

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ENSIGN US SOUTHERN DRILLING LLC,
Petitioner,

v.

C&M OILFIELD RENTALS, LLC
D/B/A C-MOR ENERGY SERVICES,
Patent Owner.

IPR2023-00804
Patent 10,976,016 B2

Before NORMAN H. BEAMER, KEVIN C. TROCK, and
JULIA HEANEY, *Administrative Patent Judges*.

HEANEY, *Administrative Patent Judge*.

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

I. INTRODUCTION

Ensign US Southern Drilling LLC (“Petitioner”) filed a Petition to institute an *inter partes* review of claims 1, 2, and 23 of U.S. Patent No. 10,976,016 B2 (Ex. 1001, “the ’016 patent”). Paper 2 (“Petition” or “Pet.”). C&M Oilfield Rentals, LLC d/b/a C-Mor Energy Services (“Patent Owner”) filed a Preliminary Response. Paper 6 (“Prelim. Resp.”).

Institution of an *inter partes* review is authorized by statute when “the information presented in the petition . . . 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.” 35 U.S.C. § 314(a) (2018). Upon consideration of the Petition, the Preliminary Response, and the evidence of record, we determine that Petitioner has established a reasonable likelihood that it would prevail in showing the unpatentability of at least one claim challenged in the Petition. Accordingly, we institute an *inter partes* review of all claims and all grounds asserted in the Petition.¹

A. Related Proceedings

The parties identify the following litigation involving the ’016 patent: *C&M Oilfield Rentals, LLC D/B/A C-Mor Energy Services v. Ensign US Southern Drilling LLC*, Civil Action No. 4:22-cv-00965, Southern District of Texas, Houston Division (served April 1, 2022) and *C&M Oilfield Rentals, LLC v. Apollo Lighting Solutions, Inc. and Cleantek Industries, Inc.*, Civil Action No. 6:21-CV-00544-ADA, Western District of Texas,

¹ *Guidance on the Impact of SAS on AIA Trial Proceedings* (Apr. 26, 2018), <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial>; see also *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359–60 (2018).

Waco Division. Pet. 93; Paper 4, 1. Patent Owner notes that this litigation was dismissed on December 8, 2022. *Id.*

Petitioner also identifies the following litigation involving the '016 patent: *Nabors v. C&M*, Case No. 4:22-cv-02140, Southern District of Texas, Houston Division. Pet. 93.

B. The '016 patent

The '016 patent, titled “Elevated Structure-Mounted Lighting System,” describes lighting systems that may be used on drilling rigs to ensure safe and continuous operation of well sites. Ex. 1001, code (54), 1:12–14. The '016 patent explains that, in order “[t]o ensure even and effective lighting of the well site, lighting systems have previously been installed on the uppermost portion of the drilling rig, also referred to as the ‘crown’ of the rig.” *Id.* at 1:14–17. The '016 patent further explains that “[p]rior art lighting systems for drilling rigs are fixed, monolithic structures that are typically crown or frame systems, with a single size and layout accommodating one type of light and rig.” *Id.* at 1:23–26.

According to the '016 patent, a prior art “single structural unit” is “heavy and typically require[s] cranes along with multiple workers for installation, removal, and adjustments.” *Id.* at 2:26–28. The '016 patent describes that “[a] typical rig lighting frame system may require between 6 and 12 hours for installation.” *Id.* at 1:29–30. According to the '016 patent, “before a derrick can be moved, the lighting systems must be removed—again with all of the necessary equipment and personnel—and a similar amount of time may be required for uninstallation.” *Id.* at 1:30–33.

Figure 1 from the '016 patent, reproduced below, depicts “a prior art crown-mounted frame-based lighting system.” *Id.* at 1:63–64.

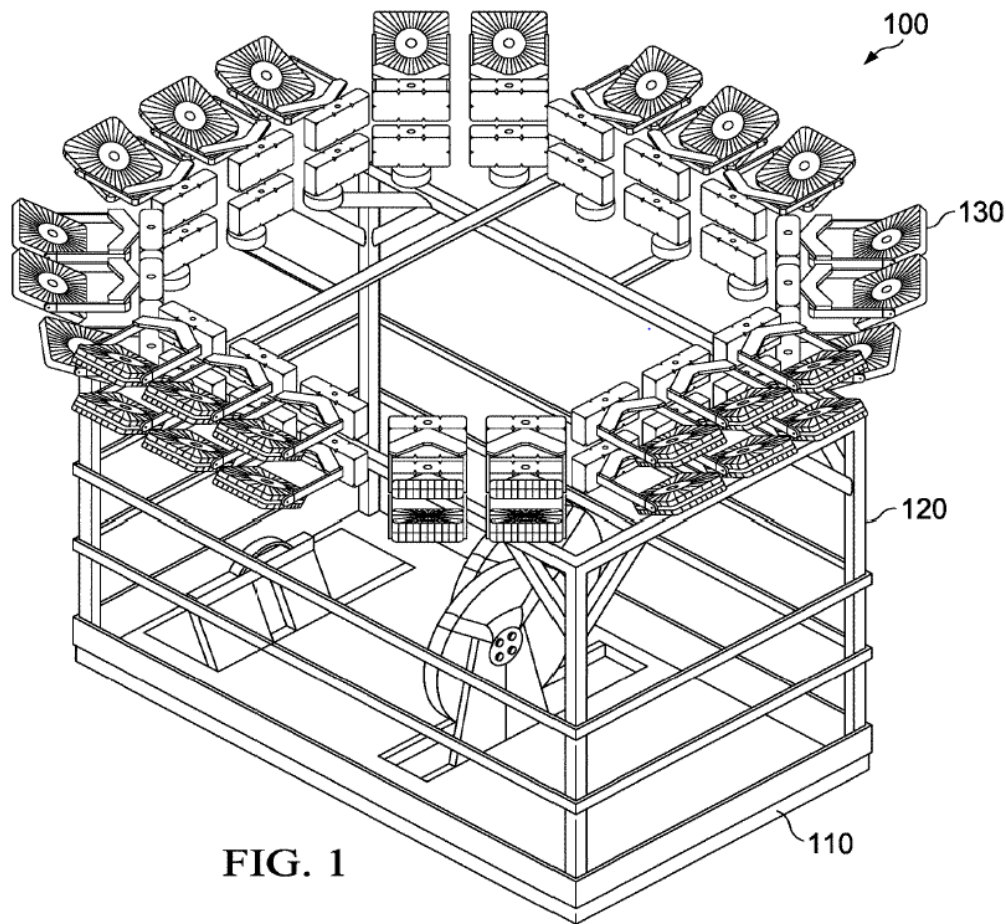


FIG. 1

Figure 1 above shows a prior art lighting system 100 built from a single frame 120, which includes multiple frame lights 130 rigidly fixed onto the frame 120. *Id.* at 2:25–29. The '016 patent explains that “frame 120 may be installed on the crown 110, or top, of a drilling rig such that the ground around the drilling rig is illuminated when in use.” *Id.* at 2:30–32.

The '016 patent describes a purportedly improved light system 200, which is modular and assembled using multiple standalone pieces that may be configured to different structures. *Id.* at 2:53–55. Figure 3 from the '016 patent, reproduced below, is an elevation view of three embodiments of an improved elevated structure mounted lighting system shown in relation to a crown deck. *Id.* at 2:1–3.

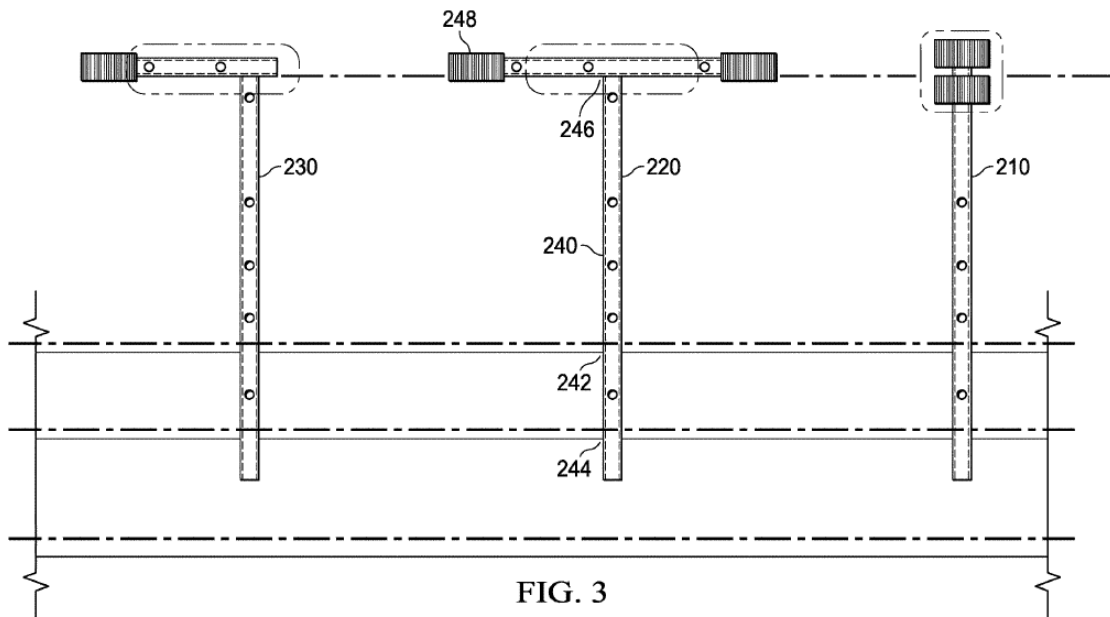


Figure 3 above shows light units 210, 220, and 230, which may include mounting pole 240, bracket for a top rail 242, bracket for a bottom rail 244, cap 246, and light fixture 248. *Id.* at 2:63–65. The bracket for top rail 242 and bracket for bottom rail 244 may be used to attach light mounting pole 240 to rails 205 of a crown deck (dashed lines) of a drilling rig using U-shaped bolts or straps. *Id.* at 2:63–3:1.

