

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SONY INTERACTIVE ENTERTAINMENT LLC,
Petitioner,

v.

QUANTUM IMAGING LLC,
Patent Owner.

IPR2023-00995
Patent 10,846,941 B2

Before SCOTT A. DANIELS, KEVIN W. CHERRY, and
JAMES J. MAYBERRY, *Administrative Patent Judges*.

CHERRY, *Administrative Patent Judge*.

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

I. INTRODUCTION

Sony Interactive Entertainment LLC (“Petitioner”) filed a petition to institute *inter partes* review of claims 1, 3, 5, 7–12, and 23–26 of U.S. Patent No. 10,846,941 B2 (Ex. 1001, “the ’941 patent”). Paper 2 (“Pet.”). Quantum Imaging LLC (“Patent Owner”) filed a Preliminary Response. Paper 9 (“Prelim. Resp.”).

We have authority under 35 U.S.C. § 314 to determine whether to institute an *inter partes* review. The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted unless “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” The Supreme Court has held that the Board, in a decision to institute under 35 U.S.C. § 314(b), may not institute review on less than all claims challenged in the petition. *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1355–56 (2018). Moreover, in accordance with our rules, “[w]hen instituting *inter partes* review, the Board will authorize the review to proceed on all of the challenged claims and on all grounds of unpatentability asserted for each claim.” 37 C.F.R. § 42.108(a) (2020); *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”).

Applying those standards, and upon considering the Petition, the Preliminary Response, and the evidence of record, we determine the information presented shows a reasonable likelihood that Petitioner would prevail in establishing the unpatentability of at least one of the challenged claims of the ’941 patent. Accordingly, we institute an *inter partes* review

of all challenged claims (i.e., claims 1, 3, 5, 7–12, and 23–26) of the '941 patent, based on the grounds asserted in the Petition.

II. BACKGROUND

A. Related Matters

The parties identify the following district-court proceeding involving the '941 patent and related patents: *Quantum Imaging LLC v. Sony Group Corporation, et al.*, Case No. 6:22-cv-00573-ADA-DTG (W.D. Tex., filed June 3, 2022). Pet. 2; Paper 5, 1 (Patent Owner's Mandatory Notices).

B. Real Parties in Interest

Petitioner identifies Sony Interactive Entertainment Inc., Bluepoint Games, Inc., Sony Group Corporation, and Sony Corporation of America as the real parties-in-interest. Pet. 1. Patent Owner identifies Quantum Imaging LLC as real party in interest. Paper 5, 2.

C. Overview of the '941 patent

The '941 patent is entitled “Interactive Virtual Thematic Environment,” and “relates to an interactive software application platform which can be used in entertainment, business, publishing, and other applications to provide a virtual and real world experience to the user by integrating audio, video, two dimensional (2D), and three dimensional (3D) technology, and other applications or services.” Ex. 1001, code (54), 1:26–31. The patent states “virtual environments, especially those present on the internet, for example, have not provided the user with a real world experience.” *Id.* at 1:42–44. The patent is thus “directed to an interactive software application platform which can be used in entertainment, business, publishing, and other applications to provide a virtual and real world experience to the user by integrating audio, video, two dimensional (2D),

and three dimensional (3D) technology, and other applications or services.”
Id. at 1:50–55.

Figure 1, reproduced below, “is a schematic showing one embodiment of the six-level logical architecture of an interactive software platform consistent with the present invention.” *Id.* at 6:40–42.

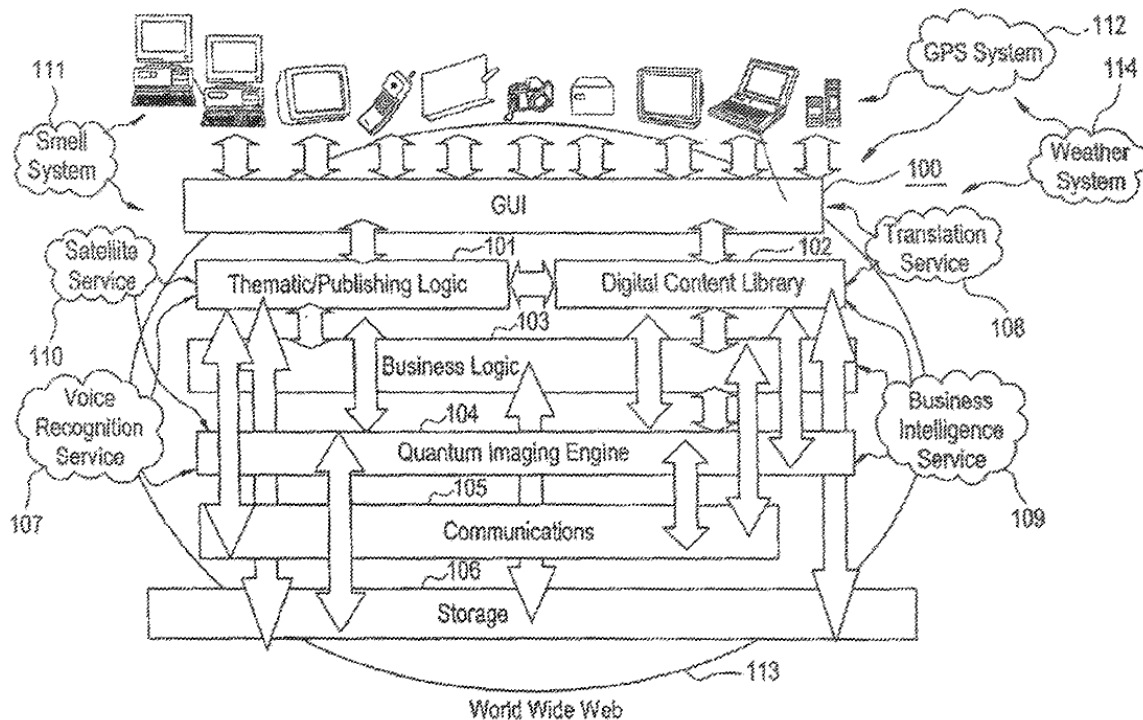


Figure 1 illustrates:

The six layers of the virtual platform include 1) a graphical user interface (GUI) 100, 2) a Thematic/Publishing Logic 101 and a Digital Content Library 102, 3) a Business Logic 103, 4) a thematic or zone application builder and interpreter (i.e., a Quantum Imaging Engine 104), 5) Communications 105, and 6) a Data Storage 106.

Id. at 11:60–65. The program of the '941 patent is “in a Quantum Imaging Environment (QIE),” where the logical architecture “is implemented on a 6-tier modular system (i.e., six layers), and at least six (6) service area modules, which are fully distributed across the internet.” *Id.* at 11:54–59.

D. The Challenged Claims

Petitioner challenges claims 1, 3, 5, 7–12, and 23–26 of the '941 patent. Pet. 1. Of the challenged claims, claims 1 and 23 are independent. Claim 1, reproduced below, is illustrative of the subject matter recited in the challenged claims (bracketing added).

