

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PARROT S.A., PARROT DRONES, S.A.S., and PARROT INC.,
Petitioners,

v.

QFO LABS, INC.,
Patent Owner.

Case IPR2017-01090
Patent 9,073,532 B2

Before MEREDITH C. PETRAVICK, HYUN J. JUNG, and
SCOTT C. MOORE, *Administrative Patent Judges*.

JUNG, *Administrative Patent Judge*.

DECISION

Denying Institution of *Inter Partes* Review

37 C.F.R. § 42.108

Dismissing Motion for Joinder

37 C.F.R. § 42.122(b)

I. INTRODUCTION

Parrot S.A., Parrot Drones S.A.S., and Parrot Inc. (“Petitioners”) filed a Petition (Paper 2, “Pet.”), requesting institution of an *inter partes* review of claims 1–7 and 15–24 of U.S. Patent No. 9,073,532 B2 (Ex. 1001, “the ’532 patent”). Petitioners also filed concurrently a Motion for Joinder that seeks joinder to Case IPR2016-01559. Paper 3. QFO Labs, Inc. (“Patent Owner”) timely filed a Preliminary Response¹ (Paper 7, “Prelim. Resp.”).

For the reasons below, based on the circumstances of this case, we exercise our discretion pursuant to 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a) to deny the Petition and, therefore, decline to institute an *inter partes* review. Because the Petition is denied, we also dismiss as moot Petitioners’ Motion for Joinder.

A. The ’532 Patent (Ex. 1001)

The ’532 patent relates to a “homeostatic flying hovercraft.” Ex. 1001, 1:20–25. Homeostatic flying craft 200 has upper surface 202, bottom surface 204, four duct openings 212, and battery-powered ducted fan 214 mounted inboard from each duct opening 212. *Id.* at 9:20–33. Each fan 214 is powered from an internal pair of batteries 216. *Id.* at 9:45–46. Homeostatic control system 300 is “operably connected to the thrusters . . . in order to maintain a desired orientation” and includes “XYZ sensor arrangement 302 and associated control circuitry 304 that dynamically determines an inertial gravitational reference.” *Id.* at 11:1–10.

¹ The Preliminary Response improperly contains arguments against Petitioners’ Motion for Joinder. See Prelim. Resp. 15–21; 37 C.F.R. § 42.6(3) (“Combined motions, oppositions, replies, or other combined documents are not permitted.”) and § 42.25(a)(1) (“An opposition is due one month after service of the motion.”).

A radio-controlled (“RC”) controller 220 “includes a body adapted to be held in one hand” and a “homeostatic control system IS positioned within the body.” *Id.* at 10:18–22. A user selectively positioning an orientation of RC controller 220 provides a “desired orientation.” *Id.* RC controller 220 includes a “bidirectional radio frequency (RF) transceiver providing two-way RF communications between the RC aircraft and the hand-held RC controller that communicates the desired orientation to the RC aircraft.” *Id.* at 10:26–30.

B. Illustrative Claim

The ’532 patent has 24 claims, of which Petitioners challenge claims 1–7 and 15–24. Of the challenged claims, claims 1, 15, and 21 are independent, and claim 1 is reproduced below:

1. A radio controlled (RC) flying hovercraft controlled by a handheld RC controller separate and remote from the RC flying hovercraft, the RC flying hovercraft comprising:

a set of thrusters, each thruster including at least one blade driven by an electrically powered motor, that provide aerodynamic lift for the RC flying hovercraft;

a battery system positioned in the flying hovercraft and electrically coupled to the set of thrusters;

a homeostatic control system positioned in the RC flying hovercraft and operably connected to the thrusters that automatically controls a thrust produced by each thruster in order to automatically maintain a desired orientation of the RC flying hovercraft, the homeostatic control system including at least a three dimensional, three-axis sensor system and associated control circuitry that dynamically determines a gravitational reference other than by dead reckoning alone for use by the homeostatic control system in automatic control of said thrusters to maintain homeostatic stabilization in the desired orientation; and