C. The Challenged Claims

Petitioner challenges claims 1, 2, and 23 (“the challenged claims”) of the ’016 patent. Pet. 7. Claim 2 depends from claim 1. Claims 1 and 23, reproduced below, are illustrative of the subject matter of the challenged claims:

1. A modular lighting system mounted on a rig, the modular lighting system comprising:
a plurality of light units, each light unit separately attached to a crown deck of the rig, and each light unit comprising:
a mounting pole;

a light fixture comprising one or more lights; and
a bracket configured to attach the mounting pole to the crown deck of the rig.

Ex. 1001, 7:31–39.

23. A rig comprising:

a derrick;

a crown deck at the top of the derrick; and

a plurality of light units, each light unit separately attached to the crown deck, each light unit comprising:

a mounting pole, wherein each light unit comprises a separate mounting pole, such that the system comprises a plurality of mounting poles; and

a light fixture comprising one or more lights, the light fixture coupled to the mounting pole.

Ex. 1001, 8:39–48.

D. Asserted Grounds of Unpatentability

Petitioner asserts the following grounds of unpatentability:

Challenged Claim(s)	35 U.S.C. ²	Reference(s)/Basis
1, 2, 23	§ 102(b)	Gowanlock ³
1, 2, 23	§ 103	Gowanlock, Swivelpole ⁴

² The Leahy-Smith America Invents Act (“AIA”) included revisions to 35 U.S.C. § 103 that became effective on March 16, 2013. Because the ’016 patent issued from an application filed after March 16, 2013, we apply the AIA versions of the statutory bases for unpatentability.

³ PCT Pub. No. WO 2018/0423348 A1 to Gowanlock, published Feb. 13, 2003 (Ex. 1003).

⁴ *SwivelpoleTM Product Catalogue NEC V2–4*, 1–28, Mar. 2014 (Ex. 1004).

Challenged Claim(s)	35 U.S.C. ²	Reference(s)/Basis
1, 2, 23	§ 103	Chinese '413, ⁵ Swivelpole, Admitted Prior Art (“APA”) ⁶
1, 2, 23	§ 103	Magnalight Video, ⁷ APA

Pet. 11. Petitioner relies on the Declaration of Jake Hamdan (Ex. 1008).

II. ANALYSIS

A. Claim Construction

We apply the same claim construction standard that would be used to construe the claims in a civil action under 35 U.S.C. § 282(b). 37 C.F.R. § 42.100(b). Under that standard, claim terms “are generally given their ordinary and customary meaning” as understood by a person of ordinary skill in the art at the time of the invention. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–13 (Fed. Cir. 2005) (*en banc*). “In determining the meaning of the disputed claim limitation, we look principally to the intrinsic evidence of record, examining the claim language itself, the written description, and the prosecution history, if in evidence.” *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 469 F.3d 1005, 1014 (Fed. Cir. 2006) (citing *Phillips*, 415 F.3d at 1312–17).

Petitioner argues no claim term needs “to be expressly construed for purposes of this IPR because the plain and ordinary meaning applies.” Pet.

⁵ CN 203215413 to Dai Haifeng et al., published Sept. 15, 2013 (Ex. 1005).

⁶ US Patent No. 10,976,016 B2, 1:14–17; 1:23–39; 2:25–32; Fig. 1 (Ex. 1001).

⁷ Larson Electronics/Magnalight YouTube video *available at* <https://www.youtube.com/watch?v=EWXJeKNRs00> (copyright 2004–2012) (Ex. 1006).

20. Petitioner proposes, however, that we apply the constructions which were adopted by the court in the related Western District of Texas proceeding (*see supra* Section I.A) of the following claim terms:

- “crown deck” (claims 1, 2, and 23),
- “mounting pole” (claims 1 and 23),
- “bracket” (claims 1 and 2),
- “attached” (claims 1 and 23),
- “connected” (claim 2), and
- “coupled” (claim 23)

Pet. 20–22. Patent Owner also proposes that the Board apply these claim constructions. Prelim. Resp. 6, fn.1.

In view of the parties’ agreement with regard to construction of the claim terms listed above, we apply the constructions set forth in the Claim Construction Order and Memorandum dated April 7, 2022, from the related Western District of Texas proceeding (Ex. 1009, 17–18) in our analysis of Petitioner’s challenges below. We note that the agreed constructions of all of the above terms are essentially ordinary meaning and we do not discuss them further in our analysis of Petitioner’s challenges, except for the term “crown deck.” The construction of “crown deck” is:

A “crown” is the collection of structures at the uppermost portion of a drilling rig, and the “crown deck” is a collection of structures within the crown that includes a walking surface, parts supporting the walking surface, and any associated handrail.

Ex. 1009, 17.

B. Level of Ordinary Skill in the Art

Factors pertinent to a determination of the level of ordinary skill in the art include “(1) educational level of the inventor; (2) type of problems encountered in the art; (3) prior art solutions to those problems; (4) rapidity with which innovations are made; (5) sophistication of the technology; and (6) educational level of workers active in the field.” *Envtl. Designs, Ltd. v. Union Oil Co. of Cal.*, 713 F.2d 693, 696–697 (Fed. Cir. 1983) (citing *Orthopedic Equip. Co. v. All Orthopedic Appliances, Inc.*, 707 F.2d 1376, 1381–82 (Fed. Cir. 1983)). Not all such factors may be present in every case, and one or more of these or other factors may predominate in a particular case. *Id.*

Petitioner argues a person of ordinary skill in the art at the time of the invention “would have had at least a bachelor’s degree in petroleum engineering, mechanical engineering, civil engineering, construction, architecture, or a similar degree with a year or more experience working on or around rigs, such as a drilling rig, where one or more lighting systems were used to illuminate the wellsite.” Pet. 19 (citing Ex. 1008 ¶¶ 42–43). Petitioner further argues that “[a]dditional practical experience would substitute for lack of a formal degree.” Pet. 19 (citing Ex. 1008 ¶ 44).

Patent Owner does not dispute the level of ordinary skill in the art. *See generally* Prelim. Resp. For purposes of this decision, we adopt Petitioner’s definition of the level of ordinary skill in the art because it is consistent with the ’016 patent and the asserted prior art.

C. Principles of Law

“Anticipation requires that every limitation of the claim in issue be disclosed, either expressly or under principles of inherency, in a single prior

art reference,” *Corning Glass Works v. Sumitomo Elec. U.S.A., Inc.*, 868 F.2d 1251, 1255–56 (Fed. Cir. 1989), and that the claim limitations be “arranged or combined in the same way as recited in the claim[],” *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008). However, “the reference need not satisfy an *ipsissimis verbis* test.” *In re Gleave*, 560 F.3d 1331, 1334 (Fed. Cir. 2009).

A claim is unpatentable under 35 U.S.C. § 103 if “the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” *KSR Int’l Co. v. Teleflex, Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations, including (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of ordinary skill in the art; and (4) when available, evidence such as commercial success, long felt but unsolved needs, and failure of others. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966); *see KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [Graham] factors continue to define the inquiry that controls.”).

The Supreme Court made clear that we apply “an expansive and flexible approach” to the question of obviousness. *KSR*, 550 U.S. at 415. Whether a patent claiming the combination of prior art elements would have been obvious is determined by whether the improvement is more than the predictable use of prior art elements according to their established functions. *Id.* at 417. Reaching this conclusion, however, requires more than merely

showing that the prior art includes separate references covering each separate limitation in a challenged claim. *Unigene Labs., Inc. v. Apotex, Inc.*, 655 F.3d 1352, 1360 (Fed. Cir. 2011). Rather, obviousness additionally requires that a person of ordinary skill at the time of the invention “would have selected and combined those prior art elements in the normal course of research and development to yield the claimed invention.” *Id.*

D. Ground 1: Alleged Anticipation Based on Gowanlock

Petitioner contends Gowanlock anticipates claims 1, 2, and 23. Pet. 51. In support, Petitioner and Mr. Hamdan provide a limitation-by-limitation analysis of claims 1, 2, and 23 with specific citations to Gowanlock. Pet. 51–58; Ex. 1008 ¶ 81.

1. Overview of Gowanlock (Ex. 1003)

Gowanlock is titled “Drilling Rig With Attached Lighting System and Method.” Ex. 1003, code (54). Gowanlock describes a “method of providing lighting to a drilling rig site,” by attaching any number of light fixtures “directly to the crown of a drilling rig.” *Id.*, code (57). Gowanlock explains that “the light fixture contains a fixed or removable light fixture attachment connecting the light fixture to the crown.” *Id.* Gowanlock describes that a drilling rig may include “a derrick or mast and crown.” *Id.* ¶ 8.

Figure 1A from Gowanlock, reproduced below, depicts “a lighting system mounted on a drilling rig.” *Id.* ¶ 12.