1[Preamble]. One or more non-transitory computer readable medium storing an interactive software application platform comprising:

- [a] at least one thematic/publishing logic module containing virtual thematic environment rules to coordinate actions to be taken to constitute and provide a virtual thematic environment on a visual component, the virtual thematic environment being a theme-based virtual world environment;
- [b] a primary application providing the virtual thematic environment; and a secondary application within the primary application, the secondary application being different from the primary application, the secondary application being launched from the primary application, and having first content utilized within a same application environment as second content provided by the primary application;
- [c] a graphics user interface (GUI) module including software that renders graphical display elements onto the visual component and permits a user to interact with a graphical display element within the virtual thematic environment, the GUI module providing a first user interface that is associated with the primary application and enabling the user to access the primary application through the first user interface, and a second user interface associated with the secondary application and enabling the user to access the secondary application through the second user interface;
- [d] a quantum imaging environment (QIE) module, the QIE module being a software layer that receives, interprets, and manipulates the second content so as to be accessible on different types of devices for use within the virtual

thematic environment, the QIE module obtaining first real-time information and second real-time information, the QIE module supplying the first real-time information into the primary application, and supplying the second real-time information into the secondary application, the primary application configured to provide access to the first real-time information to the user within the virtual thematic environment via the first user interface, the secondary application configured to provide the second real-time information to the user within the virtual thematic environment via the second user interface; and [e] at least one digital content library module storing information, the information containing 2 dimensional and 3 dimensional content, and providing content management of information within the virtual thematic environment coordinated by the thematic/publishing logic module, the digital content library module being a content management application.

Ex. 1001. 43:35–44:18; Pet. 16–26.

E. Evidence

Petitioner submits the following evidence:

Evidence	Exhibit No.
Pisanich, WO 02/062436 A2 (published Aug. 15, 2002, filed Feb. 6, 2002) (“Pisanich”)	1007
Phantasy Star Online Manual ¹ (“PSO Manual”)	1008
Declaration of David Crane	1004

¹ Petitioner contends the manual “was distributed publicly at least as early as March 31, 2001.” Pet. 36–37. Patent Owner disputes the publication date. Prelim. Resp. 34–41.

F. Asserted Ground of Unpatentability

Petitioner asserts the following grounds of unpatentability:

Claim(s) Challenged	35 U.S.C. §	Reference(s)
1, 3, 5, 7–12, 23–26	103(a) ²	Pisanich
1, 3, 5, 7–12, 23–26	103(a)	PSO Manual

Pet. 4. Patent Owner disputes Petitioner’s asserted grounds of unpatentability. *See generally* Prelim. Resp.

III. PATENTABILITY ANALYSIS

Petitioner contends that claims 1, 3, 5, 7–12, and 23–26 of the ’941 patent are unpatentable under 35 U.S.C. § 103(a) as obvious over Pisanich, and also obvious over the PSO Manual. Pet. 4.

A patent claim is unpatentable under 35 U.S.C. § 103(a) if the differences between the claimed subject matter 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 in evidence, objective

² The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”), amended 35 U.S.C. § 103. The ’941 patent claims benefit of a Mar. 22, 2004, filing date, which is before the effective date of the applicable AIA amendments. Ex. 1001, (60). Petitioner states that “the earliest priority date of the ’941 Patent should be Mar. 22, 2004.” Pet. 9. Thus, we refer to the pre-AIA version of 35 U.S.C. § 103. Our decision would be the same were we to apply the AIA version of the statute.

evidence of nonobviousness.³ *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966).

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

We organize our patentability analysis into four sections. First, we address the level of ordinary skill in the art. Second, we address claim construction. Third, we provide an overview of the asserted references. And fourth, taking account of the information presented, we consider whether the Petition satisfies the threshold requirement for instituting an *inter partes* review under 35 U.S.C. § 314(a).

A. Level of Ordinary Skill in the Art

We consider the asserted grounds of unpatentability in view of the understanding of a person of ordinary skill in the art. In assessing the level of ordinary skill in the art, various factors may be considered, including the “type of problems encountered in the art; prior art solutions to those problems; rapidity with which innovations are made; sophistication of the

³ Patent Owner does not present arguments or evidence of secondary considerations in its Preliminary Response. Therefore, secondary considerations do not constitute part of our analysis herein.

technology; and educational level of active workers in the field.” *In re GPAC Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995) (quoting *Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 962 (Fed. Cir. 1986)). “[O]ne or more factors may predominate.” *Id.*

Relying on the declaration testimony of Mr. Crane, Petitioner contends that an ordinarily skilled artisan for the ’941 patent

would have had a bachelor degree in computer engineering, computer science, or a similar discipline, and/or two years of professional experience in the fields of networking and network-based systems or applications, such as client-server and web-based systems, in the specific context of console and gaming or an equivalent level of skill, knowledge, and experience. A POSITA^[4] would have at least a general knowledge of online and in-game advertising methods prevalent in the field, as well as at least a general knowledge of 3D rendering and virtual reality.

Pet. 10 (citing Ex. 1004 ¶ 43). Patent Owner states that it “applies Petitioner’s characterization of a POSITA.” Prelim. Resp. 6.

Based on this record, we adopt Petitioner’s articulation of the level of ordinary skill in the art, which is consistent with the ’941 patent and the asserted prior art, and we apply it in our obviousness evaluations below. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (the prior art, itself, can reflect appropriate level of ordinary skill in art).

B. Claim Construction

Next, we turn to claim construction. In interpreting the claims of the ’941 patent, we “us[e] the same claim construction standard that would be used to construe the claim[s] in a civil action under 35 U.S.C. [§] 282(b).” *See* 37 C.F.R. § 42.100(b) (2020). The claim construction standard

⁴ “POSITA” is “person of ordinary skill in the art.”

includes construing claims in accordance with the ordinary and customary meaning of such claims as would have been understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. *See id.*; *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–14 (Fed. Cir. 2005) (*en banc*).

Petitioner indicates it “believes that no express constructions of the claims are necessary to assess whether the prior art reads on the Challenged Claims.” Pet. 11.

Patent Owner notes that certain claim terms “have been construed by a district court,” but notes “Petitioner fails to make any statement proposing that the claim terms be construed according to their plain and ordinary meaning.” Prelim. Resp. 6–8. Patent Owner identifies claim constructions for several terms from a related litigation “in an action concerning closely related parent patents sharing the same specification and figures.” Prelim. Resp. 6. According to Patent Owner, in a prior district court litigation, *Barbaro Technologies, LLC v. Niantic, Inc.*, No. 3:18-cv-02955 (N.D. Cal.), the following terms were construed as follows (“prior district court constructions”):

“*graphics user interface (GUI) module*” – “software that provides a graphical display and processes user inputs to allow a user to interact with the graphical display.”

“*quantum imaging environment (QIE) module*” – “a software layer which receives and interprets content such that the content is manipulated so as to be accessible on different types of devices for use within the virtual thematic environment.”

“*virtual thematic environment*” – “a theme-based virtual computer

interface.”

“*secondary application within the primary application*” – “secondary computer program within the primary computer program.”

Prelim. Resp. 6–7 (citing Ex. 1012, 4–14).

However, Patent Owner does not provide any express argument for why we should adopt any of those constructions or demonstrate that any of the constructions would be meaningfully different from the plain and ordinary meaning applied by Petitioner.⁵ *Id.* at 6–9. Indeed, we note that the constructions largely repeat the claim language with the clarification that what is claimed is computer software. *See id.* at 6–7 (setting forth district court constructions).

Having considered the record, we determine that no express claim construction is necessary for any claim terms. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (holding that only claim terms in controversy need to be construed, and only to the extent necessary to resolve the controversy (citing *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999))).

C. *The Prior Art*

Before turning to Petitioner’s asserted grounds of unpatentability, we provide brief summaries of the asserted references.

