

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HUAWEI DEVICE CO., LTD.,
Petitioner,

v.

OPTIS WIRELESS TECHNOLOGY, LLC,
Patent Owner.

Case IPR2018-00653 (Patent 8,208,569 B2)
Case IPR2018-00655 (Patent 8,208,569 B2)¹

Before KEVIN F. TURNER, MIRIAM L. QUINN, and
JOHN P. PINKERTON, *Administrative Patent Judges*.

PINKERTON, *Administrative Patent Judge*.

DECISION
Denying Patent Owner's Requests for Rehearing
37 C.F.R. § 42.71(d)

¹ The parties are not authorized to use this style of caption.

I. INTRODUCTION

On February 15, 2018, Huawei Device Co., Ltd. (“Petitioner”) filed two Petitions for *inter partes* review of U.S. Patent No. 8,208,569 B2 (“the ’569 patent”). In IPR2018-00653 (“IPR ’653”), Petitioner challenged claims 11–20, 31–40, 43 and 44 of the ’569 patent. IPR ’653, Paper 2. In IPR2018-00655 (“IPR ’655”), Petitioner challenged claims 1–10, 21–30, 41, and 42 of the ’569 patent. IPR ’655, Paper 2. Optis Wireless Technology, LLC (“Patent Owner”) filed Preliminary Responses in these proceedings on June 12, 2018. IPR ’653, Paper 6; IPR ’655, Paper 6.

IPR ’653 and IPR ’655 are related to the parallel district court case of *Optis Wireless Technology, LLC, et al. v. Huawei Techs. Co., Ltd., et al.*, Civil Action No. 2:17-cv-00123-JRG (E.D. Tex.) (“the Litigation”). Paper 2, 3; Paper 4, 2.² On August 20, 2018, trial began in the Litigation, and a jury verdict was rendered in the Litigation on August 27, 2018. Paper 8, 4; Ex. 2010, 6. The jury found that claims 11 and 17 of U.S. Patent No. 8,208,569 (“the ’569 patent”) were not invalid. *Id.*

On August 22, 2018, Optis Wireless Technology, LLC (“Patent Owner”) sent an email to the Board requesting authorization to file a supplement to its Preliminary Responses in these proceedings, and, on August 28, 2018, the Board held a conference call with counsel for the parties to consider Patent Owner’s request. See Exhibit 2001, Transcript from Conference Call with PTAB (“Transcript”). During the call, Patent

² The remaining citations are to Papers and Exhibits in IPR2018-00653, unless otherwise noted. Identical papers and exhibits were filed in IPR2018-00655.

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Owner requested permission to supplement its Preliminary Responses to address the Office Patent Trial Practice Guide August 2018 Update (83 Fed. Reg. 39,989 (Aug. 13, 2018) (“TPG Update”)) regarding the Board’s discretion to deny petitions under 35 U.S.C. § 314(a), and to provide an updated status of the Litigation. *See* Transcript 3:4–4:7. Patent Owner also provided detailed reasons as to why application of the TPG Update in view of the results of the trial in the Litigation should lead the Board to exercise its discretion to deny institution of these proceedings. *See* Transcript 3:10–6:7. After hearing the parties’ arguments and conferencing to consider Patent Owner’s request in view of those arguments, we announced our decision to deny the request. Transcript 11:14–17; *see also* Paper 9 (“Order Denying Patent Owner’s Request to File Supplement to its Preliminary Response,” August 31, 2018. We advised Patent Owner to submit any factual information related to the district court trial through updated Mandatory Notices (Transcript 11:17–20), which Patent Owner did subsequently (see Paper 8).

On September 10, 2018, we issued a Decision Instituting *Inter Partes Review* of claims 11–20, 31–40, 43, and 44 of the ’569 patent in IPR ’653 (Paper 11), and a Decision Instituting *Inter Partes Review* of claims 1–10, 21–30, 41, and 42 of the ’569 patent in IPR ’655 (Paper 11) (collectively, “Decisions”).

On September 14, 2018, Patent Owner filed a Request for Rehearing under 37 C.F.R. § 42.71(d) in IPR ’653 and IPR ’655 (Paper 13), seeking reconsideration of our Order Denying Patent Owner’s Request to File Supplement to its Preliminary Response, which we denied (Paper 26).