a radio frequency (RF) receiver positioned in the RC flying hovercraft and adapted to receive communications from the RC controller, the communications including the desired orientation of the RC flying hovercraft used by the homeostatic control system to

automatically control the thrusters to maintain the desired orientation, wherein the desired orientation communicated by the RC controller is determined based on a handheld structure housing a sensor system in the RC controller that senses at least a two dimensional, two-axis sensed orientation of the handheld structure as a result of a user remote from the RC flying hovercraft selectively orienting the handheld structure,

whereby an actual moment-to-moment orientation of the RC flying hovercraft mimics a corresponding moment-to-moment positioning of the RC controller based on the two dimensional, two-axis sensed orientation of the RC controller.

C. Asserted Grounds

Petitioners challenge, under 35 U.S.C. § 103, the claims as follows:

References	Claims Challenged
Louvel ² , Thomas ³ , Jimenez ⁴ , and Kroo ⁵	1–5, 7, 15–19, 21–23
Louvel, Thomas, Jimenez, Yavnai ⁶ , and Kroo	3, 4, 7, 17, and 18
Louvel, Thomas, Jimenez, Gabai ⁷ , and Kroo	6, 20, and 24
Louvel, Thomas, Jimenez, and Admitted Prior Art ⁸	1–5, 7, 15–19, and 21–23
Louvel, Thomas, Jimenez, Yavnai, and Admitted Prior Art	3, 4, 7, 17, and 18
Louvel, Thomas, Jimenez, Gabai, and Admitted Prior Art	6, 20, and 24

² US 2002/0104921 A1, published Aug. 8, 2002 (Ex. 1004).

³ US 5,128,671, iss. July 7, 1992 (Ex. 1005).

⁴ US 2002/0106966 A1, published Aug. 8, 2002 (Ex. 1007).

⁵ I. Kroo & P. Kunz, “Mesoscale Flight and Miniature Rotorcraft Development,” Fixed and Flapping Wing Aerodynamics for Micro Air Vehicle Applications (Thomas J. Mueller ed., 2001) (Ex. 1006).

⁶ US 6,588,701 B2, iss. July 8, 2003 (Ex. 1009).

⁷ US 2001/0021669 A1, published Sept. 13, 2001 (Ex. 1008).

⁸ Ex. 1001, 3:49–57, 4:31–39. See Pet. 74 (quoting these portions).

References	Claims Challenged
Louvel, Thomas, and Jimenez	1–5, 7, 15–19, and 21–23
Louvel, Thomas, Jimenez, and Yavnai	3, 4, 7, 17, and 18
Louvel, Thomas, Jimenez, and Gabai	6, 20, and 24

Pet. 18–19.

D. Related Proceedings

The parties indicate that the '532 patent is a continuation of the patent at issue in Cases IPR2016-01550 and IPR2017-01089. Pet. 87–88; Paper 5, 1–2; Prelim. Resp. 4, 9.

Patent Owner also indicates that the '532 patent is involved in *Parrot S.A. v. QFO Labs, Inc.*, case 1:16-cv-00682-GMS (D. Del.) and *QFO Labs, Inc. v. Brookstone Stores, Inc.*, case 0:17-cv-01100-JNE-SR (D. Minn.). Paper 5, 4–5; Prelim. Resp. 8–9; Ex. 2014; *see also* Pet. 88 (indicating intent to file an action in the District of Delaware).