1. *Pisanich (Ex. 1007)*

Pisanich is a published international patent application entitled “Integration of Real-Time Data into a Gaming Application.” Ex. 1007,

⁵ We do address Patent Owner’s arguments regarding the “second user interface” below. However, as we explain in detail below, those arguments appear to be a gloss that Patent Owner is applying to the district court’s constructions, not the district court’s construction itself.

code (54). Pisanich relates “to games using real world data to simulate game play.” *Id.* at 1:2–3. Pisanich explains that prior to the invention, “in a flight simulator game, the player typically chooses different weather conditions, traffic conditions, and other features of the gaming environment,” and the “application generates a simulated environment which then conforms to those parameters.” *Id.* at 1:14–16. “As such, conventional flight simulators may ‘simulate’ external data but this data does not reflect actual current weather or traffic conditions.” *Id.* at 1:16–18. Therefore, according to Pisanich, “a new gaming architecture is needed in which real world events, environments, actors, and objects can be incorporated during a gaming experience, providing a player with the true simulation of a real world experience, and also the added excitement of taking part in actual real world events as they occur.” *Id.* at 2:11–14. Thus, in Pisanich, “real world information is incorporated into a virtual environment provided for a game.” *Id.* at 2:17–18.

Pisanich explains that:

For a flight simulator game, the real world information includes weather information such as cloud cover, precipitation, wind, fog, as well as air traffic data, including the location of other planes near the player, altered routes of other planes, and airport conditions, for the selected location, at a time period at or near to the time the information is requested.

Id. at 2:22–3:3. Then, “the application module generates simulated real world constructs responsive to the real world information.” *Id.* at 3:3–4.

Figure 3, reproduced below, is a block diagram of Pisanich’s game system.

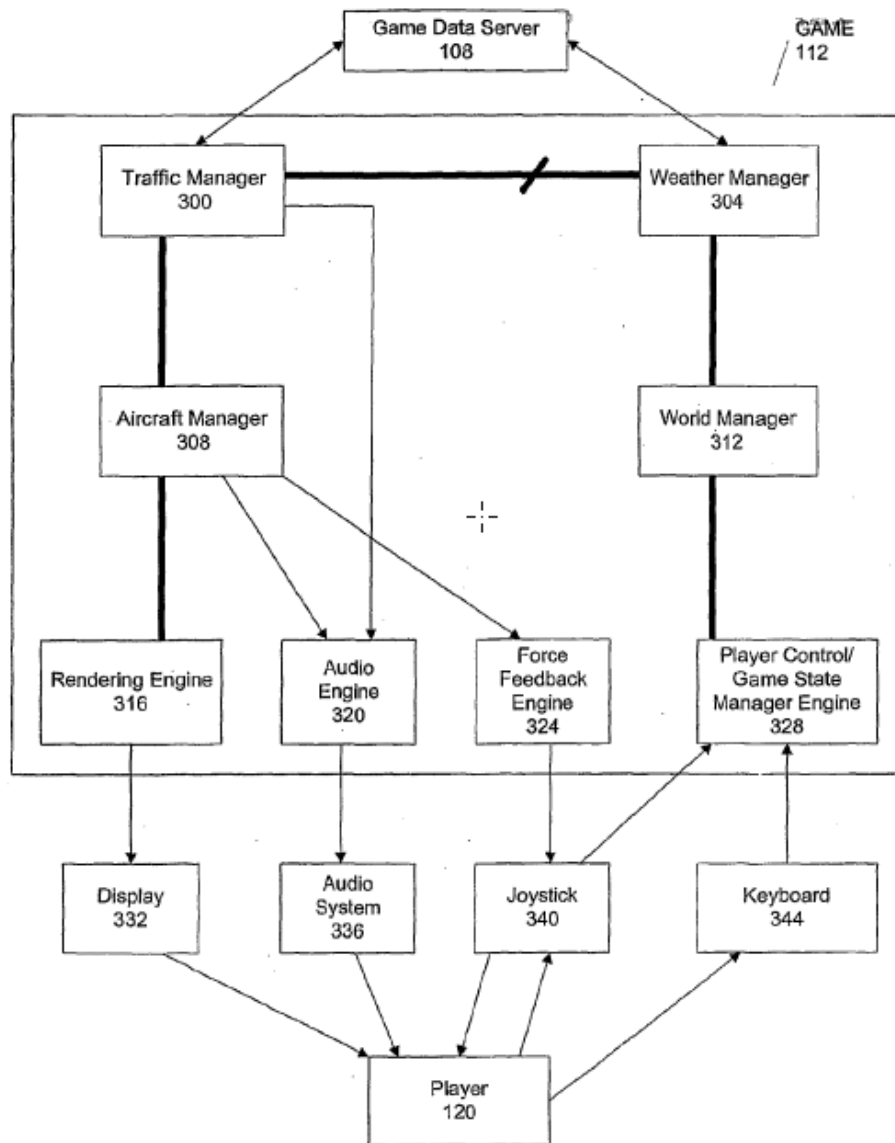


Figure 3

Figure 3 shows game server 108, game 112, traffic manager 300, weather manager 304, aircraft manager 308, world manager 312, rendering engine 316, audio engine 320, force feedback engine 324, and player control 328. *Id.* at 5:13–15, 10:1–8. Traffic manager 300 maintains an internal database of the real-time traffic in the world that the user experiences, and simulates the movement of the traffic and its control by air traffic controllers. *Id.* at

10:9–11. Render engine 316 requests air traffic data position from traffic manager, and this data is used to display the aircraft within the world on the game display. *Id.* at 10:17–20. Weather manager 304 maintains an internal database of the real-time weather in the world that the user experiences, and simulates realistic, changing weather based on the real time weather feed. *Id.* at 11:5–18.

2. *PSO Manual (Ex. 1008)*

PSO Manual is a guide for an electronic game, “Phantasy Star Online,” which is a role-playing online multiplayer video game. Pet. 38. The manual “discloses that various functions of the *Phantasy Star Online* video game, where players interact with a graphical user interface on their screen to access and select real-time information in the form of quest missions, items, player positions, and Guild Cards.” Pet. 39 (citing Ex. 1008, 10, 14, 15, 21, 25).

The cover of the PSO Manual is reproduced below.



The manual cover shows it is a manual for an online multi-player game for the Sega Dreamcast game console. Ex. 1008, 1.

D. Alleged Ground of Unpatentability Over Pisanich

Petitioner contends that claims 1, 3, 5, 7–11, and 23–26 of the '941 patent are unpatentable under 35 U.S.C. § 103(a) as obvious over Pisanich. Pet. 12–36. Patent Owner opposes. Prelim. Resp. 12–34. Having considered the arguments and evidence before us, we determine that the record establishes a reasonable likelihood that Petitioner would prevail on this asserted ground of unpatentability.

1. *1[a] “at least one thematic/publishing logic module containing virtual thematic environment rules to coordinate actions to be taken to constitute and provide a virtual thematic environment on a visual component, the virtual thematic environment being a theme-based virtual world environment”*⁶

Petitioner asserts that Pisanich accounts for this limitation. *See* Pet. 17–19. In particular, Petitioner notes that claims 1–5 and 12–21 of Pisanich cover “a ‘method for simulating a real world environment in a virtual world represented in a game.’” Pet. 17 (citing Ex. 1007, 49–50, 52–53). Petitioner asserts that “Pisanich discloses a game system that controls aircraft operation based on a “Rule-Based Logic Module” containing the claimed virtual thematic environment rules to coordinate actions to be taken.” *Id.* (citing Ex. 1007, 35:20–36:1). Petitioner submits that “Pisanich further discloses that an ‘application module generates simulated real world constructs responsive to the real world information’ into the virtual world environment.” *Id.* (citing Ex. 1007, 3:3–4). Petitioner notes that “[i]n Pisanich, ‘the real world information includes weather information such as

⁶ We note that to the extent the preamble “One or more non-transitory computer readable medium storing an interactive software application platform comprising” is limiting, Petitioner has shown that Pisanich accounts for the subject matter of the preamble. *See* Pet. 16.

cloud cover, precipitation, wind, fog, as well as air traffic data.” *Id.* (citing Ex. 1007, 2:22–23, 3:4-5). Petitioner contends that “Pisanich discloses that such weather information is being construed into the virtual world environment and displayed on a visual component by a ‘weather manager 304’ as shown by Figure 3 reproduced and color annotated below according to ‘rule-based processes.’” *Id.* at 17–18 (citing Ex. 1007, 11:7–20; Ex. 1004 ¶¶ 123–26). Petitioner maps the various claim terms to the annotated version of Figure 3 reproduced below.

