.A.B. Mar. 27, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00498, 2020 WL 4820595 (P.T.A.B. Aug. 19, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00526, 2020 WL 4820610 (P.T.A.B. Aug. 18, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00527, 2020 WL 4820610 (P.T.A.B. Aug. 18, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00141, 2020 WL 3033208 (P.T.A.B. June 4, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00142, 2020 WL 3033209 (P.T.A.B. June 4, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00158, 2020 WL 2563448 (P.T.A.B. May 20, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00112, 2020 WL 2544910 (P.T.A.B. May 19, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00113, 2020 WL 2544912 (P.T.A.B. May 19, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00114, 2020 WL 2544917 (P.T.A.B. May 19, 2020).

59. Plaintiffs are currently awaiting institution decisions on IPR petitions that relate to pending infringement litigation, in which the Board will be bound to apply the *NHK-Fintiv* rule to decide whether to institute IPR. Additionally, Plaintiffs regularly file IPR petitions and expect that the Board will apply the *NHK-Fintiv* rule to decide whether to grant their future petitions when parallel litigation is pending. The Board is likely to deny at least some of Plaintiffs' pending or future IPR petitions under the *NHK-Fintiv* rule based on the pendency of litigation.

60. Even where the Board has decided to institute IPR under the *NHK-Fintiv* rule, its decisions have been inconsistent and unpredictable, making it difficult for Plaintiffs to anticipate how the Board will weigh and apply each factor. The rule also forces petitioners to file IPR petitions at earlier stages of litigation when there is less certainty over the patent claims at issue and their scope.

The *NHK-Fintiv* Rule Exceeds The Director's Authority And Violates The AIA

61. Nothing in the AIA authorizes the Director to deny IPR petitions based on perceived overlap with pending infringement litigation involving the same patent claims. To the contrary, the text and structure of the AIA make clear that IPR can and should proceed even where related litigation is pending.

62. Most notably, the AIA permits IPR if the petition is filed within “1 year after the date on which the petitioner ... is served with a complaint alleging infringement of the patent.” 35 U.S.C. § 315(b). Congress thus explicitly determined that, so long as the IPR petition is filed within a year after a lawsuit against the petitioner starts, IPR is appropriate.

63. Congress's decision to allow IPR where a parallel infringement lawsuit has been pending for less than one year reflects its considered policy judgment. In enacting the AIA, Congress was aware that IPR and litigation concerning the same patent claim would often proceed in parallel, and it carefully calibrated § 315(b)'s one-year limit to ensure that IPR is not used for purposes of delay while also giving infringement defendants an adequate opportunity to investigate the claims asserted against them in litigation. Similarly, while Congress prohibited IPR where a petitioner had previously filed its own action challenging patent validity, *see* 35 U.S.C. § 315(a)(1), Congress expressly declined to extend that prohibition to petitions where the petitioner challenged the patent's validity through a counterclaim, *see id.* § 315(a)(3).

64. By authorizing the Board to deny institution of IPR based on the pendency of a parallel proceeding, the *NHK-Fintiv* rule overrides the congressional judgments embodied in §§ 315(a) and (b).

65. The *NHK-Fintiv* rule also undermines the purpose of IPR as a streamlined and specialized alternative to litigation over patent validity. Congress sought in the AIA to encourage

defendants accused of patent infringement in litigation to assert their potentially meritorious challenges to patentability in an IPR petition—thereby *inviting* overlap between IPR and litigation in which the petitioner would assert those same challenges as defenses against an infringement claim. Yet the *NHK-Fintiv* rule threatens to make IPR unavailable in precisely the circumstances where Congress intended it to operate, defeating IPR’s role as a more efficient mechanism for clearing away invalid patents and ultimately weakening the patent system.

66. Where Congress wanted to give the Director discretion to deny IPR based on parallel proceedings, it knew how to say so explicitly. For example, as noted, the AIA provides that if the *IPR petitioner* has previously filed suit challenging the validity of a patent claim, IPR may not be instituted at all—regardless of how much time has passed between the suit and the IPR petition. 35 U.S.C. § 315(a)(1). Similarly, Congress expressly granted the Director discretion to decide how to manage IPR when there is a parallel proceeding *before the PTO*, including by terminating the IPR proceeding, *id.* § 315(d), and by “reject[ing] the petition or request because[] the same or substantially the same prior art or arguments previously were presented to the [Patent] Office,” *id.* § 325(d). But Congress nowhere authorized denial of a timely IPR petition based on overlap with parallel litigation brought by the patent owner. To the contrary, Congress expressly provided that a petitioner’s counterclaim challenging the validity of a patent claim would not bar IPR. *Id.* § 315(a)(3).

67. Although the statute accords the Director some discretion in the context of evaluating the merits of IPR petitions or promulgating rules governing IPR institution, that discretion is limited. *See* 35 U.S.C. §§ 314(a), 316(b). It certainly is not unbounded and cannot be exercised in a manner that is contrary to the statute’s text, structure, and purpose.

The *NHK-Fintiv* Rule Is Arbitrary And Capricious

68. The Board’s application of the *NHK-Fintiv* rule has already led to unjustifiable and unpredictable disparities among similarly-situated IPR petitioners, reflecting the uncertainty and malleability of the rule’s factors.

69. The *NHK-Fintiv* rule requires the Board to make institution decisions based on its speculation about the likely course of parallel litigation, producing irrational and inconsistent outcomes. For example, if no stay has been entered in the district court, the Board must guess whether “one may be granted” if IPR is instituted. *Fintiv*, Paper 11 at 6.

70. The Board inconsistently applies the second factor, which concerns the proximity of a district court trial date to the Board’s projected statutory deadline for a final written decision. For example, after denying Apple’s petition in *Fintiv* (where trial was scheduled to begin only two months before the Board would have been required to issue a final written decision in an IPR), the Board *instituted* IPR in other cases where the scheduled trial dates fell much earlier relative to the IPR decision deadline. *See, e.g., Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00204, 2020 WL 3401274, at *6 (P.T.A.B. June 19, 2020) (trial scheduled for nine months before Board’s decision deadline); *Apple Inc. v. SEVEN Networks, LLC*, No. IPR2020-00156, 2020 WL 3249313, at *4 (P.T.A.B. June 15, 2020) (trial scheduled for 7.5 months before Board’s decision deadline). In another case, the Board declined to institute IPR based on the expected time of trial, even though the trial date had been continued indefinitely. *Ethicon, Inc. v. Bd. of Regents, Univ. of Tex. Sys.*, No. IPR2019-00406, 2020 WL 3088846 (P.T.A.B. June 10, 2020).

71. The date of trial is an inherently unpredictable factor, given the frequency with which trial dates are rescheduled. The Board even had to grant rehearing of one non-institution decision after the district court rescheduled the trial date following the Board’s decision. *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, No. IPR2019-01393, 2020 WL 581790 (P.T.A.B. June 16, 2020). Rehearing is not an option in most cases, however, because IPR petitioners are allowed only 30 days to seek it, 37 C.F.R. § 42.71(d)(2), and a district court might reschedule trial long after that period has passed. That is precisely what occurred in *Uniloc 2017*, where the Board denied Google’s IPR petition based on a trial date that was subsequently vacated—too late for Google to obtain rehearing of the Board’s denial of the IPR petition. *See* 2020 WL 3064460, at *6.

72. Similarly, the Board has sometimes concluded that overlap in issues favored institution, while in other cases, the Board has treated overlap as disfavoring institution. For example, in one case, the Board stated that overlap favored institution when the Board thought trial was relatively distant, but in another case decided that overlap disfavored institution when the Board thought trial was near. *Compare Medtronic, Inc., & Medtronic Vascular, Inc. v. Teleflex Innovations S.à.r.l.*, No. IPR2020-00135, 2020 WL 3053201 (P.T.A.B. June 8, 2020), with *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, No. IPR2020-00122, 2020 WL 2511246 (P.T.A.B. May 15, 2020). As a result, some petitioners will succeed in obtaining review of claims that overlap with those in the parallel litigation while others will not, all based on trial schedules that are inherently uncertain and subject to speculative forecasting by the Board.

73. The *NHK-Fintiv* rule thus promotes uncertainty and unpredictability—not administrative efficiency—in the IPR process. The rule also forces infringement defendants to file IPR petitions earlier in litigation, when there is less clarity regarding the patent claims at issue and their scope—further undermining an efficient IPR process.

74. Any inefficiency that might result from overlap between litigation and IPR proceedings would be better addressed by a stay of the litigation pending the outcome of the IPR. *See, e.g., Bell N. Res., LLC v. Coolpad Techs., Inc.*, No. 18-cv-1783-CAB-BLM, ECF No. 148 (S.D. Cal. Feb. 18, 2020) (after previously denying stay without prejudice while IPR petition was pending, granting stay of litigation after Board decided to institute IPR). Unlike denial of IPR, a stay of the litigation does not risk irreversibly depriving the petitioner of Congress’s preferred forum for resolving an unpatentability dispute.

75. The Board’s attempt to justify the *NHK-Fintiv* rule on the ground that it avoids “duplicative costs” by denying IPR when “the court and the parties have invested” substantially in the lawsuit, *Fintiv*, Paper 11 at 9, makes no sense. By focusing on the past investment that has been made in the litigation already, the Board’s explanation is irrational and rests on the fallacy of sunk costs—*i.e.*, “the equivalent of throwing good money after bad, both for the court and for the parties.” *Stryker Spine v. Spine Grp. of Wis., LLC*, 320 F. Supp. 3d 985, 991 (E.D. Wis. 2018). To the extent

1 that promoting efficiency is relevant to the institution decision at all, the analysis should instead
 2 compare the *future* investment needed to complete the lawsuit to the *future* investment needed to
 3 conduct IPR—a comparison that will usually favor IPR.

