

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CHOIROCK CONTENTS FACTORY CO., LTD.,
Petitioner,

v.

SPIN MASTER LTD.,
Patent Owner.

IPR2019-00897 (Patent 8,500,508 B2)
IPR2019-00900 (Patent 9,868,073 B2)
IPR2019-00901 (Patent 9,975,058 B2)¹

Before HYUN J. JUNG, NEIL T. POWELL, and BRENT M. DOUGAL,
Administrative Patent Judges.

JUNG, *Administrative Patent Judge.*

DECISION

Denying Patent Owner's Request for Rehearing of Decision
Granting Institution of *Inter Partes* Review
37 C.F.R. § 42.71(d)

¹ We exercise our discretion to issue one Decision to be entered in each of the above-identified proceedings. The parties are not authorized to use a multiple-case caption.

IPR2019-00897 (Patent 8,500,508 B2)
IPR2019-00900 (Patent 9,868,073 B2)
IPR2019-00901 (Patent 9,975,058 B2)

I. INTRODUCTION

Choirock Contents Factory Co., Ltd. (“Petitioner” or “Choirock”) filed a Petition (Paper 1, “Pet.”²) requesting institution of an *inter partes* review (“IPR”) of claims 1–5 of U.S. Patent No. 8,500,508 B2 (Ex. 1001, “the ’508 patent”). Concurrently with the Petition, Petitioner also filed a Motion for Joinder to Related *Inter Partes* Review of U.S. Patent No. 8,500,508 ([*Mattel, Inc. v. Spin Master Ltd.*,] Case No. IPR2018-01672) Under 35 U.S.C. § 315(c) and 37 C.F.R. § 42.122(b) (Paper 3, “Mot.”) moving to join a previous petition filed by Mattel, Inc. (“the prior petitioner” or “Mattel”).³

Spin Master Ltd. (“Patent Owner” or “Spin Master”) filed a Preliminary Response. Paper 14 (“Prelim. Resp.”). Patent Owner also filed an Opposition to Petitioner’s Motion for Joinder. Paper 7 (“Opp.”). Petitioner thereafter filed a Reply to Patent Owner’s Opposition. Paper 8 (“Reply to Opp.”). With our authorization, Petitioner further filed a Reply to Patent Owner’s Preliminary Response. Paper 16 (“Pet. Reply to Prelim. Resp.”); *see also* Paper 15 (authorizing Reply).

² For convenience, we cite to papers in IPR2019-00897, unless otherwise noted. For each of the papers discussed herein, similar papers were filed in IPR2019-00900 and IPR2019-00901.

³ In IPR2019-00900, Petitioner requested institution of an IPR of claims 1–20 of U.S. Patent No. 9,868,073 B2 (“the ’073 patent”) (IPR2019-00900, Paper 1), and moved to join a previous petition in IPR2018-01673 (IPR2019-00900, Paper 3). Further, in IPR2019-00901, Petitioner requested institution of an IPR of claims 1–5 of U.S. Patent No. 9,975,058 B2 (“the ’058 patent”) (IPR2019-00901, Paper 1), and moved to join a previous petition in IPR2018-01674 (IPR2019-00901, Paper 3).

IPR2019-00897 (Patent 8,500,508 B2)
IPR2019-00900 (Patent 9,868,073 B2)
IPR2019-00901 (Patent 9,975,058 B2)

On September 26, 2019, we issued a Decision Granting Institution of *Inter Partes* Review. Paper 17 (“Decision” or “Dec.”). In the Decision, we: (1) instituted an IPR of the ’508 patent; and (2) denied Petitioner’s Motion for Joinder because the proceeding which Petitioner sought to join (*i.e.*, IPR2018-01672) had been terminated and was no longer pending before the Board.⁴ *Id.* at 2.

Patent Owner requests rehearing of our Decision. Paper 22 (“Rehearing Request” or “Reh. Req.”). For the reasons set forth below, Patent Owner’s Rehearing Request is *denied*.

