Trials@uspto.gov
571-272-7822

Paper 11
Entered: January 5, 2021

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO., LTD. and
SAMSUNG ELECTRONICS AMERICA, INC.,
Petitioner,

v.

ANCORA TECHNOLOGIES, INC.,
Patent Owner.

IPR2020-01184
Patent 6,411,941 B1

Before THU A. DANG, JONI Y. CHANG, and KEVIN W. CHERRY, *Administrative Patent Judges*.

CHANG, *Administrative Patent Judge.*

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

I. INTRODUCTION

Samsung Electronics Co., Ltd. and Samsung Electronics America, Inc. (collectively, "Petitioner") filed a Petition requesting an *inter partes* review ("IPR") of claims 1−3 and 6−17 ("the challenged claims") of U.S. Patent No. 6,411,941 B1 (Ex. 1001, "the '941 patent"). Paper 1 ("Pet."), 1. Ancora Technologies, Inc. ("Patent Owner") filed a Preliminary Response (Paper 7, "Prelim. Resp."). Pursuant to our authorization, Petitioner filed a Reply (Paper 8, "Reply"), and Patent Owner filed a Sur-reply (Paper 10, "Sur-reply").

For the reasons stated below, we exercise our discretion under § 314(a) and deny institution of *inter partes* review in the instant proceeding.

A. Related Matter

The parties indicate that the '941 patent is involved in *Ancora Tech., Inc. v. LG Electronics, Inc.*, No. 1-20-cv-00034-ADA (W.D. Tex.), in which Petitioner is a co-defendant. Pet. 1; Paper 4, 2. The '941 patent also was involved in *ex parte* Reexamination No. 90/010,560. Ex. 1001, 8−9 (*Ex Parte* Reexamination Certificate issued on June 1, 2010, confirming the patentability of claims 1−19 and indicating that no amendments have been made to the patent).

B. The '941 patent

The '941 patent discloses a method of restricting software operation within a license limitation that is applicable for a computer having a first non-volatile memory area, a second non-volatile memory area, and a volatile memory area. Ex. 1001, code (57). According to the '941 patent, the

method includes the steps of selecting a program residing in the volatile memory, setting up a verification structure in the non-volatile memories, verifying the program using the structure, and acting on the program according to the verification. *Id*.

Figure 1 of the ’941 patent is reproduced below.

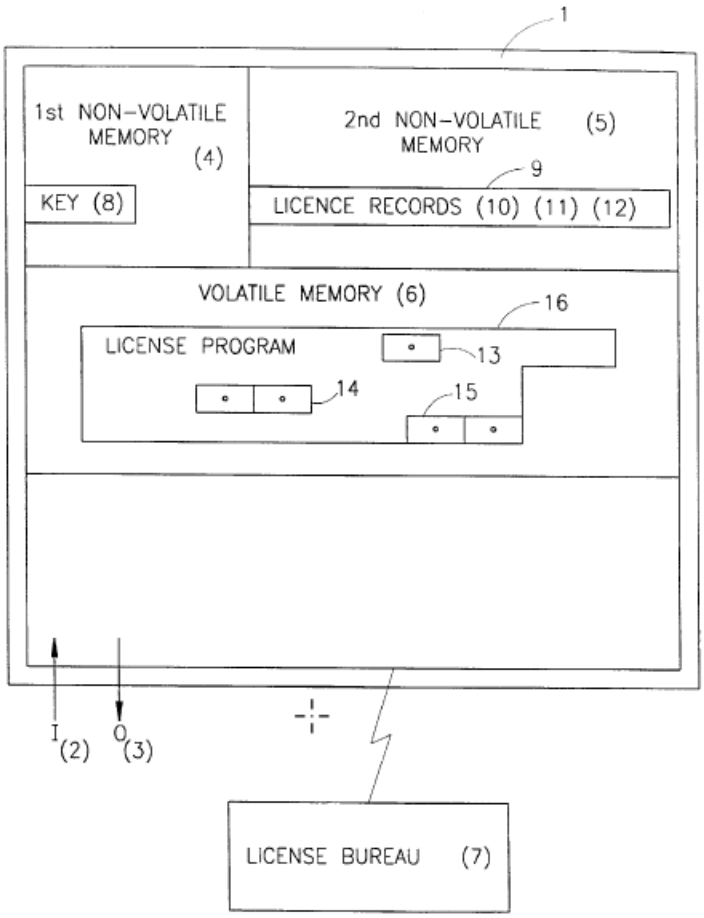

Figure 1 above shows a schematic diagram of computer processor 1 and license bureau 7. *Id*. at 5:9−19. Computer processor 1 is associated with input operations 2 and output operations 3. *Id*. Computer processor 1 contains first non-volatile memory area 4 (e.g., the ROM section of the Basic Input / Output System (“BIOS”)), second non-volatile memory area 5

(e.g., the E^2PROM section of the BIOS), and volatile memory area 6 (e.g., the internal RAM memory of the computer). *Id*.