4 **The *NHK-Fintiv* Rule Is Procedurally Invalid**

5 76. The *NHK-Fintiv* rule is a substantive rule that alters the rights and interests of IPR
 6 petitioners by permitting the Board to deny institution of IPR based on parallel litigation. In adopting
 7 such a rule, the Director was required by both the APA and the AIA to act through notice-and-
 8 comment rulemaking. *See* 5 U.S.C. § 553(b), (c); 35 U.S.C. §§ 2(b)(2), 316(a).

9 77. The Director, however, adopted the *NHK-Fintiv* rule without notice-and-comment
 10 rulemaking, instead propounding it as a binding rule by designating the *NHK* and *Fintiv* decisions as
 11 precedential through a unilateral, internal process that involved no opportunity for public comment
 12 and no consideration by the Director of any public input.

13 **COUNT 1**

14 **(Final Agency Action In Violation Of 5 U.S.C. § 706(2)(C))**

15 78. Under the APA, the Court “shall ... hold unlawful and set aside” final agency action
 16 found to be “in excess of statutory jurisdiction, authority, or limitations, or short of statutory right.” 5
 17 U.S.C. § 706(2)(C).

18 79. The *NHK-Fintiv* rule is final agency action “in excess of statutory jurisdiction,
 19 authority, or limitations, or short of statutory right” because it violates the AIA and the Director
 20 exceeded his statutory authority in adopting it.

21 80. The AIA’s text and structure make clear that Congress withheld from the Director the
 22 authority to deny IPR petitions based on a parallel infringement lawsuit against the IPR petitioner that
 23 was served less than one year before the IPR petition was filed. By allowing IPR petitions to be filed
 24 at any time within one year after the start of an infringement lawsuit involving the same patent, by
 25 allowing IPR to proceed even where the petitioner has filed a counterclaim challenging the patent’s
 26 validity, and by designing IPR to serve as an efficient alternative to litigation for eliminating invalid
 27
 28

1 patent claims, Congress left no room for the Director to otherwise deny a timely IPR petition based
2 on parallel infringement litigation.

3 81. The AIA expressly contemplates that IPR and litigation can proceed simultaneously
4 and specifies how administrative efficiency should be accounted for and best served in that
5 circumstance. The Director has no authority to alter that judgment.

6 82. By authorizing the Board to deny institution of a timely IPR petition based on overlap
7 with pending litigation, the *NHK-Fintiv* rule contravenes the text and structure of the AIA and
8 undermines its purpose and the strength of the patent system.

9 **COUNT 2**

10 **(Final Agency Action In Violation Of 5 U.S.C. § 706(2)(A))**

11 83. Under the APA, the Court “shall ... hold unlawful and set aside” final agency action
12 that is “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.” 5
13 U.S.C. § 706(2)(A).

14 84. The *NHK-Fintiv* rule is final agency action that is “arbitrary, capricious, an abuse of
15 discretion, or otherwise not in accordance with law.”

16 85. For the reasons alleged in Count 1, the *NHK-Fintiv* rule is arbitrary, capricious, and
17 not in accordance with law because it violates the AIA.

18 86. Additionally, the *NHK-Fintiv* rule is arbitrary, capricious, and an abuse of discretion
19 because it requires the Board to engage in substantial speculation as to the likely course of the parallel
20 district court proceeding and because its factors are vague and malleable. As a result, the rule
21 produces irrational, unpredictable, and unfair outcomes, treating similarly situated IPR petitioners
22 differently and depriving some patent infringement defendants of a speedy, efficient, and specialized
23 forum for invalidating the patent at issue.

24 87. The *NHK-Fintiv* rule is also arbitrary, capricious, and an abuse of discretion because it
25 will not achieve its stated purpose of promoting administrative efficiency, and the Board’s contrary
26 explanations are unreasoned and not rationally connected to the facts.

COUNT 3

(Final Agency Action In Violation Of 5 U.S.C. § 706(2)(D))

88. Under the APA, the Court “shall ... hold unlawful and set aside” final agency action that is undertaken “without observance of procedure required by law.” 5 U.S.C. § 706(2)(D).

89. The *NHK-Fintiv* rule is final agency action undertaken “without observance of procedure required by law.”

90. Even if the *NHK-Fintiv* rule were not contrary to law, the Director could not adopt such a rule without notice-and-comment rulemaking. *See* 5 U.S.C. § 553; 35 U.S.C. §§ 2(b)(2), 316(a).

91. The Director propounded the *NHK-Fintiv* rule as a binding substantive rule without notice and comment in violation of the APA.

RELIEF REQUESTED

WHEREFORE, Plaintiffs respectfully request that the Court enter judgment in their favor and:

1. Declare that the *NHK-Fintiv* rule is unlawful;
2. Set aside the *NHK-Fintiv* rule;
3. Permanently enjoin Defendant, and his officers, agents, employees, assigns, and all persons acting in concert or participating with him, from relying on the *NHK-Fintiv* rule or the non-statutory factors it incorporates to deny institution of IPR;
4. Award Plaintiffs their costs and attorney’s fees and expenses as allowed by law; and
5. Provide such other and further relief as the Court deems appropriate.

DATED: August 31, 2020

Respectfully submitted,

By: /s/ Mark D. Selwyn

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** Pro hac vice application forthcoming*

ATTORNEY ATTESTATION

I, Mark D. Selwyn, am the ECF User whose ID and password are being used to file this document. In compliance with N.D. Cal. Civil L.R. 5- 1(i)(3), I hereby attest that concurrence in the filing of the document has been obtained from each of the other signatories.

By: /s/ Mark D. Selwyn
Mark D. Selwyn

EXHIBIT A

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Patent Trial and Appeal Board
PRECEDENTIAL
Standard Operating Procedure 2
Designated: 05/07/2019

Paper No. 8
Entered: September 12, 2018

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NHK SPRING CO., LTD.,
Petitioner,

v.

INTRI-PLEX TECHNOLOGIES, INC.,
Patent Owner.

Case IPR2018-00752
Patent 6,183,841 B1

Before CHRISTOPHER M. KAISER, ELIZABETH M. ROESEL, and
MICHELLE N. ANKENBRAND, *Administrative Patent Judges*.

ANKENBRAND, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314(a)

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Patent 6,183,841 B1

I. INTRODUCTION

NHK Spring Co., Ltd. (“Petitioner”) requests an *inter partes* review of claims 1, 4, 7, and 10 of U.S. Patent No. 6,183,841 B1 (“the ’841 patent,” Ex. 1001). Paper 1 (“Pet.”). Intri-Plex Technologies, Inc. (“Patent Owner”) timely filed a Preliminary Response. Paper 7 (“Prelim. Resp.”).

Based upon the particular circumstances of this case, we exercise our discretion under 35 U.S.C. §§ 314(a) and 325(d) and do not institute an *inter partes* review of the challenged claims.

II. BACKGROUND

A. Related Matters

The parties identify *Intri-Plex Technologies, Inc. v. NHK International Corp.*, 3:17-cv-01097-EMC (N.D. Cal.) as a related matter under 37 C.F.R. § 42.8(b)(2). Pet. 2; Paper 4, 2.

B. The ’841 patent

The ’841 patent, titled “Optimized Low Profile Swage Mount Base Plate Attachment of Suspension Assembly for Hard Disk Drive,” issued on February 6, 2001, based on an application filed April 21, 1998. Ex. 1001, [22], [45], [54]. The ’841 patent relates to a base plate for attaching a suspension assembly to an actuator arm in a hard disk drive. *Id.* at Abstract. The base plate includes a flat flange portion and a cylindrical hub portion. *Id.* at 3:41–42. The base plate has several parameters, including a base plate thickness (T_{BP}), hub overall height (H_H), hub inner diameter (D_{ID}), base plate length (L_{BP}), base plate width (W_{BP}), hub outer diameter (D_{OD}), hub inner surface depth (H_{IS}), base plate opening diameter (D_{BP}), hub radial width (W_H , which is $(D_{OD} - D_{ID})/2$), and a hub counter bore depth (H_{CB}). *Id.* at

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3:48–55, 4:3–18. The '841 patent states that “[t]he optimum parameters . . . are such as to satisfy the following equation:”

$$\frac{W_H}{T_{BP}} \cdot \frac{W_H}{(H_{IS} + H_H - H_{CB})/2} \geq 5$$

Id. at 3:56–63. The calculation on the left-hand side results in a Geometry Metric Value (*id.* at 4:18), and the equation is satisfied when the Geometry Metric Value is less than or equal to five (*id.* at 3:60).

The '841 patent provides a table, reproduced below, that compares an exemplary inventive base plate to a prior art base plate.

SYMBOL	NAME	TYP. PRIOR ART DIMEN- SION(MM) PN: 15120-09	TYP. IN- VENTION DIMEN- SION(MM) PN: 15120-05
L _{BP}	Base Plate Length	5.080	5.080
W _{BP}	Base Plate Width	5.080	5.080
T _{BP}	Base Plate Thickness	0.150	0.150
D _{BP}	Base Plate Opening Diameter	2.375	2.510
D _{ID}	Hub Inner Diameter	2.145	1.956
D _{OD}	Hub Outer Diameter	2.731	2.731
H _H	Hub Overall Height	0.270	0.269
H _{IS}	Hub Inner Surface Depth	0.114	0.115
H _{CD}	Hub Counterbore Height	0.038	0.127
W _H	Hub Radial Width	0.293	0.3875
	Geometry Metric Value	3.308	7.810

Id. at 4:3–18. The table above sets forth the dimensions of the parameters that form the prior art and inventive base plates, and the Geometry Metric Value that results for each after applying the values for W_H, T_{BP}, H_{IS}, H_H, and H_{CB} to the equation. According to the table, the dimensions of the prior

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art base plate result in a Geometry Metric value of 3.308, which does not satisfy the equation, whereas the dimensions of the exemplary inventive base plate result in a Geometry Metric Value of 7.810, which satisfies the equation. *Id.*

According to the '841 patent, a base plate with parameters that satisfy the equation has several advantages, including that it reduces gram load change inherent in swaging and allows a large retention torque in “low hub height configurations that offer limited retention torque in a standard hub geometry.” *Id.* at 2:27–30. The '841 patent also states that such a base plate eliminates the neck region associated with prior art base plates that was known to result in bending moment decoupling of the hub and flange. *Id.* at 4:23–65, Figs. 3, 4.