II. ANALYSIS

A. *Legal Standard*

The applicable requirements for a request for rehearing are set forth in 37 C.F.R. § 42.71(d), which provides:

A party dissatisfied with a decision may file a single request for rehearing, without prior authorization from the Board. The burden of showing a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believed the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.

37 C.F.R. § 42.71(d).

We review our Decision under an abuse of discretion standard. 37 C.F.R. § 42.71(c). An abuse of discretion may arise if based on an erroneous interpretation of law, if a factual finding is not supported by

⁴ In IPR2019-00900, we instituted an IPR of the ’073 patent, and denied Petitioner’s motion for joinder because IPR2018-01673 had been terminated. IPR2019-00900, Paper 17, 2. Further, in IPR2019-00901, we instituted an IPR of the ’058 patent, and denied Petitioner’s motion for joinder because IPR2018-01674 had been terminated. IPR2019-00901, Paper 17, 2.

IPR2019-00897 (Patent 8,500,508 B2)
IPR2019-00900 (Patent 9,868,073 B2)
IPR2019-00901 (Patent 9,975,058 B2)

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).

B. The Decision Granting Institution

In the Decision, we declined Patent Owner's request to exercise our discretion under 35 U.S.C. § 314(a) to deny institution. Decision 15. More specifically, in analyzing the factors identified in *General Plastic Industries Co. Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential) ("*General Plastic*"), we concluded that, on balance, the factors weighed in favor of declining to exercise our discretion under § 314(a) to deny institution. Decision 12–15.

C. Patent Owner's Arguments on Rehearing

In its Rehearing Request, Patent Owner argues:

In analyzing Factor 1, the Board recognized "any relationship between those petitioners" is considered when weighing the *General Plastic* factors. (Paper 17 at 12) (citing *Valve Corp. v. Elec. Scripting Prods. Inc.*, IPR2019-00062, Paper 11 at 9 (PTAB Apr. 2, 2019)). The Board also recognized "the fact that Choirock and Mattel admittedly have a relationship is relevant to the analysis of *General Plastic* factor 1." (Paper 17 at 13). The Board then noted there is no rule or case law that prevents an RPI or privy from filing its own petition. *Id.* The Board concluded it is not convinced an indemnitee should be prevented from challenging the claims where the challenged claims could be asserted in the future against other indemnitees. *Id.* The Board rationalized Spin Master would be in the same position following institution of Choirock's petition as it would have been had it not settled with Mattel. *Id.*

These statements from the Board do not amount to a proper analysis of General Plastic factor 1. First, that there is no rule

IPR2019-00897 (Patent 8,500,508 B2)

IPR2019-00900 (Patent 9,868,073 B2)

IPR2019-00901 (Patent 9,975,058 B2)

or case law preventing an RPI or privy from filing its own IPR is not an actual analysis of whether Choirock should be prevented from filing an IPR given its RPI and privy relationship with Mattel. ***Factor 1 asks the Board to assess the nature of the relationship between Choirock and Mattel—an analysis the Board expressly and incorrectly overlooked.***

Moreover, since the Board’s decision, ***at least one other decision has found a relationship similar to that between Choirock and Mattel favors denial under factor 1 of General Plastic.*** *Paypal, Inc. v. Ioengine, LLC*, IPR2019-00884, Paper 22 at 10–11 (PTAB Oct. 3, 2019). In *Paypal* the Board found a “significant relationship” between a first petitioner filing a first IPR and a second petition[er] filing a second IPR challenging the same patent weighed against institution. *Id.* at 11. The relationship between the two petitioners in *Paypal* involved very similar facts to the present case. In *Paypal*, the petitioners had an indemnitor/indemnitee relationship and one petitioner supplied product to the other petitioner[.]

...