C. Illustrative Claim

Of the challenged claims, claim 1 is independent. Claims 2, 3, and 6−17 directly or indirectly depend from claim 1. Claim 1 is illustrative:

> 1. A method of restricting software operation within a license for use with a computer including an erasable, non-volatile memory area of a BIOS of the computer, and a volatile memory area; the method comprising the steps of:
>
> selecting a program residing in the volatile memory,
>
> using an agent to set up a verification structure in the erasable, non-volatile memory of the BIOS, the verification structure accommodating data that includes at least one license record,
>
> verifying the program using at least the verification structure from the erasable non-volatile memory of the BIOS, and
>
> acting on the program according to the verification.

Ex. 1001, 6:59–7:4.

1. Prior Art Relied Upon

Petitioner relies upon the references listed below (Pet. 3−4):

Reference	**Date**	**Exhibit No.**
Schwartz, US 6,153,835	issued Nov. 28, 2000, filed June 7, 1995	1005
Hasebe, US 5,935,243	issued Dec. 22, 1998, filed Mar. 28, 1996	1007
Shipman, US 5,852,736	issued Dec. 22, 1998, filed Mar. 28, 1996	1008

Reference	Date	Exhibit No.
Yee, "Using Secure Coprocessors," Carnegie-Mellon University, CMU-CS-94-149 (1994).	1994	1006

2. Asserted Grounds of Unpatentability

Petitioner asserts the following grounds of unpatentability (Pet. 3):

Claims	Basis	References
1−2, 6−17	§ 103[1]	Schwartz, Yee
1−3, 6−15, 17	§ 103	Hasebe, Shipman

II. ANALYSIS

A. Discretionary Denial Under 35 U.S.C. § 314(a)

Institution of an *inter partes* review is discretionary. Section 314(a) of title 35 of the United States Code provides that "[t]he Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition . . . and any

[1] The Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284, 287–88 (2011), amended 35 U.S.C. § 103, effective March 16, 2013. Because the application from which the '941 patent issued was filed before this date, the pre-AIA version of § 103 applies.

response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." The Supreme Court of the United States has explained that, because § 314 includes no mandate to institute review, "the agency's decision to deny a petition is a matter committed to the Patent Office's discretion." *Cuozzo Speed Techs., LLC v. Lee*, 136 S.Ct. 2131, 2140 (2016); *see also Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (explaining that under § 314(a), "the PTO is permitted, but never compelled, to institute an IPR proceeding"). The Director has delegated his authority under § 314(a) to the Board. 37 C.F.R. § 42.4(a) ("The Board institutes the trial on behalf of the Director.").

In this proceeding, Patent Owner argues that we should exercise discretion to deny institution under § 314(a) because institution of a trial here "would be an inefficient use of Board resources in light of the 'advanced state' of the parallel district court litigation in which Petitioner has raised the same invalidity challenges and a verdict will be reached in April 2021." Prelim. Resp. 35. Patent Owner contends that each of the factors identified in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) ("*Fintiv*"), weighs in favor of discretionary denial here. Prelim. Resp. 35. Patent Owner avers that this Petition also resembles the circumstances of *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential). Prelim. Resp. 36.

In *Fintiv*, the Board ordered supplemental briefing on a nonexclusive list of factors for consideration in analyzing whether the circumstances of a

parallel district court action are a basis for discretionary denial of trial institution under *NHK*. *Fintiv*, Paper 11 at 5−16. Those factors include:

> 1. whether the court granted a stay or evidence exists that one may be granted if a 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.

Id. at 5−6. Here, we consider these factors to determine whether we should exercise discretion to deny institution. In evaluating the factors, we take a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review. *Fintiv*, Paper 11 at 6.

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

Petitioner states that the U.S. District Court of Western District of Texas ("WDTX") "has not granted a stay" nor "indicated whether it would grant a stay if an IPR proceeding is instituted." Pet. 66. Petitioner argues that it "intends to seek a stay if the Board institutes trial." *Id*.

Patent Owner counters that "there is no indication that, even if IPR were instituted, a stay would be granted given the advanced stage of the case." Prelim. Resp. 36. Patent Owner indicates that the "trial is scheduled

to begin in WDTX on April 19, 2021," and that "U.S. District Court Judge Alan Albright is presiding over the parallel proceeding and has previously denied a motion to stay when an IPR was instituted after claim construction was fully briefed and shortly before the claim construction hearing." *Id*. at 36−37 (citing *MV3 Partners LLC v. Roku Inc.*, No. 6:18-cv-00308 (W.D. TX); Ex. 2005, 53). Patent Owner also contends that the parallel litigation "is much further along than the proceeding in *MV3 Partners* at the time Judge Albright denied the motion to stay." *Id*. at 37. According to Patent Owner, "the *Markman* hearing occurred in May 2020" and "the Court's *Markman* Order issued on June 2, 2020." *Id*. (citing Ex. 1011 (the District Court's Claim Construction Order)).

In its Reply, Petitioner argues that "[t]his factor may be neutral because Patent Owner . . . points to no specific evidence in this case of how the district court will rule on the intended motion." Reply 1.

In its Sur-reply, Patent Owner argues that Petitioner's Reply fails to rebut Patent Owner's evidence that a stay is unlikely even if the *inter partes* review were instituted. Sur-reply 1.

