

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner,

v.

INTERDIGITAL PATENT HOLDINGS, INC.,
Patent Owner.

IPR2024-00306
Patent 9,173,054 B2

Before JAMESON LEE, JOHN F. HORVATH, and LISA A. MURRAY,
Administrative Patent Judges.

MURRAY, *Administrative Patent Judge.*

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

INTRODUCTION

Microsoft Corporation (“Microsoft” or “Petitioner”) filed a Petition (Paper 2, “Pet.”) for *inter partes* review of claims 1, 3–10, 12, 14–15, 21, 23, 25–32, 34, 36–37, 43, 46–47, and 49–50 (the “challenged claims”) of U.S. Patent 9,173,054 B2 (Ex. 1001, “the ’054 patent”). Pet. 1–2. InterDigital Patent Holdings, Inc. (“InterDigital” or “Patent Owner”) timely filed a Preliminary Response. (Paper 9, “Prelim. Resp.”). With the permission of

the Board, Petitioner filed a Preliminary Reply (Paper 10) and Patent Owner filed a Preliminary Sur-Reply (Paper 11).

The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a):

(a) *Threshold*.—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.

35 U.S.C. § 314(a).

InterDigital contends that the Petition should be denied as to all challenged claims. Based on our review of the current record, we conclude that Microsoft is reasonably likely to prevail with respect to at least one of the challenged claims of the '054 patent. We thus institute an *inter partes* review of all the challenged claims of the '054 patent on all grounds asserted in the Petition. *See* 37 C.F.R. § 42.108(a) (2023).

A. Real Parties in Interest

Petitioner Microsoft identifies itself as a real party in interest. Pet. xii. Microsoft additionally identifies its customers Lenovo (United States), Inc., Lenovo PC HK Limited, Lenovo Group Limited, and Motorola Mobility LLC—all of which have been named as defendants in related District Court and/or International Trade Commission (“ITC”) proceedings—as other real parties in interest. *Id.*

Patent Owner InterDigital identifies itself (InterDigital Patent Holdings, Inc.); InterDigital, Inc.; InterDigital VC Holdings, Inc.; and InterDigital Madison Patent Holdings SAS as real parties in interest. Paper 7 (“Patent Owner’s Supp. Mandatory Notice”).

B. Related Matters

The parties identify the following as matters that may affect, or be affected by, a decision in this proceeding:

Certain Electronic Devices, Including Smartphones, Computers, Tablet Computers, and Components Thereof, Inv. No. 337-TA-1373 (ITC), filed Sept. 1, 2023;

InterDigital, Inc. et al. v. Lenovo Group Limited et al., Case No. 5:23-cv-00493-FL (E.D.N.C.), filed Sept. 1, 2023;

Microsoft Corp. v. InterDigital Patent Holdings, Inc., IPR2024-00538 (PTAB), filed Feb. 9, 2024.

Paper 8 (“Petitioner’s Updated Mandatory Notices”); Paper 7 (“Patent Owner’s Supp. Mandatory Notice”). In addition, Microsoft has filed two petitions challenging certain claims of U.S. Patent No. 8,737,933, to which the ’054 patent alleges priority and which shares common claims of priority to the same earlier applications. *See Microsoft Corp. v. InterDigital Patent Holdings, Inc.*, IPR2024-00305 (PTAB), Paper 2, filed Dec. 20, 2023; *Microsoft Corp. v. InterDigital Patent Holdings, Inc.*, IPR2024-00537 (PTAB), Paper 3, filed Feb. 9, 2024; *see* Pet. xii.

C. The Challenged Patent

The ’054 patent discloses a method for controlling communication of data in wireless communications, implemented in a wireless transmit/receive unit (“WTRU”). Ex. 1001, 1:45–61. Specifically, the challenged claims describe a WTRU that detects another nearby WTRU using Bluetooth. On receiving user input through a touch display selecting a media file and selecting a second WTRU to receive that file, a first WTRU sends a message to transfer the selected media to the selected second WTRU. On receiving an acceptance message from the second WTRU, the first WTRU

uses Wi-Fi rather than Bluetooth to transfer the selected media to the second WTRU. *See, e.g., id.* at 10:53–65.

