

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

IMMERSION SYSTEMS LLC,
Petitioner,

v.

MIDAS GREEN TECHNOLOGIES, LLC,
Patent Owner.

IPR2021-01176
Patent 10,405,457 B2

Before FREDERICK C. LANEY, RYAN H. FLAX,
and ALYSSA A. FINAMORE, *Administrative Patent Judges*.

FLAX, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

Immersion Systems LLC (“Petitioner”) filed a Petition for *inter partes* review challenging claims 1, 5, 6, 10, 11, and 14 of U.S. Patent 10,405,457 B2 (Ex. 1001, “the ’457 patent”). Paper 2 (“Pet.”). Midas Green Technologies, LLC (“Patent Owner”) filed a Preliminary Response. Paper 10 (“Prelim. Resp.”). Petitioner filed an authorized Preliminary Reply, and Patent Owner filed an authorized Preliminary Sur-Reply. Paper 11 (“Prelim. Reply”); Paper 12 (“Prelim. Sur-Reply”).

Under 37 C.F.R. § 42.4(a), we have authority to determine whether to institute trial in an *inter partes* review. We may institute an *inter partes* review if the information presented in the petition filed under 35 U.S.C. § 311, and any preliminary response filed under § 313, shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition. 35 U.S.C. § 314.

However, we have discretion to deny a petition even when a petitioner satisfies the “reasonable likelihood” threshold standard for instituting trial. *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.”). Based on the current record and for the reasons explained below, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of an *inter partes* review.

I. INTRODUCTION

A. REAL PARTIES-IN-INTEREST

Petitioner and Patent Owner each, respectively, identifies itself as a real party-in-interest. Pet. 66; Paper 4, 1.

B. RELATED MATTERS

Petitioner and Patent Owner each identifies “U.S. District Court for the Northern District of Texas, Case 20-cv-00555” (the “related district court litigation”) as a related matter. Pet. 67; Prelim. Resp. 5; Paper 4, 2.

C. THE ’457 PATENT

The ’457 patent issued on September 3, 2019, from U.S. Application 14/355,533, which was filed on December 13, 2013 (as PCT/US2013/075126). Ex. 1001, codes (45), (21), (22), (86). On its face, the ’457 patent claims priority to U.S. Provisional 61/737,200, filed on December 14, 2012, and U.S. Provisional 61/832,211, filed on June 7, 2013. *Id.* at code (60), 1:7–16.¹

The ’457 patent concludes with 16 claims, of which claims 1, 6, and 11 are independent claims. Ex. 1001, 9:33–12:20. Claim 1 is illustrative and reproduced below:

1. An appliance immersion cooling system comprising:
 - a tank adapted to immerse in a dielectric fluid a plurality of electrical appliances, each in a respective appliance slot distributed vertically along, and extending transverse to, a long wall of the tank, the tank comprising:
 - a weir, integrated horizontally into the long wall of the tank adjacent all appliance slots, having an overflow lip adapted to facilitate substantially uniform recovery of the dielectric fluid flowing through each appliance slot; and;
 - a dielectric fluid recovery reservoir positioned vertically beneath the overflow lip of the weir and

¹ There is a dispute as to whether the ’457 patent is entitled to priority to these provisional applications. *See* Pet. 4–6; Prelim. Resp. 20–24. We, however, need not resolve this dispute, in part, because we exercise our discretion under 35 U.S.C. § 314(a) to deny institution here.

adapted to receive the dielectric fluid as it flows over the weir;

a primary circulation facility adapted to circulate the dielectric fluid through the tank, comprising:

a plenum, positioned adjacent the bottom of the tank, adapted to dispense the dielectric fluid substantially uniformly upwardly through each appliance slot;

a secondary fluid circulation facility adapted to extract heat from the dielectric fluid circulating in the primary circulation facility, and to dissipate to the environment the heat so extracted; and

a control facility adapted to coordinate the operation of the primary and secondary fluid circulation facilities as a function of the temperature of the dielectric fluid in the tank.

Ex. 1001, 9:33–59. Independent claims 6 and 11 are similar to claim 1, but do not recite the “secondary fluid circulation facility,” as in claim 1.