On the record before us, neither party has produced evidence that a stay has been requested or that the District Court has considered a stay in the parallel litigation. Petitioner's assertion that it "intends to seek a stay if the Board institutes trial" (Pet. 66) is not sufficient evidence that a stay will likely be granted. A court determines whether to grant a stay based on the facts and circumstances of each specific case. Although Patent Owner cites to two cases in which the District Court denied stays (Prelim. Resp. 37; Sur-reply 1−2), we decline to infer, based on actions taken in a different case

with different facts, how the District Court would decide a stay should one be requested by the parties in the parallel related case.

Therefore, we find that this factor does not weigh for or against exercising our discretion to deny institution under § 314(a).

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

It is undisputed that the parallel trial is scheduled to begin on April 19, 2021. Pet. 67; Prelim. Resp. 36; Reply 1; Ex. 2001, 2. Nevertheless, Petitioner argues that "the Covid-19 pandemic has created substantial uncertainty as to the tentative trial date" and that "the Board has found this factor to be in favor of not exercising its discretion to institute under § 314(a)." Pet. 67 (citing *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 9–10 (June 16, 2020) (informative)).

Patent Owner counters that, even though the District Court in the parallel litigation has amended its Scheduling Order several times, "it has never ordered a change in the final fact or expert discovery deadlines and has never indicated any willingness to move the trial date." Prelim. Resp. 39 (citing Ex. 2019). Patent Owner argues that the circumstances here are different from those in *Sand Revolution*, where "the Board pointed to the district court's express inclusion of the qualifier 'or as available' for each calendared trial date as a factor weighing against discretionary denial." *Id*. Patent Owner contends that "[t]he Petition should also be denied because the parallel WDTX trial will occur nine months before a Final Written Decision

is due," and that even if the trial date were to be delayed, e.g., by three months, "the trial still would precede a final written decision by six months." *Id*. at 37−38 (citing Ex. 2001).

In its Reply, Petitioner advances two main arguments. First, Petitioner argues that, "even if the related litigation proceeds on schedule and the jury verdict occurs approximately nine months before the [Final Written Decision], the related litigation is expected to continue for another several months until *post-trial* motions are briefed and decided." Reply 1 (emphasis added).

Second, Petitioner argues that the Board "has recognized that district court trial dates, including in the WDTX, are uncertain given the ongoing COVID-19 pandemic." *Id*. at 2 (citing Ex. 1038 (The WDTX Tenth Supplemental Order Regarding Court Operations under the Exigent Circumstances Created by the COVID-19 Pandemic issued on November 18, 2020 ("WDTX Supplemental Order")); Ex. 1039 (Forth Standing Order Relating to Entry into the United States Courthouse Waco, Texas, issued on October 27, 2020, by Judge Albright ("Standing Order Relating to Entry into Waco Courthouse")). As support, Petitioner argues that "Chief Judge Gilstrap recently postponed patent trials in the Eastern District of Texas until March 2021," and that "[i]n the WDTX, Judge Albright will not resume patent jury trial until *mid-January 2021*." *Id*. (citing Ex. 1040 ("With Infections 'Dangerously Rising,' East Texas Federal Judge Halts Jury Trials Through March 2021"); Ex. 1041 (Order entered in *Solas Oled Ltd. v. Samsung Display Co., Ltd.*, 2:19-cv-00152-JRG (E.D. Tex.)); *Intri-Plex Technologies v. NHK International Corp.*, 3:17-cv-01097-EMC (N.D. Cal);

Exs. 1042, 1043) (emphasis added). Petitioner also avers that "Judge Albright has held only one patent jury trial, and that occurred after delays," so that "that trial did not begin until nearly two years after the complaint was filed." *Id*. (citing Ex. 1045 (setting trial for June 2020, but rescheduling for October 5, 2020, due to pandemic and litigants' concerns)). Petitioner argues that "Judge Albright currently has ten patent cases that are currently scheduled to go to trial before the trial in the related litigation." *Id*. at 3. Petitioner further contends that "according to one study, in '70% of trial dates . . . relied upon by the [Board] to [discretionarily] deny petitions' in view of WDTX litigation, the trial dates were continued after the Board's denial." *Id*.

In its Sur-reply, Patent Owner argues that Petitioner's "Reply fails to rebut [Patent Owner's] evidence that the scheduled trial date precedes *by 9 months* the Board's projected statutory deadline for a final written decision." Sur-reply 2. Patent Owner also contends that "Petitioner states, generically, that COVID-19 is causing delays, without providing any evidence of the likely impact on the *particular litigation* at issue," and that "Judge Albright has not changed the April 2020 trial date." *Id*. at 3.