On September 24, 2018, Patent Owner filed a Request for Rehearing Regarding Institution Decision under 37 C.F.R. § 42.71(d). Paper 14 (“Request for Rehearing” or “Req. Reh’g”). As we explain below, Patent Owner’s Request for Rehearing is granted to the extent that our Decisions have been reconsidered, but the request is denied with respect to making any modification to our Decisions.

II. STANDARD OF REVIEW

A party requesting rehearing bears the burden of showing that the decision should be modified. 37 C.F.R. § 42.71(d). The party must identify specifically all matters we misapprehended or overlooked, and the place where each matter was addressed previously in a motion, an opposition, or a reply. *Id.* When rehearing a decision on a petition, we review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion may be indicated if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors. *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000). With this in mind, we address the arguments presented by Patent Owner.

III. ANALYSIS

Patent Owner requests rehearing of our Decisions, alleging that we misapprehended or overlooked Patent Owner’s facts and arguments regarding the TPG Update and the district court litigation involving the ’569

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patent, which should have lead the Board to exercise its discretion to deny institution of this proceeding. Req. Reh’g 5, 12. According to Patent Owner, “the Board abused its discretion in failing to address the status of the district court litigation and the [TPG Update] in its institution decision.” *Id.* at 12.

Specifically, Patent Owner argues “[t]he Director’s discretion [to institute a trial] is informed by 35 U.S.C. §§ 316(b) and 326(b), which require the Director to ‘consider the effect of any such regulation [under this section] on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.’” Req. Reh’g 6 (citing TPG Update 9). Patent Owner cites to several PTAB decisions wherein the Board exercised its discretion to deny institution, and argues our Decisions to institute are inconsistent with this PTAB precedent. *Id.* at 7–14 (citing *General Plastic Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357 (PTAB Sept. 6, 2017) (Paper 19) (precedential as to section II.B.4.i)); *NetApp, Inc. v. Realtime Data LLC*, Case IPR2017-01195 (PTAB Oct. 12, 2017) (Paper 9) (non-precedential); *NHK Spring Co., Ltd. v. Intrix-Plex Technologies, Inc.*, Case IPR2018-00752 (PTAB Sept. 12, 2018) (Paper 8) (non-precedential)).

For the reasons discussed below, we did not overlook or misapprehend the relevant statutes, precedent, and guidance when issuing our Decisions. Although we did not explicitly discuss in our Decisions the discretionary factors under § 314(a) and § 316(b), we do so now, but affirm our decision to institute *inter partes* review of the challenged claims of the ’569 patent.

A. *General Plastic Factors for Discretionary Denial Under § 314(a)*

In *General Plastic*, the Board provided a list of non-exclusive factors to assess “the potential impacts on both the efficiency of the *inter partes* review process and the fundamental fairness of the process for all parties” when exercising discretion on instituting *inter partes* review. TPG Update 9 (citing IPR2016-01357, Paper 19, 18). Patent Owner contends the Board, when considering the *General Plastic* factors in view of the Litigation, should have denied institution of these proceedings. Req. Reh’g 8–9. Specifically, Patent Owner argues “[p]arallel attacks against the same patent – particularly where the defendant/petitioner does not seek a stay of the district court litigation – is fundamentally unfair and undermines public trust in the patent system as a whole.” Req. Reh’g 9.

The seven *General Plastic* factors primarily address repeated attacks by “follow-on” petitions challenging the same patent as challenged previously in an IPR, rather than addressing parallel district court litigation. See TPG Update 9–10 (citing IPR2016-01357, Paper 19, 15–16). In the instant proceedings, there are no follow-on petitions challenging the ’569 patent. IPRs ’653 and ’655 were filed on the same date, and each IPR challenges a different grouping of claims.³ Thus, IPR ’655 is not a follow-on petition to IPR ’653 as contemplated in *General Plastic*.

Factor 1 weighs in favor of considering the Petitions on the merits, because Petitioner has not previously filed a petition directed to the same

³ IPR ’653 challenges claims 11–20, 31–40, 43, and 44 of the ’569 patent (Paper 2, 1); IPR ’655 challenges claims 1–10, 21–30, 41, and 42 of the ’569 patent (Paper 2, 1).

