

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BESTWAY (USA), INC.,
Petitioner,

v.

INTEX MARKETING LTD.,
Patent Owner.

Case IPR2017-01655
Patent 9,254,240 B2

Before KEN B. BARRETT, FRANCES L. IPPOLITO, and
KEVIN W. CHERRY, *Administrative Patent Judges*.

BARRETT, *Administrative Patent Judge*.

DECISION

Denying Institution of *Inter Partes* Review
35 U.S.C. § 314 and 37 C.F.R. § 42.108

I. INTRODUCTION

A. *Background and Summary*

Bestway (USA), Inc. (“Petitioner”) filed a Petition requesting *inter partes* review of U.S. Patent No. 9,254,240 B2 (“the ’240 patent,” Ex. 1001). Paper 1 (“Second Petition” or “Second Pet.”). The Petition challenges the patentability of claims 18–22 and 30 of the ’240 patent on the grounds of obviousness under 35 U.S.C. § 103. As discussed below, these claims were challenged by Petitioner in its prior petition filed in Case PGR2017-00003 (Paper 1, “First Petition” or “First Pet.”). Intex Marketing Ltd. (“Patent Owner”) filed a Preliminary Response. Paper 7 (“Prelim. Resp.”).

Institution of *inter partes* review is discretionary. See 35 U.S.C. § 314(a); 37 C.F.R. § 42.108(a). Under the circumstances of this case, for the reasons explained below, we exercise our discretion to not institute an *inter partes* review as to any of claims 18–22 and 30 of the ’240 patent.

B. *Related Proceedings*

Both parties identify, as matters involving the ’240 patent, *Intex Recreation Corp. v. Bestway USA, Inc. et al*, Civil Action No. 2:16-cv-03950 (C.D. Cal.) and Patent Trial and Appeal Board case PGR2017-00003. Second Pet. 3; Paper 5, 2. Petitioner also indicates that that District Court action has been consolidated with another case involving the parties and involving another patent, U.S. Patent No. 6,568,011, and that that patent is the subject of IPR2017-00848. Second Pet. 3.

C. *The ’240 Patent*

The ’240 patent is titled “Inflatable Spa.” Figure 1 of the ’240 patent is reproduced below:

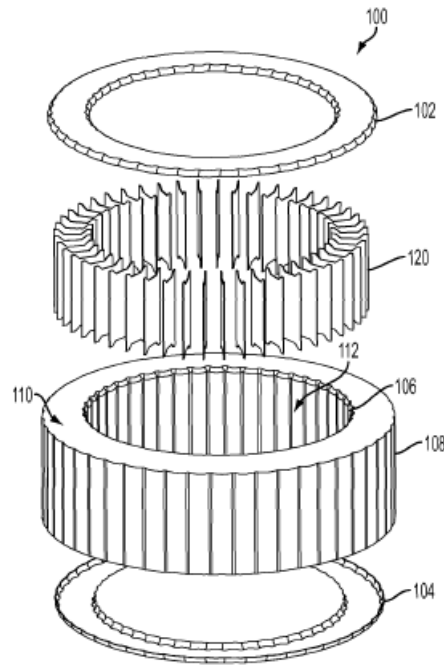


Figure 1 is an exploded perspective view of an inflatable spa, including tensioning structures. Ex. 1001, 4:27–29. The inflatable spa 100 has internal wall 106 and external wall 108 that together, along with top and bottom walls (102 and 104, respectively), define an inflatable air chamber 110. *Id.* at 5:60–6:9. Tensioning structures 120 couple the inner and outer walls, and may have gaps at the top and bottom. *Id.* at 6:30–38. Figure 6 of the '240 patent is reproduced below:

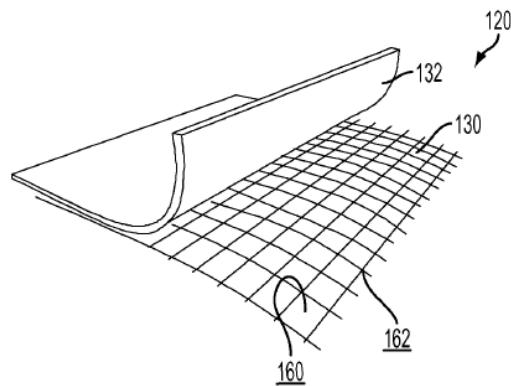


Figure 6 is “an exploded perspective view of the tensioning structure including a porous layer and an attachment layer.” *Id.* at 4:38–39. Each

tensioning structure may include “porous layer or sheet” 130 and attachment layer or sheet 132, with the porous layer sandwiched between two attachment layers or attached to a single attachment layer. *Id.* at 6:39–50. The porous layer may be formed from ligaments or frame members that define holes or pores. *Id.* at 6:64–66. The porous layer may be constructed of a mesh, cloth, or string with interwoven members. *Id.* at 7:39–42. “When the air chamber 110 is pressurized, frame members . . . may be placed in tension to help maintain the shape of spa 100.” *Id.* at 6:66–7:1.