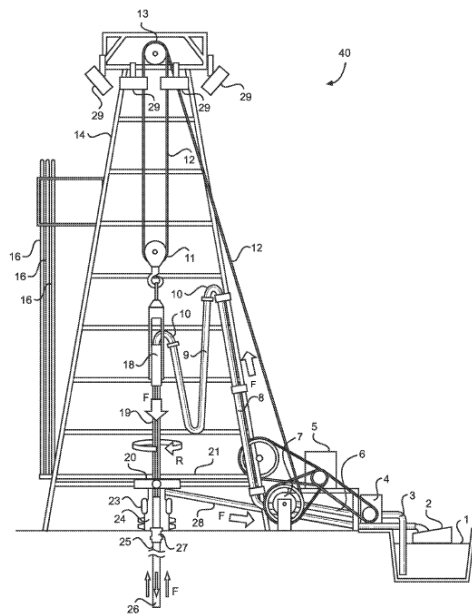
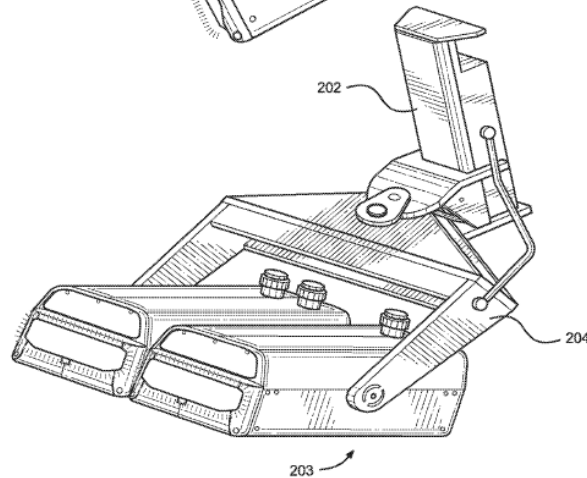
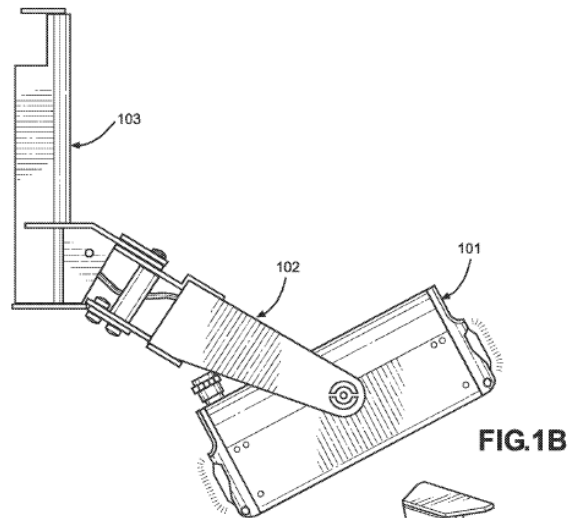


FIG. 1A

Figure 1A above shows a conventional drilling rig 40 having, *inter alia*, a plurality of lights 29 attached to the top of derrick 14 surrounding crown block 13. *Id.* ¶¶ 16, 17. Gowanlock explains that “[t]he light fixtures described herein (29) are shown attached directly to the crown.” *Id.* ¶ 19.

Figures 1B and 2 from Gowanlock, reproduced below, depict a side view and a perspective view of one embodiment of a light fixture, respectively. *Id.* ¶¶ 13, 14.

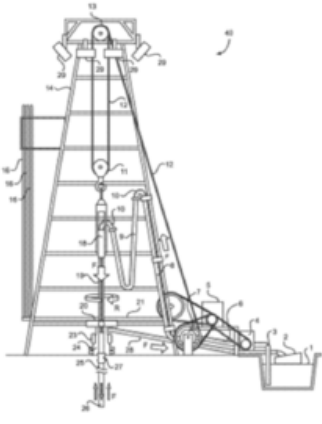
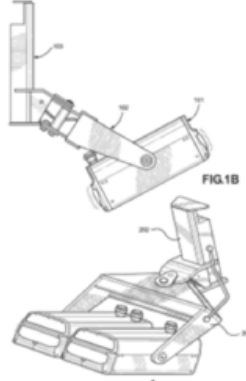
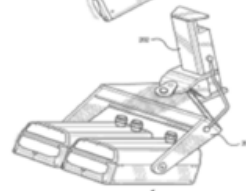


Figures 1B and 2 above shows that “light fixture (101 and 203) . . . is held by a bracket (102 and 204), which permits the light fixture to swivel both in a horizontal and vertical orientation.” *Id.* ¶ 19.

2. Analysis

Claims 1 and 23

Petitioner argues that Gowanlock discloses every limitation of claims 1 and 23. Petitioner presents a claim chart, reproduced below, identifying each limitation it asserts Gowanlock discloses:

	 FIG. 1A  FIG. 1B  FIG. 2
a mounting pole;	FIGs. 1A, 1B, and 2 above show a mounting pole for light fixtures 29. For example see 202 in Figure 1B.
a light fixture comprising one or more lights; and	FIGs. 1A, 1B, and 2 above illustrate a light fixture comprising one or more lights. See, for example, 29, in FIG. 1A above.

a bracket configured to attach the mounting pole to the crown deck of the rig.	FIGs. 1A, 1B, and 2 above illustrate a bracket configured to attach the mounting pole to the crown deck of the rig. [0019] The light fixture (101 and 203) as shown in this embodiment also in Figure 1B and in perspective view in Figure 2 is held by a bracket (102 and 204) which permits the light fixture to swivel both in a horizontal and vertical orientation. The brackets and mounting poles also allow mounting or affixing the lights to differently configured, designed, or configured crown decks, including handrails.
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Claim Language	
23. A rig comprising:	FIG. 1A above shows a rig.
a derrick;	A derrick 14 is shown in FIG.1A above.
a crown deck at the top of the derrick; and	A crown deck is shown at the top of the derrick in FIG.1A above.
a plurality of light units, each light unit separately attached to the crown deck, each light unit comprising:	FIGs. 1A, 1B, and 2 above of WO2018/042348 illustrate a plurality of light units wherein each light unit is separately attached to a crown deck of the rig..
a mounting pole, wherein each light unit comprises a separate mounting	FIGs. 1A, 1B, and 2 above show a separate mounting pole for each light
pole, such that the system comprises a plurality of mounting poles; and	unit. For example see 202 in Figure 1B.
a light fixture comprising one or more lights, the light fixture coupled to the mounting pole.	FIGs. 1A, 1B, and 2 above illustrate a light fixture comprising one or more lights wherein the light fixture is coupled to the mounting pole. See, for example, 29, in FIG. 1A above.

Pet. 51–57; Ex. 1008 ¶ 81.

Patent Owner contends Gowanlock does not anticipate claims 1 and 23 because it does not disclose: (1) a “‘crown **deck**,’ which is . . . a ‘collection of structures within the crown that includes a walking surface, parts supporting the walking surface, and any associated handrail” (Prelim. Resp. 12 (citing Pet. 19–20; Ex. 1008 ¶ 20)); (2) a mounting pole (Prelim. Resp. 14); and (3) “a bracket configured to attach the mounting pole to the crown deck of the rig,” because Gowanlock does not disclose either the recited “crown deck” or “mounting pole.” *Id.* at 16–17.

We agree with Patent Owner that Gowanlock does not disclose a crown deck, as required by claims 1 and 23. Patent Owner correctly sets forth the construction of “crown deck” the parties agree to apply here (*see* Section II.A above), which requires a walking surface. None of the figures of Gowanlock’s rig relied upon by Petitioner, i.e., Figures 1A, 1B, and 2, depict a walking surface.

The language of claim 1 also requires that a bracket “attach the mounting pole to the crown deck of the rig.” Petitioner asserts that Figure 1B depicts bracket 102, and Figure 2 depicts bracket 204. We do not agree with Petitioner that either structure 102 or 204 attaches a mounting pole to a crown deck, as claim 1 requires. According to Gowanlock, brackets 102 and 204 each connect a light fixture (101 and 203) to a light fixture attachment (103 and 202). Ex. 1003 ¶ 19. Therefore, Petitioner does not sufficiently show that Gowanlock discloses the recited bracket.

Having considered the evidence and arguments presented by both parties, we determine Petitioner has not shown a reasonable likelihood of prevailing on its anticipation challenge to claims 1 and 23.

Claim 2

Petitioner argues that Gowanlock discloses every limitation of claim 2, as follows:

Claim Language	
2. The lighting system of claim 1, wherein the bracket is connected to the crown deck of the rig using bolts.	FIGs. 1B and 2 above inherently employ bolts to connect the bracket to the crown deck. Further, bolts are a well-known attachment mechanism for use with brackets.

Pet. 57; Ex. 1008 ¶ 81.

Patent Owner asserts Gowanlock does not disclose bolts. Prelim. Resp. 19. Patent Owner argues nothing in Gowanlock shows that bolts are necessarily present or the natural result of Gowanlock's disclosure, and therefore Gowanlock does not inherently use bolts to connect the bracket to the crown deck. *Id.* Patent Owner further argues Mr. Hamdan's declaration does not identify bolts in Gowanlock's Figures 1B and 2. *Id.* at 20 (citing Ex. 1008 ¶ 75).

Petitioner has not demonstrated that Gowanlock's bracket is connected to the crown deck using bolts, or that bolts are necessarily present in Gowanlock's structure. Having considered the evidence and arguments presented by both parties, we determine Petitioner has not shown a reasonable likelihood of prevailing on its anticipation challenge to claim 2, based on Gowanlock.