C. Illustrative Claim

Claim 1 is independent and illustrative of the claimed subject matter.

Claim 1 recites:

1. An optimized low profile base plate for attachment of a suspension assembly to an actuator arm in a hard disk drive comprising:

a flange having a flange thickness (T_{BP}); and,

a hub having, a hub height (H_H), a hub radial width W_H , a land height hub inner surface depth (H_{IS}), and a lead in shoulder hub counter bore height (H_{CB});

wherein:

$$\frac{W_H}{T_{BP}} \cdot \frac{W_H}{(H_{IS} + H_H - H_{CB})/2} \geq 5$$

Ex. 1001, 5:41–53.

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D. The Asserted Grounds of Unpatentability

Petitioner challenges the patentability of claims 1, 4, 7, and 10 of the '841 patent based on the following grounds:

Reference(s)	Statutory Basis	Claims Challenged
Braunheim ¹	§ 102(e)	1, 4, 7, 10
Braunheim	§ 103	1, 4, 7, 10
Braunheim and Applicant Admitted Prior Art (AAPA) ²	§ 103	1, 4, 7, 10

Pet. 4. Petitioner relies on the Declaration of David B. Bogy, Ph.D. (Ex. 1002) to support its asserted grounds of unpatentability. Patent Owner disputes that Petitioner's asserted grounds renders any of the challenged claims unpatentable. *See generally* Prelim. Resp.

III. ANALYSIS

A. Level of Ordinary Skill in the Art

Petitioner, citing Dr. Bogy's testimony, asserts that a person of ordinary skill in the art at the time of the invention of the '841 patent "would have had at least a Bachelor's degree in mechanical engineering, with at least two years of work and/or academic experience in the design and/or study of disk drive components." Pet. 4 (citing Ex. 1002 ¶ 13).

At this stage of the proceeding, Patent Owner does not dispute Petitioner's assertion regarding the level of ordinary skill in the art, which

¹ U.S. Patent No. 5,689,389, filed Jan. 22, 1996, and issued Nov. 18, 1997 (Ex. 1003).

² Petitioner relies on the dimensional values set forth for the parameters of the base plate in the '841 patent's table that are described as typical prior art dimensions. *See, e.g.*, Pet. 15 ("Ground 3 (Braunheim in view of AAPA) is non-cumulative [to Grounds 1 and 2] because AAPA expressly specifies a 'typical' prior art value for the flange thickness (T_{BP}).").

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we adopt for purposes of this decision. Further, based on the information presented at this stage of the proceeding, we consider Petitioner’s declarant, Dr. Bogy, qualified to opine from the perspective of an ordinary artisan at the time of the invention. *See* Ex. 1002 ¶¶ 3–11 (Dr. Bogy’s background and qualifications), Attachment A (Dr. Bogy’s curriculum vitae).

B. Claim Construction

For an unexpired patent, the Board interprets claims using the “broadest reasonable construction in light of the specification of the patent.” 37 C.F.R. § 42.100(b); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144–46 (2016). In this proceeding, however, Patent Owner filed a Motion for District Court-Type Claim Construction (Paper 6), in which it certified under 37 C.F.R. § 42.100(b) that the ’841 patent would expire within 18 months of March 13, 2018 (i.e., the entry of the Notice of Filing Date Accorded to Petition). Paper 6, 2. Petitioner agrees that the claims of the ’841 patent should be interpreted “similar to that of a District Court’s review.” Pet. 11–12. Because the ’841 patent will expire before we would enter a final written decision, we find that district court-type claim construction, rather than broadest reasonable construction, applies to this proceeding. *See In re CSB-Sys. Int’l, Inc.*, 832 F.3d 1335, 1340–42 (Fed. Cir. 2016) (“[C]onsistent with our prior precedent and customary practice, we reaffirm that once a patent expires, the PTO should apply the *Phillips* standard for claim construction.”); *Black & Decker, Inc. v. Positec USA, Inc.*, 646 Fed. App’x 1019, 1024 (Fed. Cir. 2016); *see also* Amendments to the Rules of Practice for Trials before the Patent Trial and Appeal Board, 81 Fed. Reg. 18,750, 18,750 (Apr. 1, 2016) (amending 37 C.F.R. § 42.100(b) to allow a district court-style claim construction approach “for claims of

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patents that will expire before entry of a final written decision”). Under the district court standard, claim terms “are generally given their ordinary and customary meaning,” which is the “meaning that the term would have to a person of ordinary skill in the art . . . at the time of the invention” when read “in the context of” the specification and prosecution history of the patent. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–14 (Fed. Cir. 2005) (en banc) (internal quotation marks and citation omitted).

For purposes of this proceeding, Petitioner adopts the parties’ agreed-upon constructions from the related district court litigation. Pet. 13–14. Patent Owner does not dispute the agreed-upon constructions, which Patent Owner notes the district court has adopted. Prelim. Resp. 21. Patent Owner contends, however, that claim construction is not necessary to resolve the parties’ dispute at this stage of the proceeding. *Id.* at 22. We determine that no claim term requires express construction to resolve any controversy at this stage of the proceeding. *See 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.”).

C. Asserted References

Before turning to the parties’ arguments, we provide a brief summary of the asserted references.

1. Braunheim (Ex. 1003)

Braunheim discloses a low profile swage mount for connecting a disk drive actuator arm to the load beam of a head suspension assembly. Ex. 1003, Abstract. The swage mount includes a base plate formed on one side with an opening and a hollow hub disposed on the opposite side. *Id.*

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“The hub is formed with an inner swaging surface having a diameter approximating the diameter of the base plate opening to give the swage mount torque retention characteristics comparable to conventional swage mounts much larger in size.” *Id.*

Braunheim discloses a number of parameters for the swage mount, including a base plate thickness (T_{BP}), hub overall height (H_H), hub inner diameter (D_{ID}), base plate length (L_{BP}), base plate width (W_{BP}), hub outer diameter (D_{OD}), hub inner surface depth (H_{IS}), base plate opening diameter (D_{BP}), and hub radial width (W_H). *Id.* at 6:34–49 (Table 1). Table 1 of Braunheim, which is reproduced below, provides approximate dimensions for all of the parameters of a preferred embodiment of the swage mount.

TABLE 1

SYMBOL	NAME	DIMENSION (MM)
L_{BP}	Base Plate Length	5.080
W_{BP}	Base Plate Width	5.080
T_{BP}	Base Plate Thickness	0.203
D_{BP}	Base Plate Opening Diameter	2.312
D_{ID}	Hub Inner Diameter	2.083
D_{OD}	Hub Outer Diameter	2.731
H_H	Hub Overall Height	0.145
H_{IS}	Hub Inner Surface Depth	0.094
W_H	Hub Radial Width	0.648

Id. at 6:37–49. According to Braunheim, “by adhering to particular dimensional relationships” between the parameters, the swage mount “may be reduced in size to exhibit a vertical profile nowhere anticipated in the art while maintaining torque retention of magnitudes comparable to much larger swage mount profiles.” *Id.* at 6:4–10. In particular, Braunheim describes the relationship between the base plate opening diameter (D_{BP}) and the hub inner diameter (D_{ID}) and the relationship between hub height (H_H) and hub

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inner surface depth (H_{IS}) as providing the advantages to its disclosed swage mount. *Id.* at 6:11–33, 7:29–34.

Braunheim further explains that although the base plate thickness (T_{BP}) “is on the order of 0.20 millimeters,” it “may be reduced further in accordance with the present invention.” *Id.* at 5:28–31. Braunheim describes the relationship that exists between the hub wall radial thickness and the base plate thickness, *id.* at 3:15–18, 30–31, and states that the invention overcomes the conventional assumption that “the hub can be no thicker than the base plate thickness” by maintaining the relationships between D_{BP} and D_{ID} , and H_H and H_{IS} , *id.* at 7:41–52.

2. *Applicant Admitted Prior Art (“AAPA”)*

Petitioner relies on the dimensional values set forth for the parameters of the base plate in the ’841 patent’s table that are described as typical prior art dimensions. Ex. 1001, 4:3–18. In particular, for its first ground—anticipation based on Braunheim—Petitioner points to the “typical” known hub counter bore height (H_{CB}) of 0.038 mm from the ’841 patent’s table. *See, e.g.*, Pet. 22. For its second ground—obviousness over Braunheim—Petitioner, in an alternative application of Braunheim, relies on the 0.038 value for H_{CB} from the ’841 patent’s table. *See id.* at 43–45. Also for its second ground, and for its third ground (obviousness over Braunheim in view of the AAPA), Petitioner directs us to the “typical” prior art base plate thickness (T_{BP}) of 0.150 mm from the ’841 patent’s table. *See, e.g., id.* at 40–41 (obviousness over Braunheim in view of the knowledge of the person of ordinary skill in the art), *id.* at 46 (obviousness over Braunheim in view of the AAPA).