D. Illustrative Claim

All of the claims of the ’240 patent challenged in this case are dependent claims that depend indirectly from independent claim 1. Claim 18 is illustrative and is reproduced below along with claims 1 and 17 from which it depends.

1. An inflatable product comprising:
 - a first wall;
 - a second wall;
 - an inflatable air chamber defined by the first wall and the second wall; and
 - a plurality of tensioning structures located in the air chamber and coupled to the first wall and the second wall, each tensioning structure including:
 - at least one attachment sheet having an outer perimeter;
 - and
 - a porous sheet coupled to the at least one attachment sheet, the porous sheet having an outer perimeter that substantially overlaps the outer perimeter of the at least one attachment sheet, the porous sheet including a plurality of enclosed pores located entirely within the outer perimeter of the at least one attachment sheet and a plurality of frame members that intersect to define the plurality of enclosed pores.

17. The inflatable product of claim 1, wherein the at least one attachment sheet is welded to the first wall along a first seam and welded to the second wall along a second seam and portions of the plurality of frame members extend diagonally relative to the first and second seams.

18. The inflatable product of claim 17, wherein the first wall comprises an inner wall of the inflatable product and the second wall comprises an outer wall of the inflatable product, further comprising a top wall and a bottom wall cooperating with the inner and outer walls to define the inflatable air chamber, each tensioning structure and the top and bottom walls cooperate to define gaps therebetween.

Ex. 1001, 19:2–19, 20:32–43.

E. Procedural History and the First Petition in PGR2017-00003

On November 8, 2016, Petitioner filed the First Petition in Case PGR2017-00003 requesting a post-grant review of claims 1–7, 17–22, and 30 of the '240 patent. First Pet. 1. In the First Petition, Petitioner asserted the following grounds of unpatentability (*id.* at 24):

References	Basis	Claims
Peterson ¹ and Fireman ²	§ 103	1–7, 17
Peterson, Fireman, and Guan '797 ³	§ 103	18–22, 30
Peterson, Fireman, Guan '797, and Wang '615 ⁴	§ 103	19–22

¹ U.S. Patent No. 5,924,144, issued July 20, 1999 (Ex. 1002).

² U.S. Patent Application Publication No. 2004/0040082 A1, published March 4, 2004 (PGR2017-00003, Ex. 1003).

³ Chinese Patent Application Publication No. CN 2064797 U, published Oct. 31, 1990 (PGR2017-00003, Ex. 1004).

⁴ Chinese Patent Application Publication No. CN 202051615 U, published Nov. 30, 2011 (Ex. 1005).

We, on May 11, 2017, instituted a post-grant review on the first ground—the Peterson and Fireman obviousness ground challenging claims 1–7 and 17. PGR2017-00002, Paper 9, 21. We denied institution as to the other two grounds. Regarding the second ground—that involving Peterson, Fireman, and Guan ’797, and challenging the same claims challenged in the Second Petition—we found to be persuasive Patent Owner’s argument that Petitioner’s articulated ground was confusing. *Id.* at 19–20. In particular, it was not clear to us “whether Petitioner [was] proposing a three-reference combination for Ground 2 or multiple two-reference combinations.” *Id.* at 20. We also found Petitioner’s reasons to combine the references to be deficient, stating “if Peterson and Guan ’797 are interchangeable, as Petitioner asserts, we fail to see why one of ordinary skill in the art would have a reason to add a cumulative reference in the form of Guan ’797 to the existing combination of teachings.” *Id.* Regarding the third ground—adding the Wang reference and challenging dependent claims 19–22 (which are again challenged in the Second Petition)—we determined that the articulated ground did not cure the defects in the underlying second ground and, additionally, provided inadequate reasoning as to why one of ordinary skill would have found the claimed subject matter obvious. *Id.* at 20–21.

On May 25, 2017, Petitioner filed a request for reconsideration of our decision denying institution as to the second and third grounds. PGR2017-00003, Paper 12. Petitioner argued that we overlooked that the Guan reference was unnecessary to the second ground and that claims 18–22 are unpatentable over Peterson and Fireman alone. *Id.* at 2. Petitioner also argued that we overlooked arguments regarding a rationale for combining Peterson, Fireman, and Guan to render obvious claim 30. *Id.* at 4–5.