The relationship between Mattel and Choirock is the same significant relationship as between the first and second petitioners in Paypal. Here, Choirock is the admitted indemnitor of Mattel, Mattel is the “master toy licensee” of Choirock’s *Turning Mecard* toy franchise, and the *Turning Mecard* products were the accused products in the *Spin Master v. Mattel* litigation. (Paper 16 at 3; Paper 7 at 6-8; Ex. 2004). ***Given these very similar facts, however, the Board in the present case came to a wholly different conclusion than the Board in Paypal.*** At the very least, various panels of the Board appear to have inconsistent results, which warrants a rehearing.

Reh. Req. 1–3 (emphasis added).

We disagree. Contrary to Patent Owner’s argument, we did assess the nature of the relationship between Petitioner and the prior petitioner (*i.e.*, Mattel) in the Decision. More specifically, we acknowledged that, under *Valve Corp. v. Elec. Scripting Prods. Inc.*, IPR2019-00062, Paper 11 at 9

IPR2019-00897 (Patent 8,500,508 B2)
IPR2019-00900 (Patent 9,868,073 B2)
IPR2019-00901 (Patent 9,975,058 B2)

(PTAB Apr. 2, 2019), Petitioner and the prior petitioner have a relationship (i.e., that Petitioner is a real party in interest (“RPI”), or is in privity, with the prior petitioner), and that relationship is relevant to the analysis of *General Plastic* factor 1. Decision 13. However, as also noted in the Decision, *General Plastic* does not mandate any particular weighing of the factors or that the Board deny institution when any specific factors weigh in favor of a patent owner. *Id.* at 14–15. Instead, *General Plastic* explicitly states that “there may be circumstances where multiple petitions . . . 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.” *General Plastic* at 18. As indicated in the Decision:

[I]n addition to the factors addressed above, Choirock’s Petition was filed on March 29, 2019, and a joint motion to terminate IPR2018-01672 was filed on April 16, 2019, which was granted on April 29, 2019. The sequence of events leading to the termination of IPR2018-01672 indicates that ***Patent Owner knew of Choirock’s instant Petition and, thus, should have filed updated mandatory notices in that proceeding to make the Board aware that there was a petition related to IPR2018-01672, so that the Board could have better determined if termination as to all parties in IPR2018-01672 was appropriate.*** Patent Owner also filed its mandatory notices in this case the day before the parties in IPR2018-01672 filed a joint motion to terminate.

Thus, ***based on the facts of this proceeding and IPR2018-01672, we are not convinced that Choirock is engaged in abusive, strategic serial petitioning, the situation meant to be addressed by General Plastic.*** On balance, the factors weigh in favor of declining to exercise our discretion under § 314(a) to deny institution. Further, the facts of this proceeding and IPR2018-01672 do not persuade us that Patent Owner has been prejudiced.

IPR2019-00897 (Patent 8,500,508 B2)
IPR2019-00900 (Patent 9,868,073 B2)
IPR2019-00901 (Patent 9,975,058 B2)

Decision 15 (emphasis added). Thus, despite the fact that there is a RPI or privity relationship between Petitioner and the prior petitioner, we considered the aforementioned facts of this proceeding, and concluded that *General Plastic* factor 1 did not weigh in favor of exercising our discretion to deny institution. *Id.* at 13, 15.

With respect to *Paypal, Inc. v. Ioengine, LLC*, IPR2019-00884, Paper 22 at 10–11 (PTAB Oct. 3, 2019), *Paypal* is not a precedential decision, and thus, is not binding on this panel. Further, we note that *Paypal* is distinguishable from the present proceeding. Specifically, in *Paypal*, the first IPR proceeding was still ongoing when the Board was determining whether to institute the second IPR proceeding, and the second petitioner had not filed a motion to join the first IPR proceeding. *Paypal* at 6. Further, regarding *Paypal*, the panel found that there was a significant overlap between the challenged claims in the first IPR proceeding and the challenged claims in the second IPR proceeding, with the vast majority of challenged claims in the second IPR proceeding being addressed in the first IPR proceeding. *Id.* at 11. Thus, in *Paypal*, the panel concluded that *General Plastic* factor 1 weighed in favor of exercising discretion to deny institution, in part, based on the conclusion that there would be no discerned harm to the second petitioner if the panel did not institute on the non-overlapping claims. *Id.* at 12. However, in the Decision, we expressly indicated that Petitioner would be harmed if we did not institute, because Petitioner could no longer join the previous IPR proceeding based on its termination. Decision 13 (“Considering the factors of this proceeding and [the previous proceeding], we are not convinced that Choirock should be denied an opportunity at the Office to challenge the claims[.]”). Although not identified in *General*