We agree with Patent Owner, and we are not persuaded by Petitioner's arguments. At the outset, Petitioner's argument that "the related litigation is expected to continue for another several months until *post-trial* motions are briefed and decided" is misplaced. Reply 1 (emphasis added). We do not speculate as to the schedule for the *post-trial* motions. As the Board explained in *Fintiv*, "[i]f the court's *trial date* is earlier than the projected statutory deadline, the Board generally has weighed this factor in

favor of exercising authority to deny institution under *NHK*." *Fintiv*, Paper 11 at 9 (emphasis added). Here, the parallel trial in the District Court is scheduled to begin on April 19, 2021, more than *eight months* before a Final Written Decision would be due in this IPR proceeding. Pet. 67; Prelim. Resp. 36; Ex. 2001, 2. Therefore, this factor weighs in favor of exercising our discretion to deny institution under § 314(a).

Petitioner's reliance on *Sand Revolution* also is misplaced. Pet. 67. In *Sand Revolution*, the district court's trial date was changed several times. IPR2019-01393, Paper 24 at 8−9 (noting that "the parties have jointly moved the district court to extend schedule deadline twice; these motions were granted"); *id.* at 8 n.4 (noting that "it appears that the district court also amended its scheduling order at least two times"); IPR2019-01393, Ex. 1012 (updated trial date of September 28, 2020 (or as available) changed to November 9, 2020 (as available)); IPR2019-01393, Ex. 2004 (original trial date was April 7, 2020, changed to July 20, 2020 (or as available)); IPR2019-01393, Ex. 3003 ("Order Amending Scheduling Order" responding to a joint motion by the parties). In contrast here, Petitioner does not show that the trial date for the parallel litigation has been (or likely will be) changed. Indeed, as Patent Owner points out, the District Court "has never indicated any willingness to move the trial date" in this case. Prelim. Resp. 39; Ex. 2019; Ex. 2001, 2. Therefore, Petitioner's reliance on *Sand Revolution* is misplaced.

We also are not persuaded by Petitioner's argument that "the Covid-19 pandemic has created substantial uncertainty as to the tentative trial date." Pet. 67; Reply 2−3. Although we acknowledge the possibility of

a Covid-19 related delay, we generally take courts' trial schedules at face value absent some strong evidence to the contrary. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, 12−13 (PTAB May 13, 2020) (informative) ("*Fintiv DI*"). Moreover, even accounting for the possibility of a Covid-19 related delay, given the close proximity of the trial date to this Decision and the amount of time before our Final Written Decision (i.e., eight and a half months), we are unpersuaded that any such delay should materially alter our weighing of this factor. As Patent Owner points out (Prelim. Resp. 38−39; Sur-reply 2−3), Petitioner fails to provide sufficient evidence to show that the trial date has been changed or will be postponed. Exs. 2001, 2019 (the Scheduling Order still shows a trial date of April 19, 2021). Judge Albright has stated that he "definitely intend[s] to keep this case on track." Ex. 2002 (Telephonic Discovery Hearing, July 27, 2020) 39:6−12; *see also* Ex. 2003 (Telephonic Discovery Hearing, September 9, 2020) 21:20−22.

Furthermore, Petitioner's evidence regarding other cases (e.g., Chief Judge Gilstrap's cases in the Eastern District of Texas or other Judge Albright's cases) does not support Petitioner's position that the April 19, 2021, trial date for the parallel litigation will be postponed. Reply 2−3. The evidence relied upon by Petitioner shows that the presiding judges in the WDTX determine whether to postpone a trial based on the facts and circumstances of each specific case. Ex. 1038.

Notably, the WDTX Supplemental Order states that "[t]he court recognizes that not every division within the district is similarly situated" because "[t]he Western District of Texas is geographically large" and "[t]he public health situation related to the novel coronavirus in each division may

differ." *Id*. at 2. The WDTX Supplemental Order also states that "judges in individual divisions may determine that the conditions in their communities safely allow for an adequate spectrum of jurors and sufficient availability of attorneys" so that "courts in the district may opt to conduct jury trials within their respective division." *Id*. And "[a]ll civil and criminal jury trials scheduled to begin on any date from now through December 31, 2020, are continued to a date to be reset by each Presiding Judge."

Moreover, the Order Transferring Trial Venue in *VLSI Tech. LLC, v. Intel Corp.*, 6:19-cv-00254 (W.D. Tex.) (Ex. 1043), relied upon by Petitioner, shows that the courthouse in Waco "is currently open—for the scheduled trial in January" and that "the Court ORDERS that if the Austin courthouse does not reopen in time for a January trial, the trial for the -0254 case will be held in Waco." Ex. 1043, 1; *see also* Ex. 1039 (Standing Order Relating to Entry into Waco Courthouse) (stating that the courthouse in Waco "will remain open for business, but access to the building will be restricted").

Therefore, Petitioner's evidence regarding other cases does not support Petitioner's position that the April 19, 2021 trial date for the parallel litigation will likely be postponed.