The '457 patent's Abstract indicates its invention is directed to:

A[n] appliance immersion tank system comprising: a generally rectangular tank adapted to immerse in a dielectric fluid a plurality of appliances, each in a respective appliance slot distributed vertically along, and extending transverse to, the long axis of the tank; a primary circulation facility adapted to circulate the dielectric fluid through the tank; a secondary fluid circulation facility adapted to extract heat from the dielectric fluid circulating in the primary circulation facility, and to dissipate to the environment the heat so extracted; and a control facility adapted to coordinate the operation of the primary and secondary fluid circulation facilities as a function of the temperature of the dielectric fluid in the tank. A plenum, positioned adjacent the bottom of the tank, is adapted to dispense the dielectric fluid substantially uniformly upwardly through each appliance slot. A weir, integrated horizontally into a long wall of the tank, is adapted to facilitate substantially uniform recovery of the dielectric fluid flowing through each appliance slot. All active and most passive components of both

the primary and secondary fluid circulation facilities, and the control facility are fully redundant, and are adapted automatically to operate in a fail-soft mode.

Id. at Abstract.

The '457 patent illustrates an apparatus or system as claimed and as described in its Abstract at its Figures 1 and 2, which we reproduced side-by-side below, annotated to highlight claimed features:

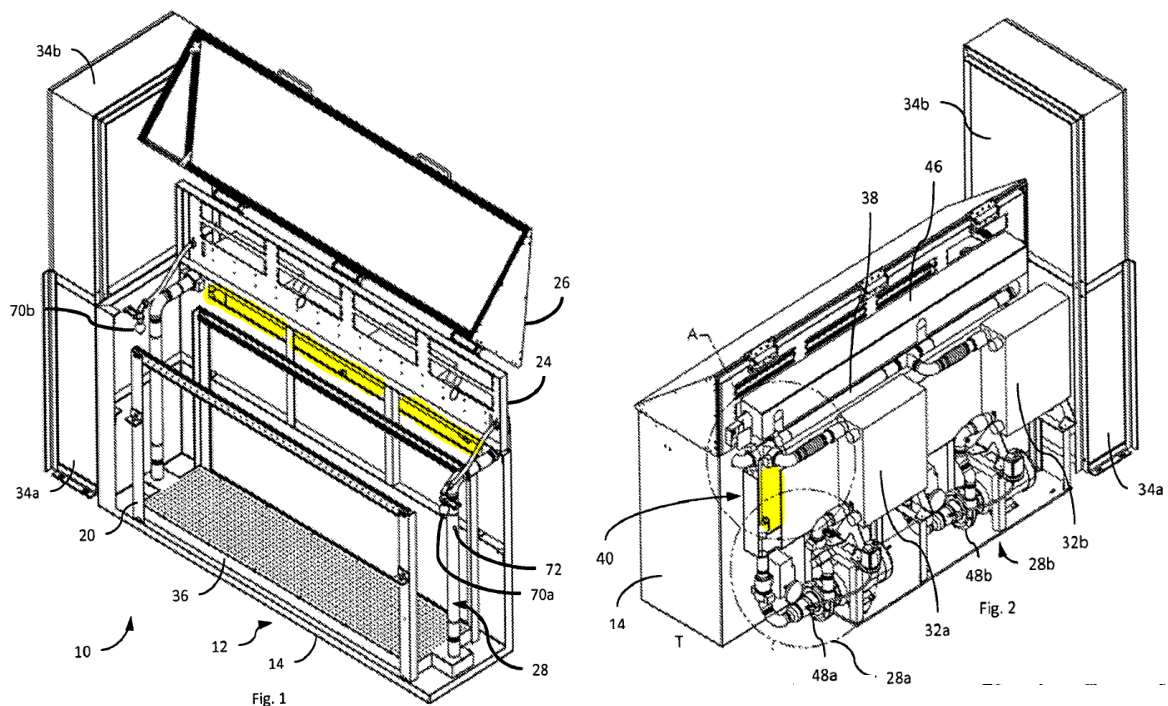


Figure 1, above-left, “illustrates, in partial cut-away form, a front perspective of a tank module or an appliance immersion cooling system constructed in accordance with [the] invention,” and Figure 2, above-right, “illustrates a rear perspective of the tank module shown in FIG. 1.” *Id.* at 2:59–63. The figures show tank module 10 having tank 12 with long axis 14, appliance rack facility 20, weir 22 (not labeled, but highlighted in yellow in Figure 1), cover 26, primary circulation facility 28, secondary fluid

circulation facility 30 (not labeled), heat exchangers 32a, 32b, plenum facility 36, fluid recovery facility 40, and reservoir 42 (not labeled, but highlighted in yellow in Figure 2). *Id.* at 3:36–4:49; *see also id.* at Figs. 3–6.

