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Paper 32
Date: December 3, 2024

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

NOKIA OF AMERICA CORPORATION,
Petitioner,

v.

ALEXANDER SOTO and WALTER SOTO,
Patent Owner.

IPR2023-00680 (Patent 9,887,795 B2)
IPR2023-00681 (Patent 10,263,723 B2)
IPR2023-00682 (Patent 10,771,181 B2)[1]

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

DECISION
Granting Director Review, Vacating the Decision on Institution, and Remanding to the Patent Trial and Appeal Board for Further Proceedings

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

This is the second time these matters have come before me on Director Review. I previously vacated the Board's first set of decisions denying institution and remanded the matters to the Board to issue new decisions on institution. Petitioner has again requested Director Review of the Board's second set of decisions denying institution. As explained below, I vacate the Board's second set of decisions denying institution and decline to discretionarily deny the petitions under either 35 U.S.C. § 325(d) or 35 U.S.C. § 314(a) in view of parallel district court proceedings. I remand these matters to the Board for further proceedings.

I. INTRODUCTION

On March 15, 2023, Nokia of America Corporation ("Petitioner") filed petitions seeking *inter partes* review of certain claims in three related patents: U.S. Patent Nos. 9,887,795 B2 ("the '795 patent"), 10,263,723 B2 ("the '723 patent"), and 10,771,181 B2 ("the '181 patent"). Paper 1 ("Pet.").[2] Alexander Soto and Walter Soto (collectively, "Patent Owner") filed a Preliminary Response in each proceeding, arguing, in part, that the Board should discretionarily deny institution under 35 U.S.C. § 325(d) or under 35 U.S.C. § 314(a) in view of parallel district court proceedings. Paper 6 ("Prelim. Resp."), 39–59. The Board agreed to deny institution of *inter partes* review in each proceeding pursuant to § 325(d). Paper 10 ("First Dec.").

Following Petitioner's request for Director Review (Paper 11) in each proceeding, I granted Director Review, vacated the Board's decisions

[2] For simplicity, I cite to papers and exhibits in IPR2023-00680 as representative. IPR2023-00681 and IPR2023-00682 include papers and exhibits that have substantially similar content, unless otherwise noted.

denying institution, and remanded the proceedings to the Board to "reassess[] whether discretionary denial under § 325(d) is appropriate." Paper 18 ("First Director Decision"), 9. I explained that the "Board did not sufficiently address" Petitioner's contentions that differences between its cited prior art and the references the Examiner used during prosecution were material to the Office's prior consideration of the art. *Id.* at 6 (citing Pet. 66–69; Paper 11, 6–7; First Dec. 19–23).

The Board then issued a decision on remand that again denied institution of *inter partes* review pursuant to § 325(d). Paper 26 ("Remand Dec." or "Remand Decision"). Petitioner again requested Director Review and argued that the Board's § 325(d) analysis improperly overlooks Petitioner's arguments that its cited prior art contains distinguishing features over references previously presented to the Office. Paper 29 ("Director Review Request" or "DR Req."), 1.

I have reviewed the Director Review Request, the Board's Remand Decision, the relevant papers, and the relevant exhibits of record in these proceedings.[3] I determine that Director Review of the Board's Remand Decision is appropriate. *See* 37 C.F.R. § 42.75(e)(2).

Mindful of the parallel district court proceedings, I have also undertaken a review of the remaining discretionary issue: whether the Board should exercise discretion to deny institution under 35 U.S.C. § 314(a), in view of *Apple Inc. v. Fintiv, Inc.* IPR2020-00019, Paper 11 (PTAB Mar. 20,

[3] On September 23, 2024, Patent Owner requested permission to file a response to Petitioner's Director Review Request. Ex. 3104. I denied Patent Owner's request because my decision is based on the existing record without need for further briefing. *Id.*

2020) (precedential) ("*Fintiv*"). *See* Pet. 70–74; Prelim. Resp. 52–59; *see also* Papers 8, 9, 21–24. I determine, based on my review of the parties' arguments, that exercising my discretion to deny institution of the Petition under *Fintiv* is not appropriate in these proceedings.

