

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HENGDIAN GROUP DMEGC MAGNETICS CO., LTD.,
ZHEJIANG INNUOVO MAGNETICS CO., LTD., and
ZHEJIANG DONGYANG EAST MAGNETIC RARE EARTH CO., LTD.,
Petitioners,

v.

HITACHI METALS, LTD.,
Patent Owner.

Case IPR2017-01313
Patent 6,527,874 B2

Before JO-ANNE M. KOKOSKI, KRISTINA M. KALAN, and
CHRISTOPHER M. KAISER, *Administrative Patent Judges*.

KOKOSKI, *Administrative Patent Judge*.

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

I. INTRODUCTION

Hengdian Group DMEGC Magnetics Co., Ltd., Zhejiang Innuovo Magnetics Co., Ltd., and Zhejiang Dongyang East Magnetic Rare Earth Co., Ltd. (collectively, “Petitioner”) filed a Petition (“Pet.”) to institute an *inter partes* review of claims 1–8 of U.S. Patent No. 6,527,874 B2 (“the ’874 patent,” Ex. 1001). Paper 2. Hitachi Metals, Ltd. (“Patent Owner”) filed a Preliminary Response (“Prelim. Resp.”). Paper 6. We have jurisdiction under 35 U.S.C. § 314.

Upon consideration of the Petition and Preliminary Response, and the evidence of record, we determine that the Petition presents substantially the same prior art or arguments as those previously presented to the Office, and, thus, exercise our discretion under 35 U.S.C. § 325(d) to deny institution of an *inter partes* review as to claims 1–8 of the ’874 patent.

A. *Related Proceedings*

The parties indicate that the ’874 patent was asserted by Patent Owner in the International Trade Commission in *In the Matter of Certain Sintered Rare Earth Magnets, Methods of Making Same and Products Containing Same*, Investigation No. 337-TA-855. Pet. 2; Paper 4, 2. Patent Owner identifies IPR2017-01312, which is a co-pending petition for *inter partes* review of related U.S. Patent No. 6,461,565 filed by Petitioner. Paper 4, 2. Patent Owner also identifies two additional *inter partes* reviews of related patents: IPR2014-01265 (challenging U.S. Patent No. 6,537,385) and IPR2014-01266 (challenging U.S. Patent No. 6,491,765). *Id.*¹

¹ In its Mandatory Notices, Patent Owner indicated that IPR2014-01265 and IPR2014-01266 were “currently on appeal.” Paper 4, 2–3. On July 6, 2017, the U.S. Court of Appeals for the Federal Circuit issued an opinion affirming the Board’s decision in IPR2014-01265, and vacating-in-part and remanding

B. The '874 Patent

The '874 patent, titled “Rare Earth Magnet and Method for Making Same,” is generally directed to “a rare earth magnet superior in terms of both permanent magnetic properties and processability” and “a method for making such a rare earth magnet.” Ex. 1001, 1:48–51. The Specification states that “[t]he present invention is based on the discovery that in the production of a rapidly solidified rare earth alloy sintered magnet, by quenching a melt of an alloy material at a cooling rate of 10^2 to 10^4 K/sec, the addition of a slight amount” (less than 1.0 atom % of the entire alloy) of Niobium (Nb) “results in the additive being dispersed uniformly in the alloy structure.” *Id.* at 2:61–67. With the addition of this amount of Nb, “it is possible to increase the coercive force and improve the squareness of a demagnetization curve, while suppressing the conventional problems of a reduction in remanence and a deterioration in the processability of the sintered magnet due to production of borides.” *Id.* at 2:67–3:6.

The Specification teaches preparing a melt of a material alloy “in which the general formula is represented by $(\text{Fe}_{1-m}\text{T}_m)_{100-x-y-z}\text{Q}_x\text{R}_y\text{M}_z[\text{,}]$ ” where T is “at least one kind of element selected from the group consisting of Co and Ni,” Q is “at least one kind of element selected from the group consisting of B and C,” R is “at least one kind of rare earth element,” and M is “at least one kind of element selected from Nb and Mo.” *Id.* at 3:33–39. “The mole fractions x, y, z, and m respectively satisfy $2 \leq x \leq 28$ (atom %), $8 \leq y \leq 30$ (atom %), $0.1 \leq z < 1.0$ (atom %), and $0 \leq m \leq 0.5$ (atom %).” *Id.*

for further consideration the Board’s decision in IPR2014-01266. *Hitachi Metals, Ltd. v. Alliance of Rare-Earth Permanent Magnet Industry*, Nos. 2016-1824, 2016-1825 (Fed. Cir. July 6, 2017).