D. SUMMARY OF ASSERTED GROUNDS FOR UNPATENTABILITY

Petitioner asserts the following grounds for the unpatentability of claims 1, 5, 6, 10, 11, and 14 of the '457 patent:

Ground	Claims Challenged	35 U.S.C. § ²	Reference(s)/Basis
1	1, 5, 6, 10, 11, 14	103	Best, ³ Krajewski, ⁴ Cray ⁵
2	1, 5, 6, 10, 11, 14	103	Best, Oktay ⁶
3	1, 5, 6, 10, 11, 14	103	Best, Gryzhin ⁷
4	11, 14	103	Best

See Pet. 2.

In support of the grounds for unpatentability, Petitioner submits, *inter alia*, the Declaration of Issam Mudawar, Ph.D. (Ex. 1020).

² The '457 patent has an actual filing date of December 13, 2013, which is after the AIA revisions to 35 U.S.C. § 103 took effect on March 16, 2013, but, on its face, the '457 patent asserts priority to a provisional application filed on December 14, 2012, which is before the AIA revisions took effect. 35 U.S.C. § 100 (note). Therefore, whether pre-AIA or AIA § 103 applies is in dispute. Our decision, however, is not impacted by which version of the statute applies.

³ US 10,123,463 B2, issued Nov. 6, 2018 (filed Aug. 10, 2009) (Ex. 1006; “Best”).

⁴ US 5,167,511, issued Dec. 1, 1992 (Ex. 1007, “Krajewski”).

⁵ US 4,590,538, issued May 20, 1986 (Ex. 1008, “Cray”).

⁶ US 3,406,244, issued Oct. 15, 1968 (Ex. 1009, “Oktay”).

⁷ RU 2 500 013 C1, published Nov. 27, 2013 (filed Mar. 19, 2012) (Ex. 1011, Ex. 1012 (English translation), “Gryzhin”).

II. DISCUSSION

A. LEVEL OF ORDINARY SKILL IN THE ART

In determining the level of skill in the art, we consider the type of problems encountered in the art, the prior art solutions to those problems, the rapidity with which innovations are made, the sophistication of the technology, and the educational level of active workers in the field. *Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 962 (Fed. Cir. 1986).

Petitioner states:

A POSITA as of December 13, 2013 would have had a [*sic*] either a (a) Bachelor's degree in mechanical engineering, or an equivalent degree, with five years of liquid cooling systems experience including responsibility for designing such systems, or (b) Master's Degree in mechanical engineering, or an equivalent degree, including liquid cooling systems research and system design. Ex-1020, ¶75. A POSITA would also have had, through education or experience, familiarity and experience in particular with immersion cooling systems. Additional education could compensate for less practical experience and vice versa. *Id.*

Pet. 10. Other than arguing that the date for defining the ordinarily skilled artisan should be earlier than that used by Petitioner because the '457 patent is entitled to priority to provisional applications, Patent Owner “does not offer a competing definition for POSITA.” Prelim. Resp. 25.

For the purposes of this Decision, we accept, as has Patent Owner, Petitioner's definition of the ordinarily skilled artisan. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (“[T]he prior art itself [may] reflect[] an appropriate level” as evidence of the ordinary level of skill in the art. (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985))).

B. CLAIM CONSTRUCTION

“[W]e need only construe terms ‘that are in controversy, and only to the extent necessary to resolve the controversy.’” *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)). Neither party asserts that any claim term should be expressly construed, and we do not expressly construe any claim language. Pet. 10–11; Prelim. Resp. 25–29; *see also* Ex. 2006 (district court claim construction order declining to expressly construe and claim language).

C. APPLICABLE LEGAL STANDARDS

“In an IPR, the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable.” *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1363 (Fed. Cir. 2016) (citing 35 U.S.C. § 312(a)(3) (requiring *inter partes* review petitions to identify “with particularity . . . the evidence that supports the grounds for the challenge to each claim”)). This burden of persuasion never shifts to Patent Owner. *See Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015) (discussing the burden of proof in *inter partes* review).