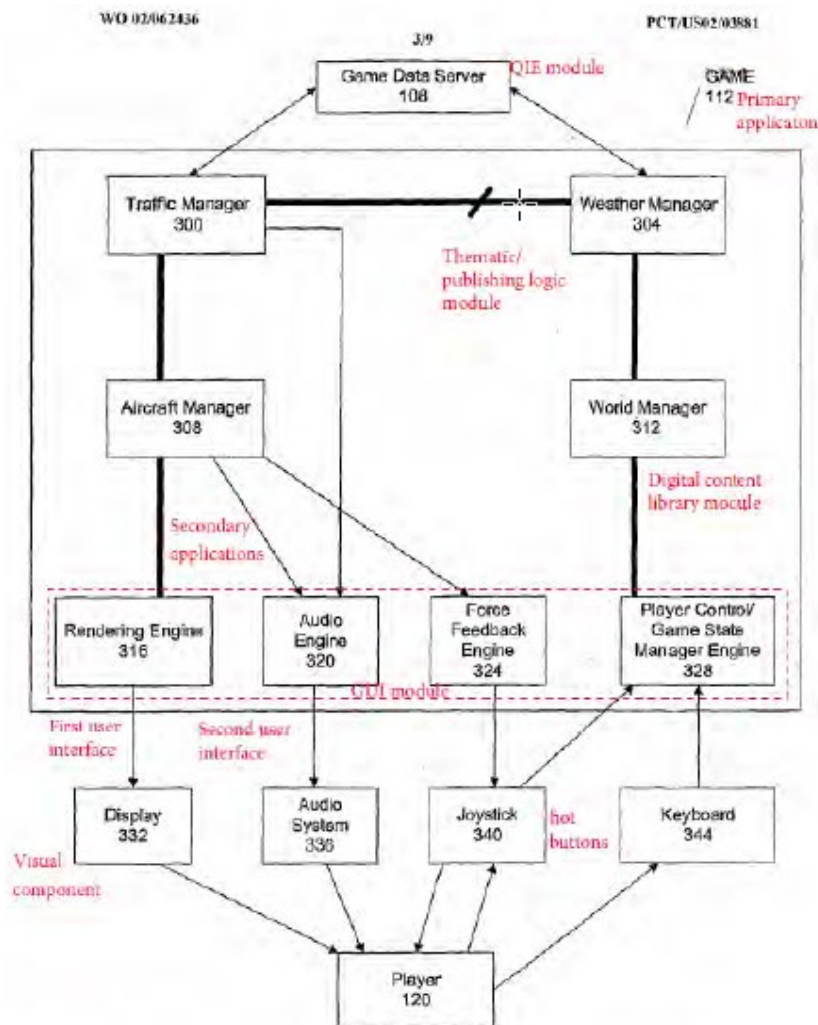


Figure 3 (Annotated)

An annotated version of Figure 3 is reproduced above with Weather Manager 304 identified as the “thematic/publishing logic module.” *Id.* at 16, 19.

Patent Owner contends that Petitioner’s assertion that a person of ordinary skill in the art would recognize Pisanich’s simulator is a virtual thematic environment has no factual support and is conclusory. Prelim. Resp. 17–19. We disagree. Pisanich explains that in its software product embodiment, “real word information is incorporated into a virtual environment provided for a game” and that the game can include “a flight simulator game” where “the real word information includes weather information such as cloud cover, precipitation, wind, fog, as well as air traffic data.” Ex. 1007, 2:17–3:3. Thus, on this record, we find that Petitioner has sufficiently shown that Pisanich accounts for the “virtual thematic environment” as claimed. *See* Pet. 17–19; Ex. 1004 ¶¶ 123–26.

2. *1[b] “a primary application providing the virtual thematic environment; and a secondary application within the primary application, the secondary application being different from the primary application, the secondary application being launched from the primary application, and having first content utilized within a same application environment as second content provided by the primary application”*

Petitioner contends that Pisanich accounts for this limitation. Pet. 20–21. Petitioner argues that “Pisanich discloses a primary application, e.g., an electronic game, which is theme-based and provides a theme-based virtual world environment.” *Id.* at 20 (citing Ex. 1007, Claims 1–5, 12–21). Petitioner notes that “Pisanich further discloses that the primary application/game can provide/integrate real world information (i.e., second content) into a game such as a flight simulator in real time.” *Id.* (citing

Ex. 1007, Abstract). Petitioner contends that as shown by annotated version of Figure 3 of Pisanich reproduced above, “there are multiple ‘managers’ or ‘engines’, i.e., secondary applications, that are within the primary application, i.e., game 112.” *Id.* Petitioner submits that “[a]lthough such secondary application is different from the game itself, it can be launched from the game and have certain information (i.e., first content) being utilized in the same game environment.” *Id.* Petitioner notes that Pisanich discloses in the example of the flight simulator game, the

traffic manager 300 also simulates the communications of air traffic within the game world, based on real time data. The external realization of this is through communications commands that are sent to the audio engine 336. The audio engine 336 uses these commands to output realistic audio communications messages to the user (for example, voice communications from air traffic control (ATC) and aircraft) based on the state of the player and other aircraft in the game. These messages include messages between ATC and the other aircraft and between ATC and the player 120.

Pet. 20–21 (citing Ex.1007, 10:20–11:3; Ex. 1004 ¶¶ 127–37). Mr. Crane testified

Pisanich taught at least two examples of the claimed **secondary application within the primary application, the secondary application being different from the primary application**. As shown by Figure 3 reproduced above, there are multiple “managers” or “engines”, i.e., secondary applications, that are within the primary application, i.e., game 112, which receive real-time information from, e.g., the Air Traffic Database Update Process 216 and/or Weather Database Update Process 220 (*Id.*). The primary application periodically launched these secondary applications at startup or under the control of timer processors 208, 212, in order to obtain and update air traffic and weather information (*See* ¶89).

Ex. 1004 ¶ 128.

Patent Owner contends Petitioner’s assertion, “As shown by Figure 3 of Pisanich reproduced above, there are multiple ‘managers’ or ‘engines,’ i.e., secondary applications,” is “unsupported” and “conclusory.” Prelim. Resp. 20–21. We disagree. Here, as set forth above, we find that Petitioner has provided sufficient evidence and explanation with citation to Pisanich to support the primary and second applications.

3. *1[c] “a graphics user interface (GUI) module including software that renders graphical display elements onto the visual component and permits a user to interact with a graphical display element within the virtual thematic environment, the GUI module providing a first user interface that is associated with the primary application and enabling the user to access the primary application through the first user interface, and a second user interface associated with the secondary application and enabling the user to access the secondary application through the second user interface”*

Petitioner contends that Pisanich teaches this limitation. *See* Pet. 21–22. Petitioner notes that, as shown in the annotated version of Figure 3 reproduced above, “game 112 includes a traffic manager 300 that communicates with rendering engine 316 for rendering graphical display elements onto display 332.” *Id.* at 21 (citing Ex. 1007, 10:17–20). Petitioner contends that “rendering engine 316 provides a first user interface to the user to access the game.” *Id.* at 22 (citing Ex. 1007, 16:10–11). Petitioner also argues that “[t]he traffic manager 300 also provides a second user interface associated with the secondary application through audio engine 336 and enabling the user to access the secondary application through the second user interface.” *Id.* (citing Ex. 1007, 10:20–11:3; Ex. 1004 ¶¶ 138–46).

