

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMAZON.COM, INC., AMAZON.COM SERVICES LLC
(formerly AMAZON DIGITAL SERVICES LLC), PRIME NOW LLC,
and WHOLE FOODS MARKET SERVICES, INC.,
Petitioner,

v.

FRESHUB, LTD.,
Patent Owner.

IPR2020-01145
Patent 9,908,153 B2

Before WILLIAM V. SAINDON, FRANCES L. IPPOLITO, and
ERIC C. JESCHKE, *Administrative Patent Judges*.

IPPOLITO, *Administrative Patent Judge*.

DECISION

Denying Institution of *Inter Partes* Review
35 U.S.C. § 314(a)

I. INTRODUCTION

Amazon.com, Inc., Amazon.com Services LLC, Prime Now LLC, and Whole Foods Market Services, Inc. (collectively, “Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting *inter partes* review of claims 1–11 of U.S. Patent No. 9,908,153 B2 (Ex. 1001, “the ’153 patent”). Patent Owner filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). Pursuant to the Board’s Order (Paper 7), the Petitioner filed a Reply to the Preliminary Response addressing Patent Owner’s contentions directed to discretionary denial under § 314(a) (Paper 8, “Prelim. Reply”) and Patent Owner filed a Sur-reply to that Reply (Paper 9, “Prelim. Sur-reply”).

Under 35 U.S.C. § 314(a), an *inter partes* review may not be instituted unless the information presented in the Petition and any response thereto shows “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” The Board, however, has discretion to deny a petition even when a petitioner meets that threshold. *Id.*; *see, e.g., Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential) (“*NHK*”). For the reasons that follow, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review.

A. Related Matters

According to Petitioner, the ’153 patent is the subject of *Freshub, Inc. v. Amazon.com Inc., et al.*, Case No. 1:19-CV-00885-ADA (W.D. Tex., June 24, 2019) (“the *Freshub* case”). Pet. 2; *see also* Paper 4, 1.

Petitioner has also filed petitions for *inter partes* review of: (1) claims 1–24 of the U.S. Patent No. 10,239,094 B2, in IPR2020-01144; (2) claims 1–30 of U.S. Patent No. 10,232,408 B2 patent, in IPR2020-01146; and (3) claims 1–29 of U.S. Patent No. 10,213,810 B2, in IPR2020-1147. *See Amazon.com, Inc. v. Freshub, Ltd.*, IPR2020-01144, Paper 1 (PTAB June 22, 2020); *Amazon.com, Inc. v. Freshub, Ltd.*, IPR2020-01146, Paper 1 (PTAB June 22, 2020); *Amazon.com, Inc. v. Freshub, Ltd.*, IPR2020-01147, Paper 1 (PTAB June 22, 2020). Concurrent with entry of this Decision, the Board denied institution of an *inter partes* review in IPR2020-01144, IPR2020-01146, and IPR2020-01147.

B. The '153 Patent

The '153 patent relates to a system for processing voice orders and presenting lists of items based on users' verbal orders. Ex. 1001, 2:25–30, 2:59–60. The system uses a voice recording device to record a user's spoken words regarding, e.g., product descriptions and verbally provided product orders, and create digital files from the recordings. *Id.* at 8:17–38. The system then uses voice recognition software to translate the digital files into text files. *Id.* Figure 2 of the '153 patent, reproduced below, illustrates a networked storage system that converts spoken language including spoken orders, into a digital representation. *Id.* at 2:49–50, 12:11–18.