Regarding obviousness, the Supreme Court in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), reaffirmed the framework for determining obviousness set forth in *Graham v. John Deere Co.*, 383 U.S. 1 (1966). The *KSR* Court summarized the four factual inquiries set forth in *Graham* (383 U.S. at 17–18) that are applied in determining whether a claim is unpatentable as obvious under 35 U.S.C. § 103(a) as follows:

(1) determining the scope and content of the prior art; (2) ascertaining the differences between the prior art and the claims at issue; (3) resolving the

level of ordinary skill in the art;⁸ and (4) considering objective evidence indicating obviousness or non-obviousness.⁹ *KSR*, 550 U.S. at 406.

“The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *Id.* at 416. “[W]hen the question is whether a patent claiming the combination of elements of prior art is obvious,” the answer depends on “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.* at 417.

Often, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue. To facilitate review, this analysis should be made explicit and “it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does.” *Id.* at 418.

With these standards in mind, and in view of the definition of the ordinarily skilled artisan, we address Petitioner’s challenges and the preliminary record below as applicable to our discretion to deny institution under 35 U.S.C. § 314(a).

⁸ *See supra* Section II.A.

⁹ At this stage of the proceeding, there is no evidence pertaining to objective indicia of non-obviousness. *See* Prelim. Resp.

D. DISCRETIONARY DENIAL UNDER 35 U.S.C. § 314(a)

1. *Background and Legal Standards*

Under § 314(a), the Director possesses “broad discretion” in deciding whether to institute an *inter partes* review. *See* 35 U.S.C. § 314(a); *Saint Regis Mohawk Tribe v. Mylan Pharm. Inc.*, 896 F.3d 1322, 1327 (Fed. Cir. 2018). The Board decides whether to institute an *inter partes* review on the Director’s behalf. 37 C.F.R. § 42.4(a) (2021).

Patent Owner argues that we should exercise discretion under § 314(a) to deny institution of an *inter partes* review. *See* Prelim. Resp. 14–20; Prelim. Sur-Reply. Petitioner argues that we should decline to exercise our discretion under § 314(a) to deny institution. *See* Pet. 66; Prelim. Reply. For the reasons explained below, under the circumstances here, we exercise our discretion under § 314(a) to deny institution.

When deciding whether to exercise discretion under § 314(a) to deny institution, the Board has considered the status of litigation involving the parties in light of the AIA’s objective “to provide an effective and efficient alternative to district court litigation.” *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 12, 19–20 (PTAB Sept. 12, 2018) (precedential) (quoting *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16–17 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i)).

In *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”), the Board set forth the following nonexclusive factors to consider when determining whether to exercise discretion under § 314(a) to deny institution due to the advanced state of parallel litigation:

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

These factors, considered below, “relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.” *Id.* at 6. Further, *Fintiv* instructs that the Board should take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* (citing PTAB Consolidated Trial Practice Guide at 58 (Nov. 2019)¹⁰).

As identified above in this Decision at Section I.B, the related, parallel proceeding at issue here is *Midas Green Technologies, LLC v. Immersion Systems LLC*, No. 4:20-cv-00555-O in the U.S. District Court for the Northern District of Texas. *See, e.g.*, Ex. 1003 (original complaint dated May 29, 2020); Ex. 1004 (affidavit of service indicating service was executed on Immersion Systems LLC on June 23, 2020).

¹⁰ Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

2. *Analysis Under Section 314(a)*

Factor 1: Whether a Stay has Been or is Likely to be Granted

The parties do not dispute that there is currently no stay in the related district court litigation, either requested or granted. Pet. 66; Prelim. Resp. 16; Prelim. Reply; Prelim. Sur-Reply. Petitioner indicates that, if trial is instituted here, it will request a stay in the related district court litigation. Prelim. Reply, 1; *see also* Ex. 1021, 1–2. Petitioner’s assertion aside, we will not speculate as to whether the related district court litigation will be stayed, as the evidence is inconclusive concerning this factor.

Accordingly, we weigh this factor as neutral as to whether to exercise our discretion to deny institution.

*Factor 2: Proximity of the Court’s Trial Date
to the Board’s Final Written Decision*

The statutory deadline for the issuance of a final written decision in this proceeding will be one year from the date of institution, if trial is instituted. 35 U.S.C. § 316(a)(11). Based upon the preliminary filings in this proceeding, the due date for our decision on institution is approximately January 14, 2022, meaning a final written decision would be due in January 2023. 35 U.S.C. § 314(b)(1).