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claims of the same patent. See TPG Update 9–10 (list of *General Plastic* Factors 1–7). Because there are no follow-on petitions, factors 2–5 also weigh in favor of considering the Petitions on the merits. Factor 6 is the finite resources of the board, which also weighs in favor of considering these Petitions on the merits because the Board has not previously reviewed the grounds of unpatentability presented in these proceedings. Factor 7, regarding the requirement for the Board to issue a final determination not later than one year after institution of review, weighs against discretionary denial, as there is sufficient time to issue final determination in this proceeding by September 10, 2019.

Further, we are not persuaded by Patent Owner’s argument that the parallel Litigation is an unfair, repeated attack against the same patent as contemplated in *General Plastic* (Req. Reh’g 8–9). The AIA explicitly permits filing an *inter partes* review on a patent that is involved in concurrent litigation, provided that the petitioner files the petition within one year of being served a complaint alleging infringement of the patent. See 35 U.S.C. § 315(b). Here, Patent Owner served Petitioner with a complaint alleging infringement of the ’569 patent on February 17, 2017 (Paper 8, 2), and Petitioner filed the petitions in IPRs ’653 (Paper 2) and ’655 (Paper 2) on February 15, 2018, which was within one year of being served the complaint.

Accordingly, we are not persuaded that consideration of the *General Plastic* factors, particularly in view of a lack of follow-on petitions, should have led to our denial of institution in these proceedings.

B. Additional Factors to Consider for Discretionary Denial Under § 314(a)

In addition to the follow-on petition context addressed by the *General Plastic* factors, there may be other situations where the “‘effect . . . on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings,’ 35 U.S.C. § 316(b), favors denying a petition even though some claims meet the threshold standards for institution under 35 U.S.C. §§ 314(a), 324(a).” TPG Update 10. “This includes, for example, events in other proceedings related to the same patent, either at the Office, in district courts, or the ITC.” *Id.* (citing *NetApp, Inc. v. Realtime Data LLC*, Case IPR2017-01195, slip op. at 12–13 (PTAB Oct. 12, 2017) (Paper 9)). The majority of Patent Owner’s arguments center on these other situations that warrant discretionary denial, and, specifically, focus on the parallel district court litigation involving the ’569 patent. See Req. Reh’g 6–13.

1. Discretionary Denial of Institution in NetApp

Patent Owner cites to *NetApp* and argues that not exercising our discretion to deny this Petition “creates inconsistent precedent within the USPTO and undermines the integrity of the patent system.” *Id.* at 7. We disagree with Patent Owner, as the facts of the instant case can be distinguished from the non-precedential *NetApp* case. In that case, *NetApp, Inc.* filed a follow-on petition for *inter partes* review (IPR2017-01195) that presented nearly identical grounds of unpatentability as a petition (IPR2016-01671) filed six months earlier by its co-defendant in district court litigation. IPR2017-01195, Paper 9, 12. The Board weighed the *General Plastic*

factors regarding NetApp’s follow-on petition, and exercised their discretion to deny the petition. *Id.* at 12–13. The Board explained:

Due to NetApp’s delay in filing its Petition and the time limit for issuance of a final written decision under 35 U.S.C. § 316(a)(11), the Board is unable to join, consolidate, or coordinate this proceeding with the three earlier-filed proceedings involving the same patent, all but one of the same claims, and five of the six same prior art references. Instituting an *inter partes* review at this time would require the Board to conduct an entirely separate proceeding involving numerous issues that have been considered already, and likely will be resolved, in the joined ’972, ’1671, and ’365 IPRs. The result would be a significant waste of the Board’s resources.

Id.

Here, unlike the *NetApp* case, there were no previous petitions filed to challenge the ’569 patent and, thus, the Board has not already considered the issues presented in these proceedings. Accordingly, instituting review of these Petitions would not be a waste of the Board’s resources as contemplated in *NetApp*. Again, *General Plastic* factor 6, along with the other factors previously discussed above, weighs in favor of considering the Petitions on the merits. *See* TPG Update 9–10.

In the *NetApp* decision, the Board considered an additional factor when exercising its discretion to deny the petition: whether the Board’s “significant waste” of resources to consider the follow-on petition on the merits would be offset by the conservation of the district court’s judicial resources. IPR2017-01195, Paper 9, 12–13. In that case, the final written decision in the follow-on petition (’1195) would have been issued after the scheduled trial date in the *NetApp* litigation. *Id.* at 13.