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D. Petitioner's Challenges to the '841 Patent

Petitioner contends that claims 1, 4, 7, and 10 of the '841 patent are unpatentable as anticipated by Braunheim, obvious over Braunheim alone, and obvious over Braunheim in view of the AAPA. *See* Pet. 15–50. In brief, Petitioner argues that Braunheim anticipates the challenged claims because, once supplemented to include a typical AAPA value for H_{CB} , or pursuant to Braunheim's own suggestions (for T_{BP}), Braunheim discloses a base plate having dimensions that satisfy the equation recited in the challenged claims. *See, e.g.*, Pet. 15–26 (claim 1). In addition, Petitioner argues that the challenged claims would have been obvious over Braunheim because reducing H_{CB} or T_{BP} would have been within the knowledge of the ordinary artisan. *See id.* at 37 (relying on anticipation analysis for reduction of T_{BP}), *id.* at 42–46 (asserting that the AAPA as background knowledge would have led the skilled artisan to reduce H_{CB} with a reasonable expectation of success in achieving a Geometry Metric Value of ≥ 5). In addition, Petitioner contends that the challenged claims would have been obvious over Braunheim in view of the AAPA because the AAPA expressly specifies a “typical” prior art value for T_{BP} . *See id.* at 46–49. In all three grounds, Petitioner relies on the parameters set forth in Braunheim's Table 1 and directs us to the typical prior art dimensions for H_{CB} and T_{BP} set forth in the '841 patent's table. *See supra* § II.B.2.

Patent Owner contends that Braunheim does not anticipate the challenged claims and that the challenged claims would not have been obvious over Braunheim or the combination of Braunheim and the AAPA. Prelim. Resp. 39–54. First, however, Patent Owner contends that we should exercise our discretion under 35 U.S.C. § 325(d) to deny institution. *Id.* at

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22–36. Patent Owner argues that we should deny institution under § 325(d) because “the Petition simply repackages and restyles arguments made by the Examiner and overcome by [Patent Owner] during prosecution of the application that led to the grant of the ’841 patent and that are being simultaneously asserted by Petitioner in the District Court case.” *Id.* at 4. Patent Owner also argues that we should deny institution under § 314(a) because Petitioner filed the Petition shortly before the time-bar under § 315(b) expired and because proceeding in parallel with the district court litigation is an inefficient use of our time and resources. *Id.* at 36–39. For the reasons explained below, we agree with Patent Owner and exercise our discretion under 35 U.S.C. §§ 314(a), 325(d) to deny institution.

1. Discretion Under 35 U.S.C. § 325(d)

Institution of *inter partes* review is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“the PTO is permitted, but never compelled, to institute an IPR proceeding”). Section 325(d) gives us express discretion to deny a petition when “the same or substantially the same prior art or arguments previously were presented to the Office.” 35 U.S.C. § 325(d). In evaluating whether to exercise our discretion under Section 325(d), we weigh the following non-exclusive factors: “(a) the similarities and material differences between the asserted art and the prior art involved during examination; (b) the cumulative nature of the asserted art and the prior art evaluated during examination; (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection; (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art;

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(e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of prior art or arguments.” *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, slip op. at 17–18 (Paper 8) (PTAB Dec. 15, 2017) (informative).

We analyze these factors below as they apply to the record in this proceeding, and find that, on balance, the factors weigh in favor of exercising our discretion under 35 U.S.C. § 325(d). We also decide, for reasons explained below, that an additional factor supports denying institution under § 314(a).

(a) The similarities and material differences between the asserted art and the prior art involved during examination

As explained above, Petitioner relies on Braunheim as anticipating claims 1, 4, 7, and 10, and Braunheim, as well as Braunheim and the AAPA for its arguments that claims 1, 4, 7, and 10 would have been obvious. Pet. 4. As Petitioner acknowledges, the Examiner considered Braunheim and the AAPA during prosecution of the ’841 patent. *Id.* at 7 (“The primary reference (Braunheim) in the proposed grounds of this Petition was applied by the Examiner during prosecution of the ’841 patent.”), 8–9 (explaining that the Examiner relied on “a side-by-side comparison of a ‘typical’ embodiment’s dimensions versus ‘typical’ prior art dimensions admitted by the ’841 [p]atent”); *see also* Ex. 1001, [56] (listing Braunheim among the References Cited); Ex. 1004, 47, 67 (rejecting all pending claims for obviousness over “applicant’s admission of the state of the prior art in the table [in the ’841 patent specification] . . . in view of Brooks . . . (U.S.

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5,717,545) and Braunheim (U.S. 5,689,389)"). Thus, the Examiner considered the prior art that Petitioner asserts here.

(b) The cumulative nature of the asserted art and the prior art evaluated during examination

As explained above, Petitioner relies on the same prior art that the Examiner considered during prosecution of the '841 patent. Because it is the same, we need not address whether the AAPA and Braunheim are cumulative of the art that the Examiner considered.

(c) The extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection

As Patent Owner points out, the Examiner cited Braunheim and the AAPA, along with Brooks, during examination to reject all pending claims for obviousness in the initial Office Action and the Final Office Action. *See* Prelim. Resp. 25–26; Ex. 1004, 47 (initial Office Action), 67 (Final Office Action). In those rejections, the Examiner relied on the AAPA dimensions for each of the parameters listed in the '841 patent's table. *See, e.g.,* Ex. 1004, 47–48. The Examiner explained that the AAPA dimensions for H_{CB} and W_H were the only AAPA dimensions that differed from the dimensions recited in the claims. *Id.* at 49. The Examiner concluded that a person of ordinary skill in the art would have increased H_{CB} based on the teachings in Brooks and would have increased slightly W_H based on Braunheim's disclosure. *Id.* at 48–49.

In other words, the Examiner (1) started with the AAPA dimensions for the base plate parameters, and (2) increased or decreased dimensions for certain parameters (i.e., H_{CB} and W_H) in the equation recited in the claims based on the prior art teachings in Brooks and Braunheim in order to arrive

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at the optimized relationship recited in the claims, i.e., a Geometry Metric Value of ≥ 5 . *See id.* at 47–49. Accordingly, we find that the Examiner evaluated Braunheim and the AAPA during examination and substantively applied their teachings to reject the '841 patent's claims.

(d) The extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art

Although Petitioner argues to the contrary, we determine that the findings the Examiner made during prosecution and the arguments Petitioner makes here are substantially the same. As discussed above, Petitioner contends Braunheim anticipates the challenged claims by pointing to the dimensions Braunheim discloses for most of the base plate parameters and by relying on the value for H_{CB} that the AAPA discloses. For its obviousness grounds, Petitioner relies on Braunheim's dimensions, as well as the typical values for H_{CB} and T_{BP} that the AAPA discloses.

Petitioner, anticipating Patent Owner's argument under § 325(d), contends that it relies on Braunheim "*in an entirely different manner*" than the Examiner relied on Braunheim during prosecution. *Id.* at 7–8. In particular, Petitioner contends that the asserted grounds "rely *primarily* on a base plate exemplified in Braunheim (Table 1) and using the metric formula of the challenged claims to '*calculate a metric value*' from its dimensions," whereas the Examiner omitted a metric value calculation "and instead rel[ied] on a side-by-side comparison of a 'typical' embodiment's dimensions versus 'typical'" AAPA dimensions set forth in the '841 patent. *Id.* at 8–9; *see also* Ex. 1002 ¶¶ 39, 41 (Dr. Bogy's testimony to the same effect).

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We disagree. Patent Owner argues persuasively that the Petition “simply applies the same references in the opposite order.” Prelim. Resp. 33–34. As explained above, in rejecting the claims, the Examiner started with the AAPA base plate dimensions from the ’841 patent’s table and modified two of them (including W_H) based on Braunheim to arrive at a value for the metric equation of ≥ 5 . Ex. 1004, 47–48. Here, Petitioner starts with Braunheim’s base plate dimensions, including W_H , and either supplements those dimensions with H_{CB} as disclosed by the AAPA or modifies the value for T_{BP} based on the AAPA. For example, in arguing that Braunheim anticipates the challenged claims, Petitioner directs us to the parameters Braunheim’s Table 1 discloses for a base plate (e.g., T_{BP} , W_H , H_{IS} , and H_H). Pet. 21. Because Braunheim does not disclose H_{CB} , Petitioner uses the “‘typical’ known H_{CB} admitted by the ’841 Patent”—0.038 mm. *Id.* at 22. Similarly, in arguing that Braunheim and Braunheim in view of the AAPA would have rendered the challenged claims obvious, Petitioner relies on the values in Braunheim’s Table 1 for all of the parameters in the metric equation except T_{BP} . *See, e.g., id.* at 37 (referring back to anticipation argument). Petitioner then directs us to the “‘typical prior art’ T_{BP} of 0.150 mm set forth in the ’841 patent’s table. *Id.* at 40, 47.

Thus, Petitioner’s analysis here is substantially the same as the Examiner’s during prosecution: both rely upon prior art values for base plate parameters and conclude that the ordinary artisan would have modified certain of the values for parameters in the metric equation to achieve the relationship of ≥ 5 that is recited in the claims.

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(e) Whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art

Petitioner contends that the Examiner “overlooked” Braunheim’s Table 1 and that “[h]ad the Examiner considered the Braunheim base plate and applied its dimensions to the claimed metric formula, the claims would not have been allowed.” Pet. 8, 11. The flaw in Petitioner’s argument, however, is that none of Petitioner’s asserted grounds relies solely on Braunheim’s Table 1 values. Rather, as previously explained, Petitioner relies on Braunheim’s Table 1 for some of the parameters of the metric equation recited in the challenged claims and relies on the AAPA for other parameters. *See, e.g.*, Pet. 22, 40, 47. Petitioner, therefore, does not point out sufficiently how the Examiner erred in evaluating the asserted prior art.