The record includes a scheduling order from the related district court litigation, which sets a jury trial date of October 11, 2022. Ex. 2001, 3; *see also* Prelim. Resp. 16–17. Moreover, this same scheduling order goes on to state that “[t]he parties are advised that future requests to extend deadlines or modify the Scheduling Order will be disfavored and will not be granted by the Court absent good cause.” Ex. 2001, 3; *see also* Prelim. Resp. 16. Patent Owner also notes that the district court “later referenced this same instruction in denying a subsequent motion to modify the schedule.” Prelim.

Resp. 16 (citing *Midas Green Technologies, LLC v. Immersion Systems LLC*, Civ. No. 4-20-cv-00555, Dkt. 73 (N.D. Tex. Aug. 18, 2021)).

Thus, a jury trial is scheduled to occur in the related district court litigation approximately three months prior to when a final written decision would be statutorily due in this *inter partes* review, and the district court has indicated that any changes to the schedule, including the trial date, are disfavored.

We find these facts weigh in favor of exercising discretion to deny institution under this factor.

Factor 3: Investment in the Parallel Litigation

If, at the time of the institution decision, the district court has issued substantive orders related to the challenged patent, such as a claim construction order, this fact weighs in favor of discretionary denial. *See Fintiv* at 9–10. On the other hand, if the district court has not issued such orders, this fact weighs against discretionary denial. *Id.* at 10.

The evidence of record indicates that the related district court litigation has progressed as far as the entry of a claim construction order. Ex. 2006 (Order dated Nov. 22, 2021). In addition, Patent Owner states that there has also been “significant discovery” by way of written discovery, document production, and a fact-witness deposition (with others scheduled if not having already occurred). Prelim. Resp. 17–18. Petitioner, on the other hand, indicates that, as of the Petition (and Preliminary Reply), “[t]he parties have invested little in the related litigation.” Pet. 66; Prelim. Reply 1 (addressing resources invested on invalidity issues).

We find the fact that a claim construction order has been entered, coupled with several other events, such as discovery, in the related district

court litigation is not insignificant. Although it appears that much is left to occur in the related district court litigation, the evidenced expended effort is nevertheless not insubstantial. Moreover, it appears that efforts and investment are continuing and ongoing and several of the events listed in the district court's scheduling order have due dates based on the entry date of the claim construction order, which has been entered. *See* Ex. 2001 (e.g., final infringement contentions were due 30 days from the court's claim construction ruling, that is, on December 30, 2021).

Further, *Fintiv* provides guidance on how the timing of various events can impact Factor 3:

As a matter of petition timing, notwithstanding that a defendant has one year to file a petition, it may impose unfair costs to a patent owner if the petitioner, faced with the prospect of a looming trial date, waits until the district court trial has progressed significantly before filing a petition at the Office.

Fintiv at 11 (footnote omitted). However, "it is often reasonable for a petitioner to wait to file its petition until it learns which claims are being asserted against it in the parallel proceeding." *Id.* Accordingly, a petitioner should act expeditiously once the patent owner has identified the claims being asserted against it so that the petitioner can file a petition challenging all asserted claims—if it chooses to do so.

Here, although satisfying the one-year grace period afforded by 35 U.S.C. § 315(b) for filing a petition (based on the service date of a district court complaint), the evidence of record shows that Petitioner met the deadline by mere hours, filing its Petition in this proceeding on the last possible day. *See* Ex. 1004 (service executed on Petitioner June 23, 2020); Pet. (filed June 23, 2021). Although the district court's scheduling order indicates that final infringement contentions were not due until December

30, 2021, Petitioner was not without notice of which claims were at issue in the litigation because Patent Owner's first amended complaint in the district court proceeding (indicates filing on November 24, 2020) identifies at least claims 1, 6, and 11 of the '457 patent as asserted against Petitioner, and Patent Owner asserts that preliminary infringement contentions were submitted on November 20, 2020. Ex. 1005, 8–9; Ex. 2001, 2; Prelim. Resp. 17; Ex. 2002 n.1 (identifying claims 1, 5, 6, 10, 11, and 14 of the '457 patent as asserted against Petitioner). And, Petitioner (there, defendant) filed or served detailed preliminary invalidity contentions in the district court proceeding addressing the same claims at issue here. Ex. 2002 (dated Jan. 11, 2021; asserting that claims 1, 5, 6, 10, 11, and 14 of the '457 patent are invalid). These facts do not evidence Petitioner's diligence here.