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We have already determined that, in view of the *General Plastic* factors, reviewing the instant Petitions on the merits would not be a waste of Board resources. Further, the fact there are parallel Board proceedings and district court litigation does not, alone, result in a waste of Board or district court resources. In *NetApp*, the Board instituted a trial on the initial petitions (IPR2016-00972, IPR2016-01671, and IPR2017-00365) filed to challenge the patent at issue, and rendered a final written decision in those proceedings on May 15, 2018, after the January 22, 2018 start date for the district court trial. See, e.g., IPR2016-00972, Paper 71; see also IPR2017-01195, Paper 9, 8 (“The NetApp Litigation in the Eastern District of Texas is scheduled for trial on January 22, 2018.”).

The instant proceedings are more similar to the instituted ’972, ’1671, ’365 proceedings in the *NetApp* case, because IPRs ’653 and ’655 involve the first petitions filed to challenge the ’569 patent. Thus, the facts of these proceedings can be distinguished from those in the decision to deny institution of a follow-on petition in *NetApp*, and, therefore, we are not persuaded by Patent Owner’s argument that instituting review of these Petitions would create an inconsistent precedent within the USPTO and undermine the integrity of the patent system.

2. *Discretionary Denial of Institution in NHK Spring*

Patent Owner argues our Decisions in these proceedings conflict with a recent Board decision that relied upon the TPG Update and the status of a parallel district court trial to deny institution. Req. Reh’g 13 (citing *NHK Spring Co., Ltd. v. Intri-Plex Technologies, Inc.*, IPR2018-00752, Paper 8, 19–21). Patent Owner states “the Board in *NHK Spring* found ‘that the

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advanced state of the district court proceeding is an additional factor that weighs in favor of denying the Petition under § 314(a),” and, “[l]ike *NHK Spring*, the Board should have exercised its discretion to deny institution” in these proceedings.” *Id.* at 14.

Although we agree with Patent Owner’s statement that *NHK Spring* “involved a district court proceeding between the same parties and the same prior art at issue in [IPR ’752],” the remaining facts of the non-precedential *NHK Spring* case are distinguishable from those of the instant proceedings. The Board in *NHK Spring* first denied institution under 35 U.S.C. § 325(d), finding the prior art and arguments that the petitioner advanced were substantially similar to the findings the examiner made to reject the claims, and that the patent owner overcame. IPR2018-00752, Paper 8, 18. The Board then stated “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).” *Id.* at 20. The Board considered the “advanced state of the district court proceeding” and viewed it as an *additional factor* that weighed in favor of denying the petition. *Id.* Thus, the district court timeline was merely one of many factors considered by the Board when denying institution of the petition. *Id.* at 18–20. Here, Patent Owner does not present any arguments for denial under § 325(d).

Next, in *NHK Spring*, the claims being reviewed for unpatentability by the district court and the claims being challenged in the IPR were

identical.⁴ Here, the jury in the Litigation rendered a verdict on claims 11 and 17 of the '569 patent (Paper 8, 4; Ex. 2010, 6), whereas IPR '653 challenges claims 11–20, 31–40, 43 and 44 (Paper 2, 1) and IPR '655 challenges claims 1–10, 21–30, 41, and 42 (Paper 2, 1). Thus, IPR '653 challenges many additional claims beyond those reviewed by the district court, and IPR '655 challenges a completely different set of claims.

Further, the patent in *NHK Spring* had expired, and, therefore, the Board applied the same *Phillips* standard for claim construction as the district court. IPR2018-00752, Paper 8, 19. The '569 patent has not yet expired,⁵ and the Petitions in IPRs '653 and '655 were filed on February 15, 2018, which is before the November 13, 2018 effective date of the new PTAB claim construction rule using the *Philips* standard (see 83 Fed. Reg. 51,340 (Oct. 11, 2018)). Thus, in these proceedings we will apply the broadest reasonable interpretation standard. See *Cuozzo Speed Techs. v. Lee*, 136 S. Ct. 2131, 2142–46 (2016) (The Board interprets claim terms in an unexpired patent according to the broadest reasonable construction in light of the specification of the patent in which they appear.).