We denied Petitioner's request for reconsideration on June 20, 2017. PGR2017-00003, Paper 15. We reiterated that we denied institution as to the second ground because Petitioner's reasoning to combine the references was deficient and because that Petitioner's articulation of the second ground was confusing, and we "decline[d] to reframe Petitioner's second ground, as it applies to claims 18–22, by omitting Guan." *Id.* at 4–5.

A week later, Petitioner filed the Second Petition again challenging the non-instituted claims, arguing we should not exercise our discretion to deny institution under 35 U.S.C. § 325(d)⁵ because the denial in the first case "necessitated a renewed search and review of the prior art" and that Petitioner discovered new art that "invalidates" the claims "based on a more concise combination of references." Second Pet. 3–4.

Petitioner soon thereafter reported to the District Court in the parallel litigation that Petitioner had filed the Second Petition, and stated that Petitioner "considered the input from the PTAB" when drafting the Second Petition, stated "an institution on the IPR is expected by December 2017," and argued that the stay should be extended because of the filing of the Second Petitioner and the expected institution of the *inter partes* review. Ex. 2011, 2, 6–7.

F. Asserted Grounds of Unpatentability in the Second Petition

In its Second Petition, Petitioner asserts the following grounds of unpatentability:

⁵ "In determining whether to institute or order a proceeding . . . , 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." 35 U.S.C. § 325(d).

References	Basis	Claim(s)
Peterson and Fireman	§ 103	18, 19, and 20 ⁶
Peterson, Fireman, and Kimbrig ⁷	§ 103	18–22
Peterson, Fireman, and Tompkins ⁸	§ 103	30

II. ANALYSIS

A. Discretionary Non-Institution Under 35 U.S.C. § 314(a)

Patent Owner argues that we should exercise our discretion under 35 U.S.C. § 314(a) to deny the Second Petition. Prelim. Resp. 1–2 (citing *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357 (PTAB Sept. 6, 2017) (Paper 19) (precedential)⁹ (hereinafter “*General Plastic*”)). Patent Owner, specifically referring to the Peterson and Fireman ground, argues

[Petitioner] Bestway’s failure to articulate its argument in a clear and concise manner resulting in a denial of institution the first time does not entitle Bestway to a second bite at the apple. To find otherwise would award Bestway for its previous failures and unfairly burden [Patent Owner] Intex with expensive, time-consuming, distracting post-grant proceedings.

Id. at 29 (citing *Gen. Plastic*, slip op. at 17). Patent Owner further argues “the Second Petition is the epitome of what the PTAB seeks to prevent:

⁶ Although Petitioner does not identify explicitly claim 20 as subject to this ground, we, like Patent Owner (Prelim. Resp. 8 n.1), understand Petitioner to apply this two reference combination to claim 20. See Pet. 44–45 (relying on Kimbrig “[t]o the extent” Peterson is deemed to lack a feature).

⁷ U.S. Patent No. 2,741,780, issued Apr. 17, 1956 (IPR2017-01655, Ex. 1004).

⁸ U.S. Patent Application Publication No. 2003/0019024 A1, published Jan. 30, 2003 (IPR2017-01655, Ex. 1005).

⁹ Section II.B.4.i of *General Plastic* was designated precedential on October 18, 2017.

‘follow-on petitions [that] allow petitioners the opportunity to strategically stage their prior art and arguments in multiple petitions, using [Board] decisions as a roadmap, until a ground is found that results in the grant of review.’” *Id.* at 35 (quoting *General Plastic*, slip. op. at 17). Petitioner argues that the Second Petition does not present the same arguments or the same combination of prior art as the First Petition and therefore we should not deny institution under 35 U.S.C. § 325(d). Second Pet. 3–4. Petitioner does not address our discretion under § 314(a) or the “substantially the same” aspect of § 325(d). Because, for the reasons discussed below, we exercise our discretion under § 314(a) to not institute an *inter partes* review, we do not reach Patent Owner’s argument (Prelim. Resp. 2) that we also should exercise our discretion under 35 U.S.C. § 325(d) to deny institution of a review.

Institution of *inter partes* review is discretionary. *See* 35 U.S.C. § 314(a) (authorizing institution of an *inter partes* review under particular circumstances, but not requiring institution under any circumstances); 37 C.F.R. § 42.108(a) (stating “the Board *may* authorize the review to proceed”) (emphasis added); *Harmonic Inc. v. Avid Tech, Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (explaining that under § 314(a), “the PTO is permitted, but never compelled, to institute an IPR proceeding”). When determining whether to exercise our discretion under § 314(a), we consider the following non-exhaustive factors:

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.