Patent Owner argues that Petitioner “does not address the requirement that the ‘GUI Module’ provides the ‘second user interface.’” Prelim. Resp. 21. Patent Owner also contends that, under the prior district court construction, and that “the ‘second user interface’ be a part of the graphical display that processes user inputs,” and Petitioner’s contentions are inconsistent with that construction. *Id.* at 21–22 (citing Ex. 1012, 4–5). Patent Owner argues that “Petitioner does not identify which element of Pisanich actually discloses the ‘second user interface’ element or the limitation that the ‘secondary user interface’ enables the user to access the ‘secondary application through the secondary user interface,’ as required by limitation 1[c].” *Id.* at 22. Patent Owner also argues that Petitioner has identified an audio interface, not a graphical interface. *Id.* at 23–24. Patent Owner asserts that “Petitioner and Mr. Crane offer no claim construction or rationale as to why a ‘second user interface’ provided by the ‘graphics user interface (GUI) module’ of independent claim 1 does not require a graphical user interface.” *Id.* at 24.

We find that Petitioner has, on this record, adequately accounted for this limitation. As an initial matter, we disagree with Patent Owner’s contention that Petitioner’s analysis is conclusory. Here, Petitioner has provided an adequately detailed mapping and explanation for purposes of institution, and as set forth above does address the “second interface” requirement. We also disagree with Patent Owner’s contention that Petitioner has failed to account for the requirement that GUI Module provide the second interface. As mapped in the annotated Figure 3, reproduced above, the software Petitioner has identified is within what it has mapped as the GUI Module.

We also disagree with Patent Owner’s characterization of the prior district court claim construction. In the prior claim construction, the court construed certain claim terms found in U.S. Patent No. 7,373,377 (“the ’377 patent”), which is related to the ’941 patent. *See* Ex. 1012, 1; Ex. 1001, code (60). The district court construed the term “*graphics user interface (GUI) module*.” Ex. 1012, 4. Several claims of the ’377 patent recited a “graphics user interface module.” *See id.* However, the claim language of the ’377 patent is different than claim language of the ’941 patent. Although the claims did include the phrase “graphics user interface (GUI) module,” that phrase was separate from the “first user interface” and “second user interface.” *See id.* at 12. Moreover, the dispute before the court was different than the current dispute, i.e., whether the “second user interface” must be a graphical interface. As the court explained,

The primary dispute is whether, as Barbaro says, the GUI must “*includ[e]* user-input controls,” or whether, as Niantic says, the GUI merely “*processes* user inputs.” The claims do not themselves answer this question. However, the specification is informative. It teaches that the GUI “provides...user input stream[s],” ’377 Patent at 15:10, that “[o]ne side task of the graphic engine of the GUI...is to collect user input,” *id.* at 15:25–26, and that the “user interacts completely with the GUI,” *id.* at 15:30. The specification also explains that the “GUI...has all the data related to the user’s manipulation of the selection means, including any keyboard strokes, use of a pen, joystick, interactive goggles, touch screen or any other interactive hardware component.” *Id.* at 15:36–40. The specification thus suggests that the GUI is responsible for collecting all user input—whether that input comes from controls within the GUI itself, or from external hardware components such as a keyboard or a joystick. That is, the GUI *can* contain some of the user-input controls, but it need not contain *any* or *all* of them. Thus, this term will be construed as “software that provides a graphical display and

processes user inputs to allow a user to interact with the graphical display.”

Ex. 1012, 4–5. Thus, the dispute before the court was whether a GUI had to include certain controls—not what exactly can constitute a “first user interface” or “second user interface.” Indeed, the district court addressed terms including “a first user interface” and “a second user interface” and found that no construction was necessary. *See* Ex. 1012, 12–13. Therefore, Patent Owner mischaracterizes what the district court held.

In addition, neither the language of the claims nor the Specification supports Patent Owner’s implicit construction. Beginning with the claim language itself, the claim language only requires that the “graphics user interface (GUI) module” “include[]” certain capabilities, not that those are the only capabilities of the module. Ex. 1001, 43:51–55. Moreover, although the GUI module must provide the “first user interface” and “second user interface,”⁷ those interfaces are not described as “graphical” interfaces. Indeed, the “interfaces” are defined entirely functionally. *Id.* at 43:56–63. The “first user interface” must only be “associated with the primary application” and “enable[e] the user to access the primary application through the first user interface.” *Id.* at 43:56–59. The “second user interface” must only be “associated with the secondary application” and “enable[e] the user to access the secondary application through the second user interface.” *Id.* at 43:59–63. There is nothing in the language of the claims that requires the “interfaces” to be graphical.

⁷ We note that claim language is not exactly clear that the “GUI module” provides both interfaces, but because the parties appear to treat the claim language that way, we adopt a similar treatment.

The Specification also does not support Patent Owner’s efforts to limit the “second interface” to a graphical one. The Specification explains that “[t]he GUI 201 contains an engine for providing graphic hardware capabilities, . . . *management of voice, music, and other graphic and voice formats, voice recognition, and translation services* drivers.” Ex. 1001, 15:5–22 (emphasis added). The Specification also explains that

Voice is also used in this sense to take information via a microphone or some type of input device into the system, which is processed through the GUI 250, passed to the QIE for processing and/or to the Voice library 255 for instruction to be passed back to the Graphics library 251 and back through the GUI 250 and drivers 261 to be outputted through a set of speakers or output device.

Id. at 20:13–19; *see also id.* at 20:30–34 (“After the Music library 258 finds the appropriate piece of music, the program will transfer the data back to the GUI 250 and Drivers 261, to an output device or set of speakers.”). This disclosure supports the conclusion that the GUI module can provide other interfaces, including audio. Thus, we disagree with Patent Owner’s suggestion that the second user interface that must be “graphical in nature.”

With this understanding of the claims, we find that Petitioner has, at this state, sufficiently shown that Pisanich accounts for this limitation.

4. *1[d] “a quantum imaging environment (QIE) module, the QIE module being a software layer that receives, interprets, and manipulates the second content so as to be accessible on different types of devices for use within the virtual thematic environment, the QIE module obtaining first real-time information and second real-time information, the QIE module supplying the first real-time information into the primary application, and supplying the second real-time information into the secondary application, the primary application configured to provide access to the first real-time information to the user within the virtual thematic environment via the first user interface, the secondary application*

configured to provide the second real-time information to the user within the virtual thematic environment via the second user interface”

Petitioner contends that Pisanich accounts for this limitation. *See* Pet. 23–25. Petitioner identifies “game data server 108” as accounting for this limitation. *Id.* at 23. Specifically, Petitioner notes that “game data server 108 continually gathers ‘**real time**’ data from traffic 100 and a weather 104 data provider systems,” and “[o]n request, the game data server 108 permits data available to a game 112, 116 and players 120, 124.” *Id.* (citing Ex. 1007, 5:13–15). Petitioner contends that players 120, 124 may access such second content on different types of devices for use with the game. *Id.* In particular, Petitioner notes that “[A]s a player 120 controls a gaming unit within a game 112, for example, an aircraft, a car, or the like, the game 112 requests data from the game data server 108 as required to provide a realistic environment for the game. The data requested by the game 112 includes data such as weather reports or air traffic in the direction that the player 120 is guiding the vehicle in the game 112.” *Id.* at 23–24 (citing Ex. 1007, 6:18–22). Petitioner contends that “Pisanich discloses that, for a non-limiting example, the first real-time information supplied into the game can be the weather information.” *Id.* at 24 (citing Ex. 1007, 11:11–18, 16:10–11). Petitioner further asserts that “Pisanich discloses that, for a non-limiting example, the first real-time information supplied into the game can be the weather information.” *Id.* at 25 (citing Ex. 1007, 11:11–18, claim 21; Ex. 1004 ¶¶ 147–59).