Additionally, the '532 patent was the subject of a petition filed by Petitioners in Case IPR2016-01559 (“the '1559 proceeding”). Pet. 1; Paper 5, 1–2; Prelim. Resp. 9. In the '1559 proceeding, Petitioners challenged:

- (1) claims 1–5, 7–12, 14–19, and 21–23 as unpatentable over Louvel, Thomas, and Jimenez;
- (2) claims 3, 4, 7, 10, 11, 17, and 18 as unpatentable over Louvel, Thomas, Jimenez, and Yavnai;
- (3) claims 6, 13, 20, and 24 as unpatentable over Louvel, Thomas, Jimenez, and Gabai;

(4) claims 1, 5, 8, 12, 14, 15, 19, and 21 as unpatentable over Gordon⁹ and Thomas; and

(5) claims 6, 13, 20, and 24 unpatentable over Gordon, Thomas, and Gabai.

Parrot S.A. v. QFO Labs, Inc., Case IPR2016-01559, slip op. at 6–7 (PTAB Feb. 16, 2017) (Paper 15) (“the ’1559 Decision” or “the ’1559 Dec.”). In the ’1559 proceeding, we determined that the Petition (“the ’1559 Petition” or “the ’1559 Pet.”) was deficient in several of the asserted challenges, and therefore, *inter partes* review was instituted for claims 8–14 and not instituted for any of claims 1–7 and 15–24 of the ’532 patent. ’1550 Dec. 16, 24, 25, 27, 29, 35, 36.

II. ANALYSIS

The Petition in the present proceeding challenges again claims 1–7 and 15–24 of the ’532 patent, which were previously challenged in the ’1559 proceeding. *Compare* Pet. 18–19 *with* ’1559 Pet. 16–17. The present Petition itself notes that the institution decision found “the ’[1]559 petition presented insufficient evidence of a single claim limitation” and contends that the present Petition “addresses the Board’s concerns over the battery limitations.” Pet. 1; *see also* Paper 3, 1 (Petitioners stating “the Board . . . declined to institute review of claims 1–7 and 15–24” and that the “Board noted a single shortcoming – that the original petition presented insufficient evidence of a ‘battery system’/‘electrical-power system’” (emphasis

⁹ M. Gordon et al., “Rotorcraft Aerial Robot—Challenges and Solutions,” Georgia Institute of Technology, School of Aerospace Engineering (October 25–28, 1993).

omitted)).

Patent Owner urges us to exercise our discretion to deny the Petition because it is “undesirable incremental-petitioning” (Prelim. Resp. 21), “nothing more than a second-bite that includes the very same arguments as in [IPR2016-01559], but with an additional reference . . . being argued to support a claim limitation that the Board found missing” (*id.* at 22), and “impermissibly benefit[ing] from the Board’s prior decision” (*id.*). Patent Owner also argues that factors considered by the Board favor using our discretion to deny institution in this proceeding. *Id.* at 24–28.

We agree with Patent Owner that the Director has discretion to institute an *inter partes* review. Prelim. Resp. 23; 35 U.S.C. § 314(a) (stating “[t]he Director *may not* authorize an *inter partes* review to be instituted unless the Director determines that the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition” (emphasis added)); 37 C.F.R. § 42.108(a) (stating “the Board *may* authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim” (emphasis added)). There is no *per se* rule precluding the filing of follow-on petitions after the Board’s denial of one or more first-filed petitions on the same patent. The Board consistently has considered a number of factors in determining whether to exercise that discretion. *See NVIDIA Corp. v. Samsung Elec. Co.*, Case IPR2016-00134, slip op. at 6–8 (PTAB May 4, 2016) (Paper 9) (“*NVIDIA*”); *LG Elecs. Inc. v. Core Wireless Licensing S.A.R.L.*, Case IPR2016-00986, slip op. at 6–7 (PTAB Aug. 22, 2016) (Paper 12); *see also Xactware Sols., Inc. v. Eagle View Techs., Inc.*, Case IPR2017-

00034, slip op. at 7–8 (PTAB Apr. 13, 2017) (Paper 9); *Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, slip op. at 15–16 (PTAB Sept. 6, 2017) (Paper 19) (designated informative) (“*Gen. Plastic*”). Those factors are:

1. whether the same petitioner previously filed a petition directed to the same claims of the same patent;
2. whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
3. whether at the time of filing of the second petition the petitioner already received the patent owner’s preliminary response to the first petition or received the Board’s decision on whether to institute review in the first petition;
4. the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;
5. whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
6. the finite resources of the Board; and
7. the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.