For the reasons set forth below, I respectfully vacate the Board's Remand Decision, decline to discretionarily deny the petitions under 35 U.S.C. § 325(d) or under 35 U.S.C. § 314(a) in view of *Fintiv*, and remand to the Board for further proceedings on the merits.

II. BACKGROUND

35 U.S.C. § 325(d) states that the Director may deny institution of an *inter partes* review if "the same or substantially the same prior art or arguments previously were presented to the Office." The Board[4] uses a two-part framework to evaluate whether to deny institution on this basis, assessing:

> (1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and (2) if either condition of [the] first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.

Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH, IPR2019-01469, Paper 6 at 8 (PTAB Feb. 13, 2020) (precedential).

Here, the issue is whether the Board adequately analyzed the first part of the *Advanced Bionics* framework. Petitioner does not rely on the same

[4] The Board institutes an *inter partes* review on behalf of the Director. 37 C.F.R. § 42.4(a).

references previously presented to the Office. *See* Pet. 66; Prelim. Resp. 40–41. For the independent claims, the Petitions include grounds relying on either U.S. Patent No. 6,879,640 B1 (Ex. 1005, "Agazzi '640") or U.S. Patent No. 7,933,341 B2 (Ex. 1009, "Agazzi '341") (collectively, the "Agazzi references") in combination with U.S. Patent No. 6,873,800 B1 (Ex. 1006, "Wei"). *See* Pet. 1–2. During prosecution of the application that issued as the '795 patent, the Examiner rejected the applicants' independent claim and various dependent claims as anticipated by U.S. Patent No. 6,603,822 B2 ("Brede") and rejected the remaining dependent claims as obvious based on Brede in combination with U.S. Patent No. 7,729,617 B2 ("Sheth") and Brede in combination with U.S. Published Appl. No. US 2007/0031153 A1 ("Aronson"). Ex. 1002, 121–129, 174–178.[5]

On remand, the Board found that both "substantially the same art and substantially the same arguments were previously presented to the Office." Remand Dec. 21; *see also id.* at 21–31. In particular, the Board found Petitioner relied upon each Agazzi reference for disclosing similar subject matter as Brede, and Petitioner relied upon Wei for disclosing similar subject matter as Aronson and Sheth. *Id.* at 22–23.

[5] During prosecution of the application that issued as the '723 patent, the Examiner allowed the application on the first action without rejection. IPR2023-00681, Ex. 1002, 50–53. During prosecution of the application that issued as the '181 patent, the Examiner did not reject the claims over prior art. IPR2023-00682, Ex. 1002, 74–88 (presenting a non-statutory double patenting rejection over the claims of the '723 patent), 122–131 (presenting a statutory double patenting rejection under 35 U.S.C. § 101 over the claims of the '723 patent).

In its Director Review request, Petitioner argues that the Board abused its discretion by failing to explain how a "large rack mounted OLT [optical line termination] with a separate and distinct rack mounted transmitter and receiver," as Brede teaches, is substantially the same as "a smaller OLT with a transmitter and receiver on the same integrated circuit," as Petitioner alleges the Agazzi references teach. DR Req. 12–13.[6]

III. ANALYSIS

I respectfully determine that the Board erred in finding that Brede is substantially the same prior art as either Agazzi '640 or Agazzi '341. I also conclude that the Board erred in finding that Petitioner's obviousness challenges involve substantially the same art or arguments as the Examiner's rejections during prosecution of the '795 patent. Accordingly, I determine that the Board erred in denying *inter partes* review under § 325(d).

The Board's analysis of the first part of the *Advanced Bionics* framework did not consider sufficiently the material differences between Brede and either Agazzi reference. Each Agazzi reference includes disclosures that are not present in Brede, i.e., disclosures addressing the alleged deficiencies in Brede that the applicants presented during patent prosecution. Specifically, during prosecution of the '795 patent, the applicants argued that Brede's separate transmitters and receivers were not "a pluggable optical transceiver, ***nor even just an optical transceiver***." Ex.

