

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 Request for Rehearing
37 C.F.R. § 42.71(d)

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

I. INTRODUCTION

These proceedings 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”). See 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”) are 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 the above-captioned proceedings. Ex. 3002 (email from Mr. Brent Bumgardner to PTAB Trials). Patent Owner stated in the email the purpose of the additional briefing was to advise the Board as to the status of the district court trial between Patent Owner and Petitioner that involves the same patents at issue in these proceedings, and to supplement Patent Owner’s Preliminary Responses to reflect new authority from the August 2018 Update to the Office Patent Trial Practice Guide (*see* 83 Fed. Reg. 39,989 (Aug. 13, 2018) (“TPG Update”)) concerning the factors the Board considers when exercising discretion to decline review. Patent Owner’s email also stated that Petitioner opposed Patent Owner’s request because the proposed supplemental briefing was unnecessary as to the status of the district court trial, cumulative as to the TPG Update, and, in general, an inefficient use of Board resources.

² All citations are to the Papers and Exhibits in IPR2018-00653, unless otherwise noted. Identical papers and exhibits were made of record in IPR2018-00655.

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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"). After considering the parties' respective arguments for and against Patent Owner's request, we issued our Decision Denying Patent Owner's Request to File Supplement to its Preliminary Response. Paper 9 ("Order").

Patent Owner filed a Request for Rehearing under 37 C.F.R. § 42.71(d) in each of these proceedings (Paper 13 ("Req. Reh'g")), seeking reconsideration of our Order, which we consider herein. Patent Owner also filed a related request for Precedential Opinion Panel review, which was denied. *See* Paper 20; Exhibit 3001. In its Request for Rehearing, Patent Owner contends that we misapprehended or overlooked the facts and arguments presented by Patent Owner as to why it should have been permitted to address the factors described in the TPG Update regarding the Board's discretion to deny institution of the Petition in this proceeding, including how those factors are affected by the status of the related litigation. Req. Reh'g 2–8. Patent Owner thus contends that we abused our discretion in denying Patent Owner's request to file supplemental briefing to its Preliminary Response. *Id.* As we explain below, we have considered the arguments presented by Patent Owner in its Request for Rehearing, but we discern no reason to modify our Order. As a result, we *deny* Patent Owner's Request for Rehearing.

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

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specifically all matters we misapprehended or overlooked, and the place where each matter was previously addressed. *Id.* When rehearing an interlocutory decision, a panel will review the decision for an abuse of discretion. 37 C.F.R. § 42.71(b); *see also Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329 (Fed. Cir. 2018) (“The Board’s administration of its rules for trial proceedings is reviewed for an abuse of discretion.”). The Board abuses its discretion if the decision: (1) is clearly unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly erroneous fact findings; or (4) involves a record that contains no evidence on which the Board could rationally base its decision. *Redline Detection, LLC v. Star Envirotech, Inc.*, 811 F.3d 435, 442 (Fed. Cir. 2015) (quoting *Abrutyn v. Giovanniello*, 15 F.3d 1048, 1050–51 (Fed. Cir. 1994)). With this in mind, we address the arguments presented by Patent Owner.

III. ANALYSIS

A. Patent Owner’s Contentions

Patent Owner contends that the TPG Update, which was published after Patent Owner filed its Preliminary Responses in these proceedings (Paper 6, filed June 12, 2018), “provides several new policy factors that the Board should consider when determining whether a discretionary denial of institution is warranted” and “invites the parties to address these new factors.” Req. Reh’g 2–5. Patent Owner further indicates that a jury trial verdict in the Litigation, rendered on August 27, 2018, also did not occur until after Patent Owner filed its Preliminary Responses. *Id.* at 5; *see also* Paper 8, 4; Ex. 2010, 6.

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Patent Owner asserts that, during the August 28 conference call, its counsel “requested permission to supplement its Preliminary Responses to address the [TPG Update], and to demonstrate that application of the [TPG Update’s] guidelines to these IPRs should lead the Board to deny institution.” Req. Reh’g 2 (citing Transcript 3:2–6:12, 8:11–9:2). Patent Owner argues that the “requested supplement to the Preliminary Responses was intended to advise the Board as to this new authority [in the TPG Update] and these new facts regarding the district court jury trial.” *Id.* at 6. According to Patent Owner, “the Board misapprehended or overlooked these arguments, as the Order does not provide reasons for denying Patent Owner’s request to supplement the Preliminary Responses concerning the [TPG Update].” *Id.* We disagree with Patent Owner’s contentions, as explained below, and determine that we did not abuse our discretion when denying Patent Owner’s request to file supplemental briefing.