IPR2019-00897 (Patent 8,500,508 B2)

IPR2019-00900 (Patent 9,868,073 B2)

IPR2019-00901 (Patent 9,975,058 B2)

Plastic, the Board has considered “potential prejudice to [a] subsequent petitioner if institution is denied” when determining whether to exercise our discretion to deny institution under § 314(a). *Shanghai Lunion Information Technologies, Ltd. v. Telefonaktiebolaget LM Ericsson*, IPR2018-00995, Paper 12 at 16 (PTAB Nov. 13, 2018).

Patent Owner additionally argues:

Regarding factors 2 and 4, the Board stated that because the Choirock petition is based on the identical prior art combination, Choirock did not withhold prior art or potential grounds from an earlier petition. ***Respectfully, the Board misapprehends the factors 2 and 4 analyses when the petitions have different petitioners.*** While Choirock and Mattel have a significant relationship as discussed above, that they are different Petitioners still changes the analysis. ***The correct question addressed by factor 2 is whether Choirock knew of the prior art used in the second petition when the first petition was filed.*** Spin Master’s briefing established that Choirock did know of the prior art because Choirock had used the art in contested proceedings against Spin Master in other jurisdictions. (Paper 7 at 8–9). Whether Choirock withheld prior art or potential grounds is not the correct analysis when the petitioners are different, as in the present case.

Regarding factor 4, the Board does not provide any analysis of why Choirock delayed so long in filing its petition. Instead, the Board simply concludes the timing of the Choirock petition weighs in Choirock’s favor because Choirock filed its present Petition and motion for joinder two weeks after the Institution Decision of Mattel’s IPR. (Paper 17 at 13). But the timeliness of Choirock’s joinder motion has no connection to its delay in filing its Petition based on prior art that was in its possession years ago. ***Moreover, the Board overlooked that the RPI/privy relationship between Choirock and Mattel should also factor into the timing.*** If the purpose of the *General Plastic* factors is to analyze whether a petitioner is engaging in abusive, strategic serial petitioning (Paper 17 at 15), then the very close

IPR2019-00897 (Patent 8,500,508 B2)
IPR2019-00900 (Patent 9,868,073 B2)
IPR2019-00901 (Patent 9,975,058 B2)

relationship here should also determine whether Choirock was justified in delaying filing of its petition.

Reh. Req. 4–5 (emphasis added).

We do not agree that we misapprehended *General Plastic* factors 2 and 4. As we indicated in the Decision, the underlying factor behind *General Plastic* factors 2 and 4 is to assess and weigh whether a petitioner should have or could have raised *new* challenges earlier. Decision 13–14; *see also General Plastic* at 18. However, in this case, the subsequent petition by Petitioner raised the exact same challenges in this proceeding as in the prior proceeding. Decision 13. Thus, as indicated in the Decision, the applicability of *General Plastic* factors 2 and 4 is marginal or non-existent. *Id.* at 13–14.