See NVIDIA, slip op. at 6–7.

The factors are intended to take into account undue inequities and prejudices to Patent Owner. *Gen. Plastic*, slip op. at 17. Multiple, staggered petitions challenging the same patent and same claims raise the potential for abuse, such as petitioners strategically staging their prior art and arguments

in multiple petitions, “using our decisions as a roadmap, until a ground is found that results in the grant of review.” *Id.* Consideration of these factors allows for assessing whether a petitioner should have or could have raised the new challenges earlier. *Id.* at 18. “[T]here may be circumstances where multiple petitions by the same petitioner against the same claims of a patent should be permitted, and that such a determination is dependent on the facts at issue in the case.” *Id.*

We agree with Patent Owner that applying the factors from *NVIDIA* strongly favors exercising our discretion under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a). We address each of the factors in the order presented above.

First, Petitioners themselves, state that, in the ’1559 proceeding, the Board declined Petitioners’ request to institute review of claims 1–7 and 15–24 of the ’532 patent and that “[t]his Petition requests that the Board institute review of claims 1–7 and 15–24” of the ’532 patent. Pet. 1. Thus, the Petition makes clear that Petitioners previously filed a petition directed to the same claims of the same patent.

As to whether, at the time of filing of the first petition, the petitioner knew of the prior art asserted in the second petition, or should have known of it, we agree with Patent Owner that Petitioners should have known of the new cites to the specification of the ’532 patent and the newly cited reference, Kroo, which is the subject of the newly cited portions of the specification. See Prelim. Resp. 26. The record also contains insufficient explanation as to why Petitioners could not have known about the new citations to the ’532 patent specification and Kroo at the time of filing the ’1559 Petition.

Additionally, as discussed above, the present Petition acknowledges that it addresses deficiencies in the '1559 Petition identified by the '1559 Decision. *See* Pet. 1; *see also* Prelim. Resp. 26 (quoting Pet. 1). Petitioners, thus, indicate clearly that they received the Board's decision on whether to institute in the first petition.

We further agree with Patent Owner that the time that elapsed between the time Petitioners learned of the newly identified prior art asserted in the second petition and the filing of the second petition favors Patent Owner because the newly identified prior art are citations to the specification of the '532 patent. *See* Prelim. Resp. 27. Kroo is also discussed in the new citations to the specification of the '239 patent. *See id.* The record indicates to us that there can be no plausible explanation as to the "length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition."

Regarding "whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent," we agree with Patent Owner that Petitioners provide insufficient explanation for the time elapsed between the filings of the '1559 Petition and the present petition, both directed to, at least, claims 1–7 and 15–24 of the '532 patent. *See id.* The only apparent explanation seems to be that the present Petition "addresses the Board's concerns over the battery limitations" (Pet. 1) identified in the '1559 Decision.

Furthermore, challenging the same claims of the same patent in multiple staggered petitions is an inefficient use of the *inter partes* review process. *See Gen. Plastic*, slip op. at 18. Finally, although a final

determination could be made not later than 1 year after the date on which institution of review was noticed, this one factor, even if in Petitioners' favor, does not outweigh the other factors discussed above.

III. CONCLUSION

For the foregoing reasons, based on the circumstances of this case and our assessment that the *NVIDIA* factors strongly favor non-institution, we exercise our discretion under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a) to deny the Petition in this proceeding. Petitioners' Motion for Joinder is also dismissed as moot.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is denied as to claims 1–7 and 15–24 of the '532 patent, and

FURTHER ORDERED that the Motion for Joinder is dismissed as moot.

IPR2017-01090
Patent 9,073,532 B2

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