For the foregoing reasons that distinguish these proceedings from *NHK Spring*, we do not agree with Patent Owner that our Decisions to institute trials in these proceedings conflict with the decision in *NHK Spring* to deny institution.

⁴ The Board proceedings and the district court trial both involved claims 1, 4, 7, and 10. IPR2018-00752, Paper 1, 1; Ex. 1006, App'x A ("Disputed Terms for Construction").

⁵ The '569 patent has a priority date of January 31, 2006.

3. *Considerations under § 316(b)*

Having addressed the differences between these proceedings and the Board decisions cited by Patent Owner in support of its Request for Rehearing, we now address Patent Owner’s arguments that the Board failed to consider the TPG Update guidance and the provisions of 35 U.S.C. § 316(b) when issuing our Decisions to institute trials in these proceedings. *See* Req. Reh’g 6–13.

Patent Owner argues the goal of an *inter partes* review being a “quick and cost effective alternative to litigation” that limits unnecessary litigation costs cannot be attained here, because the district court has already rendered its verdict. *Id.* at 7–8, 10. Again, the district court trial timeline is but one of many factors for discretionary denial, none of which is particularly dispositive, either alone or in combination with other factors. *See* TPG Update 9–10. As stated above, the AIA explicitly permits filing an *inter partes* review on a patent that is involved in concurrent litigation, and, thus, an IPR is not necessarily an alternative to litigation. We also note that a petition need only demonstrate a reasonable likelihood of success on the merits (35 U.S.C. § 314(a)) for us to institute trial, which is a very different standard than the clear and convincing evidence standard applied in determining patent invalidity in the district court Litigation (*Microsoft Corp. v. I4I Ltd. P’ship*, 564 U.S. 91, 95 (2011) (holding that 35 U.S.C § 282 requires an invalidity defense to be proved by clear and convincing evidence)).

In addition, the full quote from the TPG Update regarding the goals of the AIA is “to establish a more efficient and streamlined patent system *that will improve patent quality* and limit unnecessary and counterproductive

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litigation costs.” TPG Update 6 (emphasis added). Because the district court reviewed only two claims of the ’569 patent, IPRs ’653 and ’655 can still serve the purpose of rendering a patentability determination for the remaining claims that are challenged, potentially improving patent quality and limiting future litigation costs.

Patent Owner also argues the possibility of conflicting results between the district court (claims held not invalid) and the Board (claims potentially found unpatentable) undermines the integrity of the patent system. Req. Reh’g 8. We disagree with Patent Owner because parallel proceedings at the district court and the Board are contemplated by the patent system, and the different claim construction and evidentiary standards used by each may, in fact, yield different patentability determinations.

Patent Owner further argues that instituting trials “involving the same parties, the same patents, the same claims, and the same invalidity theory that have already adjudicated in a jury trial” would not be an “efficient administration of the Office” and would not help “establish a more efficient and streamlined patent system.” Req. Reh’g 9. We do not agree with Patent Owner because, as discussed above, these proceedings involve different claims, a different claim construction standard, and a different evidentiary standard for patentability than the district court; therefore, instituting review of these Petitions would not be a waste of the Board’s resources.

Accordingly, although we recognize that the Litigation in district court resulted in a trial in which two claims of the patent at issue survived the validity challenge, we consider the provisions of § 316(b) and weigh all other relevant circumstances in the case, including the merits, and determine that the circumstances of this case do not warrant exercise of discretion

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under § 314 to deny institution of these proceedings. *See* TPG Update 10 (“The *General Plastic* factors, alone or in combination, are not dispositive, but part of a balanced assessment of all relevant circumstances in the case, including the merits.”).

IV. CONCLUSION

Patent Owner’s Request for Rehearing has been granted to the extent that our Decisions have been reconsidered; we determine, however, Patent Owner has not demonstrated that our Decisions represent an unreasonable judgment in weighing relevant discretionary factors under § 314(a) and § 316(b). *See Star Fruits*, 393 F.3d 1277 at 1281. Accordingly, we are not persuaded that we abused our discretion when instituting review of the Petitions in IPRs ’653 and ’655, and Patent Owner’s Request for Rehearing is denied with respect to making any modification to our Decisions.

V. ORDER

Accordingly, it is:

ORDERED that Patent Owner’s Requests for Rehearing (IPR ’653, Paper 14; IPR ’655, Paper 14) are *denied*.

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