at 3:39–42. The Specification further teaches that the alloy melt “is quenched and solidified using a melt quenching apparatus such as a known strip casting apparatus,” where “the cooling rate at this quenching is controlled to be in the range of 1.0×10^2 K/sec to 1.0×10^4 K/sec.” *Id.* at 3:44–50. According to the ’874 patent, the amount of Nb “is preferably in the range of $0.1 \leq z < 1.0$ (atom %), or more preferably in the range of $0.20 \leq z < 0.95$ (atom %), and further more preferably in the range of $0.35 \leq z < 0.75$ (atom %),” as determined by the results of experiments reported therein. *Id.* at 3:58–62.

C. *Challenged Claims*

Petitioner challenges claims 1–8 of the ’874 patent. Claims 1 and 4 are the only independent claims, and are reproduced below.

1. A rapidly solidified alloy sintered magnet having a general formula represented by $(\text{Fe}_{1-m}\text{T}_m)_{100-x-y-z}\text{Q}_x\text{R}_y\text{M}_z$ where T denotes at least one element selected from the group consisting of Co and Ni, Q denotes at least one element selected from the group consisting of B and C, R denotes at least one rare earth element, and M denotes Nb, and the mole fractions x, y, z, and m respectively satisfy $2 \leq x \leq 28$ (atom %), $8 \leq y \leq 30$ (atom %), $0.1 \leq z < 1.0$ (atom %), and $0 \leq m \leq 0.5$ (atom %).

Ex. 1001, 7:34–42.

4. A method for manufacturing a rare earth sintered magnet, comprising the steps of:

producing a rapidly solidified alloy by quenching and solidifying a melt of an alloy having a general formula represented by $(\text{Fe}_{1-m}\text{T}_m)_{100-x-y-z}\text{Q}_x\text{R}_y\text{M}_z$ where T denotes at least one element selected from the group consisting of Co and Ni, Q denotes at least one element selected from the group consisting of B and C, R denotes at least one rare earth element, and M denotes Nb, and the mole fractions x, y, z, and m respectively satisfy $2 \leq x \leq 28$ (atom %), $8 \leq y \leq 30$ (atom %), $0.1 \leq z < 1.0$ (atom %), and $0 \leq m \leq 0.5$ (atom %);

producing a powder of the rapidly solidified alloy, and
manufacturing a permanent magnet by sintering the powder of
the rapidly solidified alloy.

Id. at 8:12–27.

D. The Prior Art

Petitioner relies on the following prior art references:

Reference	Description	Date	Exhibit No.
Kaneko I	U.S. 5,788,782	Aug. 4, 1998	1005
Yamamoto	U.S. 5,690,752	Nov. 25, 1997	1004
Uchida	EP 0 753 867 A1	Jan. 15, 1997	1003
Kaneko II ²	Japanese Unexamined Patent App. Pub. No. H07-18366	Jan. 20, 1995	1007

E. The Asserted Grounds of Unpatentability

Petitioner challenges the patentability of claims 1–8 on the following grounds:

Reference(s)	Basis	Challenged Claim(s)
Uchida	§ 102	1, 4, 7
Uchida	§ 103	1, 4, 7, 8
Uchida and Yamamoto	§ 103	2, 5, 6
Uchida and Kaneko I	§ 103	3
Kaneko II and Uchida	§ 103	1–8

² Kaneko II is a Japanese patent application, and Petitioner provided an English-language translation as required by 37 C.F.R. § 42.63(b). Our citations are to that translation, which we assume for purposes of this Decision is accurate. However, although the translation of Kaneko II is accompanied by a translator’s certificate attesting to the accuracy of the translation (Ex. 1007, 1), the certificate is not an “affidavit” as required by 37 C.F.R. § 42.63(b) and as defined by 37 C.F.R. §§ 1.68 and 42.63(b). Specifically, the translator’s certificate does not warn the translator “that willful false statements and the like are punishable by fine or imprisonment, or both.” 37 C.F.R. § 1.68. The failure to file a proper affidavit with the translation of Kaneko II can be a reason to deny institution of any ground related to Kaneko II.