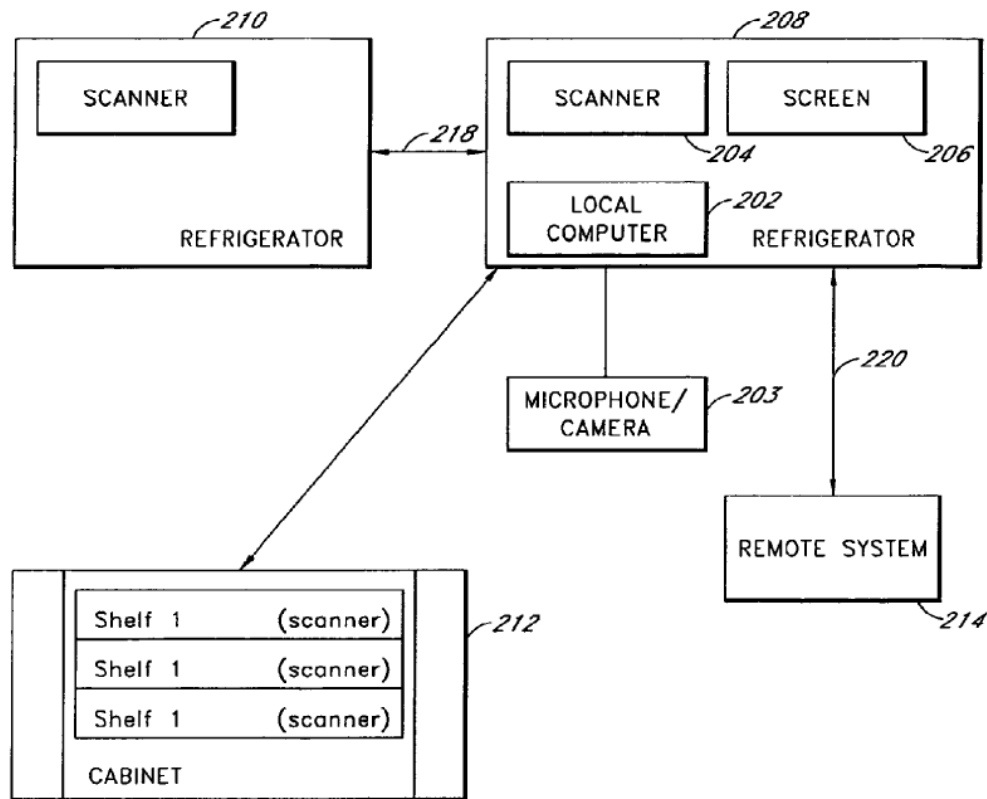


FIG. 2

Figure 2 illustrates a networked storage system that converts spoken language into a digital representation. *Id.* at 2:49–50, 12:11–18.

The networked storage system illustrated in Figure 2 includes a computer system 202 that collects and stores information scanned from items stored in multiple storage units. *Id.* at 12:10–33. The computer system is coupled to a local scanner 204, a screen 206 (such as, e.g., a touch screen that can receive user inputs via finger and/or pen), and a microphone 203. *Id.* at 12:11–16. The microphone is coupled to a digitizer that converts spoken language into a digital representation. *Id.* at 12:16–18. Computer system 202, scanner 204, and screen 206 may be removably mounted to a refrigerator 208, or may be mounted on a wall, stand, or other supporting

structure. *Id.* at 12:20–25. Scanners coupled to computer system 202 are configured to scan other storage units, such as another refrigerator 210 and a cabinet 212. *Id.* at 12:25–31. Each storage unit may also have its own associated computer system. *Id.* at 12:33–35.

Figure 8 of the '153 patent, reproduced below, illustrates a method for processing a voice order. *Id.* at 2:59–60, 13:56–57.