(f) The extent to which additional evidence and facts presented in the Petition warrant reconsideration of prior art or arguments

For the reasons discussed in subsection (d) above, we find that Petitioner’s arguments substantially overlap the Examiner’s findings during examination. Petitioner explains that the Petition presents declaratory evidence—Dr. Bogy’s declaration—that the Office did not consider during examination. Pet. 7. Although Dr. Bogy’s declaration was not before the Examiner, the declaration does not persuade us that we should reconsider Braunheim, the AAPA, or Petitioner’s arguments because the declaration is substantially similar to the Petition (i.e., contains the same arguments that we find substantially overlap the Examiner’s findings)³ and Dr. Bogy fails to

³ Although Dr. Bogy’s declaration is substantially similar to the Petition in most respects, Dr. Bogy’s testimony differs from the Petition with regard to H_{CB} . For Ground 1, Petitioner contends that Braunheim anticipates an H_{CB} value that satisfies the metric equation recited in the claims. Pet. 15–23.

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support his testimony with objective evidence. For example, Dr. Bogy testifies that one of ordinary skill in the art would have changed certain values of Braunheim’s base plate parameters based on the AAPA and suggestions in Braunheim. *See, e.g.*, Ex. 1002 ¶¶ 54–61, 62–65. But Dr. Bogy fails to explain why a change in the value of one parameter would not have affected the other parameters of Braunheim’s base plate, including D_{BP} , D_{ID} , H_H , and H_{IS} , which Braunheim identifies as having “unexpected relationship[s] deemed critical to the successful operation of the swage mount.” Ex. 1003, 6:11–33; *see also id.* at 7:29–31 (“Important advantages result from constructing the swage mount . . . with the aforescribed relationships between D_{BP} and D_{ID} , and between H_H and H_{IS} .”); *id.* at 7:49–52 (“[B]y maintaining the aforescribed relationships between D_{BP} and D_{ID} , and H_H and H_{IS} , the profile of the swage mount . . . may be greatly reduced while still maintaining sufficient torque retention for fastening the actuator arm to the load beam.”).

Further, as support for adjusting the value of T_{BP} from that disclosed in Braunheim’s Table 1 to something less than 0.145 mm, Petitioner argues that “[t]he only lower limit to $[T_{BP}]$ suggested by Braunheim is the hub height (H_H).” Pet. 25 (citing Ex. 1003, 2:59–60, 7:41–43 (“[T]he hub can be no thicker than base plate thickness.”)). Dr. Bogy offers similar testimony in that regard. Ex. 1002 ¶¶ 63, 65. Absent from Petitioner’s analysis and Dr. Bogy’s testimony, however, is a persuasive reason why the skilled artisan would have understood Braunheim’s disclosure of T_{BP} as the upper

But Dr. Bogy testifies that “one of ordinary skill in the art would have found it obvious to include an H_{CB} of 0.038 mm [the AAPA H_{CB}] in Braunheim’s base plate.” Ex. 1002 ¶ 58; *see id.* ¶ 61.

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limit for hub thickness to necessarily disclose the converse—i.e., that hub thickness is the upper limit for T_{BP} . Moreover, Petitioner and Dr. Bogy do not explain why Braunheim’s disclosure of an upper limit for *hub thickness* means hub height, H_H , as opposed to hub radial thickness, W_H , in view of Braunheim’s disclosure that a relationship exists between W_H and T_{BP} . See Ex. 1003, 3:30–31 (disclosing relationship between W_H and T_{BP}). Rather, Petitioner and Dr. Bogy simply presume that Braunheim’s disclosure that “the hub can be no thicker” than T_{BP} refers to H_H not W_H . Pet. 25; Ex. 1002 ¶ 63 (“Specifically, because ‘the hub can be no thicker than the [base plate] thickness,’ the lower limit for the [base plate] thickness (T_{BP}) is the hub height (H_H).”).

Given the foregoing, we are not persuaded that we should reconsider Braunheim or the arguments Petitioner presents in the Petition.

2. *Weighing the 325(d) Factors*

Taking into account the above factors, we find that the factors weigh in favor of exercising our discretion and denying institution under § 325(d). Importantly, the asserted art is a subset of the same prior art that the Examiner applied in rejecting the claims during prosecution. Further, the arguments Petitioner advances in its Petition are substantially similar to the findings the Examiner made to reject the claims, and that Patent Owner overcame. Thus, we deny institution under § 325(d). Although a weighing of the § 325(d) factors alone is sufficient to support an exercise of our discretion to deny institution, we also consider Patent Owner’s additional arguments under § 314(a).

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3. *Discretion under § 314(a)*

Patent Owner contends that two additional factors weigh in favor of denying institution under § 314(a). First, Patent Owner argues that Petitioner knew about the '841 patent for more than 10 years, yet provides no explanation for why it waited so long to file the Petition. Prelim. Resp. 37–38. We are not persuaded that this lapse in time favors denying review. As Patent Owner acknowledges, Petitioner filed the Petition shortly before the one-year bar in 35 U.S.C. § 315(b) expired. The Petition, therefore, was timely, and Patent Owner does not apprise us of any tactical advantage, or opportunity for tactical advantage, that Petitioner gained by waiting to file the Petition. Thus, we find this proceeding distinguishable from the facts in *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357 (Paper 19) (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i) (“*General Plastic*”)—the decision on which Patent Owner relies to support its argument regarding the timing of the Petition.

Second, Patent Owner argues that instituting an *inter partes* review “ultimately would be inefficient,” given the status of the district court proceeding between the parties. Prelim. Resp. 38–39. In particular, Patent Owner directs us to the Scheduling Order in the district court proceeding, which sets a trial date of March 25, 2019. *Id.* at 39. Patent Owner further notes that because the '841 patent has expired, we will apply the same standard for claim construction as the district court (which already has construed the '841 patent claim terms). *Id.* at 38. Patent Owner also represents that Petitioner relies on the same prior art (Braunheim and the AAPA) and arguments in its district court invalidity contentions as asserted in the Petition. *Id.* at 1. Thus, Patent Owner argues, the district court

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proceeding will analyze the same issues and will be resolved before any trial on the Petition concludes. *Id.* at 39. Patent Owner asserts that such inefficiency supports denying the Petition.

We agree. First, we note that there is no “intent to limit discretion under § 314(a), such that it is . . . encompassed by § 325(d).” *Gen. Plastic*, Paper 19, 18–19. Thus, simply because we exercise our discretion to deny the Petition under § 325(d) does not mean that we cannot consider and weigh additional factors that favor denying institution under § 314(a).⁴ Second, Patent Owner argues persuasively that instituting a trial under the facts and circumstances here would be an inefficient use of Board resources. The district court proceeding, in which Petitioner asserts the same prior art and arguments, is nearing its final stages, with expert discovery ending on November 1, 2018, and a 5-day jury trial set to begin on March 25, 2019. Ex. 2004, 1. A trial before us on the same asserted prior art will not conclude until September 2019. Institution of an *inter partes* review under these circumstances would not be consistent with “an objective of the AIA . . . to provide an effective and efficient alternative to district court litigation.” *Gen. Plastic*, Paper 19, 16–17. Accordingly, we find that the advanced state of the district court proceeding is an additional factor that weighs in favor of denying the Petition under § 314(a).

⁴ Indeed, the August 2018 Update to the Office Patent Trial Practice Guide, 83 Fed. Reg. 39,989 (Aug. 13, 2018) (“Trial Practice Guide Update”), invites parties to address additional factors that may bear on the Board’s discretionary decision to institute or not institute under §§ 314(a) and 325(d). Trial Practice Guide Update 11, 13.

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IV. CONCLUSION

Taking account of the information presented in the Petition and the Preliminary Response, and the evidence of record, we exercise our discretion under §§ 314(a) and 325(d) and deny institution. Accordingly, the Petition is *denied*, and no trial is instituted.

V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is *denied*, and no trial is instituted.

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Patent Trial and Appeal Board
PRECEDENTIAL
Standard Operating Procedure 2
Designated: 5/5/20

Paper No. 11
Entered: March 20, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

FINTIV, INC.,
Patent Owner.

Case IPR2020-00019
Patent 8,843,125 B2

Before WILLIAM M. FINK, *Vice Chief Administrative Patent Judge*, and
LINDA E. HORNER and LYNNE E. PETTIGREW, *Administrative Patent
Judges*.

FINK, *Vice Chief Administrative Patent Judge*.

ORDER

Conduct of the Proceeding
Supplemental Briefing on Discretionary Denial
35 U.S.C. § 314(a) and 37 C.F.R. § 42.5(a)

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I. INTRODUCTION

Petitioner, Apple, Inc., filed a Petition in this case on October 28, 2019, challenging certain claims of U.S. Patent No. 8,843,125 B2 (Ex. 1001, “the ’125 patent”) owned by Patent Owner, Fintiv, Inc. Paper 1 (“Pet.”). Patent Owner filed a Preliminary Response on February 15, 2020. Paper 10 (“Prelim. Resp.”). In its Preliminary Response, Patent Owner requests that the Board apply its discretion under 35 U.S.C. § 314(a) to deny institution of the requested proceeding due to the advanced state of a parallel district court litigation in which the same issues have been presented and trial has been set for November 16, 2020. Prelim. Resp. 22–26 (citing *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential, designated May 7, 2019)). Although Petitioner addressed the issue briefly in the Petition, at that time no trial date had been set. *See* Pet. 7. In light of the apparent change in status of the parallel proceeding, the panel has determined that supplemental briefing on the issue of discretionary denial is necessary in this case to give Petitioner an opportunity to respond. This Order discusses the factors relevant to the Board’s decision on whether to apply its discretion under 35 U.S.C. § 314(a) to deny institution. This Order authorizes the parties to file supplemental briefing addressing facts in this case relevant to these factors.