We find the facts weigh in favor of exercising discretion to deny institution under this factor.

*Factor 4: Overlap in Issues Raised by the Petition
and in the Parallel Litigation*

“[I]f the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial.” *Fintiv* at 12. “Conversely, if the petition includes materially different grounds, arguments, and/or evidence than those presented in the district court, this fact has tended to weigh against exercising discretion to deny institution under *NHK*.” *Id.* at 12–13.

As noted above, for example at Section I.D, the Petition asserts that the '457 patent's claims 1, 5, 6, 10, 11, and 14 are unpatentable over the prior art combinations of Best-Krajewski/Cray, Best-Oktay, Best-Gryzhin, and Best individually. *See* Pet. 2. Petitioner's (there, defendant's) initial invalidity contentions in the related district court proceeding assert the

invalidity of claims 1, 5, 6, 10, 11, and 14 over the Best-Krajewski combination several times, and supplemental preliminary invalidity and unenforceability contentions assert the invalidity of “[a]ll [c]laims-in-[s]uit” over the Best-Okta and Best-Gryzin combinations. *See, e.g.*, Ex. 2002, at, *inter alia*, 2 n.1, 16, 20, 26, 28, 32, 35; Ex. 2005, 7 *et seq.* Patent Owner asserts that this is “*complete* overlap in the validity issues raised in these parallel proceedings.” Prelim. Resp. 18–19. We agree with Patent Owner that there is overlap here.

We also determine that Petitioner’s stipulation does not affect that overlap. Petitioner states that it has

entered a stipulation (Ex. 1021) in the related [district court litigation] which states that, if [this IPR is] instituted, Petitioner intends to request a stay of the [district court litigation] until a final determination on the petition[] is issued by the PTAB. The stipulation is modeled on the *Sotera* decision and extends to grounds “raised or that could have been reasonably raised.”

Prelim. Reply 1 (citing *Sotera Wireless v. Masimo Corp.*, IPR2020-01019, Paper 12 at 13 (PTAB Dec. 1, 2020) (precedential as to Section II.A)).

Petitioner further argues that its stipulation filed in the related district court litigation means that this *inter partes* review “will ‘function as a true alternative to litigation’ because the expected stay and stipulation will mitigate any concern of duplicative efforts or conflicting decisions.” *Id.*

The stipulation to which Petitioner refers states:

Immersion hereby stipulates that if the PTAB (i) allows Immersion to enter this Stipulation as part of the IPR petition, and (ii) institutes review pursuant to 35 U.S.C. §314 of IPR2021-01176 ***that results in a final written decision***, then Immersion will not pursue in these district court proceedings the specific grounds identified above in connection with the ‘457 Patent and claims as originally issued on the instituted

inter parties review petition, or on any other ground for which the PTAB institutes that was raised or could have been reasonably raised in the IPR (*i.e.*, any ground that could be raised under 35 U.S.C. §§ 102 or 103 on the basis of prior art patents or printed publications).

Ex. 1021, 3 (emphasis added).

We find this stipulation to be very different from others the Board has relied upon to assuage concerns under this factor. *See Sotera*, IPR2020-01019, Paper 12 at 18 (concerning a stipulation (Ex. 1038 in that proceeding) that required institution of an IPR, but addressed all challenges brought or that could have been brought in the IPR); *Sand Revolution II LLC v. Continental Intermodal Group-Trucking LLC*, IPR2019-01393, Paper 24 at 11–12 (PTAB June 16, 2020) (informative) (concerning a stipulation (Ex. 1015 in that proceeding) that required institution of an IPR, but addressed the challenges brought in the IPR). Petitioner’s stipulation is contingent upon two things—our entry of the stipulation as part of the Petition and then completion of this *inter partes* review proceeding with a final written decision. Ex. 1021. First, if Petitioner suggests that we may consider the stipulation to be integrated into and a part of the Petition, which is somewhat unclear on the record, Petitioner is incorrect and the Petition will not be so-considered supplemented or expanded, even if the record includes the stipulation as evidence. Second, regardless of Petitioner’s intent regarding the first contingent event and even though the stipulation is entered as a part of the record here, Petitioner ties its stipulation to an asserted likelihood of the court granting a stay in the related district court litigation. *See Prelim. Reply 1*.