II. ANALYSIS

Institution of *inter partes* review is discretionary. *See* 35 U.S.C. § 314(a); 37 C.F.R. § 42.108. Our discretion on whether to institute is guided in part by 35 U.S.C. § 325(d), which states that “the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.” Patent Owner contends that Petitioner’s challenges rely on prior art disclosures that were already considered during prosecution. *See* Prelim. Resp. 26–31 (arguing that the disclosures in Uchida were previously considered by the Office), 40–46 (arguing that the disclosures in Kaneko II were previously considered by the Office). Thus, we determine whether it is appropriate to exercise our discretion to deny institution.

A. *Prosecution History of the ’874 Patent*

The ’874 patent issued from U.S. Patent Application No. 09/901,104 (“the ’104 application”). EP Publication No. 0 633 581 A1 (“Kaneko III,” Ex. 2004) was cited to the Examiner via an Information Disclosure Statement (“IDS”) filed on January 16, 2002. Ex. 2002, 58.³ The Examiner identified U.S. Patent No. 5,997,804 (“Uchida II,” Ex. 2003) on a Notice of References Cited included with an Office Action dated August 12, 2002. *Id.* at 247. A copy of Uchida II, with handwritten annotations, is included in the file wrapper of the ’874 patent. *Id.* at 280–96. In the August 12, 2002 Office Action, the Examiner rejected pending claims 1–10⁴ under 35 U.S.C.

³ The cited page numbers in Ex. 2002 refer to the page numbers added by Patent Owner in the bottom right corner of the page.

⁴ Pending independent claim 1 recited “[a] rapidly solidified alloy having a general formula represented by $(\text{Fe}_{1-m}\text{T}_m)_{100-x-y-z}\text{Q}_x\text{R}_y\text{M}_z$ where T denotes at least one kind of element selected from the group consisting of Co and Ni, Q

§ 112; claims 1, 3, 5–7, and 9 as being anticipated by each of two prior art references (Tokunaga and Hamano) that “teach[] specific examples of rapidly solidified rare earth-iron-boron-Nb alloys that are encompassed by the instant claims;” claim 2 as being obvious over the combination of Tokunaga and Hamano; and claims 1–10 as being obvious over Kaneko III, which, according to Examiner, “does not teach the exact alloy composition and process as recited in the instant claims but rather teaches an alloy composition and process that overlap those recited in the instant claims.” *Id.* at 243–46.

In response to the August 12, 2002 Office Action, the Applicant filed an Amendment in which pending claims 3, 5, and 6 were cancelled, and pending claim 1 was amended (1) to include “sintered magnet” between the “[a] rapidly solidified alloy” and “having a general formula represented by” clauses; (2) to change the “at least one kind of element” clauses to “at least one element;” and (3) to specify that “M denotes Nb.” Ex. 2002, 410. Pending claims 2 and 4 were amended to refer to “[t]he rapidly solidified alloy sintered magnet” of claim 1; pending claim 7 was amended to specify “[a] method for manufacturing a rare earth sintered magnet,” to change the “at least one kind of element” clauses to “at least one element,” and to specify that “M denotes Nb.” *Id.* at 410–11. New claim 8, which depends from claim 7 and additionally recites that the manufacturing method “further

denotes at least one kind of element selected from the group consisting of B and C, R denotes at least one kind of rare earth element, and M denotes at least one kind of element selected from the group consisting of Nb and Mo, and the mole fractions x, y, z, and m respectively satisfy $2 \leq x \leq 28$ (atom %), $8 \leq y \leq 30$ (atom %), $0.1 \leq z < 1.0$ (atom %), and $0 \leq m \leq 0.5$ (atom %).” Ex. 2002, 25.

compris[es] the step of grinding the permanent magnet.” *Id.* at 411. The Applicant further argued that neither Tokunaga nor Hamano “discloses a sintered magnet or process of making a sintered magnet as presently claimed” (*id.* at 414), and Kaneko III does not provide a suggestion or motivation to “select the narrow range of Nb claimed, nor does the record indicate that by selection of the claimed range there would be any success in achieving a sintered rare earth magnet which has improved coercivity while exhibiting a reduced hardness which will permit further machining of the sintered product” (*id.* at 416–417).