E. Ground 2: Alleged Obviousness Based on Gowanlock and Swivelpole

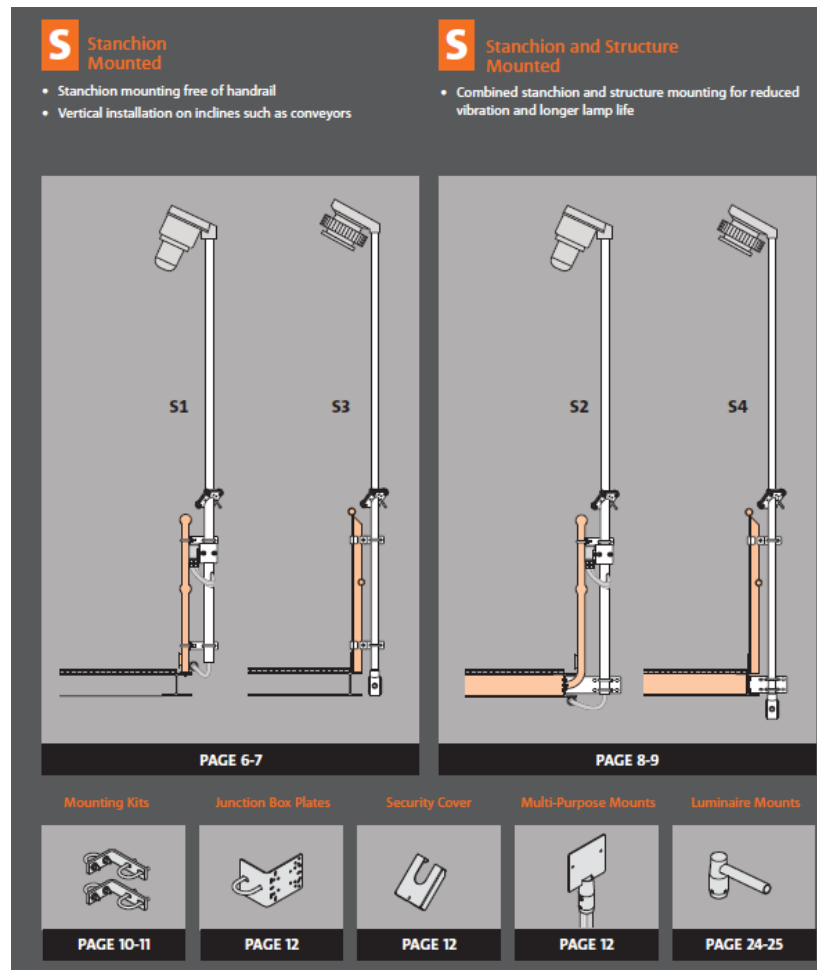
Petitioner contends the combination of Gowanlock and Swivelpole renders claims 1, 2, and 23 obvious. Pet. 58–69. In support, Petitioner and Mr. Hamdan explain where each limitation of the challenged claims is

disclosed in the references, and the reasons a person of ordinary skill would have been motivated to combine the disclosures of the references. *See, e.g., id.* at 33–38; Ex. 1008 ¶¶ 83–91.

1. Overview of Swivelpole (Ex. 1004)

Swivelpole is product literature that discloses a “High-Safety Luminaire Support System” for walkway lighting, platforms, stairways, etc. Ex. 1004, 6.⁸ Swivelpole discloses a light fixture on a pole that may be mounted in various configurations, and provides “mounting solutions for all applications.” *Id.* at 2. Models S1 and S3 of Swivelpole, reproduced below, depict mounting configurations.

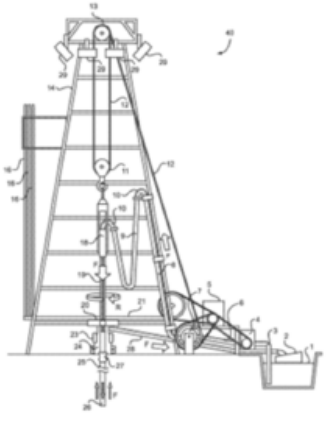
⁸ We refer to the page numbers applied to Exhibit 1004 by Petitioner.



Swivelpole depicts Models S1 and S3, shown above, that may be mounted “free of handrail” using commercially available “Mounting Kits” and “Multi-Purpose Mounts.” *Id.* at 6. Swivelpole discloses that the pole can be mounted to a column because “[i]t features a sturdy right-angle bracket which simply bolts to an existing structure.” *Id.* at 18.

2. The Parties’ Positions

Petitioner argues that the combination of Gowanlock and Swivelpole discloses every limitation of independent claims 1 and 23. Petitioner presents the claim charts reproduced below:

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Claim Language	WO2018/042348 and Swivelpole
1. A modular lighting system mounted on a rig, the modular lighting system comprising:	FIG. 1A shows a modular lighting system with each light unit independently mounted on a rig. A POSITA would readily employ lights, mounting poles, and brackets shown in the Swivelpole catalog to make a modular lighting system mounted on a rig.  FIG. 1A

a plurality of light units, each light unit separately attached to a crown deck of the rig, and each light unit comprising:

Gowanlock FIGs. 1A, 1B, and 2 below illustrate a plurality of light units wherein each light unit is separately attached to a crown deck of the rig.

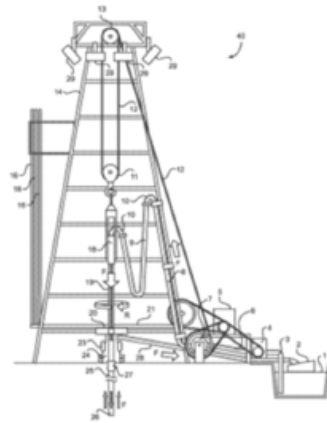


FIG. 1A

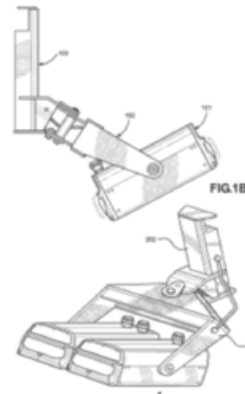


FIG. 1B

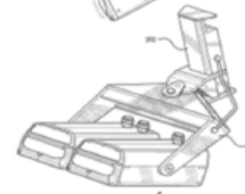
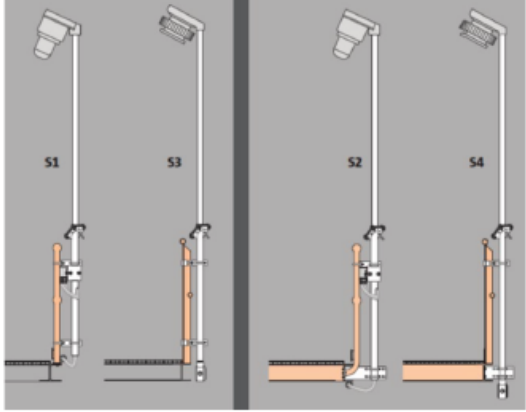


FIG. 2

A POSITA would readily employ the lights, mounting poles, and brackets shown in the Swivelpole catalog above to separately attach a plurality of light units to a crown deck or a hand railing, i.e., guard rail, around the crown deck.

	 Swivelpole catalog figure
a mounting pole;	Gowanlock FIGs. 1A, 1B, and 2 above show a mounting pole for light fixtures 29. For example see 202 in Figure 1B. A POSITA would readily employ the lights, mounting poles, and brackets shown in the Swivelpole catalog figure above.
a light fixture comprising one or more lights; and	FIGs. 1A, 1B, and 2 above illustrate a light fixture comprising one or more lights. See, for example, 29, in FIG. 1A above. The Swivelpole catalog figure above shows a light fixture comprising one or more lights.
a bracket configured to attach the mounting pole to the crown deck of the rig.	Gowanlock FIGs. 1A, 1B, and 2 above illustrate a bracket configured to attach the mounting pole to the crown deck of the rig. Gowanlock [0019] states “The light fixture (101 and 203) as shown in this embodiment also in Figure IB and in

	perspective view in Figure 2 is held by a bracket (102 and 204) which permits the light fixture to swivel both in a horizontal and vertical orientation.” The Swivelpole catalog figure above shows a bracket configured to attach the mounting pole to the crown deck or a hand railing, i.e., guard rail, around the crown deck.
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Pet. 65–68.

Claim Language	
23. A rig comprising:	FIG. 1A above shows a rig.
a derrick;	A derrick 14 is shown in FIG.1A above.
a crown deck at the top of the derrick; and	A crown deck is shown at the top of the derrick in FIG.1A above.

a plurality of light units, each light unit separately attached to the crown deck, each light unit comprising:	Gowanlock FIGs. 1A, 1B, and 2 above illustrate a plurality of light units wherein each light unit is separately attached to a crown deck of the rig. A POSITA would readily know to employ the lights, mounting poles, and brackets shown in the Swivelpole catalog above to separately attach a plurality of light units to a crown deck or a hand railing, i.e., guard rail, around the crown deck.
a mounting pole, wherein each light unit comprises a separate mounting pole, such that the system comprises a plurality of mounting poles; and	FIGs. 1A, 1B, and 2 above show a separate mounting pole for each light unit. For example see 202 in Figure 1B. Light units comprising a separate mounting pole for each light are depicted in the Swivelpole catalog above and a POSITA would know to use a plurality.
a light fixture comprising one or more lights, the light fixture coupled to the mounting pole.	FIGs. 1A, 1B, and 2 above illustrate a light fixture comprising one or more lights wherein the light fixture is coupled to the mounting pole. See, for example, 29, in FIG. 1A above. The Swivelpole catalog above shows a light fixture coupled to a mounting pole.