Patent Owner further argues:

The Board’s analysis regarding factor 5 is similarly deficient. When an RPI/privy is filing a second petition, the Board is obligated to analyze the second petitioner’s explanation for the elapsed time between filings. The RPI/privy relationship cannot be overlooked, as the Board has done here. Especially when Choirock admits it was only filing to represent its interests. (Paper 8 at 4; Paper 3 at 2). But Choirock’s interests are the same as Mattel’s interests because of the RPI/privy relationship. *See, generally, Applications in Internet Time v. RPX Corp.*, 897 F.3d 1336, 1350 (Fed. Cir. 2018) (“*AIT*”) (“This notion applies with equal force in the IPR context—a patent owner dragged into an IPR by a petitioner, who necessarily has an interest in canceling the patent owner’s claims, should not be forced to defend against later judicial or administrative attacks on the same or related grounds by a party that is so closely related to the original petitioner as to qualify as a real party in interest.”). Moreover, as the Board correctly noted with respect to factor 2, Choirock filed a substantially identical Petition as Mattel against the same claims and based on identical prior art combinations used by Mattel. (Paper 17 at 13). The preparation of such a Petition

IPR2019-00897 (Patent 8,500,508 B2)
IPR2019-00900 (Patent 9,868,073 B2)
IPR2019-00901 (Patent 9,975,058 B2)

would have required little time or effort on the part of Choirock, and it could and should have been filed shortly after Mattel filed its own. Choirock's rationale that it filed its petition so late to represent its own interests does not justify its delay given the RPI and privy relationship.

Reh. Req. 6 (emphasis added).

We disagree. Similar to *General Plastic* factors 2 and 4, the underlying rationale behind *General Plastic* factor 5 is to assess and weigh whether a petitioner should have or could have raised *new* challenges earlier. *General Plastic* at 18. As described in the Decision, Petitioner filed a petition that was substantially identical to the previous petition along with a motion for joinder in an attempt to join an already-instituted prior IPR proceeding that, at the time of filing the subsequent petition, was not terminated. Decision 14. Thus, these facts make clear that *General Plastic* factor 5 has little relevance since Petitioner's subsequent challenge to the claims is not a *new* challenge.

Patent Owner additionally argues:

Spin Master presented a second argument, independent from the *General Plastic* analysis, that the present IPR should be denied because Choirock is an RPI/privy of Mattel and filed a substantially identical petition to Mattel:

The present paper presents a separate and distinct basis for denial of institution than application of the *General Plastic* factors. Whether a petitioner should be permitted to obtain institution of an IPR substantially the same as a prior-filed IPR—to which the party was an RPI or privy—is a fundamental basis for denial of institution, as discussed in detail below. Because Choirock was an RPI and privy with Mattel for the Mattel IPR, Choirock should be prohibited from obtaining institution of a second IPR. For purposes of a clear

IPR2019-00897 (Patent 8,500,508 B2)
IPR2019-00900 (Patent 9,868,073 B2)
IPR2019-00901 (Patent 9,975,058 B2)

record, Spin Master brings a second basis for denial of institution under either or both of §§ 314(a) and 325(d) due to Choirock being an RPI and privy with Mattel for the Mattel IPR. As such, the arguments and evidence presented in this paper should be fully considered by the Board.

(Paper 14 at 2). ***The Board overlooked this argument. In the Institution Decision, the Board only provided an analysis applying the General Plastic factors but failed to consider whether or not an RPI/privy should be permitted to file a substantially identical IPR Petition.*** (Paper 17 at 10-16).

Reh. Req. 7–8 (emphasis added).

We do not agree that we overlooked this argument. Instead, in the Decision, we rejected this argument and refused to adopt a *per se* rule that an RPI or privy of a previous petitioner is automatically barred from filing a substantially identical petition. Decision 13 (“Patent Owner does not point us to any rule or case law that prevents an RPI or privy of a previous petitioner, who is not barred under § 315(b), from filing its own petition or that prevents an RPI or privy from joining a proceeding.”).

After considering Patent Owner’s arguments for rehearing, we determine Patent Owner has not carried its burden of showing that we misapprehended or overlooked any matter or that the Decision granting institution of *inter partes* review was an abuse of discretion.

III. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Patent Owner’s Request for Rehearing (Paper 22) is *denied*.

IPR2019-00897 (Patent 8,500,508 B2)
IPR2019-00900 (Patent 9,868,073 B2)
IPR2019-00901 (Patent 9,975,058 B2)

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