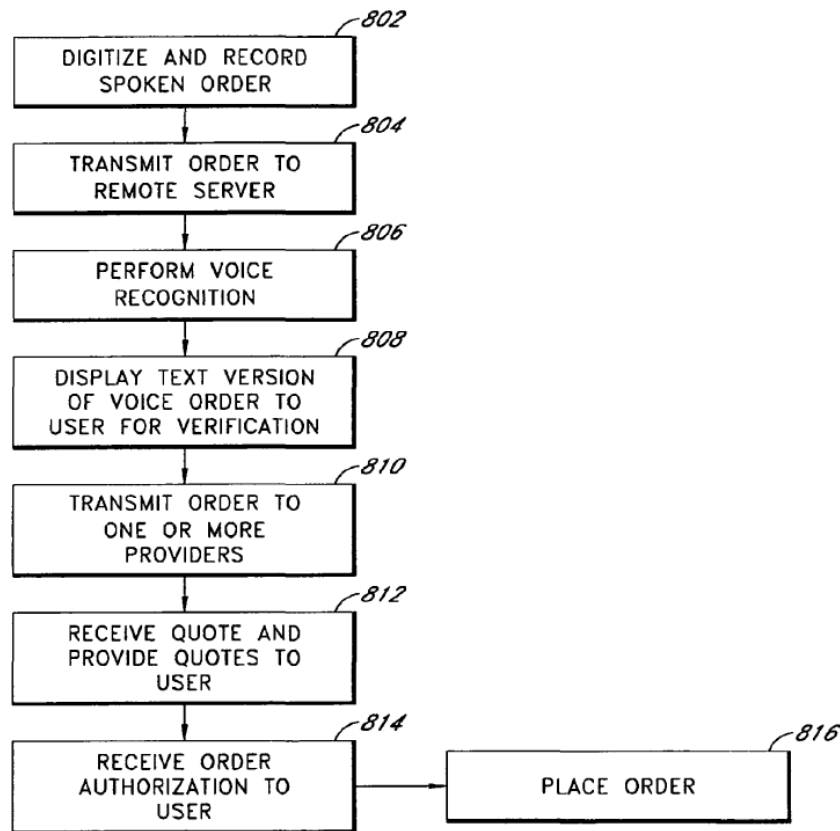


FIG. 8

Figure 8 illustrates a method for processing a voice order.
Id. at 2:59–60, 13:56–57.

As illustrated in Figure 8, the method starts with a user's verbally provided order (state 802). *Id.* at 13:56–14:7. To provide the order, the user may press a "record shopping list" control, pursuant to which the system

prompts the user via a display and/or via a spoken instruction to verbally record a shopping list or speak the order. *Id.* The user may speak the order into microphone 203 illustrated in Figure 2. *Id.* at 14:8–9. The system then digitizes and records the spoken order in a file, and transmits the digitized verbal order to a remote system, such as remote system 214 illustrated in Figure 2 (state 804). *Id.* at 14:9–12. The remote system performs voice recognition on the order in order to interpret the spoken order, and converts the spoken order into text (state 806). *Id.* at 14:12–15. The remote system may use grammar constrained recognition and/or natural language recognition. *Id.* at 14:15–18. The remote system then transmits the text version of the order for display to the user so that the user can check if the text version is an accurate interpretation of the spoken order (state 808). *Id.* at 14:18–20. If the user determines that the order was not correctly translated, the user can provide a corrected order (e.g., via keyboard, or by speaking the order again) to the remote system. *Id.* at 14:21–26. The remote system then transmits the translated version of the order (the text version) to one or more providers (e.g., supermarkets, wholesale establishments, etc.) in order to receive quotes (state 810). *Id.* at 14:27–30. Upon receiving quotes from potential providers, the remote system transmits the quotes to the user (state 812). *Id.* at 14:35–36. Thereafter, the user selects a provider and authorizes placement of the order (state 814), and the remote system places the order with the selected provider (state 816). *Id.* at 14:37–39.

C. Challenged Claims

Petitioner challenges claims 1–11. Claim 1 is independent.

Claim 1 is reproduced below:

1. A voice processing system comprising:
 - a first system configured to receive user spoken words comprising:
 - a microphone;
 - a wireless network interface;
 - a digitizer coupled to the microphone, wherein the digitizer is configured to convert spoken words into a digital representation;
 - a first computer;
 - non-transitory memory that stores instructions that when executed by the first computer cause the first system to perform operations comprising:
 - receive via the digitizer a verbal order, comprising at least one item, from a user, wherein the verbal order was captured by the microphone and digitized by the digitizer;
 - immediately transmit, using the wireless network interface, the digitized order to a computer system remote from the first system;
 - the computer system, the computer system comprising:
 - a networks interface;
 - a second computer;
 - non-transitory memory that stores instructions that when executed by the second computer cause the computer system to perform operations comprising:
 - receive, using the network interface, the digitized order from the first system;
 - translate at least a portion of the digitized order to text;
 - identify an item corresponding to the text;
 - add the identified item to a list associated with the user;
 - enable the list, including the identified item, to be displayed via a user display.