Patent Owner argues that Petitioner’s contentions are “unsupported, offering only conclusory statements,” and no rationale or explanation for modifying Pisanich. Prelim. Resp. 25. Patent Owner contends “[t]hat game

server 108 gathers data and makes that data available to players of the game shows, at best, that content was received but does not disclose that second content is interpreted and manipulated by a ‘QIE module,’ as required by the claim.” Prelim. Resp. 26. Patent Owner also asserts that Petitioner has failed to show that Pisanich teaches the “accessible on different types of devices” aspect of this limitation. *Id.* at 26–29.

We find that Petitioner has shown sufficiently for institution that Pisanich accounts for this limitation. To begin with, we find that Mr. Crane’s declaration has sufficient explanation and reasoning for institution. Patent Owner will be free to offer its own testimony and cross-examine Mr. Crane during trial. We also find that, on this record, Petitioner has sufficiently shown that that Pisanich teaches that game data server 108 receives, interprets, and manipulates the second content, i.e., real world information, in real time so as to be accessible on different types of devices for use within the game. *See* Pet. 23–25. As Pisanich describes “a game data server 108 continually gathers ‘real time’ data from traffic 100 and a weather 104 data provider systems. On request, the game data server 108 permits data available to a game 112, 116 and players 120, 124.” Ex. 1007, 5:13–15. Pisanich further describes that each of players 120 and 124 may play different games. *See id.* at 7:9–10 (“Moreover, a second player 124 may play an entirely different game 116 (for instance, a car racing game, or a football game) than the game 112 being played by the first player 120.”). Pisanich also teaches that

the different game 116 may request the same type of data (weather, for example) as the first game 112. The architecture of the present invention can be extended to meet the data requirements of other games. For example, in addition to weather reports, a car road racing game may generate and use a

database that stores real time data about automobile traffic. A maritime game may collect and store real time data about sea conditions that could be used in the game and so forth.

Id. at 7:10–16.

We also agree that as explained in Mr. Crane’s declaration, which, at this stage, we credit, that Pisanich, at the very least, teaches that the different players can be used on different devices. *See* Ex. 1004 ¶ 147, 148, 152. We also agree with, and, at this stage, credit, Mr. Crane’s testimony that the conventional rendering technology disclosed in Pisanich would have “included rendering technology configured to account for differences between multiple gaming devices as needed.” *Id.* ¶ 148. We also credit Mr. Crane’s testimony that such disclosure would include providing accessibility across different types of devices as claimed. *See* Ex. 1004 ¶¶ 81–83, 147, 148, 152. Patent Owner will be free to offer evidence on this point and cross examine Mr. Crane on his testimony. Thus, we find that Petitioner has sufficiently accounted for limitation 1[d].

5. *1[e] “at least one digital content library module storing information, the information containing 2 dimensional and 3 dimensional content, and providing content management of information within the virtual thematic environment coordinated by the thematic/publishing logic module, the digital content library module being a content management application”*

Petitioner contends that Pisanich teaches this limitation. *See* Pet. 26. Petitioner identifies the content management application, e.g., world manager 312 in the annotated version of Figure 3, reproduced above. *Id.* Petitioner notes that world manager 312 “stores information containing 2 dimensional and 3 dimensional content, ‘maintains information about the physical state of the world as is known in the art. This includes information about the terrain, ground cover, hydrology, buildings, roads, and navigation

features.” *Id.* (citing Ex. 1007, 16:3–5; Ex. 1004 ¶ 160). Petitioner also notes that “Pisanich further discloses that such 2 dimensional and 3 dimensional content is included within the game to be displayed to the player via a rendering engine.” *Id.* (citing Ex. 1007, 16:8–11; Ex. 1004 ¶¶ 160–64).

Patent Owner argues that Petitioner’s support for this limitation is based on “conclusory statements” by Mr. Crane. Prelim. Resp. 29. Patent Owner also argues that Petitioner fails to explain how a module that “maintains information” is the same as a module that is required to “store information.” *Id.* at 30. Patent Owner also contends that Petitioner did not show that the stored information in the identified portion of Pisanich “contains ‘2 dimensional and 3 dimensional content,’ as required by claim 1.” *Id.* at 30–31.

We find that Petitioner has shown sufficiently that Pisanich accounts for this limitation. To begin with, we find that Mr. Crane’s testimony when combined with the disclosures of Pisanich is sufficient, on this record, to meet Petitioner’s burden on institution for this limitation. *See* Ex. 1004 ¶¶ 160–164; Ex. 1007, 10:1–3, 16:3–5. We disagree that Petitioner has failed to show that Pisanich discloses a module that “store[s] information.” As Mr. Crane explains,

As an initial matter, the exemplary Flight Simulator game disclosed by Pisanich displayed both an aircraft cockpit control panel and a view through the aircraft’s canopy. It was well known in the art that the cockpit control panel was a 2D GUI interface overlaying the rendered 3D canopy display. A POSITA would have understood that in order to display such a game screen, the 2D and 3D content must necessarily be stored in the gaming device.

Ex. 1004 ¶ 160. On this record, we find this testimony sufficient to show that Pisanich teaches a module that “store[s] information.” We also find that Petitioner has shown sufficiently that Pisanich teaches a “digital content library module” that stores “2 dimensional and 3 dimensional content,” as explained by Mr. Crane. *See id.* ¶¶ 130 (“Content provided by the primary application included elements common to the Flight Simulator genre, including an aircraft cockpit lined with 2D controls and 3D terrain rendered outside the canopy, etc. The 3D view was a virtual thematic environment under the control of the World Manager 312, which managed game-related content that was fixed in the game: ‘The world manager 312 maintains information about the physical state of the world as is known in the art. This includes **information about the terrain, ground cover, hydrology, buildings, roads, and navigation features.**’” [Ex. 1007, 16:3–5 Emphasis added]), 160 (“It was well known in the art that the cockpit control panel was a 2D GUI interface overlaying the rendered 3D canopy display.”). Thus, we find, on this record, that Petitioner has sufficiently accounted for this limitation.

6. *Claim 23*

Claim 23 is independent and is similar to claim 1 except it is directed to a “computer system” and additionally recites “a client system and a server system communicating to provide an interactive software application platform, the interactive software application platform.” Ex. 1001, 46:61–64. Petitioner relies on similar arguments as considered above with respect to claim 1. *See* Pet. 56–59. Petitioner also contends that Pisanich’s disclosure of “game data server 108 and the client computing device running the game 112 provides an interactive software application platform to player

120, who can interact with force feedback engine 324 and the player control/game state manager engine 328 via joystick 340 and keyboard 344” accounts for the claimed “client system and a server system communicating to provide an interactive software application platform, the interactive software application platform.” *Id.* at 32–33. In addition to the arguments considered above with respect to claim 1, Patent Owner argues that Petitioner only offers conclusory statements to supports its contention that Pisanich accounts for the claimed “client system” and “server system.” Prelim. Resp. 32–34. We disagree. On this record, Petitioner and Mr. Crane have provided sufficient explanation and evidence to support their contention that Pisanich’s “game server” and client computer device account for the claimed server and client. *See* Pet. 32–33; Ex. 1004 ¶ 199.