Pet. 65–69; Ex. 1008 ¶ 83.

Petitioner presents a claim chart for dependent claim 2, reproduced below:

Claim Language	
2. The lighting system of claim 1, wherein the bracket is connected to the crown deck of the rig using bolts.	FIGs. 1B and 2 above inherently employ bolts to connect the bracket to the crown deck. The Swivelpole catalog figure above shows a bracket that may be connected to the crown deck or a hand railing, i.e., guard rail, around the crown deck using bolts. Further, bolts are a well-known attachment mechanism for use with brackets and/or crown decks as shown in, for example, the pictures that are in Exhibit 1012, 1012-A, and Exhibit 1013.

Pet. 68; Ex. 1008 ¶ 83.

Petitioner contends a person of ordinary skill in the art would have been motivated to combine the teachings of Gowanlock and Swivelpole for several reasons: (1) combining Swivelpole’s separately attached pole mounted lights with brackets to Gowanlock’s crown deck or the crown deck’s hand railing would have been a simple combination of known elements to obtain predictable results; (2) replacing Gowanlock’s separately attached crown deck lights with Swivelpole’s lights would have been a simple substitution of known elements for another to obtain predictable results; (3) “the Swivelpole products, which swivel to allow installation, adjustment, and maintenance of the light [fixtures], provide functionality and flexibility to the rig lighting envisaged by Gowanlock”; (4) “the combination addresses the known problems . . . with certain types of rig lighting that used heavy frames that added weight and were potentially difficult to install

because cranes were required”; and (5) the use of the known techniques of attaching lights with brackets and poles to a crown deck or the hand rail around a crown deck would have improved similar devices in the same way. Pet. 35–36. Petitioner contends a person of ordinary skill in the art would have reasonably expected the combination to succeed because lights with mounting poles attached with brackets have been attached to many items such as guardrails for years. *Id.* at 36.

Patent Owner argues Petitioner has not demonstrated a reasonable likelihood of prevailing on its obviousness challenge based on Gowanlock and Swivelpole. Prelim. Resp. 20–37. Patent Owner argues that neither reference discloses “a crown deck” “a mounting pole,” or “a bracket configured to attach the mounting pole to the crown deck of the rig,” as required by claims 1 and 23. *Id.* at 14, 23–27.

Patent Owner contends that the Petitioner fails to identify with particularity the proposed combination because “nearly every claim limitation is rendered obvious based on either (i) Gowanlock, ‘**and/or**’ (ii) Swivelpole, ‘**and/or**’ (iii) knowledge of a POSITA, ‘**and/or**’ (iv) common knowledge, **and** (vi) **any combination of these.**” Prelim. Resp. 22 (citing, *e.g.*, Pet. 59–69).

Patent Owner argues that Petitioner does not adequately identify a crown deck in Swivelpole. Prelim. Resp. 23–24. Patent Owner further argues Swivelpole is not intended for the demands of a rig’s crown deck, subject to vibrations from rig operation and the weather. *Id.* at 24. Later in its Preliminary Response, Patent Owner acknowledges that Petitioner identifies a crown deck in Swivelpole (*see* Prelim. Resp. 26–27 (citing Ex. 1008, 57)) but argues Petitioner’s assertion is ambiguous and unsupported.

Patent Owner similarly argues that Petitioner's identification of a bracket in Swivelpole is ambiguous and unsupported. *Id.* at 27.

Patent Owner argues Petitioner fails to explain how Gowanlock's heavy light fixture "could be combined atop Swivelpole's long, slender pole." Prelim. Resp. 25. Patent Owner argues the combination "would be impractical and unsafe."⁹ *Id.*

Patent Owner argues that Petitioner fails to show that Swivelpole discloses bolts connecting the bracket to the crown deck. Prelim. Resp. 28–29. Patent Owner argues that Petitioner's identification of bolts in Swivelpole is ambiguous, and further argues that Mr. Hamdan's testimony that bolts were well-known is insufficient. *Id.* at 29. Patent Owner further argues Mr. Hamdan's declaration should be given little to no weight because it "parrots the petition without providing any supporting evidence or technical reasoning." *Id.*

Patent Owner argues that Petitioner's "purported motivations to combine" are merely based on "unsupported catchphrases from" *KSR*, 550 U.S. at 416. Prelim. Resp. 29–34. For example, Patent Owner argues that Petitioner fails to explain how a person of ordinary skill would install the proposed lighting system resulting from the combination on a rig's crown deck (*id.* at 30), ignores problems faced in the field, including the height and location of installation and harsh environmental conditions (*id.* at 33–34), and refers to known problems in the industry by pointing solely to benefits described in the '016 patent. *Id.* at 33.

⁹ We note that a figure purportedly illustrating this assertion is missing from page 25 of the Preliminary Response, which includes an empty box with no figure inside.

Patent Owner further argues that none of Petitioner’s purported motivations to combine “are credible, supported, or free of hindsight.” Prelim. Resp. 34. For example, Patent Owner argues Mr. Hamdan’s opinion that lights with mounting poles attached with brackets have for years been commonly fabricated in oil field equipment is unsupported. *Id.* at 34.

Patent Owner further argues Petitioner fails to establish that a person of ordinary skill in the art would have had a reasonable expectation of success in combining Gowanlock and Swivelpole, because Petitioner “does not explain *how* Gowanlock could be combined with Swivelpole.” Prelim. Resp. 37. Patent Owner points to various features of the references, such as Gowanlock’s swivel bracket and Swivelpole’s “long slender pole” and argues Petitioner fails to explain how the distinct structures of Gowanlock and Swivelpole “could be physically combined, modified for combination, or how any specific combination would operate.” *Id.* at 37–38.

3. *Analysis*

Having considered the evidence and arguments presented by both parties, we determine on this preliminary record that Petitioner sufficiently shows that Gowanlock and Swivelpole teach or suggest all of the limitations in claims 1, 2, and 23, and has set forth a reasonable explanation of why a person of ordinary skill in the art would have combined the teachings of the references to arrive at the subject matter of the claims with a reasonable expectation of success.

As a preliminary matter, although we agree with Patent Owner that Petitioner’s “and/or” style of arguing how each claim limitation is disclosed is not preferred, in these circumstances it does not lead us to determine that Petitioner fails to describe the combination of references with particularity.

Further, Patent Owner's argument that Petitioner's description of this ground includes over a million possible combinations (Prelim. Resp. 22, emphasis omitted) is not persuasive.

Petitioner makes a sufficient showing that Swivelpole in combination with Gowanlock teaches a crown deck. Pet. 59–60. Page three of Swivelpole includes a photograph depicting a walking surface, parts supporting the walking surface, and a handrail, and the same structures are depicted in the drawings of the “Stanchion Mounted” and “Stanchion and Structure Mounted” options on page six of Swivelpole, which also states: “Applications: Walkway lighting, platforms, stairways, spiral stairways, conveyors.” Ex. 1004, 6. There is no dispute that Gowanlock discloses a rig or derrick. As to Patent Owner's argument that Petitioner's identification of a crown deck in Swivelpole is ambiguous, we find that Mr. Hamdan's explanation of the figures from page six of Swivelpole, which a person of ordinary skill in the art would have read in the context of the preceding pages of Swivelpole, is sufficient. Ex. 1008, 56. *See also In re Mouttet*, 686 F.3d 1322, 1331 (Fed. Cir. 2012) (“A reference may be read for all that it teaches, including uses beyond its primary purpose.”). For similar reasons, we also find that Petitioner's identification of a bracket in Swivelpole, as supported by Mr. Hamdan's declaration, is sufficient. *Id.* ¶ 57.

Patent Owner's argument that Swivelpole does not teach a crown deck because it would not withstand vibrations from rig operation and the weather is unsupported attorney argument. Patent Owner has not submitted evidence, such as an expert's declaration, to support its arguments.

We find that Petitioner makes a sufficient showing that Swivelpole teaches a mounting pole. Ex. 1008, 56–57. Patent Owner implicitly does

not dispute that Swivelpole discloses a mounting pole (*see* Prelim. Resp. 25, 37–38 (referring to Swivelpole’s “pole”)) but rather argues that a person of ordinary skill in the art would not have combined Swivelpole’s pole with other claim elements such as Gowanlock’s light fixture. *E.g., id.* at 25 (“Petitioner fails to explain how Gowanlock’s heavy under sling ‘light fixture attachment’ and lights could be combined atop Swivelpole’s long, slender pole.”). These arguments are unsupported by evidence and therefore not persuasive.

We find that Petitioner makes a sufficient showing that Swivelpole in combination with the knowledge of a person of ordinary skill teaches bolts connecting the bracket to the crown deck, as recited in claim 2. Ex. 1008, 57–58. Mr. Hamdan’s reasonable explanation that bolts are a well-known attachment mechanism for use with brackets and crown decks supports Petitioner. *Id.* (citing Exs. 1012, 1012-A, 1013). Patent Owner’s argument that Mr. Hamdan’s declaration should be given little to no weight because it parrots the petition is not persuasive. If declaration testimony is supported sufficiently and, in turn, supports contentions in the Petition, we do not give it little to no weight simply because it is repeated in the Petition.