Ex. 1001, 14:46–15:12.

D. Alleged Grounds of Unpatentability

Petitioner asserts the following grounds of unpatentability:

Claims Challenged	References	35 U.S.C. §
1–3, 5, 11	Calderone, ¹ Ogasawara, ² and Sanchez ³	§ 103
6, 7, 10	Calderone, Ogasawara, Sanchez, and Partovi ⁴	§ 103
4, 8	Calderone, Ogasawara, Sanchez, and Cooper ⁵	§ 103
9	Calderone, Ogasawara, Sanchez, and Sichelman ⁶	§ 103

Pet. 3. In addition to the references listed above, Petitioner relies on the Declaration of Dr. Dan R. Olsen Jr. Ex. 1002.

¹ U.S. Patent App. Pub. 2001/0056350 A1, published Dec. 27, 2001 (Exhibit 1003) (“Calderone”).

² U.S. Patent No. 6,543,052 B1, issued Apr. 1, 2003 (Exhibit 1004) (“Ogasawara”).

³ U.S. Patent App. Pub. 2002/0194604 A1, published Dec. 19, 2002 (Exhibit 1005) (“Sanchez”).

⁴ U.S. Patent No. 7,376,586 B1, issued May 20, 2008 (Exhibit 1006) (“Partovi”).

⁵ U.S. Patent No. 6,757,362 B1, issued June 29, 2004 (Exhibit 1007) (“Cooper”).

⁶ U.S. Patent App. Pub. 2003/0235282 A1, published Dec. 25, 2003 (Exhibit 1008) (“Sichelman”).

II. DISCRETION TO DENY INSTITUTION UNDER § 314

Patent Owner argues that we should exercise our discretion under 35 U.S.C. § 314(a) to deny institution in view of the *Freshub* case, i.e., parallel litigation. Prelim. Resp. 1–11 (citing *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”)).

After Patent Owner filed its Preliminary Response, we authorized the parties to submit supplemental briefing on the issue of discretionary denial under 35 U.S.C. § 314(a). Paper 7. The parties further addressed the factors set forth in *Fintiv*, which seek to balance considerations of system efficiency, fairness, and patent quality when a patent owner raises an argument for discretionary denial due to the advanced state of a parallel proceeding. *See generally* Prelim. Reply; Prelim. Sur-reply.

These factors are:

1. whether the court granted a stay or evidence exists that one may be granted if this proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

Fintiv at 5–6.

We now apply these factors to the facts and circumstances present here, keeping in mind that “in evaluating the factors, the Board takes a

holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* at 6.

A. Factor 1: whether the court granted a stay or evidence exists that one may be granted if this proceeding is instituted

Patent Owner notes that Petitioner has not requested a stay in the parallel litigation. Prelim. Resp. 4; *see* Prelim. Sur-reply 2. Moreover, Patent Owner submits that there is no evidence that the district court in the parallel litigation will stay the case, and even if Petitioner were to file a motion to stay at this stage, the district court in which the parallel litigation is pending has denied stays in similar circumstances. Prelim. Resp. 4 (citing cases in which the U.S. District Court for the Western District of Texas has denied motions to stay).

Petitioner responds that it intends to seek a stay if *inter partes* review is instituted. Prelim. Reply 4–5.