In other words, absent a stay and given the district court trial date, the stipulation will have no effect because a trial would occur before the

deadline for a final written decision here. As discussed above, we will not speculate whether the related district court litigation will be stayed, and thus we assume for purposes of this analysis that the jury trial in the parallel proceeding will occur several months before a final written decision will be statutorily due in this proceeding. Thus, Petitioner's prerequisite that requires a final written decision renders Petitioner's stipulation meaningless for purposes of our analysis of this factor.

We find the unique facts here weigh in favor of exercising discretion to deny institution under this factor.

*Factor 5: Are Petitioner and the Defendant
in the Parallel Litigation the Same Party?*

It is undisputed that Petitioner is the defendant and Patent Owner the plaintiff in the related district court litigation. *See* Ex. 1003. We find this fact weighs in favor of exercising discretion to deny institution under this factor.

Factor 6: Other Circumstances, Including the Merits

Although we need not undertake a full merits analysis when evaluating *Fintiv* Factor 6, we consider the strengths and weaknesses of Petitioner's case, where stronger merits may weigh against discretionary denial and weaker merits may favor exercising discretion to deny institution. *Fintiv* at 15–16.

In our view, some challenges likely satisfy the “reasonable likelihood” threshold standard for instituting trial, and some may not. We would not characterize any challenge as sufficiently strong to override concerns about duplication of effort by the Board and the district court.

For example, under Petitioner's Ground 1, although Petitioner's and its witness's (Dr. Mudawar's) interpretations of the prior art as teaching the

claimed subject matter are not unreasonable, the interpretations are not particularly clear or strong. Pet. 11–36. Petitioner pieces together portions from Best, Krajewski, and/or Cray that do not explicitly disclose the claimed subject matter, relying instead on Dr. Mudawar to interpret the references’ disclosures as meeting specific claim limitations. *Id.* Further, Petitioner, for the most part, asserts that each limitation of, for example independent claim 1, is individually disclosed by one or more of Best, Krajewski, and/or Cray without clearly explaining how one reference’s disclosed apparatus or system would be specifically modified by the ordinarily skilled artisan in view of the teachings of the others. *Id.* Moreover, when discussing a motivation to combine Best, Krajewski, and/or Cray, Petitioner relies on the fact that they are directed to analogous art and then, primarily, that the features they teach would achieve the same advantages extolled by the ’457 patent itself for its claimed invention, which is not strong support that the prior art would have been combined or modified absent some improper hindsight. *Id.* at 32–36.

As another example, Petitioner’s Ground 3 relies on a combination of Best and Gryzhin. *Id.* at 48 *et seq.* However, this ground relies on Petitioner’s premise that Gryzhin is prior art to the ’457 patent’s claims because the ’457 patent is not entitled to priority to provisional applications. *Id.* at 1–2, 4–6. Based only on the preliminary record, however, we find Patent Owner’s arguments in support of the ’457 patent’s priority claim facially reasonable and that Petitioner’s assertions on the matter appear to overlook the disclosures of the provisional applications identified by Patent Owner as describing the claimed subject matter. Prelim. Resp. 20–24.

Thus, although Petitioner may have made a sufficient showing for institution of trial under certain grounds, there are significant issues of fact that would be left for trial and we are not confident Petitioner's case would survive the scrutiny of trial. We do not find that the Petition has provided a particularly well-developed explanation for motivation for or manner of combining the references so as to arrive at the claimed subject matter and there are significant issues about whether the Gryzhin reference qualifies as prior art in view of the '457 patent's priority claim to provisional applications.

Accordingly, we weigh this factor as neutral as to whether to exercise our discretion to deny institution.

3. *Holistic Assessment of Factors Under Section 314(a)*

After analyzing the *Fintiv* factors with a holistic view of whether the efficiency and integrity of the system are best served by denying or instituting review, we determine that the factors, on balance, weigh in favor of discretionary denial under the circumstances here. Hence, we exercise our discretion under § 314(a) to deny institution.

III. CONCLUSION

For the foregoing reasons, we exercise discretion not to institute *inter partes* review under 35 U.S.C. § 314(a).

ORDER

Accordingly, it is hereby:

ORDERED that the Petition is *denied* and no *inter partes* review is instituted.

IPR2021-01176
Patent 10,405,457 B2

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