In response to that Amendment, a Notice of Allowability was mailed on December 3, 2002. Ex. 2002, 423–27. Pending claim 1 issued as independent claim 1, and pending claim 7 issued as independent claim 4.

B. Petitioner’s Arguments

1. Uchida

Petitioner argues that Uchida discloses a rare earth permanent magnet that includes, by weight, 27.0–31.0% of at least one rare earth element, 0.5–2.0% of B, at least one optional element selected from the group consisting of 0.1–2.0% Nb, 0.3–5.0% Co, and a balance of Fe, which Petitioner contends “discloses all of the required elements of Claim 1.” Pet. 12. Petitioner relies on the Declaration of John Ormerod, Ph.D. (“the Ormerod Declaration,” Ex. 1008) to explain that “Uchida’s disclosure of the amount of each element by weight % can be converted to atom % by dividing the disclosed weight % by the molecular weight (or atomic weight) of each element,” and that doing so demonstrates that the amount of the elements disclosed in Uchida fall within the ranges recited in claim 1 for those elements. *Id.* at 14–16 (citing Ex. 1008 ¶¶ 18, 28–31, 47–54). Petitioner

further argues, referring to Example 5, that “Uchida discloses exemplary alloys comprising the claimed ranges for elements Fe, T, Q, R, and M.” *Id.* at 17.

With respect to independent claim 4, Petitioner contends that “Uchida teaches the claimed step of ‘producing a rapidly solidified alloy by quenching and solidifying a melt of an alloy,’ because it discloses strip-casting a melt of an alloy, which is nothing more than a standard process for preparing permanent magnets.” Pet. 20 (internal citations omitted). Petitioner contends that Uchida also “discloses producing a powder of the strip cast alloy and then sintering the powder to produce a permanent magnet.” *Id.* at 20–21. According to Petitioner, these “standard” steps “are the same as those recited in Claim 4.” *Id.* at 21.

2. *Kaneko II*

Petitioner argues that “Kaneko II teaches an R-Fe-B-based alloy comprising Fe, Co, B, Nb, and a rare earth element.” Pet. 45. Specifically, Petitioner points to Kaneko II’s disclosure of a molten metal alloy comprising 10 to 30 atomic % of a rare earth metal, 2 to 28 atomic % of B, with the remainder being Fe (where a part of the Fe may be substituted by either or both of Co and Ni). *Id.* (citing Ex. 1007 ¶ 10). Petitioner further argues that Kaneko II discloses mole fraction x because it “discloses 2–28 atomic % of B, the exact range required for Q by Claim 1,” and discloses mole fraction y because the rare earth element is 10–30 atomic % of the alloy, “which is nearly identical to and entirely falls within the claimed range” of 8–30 atomic %. *Id.*

With respect to mole fraction m , Petitioner points to Kaneko II’s disclosure “that the remaining balance of the alloy comprises Fe and

optionally Co,” and “teaches that the amount of Co and/or Ni should not exceed 50% of Fe.” Pet. 46 (citing Ex. 1007 ¶¶ 10, 21). With respect to mole fraction z, Petitioner contends that Kaneko II discloses that the coercivity of the permanent magnet alloy can be increased by adding 12.5 atomic % or less of Nb. *Id.* (citing Ex. 1007 ¶ 22). Petitioner further contends that, in view of Uchida’s explanation as to why the amount of Nb should be controlled, a person having ordinary skill in the art “would have been motivated to add 0.1–2.0 weight % and preferably 0.2–1.5 weight % of Nb in order to prevent the anomalous growth of grains while not substantially decreasing the residual magnetic flux density due to increase amount of Nb borides.” *Id.* at 46–47.