II. DISCRETIONARY DENIAL UNDER *NHK*

In *NHK*, the patent owner argued the Board should deny institution under 35 U.S.C. § 314(a) because institution of a trial at the PTAB would be an inefficient use of Board resources in light of the “advanced state” of the parallel district court litigation in which the petitioner had raised the same invalidity challenges. IPR2018-00752, Paper 8. The Board denied

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institution, relying in part on § 314(a). Specifically, under § 314(a) the Board considered the fact that the parallel district court proceeding was scheduled to finish before the Board reached a final decision as a factor favoring denial.¹ The Board found that the earlier district court trial date presented efficiency considerations that provided an additional basis, separate from the independent concerns under 35 U.S.C. § 325(d),² for denying institution. Thus, *NHK* applies to the situation where the district court has set a trial date to occur earlier than the Board's deadline to issue a final written decision in an instituted proceeding. In a case where, in contrast to the facts present in *NHK*, the district court has set a trial date *after* the Board's deadline to issue a final written decision in an instituted proceeding, the Board may be less likely to deny institution under 35 U.S.C. § 314(a) based on district court trial timing depending on other factors as set forth below.³

¹ See 35 U.S.C. § 316(a)(11) (2018) (requiring issuance of a final written decision within one year of institution, absent extension up to six months for good cause).

² Section 325(d) provides that the Director may elect not to institute a proceeding if the challenge to the patent is based on the same or substantially the same prior art or arguments previously presented to the Office.

³ See *Polycom, Inc. v. directPacket Research, Inc.*, IPR2019-01233, Paper 21 at 13 (PTAB Jan. 13, 2020) (declining to apply discretion to deny institution when district court trial is scheduled to occur months after the statutory deadline for completion of the IPR); *Iconex, LLC v. MAXStick Products Ltd.*, IPR2019-01119, Paper 9 at 10 (PTAB Dec. 6, 2019) (same).

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A. *The Parties' Arguments*

In the Petition, Petitioner argues that although a parallel district court proceeding is ongoing involving the challenged patent, the Board should not exercise authority to deny institution under *NHK* because, at the time of the Petition filing, “no preliminary injunction motion has been filed, the district court has not been presented with or invested any time in the analysis of prior art invalidity issues, and no trial date has been set.” Pet. 7. Petitioner also argues that it timely filed its petition within the statutorily prescribed one-year window, and that declining to institute IPR here would “essentially render nugatory” the one-year filing period of § 315(b). *Id.* Petitioner also argues that declining to institute an IPR based on a parallel district court litigation “ignores the common scenario, contemplated by Congress, of obtaining a district court stay based on institution.” *Id.*

In its Preliminary Response, Patent Owner has raised several factors that it contends weigh in favor of exercising authority to deny institution under *NHK*, including an earlier trial date (six months prior to the projected deadline for a final written decision if the Board institutes a proceeding),⁴ significant overlap between issues raised in the Petition and in the district court proceeding (identical claims and arguments), and investment in the district court trial (claim construction already issued). *See* Prelim. Resp. 23–27.

⁴ After the filing of the Petition, the district court entered a scheduling order setting a trial date to occur prior to projected deadline for a final written decision in this matter. Ex. 2009 (setting trial date of November 16, 2020).

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B. Factors Related to a Parallel, Co-Pending Proceeding in Determining Whether to Exercise Discretionary Institution or Denial

As with other non-dispositive factors considered for institution under 35 U.S.C. § 314(a), an early trial date should be weighed as part of a “balanced assessment of all relevant circumstances of the case, including the merits.”⁵ Consolidated Trial Practice Guide November 2019 (“TPG”)⁶ at 58. Indeed, the Board’s cases addressing earlier trial dates as a basis for denial under *NHK* have sought to balance considerations such as system efficiency, fairness, and patent quality.⁷ When the patent owner raises an argument for discretionary denial under *NHK* due to an earlier trial date,⁸ the Board’s decisions have balanced the following factors:

⁵ See *Abbott Vascular, Inc. v. FlexStent, LLC*, IPR2019-00882, Paper 11 at 31 (PTAB Oct. 7, 2019) (declining to adopt a bright-line rule that an early trial date alone requires denial in every case).

⁶ Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

⁷ See *Magellan Midstream Partners L.P. v. Sunoco Partners Marketing & Terminals L.P.*, IPR2019-01445, Paper 12 at 10 (PTAB Jan. 22, 2020) (citing “unnecessary and counterproductive litigation costs” where district court would most likely have issued a decision before the Board issues a final decision); *Intel Corp. v. VLSI Tech. LLC*, IPR2019-01192, Paper 15 at 11 (PTAB Jan. 9, 2020) (“When considering the impact of parallel litigation in a decision to institute, the Board seeks, among other things, to minimize the duplication of work by two tribunals to resolve the same issue.”); *Illumina, Inc. v. Natera, Inc.*, IPR2019-01201, Paper 19 at 6 (PTAB Dec. 18, 2019) (“We have considered the positions of the parties and find that, on this record, considerations of efficiency, fairness, and the merits of the grounds in the Petition do not weigh in favor of denying the Petition.”).

⁸ To the extent we refer to such a denial of institution as a “denial under *NHK*,” we refer to *NHK*’s § 314(a) denial due to the earlier trial date in the district court and not the independent basis for denial under § 325(d).

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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.

These factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding. As explained below, there is some overlap among these factors. Some facts may be relevant to more than one factor. Therefore, in evaluating the factors, the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review. *See* TPG at 58 (quoting 35 U.S.C. § 316(b)).

1. *whether a stay exists or is likely to be granted if a proceeding is instituted*

A district court stay of the litigation pending resolution of the PTAB trial allays concerns about inefficiency and duplication of efforts. This fact has strongly weighed against exercising the authority to deny institution under *NHK*.⁹ In some cases, there is no stay, but the district court has denied

⁹ *See Precision Planting, LLC v. Deere & Co.*, IPR2019-01052, Paper 19 at 10 (PTAB Jan. 7, 2020) (finding that the district court stay of the parallel district court case rendered moot the patent owner's argument for discretionary denial of the petition); *Apotex Inc. v. UCB Biopharma Sprl*,

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a motion for stay without prejudice and indicated to the parties that it will consider a renewed motion or reconsider a motion to stay if a PTAB trial is instituted. Such guidance from the district court, if made of record, suggests the district court may be willing to avoid duplicative efforts and await the PTAB's final resolution of the patentability issues raised in the petition before proceeding with the parallel litigation. This fact has usually weighed against exercising authority to deny institution under *NHK*,¹⁰ but, for reasons discussed below, proximity of the court's trial date and investment of time are relevant to how much weight to give to the court's willingness to reconsider a stay.^{11, 12} If a court has denied a defendant's motion for a stay

IPR2019-00400, Paper 17 at 31–32 (PTAB July 15, 2019) (finding that the district court stay of the parallel district court case predicated on the *inter partes* review means that the trial will not occur before the Board renders a final decision).

¹⁰ See *Abbott Vascular*, IPR2019-00882, Paper 11 at 30–31 (noting district court's willingness to revisit request for stay if Board institutes an *inter partes* review proceeding).

¹¹ See *DMF, Inc. v. AMP Plus, Inc.*, Case No. 2-18-cv-07090 (C.D. Cal. July 12, 2019) (denying defendants' initial motion to stay without prejudice to their renewing the motion should PTAB grant their IPR petition); *id.* (Dec. 13, 2019) (denying renewed motion to stay after PTAB instituted, in part, because in the interim claim construction order had issued, trial date was fast approaching, and discovery was in an advanced stage).

¹² It is worth noting that the district court, in considering a motion for stay, may consider similar factors related to the amount of time already invested by the district court and proximity of the trial date to the Board's deadline for a final written decision. See *Space Data Corp. v. Alphabet Inc.*, Case No. 16-cv-03260, slip op. at 3 (N.D. Cal. Mar. 12, 2019) (denying motion to stay where the court had ruled on a motion for partial summary judgment and issued a *Markman* order, and fact and expert discovery are closed, and thus "much work has been completed"); *Intellectual Ventures I LLC v. T-*

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pending resolution of a PTAB proceeding, and has not indicated to the parties that it will consider a renewed motion or reconsider a motion to stay if a PTAB trial is instituted, this fact has sometimes weighed in favor of exercising authority to deny institution under *NHK*.

One particular situation in which stays arise frequently is during a parallel district court *and* ITC investigation involving the challenged patent. In such cases, the district court litigation is often stayed under 28 U.S.C. § 1659 pending the resolution of the ITC investigation. Regardless, even though the Office and the district court would not be bound by the ITC's decision, an earlier ITC trial date may favor exercising authority to deny institution under *NHK* if the ITC is going to decide the same or substantially similar issues to those presented in the petition. The parties should indicate whether there is a parallel district court case that is ongoing or stayed under 28 U.S.C. § 1659 pending the resolution of the ITC investigation. We

Mobile USA, Inc., Case No. 2-17-cv-00577 (E. D. Tex. Dec. 13, 2018) (denying motion to stay after dispositive and *Daubert* motions had been filed and the court had expended material judicial resources to prepare for the pretrial in three weeks); *Plastic Omnium Advanced Innovation and Research v. Donghee Am., Inc.*, Case No. 1-16-cv-00187 (D. Del. Mar. 9, 2018) (denying motion for stay after PTAB's institution of *inter partes* reviews because the court "has construed the parties' disputed claim terms, handled additional discovery-related disputes, begun reviewing the parties' summary judgment and *Daubert* motions . . . and generally proceeded toward trial" and "[d]elaying the progress of this litigation . . . would risk wasting the Court's resources"); *Dentsply Int'l, Inc. v. US Endodontics, LLC*, Case No. 2-14-cv-00196, slip op. at 5 (E.D. Tenn. Dec. 1, 2015) (denying motion for stay pending *inter partes* review because a stay at this point in the proceedings "would waste a significant amount of the time and resources already committed to this case by the parties and the Court").