In addition, we are not persuaded by Petitioner's assertion that "according to one study, in '70% of trial dates . . . relied upon by the [Board] to [discretionarily] deny petitions' in view of WDTX litigation, the trial dates were continued after the Board's denial." Reply 3 (citing Ex. 1044 (An article entitled "District Court Trial Dates Tend to Slip After PTAB Discretionary Denials" by Scott McKeown on July 24, 2020)). That study

expressly states that "WDTX shows a lower average delay"—namely, an average of *23 days*. Ex. 1044, 3. Even if we were to take that delay into account, this factor would still weigh in favor of exercising our discretion to deny institution under § 314(a) because the parallel trial in the District Court would begin more than *six months* before a Final Written Decision would be due in this proceeding. *See NHK*, Paper 8 at 20 (finding that "the advanced state of the district court proceeding . . . weighs in favor of denying the Petition under § 314(a)" because the district court trial was set to begin six months before the IPR proceeding concluded); *see also Fintiv*, Paper 15 at 13 (finding that "[b]ecause the currently scheduled District Court trial is scheduled to begin two months before our deadline to reach a final decision, this factor weighs somewhat in favor of discretionary denial in this case).

For the forgoing reasons, we are not persuaded by Petitioner's argument that "the Covid-19 pandemic has created substantial uncertainty as to the tentative trial date." Pet. 67; Reply 2−3.

Because the currently scheduled District Court trial is scheduled to begin *eight and a half months* before our deadline to reach a final decision, we find that this factor weighs in favor of exercising our discretion to deny institution under § 314(a).

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

In its Petition, Petitioner argues that "[a]side from the Court's Claim Construction Order, much of the Court's investment relates to matters untethered to validity." Pet. 70. Petitioner contends that "[u]nder similar

circumstances, the Board found that this factor at most weighed marginally in favor of denial of institution or was possibly neutral." *Id*. (citing *Sand Revolution*, Paper 24 at 10−11).

In its Preliminary Response, Patent Owner counters that "the parties and the WDTX court have invested heavily in the district court litigation—to the point that claim construction, all fact discovery, and all expert work will be complete before an institution decision is even issued." Prelim. Resp. 40−42 (citing Ex. 2018 (District Court's Claim Construction Order); Ex. 2001, 1 (First Amended Scheduling Order, showing "Close of Fact Discovery" was due on November 13, 2020, and "Opening Expert Reports" were due on November 20, 2020)).

In its Reply, Petitioner argues that its delay in filing the Petition "was reasonable and efficient in avoiding the submission of conflicting claim construction positions to the Board, and also reduces the likelihood of inconsistent claim construction findings." Reply 3.

In its Sur-reply, Patent Owner avers that "Petitioner admits intentionally waiting to file its Petition until after the *Markman* ruling" and that "Petitioner essentially admits strategically using the parallel litigation for purposes its future IPR petition." Sur-reply 4. Patent Owner also argues that, because "Petitioner served four separate expert reports relating to invalidity on November 20, 2020" and Patent Owner's "rebuttals to those reports are due December 18, 2020," Patent Owner "and its experts will have spent considerable time and resources analyzing and responding to Petitioner's Invalidity Contentions and invalidity reports long before the Board's deadline to issue its institution decision." *Id*.

We are not persuaded by Petitioner's arguments. Petitioner's reliance on *Sand Revolution* is misplaced. In *Sand Revolution*, the Board found that (1) "the district court's two-page *Markman* Order . . . does not demonstrate the same high level of investment of time resources as the detailed *Markman* Order in *Fintiv*"; (2) fact discovery was still ongoing; and (3) expert reports were not yet due. *Sand Revolution*, Paper 24 at 10−11 (citing *Fintiv DI* (denied institution because *Fintiv* factors weighed in favor of exercising discretion to deny institution)). In contrast here, after the parties each filed three briefs addressing claim construction issues in the District Court, i.e., opening, responsive, and reply briefs, the District Court issued a Final Claim Construction Order and a detailed Supplemental Claim Construction Order. Exs. 1011, 1019, 2018. In addition, the District Court's Scheduling Order shows the following deadlines have passed: Final Infringement and Invalidity Contentions, amendment to pleadings, fact discovery, opening expert reports, and rebuttal expert reports. Exs. 1019, 2001, 2019. Therefore, we find that the parties have invested significant resources in the parallel litigation, with some of the work relevant to patent validity, including claim construction, fact discovery, opening expert reports, and rebuttal expert reports.

Petitioner's timing in filing the Petition is also relevant to this factor. 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," that decision "may impose unfair costs to a patent owner." *Fintiv*, Paper 11 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, the record does not show that Petitioner acted expeditiously in filing this Petition. As Patent Owner points out, "Petitioner served its preliminary invalidity contentions, which included the references in the Petition, in early February 2020, yet chose to wait until the very last day of the one-year period in late June 2020 to file the Petition." Prelim. Resp. 42−43. Petitioner also admits waiting until after the *Markman* ruling to file its Petition and using the District Court's claim construction determination for purposes of its Petition. Sur-reply 4.

Therefore, weighing the facts in this particular case, including the time invested by the parties and the District Court in the parallel litigation, the extent to which the investment in the District Court proceeding relates to issues of patent validity, and the timing of the filing of the Petition, we find that this factor weighs in favor of exercising our discretion to deny institution under § 314(a).

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

This factor evaluates "concerns of inefficiency and the possibility of conflicting decisions" when substantially identical prior art is submitted in both the district court and the *inter partes* review proceedings. *Fintiv*, Paper 11 at 12.