Although Petitioner intends to request a stay, there is currently no pending motion before the District Court. In view of the above, we decline to speculate as to the likelihood of a stay of the district court proceeding. Accordingly, this factor does not weigh in favor of or against exercising our discretion to deny institution. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (PTAB May 13, 2020) (informative) (determining that Factor 1 is neutral when neither party has requested a stay and the issue has not been addressed in the case by the district court).

B. Factor 2: proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision

Patent Owner asserts that the trial in the parallel litigation will take place in June 2021. Prelim. Resp. 5–6. More particularly, Patent Owner

asserts that the parallel litigation “has been pending for nearly sixteen months” during which time the court has set forth a case schedule, held a *Markman* hearing, issued a claim construction order, and set a trial date for June 2021. *Id.* (citing Exs. 2001, 2002). Patent Owner reasons that “an institution decision [in this *inter partes* review] will issue on or around January 13, 2020,^[7] and if the Board institutes trial, a final written decision likely would not issue until January 2022, ***seven months after trial will commence*** in the co-pending litigation.” *Id.* Patent Owner also notes that “[a]fter the Board provides a final written decision, the parties have the right to appeal that decision to the Federal Circuit, a process that can take more than an additional year and a half to conclude, thus likely extending the matter into 2023.” *Id.* at 1, 5–6.

Petitioner contends that the trial date is not fixed, but explicitly qualified to be “subject to the Court’s availability.” Prelim. Reply 1 (quoting Ex. 2001, 3). Petitioner argues that this qualification indicates a continuing uncertainty regarding the trial date that is evidenced by the District Court’s issuance of at least ten consecutive orders continuing all trials due to the COVID-19 pandemic. *Id.* (citing Ex. 1027). Petitioner further argues that it is highly likely these orders will be extended because infections are on the rise in Texas. *Id.* at 2. Petitioner adds that there are almost 70 open cases scheduled for trial before the parallel litigation, 25 of which are patent cases, and the court is likely to delay the trial in the parallel litigation to accommodate earlier cases. *Id.* (citing Ex. 1026). Additionally,

⁷ This appears to be a typo, with Patent Owner referring to “2020” instead of 2021.

Petitioner notes that the parallel litigation is pending in Austin because of an intra-district transfer. *Id.*; Ex. 1029.

Patent Owner responds that the judge in the parallel litigation has conducted a jury trial in a patent case in October 2020 (Ex. 2007) and provided guidance that “[a]fter the trial date is set, the Court will not move the trial date except in extreme situations” (Ex. 2008, 1). Prelim. Sur-reply 2.

To start, we note that the Western District of Texas recently issued the “Tenth Supplemental Order Regarding Court Operations Under the Exigent Circumstances Created by the Covid-19 Pandemic,” on November 18, 2020, which continued all civil and criminal jury trials scheduled to begin between the dates of November 18, 2020 through December 31, 2020. Ex. 1027, 1. Being the *tenth* of several orders to address the “exigent circumstances created by the Covid-19 pandemic” and “continued outbreak of novel coronavirus in the United States and the State of Texas,” we agree with Petitioner that these circumstances appear to fall within the category of “extreme situations” noted in Judge Albright’s guidance for moving trial dates. *Id.*; *see* Ex. 2008, 1.

Moreover, even though the current trial date of June 14, 2021 in the parallel litigation falls outside this November 18, 2020 through December 31, 2020 window, we find reasonable Petitioner’s position that extending the trial dates of these cases into 2021 will likely have an impact on other cases, including patent cases with later scheduled trial dates. *See* Prelim. Reply 2. Nonetheless, we also observe that the June 14, 2021 trial date remains undisturbed, and the degree of impact of the COVID-19 pandemic on this case is uncertain.

Accordingly, having considered the trial date and the evidence provided by Petitioner, we determine that this factor weighs in favor of exercising our discretion to deny the Petition.