We find that Petitioner sufficiently demonstrates a rational basis for a person of ordinary skill in the art to combine the teachings of Gowanlock and Swivelpole. *See* Pet. 35–36; Ex. 1008 ¶¶ 84–90. Patent Owner’s argument that Petitioner’s rationale for combining the references is insufficient because it repeats “catchphrases” from *KSR* is not persuasive. A sufficient rationale to demonstrate obviousness under *KSR* does not require a showing that a person of ordinary skill in the art would know how to physically combine structures taught by the references. The fact that the

references and challenged patent describe the same problems in the industry supports that the references are analogous art, but does not necessarily demonstrate hindsight in an obviousness rationale. Further, Patent Owner's argument as to problems faced in the field such as harsh environmental conditions is unsupported attorney argument.

We disagree with Patent Owner that Mr. Hamdan's testimony as to prior art methods of attaching mounting poles to guardrails in oil fields (*e.g.*, Ex. 1008 ¶ 87) is unsupported. We find that Mr. Hamdan's years of experience as an engineer in the oil and gas industry designing rigs supports his testimony. Ex. 1007.

Accordingly, we determine that Petitioner has shown a reasonable likelihood of prevailing on its obviousness challenge to claims 1, 2, and 23 based on a combination of Gowanlock and Swivelpole.

F. Ground 3: Alleged Obviousness Based on Chinese '413, Swivelpole, and APA

Petitioner argues the combination of Chinese '413, Swivelpole, and APA renders claims 1, 2, and 23 obvious. Pet. 70–80. In support, Petitioner and Mr. Hamdan describe where each limitation of the challenged claims is disclosed in the references, and the reasons a person of ordinary skill would have been motivated to combine the disclosures of the references. *See, e.g., id.* at 38–44; Ex. 1008 ¶¶ 92–102.

1. Overview of Chinese '413 (Ex. 1005)

Chinese '413 is titled “Novel Lighting Lamp Stand for Oil Drilling Rig Well Site.” Ex. 1005, code (54). Chinese '413 discloses

[b]oth the lighting height and lighting direction of the present utility model can be regulated and adjusted. When the present utility model is moved or transported, the lamp stand as a whole

can be put down, thus there will be no problems of excessive height or collision during lamp support transportation.

Ex. 1005, 2. Figure 1 of Chinese '413, reproduced below, depicts the lighting lamp stand for illuminating an oil drilling rig well site.

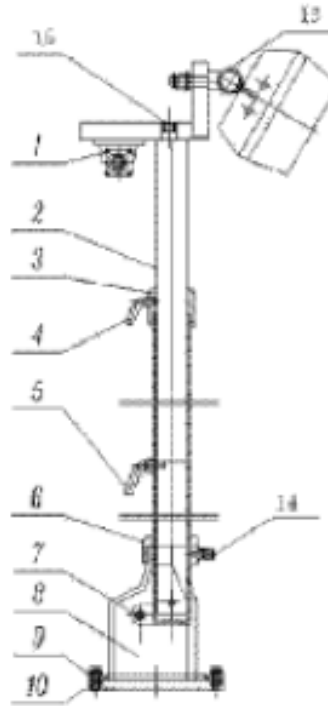


Figure 1 of Chinese '413, shown above, depicts

1. explosion-proof connector; 2. upper half part of the lamp stand; 3. lower half part of the lamp stand (pole); 4. bent handle top screw; 5. support top screw; 6. fixing sleeve (locking device); 7. pin shaft; 8. lamp base; 9. lamp base pressure plate; 10. lamp base bottom plate; 11. lamp fixing member; 12. lamp cross bar (suspension device); 13. Lamp head; 14. fixing screw; 15. guard wire apron.

Id. ¶ 18. Chinese '413 discloses that “[t]here is a fixing plate 10 under the lamp base, which can be welded on the top of a platform of a part that needs lighting.” *Id.* ¶ 23.

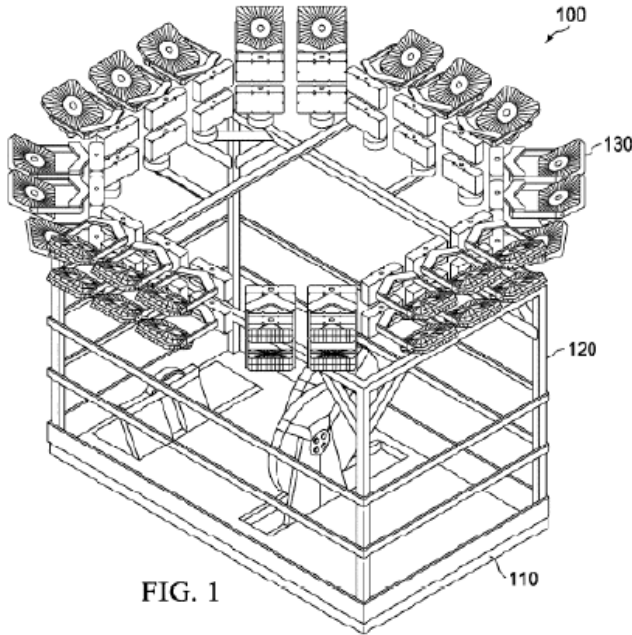
2. Overview of APA¹⁰ (Ex. 1001)

Petitioner relies on statements from the Background section of the '016 patent describing a specific prior art crown-mounted lighting system. Pet. 31–32, quoting Ex. 1001, 1:14–17, 1:23–29. Petitioner also relies on Figure 1 of the '016 patent and the description at Exhibit 1001, 2:25–32. Figure 1 is reproduced in Section 1.B above.

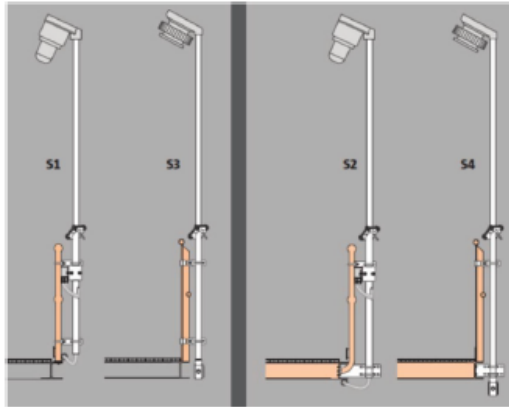
3. The Parties' Positions

Petitioner argues that the combination of Chinese '413, Swivelpole, and APA discloses every limitation of independent claims 1 and 23. Petitioner presents the claim charts reproduced below:

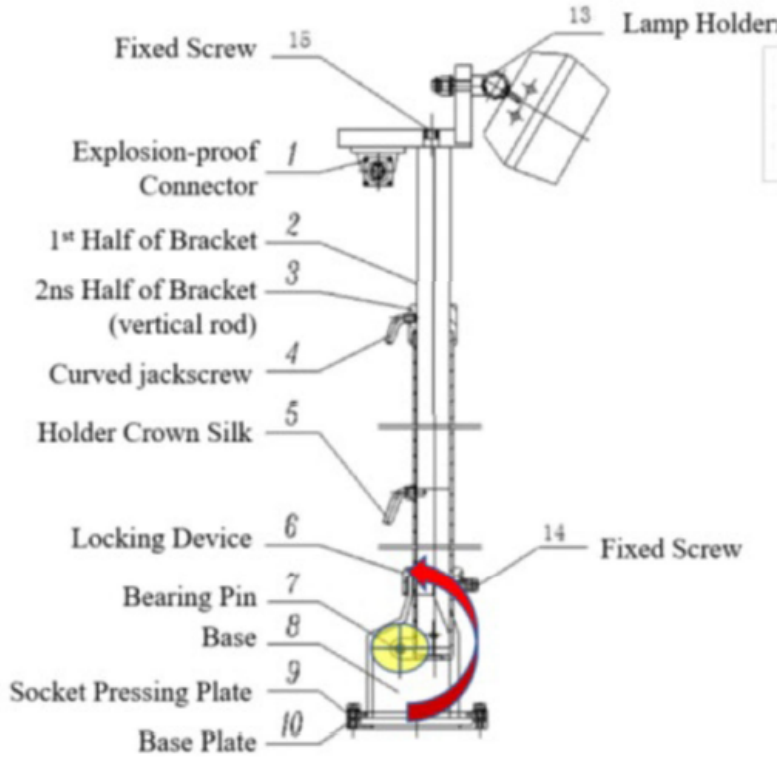
¹⁰ The Director issued a Memorandum addressing the use of “applicant admitted prior art” as the basis for an *inter partes* review challenge. See USPTO Memorandum, Updated Guidance on the Treatment of Statements of the Applicant in the Challenged Patent in Inter Partes Reviews Under § 311 (June 9, 2022), available at https://www.uspto.gov/sites/default/files/documents/signed_aapa_guidance_memo.pdf. That Memorandum states it is permissible in an *inter partes* review to use admitted prior art to supply missing claim limitations that were generally known in the art prior to the effective filing date of the claimed invention. *Id.* at 4. Petitioner’s APA falls within this category, and Patent Owner did not object to the reliance on APA in the Petition.

US 10,976,016 B2	
Claim Language	Swivelpole Catalog and Chinese '413 in light of Admitted Prior Art
1. A modular lighting system mounted on a rig, the modular lighting system comprising:	Prior art FIG. 1 from the '016 Patent shows a lighting system mounted on a rig.  FIG. 1 A POSITA would readily employ lights, mounting poles, and brackets shown in the Swivelpole or Chinese '413 to make a modular lighting system mounted on a rig as it is admitted in the

'016 Background that the existing system in Figure 1 is too heavy and difficult to install.