In this regard, Petitioner argues that "[t]here will be no overlap between issues raised in this Petition and the related litigation" because

"Petitioner stipulates that, should an IPR be instituted, the art used in the grounds in this Petition will not be raised during trial in the related litigation," including Schwartz, Yee, Hasebe, Shipman, and the DMI specification. Pet. 70−71 & 71 n.9; Reply 4. Petitioner also argues that "the Petition asserts invalidity of claims 15 and 17, which are not being asserted in the litigation (and whose validity therefore cannot be challenged in the litigation)." Pet. 71. In its Reply, Petitioner further argues that "Petitioner challenges claims 3, 8, and 13−17, which are not asserted in the related litigation." Reply 4.

Patent Owner counters that Petitioner's stipulation would not bind Petitioner's co-defendants in the related litigation and Petitioner would benefit from its co-defendants' continued pursuit of invalidity on these grounds. Prelim. Resp. 43; Sur-reply 5. Patent Owner further avers that "Petitioner does not argue that the non-overlapping claims differ significantly in some way or that it would be harmed if institution of the non-overlapping claims is denied." Prelim. Resp. 44; Sur-reply 5.

We agree with Patent Owner that there is a significant overlap between the issues raised in the Petition and in the related parallel proceeding. Prelim. Resp. 43. And we are not persuaded by Petitioner's arguments.

At the outset, Petitioner argues in its Petition (Pet. 71) that claims 15 and 17 are not asserted in the related litigation, and then Petitioner argues in its Reply (Reply 4) that claims 3, 8, and 13−17 are not asserted in the related litigation. However, Petitioner submits no evidence to support either argument. "Attorney argument is not evidence." *Icon Health & Fitness,*

Inc. v. Strava, Inc., 849 F.3d 1034, 1043 (Fed. Cir. 2017). It is Petitioner's burden (not the Board's) to provide documents or other evidence that support Petitioner's arguments. *See Ericsson Inc. v. Uniloc 2017, LLC*, IPR2020-00420, Paper 10, 3 (PTAB Sept. 9, 2020) (Decision Denying Petitioner's Request for Rehearing) (noting that "the Board could not be faulted for not searching and reviewing every single document in the related litigation").

Also, the mere existence of non-overlapping claims does not support Petitioner's assertion that "[t]here will be no overlap between issues raised in this Petition and the related litigation." Pet. 70−71; Reply 4. Rather, "[t]he existence of non-overlapping claim challenges will weigh for or against exercising discretion to deny institution under *NHK* depending on the similarity of the claims challenged in the petition to those at issue in the district court." *Fintiv*, Paper 11 at 13 & 13 n.25 (citing *Next Caller, Inc. v. TRUSTID, Inc.*, IPR2019-00961, Paper 10 at 14 (PTAB Oct. 16, 2019) (denying institution, even though the petitions jointly involve all 52 claims of the patent and the district court parallel proceeding involves only 7 claims, because the claims all are directed to the same subject matter and petitioner does not argue that the non-overlapping claims differ significantly in some way or argue that it would be harmed if institution of the non-overlapping claims is denied)).

Here, Petitioner challenges the patentability of claims 1−3 and 6−17, which are directed to "restricting software operation within a license for use with a computer including an erasable, non-volatile memory area of a BIOS of the computer, and a volatile memory area." Ex. 1001, 6:59−8:31. As

Patent Owner points out, "Petitioner does not argue that the non-overlapping claims differ significantly in some way or that it would be harmed if institution of the non-overlapping claims is denied." Prelim. Resp. 44; Sur-reply 5; Pet. 70−71; Reply 4. Therefore, notwithstanding that there are some non-overlapping claims, this factor does not weigh against exercising our discretion to deny institution under § 314(a). *Fintiv*, Paper 11 at 13 & 13 n.25; *Next Caller*, Paper 10 at 14.

In addition, Petitioner's stipulation does not mitigate the "concerns of inefficiency and the possibility of conflicting decisions," nor does it ensure that an *inter partes* review is a "true alternative" to the parallel District Court proceeding. *Fintiv*, Paper 11 at 12.

In particular, Petitioner's stipulation is narrow, not a broad stipulation that includes "any ground raised, or that *could have been reasonably raised*." *See Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12, 19 (PTAB Dec. 1, 2020) (precedential) (noting that "Petitioner broadly stipulates to not pursue 'any ground raised or that could have been reasonably raised'") (emphasis added); *see also Sand Revolution*, Paper 24 at 12 n.5 (noting that a broad stipulation better addresses concerns of duplicative efforts and potentially conflicting decisions in a much more substantial way). Moreover, Petitioner does not dispute that its stipulation would not bind Petitioner's co-defendants in the parallel litigation. Prelim. Resp. 43; Reply 4. As Patent Owner points out, Petitioner's co-defendants remain free to pursue invalidity on the same grounds asserted in the Petition. Sur-reply 5.

Therefore, notwithstanding the stipulation, there will likely be overlap between the issues raised in the Petition and the parallel litigation. Because overlapping claims are challenged based on the same prior art in both the Petition and in the parallel litigation, we find that this factor weighs slightly in favor of exercising our discretion to deny institution under § 314(a).