[6] Petitioner also argues the Board abused its discretion when comparing Wei to the references cited during patent prosecution. DR Req. 9–12. Because I decline to discretionarily deny institution owing to substantial differences between the Agazzi references and Brede, I do not address Petitioner's arguments regarding Wei.

1002, 70 (emphasis added); *see also id.* at 153 ("[T]he Brede optical elements (14, 16 of Fig. 3) are described as distinct elements that transmit and receive separately and NOT as a transceiver as in Applicants' claims."). The Examiner subsequently allowed the '795 patent without further explanation. *Id.* at 60 (Notice of Allowability); *see id.* at 56 (Notice of Allowance).

Petitioner relies on the Agazzi references' teachings and expert testimony to assert that, unlike Brede "with optical elements separate and outside the OLT device," each Agazzi reference "discloses an optical transceiver module where the transmitter and receiver optoelectronics are integrated within the transceiver module." Pet. 68 (citing Ex. 1003 ¶ 79; Ex. 1005, 16:9–14; Ex. 1009, 3:34–36, 4:61–65). At this stage of the proceedings, Patent Owner does not dispute Petitioner's arguments that each of the Agazzi references teaches an optical transceiver. *See* Prelim. Resp. 17–19, 26–27.

The Board found Petitioner's arguments distinguishing Brede from the Agazzi references to be "immaterial to the Examiner's prior consideration of whether Brede's OLT functions as a *pluggable* optical transceiver module as claimed." Remand Dec. 27. The Board held that the "[a]pplicant's arguments that ultimately overcame the rejection were focused on whether Brede's Figure 13 [sic] was *pluggable*." *Id.*

I respectfully disagree with the Board's analysis of the prosecution history because the Board did not adequately consider the applicants' argument that Brede also failed to disclose the claimed "optical transceiver." *Compare* Remand Dec. 27, *with* Ex. 1002, 70, 153. In view of the applicants' argument during prosecution that Brede fails to teach an optical

transceiver, I am persuaded by Petitioner's argument that the disclosure of optical transceivers in the two Agazzi references is a material difference between their teachings and Brede. *See* Ex. 1002, 70; *see also* Pet. 66–68.

For these reasons, I determine that Agazzi '640 and Agazzi '341 are not substantially the same prior art as Brede. In view of the material differences between the Agazzi references and Brede, I further determine that Petitioner's obviousness arguments relying on the Agazzi references are not substantially the same as the Examiner's anticipation rejection based on Brede.[7] In particular, Petitioner here argues that both Agazzi references disclose an optical transceiver module with integrated optoelectronics (unlike Brede's OLT), and Wei teaches how and why to package the optoelectronic components in a pluggable form factor (unlike the art previously considered). Pet. 68–69. The examination record does not support a conclusion that the Examiner considered these or substantially the same arguments. Thus, I decline to exercise my discretion to deny institution under § 325(d).

[7] The Board's Remand Decision also discusses the Board's institution decision discretionarily denying review in IPR2021-01358, noting high level similarities as to how the Petitioner mapped the prior art to the challenged claims in IPR2021-01358 and how Petitioner maps the prior art to the challenged claims in the instant Petitions. *See* Remand Dec. 28–29. IPR2021-01358, however, involved different prior art references than those at issue in the instant Petitions, and the Board's Remand Decision does not determine that the art or arguments in the prior IPR are substantially the same as those at issue here. *Id.* Thus, the Board did not rely on the prior IPR decision as a basis for applying § 325(d) in these cases.

IV. *FINTIV* ANALYSIS

Under 35 U.S.C. § 314(a), the Director has discretion to deny institution of an *inter partes* review. *SAS Inst. v. Iancu*, 138 S. Ct. 1348 (2018) ("[Section] 314(a) invests the Director with discretion on the question whether to institute review."). When determining whether to exercise discretion to deny institution in view of a parallel proceeding, the Board considers the following factors ("*Fintiv* factors"):

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.