7. Remaining Claims

Petitioner provides a detailed mapping for how Pisanich accounts for the limitations of claims 3, 5, 7–12, and 24–26. Pet. 27–31, 35–36. At this stage of the proceeding, Patent Owner does not raise any arguments regarding these claims beside the arguments considered above with respect to claims 1 and 23. We have reviewed Petitioner’s evidence and argument and, at this stage, we find it sufficient. Accordingly, we find that, on the current record, Petitioner has shown a reasonable likelihood of prevailing in showing that claims 3, 5, 7–12, and 24–26 would have been obvious over Pisanich.

8. Summary

Accordingly, for the reasons set forth above, we find that Petitioner has shown a reasonable likelihood of prevailing in showing that claims 1, 3,

5, 7–11, and 23–26 of the '941 patent are unpatentable under 35 U.S.C. § 103(a) as obvious over Pisanich.

E. Alleged Ground of Unpatentability over PSO Manual

Petitioner contends that claims 1, 3, 5, 7–11, and 23–26 of the '941 patent are unpatentable under 35 U.S.C. § 103(a) as obvious over PSO Manual. Pet. 36–60. Patent Owner opposes. Prelim. Resp. 34–54. As we preliminarily conclude that Petitioner demonstrates a reasonable likelihood of prevailing on its challenge to claims 1, 3, 5, 7–11, and 23–26 based on obviousness over Pisanich, we institute review on all challenged claims on all grounds set forth in the Petition, including Petitioner's obviousness challenge to claims 1, 3, 5, 7–11, and 23–26 based on PSO Manual. *See SAS*, 138 S. Ct. at 1354; *PGS*, 891 F.3d at 1360. We do offer some preliminary thoughts on Patent Owner's arguments regarding this ground. First, we find that Petitioner has shown sufficient circumstantial evidence to establish a reasonable likelihood of prevailing on its contention that the PSO Manual was publicly accessible. *See* Pet. 36–39. Second, we disagree with Patent Owner's contentions that Petitioner failed to address certain limitations. Prelim. Resp. 41–44. Instead, we find that Petitioner provided a limitation-by-limitation analysis required by the rules. With respect to Patent Owner's arguments regarding limitation 1[a], we disagree that Petitioner failed to adequately account for the claimed "at least one thematic/publishing logic module containing virtual thematic environment rules." Prelim. Resp. 45–46. At this stage of the proceeding, we disagree that Mr. Crane's testimony is too conclusory. *See* Ex. 1004 ¶ 229. Instead, we find that it is sufficient to explain his reasoning, given the relatively straight-forward subject matter. However, Patent Owner will be free to

cross examine Mr. Crane during trial. As for Patent Owner’s arguments regarding limitation 1[b], we also disagree that Mr. Crane’s testimony is conclusory as it appears to commensurate with the extent of the disclosure in the ’941 patent regarding the “primary application” and “secondary application.” *See* Ex. 1004 ¶¶ 231–234. Thus, on this record, we find his testimony sufficient for this stage of the proceeding. With respect to limitation 1[d], we disagree with Patent Owner’s contention that Petitioner has failed to show that the QIE module “receives, interprets, and manipulates the second content.” Prelim. Resp. 49–50. As the Petition explains, the PSO Manual discloses that *Phantasy Star Online* receives real time information for information counter, transporter, and organize team functions, so as to accessible on a player’s Dreamcast for use while playing *Phantasy Star Online*. *See* Pet. 47 (citing Ex. 1008, 9–11). We find this sufficient, on this record, to account for this limitation. Patent Owner also argues that Petitioner fails to account adequately for the “accessible on different types of devices” limitation. Prelim. Resp. 49–51. To the extent the parties dispute what “accessible on different types of devices” means, they should address the proper claim construction of the term in their briefs. We also note that Patent Owner may further develop the record on this limitation during trial.

As for limitation 1[e], we are not persuaded by Patent Owner’s arguments. *See* Prelim. Resp. 51–52. We disagree that Petitioner’s testimony is fatally conclusory. We also find that Petitioner’s allegations are sufficient, on this record, to show that the “Item pack” accounts for this limitation, and includes “2 dimensional and 3 dimensional content.” *See*

Pet. 48–49; Ex. 1004 ¶¶ 242–245. Patent Owner will be free to explore this issue during the trial.

As for claim 23, we note that we do not find persuasive Patent Owner argument that Petitioner has not adequately accounted for the “client” and “server” limitations of claim 23. *See* Prelim. Resp. 53–54. We find that Petitioner has provided evidence and testimony supporting its contention that the PSO Manual accounts for this well-known type of computer system architecture. *See* Pet. 52–53 (discussing player logging into game server from game console), 56; Ex. 1004 ¶¶ 278–79; Ex. 1008, 8.

We note that these are only preliminary observations on the current record. The parties will be able to further develop the record regarding this ground during trial.

IV. DISCRETION UNDER 35 U.S.C. § 314(A)

Patent Owner argues that we should exercise our discretion under 35 U.S.C. § 314(a) to deny the Petition. Prelim. Resp. 54–64. Section 314(a) states that

The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 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.

Under § 314(a), we have discretion to deny institution of an *inter partes* review. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016). We consider several factors when determining whether to deny institution under § 314(a) based on a parallel district court proceeding, specifically

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.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”). We also consider “several clarifications” made by the Director of the United States Patent and Trademark Office (“USPTO”). See USPTO Memorandum, Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation, 2 (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 (“Director’s Memo”).

1. Factor 1 – Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted

Under the first *Fintiv* factor, we consider “whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted.” *Fintiv*, Paper 11 at 6. Both parties indicate that no stay has been requested. Pet. 61; Prelim. Resp. 57–58. Also, neither party identifies any statements by the district court or other evidence that specifically address a stay of the Litigation pending this proceeding.

We decline to speculate based on the record in this case whether the district court would grant a stay of the Litigation. See *Apple Inc. v. Fintiv*,

Inc., IPR2020-00019, Paper 15 at 12 (PTAB May 13, 2020) (informative) (“*Fintiv II*”). As a result, we determine that the first *Fintiv* factor is neutral.

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

Under the second *Fintiv* factor, we consider the “proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision.” *Fintiv*, Paper 11 at 6. Petitioner argues that “[i]t is . . . improper to assume that the district court will stick to the current trial schedule” of April 15, 2024. Pet. 62; *see also* Ex. 1010, 3 (providing a trial date of April 15, 2024).⁸ Petitioner also argues that there is a pending motion to transfer the case from Waco to Austin, which would delay the trial date.⁹ Pet. 62.

Patent Owner argues that “there is no evidence that the parties’ trial will be extended . . . past the statutory deadline for the” Final Written Decision in this matter. Prelim. Resp. 59. Patent Owner also provides specific statistics for patent trials in the Western District of Texas (25.4 months from complaint to trial) and patent cases in front of Judge Albright (24.7 months from complaint to trial). *Id.* at 60 n.5 (referencing Exhibits 2003 and 2004, which are from Lex Machina)¹⁰. The Complaint in

⁸ April 15, 2024 is approximately 8 months prior to the statutory deadline for this proceeding.

⁹ With respect to Petitioner’s motion to transfer the Litigation to Austin from Waco, we note that the motion has been granted and the case was transferred within the Western District of Texas from Waco to Austin, but the trial judge and schedule has remained unchanged. *See* Ex. 3001, 1–2.

¹⁰ The United States Courts indicates that the median time from filing a complaint to trial in the Western District of Texas is 26.4 months. *See U.S. District Courts—Combined Civil and Criminal Federal Court Management*

the Litigation was filed June 3, 2022. Ex. 1006. As such, the available statistics would suggest a trial date between June 2024, and August 2024, or 4 to 6 months prior to the statutory deadline for a Final Written Description in this proceeding.