Swivelpole catalog figure
Chinese '413

	 FIG. 1
a plurality of light units, each light unit separately attached to a crown deck of the rig, and each light unit comprising:	A POSITA would readily employ the lights, mounting poles, and brackets shown in the Swivelpole catalog or Chinese '413 above to separately attach a plurality of light units to a crown deck or a hand railing, i.e., guard rail, around the crown deck.
a mounting pole;	A POSITA would readily employ the lights, mounting poles, and brackets shown in the Swivelpole catalog figure or Chinese '413 figure above.

a light fixture comprising one or more lights; and	The Swivelpole catalog figure and Chinese '413 figure above show a light fixture comprising one or more lights.
a bracket configured to attach the mounting pole to the crown deck of the rig.	The Swivelpole catalog figure and Chinese '413 figure above show a bracket configured to attach the mounting pole to the crown deck or a hand railing, i.e., guard rail, around the crown deck.
Claim Language	
23. A rig comprising:	FIG. 1 above shows a rig.
a derrick;	A derrick is shown in FIG.1 above.
a crown deck at the top of the derrick; and	A crown deck is shown at the top of the derrick in FIG.1 above.
a plurality of light units, each light unit separately	A POSITA would readily know to employ the lights, mounting poles, and brackets shown in the Swivelpole catalog above and Chinese '413 above to separately attach a plurality of light units

attached to the crown deck, each light unit comprising:	to a crown deck or a hand railing, i.e., guard rail, around the crown deck.
a mounting pole, wherein each light unit comprises a separate mounting pole, such that the system comprises a plurality of mounting poles; and	Light units comprising a separate mounting pole for each light are depicted in the Swivelpole catalog and Chinese '413 above and a POSITA would know to use a plurality.
a light fixture comprising one or more lights, the light fixture coupled to the mounting pole.	The Swivelpole catalog and Chinese '413 above shows a light fixture coupled to a mounting pole.

Pet. 76–80.

Petitioner presents a claim chart for dependent claim 2, reproduced below:

Claim Language	
2. The lighting system of claim 1, wherein the bracket is connected to the crown deck of the rig using bolts.	The Swivelpole catalog figure and Chinese '413 figure above show a bracket that may be connected to the crown deck or a hand railing, i.e., guard rail, around the crown deck using bolts. Bolts are a well-known attachment mechanism for use with brackets and/or crown decks.

Pet. 79.

Petitioner contends a person of ordinary skill in the art would have been motivated to combine the teachings of Chinese '413, Swivelpole, and APA for reasons similar to those in Ground 2: (1) combining Swivelpole's or Chinese '413's separately attached pole mounted lights with brackets to APA's crown deck or crown deck's hand railing would have been a simple combination of known elements to obtain predictable results; (2) replacing APA's crown deck lights with Swivelpole's lights would have been a simple substitution of known elements for another to obtain predictable results; (3) Swivelpole and Chinese '413 provide benefits of functionality and flexibility to APA's rig lighting; (4)) to improve upon the known technique of attaching lights with brackets and poles to a crown deck or hand rail around a crown deck. Pet. 42–43. Petitioner contends a person of ordinary skill in the art would have reasonably expected the combination to succeed because lights with mounting poles attached with brackets have been attached to many items such as guardrails for years. *Id.* at 42–43.

Patent Owner's arguments for this ground of unpatentability generally follow those for the ground above. *See* Prelim. Resp. 40–48. We highlight those arguments that are not repeated from Ground 2. Patent Owner focuses on Figure 1 of APA and asserts it is not a “crown deck” under our construction of that term because it is a “crown-mounted frame-based lighting system” (Prelim. Resp. 41, quoting Ex. 1001, 1:63–64) but not “a collection of structures *within the crown* that includes a walking surface, parts supporting the walking surface, and any associated handrail.” *Id.* Patent Owner acknowledges that Petitioner also relies on Swivelpole and Chinese '413 as disclosing a crown deck, but argues that Petitioner's assertion is ambiguous.

Patent Owner argues Chinese '413 does not disclose a bracket configured to attach the mounting pole to the crown deck of the rig. Prelim. Resp. 42. Patent Owner argues that Petitioner's identification of Chinese '413's Figure 1 mischaracterizes the reference by labeling items 2 and 3 as parts of a bracket. *Id.* at 42–43. Patent Owner further argues Chinese '413's only disclosure of attaching the lamp stand is by welding, not a bracket. *Id.* at 43.

4. Analysis

Having considered the evidence and arguments presented by both parties on this preliminary record, we have some doubts as to Petitioner's showing that the combination of Chinese '413, Swivelpole, and APA disclose a “crown deck” and “bracket.”

We agree with Patent Owner that APA expressly refers to Figure 1 as illustrating a crown. Ex. 1001, 2:25–32. The crown is element 110 in Figure 1. We note that Figure 2 also includes element 110, which it labels “Existing Crown Deck 110.” Ex. 1001, Fig. 2. Figure 2 is reproduced below:

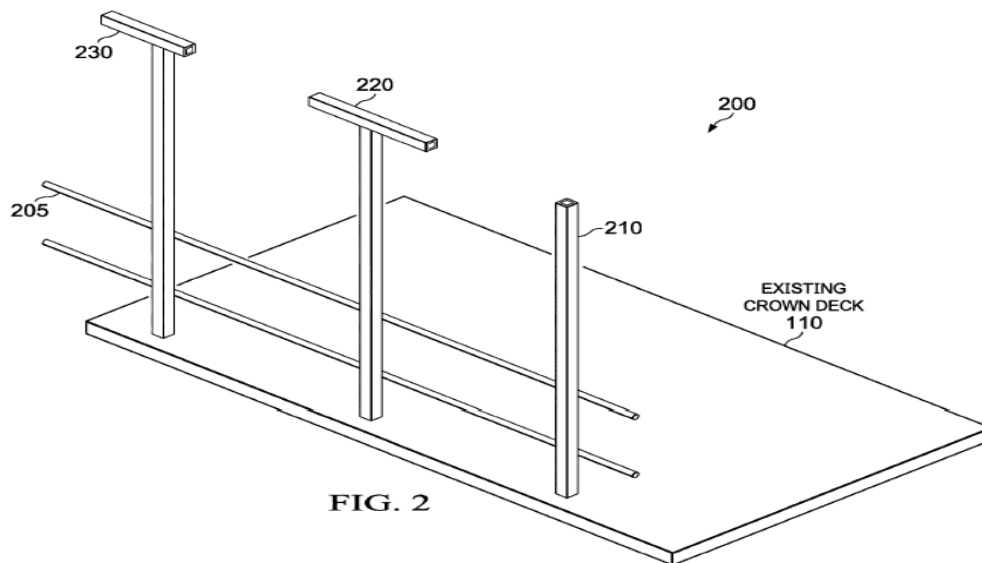


Figure 2 above shows light units 210, 220, and 230 mounted to a crown deck. The description of Figure 3 in the '016 patent also refers to a crown deck. Ex. 1001, 2:1–3. We find that a person of ordinary skill in the art would have understood from the depiction and description of Figures 2 in the '016 patent that Figure 1 includes a crown deck.

As to Petitioner's identification of a "bracket configured to attach the mounting pole to the crown deck or hand railing" in Chinese '413's Figure 1, we agree with Patent Owner that Petitioner's annotation of Figure 1 is inaccurate, and elements 2 and 3 are incorrectly labeled as parts of a bracket. We also agree with Patent Owner that the base plate of the lamp in Chinese '413's Figure 1 is described as follows: "[t]here is a fixing plate 10 under the lamp base, which can be welded on the top of a platform of a part that needs lighting." *Id.* ¶ 23.

Accordingly, we determine on this preliminary record that Petitioner has not shown a reasonable likelihood of prevailing on its obviousness challenge to claims 1, 2, and 23.

G. Ground 4: Alleged Obviousness Based on Magnalight Video and APA

Petitioner argues claims 1, 2, and 23 are rendered obvious by Magnalight Video in view of APA. Pet. 80–89. Petitioner presents a claim chart identifying each limitation it contends the combination of Magnalight Video and APA discloses, and explains the reasons it contends a person of ordinary skill would have been motivated to combine the disclosures of the references. *See, e.g., id.* at 44–50; Ex. 1008 ¶¶ 103–111. Petitioner's challenge in this ground generally follows the same format as the obviousness challenges we discuss above.

Patent Owner argues that Petitioner has not shown a reasonable likelihood of prevailing on its obviousness challenge in Ground 4. Prelim. Resp. 49–57. Patent Owner’s arguments for this ground of unpatentability generally follow those for the grounds above and repeats many of the arguments.

Based on the current record, and at this stage of the proceeding, we do not consider the merits of Petitioner’s challenge based on the combination of Magnalight Video and APA. Because Petitioner demonstrates that at least one claim of the ’016 patent meets the threshold for institution, we institute *inter partes* review on all challenges. *SAS Inst.*, 138 S.Ct. at 1359–60; *see also PGS Geophysical AS v. Iancu*, 891 F.3d 1354, 1360 (Fed. Cir. 2018) (interpreting the statute to require “a simple yes-or-no institution choice respecting a petition, embracing all challenges included in the petition”). We will address the merits of this challenge, if necessary, after a full development of the record during trial.

III. DISCRETION UNDER 35 U.S.C. § 314(a)

Patent Owner contends that we should exercise discretion to deny institution in favor of the parallel proceeding taking place in the U.S District Court for the Southern District of Texas. Prelim. Resp. 58. Patent Owner cites the discretionary-denial factors articulated in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”). *Id.* at 57–63. Petitioner opposes. Pet. 89–93.

