

UNITED STATES PATENT AND TRADEMARK OFFICE

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

VERIZON CONNECT INC.,
Petitioner,

v.

OMEGA PATENTS, LLC,
Patent Owner.

IPR2023-01162
Patent 8,032,278 B2

Before COKE MORGAN STEWART, *Acting Under Secretary of
Commerce for Intellectual Property and Acting Director of the United States
Patent and Trademark Office.*

ORDER TO SHOW CAUSE

Omega Patents, LLC (“Patent Owner”) filed a request for Director Review of the Final Written Decision (“Decision”) in the above-captioned case, and Verizon Connect Inc. (“Petitioner”) filed an authorized response to the request. *See* Paper 35 (“DR Request”); Paper 36. In the request, Patent Owner argues that Director Review should be granted because the Board erroneously found that Patent Owner was not entitled to a presumption of nexus between the claimed invention and certain commercial products (the “CalAmp products”). DR Request 8–12. Patent Owner contends that its un rebutted expert testimony established that any unclaimed features of the CalAmp products were insignificant for the nexus analysis. *See id.* at 10–12.

Patent Owner further argues that the Board did not properly weigh Patent Owner’s objective evidence of non-obviousness, which encompassed several licenses and settlement agreements that included the challenged patent. *Id.* at 13–15. As support, Patent Owner points to a district court jury verdict finding the claims not invalid and highlighting objective indicia of non-obviousness, and the Board’s decision in a fifth *ex parte* reexamination of the challenged patent that found persuasive the objective indicia of non-obviousness, including Patent Owner’s licensing evidence. *See id.* at 13.

Petitioner responds that marketing materials and product manuals for the CalAmp products, and a Federal Circuit decision vacating a damages award based on the CalAmp products, undermine a presumption of nexus. Paper 36, 5–6. Petitioner also asserts that the Board properly rejected Patent Owner’s objective evidence of non-obviousness as weak. *Id.* at 6.

Here, the Board failed to explain adequately its decision to deny Patent Owner a presumption of nexus. Although Petitioner identified (i) unclaimed features of the CalAmp products and (ii) a Federal Circuit

decision requiring apportionment of a damages award between the claimed and unclaimed features, the Board did not sufficiently articulate how the Federal Circuit’s apportionment requirement in the damages context—which involves a different legal standard—translates to the significance of the unclaimed features for the purpose of nexus. *See Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366, 1374 (Fed. Cir. 2019).

In addition, the Board did not sufficiently address Patent Owner’s evidence of licensing, which both the district court jury and the Board previously weighed in Patent Owner’s favor. *See* Ex. 1015, 12–16; Ex. 2032, 9. Specifically, the Board failed to consider Patent Owner’s argument that the challenged patent “was the last patent standing and continued to collect royalties—even when others in the portfolio licenses expired.” DR Request 14; Paper 25, 14.

Ordinarily, the proceeding would be remanded to the Board to reconsider nexus and the evidence of secondary considerations. In this case, however, the Office has already considered the patentability of the challenged claims during five *ex parte* reexaminations, as well as in a separate *inter partes* review proceeding (“IPR”) involving another petitioner that is currently on appeal to the United States Court of Appeals for the Federal Circuit. *See* Exs. 1015, 2035–39; *Geotab USA, Inc. v. Omega Patents, LLC*, IPR2023-00504, Papers 45, 48; *Omega Patents, LLC v. Geotab USA, Inc.*, No. 25-1108 (Fed. Cir. 2024). A district court also has previously considered the validity of the challenged patent in litigation resulting in a judgment of no invalidity that the Federal Circuit subsequently affirmed on appeal. *See* Ex. 2032; *Omega Patents, LLC v. CalAmp Corp.*, 920 F.3d 1337 (Fed. Cir. 2019). Under these circumstances, which

encompass seven prior challenges to the claims, including a separate IPR concluding that the same claims are unpatentable that is currently on appeal, a remand to the Board may be inefficient and terminating the proceeding may be the more appropriate course of action. *See* 35 U.S.C. § 314(a); 37 C.F.R. § 42.72; *Sling TV, L.L.C. v. Realtime Adaptive Streaming LLC*, 840 F. App'x 598 (Fed. Cir. 2021); *BioDelivery Scis. Int'l, Inc. v. Aquestive Therapeutics, Inc.*, 935 F.3d 1362 (Fed. Cir. 2019). Before making that determination, however, Petitioner is ordered to file within fourteen days a brief of no more than five pages showing cause why the case should not be terminated. Patent Owner is authorized to file within fourteen days a five-page brief addressing the issue of termination.

In consideration of the foregoing, it is:

ORDERED that Petitioner shall file a five-page brief showing cause why the case should not be terminated;

FURTHER ORDERED that Patent Owner is authorized to file a five-page brief addressing the issue of termination; and

FURTHER ORDERED that the briefs authorized in this Order are due within fourteen days of this Order.

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