B. Patent Owner’s Opportunity to Address the TPG Update

To the extent that our Order did not provide reasons for denying Patent Owner’s request to supplement its Preliminary Responses, as argued by Patent Owner (Req. Reh’g 6), we now provide the reasoning behind our Order. Patent Owner acknowledges that, during the conference call, it had the opportunity to “provide[] detailed reasons as to why application of the [TPG Update] should lead the Board to exercise its discretion to deny institution of the Petition[.]” Req. Reh’g 3–5 (citing Transcript 3:10–6:7). Specifically, Patent Owner stated that “IPRs were intended to be a cost effective alternative to litigation, where the AIA was designed to limit unnecessary and counterproductive litigation costs,” and that “the decision to institute should take into account the efficient administration of the

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Office, the finite resources of the Board, and events and proceedings at district courts.” *Id.* at 3 (citing Transcript 3:22–4:18). Patent Owner asserted that the jury trial at district court “involved the same parties, same patents, same experts, and same prior art,” and the jury verdict upheld validity of patent claims that were at issue in the trial. *Id.* (citing Transcript 3:10–21). Patent Owner concluded that these proceedings are not an efficient use of the Board’s resources, and the policy goals behind IPRs can no longer be achieved, because the jury has already decided validity of the same patents. *Id.* at 3–4 (citing Transcript 4:14–5:8). Petitioner then had the opportunity to oppose Patent Owner’s request for supplemental briefing, asserting that institution is proper in these proceedings because the IPR process “was statutorily given a different framework [than district court proceedings], in particular, the different burden of proof and different rules, regulations, and procedures.” Transcript 7:2–16.

During the conference call, we stated that we were fully aware of the § 314(a) discretionary factors described in the TPG Update (Transcript 9:3–9), as acknowledged by Patent Owner’s counsel (*id.* at 10:4–7). In that regard, the PTAB cases and information contained in the TPG Update have been publicly available and applied by the Board well before August 2018. See TPG Guide 9–11 (citing *General Plastic Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, slip op. 16–17 (PTAB Sept. 6, 2017) (Paper 19) (precedential); *NetApp, Inc. v. Realtime Data LLC*, Case IPR2017-01195, slip op. at 12–13 (PTAB Oct. 12, 2017) (Paper 9)). After fully hearing the parties’ arguments and considering Patent Owner’s request in view of those arguments, we issued our ruling denying Patent Owner’s request. Transcript 11:14–17. We invited Patent Owner to submit the

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details regarding the district court trial through updated Mandatory Notices (Transcript 11:17–20), which Patent Owner did subsequently (*see* Paper 8).

In light of the parties’ thorough discussion during the conference call of the information provided in the TPG Update and the status of the district court trial, as discussed above (*see* Req. Reh’g 3–5 (citing Transcript 3:10–6:7)), the parties were provided sufficient notice and an opportunity to be heard regarding the discretionary denial factors under § 314(a). *See Abbott Labs. v. Cordis Corp.*, 710 F.3d 1318, 1328 (Fed. Cir. 2013) (“The indispensable ingredients of due process are notice and an opportunity to be heard by a disinterested decision-maker.”).

We determine the record in these proceedings contains sufficient evidence on which we could rationally base our Order and that further briefing on these subjects was not necessary. *See* Dec. 2; *see also Redline Detection*, 811 F.3d at 442 (no abuse of discretion if the decision involves a record that contains evidence on which the Board could rationally base its decision). Accordingly, Patent Owner’s Request for Rehearing does not apprise us of any fact or argument raised prior to our Order that was misapprehended or overlooked by the Board, and we do not agree with Patent Owner that we abused our discretion when denying Patent Owner’s request to file supplemental information.

C. Discretionary Denial of Institution in NHK Spring

Patent Owner’s Request for Rehearing includes further arguments regarding a recent Board decision to deny institution under § 314(a), *NHK Spring Co., Ltd. V. Intri-Plex Technologies, Inc.*, IPR2018-00752, Paper 8 (Sept. 12, 2018). Req. Reh’g 6–8. The non-precedential *NHK Spring* case was issued after our Order, and, therefore, we could not have overlooked this

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case at the time of our Order. Nonetheless, considering *NHK Spring* now, we do not agree with Patent Owner that the district court trial timeline in the Litigation, alone, is a sufficient factor for us to exercise our discretion to deny institution of these proceedings. The district court trial timeline is but one of many factors, none of which is particularly dispositive, either alone or in combination with other factors. See TPG Update, 9–10. Further, a petition need only meet 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 (*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)). Also, in these proceedings we apply the broadest reasonable interpretation standard (*Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144–46 (2016)), compared to the *Phillips* standard used at the district court (*Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–13 (Fed. Cir. 2005) (en banc)). Accordingly, although we recognize that the Litigation in district court resulted in a trial in which the patent at issue survived the validity challenge, we 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 under § 314 or as explained in the *NHK Spring* case. 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.”).

We further distinguish the *NHK Spring* case from the facts of the instant proceedings, as well as address Patent Owner’s other substantive

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arguments in support of discretionary denial of the Petitions under § 314(a) (see Req. Reh'g 2–8), in our decision (Paper 26) denying Patent Owner's Request for Rehearing Regarding Institution Decision under 37 C.F.R. § 42.71(d) (Paper 14).

IV. CONCLUSION

For the foregoing reasons, Patent Owner has not persuaded us that we misapprehended or overlooked any fact or argument that demonstrates we should modify our Order in IPR2018-00653 and IPR2018-00655, and, therefore, Patent Owner's Requests for Rehearing are denied.

V. ORDER

Accordingly, it is:

ORDERED that Patent Owner's Requests for Rehearing in IPR2018-00653 (Paper 13) and IPR2018-00655 (Paper 13) are *denied*.

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