C. *Same or Substantially the Same Prior Art or Arguments*

1. *Uchida*

Petitioner states that “Uchida was not disclosed during prosecution of the ’874 patent.” Pet. 8. Patent Owner argues that the Uchida disclosures identified in the Petition “are materially the same” as those of Uchida II, and “the Examiner considered *Uchida II* before allowing the challenged claims.” Prelim. Resp. 26. Accordingly, an analysis under 35 U.S.C. § 325(d) for this proceeding requires that we determine whether or not the disclosures in Uchida relied upon by Petitioner here were presented to, and considered previously by, the Office when it considered the disclosures of Uchida II.

a. *Comparison of Uchida with Uchida II*

Uchida and Uchida II name the same inventors (Kimio Uchida, Masahiro Takahashi, and Fumitake Taniguchi) and are assigned to the same company (Hitachi Metals, Ltd.). Ex. 1003, at [72], [71]; Ex. 2003, at [75], [73]. Each of Uchida and Uchida II also claims priority to JP 175952

(July 12, 1995) and JP 90400 (March 19, 1996). Ex. 1003, at [30]; Ex. 2003, at [30]. The figures presented in Uchida are the same as those in Uchida II. *Compare* Ex. 1003, Figs. 1–4, *with* Ex. 2003, Figs. 1–4. The examples presented in Uchida are also the same as those in Uchida II. *Compare* Ex. 1003, 6:50–18:7, Tables 1–8, *with* Ex. 2003, 8:61–25:30, Tables 1–8. Moreover, as Patent Owner notes, “the relevant disclosure of *Uchida II* is almost identical to that of *Uchida*.” Prelim. Resp. 27; *see also id.* at 27–29 (table comparing disclosures cited by Petitioner in Uchida to the disclosures in Uchida II).

For example, Uchida II describes “a rare earth permanent magnet consisting essentially of, by weight,” 27.0%–31.0% of at least one rare earth element, 0.5–2.0% of B, at least one optional element selected from the group consisting of 0.1–2.0% Nb and 0.3–5.0% of Co, and a balance of Fe. Ex. 2003, 2:10–17. Petitioner relies on an identical disclosure in Uchida as teaching the “sintered magnet having a general formula represented by $(\text{Fe}_{1-m}\text{T}_m)_{100-x-y-z}\text{Q}_x\text{R}_y\text{M}_z$ where T denotes at least one element selected from the group consisting of Co and Ni, Q denotes at least one element selected from the group consisting of B and C, R denotes at least one rare earth element, and M denotes Nb” recited in claims 1 and 4 of the ’874 patent. Pet. 9–10 (citing Ex. 1003, Abstract, Claim 1), 12–13 (same), 18–19 (same).

Based on our examination of the respective disclosures of Uchida and Uchida II, we determine that the content of Uchida is the same or substantially the same as the disclosures in Uchida II. A comparison of Uchida and Uchida II demonstrates that the rare earth permanent magnet and method of making the same described in Uchida II is the same in all material

respects as the rare earth permanent magnet and method of making the same described in Uchida.

*b. Whether Uchida II was
Previously Considered by the Office*

Having determined that the content of Uchida is materially the same as the content of Uchida II, we next determine whether Uchida II was previously presented to and considered by the Office in conjunction with the challenged claims. As set forth above, Uchida II was cited by the Examiner in a Notice of References Cited of the '104 application, and a copy of Uchida II with handwritten annotations is included in the file wrapper. Ex. 2002, 247, 280–96. Additionally, Uchida II is cited on the face of the '874 patent in the “References Cited” section. Ex. 1001 at [56].

The August 12, 2002 Office Action, to which the Examiner’s Notice of References Cited was attached, was the only substantive office action issued by the Examiner during prosecution of the '104 application. Following the August 12, 2002 Office Action, an Examiner Interview was held on October 16, 2002, and an Applicant-filed Amendment with Remarks was filed on October 30, 2002. The Examiner allowed the amended claims on December 3, 2002 without further comment. Although Uchida II was not used as a basis to reject the challenged claims, it was prior art of record at the time of the August 12, 2002 Office Action, as evidenced by the Notice of References Cited. *See* Ex. 2002, 247. Furthermore, as Patent Owner notes, the Examiner himself identified Uchida II, and the handwritten markings on the copy of Uchida II in the file wrapper indicate that the Examiner considered the same disclosures in Uchida II that Petitioner relies on in Uchida here. Prelim. Resp. 30–31. Accordingly, based on the totality of the

evidence, we determine that Uchida II was considered by the Office with regards to the challenged claims.