Under § 314(a), the Director has discretion to deny institution of an *inter partes* review, and that discretion has been delegated to the Board. *See* 37 C.F.R. § 42.4(a) (“The Board institutes the trial on behalf of the Director.”); *SAS Inst.*, 138 S. Ct. at 1356 (“[Section] 314(a) invests the

Director with discretion on the question whether to institute review”
(emphasis omitted)).

Under *Fintiv*, we consider the following factors to assess whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of a parallel proceeding:

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 at 5–6. In evaluating these factors, we “take[] a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* at 6 (citing Patent Trial and Appeal Board Consolidated Trial Practice Guide, 58 & n.2 (Nov. 2019) (“CTPG”).

Subsequently, the Director issued additional guidance on the application of the *Fintiv* Factors. *See Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation*, issued June 21, 2022 (“Guidance Memo”).¹¹ Under the Guidance Memo “the PTAB will not rely on the *Fintiv* factors to discretionarily deny

¹¹ Available at https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621.pdf.

institution in view of parallel district court litigation where a petition presents compelling evidence of unpatentability.” *Id.* at 2.

[C]ompelling, meritorious challenges will be allowed to proceed at the PTAB even where district court litigation is proceeding in parallel. Compelling, meritorious challenges are those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.

Id. at 4. The application of the Guidance Memo is further guided by the precedential decisions of the Director in *OpenSky Indus., LLC v. VLSI Tech. LLC*, IPR2021-01064, Paper 102, 49–50 (Oct. 4, 2022) (precedential) and *CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 (Feb. 27, 2023) (precedential) (“*CommScope*”). Accordingly, we are instructed to consider compelling merits under the sixth *Fintiv* factor only after a determination that the first five *Fintiv* factors favor discretionary denial. *CommScope*, 4–5. “Compelling, meritorious challenges are those in which the *evidence*, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.” *Guidance Memo* 4 (emphasis added).

The Guidance Memo further states,

[c]onsistent with *Sotera Wireless, Inc.*, the PTAB will not discretionarily deny institution in view of parallel district court litigation where a petitioner presents a stipulation not to pursue in a parallel proceeding the same grounds or any grounds that could have reasonably been raised before the PTAB.

Id. at 3 (footnote omitted); see *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A).

We consider the parties’ contentions under the *Fintiv* factors below.

A. Factor 1: Whether the court granted a stay

Petitioner contends it “intends to move the Court to stay the litigation after filing this Petition and is planning to file IPR petitions challenging every claim asserted in the underlying case.” Pet. 90. Petitioner further contends “early stage and potential simplification weighs against the exercising of discretion.” *Id.*

Patent Owner contends Petitioner has not moved for a stay despite its alleged intent to do so, and in any event, a stay is unlikely. Prelim. Resp. 58. Patent Owner further contends the parallel proceeding “is advancing through claim construction proceedings and includes several issues that go beyond the scope of this proceeding. Only one of three causes of action in the district court case would be affected by a decision here.” *Id.* Patent Owner contends this factor is neutral or weighs in favor of discretionary denial. *Id.*

Due to the absence of a stay in the parallel proceeding, we determine that the considerations of the first *Fintiv* factor weigh slightly in favor of exercising discretionary denial.

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

Petitioner contends “if this IPR is instituted it would be complete months before the January 2025 trial date and simplify the issues for trial.” Pet. 90. Petitioner further contends “the uncertainty in litigation timelines regardless the set trial date, especially when within a few months of the expected FWD . . . are persuasive here.” *Id.* at 91. Petitioner contends this factor weighs against exercising discretionary denial. *Id.*

Patent Owner does not dispute the scheduled trial date in the parallel district court proceeding, but contends that in view of the median time-to-trial in the Southern District of Texas, the expected trial date is September

24, 2024, before the Final Written Decision is expected here. Prelim. Resp. 58–59. Patent Owner contends that with a FWD and trial date at roughly the same time, there could be conflicting decisions from the Board and the district court at nearly the same time, and the Federal Circuit would face potentially inconsistent decisions. *Id.* at 59. Patent Owner contends this factor is neutral or slightly weighs in favor of discretionary denial. *Id.* at 58.

Because of the scheduled trial date being several months after the statutory deadline for our Final Written Decision, and the unlikelihood that trial in the parallel proceeding would occur before the scheduled trial date, we determine that the considerations of the second *Fintiv* factor weigh against exercising discretionary denial.

C. Factor 3: Investment in the parallel proceeding

Petitioner contends that the third *Fintiv* factor weighs against exercising discretionary denial because no claim construction has occurred and the parties have made minimal investment in the parallel proceeding. Pet. 91.

Patent Owner contends this factor weighs strongly in favor of exercising discretionary denial because the parallel proceeding has been pending for over 16 months and the parties “have already committed substantial resources” Prelim. Resp. 59. Patent Owner contends the *Markman* hearing was set for August 24, 2023. *Id.* Patent Owner further contends that the filing of the Petition just days before the statutory deadline and over eight months after Petitioner identified Gowanlock in its amended answer, further weighs in favor of exercising discretionary denial. *Id.* at 60.

Having considered both sides’ arguments as to the investment in the parallel district court proceeding by the parties and the court, we determine

that the considerations of the third *Fintiv* factor weigh slightly in favor of exercising discretionary denial.

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

Petitioner contends that the Petition challenges all asserted claims of the '016 patent, and stipulates “if the Board institutes the petition, it will not seek resolution in the District Court on Grounds 1–4 asserted herein.” Pet. 92. Petitioner contends this weighs against exercising discretionary denial. *Id.*

Patent Owner agrees that there is substantial overlap between the challenges in the Petition and the invalidity contentions in the parallel proceeding. Prelim. Resp. 60–61. Patent Owner contends this factor weighs in favor of exercising discretionary denial, however, because Petitioner’s stipulation does not offer to withdraw all grounds that could have reasonably been raised in the Petition. *Id.* at 61 (citing *Sand Revolution II, LLC v. Cont’l Intermodal Group-Trucking LLC*, IPR2019-01393, Paper 24 at 12 n.5 (PTAB June 16, 2020) (informative)).

According to the Director’s Guidance Memo, we should not exercise discretion to deny institution where a petitioner submits a *Sotera* stipulation. Guidance Memo 3. Here, Petitioner’s stipulation is limited to “Grounds 1–4 asserted herein.” Pet. 92. Thus, we agree with Patent Owner that this stipulation is narrower than a *Sotera* stipulation, and we determine that it does not implicate the Guidance Memo’s prohibition against discretionary denial where a *Sotera* stipulation is presented.

Although Petitioner’s stipulation is not a *Sotera*-type stipulation, it does minimize the possibility of overlapping issues between the parallel proceeding and this proceeding, which both Petitioner and Patent Owner

agree are substantial. Accordingly, the considerations of the fourth *Fintiv* factor weigh against exercising discretionary denial.

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

Petitioner and Patent Owner agree that the parties in parallel proceeding are the same. Pet. 92; Prelim. Resp. 62. This *Fintiv* factor weighs in favor of exercising discretionary denial.

F. Factor 6: Other circumstances, including the merits

Petitioner contends that the challenged claims are anticipated or obvious in view of well-known art, but does not present a compelling merits analysis or raise additional circumstances impacting our exercise of discretion. Pet. 92. Patent Owner contends Petitioner does not present a compelling invalidity challenge sufficient to outweigh the preceding five factors. Prelim. Resp. 62. Thus, neither party addresses compelling merits in any detail.

According to the Director's Guidance Memo, we should consider compelling merits under the sixth *Fintiv* factor only after a determination that the first five *Fintiv* factors favor discretionary denial. *CommScope*, 4–5. Having evaluated the first five factors cumulatively as approximately neutral (i.e., two factors weigh against exercising discretionary denial, one factor weighs in favor of exercising discretionary denial, and two factors weigh slightly in favor of exercising discretionary denial), we determine that the circumstances here do not warrant an analysis of whether the Petitioner presents compelling merits, and the considerations of the sixth *Fintiv* factor are neutral in our analysis of exercising discretionary denial.

G. Conclusion

Having considered the parties' arguments and circumstances in view of the *Fintiv* factors, and taking into account Petitioner's stipulation, we determine that the circumstances here do not warrant exercising discretion under § 314(a) to deny institution.

IV. CONCLUSION

Based on the arguments in the Petition and the evidence of record, we determine that Petitioner has established a reasonable likelihood of prevailing with respect to at least one challenged claim of the '016 patent, and we institute *inter partes* review on all challenges raised in the Petition.

Our factual findings, conclusions of law, and determinations at this stage of the proceeding are preliminary, and based on the evidentiary record developed thus far. This is not a final decision as to the patentability of claims for which *inter partes* review is instituted. Our final decision will be based on the record as fully developed during trial.

V. ORDER

In consideration of the foregoing, it is hereby

ORDERED that an *inter partes* review of all challenged claims of the '016 patent is instituted with respect to all grounds set forth in the Petition; and

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(a), *inter partes* review of the '016 patent is hereby instituted commencing on the entry date of this Decision, and pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial.

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For PETITIONER:

Gregory L. Porter
gregporter@andrewskurth.com

Daniel Shanley
dshanley@kenyon.com

For PATENT OWNER:

Dion M. Bregman
Jason C. White
Erik C. Hawes
MORGAN, LEWIS & BOCKIUS LLP
dion.bregman@morganlewis.com
jason.white@morganlewis.com
erik.hawes@morganlewis.com