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Paper 18
Date: August 23, 2022

Patent Trial and Appeal Board
PRECEDENTIAL
Designated: 08/23/22

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

CODE200, UAB; TESO LT, UAB; METACLUSTER LT, UAB; OXYSALES, UAB; and CORETECH LT, UAB,
Petitioner,

v.

BRIGHT DATA LTD.,
Patent Owner.

IPR2022-00861 (Patent 10,257,319 B2)
IPR2022-00862 (Patent 10,484,510 B2)[1]

Before KATHERINE K. VIDAL, *Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office*.

DECISION
Ordering Rehearing, Vacating the Decision Denying Institution, and Remanding to the Patent Trial and Appeal Board Panel for Further Proceedings

[1] This Order applies to each of the above-listed proceedings.

I. INTRODUCTION

On July 25, 2022, the Patent Trial and Appeal Board (PTAB or Board) issued Decisions Denying Institution of *Inter Partes* Review in IPR2022-00861 and IPR2022-00862, which also denied joinder of these proceedings with, respectively, IPR2021-01492 and IPR2021-01493. IPR2022-00861, Paper 17 (Decisions or Dec.[2]); IPR2022-00862, Paper 17. As is relevant to this Order, the Board denied institution under 35 U.S.C. § 314(a), exercising the Board's discretion to deny institution as set forth in *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i) (*General Plastic*). Dec. 16.

In its Decisions, the Board determined that the factors articulated in *General Plastic* weighed in favor of exercising discretion to deny institution under § 314(a). Dec. 10–11. Addressing factor 1 of *General Plastic* ("whether the same petitioner previously filed a petition directed to the same claims of the same patent"), the Board acknowledged the Petitioner's argument that similar patentability challenges the Petitioner previously asserted in prior petitions[3] were "not evaluated on the merits, and instead the

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[2] The analyses set forth in the Decisions in IPR2022-00861 and IPR2022-00862 are substantially similar. Accordingly, all citations are to IPR2022-00861, unless otherwise noted.

[3] IPR2020-01266 and IPR2020-01358 were filed on July 14, 2020, and July 28, 2020, respectively, by the same Petitioner in these proceedings. IPR2020-01266, Paper 5, 2, 73; IPR2020-01358, Paper 5, 2, 78. The Board exercised its discretion to deny institution under 35 U.S.C. § 314(a) based on *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (March 20, 2020) (precedential) (*Fintiv*). IPR2020-01266, Paper 18, 7, 12 (December 23, 2020); IPR2020-01358, Paper 11, 6, 11 (February 2, 2021).

denial[s were] based on discretionary grounds." *Id.* at 11–12 (citing Paper 13, 2). The Board explained, however, that the Petitioner's failure to offer a stipulation agreeing not to raise the grounds asserted in these *inter partes* reviews (IPRs) in related district court litigation "weigh[ed] strongly in favor of exercising discretion to deny institution and outweigh[ed] the fact that the Board did not substantively address the merits of the prior petition[s]." *Id.* at 12. The Board further analyzed factors 2–7 of *General Plastic* and determined to exercise discretion under 35 U.S.C. § 314(a) to deny institution. *See id.* at 12–16.

I have considered the Board's Decisions Denying Institution of *Inter Partes* Review, and I initiate a *sua sponte* Director review of those decisions to clarify the application of *General Plastic*. *See Interim process for Director review* §§ 13, 22 (providing for *sua sponte* Director review and explaining that "the parties to the proceeding will be given notice" if Director review is initiated *sua sponte*).[4]

II. DISCUSSION

General Plastic holds that the Board may deny a petition based on the discretionary authority of 35 U.S.C. § 314(a). *General Plastic* at 8. *General Plastic* sets forth non-exclusive factors for the Board to consider when determining whether to exercise discretion under § 314(a) to deny institution of review in order to address multiple, serial petitions:

1. whether the same petitioner previously filed a petition directed to the same claims of the same patent;

2. whether at the time of filing of the first petition the petitioner

[4] Available at https://www.uspto.gov/patents/patent-trial-and-appeal-board/interim-process-director-review.

knew of the prior art asserted in the second petition or should have known of it;

3. whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition;

4. the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;

5. whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;

6. the finite resources of the Board; and

7. the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.

General Plastic at 9–10.