2. *Kaneko II*

Petitioner states that “Kaneko II was disclosed during prosecution of the ’874 patent,” but “was not relied [on] in any rejection or referenced in any office action.” Pet. 42. Patent Owner argues that, during prosecution, the Examiner issued a rejection over Kaneko III (an English language counterpart of Kaneko II), which Patent Owner contends is “materially the same as Kaneko II.” Prelim. Resp. 40–41. Thus, we examine whether or not the disclosures in Kaneko II relied upon by Petitioner here were presented to, and considered previously by, the Office in the contents of Kaneko III.

a. *Comparison of Kaneko II with Kaneko III*

Kaneko II and Kaneko III name the same inventors (Yuji Kaneko, Naoyuki Ishigaki, and Hiroki (Koki) Tokuhara) and are assigned to the same company (Sumitomo Special Metal Co., Ltd.). Ex. 1007, at [72], [71]; Ex. 2004, at [72], [71]. Kaneko III claims priority to Kaneko II. Ex. 2004, at [30]. The figures presented in Kaneko II are the same as those in Kaneko III. *Compare* Ex. 1007, Figs. 1–2, *with* Ex. 2004, Figs. 1–2. Moreover, as Patent Owner notes, “the disclosures of *Kaneko II* and *Kaneko III* are substantially similar.” Prelim. Resp. 41; *see id.* at 41–44 (table comparing disclosures cited by Petitioner in Kaneko II to the disclosures in Kaneko III).

For example, Kaneko III teaches that the amount of rare earth element “is preferably within the range of 12 atomic % to 16 atomic %, the optimum range being 12.5 atomic % to 14 atomic %.” Ex. 2004, 7:55–56. Kaneko III further teaches that the amount of B “is preferably 4 atomic % to 8

atomic %, the optimum range being 5.8 atomic % to 7 atomic %,” and the amount of “Fe is restricted to 76 to 84 atomic %.” *Id.* at 8:2–6. According to Kaneko III, “when one or two kinds of Co and Ni exceed 50% of Fe, the high coercive force [cannot] be obtained and the good permanent magnet [cannot] be obtained,” and, therefore, “the upper limit of Co and Ni is 50% of Fe.” *Id.* at 8:8–10. Kaneko III also describes casting a molten alloy consisting of 12 to 16 atomic % rare earth element, 4 to 8 atomic % B, and the remainder Fe (a portion of which can be substituted by Co and/or Ni). *Id.* at 5:41–43. Petitioner relies on similar disclosures in Kaneko II as teaching the claimed elements in the claimed amounts. *See* Pet. 42–47.

For the foregoing reasons, we determine that the content of Kaneko II is substantially the same as the disclosures in Kaneko III. A comparison of Kaneko II and Kaneko III demonstrates that the R-Fe-B permanent magnet materials described in Kaneko III are the same in all material respects as the R-Fe-B permanent magnet materials described in Kaneko III.

*b. Whether Kaneko III was
Previously Considered by the Office*

Having determined that the content of Kaneko III is materially substantially the same as Kaneko II, we next determine whether Kaneko III was previously presented to and considered by the Office in conjunction with the challenged claims. As set forth above, Kaneko III was cited in an IDS of the ’104 application, and was used as a basis to reject the claims. *See* Ex. 2002, 58, 245–46. Additionally, Kaneko III is cited on the face of the ’874 patent in the “References Cited” section. Ex. 1001, at [56].

In the August 12, 2002 Office Action, the Examiner explicitly rejected then-pending claims 1–10 as being obvious over Kaneko III, stating that:

Kaneko [III] teaches a strip cast (rapidly solidified) rare earth-iron-boron alloy having a rare earth [element], iron, optional Ni and Co and boron proportions that overlap the rare earth [element], iron, optional Ni and Co and boron proportions recited in the instant claims (page 5, lines 41 to 50). Kaneko [III] teaches that the disclosed alloy may also contain up to 12.5% Nb and up to 9.5% Mo (page 8, line 36 and 37), which overlap the Nb and Mo proportions recited in the instant claims.