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recognize that ITC final invalidity determinations do not have preclusive effect,¹³ but, as a practical matter, it is difficult to maintain a district court proceeding on patent claims determined to be invalid at the ITC.

Accordingly, the parties should also indicate whether the patentability disputes before the ITC will resolve all or substantially all of the patentability disputes between the parties, regardless of the stay.¹⁴

2. *proximity of the court's trial date to the Board's projected statutory deadline*

If the court's trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*. If the court's trial date is at or around the same time as the projected statutory deadline or even significantly after the projected statutory deadline, the decision whether to institute will likely implicate other factors discussed herein, such as the resources that have been invested in the parallel proceeding.¹⁵

3. *investment in the parallel proceeding by the court and parties*

The Board also has considered the amount and type of work already completed in the parallel litigation by the court and the parties at the time of the institution decision. Specifically, if, at the time of the institution decision, the district court has issued substantive orders related to the patent

¹³ See *Texas Instruments v. Cypress Semiconductor Corp.*, 90 F.3d 1558 (Fed. Cir. 1996) (holding that an invalidity determination in an ITC section 337 action does not have preclusive effect).

¹⁴ See *infra* § II.A.4.

¹⁵ See, e.g., *infra* § II.A.3, § II.A.4.

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at issue in the petition, this fact favors denial.¹⁶ Likewise, district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.¹⁷ If, at the time of the institution decision, the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution under *NHK*.¹⁸ This investment factor is related to the trial date factor, in that more work completed by the parties and court in the parallel proceeding tends to support the arguments that the parallel proceeding is more advanced, a stay may be less likely, and instituting would lead to duplicative costs.

¹⁶ See *E-One, Inc. v. Oshkosh Corp.*, IPR2019-00162, Paper 16 at 8, 13, 20 (PTAB June 5, 2019) (district court issued preliminary injunction order after finding petitioner's invalidity contentions unlikely to succeed on the merits).

¹⁷ See *Next Caller, Inc. v. TRUSTID, Inc.*, IPR2019-00963, Paper 8 at 13 (PTAB Oct. 28, 2019) (district court issued claim construction order); *Thermo Fisher Scientific, Inc. v. Regents of the Univ. of Cal.*, IPR2018-01370, Paper 11 at 26 (PTAB Feb. 7, 2019) (district court issued claim construction order). We note that the weight to give claim construction orders may vary depending upon a particular district court's practices. For example, some district courts may postpone significant discovery until after it issues a claim construction order, while others may not.

¹⁸ See *Facebook, Inc. v. Search and Social Media Partners, LLC*, IPR2018-01620, Paper 8 at 24 (PTAB Mar. 1, 2019) (district court proceeding in its early stages, with no claim constructions having been determined); *Amazon.com, Inc. v. CustomPlay, LLC*, IPR2018-01496, Paper 12 at 8–9 (PTAB Mar. 7, 2019) (district court proceeding in its early stages, with no claim construction hearing held and district court having granted extensions of various deadlines in the schedule).

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As a matter of petition timing, notwithstanding that a defendant has one year to file a petition,¹⁹ it may impose unfair costs to a patent owner if the petitioner, faced with the prospect of a looming trial date, waits until the district court trial has progressed significantly before filing a petition at the Office. The Board recognizes, however, that it is often reasonable for a petitioner to wait to file its petition until it learns which claims are being asserted against it in the parallel proceeding.²⁰ Thus, the parties should explain facts relevant to timing. If the evidence shows that the petitioner filed the petition expeditiously, such as promptly after becoming aware of the claims being asserted, this fact has weighed against exercising the authority to deny institution under *NHK*.²¹ If, however, the evidence shows

¹⁹ See 35 U.S.C. § 315(b) (2018) (setting a one-year window from the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent in which to file a petition).

²⁰ See 157 Cong. Rec. S5429 (Sept. 8, 2011) (S. Kyl) (explaining that in light of the House bill's enhanced estoppels, it is important to extend the deadline for allowing an accused infringer to seek *inter partes* review from 6 months, as proposed in the Senate bill, to one year to afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation). Our discussion of this factor focuses on the situation where the petitioner also is a defendant in the parallel litigation. If the parallel litigation involves a party different than the petitioner, this fact weighs against exercising authority to deny institution under *NHK*. See *infra* § II.A.5.

²¹ See *Intel Corp.*, IPR2019-01192, Paper 15 at 12–13 (finding petitioner was diligent in filing the petition within two months of patent owner narrowing the asserted claims in the district court proceeding); *Illumina*, IPR2019-01201, Paper 19 at 8 (finding petitioner was diligent in filing the

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that the petitioner did not file the petition expeditiously, such as at or around the same time that the patent owner responds to the petitioner's invalidity contentions, or even if the petitioner cannot explain the delay in filing its petition, these facts have favored denial.²²

4. *overlap between issues raised in the petition and in the parallel proceeding*

In *NHK*, the Board was presented with substantially identical prior art arguments that were at issue in the district court (as well as those previously addressed by the Office under § 325(d)). IPR2018-00752, Paper 8 at 20.

Thus, concerns of inefficiency and the possibility of conflicting decisions were particularly strong. Accordingly, if the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial.²³

Conversely, if the petition includes materially different grounds, arguments,

petition several months before the statutory deadline and in response to the patent being added to the litigation in an amended complaint).

²² See *Next Caller, Inc. v. TRUSTID, Inc.*, IPR2019-00961, Paper 10 at 16 (PTAB Oct. 16, 2019) (weighing the petitioner's unexplained delay in filing the petition in favor of denial of the petition and noting that had the petitioner filed the petition around the same time as the service of its initial invalidity contentions, the PTAB proceeding may have resolved the issues prior to the district court).

²³ See *Next Caller*, IPR2019-00963, Paper 8 at 11–12 (same grounds asserted in both cases); *ZTE (USA) Inc. v. Fractus, S.A.*, IPR2018-01451, Paper 12 at 20 (PTAB Feb. 19, 2019) (same prior art and identical evidence and arguments in both cases).

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and/or evidence than those presented in the district court, this fact has tended to weigh against exercising discretion to deny institution under *NHK*.²⁴

In many cases, weighing the degree of overlap is highly fact dependent. For example, if a petition involves the same prior art challenges but challenges claims in addition to those that are challenged in the district court, it may still be inefficient to proceed because the district court may resolve validity of enough overlapping claims to resolve key issues in the petition. The parties should indicate whether all or some of the claims challenged in the petition are also at issue in district court. The existence of non-overlapping claim challenges will weigh for or against exercising discretion to deny institution under *NHK* depending on the similarity of the claims challenged in the petition to those at issue in the district court.²⁵

5. *whether the petitioner and the defendant in the parallel proceeding are the same party*

If a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion to

²⁴ See *Facebook, Inc. v. BlackBerry Limited*, IPR2019-00899, Paper 15 at 12 (PTAB Oct. 8, 2019) (different prior art relied on in the petition than in the district court); *Chegg, Inc. v. NetSoc, LLC*, IPR2019-01165, Paper 14 at 11–12 (PTAB Dec. 5, 2019) (different statutory grounds of unpatentability relied on in the petition and in the district court).

²⁵ See *Next Caller*, IPR2019-00961, Paper 10 at 14 (denying institution even though two petitions jointly involve all claims of patent and district court involves only a subset of claims because the claims all are directed to the same subject matter and petitioner does not argue that the non-overlapping claims differ significantly in some way or argue that it would be harmed if institution of the non-overlapping claims is denied).

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deny institution under *NHK*.²⁶ Even when a petitioner is unrelated to a defendant, however, if the issues are the same as, or substantially similar to, those already or about to be litigated, or other circumstances weigh against redoing the work of another tribunal, the Board may, nonetheless, exercise the authority to deny institution.²⁷ An unrelated petitioner should, therefore, address any other district court or Federal Circuit proceedings involving the challenged patent to discuss why addressing the same or substantially the same issues would not be duplicative of the prior case even if the petition is brought by a different party.

6. *other circumstances that impact the Board's exercise of discretion, including the merits*

As noted above, the factors considered in the exercise of discretion are part of a balanced assessment of all the relevant circumstances in the case, including the merits.²⁸ For example, if the merits of a ground raised in the petition seem particularly strong on the preliminary record, this fact has

²⁶ See *Nalox-1 Pharms., LLC. v. Opiant Pharms., Inc.*, IPR2019-00685, Paper 11 at 6 (PTAB Aug. 27, 2019) (distinguishing *NHK* because in *NHK*, “the Board considered ‘the status of the district court proceeding *between* the parties’” and, in the *Nalox-1* case, the petitioner was not a party to the parallel district court litigations).

²⁷ See *Stryker Corp. v. KFx Medical, LLC*, IPR2019-00817, Paper 10 at 27–28 (PTAB Sept. 16, 2019) (considering a jury verdict of no invalidity, based in part on evidence of secondary considerations, weighed in favor of denying institution where the unrelated petitioner failed to address this evidence in the petition).

²⁸ TPG at 58.