Fintiv, Paper 11 at 5–6. "These factors 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 the time Petitioner filed the Petitions, the challenged patents were asserted against Petitioner in *NextGen Innovations, LLC v. Nokia of America Corporation*, No. 2:22-cv-00309 (E.D. Tex.) ("*Nokia I*"). Pet. 7; Paper 3, 1. The challenged patents were also asserted against other parties in three other district court proceedings. Pet. 7. The four district court proceedings were consolidated into *NextGen Innovations, LLC v. Fujitsu Network Communications, Inc.*, No. 2:22-cv-00307-JRG-RSP (E.D. Tex.). Pet. 7; Paper 3, 1. According to Petitioner, "[n]o dispositive judgments or claim

construction orders" had issued at that time, and jury selection was set for May 2024. Pet. 7.

Following the Board's first decision on institution, Patent Owner's real party-in-interest, NextGen Innovations, LLC filed a second district court action against Petitioner in *NextGen Innovations, LLC v. Nokia of America Corporation*, No. 2:23-cv-00637 (E.D. Tex.) ("*Nokia II*"). Paper 21, 1–2. The district court then deconsolidated *Nokia I* from the consolidated action, vacated the May 2024 trial date, and consolidated the two cases against Petitioner into *Nokia II*. *Id.* The district court set trial for October 2025 in *Nokia II*. Paper 25, 1.

Neither the Board's first decision on institution nor the Remand Decision addresses Patent Owner's arguments concerning whether to deny institution under *Fintiv* due to the parallel district court proceedings. The Board's first decision on institution issued a year ago in November 2023. *See* Paper 10. In May 2024, the Board authorized additional briefing providing updates and arguments relevant to the *Fintiv* analysis. Ex. 2012. That briefing shows that the parallel district court proceedings have continued to advance in the time since the Board's first decision on institution. *See* Papers 21–25 (discussing intervening updates in the parallel district court litigations). As I explain below, after reviewing the parties' arguments, I decline to exercise my discretion to deny institution under *Fintiv* regardless of whether the analysis is performed using the circumstances at the time of the Board's first decision on institution or the

circumstances as they exist today.[8] *See* Pet. 70–74; Prelim. Resp. 52–59; *see also* Papers 8, 9, 21–25; Ex. 1060.

With respect to *Fintiv* factor 1, Petitioner argued that this factor was neutral because no party had requested a stay of the parallel district court proceedings. Pet. 71. Patent Owner argued the district court conducting the proceedings rarely grants a stay of proceedings. Prelim. Resp. 53. The parties' post-remand briefing does not indicate that either party has requested a stay of the parallel district court proceedings or that the court has stayed those proceedings. *See* Papers 21–25. I deem this factor neutral. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (PTAB May 13, 2020) (informative) ("We decline to infer . . . how the District Court would rule should a stay be requested by the parties in the parallel case here.").

With respect to *Fintiv* factor 2, at the time of the first decision on institution, a trial in the then-pending consolidated district court proceeding was scheduled for May 2024, which the parties agreed was consistent with the court's median time-to-trial statistics. Pet. 71–72; Prelim. Resp. 54. Patent Owner argued the district court trial would occur prior to the issuance of a final written decision. Prelim. Resp. 54. However, Petitioner argued that due to "the potential length of the trials, and post-trial motions, it is likely that the district court proceedings will not be completed before the final written decision." Pet. 71. Thereafter, the district court vacated the

[8] The parties dispute whether the *Fintiv* analysis should be performed under the circumstances that existed at the time of the original institution decision or under circumstances as they exist today. *See* Paper 21, 3–4; Paper 24, 1. I decline to decide that issue here; the outcome is the same either way in this case.

May 2024 trial date, and scheduled a new trial date in *Nokia II* for October 2025, which is also consistent with the court's median time-to-trial statistics. *See* Paper 21, 1–3; Paper 25, 1. As such, if the Board were to institute the proceedings at this point, the final written decisions are likely to issue a few months after the currently scheduled district court trial date. I deem this factor to weigh marginally in favor of denying institution due to the similar schedule for issuing the final written decisions and the district court trial date. As the USPTO Guidance Memo[9] explains, however, when the other *Fintiv* factors are neutral or weigh against denying institution, as is the case here, "the proximity to trial should not alone outweigh all of those other factors." Guidance Memo 8.