General Plastic, slip. op. at 15–16 (citing *NVIDIA Corp. v. Samsung Elec. Co.*, IPR2016-00134, slip op. 6–7 (PTAB May 4, 2016) (Paper 9)). We address each of these factors in turn, but note that not all the factors need to weigh against institution for us to exercise our discretion under § 314(a).

Factor 1: Whether the same petitioner previously filed a petition directed to the same claims of the same patent

The same Petitioner in this case previously filed the First Petition directed to same claims of the same patent.

Factor 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

The Second Petition utilizes, in its grounds, four references. Petitioner knew of the Peterson and Fireman references at the time of the First Petition as Petitioner expressly relied upon them in that First Petition. Kimbrig was issued in 1956 and Tompkins was published in 2003, and thus many years before the November 2016 filing of the First Petition. Petitioner

does not explain why these references could not have reasonably been located and relied upon in the First Petition.

Factor 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

At the time of the filing of the Second Petition, Petitioner had received already Patent Owner's Preliminary Response, our decision on institution in Case PGR2017-00003, and our decision on Petitioner's Request for Reconsideration in that case. Thus, Petitioner had the advantage of knowing what was in these Decisions in preparing the Second Petition. In arguing to the District Court that the stay should not be lifted, Petitioner stated that it "considered the input from the PTAB on the PGR submission, and [Petitioner] Bestway has requested that that the PTAB institute the IPR petition because Bestway is presenting different combinations of references and different arguments than advanced in the prior PGR Petition for claims 18-22 and 30." Ex. 2011, 8.

Factor 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

As noted above, Petitioner was aware of both Peterson and Fireman when it filed the First Petition. In fact, Petitioner argued in its Request for Reconsideration that "the [First] Petition provided a detailed explanation as to how claims 18–22 were unpatentable over the combination of Peterson and Fireman, without *Guan*." PGR2017-00003, Paper 12, 2 (citing the First Pet. at 46–58). Petitioner also argued "the [First] Petition explained that one of skill in the art would have been motivated to combine *Peterson*, *Fireman*, and *Guan* thereby rendering claim 30 obvious" *Id.* at 5.

Petitioner does not specify exactly when it learned of the new prior art in this case (i.e., Kimbrig and Tomkins), but implies that it was after our denial of institution of the First Petition. Petitioner states that “[t]he Board declined to institute post-grant review of claims 18–22 and 30 . . . [and] [t]his necessitated a renewed search and review of the prior art [and] [n]ew prior art was discovered” Second Pet. 3 (citation omitted). Although not expressly stated by Petitioner, we assume Petitioner is referring to Kimbrig and Tomkins when mentioning this “renewed search.”

Factor 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

Petitioner provides no adequate explanation as to why the timing of the second Petition is appropriate, nor does Petitioner address the various *General Plastic* factors (as first outlined in *NVIDIA*). Petitioner addresses our discretion to deny institution only briefly, and then in an incomplete analysis of our discretion under 35 U.S.C. § 325(d). See Second Pet. 3–4 (arguing that neither the combinations of art nor the arguments are the *same* as in the First Petition but failing to argue that the art and arguments are not *substantially the same*). Petitioner asserts, in this context, that the Board’s denial of institution as to claims 18–22 and 30 “necessitated a renewed search and review of the prior art” and allowed Petitioner to articulate grounds “based on a more concise combination of references.” *Id.* at 3. Thus, Petitioner’s arguments suggest that the timing of the Second Petition was such that it allowed Petitioner to benefit from our earlier decisions pointing out the flaws in the First Petition.

Factor 6: The finite resources of the Board, and

Factor 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

We conclude that these factors do not weigh significantly for or against exercising our discretion.

Weighing the Factors for Discretionary Non-Institution under § 314(a)

Upon weighing the above-discussed factors, we determine that non-institution is appropriate in the circumstances of this case. In particular, Petitioner's strategic use of our decisions, and presumably Patent Owner's arguments, as a roadmap to remedy deficiencies in Petitioner's case weighs heavily against institution. Petitioner does not explain why it could not have articulated its present challenges earlier, and does not persuade us that institution of a trial based on the follow-on Second Petition is appropriate in light of the accompanying burden to the Board and Patent Owner.

III. CONCLUSION

For the reasons discussed above, we exercise our discretion to deny institution under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a).

IV. ORDER

For the foregoing reasons, it is

ORDERED that the Petition is *denied* as to the challenged claims, and no trial is instituted.

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