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

It is undisputed that Petitioner is a co-defendant in the parallel litigation. Pet. 71−72; Prelim. Resp. 44; Reply 5; Sur-reply 5. Petitioner argues that "[t]his factor should be neutral given the AIA's goal to provide an alternative forum for questions of patentability." Reply 5.

"If a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact *against exercising discretion* to deny institution under *NHK*." *Fintiv*, Paper 11 at 13–14 (emphasis added). The Board determined in *Sand Revolution* that "[a]lthough it is far from an unusual circumstance that a petitioner in *inter partes* review and a defendant in a parallel district court proceeding are the same, or where a district court is scheduled to go to trial before the Board's final decision would be due in a related *inter partes* review, this factor weighs in favor of discretionary denial." *Sand Revolution*, Paper 24 at 12−13. In *Fintiv DI*, the Board determined that "[b]ecause the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial." *Fintiv DI*, Paper 15 at 15.

Here, as noted above, it is undisputed that Petitioner is a co-defendant in the parallel litigation. Pet. 71−72; Prelim. Resp. 44; Reply 5; Sur-reply 5. Therefore, this factor weighs in favor of exercising our discretion to deny institution under § 314(a).

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

The final *Fintiv* factor is a catch-all that takes into account any other relevant circumstances. The decision whether to exercise discretion to deny institution under § 314(a) is based on "a balanced assessment of all relevant circumstances in the case, including the merits." Consolidated Trial Practice Guide 58. A full merits analysis is not necessary as part of deciding whether to exercise discretion not to institute, but rather the parties may point out, as part of the factor-based analysis, particular "strengths or weaknesses" to aid the Board in deciding whether the merits tip the balance one way or another. *See Fintiv*, Paper 11 at 15−16.

Petitioner advances two main arguments for this factor. Pet. 72−73; Reply 5. First, Petitioner argues that "[i]t would be an efficient use of Board's resources to institute trial because this one proceeding would resolve the validity of the '941 patent for Petitioner, all other present defendants, and any future defendants." Pet. 72; *see also* Reply 5.

However, Petitioner's argument presumes that Petitioner will prevail in this IPR proceeding. If the Board were to institute and Petitioner ultimately loses, it would not resolve validity challenges raised by unrelated third parties, including the defendants in the District Court proceeding. The

District Court proceeding, in contrast, will resolve the validity issues between Patent Owner, Petitioner, and the other defendants, regardless who wins or loses in court.

Petitioner also does not explain why the parallel litigation could not resolve the validity of the asserted claims that are directed to the same or substantially the same subject matter. Pet. 72; Reply 5. We agree with Patent Owner that institution of a trial here "would be an inefficient use of Board resources in light of the 'advanced state' of the parallel district court litigation." Prelim. Resp. 35; *see also NHK*, Paper 8 at 20; *Fintiv*, Paper 11 at 13; *Next Caller*, Paper 10 at 14. Therefore, Petitioner's argument that "[i]t would be an efficient use of Board's resources to institute trial" is unavailing.

Second, Petitioner argues that "[t]he Petition is strong" as it provides two independent grounds of unpatentability for each of claims 1−2, 6−15 and 17 using combinations that the Office never substantively considered during prosecution of the application that resulted in the '941 patent. Pet. 73; Reply 5. However, our initial inspection of the merits on this preliminary record suggests Petitioner's challenges contain certain weaknesses and, taken as a whole, the strengths of the merits do not outweigh other factors in favor of discretionary denial. For example, Patent Owner identifies at least one weakness in each of the grounds asserted in the Petition. Prelim. Resp. 10−17, 22−25, 33−35; Sur-reply 6.

In the parallel litigation, Petitioner suggested that "memory of the BIOS" should be construed as "a memory that: (i) stores the BIOS; (ii) is not recognized by an operating system as a storage device; and (iii) does not

have a file system." Ex. 2012 (Defendants' Opening Claim Construction Brief), 19. Instead of applying its own claim construction, Petitioner's prior art analysis in the Petition applies a claim construction that was allegedly advanced by Patent Owner in the District Court. Pet. 10−11 n.4, 34−35. Even if we were to assume that Petitioner adopts that claim construction here in this IPR proceeding, Petitioner does not explain why that claim construction is a proper construction of the term "memory of the BIOS" in light of the Specification or prosecution history of the '941 patent. *Id*.

In its Preliminary Response, Patent Owner indicates that "Petitioner has misrepresented Patent Owner's claim construction arguments in the district court" and that Patent Owner "never argued that 'memory of a BIOS' includes *any* memory" as Petitioner suggests. Prelim. Resp. 12−14. Indeed, in its brief filed in the District Court, Patent Owner stated that the term "non-volatile memory of the BIOS" "does not require separate construction." Ex. 1009 (Plaintiff's Opening Claim Construction Brief), 16−17.[2] Patent Owner simply stated that, "consistent with the plain meaning of the word 'of,' the Federal Circuit has described the 'non-volatile memory of [a/the] BIOS' as 'memory space <u>associated with</u> the computer's basic input/output system (BIOS), <u>rather than other memory space</u>." *Id*. at 12 (quoting *Ancora Techs., Inc. v. Apple Inc.*, 744 F.3d 732, 733 (Fed. Cir. 2014) ("*Ancora v. Apple*")).