With respect to *Fintiv* factor 3, at the time of the first decision on institution, the parties in the parallel district court proceedings had exchanged contentions and discovery requests, and were in the process of briefing claim construction. Pet. 72; Prelim. Resp. 54. However, the district court had not issued a claim construction order or other orders related to the challenged patents. *See* Prelim. Resp. 54 (indicating the claim construction hearing was scheduled for later in November); Pet. 72. Although the district court proceeding has progressed since the Board's first decision on institution, the parties are still completing fact discovery, and have yet to complete expert discovery or claim construction briefing in *Nokia II*. *See*

[9] *See* USPTO Memorandum, *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* ("Guidance Memo") (June 21, 2022), available at https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf.

Papers 21–25; Ex. 1060. Whether considered at the time of the first decision on institution or under the present circumstances, I deem this factor to weigh against denying institution. *See Fintiv*, Paper 11 at 10 ("If . . . the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution.").

With respect to *Fintiv* factor 4, Petitioner submitted a "*Sand Revolution*" stipulation, agreeing not to "pursue invalidity against the asserted claims in the district court using the specific combination of prior art references set forth" in its Petitions. Pet. 73. Patent Owner argued that Petitioner's stipulation does little to avoid overlapping issues in district court because Petitioner could still rely on the Agazzi '341 and Agazzi '640 references "in combination with any other secondary reference related to pluggable form factors." Prelim. Resp. 55. In view of Petitioner's narrowly scoped stipulation, I deem this factor to weigh marginally against denying institution. *See Sand Revolution II, LLC v. Continental Intermodal Grp. - Trucking LLC*, IPR2019-01393, Paper 24 at 11–12 (PTAB June 16, 2020) (informative).

I agree with the parties that *Fintiv* factor 5 is neutral. Pet. 73; Prelim. Resp. 56; Paper 21, 2; Paper 22, 5.

With respect to *Fintiv* factor 6, Patent Owner argued denial is warranted because Petitioner had not provided discovery into its real parties-in-interest. Prelim. Resp. 56–59; Paper 9, 2–5. Patent Owner, however, does not explain how discovery into real parties-in-interest would be relevant to these proceedings before the Board. *See* Prelim. Resp. 56 (arguing this information is relevant to whether other real parties-in-interest would be subject to the 35 U.S.C. § 315(e)(2) estoppel provisions in the

parallel district court proceedings); *see also SharkNinja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11 at 18 (precedential) (PTAB Oct. 6, 2020) (declining to address real party-in-interest issues where it would not create a time bar or estoppel for Petitioner). On this record, I deem this factor neutral.[10]

I take "a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review" when considering the six *Fintiv* factors. *Fintiv*, Paper 11 at 6. Having considered the parties' arguments, I am not persuaded that the interests of efficiency and the integrity of the system would be best served by invoking my authority under § 314(a) to discretionarily deny institution.

For the reasons discussed above, I decline to exercise my discretion to deny the Petitions in view of the parallel district court proceedings.

V. CONCLUSION

I respectfully vacate the Board's Remand Decision denying institution, and decline to discretionarily deny institution pursuant to § 325(d) or under § 314(a) in view of the parallel district court proceedings. I further remand to the Board to determine whether the Petitions present a reasonable likelihood of prevailing with respect to at least one of the challenged claims under § 314(a), and to determine whether to institute *inter partes* review accordingly.

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[10] Under *Fintiv* factor 6, the parties also disagree as to the merits of the Petitions. *See* Pet. 73–74; Prelim. Resp. 56. Given that, on balance, *Fintiv* factors 1–5 weigh against denial, it is appropriate to remand to the Board to evaluate the merits of this case to decide whether Petitioner has shown a reasonable likelihood that at least 1 of the claims challenged in the Petition is unpatentable.

VI. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Director Review is granted;

FURTHER ORDERED that the Board's Remand Decision denying institution of *inter partes* review in each captioned proceeding is vacated; and

FURTHER ORDERED that the cases are remanded to the Board for further proceedings consistent with this decision.

IPR2023-00680 (Patent 9,887,795 B2)
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