C. Factor 3: investment in the parallel proceeding by the court and the parties

Patent Owner argues that the parallel litigation is already at an advanced stage and significant time and resources have been invested by the parties. Prelim. Resp. 6–8. Patent Owner asserts infringement and invalidity contentions have been served, and “the parties have already reviewed and produced thousands of documents.” *Id.* at 7. Patent Owner adds that “[t]he District Court has already reviewed all the briefings related to claim construction, held a *Markman* hearing, and issued its claim construction order, highlighting the substantial investment of the Court’s resources into the litigation” and that “by the time the Board issues its order regarding institution, the parties will be only two days away from the close of fact discovery, and nine days away from when opening expert reports are to be served.” *Id.* Patent Owner also contends that Petitioner waited until the last moment to file its Petition. *See* Prelim. Resp. 6–8 (citing Exs. 2001, 2003, 2004, 2005, 2006).

Petitioner responds that the District Court and parties have not invested substantially in the parallel litigation case. Prelim. Reply 3–4. More specifically, Petitioner contends that the issued *Markman* order is only a single page and the District Court has not ruled on any substantive motions aside from a two-page non-prejudicial denial of Petitioner’s Motion to Dismiss under § 101 with no substantive analysis. *Id.* at 3 (citing Ex. 2002, 1; Ex. 2004). Further, Petitioner argues that the District Court has not

invested time “into considering the merits of any prior art or other invalidity positions.” *Id.* at 4. Petitioner responds also that it was reasonable and efficient to file the Petition after the District Court issued its oral claim construction order at the *Markman* hearing to avoid competing construction positions at the Board. *Id.* at 3.

We note first that Patent Owner filed its Complaint for infringement on June 24, 2019. Ex. 2003. The Petition was filed on June 22, 2020, which was days prior to the statutory time bar date (one year after date of service) under § 315(b). If a petitioner, “faced with the prospect of a looming trial date, waits until the district court trial has progressed significantly before filing a petition,” that decision “may impose unfair costs to a patent owner.” *Fintiv* at 11. On the other hand, “[i]f the evidence shows that the petitioner filed the petition expeditiously, such as promptly after becoming aware of the claims being asserted, this fact has weighed against exercising the authority to deny institution.” *Id.*

Here, Petitioner’s timing for filing its Petition is mitigated somewhat by the lack of progress in the District Court – fact discovery is ongoing, expert reports are not yet due, and the bulk of substantive motion practice has not occurred. Ex. 2001, 2. Still, we observe that the District Court has conducted a *Markman* hearing, issued a one-page claim construction order⁸, and ruled on at least one motion to dismiss. Moreover, work on the substantive issues continues to move forward with the parties’ exchange of contentions and ongoing discovery. *See* Prelim. Sur-reply 2; Ex. 2001, 1.

⁸ In its Order, the District Court indicated that a memorandum in support of the claim construction would be issued “shortly” after the Order. Ex. 2002, 1. Neither party has advised us that the District Court has issued this memorandum.

The facts here are similar in some respects to those in other cases in which the Board found this factor weighed at least somewhat in favor of denial. For example, in *Fintiv*, the Board found that the completed *Markman* hearing and detailed claim construction order, completed contention discovery, but incomplete expert discovery and substantive motion practice, weighed “somewhat” in favor of denying institution. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 13–14. Similarly, in *Sand Revolution*, the parties had exchanged infringement and invalidity contentions, and the district court had conducted a *Markman* hearing and entered a related Order, denied a motion to dismiss, and transferred the case from one judge to another. *Sand Revolution II, LLC v. Continental Intermodal Group–Trucking LLC*, IPR 2019-01393, Paper 24 at 10–11 (PTAB June 16, 2020). Like *Fintiv*, the Board found, based on those circumstances, that this factor weighed “marginally” in favor of exercising discretion to deny institution. *Id.* at 11.

Considering the above-noted facts, including the investment by the parties and District Court in the parallel litigation and the timing of the filing of the Petition, this factor weighs slightly in favor of exercising our discretion to deny institution.