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favoring institution.²⁹ In such cases, the institution of a trial may serve the interest of overall system efficiency and integrity because it allows the proceeding to continue in the event that the parallel proceeding settles or fails to resolve the patentability question presented in the PTAB proceeding.³⁰ By contrast, if the merits of the grounds raised in the petition are a closer call, then that fact has favored denying institution when other factors favoring denial are present.³¹ This is not to suggest that a full merits analysis is necessary to evaluate this factor.³² Rather, there may be strengths

²⁹ *Illumina*, IPR2019-01201, Paper 19 at 8 (PTAB Dec. 18, 2019) (instituting when “the strength of the merits outweigh relatively weaker countervailing considerations of efficiency”); *Facebook, Inc. v. BlackBerry Ltd.*, IPR2019-00925, Paper 15 at 27 (PTAB Oct. 16, 2019) (same); *Abbott Vascular*, IPR2019-00882, Paper 11 at 29–30 (same); *Comcast Cable Commc’ns., LLC v. Rovi Guides, Inc.*, IPR2019-00231, Paper 14 at 11 (PTAB May 20, 2019) (instituting because the proposed grounds are “sufficiently strong to weigh in favor of not denying institution based on § 314(a)”).

³⁰ Were a final judgment entered on the patentability issues in the parallel proceeding, the parties may jointly request to terminate the PTAB proceeding in light of the fully resolved parallel proceeding. *See* 37 C.F.R. § 42.72.

³¹ *E-One*, IPR2019-00162, Paper 16 at 8, 13, 20 (denying institution based on earlier district court trial date, weakness on the merits, and the district court’s substantial investment of resources considering the invalidity of the challenged patent).

³² Of course, if a petitioner fails to present a reasonable likelihood of prevailing as to unpatentability of at least one challenged claim, then the Board may deny the petition on the merits and may choose not to reach a patent owner’s discretionary denial arguments.

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or weaknesses regarding the merits that the Board considers as part of its balanced assessment.³³

C. Other Considerations

Other facts and circumstances may also impact the Board's discretion to deny institution. For example, factors unrelated to parallel proceedings that bear on discretion to deny institution include the filing of serial petitions,³⁴ parallel petitions challenging the same patent,³⁵ and considerations implicated by 35 U.S.C. § 325(d).³⁶ The parties should explain whether these or other facts and circumstances exist in their proceeding and the impact of those facts and circumstances on efficiency and integrity of the patent system.

III. ORDER

The panel requests that the parties submit supplemental briefing, as set forth below, to present on the record facts in this case relevant to the factors discussed above. The supplemental briefing may be accompanied by

³³ See *id.* at 13–20 (finding weaknesses in aspects of petitioner's challenges).

³⁴ See *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00064, Paper 10 (PTAB May 1, 2019) (precedential); *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018); *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i).

³⁵ TPG at 59–61.

³⁶ See *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020) (discussing two-part framework for applying discretion to deny institution under 35 U.S.C. § 325(d)).

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documentary evidence in support of any facts asserted in the supplemental briefing, but may not be accompanied by declaratory evidence.

Accordingly, it is

ORDERED that Petitioner is authorized to file a reply to the Preliminary Response, no more than ten (10) pages and limited to addressing the issue of discretionary denial under 35 U.S.C. § 314(a), by March 27, 2020; and it is

FURTHER ORDERED that Patent Owner is authorized to file a sur-reply to Petitioner's reply, no more than ten (10) pages and limited to the issue of discretionary denial under 35 U.S.C. § 314(a), by April 3, 2020.

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CIVIL COVER SHEET

The JS-CAND 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved in its original form by the Judicial Conference of the United States in September 1974, is required for the Clerk of Court to initiate the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

Apple Inc., Cisco Systems, Inc., Google LLC, Intel Corporation

(b) County of Residence of First Listed Plaintiff Santa Clara County, CA (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number) See attachment

DEFENDANTS

Andrei Iancu, in his official capacity as Under Secretary of Commerce for Intellectual Property and Director, U.S. Patent and Trademark Office

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff ☐ 3 Federal Question (U.S. Government Not a Party)
- ☒ 2 U.S. Government Defendant ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

	PTF	DEF		PTF	DEF
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT		TORTS		FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
110 Insurance	PERSONAL INJURY	PERSONAL INJURY	625 Drug Related Seizure of Property 21 USC § 881	422 Appeal 28 USC § 158	375 False Claims Act		
120 Marine			LABOR	423 Withdrawal 28 USC § 157	376 Qui Tam (31 USC § 3729(a))		
130 Miller Act				PROPERTY RIGHTS	400 State Reapportionment		
140 Negotiable Instrument					410 Antitrust		
150 Recovery of Overpayment Of Veteran's Benefits					430 Banks and Banking		
151 Medicare Act					450 Commerce		
152 Recovery of Defaulted Student Loans (Excludes Veterans)					460 Deportation		
153 Recovery of Overpayment of Veteran's Benefits					470 Racketeer Influenced & Corrupt Organizations		
160 Stockholders' Suits					480 Consumer Credit		
190 Other Contract					485 Telephone Consumer Protection Act		
195 Contract Product Liability	CIVIL RIGHTS	PRISONER PETITIONS			462 Naturalization Application	490 Cable/Sat TV	
196 Franchise			465 Other Immigration Actions		850 Securities/Commodities/ Exchange		
REAL PROPERTY			HABEAS CORPUS	IMMIGRATION	SOCIAL SECURITY	890 Other Statutory Actions	
						891 Agricultural Acts	
						893 Environmental Matters	
						895 Freedom of Information Act	
						896 Arbitration	
						✕ 899 Administrative Procedure Act/Review or Appeal of Agency Decision	
						950 Constitutionality of State Statutes	
						210 Land Condemnation	440 Other Civil Rights
	220 Foreclosure	441 Voting				510 Motions to Vacate Sentence	862 Black Lung (923)
	230 Rent Lease & Ejectment	442 Employment				530 General	863 DIWC/DIWW (405(g))
240 Torts to Land	443 Housing/ Accommodations	535 Death Penalty	864 SSID Title XVI				
245 Tort Product Liability	445 Amer. w/Disabilities-- Employment	OTHER	865 RSI (405(g))				
290 All Other Real Property	446 Amer. w/Disabilities--Other		FEDERAL TAX SUITS	870 Taxes (U.S. Plaintiff or Defendant)			
	448 Education			871 IRS--Third Party 26 USC § 7609			

V. ORIGIN (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding ☐ 2 Removed from State Court ☐ 3 Remanded from Appellate Court ☐ 4 Reinstated or Reopened ☐ 5 Transferred from Another District (specify) ☐ 6 Multidistrict Litigation--Transfer ☐ 8 Multidistrict Litigation--Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
5 U.S.C. s 701-706

Brief description of cause:

Challenge to USPTO rule as violating the Administrative Procedure Act and the America Invents Act

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, Fed. R. Civ. P.

DEMAND \$

CHECK YES only if demanded in complaint:
JURY DEMAND: ☐ Yes ☒ No

VIII. RELATED CASE(S), IF ANY (See instructions):

JUDGE

DOCKET NUMBER

IX. DIVISIONAL ASSIGNMENT (Civil Local Rule 3-2)

(Place an "X" in One Box Only)

☐ SAN FRANCISCO/OAKLAND

☒ SAN JOSE

☐ EUREKA-MCKINLEYVILLE

DATE 08/31/2020

SIGNATURE OF ATTORNEY OF RECORD

/s/ Mark D. Selwyn

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS-CAND 44

Authority For Civil Cover Sheet. The JS-CAND 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved in its original form by the Judicial Conference of the United States in September 1974, is required for the Clerk of Court to initiate the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I. a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
 - b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the “defendant” is the location of the tract of land involved.)
 - c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section “(see attachment).”
- II. Jurisdiction.** The basis of jurisdiction is set forth under Federal Rule of Civil Procedure 8(a), which requires that jurisdictions be shown in pleadings. Place an “X” in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
- (1) United States plaintiff. Jurisdiction based on 28 USC §§ 1345 and 1348. Suits by agencies and officers of the United States are included here.
 - (2) United States defendant. When the plaintiff is suing the United States, its officers or agencies, place an “X” in this box.
 - (3) Federal question. This refers to suits under 28 USC § 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
 - (4) Diversity of citizenship. This refers to suits under 28 USC § 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS-CAND 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an “X” in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerk(s) in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.
- V. Origin.** Place an “X” in one of the six boxes.
- (1) Original Proceedings. Cases originating in the United States district courts.
 - (2) Removed from State Court. Proceedings initiated in state courts may be removed to the district courts under Title 28 USC § 1441. When the petition for removal is granted, check this box.
 - (3) Remanded from Appellate Court. Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
 - (4) Reinstated or Reopened. Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
 - (5) Transferred from Another District. For cases transferred under Title 28 USC § 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
 - (6) Multidistrict Litigation Transfer. Check this box when a multidistrict case is transferred into the district under authority of Title 28 USC § 1407. When this box is checked, do not check (5) above.
 - (8) Multidistrict Litigation Direct File. Check this box when a multidistrict litigation case is filed in the same district as the Master MDL docket. Please note that there is no Origin Code 7. Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC § 553. Brief Description: Unauthorized reception of cable service.
- VII. Requested in Complaint.** Class Action. Place an “X” in this box if you are filing a class action under Federal Rule of Civil Procedure 23. Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction. Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS-CAND 44 is used to identify related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.
- IX. Divisional Assignment.** If the Nature of Suit is under Property Rights or Prisoner Petitions or the matter is a Securities Class Action, leave this section blank. For all other cases, identify the divisional venue according to Civil Local Rule 3-2: “the county in which a substantial part of the events or omissions which give rise to the claim occurred or in which a substantial part of the property that is the subject of the action is situated.”
- Date and Attorney Signature.** Date and sign the civil cover sheet.

Attachment to Civil Cover Sheet for

Apple Inc., et. al. v. Andrei Iancu

I. (c) The following attorneys are designated as attorneys of record for Apple Inc., Cisco Systems, Inc., and Intel Corporation:

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