Ex. 2002, 245. The Examiner concluded that the alloy composition taught in Kaneko III overlaps the claimed ranges, and therefore “a prima facie case of obviousness exists.” *Id.* at 246. Thus, Kaneko III was previously presented to, and considered by, the Office.

D. Discretion to Deny Institution of Trial

Having found that the instant Petition raises the same or substantially the same prior art and arguments as those previously presented to the Office, we now decide whether to exercise our discretion to deny institution under § 325(d). Our discretion under § 325(d) involves a balance between several competing interests. *See Neil Ziegman, N.P.Z., Inc. v. Stephens*, Case IPR2015-01860, slip op. at 12–13 (PTAB Feb. 24, 2016) (Paper 11). “On the one hand, there are the interests in conserving the resources of the Office and granting patent owners repose on issues and prior art that have been considered previously.” *Fox Factory, Inc. v. SRAM, LLC*, Case IPR2016-01876, slip op. at 7 (PTAB Apr. 3, 2017) (Paper 8). “On the other hand, there are the interests of giving petitioners the opportunity to be heard and correcting any errors by the Office in allowing a patent—in the case of an *inter partes* review—over prior art patents and printed publications.” *Id.*

For the following reasons, we deny the Petition. The disclosures of the primary references asserted by Petitioner were previously presented to, and considered by, the Office. Specifically, the disclosures in Uchida and

Kaneko II upon which Petitioner relies were presented to the Office in Uchida II and Kaneko III, both of which were considered by the Office during prosecution of the '104 application. Petitioner is thus asking the Board to readjudicate the Office's previous decision on substantially the same issues, without providing any arguments distinguishing the Examiner's prior consideration of Uchida II and Kaneko III, or any compelling reason why we should re-evaluate substantially the same prior art as that presented during prosecution and considered by the Examiner. Moreover, although we acknowledge that Petitioner has a direct interest in pursuing the instant Petition, we also acknowledge the burden and expense to Patent Owner in having to defend the '874 patent based on substantially the same prior art or arguments already considered by the Office. We are not persuaded that adjudicating disputes on already-considered issues is an efficient use of Board or party resources. *See Unified Patents Inc. v. John L. Berman*, Case IPR2016-01571, slip. op. at 12 (PTAB Dec. 14, 2016) (Paper 10) (informative); *see also Cultec, Inc. v. StormTech LLC*, Case IPR2017-00777 (PTAB Aug. 22, 2017) (Paper 7) (informative) (denying institution of *inter partes* review under § 325(d) because the same or substantially the same prior art or arguments previously were presented to the Office during prosecution); *Hospira, Inc. v. Genentech, Inc.*, Case IPR2017-00739 (PTAB July 27, 2017) (Paper 16) (informative) (denying institution of *inter partes* review under § 325(d) because the Office already decided the dispositive issue of whether the asserted references qualified as prior art with respect to the challenged patent); *Juniper Networks, Inc. v. Mobile Telecomm's Techs., LLC*, Case IPR2017-00642, slip op. at 13 (PTAB July 27, 2017) (Paper 24) (finding that "the Examiner was aware of the contents of [the

asserted prior art] in material respects applicable to [the challenged claims]” and that the Board “was shown no reason sufficient to reevaluate [the asserted prior art] with respect to any of the challenged claims.”).

III. CONCLUSION

Based on the arguments in the Petition and the Preliminary Response, and the evidence of record, we conclude that the instant Petition raises the same or substantially the same prior art or arguments as those previously presented to the Office. In light of the circumstances of the present case, we exercise our discretion under 35 U.S.C. § 325(d) and decline to institute *inter partes* review of the '874 patent.

IV. ORDER

In consideration of the foregoing, it is hereby
ORDERED that the Petition is denied.

IPR2017-01313
Patent 6,527,874 B2

PETITIONER:

Yitai Hu
H. James Abe
Brianna L. Kadjo
Brian L. Olion
ALSTON & BIRD LLP
yitai.hu@alston.com
james.abe@alston.com
brianna.kadjo@alston.com
brian.olion@alston.com

PATENT OWNER:

Mehran Arjomand
Robert J. Hollingshead
Akira Irie
Nathan S. Vogler
MORRISON & FOERSTER LLP
marjomand@mofo.com
rhollingshead@mofo.com
airie@mofo.com
nvogler@mofo.com