D. Factor 4: overlap between issues raised in the petition and in the parallel proceeding

Petitioner asserts the Petition is based on art that was not previously before the Patent Office, and does not duplicate the invalidity grounds of the parallel litigation because Sanchez is not part of the invalidity contentions in the district court. Pet. 48. Petitioner also argues this *inter partes* review seeks to invalidate all eleven claims of the ’153 patent, not only the claim

subset at issue in the parallel litigation, such that denying institution under § 314(a) would undermine the objective of the AIA with respect to claims 2–3 and 8 of the ’153 patent. Pet. 49.

Patent Owner submits that it is undisputed that the issues raised in the Petition overlap substantially with the art and issues raised in the District Court proceeding. Prelim. Resp. 9–10; Prelim. Sur-reply 5. Particularly, Patent Owner asserts that: (1) every reference cited in the Petition for *inter partes* review, with the exception of Sanchez, has been cited in the parallel litigation, and the District Court has substantially the same obviousness allegations (as those in the Petition) pending before it; (2) Amazon has already served its final invalidity contentions, including claim charts for Calderone, Ogasawara, Partovi, Cooper, and Sichelman; and (3) Sanchez, the only reference in the Petition that was not raised in the parallel litigation, is “cumulative to *Nuance Order Management Suite* (‘*Nuance OMS*’).” *Id.* at 2, 9–10 (citing Ex. 2006).

To Patent Owner’s point, there is a significant overlap of prior art references between the proceedings. Neither party disputes that with the exception of Sanchez, all the prior art references asserted here (i.e., Calderone, Ogasawara, Partovi, Sichelman, and Cooper) overlap with those at issue in the parallel litigation. However, neither party has filed the *Nuance OMS* reference in this proceeding. Thus, while we observe there to be significant overlap of the prior art references, we decline to speculate on whether there is a *complete* overlap.

We further observe that all claims, claims 1–11, of the ’153 patent are challenged in this proceeding, whereas only claims 1, 4–7, and 9–11 are challenged in the parallel litigation. Ex. 2006, 2. Nonetheless, there is only

a difference of three dependent claims between the two proceedings. That being the case, we find that there is, at least, considerable overlap in the claimed subject matter at issue.

Considering all the above, we find that this factor weighs in favor of exercising our discretion to deny institution given the significant overlap of the challenged claims and prior art references.

E. Factor 5: whether the petitioner and the defendant in the parallel proceeding are the same party

Petitioner and Patent Owner acknowledge the parties are the same in the *inter partes* review and in the parallel litigation. Prelim. Resp. 10; Prelim. Reply 4–5. Thus, this factor supports denying institution.

F. Factor 6: other circumstances that impact the Board's exercise of discretion, including the merits

The factors considered in the exercise of discretion are part of a balanced assessment of all the relevant circumstances in the case, including the merits. *Fintiv* at 14.

Having reviewed Petitioner's unpatentability arguments in the Petition and Reply, and Patent Owner's arguments in the Preliminary Response and Sur-reply, and based on the limited record before us, we do not find that the merits outweigh the other *Fintiv* factors.

G. Balancing the Factors

Because the analysis is fact-driven, no single factor is determinative of whether we exercise our discretion and deny institution under 35 U.S.C. § 314(a). In our analysis, we have considered the merits of Petitioner's unpatentability contentions. Against this factor, Patent Owner has established that (1) the court and the parties have completed some work that

is related to unpatentability grounds presented here, including claim construction, (2) a significant (though not complete) overlap of the issues exists between the two proceedings, and (3) the trial date, albeit somewhat uncertain, is currently set to occur seven months before the final decision due date. Additionally, we have considered the possibility of a district court stay, which does not weigh for or against the exercise of discretion. On this record, after weighing all of the factors and taking a holistic view of the relevant circumstances of this proceeding, we determine that instituting an *inter partes* review would be an inefficient use of the Board's and parties' resources, and we exercise discretion to deny institution under 35 U.S.C. § 314(a).

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is *denied* as to all challenged claims of the '153 patent and no *inter partes* review is instituted.

IPR2020-01145
Patent 9,908,153 B2

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