In applying factor 1, the Board held that the Petitioner's failure to submit a *Sand Revolution II* stipulation[5] "weighs strongly in favor of exercising discretion to deny institution and outweighs the fact that the Board did not substantively address the merits of the prior petition." Dec. 12. I respectfully disagree. As the Board recently held, "allowing [a petitioner] the opportunity to pursue a decision on the merits" in a second-filed petition, when the first-filed petition was not evaluated on the merits, "best balances the desires to improve patent quality and patent-system efficiency against

[5] The Board noted that the "Petitioner here had the guidance provided by *Sand Revolution II*, and could have proffered such a stipulation, but did not do so." Dec. 12.

the potential for abuse of the review process by repeated attacks on patents." *Intel Corp. v. VLSI Tech. LLC*, IPR2022-00366, Paper 14 (June 8, 2022), 9–10. Holding otherwise would undercut the congressional grant to the United States Patent and Trademark Office of "significant power to revisit and revise earlier patent grants" as a mechanism "to improve patent quality and restore confidence in the presumption of validity that comes with issued patents." *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 272 (2016) (quoting H.R. Rep. No. 112-98, pt. 1, at 45, 48).

General Plastic factor 1 must be read in conjunction with factors 2 and 3. Where the first-filed petition under factor 1 was discretionarily denied or otherwise was not evaluated on the merits, factors 1–3 only weigh in favor of discretionary denial when there are "road-mapping" concerns under factor 3 or other concerns under factor 2. As *General Plastic* noted with regard to road-mapping:

> Multiple, staggered petitions challenging the same patent and same claims raise the potential for abuse. The absence of any restrictions on follow-on petitions would allow petitioners the opportunity to strategically stage their prior art and arguments in multiple petitions, using our decisions as a roadmap, until a ground is found that results in the grant of review.

General Plastic at 17.

Here, the Board found "no evidence of road-mapping." Dec. 13. Indeed, "road-mapping" concerns are minimized when, as in this case, a petitioner files a later petition that raises unpatentability challenges substantially overlapping with those in the previously-filed petition and the later petition is not refined based on lessons learned from later developments.

Although the Board considers factors 2, 4, and 5 "to assess and weigh whether a petitioner should have or could have raised the new challenges earlier" (*General Plastic* at 18), factor 2 may also be relevant to the consideration of factors 1 and 3. That said, the Board correctly found here that factors 2, 4, and 5 "have limited relevance." Dec. 13. I similarly find factor 7 to "have limited relevance," as the Board noted that "the one year statutory time period may be adjusted for a joined case under 35 U.S.C. § 316(a)(11)." Dec. 16.

Although the Board determined that it is inefficient to expend Board resources on this proceeding, under factor 6 (Dec. 14–15), I respectfully disagree. Rather, the Board's mission "to improve patent quality and restore confidence in the presumption of validity that comes with issued patents" outweighs the impact on Board resources needed to evaluate the merits of a petition. *Cuozzo Speed Techs.*, 579 U.S. at 272.

Given that (1) the first-filed petition, pertinent to factor 1, was discretionarily denied and the Board did not substantively address the merits of the prior petition; (2) there is no evidence of "road-mapping" related to factor 3 or other concerns of fairness related to factor 2; (3) factors 2, 4, and 5 were found to have limited relevance when it comes to a determination as to whether arguments should have been raised earlier; and (4) I find factor 7 to have limited relevance and factor 6 to be outweighed by the Board's mission to improve patent quality, the Patent Owner's concerns of fairness are outweighed by the benefits to the patent system of improving patent quality by reviewing the merits of the challenges raised in the petitions, which have not been addressed to date. *See General Plastic* at 16 (citing H.R. Rep. No. 112-98, pt. 1, at 40 (2011)).

No additional briefing from the parties is authorized. *See Interim process for Director review* § 13 (explaining that the Director may give the parties an opportunity for briefing if Director review is initiated *sua sponte*). The cases are remanded to the panel to consider the Patent Owner's remaining arguments, including those for discretionary denial under *Fintiv* and against the merits of the Petitioner's patentability challenges.

III. ORDER

Accordingly, based on the foregoing, it is:

ORDERED that *sua sponte* Director review of the Board's Decisions Denying Institution and Decisions Denying Motion for Joinder (IPR2022-00861, Paper 17; IPR2022-00862, Paper 17) are initiated;

FURTHER ORDERED that the Decisions Denying Institution and Decisions Denying Motion for Joinder are *vacated*;

FURTHER ORDERED that the cases are remanded to the panel for further proceedings consistent with this Decision; and

FURTHER ORDERED that the panel reconsider joinder after reconsidering the institution decisions.

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