[2] Our citations to Exhibit 1009 refer to the page number on the bottom, right corner added by Petitioner.

In its Petition, Petitioner takes the position that Schwartz's EEPROM 250a teaches the claimed "non-volatile memory of the BIOS" under the Federal Circuit's interpretation in *Ancora v. Apple* "because it stores *part of* BIOS module 309." Pet. 9−11 n.4 (citing Ex. 1005, 8:17−19, Fig. 9) (emphasis added). However, other parts of Schwartz's EEPROM 250a store configuration module 307 and zip/zone module 305. Ex. 1005, 8:17−19, Fig. 9. Petitioner does not allege that these other modules themselves are associated with the computer's BIOS. Pet. 10−11. Significantly, Petitioner does not explain adequately why the entirety of EEPROM 250a, including the memory space that stores configuration module 307 and zip/zone module 305, is a "non-volatile memory of BIOS." Pet. 10−14. Moreover, Petitioner admits that claim 1 "requires the 'verification structure' to . . . be stored in the 'erasable, non-volatile memory of the BIOS,'" and that Schwartz's "authorization number (and hence the electronic signature) is stored in *configuration module 307*," not BIOS module 309. Pet. 14 (citing Ex. 1001, 6:64−67; Ex. 1005, 8:16−20, 10:25−28, 10:51−54, 11:37−38; Ex. 1002 ¶¶ 176−178) (emphasis added).

In addition, Petitioner takes the position that, under the Federal Circuit's interpretation in *Ancora v. Apple*, Shipman's BIOS memory 130 and *general-purpose* data storage 140 "are an erasable, non-volatile memory area of a BIOS" because the BIOS controls the access to general-purpose storage areas 140. Pet. 34−35 (citing Ex. 1008, 2:66−3:4, 3:25−29, Fig. 1). As Patent Owner points out (Prelim. Resp. 34−35), Petitioner in its District Court brief asserted that a "BIOS memory is 'used for storing programs that assist in the start-up of a computer,' *i.e.*, the BIOS software, and not any

other memory that is merely associated with the BIOS software," and that "[t]he Federal Circuit explicitly distinguished 'BIOS memory' from 'other memory in the computer,' and highlighted that the inventors were using the BIOS memory [b]ecause one could argue that every memory in a computer can somehow be 'associated with' the BIOS software in some way." Ex. 2014 (Defendants' Responsive Claim Construction Brief), 18 (citing *Ancora Techs., Inc. v. HTC Am., Inc.*, 908 F.3d 1343 (Fed. Cir. 2018) ("*Ancora v. HTC*")).[3] Significantly, Petitioner's argument that Shipman's general-purpose data storage is a "non-volatile memory of the BIOS" seems to be inconsistent with its position advanced in the parallel litigation and the Federal Circuit's interpretation in *Ancora v. HTC*. Pet. 6, 34−35, 41.

As noted above, a full analysis of the merits is not necessary to evaluate this factor. *See Fintiv*, Paper 11 at 15−16. It is sufficient here that at least certain aspects of Petitioner's grounds as to claim 1 (the sole independent challenged claim) appear to be weak. The merits, taken as a whole, do not tip the balance in favor of Petitioner and instead also weigh in favor of discretionary denial in a balanced assessment of all the circumstances.

Conclusion on Discretionary Denial Under § 314(a)

As noted in *Fintiv*, we consider the above six factors when taking "a holistic view of whether efficiency and integrity of the system are best

[3] Our citations to Exhibit 2014 reference the page number on the bottom left corner of the page.

served by denying or instituting review." *Fintiv*, Paper 11 at 6. As discussed above, factor 1 does not weigh for or against exercising our discretion to deny institution. Factor 4 weighs slightly in favor of exercising our discretion to deny institution. Factors 2, 3, 5, and 6 weigh in favor of exercising our discretion to deny institution under § 314(a). Accordingly, we exercise our discretion under § 314(a) to deny institution of review in the instant proceeding.

III. CONCLUSION

For the foregoing reasons, based on a balanced assessment of the circumstances of this case, we exercise our discretion under § 314(a) and deny the instant Petition requesting institution of *inter partes* review of the '941 patent.

IV. ORDER

For the foregoing reasons, it is hereby

ORDERED that the Petition is *denied* as to all challenged claims and no trial is instituted.

PETITIONER:

Anupan Sharma
Peter Chen
Gregory Discher
Sinan Utku
Richard Rainey
COVINGTON & BURLING LLP
asharma@cov.com
pchen@cov.com
gdischer@cov.com
sutku@cov.com
rrainey@cov.com
Samsung-Ancora-IPR@cov.com

PATENT OWNER:

Lawrence Cogswell
Timothy Meagher
Keith Wood
HAMILTON, BROOK, SMITH & REYNOLDS, P.C.
lawrence.cogswell@hbsr.com
timothy.meagher@hbsr.com
keith.wood@hbsr.com