Significant to this factor, the latest proposed scheduling order in the Litigation has moved the trial date to August 5, 2024, or approximately 4 months before the Final Written Decision is due. *See* Ex. 3002, 5. This proposed date represents a four-month delay in the trial date as compared to the trial date the parties argued discretionary denial in the Petition and Preliminary Response.

In consideration of the above discussion, and particularly the latest proposed scheduling order, we determine that the second *Fintiv* factor weighs against discretionary denial of the Petition.

3. *Factor 3 – Investment in the parallel proceeding by the court and the parties*

Under the third *Fintiv* factor, we consider the “investment in the parallel proceeding by the court and the parties.” *Fintiv*, Paper 11 at 6. Petitioner argues that the Litigation is in the early stages and that a *Markman* hearing, schedule for September 1, 2023, will not have a bearing on this *inter partes* review as Petitioner does not propose any constructions. Pet. 63.

Patent Owner argues that the District Court and the parties have invested significant time and resources in the Litigation. Prelim. Resp. 60–61. Patent Owner argues that, by the time we render an institution decision,

Statistics (June 30, 2023) (available at fcms_na_distprofile0630.2023.pdf (uscourts.gov)) (last visited November 27, 2023).

the parties would have completed claim construction briefing and the court would have ruled on the transfer motion; the parties would have conducted a *Markman* hearing and the court would have provided its constructions; the parties would have exchanged final infringement and invalidity contentions; and fact discovery would have closed. *Id.* at 60–61 (referencing Ex. 1010).

The latest proposed scheduling order demonstrates that fact discovery is still ongoing. *See* Ex. 3002, 5. Indeed, Patent Owner proposes fact discovery to not end until March 4, 2024. *Id.* Under Patent Owner’s proposal, expert discovery would extend through the end of April, 2024, and dispositive motions would not be due until May 13, 2024.

In consideration of the above discussion, we determine that the third *Fintiv* factor weighs against discretionary denial of the Petition. Significantly, under Patent Owner’s proposed revised schedule, significant trial activities remain after our institution decision is due.

4. *Factor 4 – Overlap between issues raised in the petition and in the parallel proceeding*

Under the fourth *Fintiv* factor, we consider the “overlap between issues raised in the petition and in the parallel proceeding.” *Fintiv*, Paper 11 at 6. Petitioner states that, by instituting trial, we would narrow issues in the Litigation. Pet. 63–64. Petitioner adds that “[t]o reduce overlap further, if the Board institutes [*inter partes* review] in this proceeding, Petitioner will cease asserting in the [r]elated [m]atter the prior art for the claims on which the [*inter partes* review] is instituted. *Id.* at 63–64 (citing *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019- 01393, Paper 24 at 11–12 (PTAB June 16, 2020) (“*Sand Revolution II*”), and *Apple Inc. v. Maxell, Ltd.*, IPR2020-00204, Paper 11 at 15–17 (PTAB June 19, 2020)).

Patent Owner argues that Petitioner asserts invalidity over Angles and Robinson in the Litigation. Prelim. Resp. 62–63. Patent Owner adds that the stipulation offered by Petitioner is not a *Sotera*-type stipulation, characterizing Petitioner’s stipulation as “narrow.” *Id.* at 63. Patent Owner argues that instituting trial would not be an effective use of Board resources nor be an efficient alternative to district court litigation. *Id.*

We agree with Patent Owner that Petitioner provides a narrow stipulation. *Cf.* Director’s Memo, 7–8 (emphasis added) (stating that the Board “will not discretionarily deny institution of an IPR or PGR in view of parallel district court litigation where a petitioner stipulates not to pursue in a parallel district court proceeding the same grounds as in the *petition or any grounds that could have reasonably been raised in the petition*”); *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18–19 (PTAB Dec. 1, 2020) (precedential as to § II.A). Still, the provided stipulation does reduce concerns of overlapping issues. In comparison, in *Sand Revolution II*, the Board found that “this factor weighs marginally in favor of not exercising discretion to deny institution” when the petitioner stipulates not to pursue in district court the same grounds presented in its petition. *Sand Revolution II*, Paper 24 at 11–12. Thus, we determine that the fourth *Fintiv* factor weighs slightly against discretionary denial of the Petition.

5. *Factor 5 – Whether the petitioner and the defendant in the parallel proceeding are the same party*

Under the fifth *Fintiv* factor, we consider “whether the petitioner and the defendant in the parallel proceeding are the same party.” *Fintiv*, Paper 11 at 6. Here, Petitioner is the defendant in the Litigation. Pet. 64. Under the circumstances here, where a trial in the district court involving the

same parties may begin prior to our Final Written Decision, we determine that the fifth *Fintiv* factor slightly favors discretionary denial of the Petition.

6. *Factor 6 – Other circumstances that impact the Board’s exercise of discretion, including the merits*

Petitioner argues that the ’941 patent has never been challenged before in a post-issuance proceeding. Pet. 64. Petitioner also argues that “[g]iven the strength of the challenge to patentability presented in this Petition, denying this [P]etition under § 314(a) would be unfairly prejudicial to Petitioner, and this factor weighs against discretionary denial.” *Id.* Patent Owner responds that its Preliminary Response identifies weaknesses in Petitioner’s challenges. Prelim. Resp. 63–64.

“[W]here the PTAB determines that the information presented at the institution stage presents a compelling unpatentability challenge, that determination alone demonstrates that the PTAB should not discretionarily deny institution under *Fintiv*.” Director’s Memo, 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.” *Id.* at 4. As will be evident from our conclusion below, we need not determine if Petitioner’s challenges rise to the level of “compelling” challenges.

7. *Summary and conclusion*

Based on our holistic view of the *Fintiv* factors, we decline to exercise our discretion under § 314(a) to deny the Petition. As discussed above, only factor 5 weighs in favor of discretionary denial, factor 1 is neutral, and factors 2, 3, and 4 weigh, in varying degrees, in against discretionary denial of institution, with factors 2 and 3 being the most compelling factors. Given that the trial date has already been delayed to just four months prior to the

statutory deadline for a Final Written Decision in this case and that the current proposed scheduling order pushes significant efforts well into 2024, the evidence of record does not favor exercising our discretion to deny institution of an *inter partes* review.

V. CONCLUSION

After considering the arguments presented in the Petition, the Preliminary Response, and the evidence of record, we determine that Petitioner has demonstrated at least a reasonable likelihood of success in proving that at least one claim of the '941 patent is unpatentable. Thus, we institute an *inter partes* review of all challenged claims (i.e., claims 1, 3, 5, 7–12, and 23–26) on all grounds set forth in the Petition. Our determinations at this stage of the proceeding are based on the evidentiary record currently before us. This decision to institute trial is not a final decision as to patentability of any claim for which we have instituted an *inter partes* review. *See TriVascular, Inc. v. Samuels*, 812 F.3d 1056, 1068 (Fed. Cir. 2016) (noting that “there is a significant difference between a petitioner’s burden to establish a ‘reasonable likelihood of success’ at institution, and actually proving invalidity by a preponderance of the evidence at trial”). We will base any final decision on the full record developed during trial.

VI. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that, pursuant to 35 U.S.C. § 314(a), an *inter partes* review is instituted for claims 1, 3, 5, 7–12, and 23–26 of the '941 patent on the unpatentability grounds asserted in the Petition; and

FURTHER ORDERED that 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, which commences on the entry date of this decision.

IPR2023-00995
Patent 10,846,941 B2

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