Petitioner challenges claims 1, 3–10, 12, 14–15, 21, 23, 25–32, 34, 36–37, 43, 46–47, and 49–50 of the '054 patent. Claims 1 and 23 are independent claims. Claim 1 is illustrative of the challenged claims and is reproduced below:

1. A method performed by a wireless transmit/receive unit (WTRU), the method comprising:

processing, by the WTRU from a touch display, an input to select media in an application;

detecting, by the WTRU over bluetooth, another WTRU;

processing, by the WTRU, another input from the touch display to select the another WTRU;

sending, by the WTRU to the selected another WTRU, a message to transfer the selected media;

receiving, by the WTRU, an acceptance to transfer the selected media; and

transferring, by the WTRU to the selected another WTRU over WiFi, the selected media.

Ex. 1001, 10:53–65 ('054 patent).

D. Asserted Grounds of Unpatentability

Microsoft contends that the challenged claims are unpatentable under 35 U.S.C. § 103 based on the following combinations of references:

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1, 3–10, 12, 14–15, 21, 23, 25–32, 34, 36–37, 43, 46–47, 49–50	103	US 2009/0298419 A1 (“Ahya”) (Ex. 1004), and US 2008/0166967 A1 (“McKillop”) (Ex. 1005)

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1, 3–10, 12, 14–15, 21, 23, 25–32, 34, 36–37, 43, 46–47, 49–50	103	Ahya (Ex. 1004), McKillop (Ex. 1005), and GB 2007/2439364 A (“Turner”) (Ex. 1028)
1, 3–10, 12, 14–15, 21, 23, 25–32, 34, 36–37, 43, 46–47, 49–50	103	WO 2005/107285 A1 (“Hoddie”) (Ex. 1006), and US 2007/0191028 A1 (“Hinckley”) (Ex. 1007)

Pet. 2. Petitioner also relies upon the Declaration of Peter Rysavy. Ex. 1003 (“Rysavy Decl.”).

DISCRETIONARY DENIAL UNDER § 314(a)

We first consider whether we should exercise our discretion under 35 U.S.C. § 314(a) to deny institution on the grounds that a trial would be duplicative of other proceedings. Patent Owner argues that we should exercise our discretion to deny institution due to the “advanced state” of the related district court litigation, in which claim construction will be fully briefed and likely argued by the time that this Decision on Institution issues. Prelim. Resp. 9.

Institution of *inter partes* review is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”); 35 U.S.C. § 314(a). The Board decides on the Director’s behalf whether to institute an *inter partes* review. 37 C.F.R. § 42.4(a). The Board considers six factors to determine whether system efficiency, fairness, and the merits support denial of a petition for *inter partes* review based on the status of a related litigation:

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 v. Fintiv, IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential). The Director has issued additional guidance on the application of *Fintiv*, which the Board also considers. Ex. 2002 (Katherine K. Vidal, *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* (June 21, 2022) (“Vidal Memo”)).

Factor 1: The first *Fintiv* factor considers whether the parallel proceedings have been, or may be, stayed pending the outcome of an *inter partes* review. The District Court for the Eastern District of North Carolina has not granted a stay in the related district court proceeding, nor has any party asked it to do so. *See* Prelim. Resp. 12–13. Patent Owner suggests that a stay likely would not be granted, even if requested, because not all of the patents at issue in the district court litigation are subject to petitions for *inter partes* review. Sur-Reply 1. This assumption, while not unreasonable, is speculation at this point. As the only certainty is that there is currently no stay in place, we find this factor to be neutral, weighing neither for nor against discretionary denial.

Factor 2: The second factor compares the court’s trial date to the Board’s projected statutory deadline for a final written decision. Here, no trial date has been set in the related district court proceeding.¹ Pet. 2–3; Prelim. Resp. 13. However, “when considering the proximity of the district court’s trial date to the date when the PTAB final written decision will be due, the PTAB will consider the median time from filing to disposition of the civil trial for the district in which the parallel litigation resides.” Ex. 2002, 3 (Vidal Memo). The most recent statistics show a median time-to-trial for completed civil trials in the Eastern District of North Carolina of 31.2 months. *See* Reply 1; Ex. 1082, 21 (U.S. district courts judicial caseload profile). Thus, a projected trial date for the related district court proceeding, which was filed on September 1, 2023, would be in mid-April of 2026. *See* Pet. xii (providing filing date for district court litigation). This would be about ten months after the projected statutory deadline for a final written decision in this proceeding. Accordingly, this factor weighs heavily against discretionary denial.

Factor 3: The third *Fintiv* factor considers the amount of time and resources already invested in the parallel proceeding by the court and the parties. *Fintiv*, Paper 11 at 6. Patent Owner represents that the parties in the

¹ Patent Owner notes that there is an evidentiary hearing in the related ITC proceeding scheduled for June 26, 2024. Prelim. Resp. 13. The Board, however, does not consider the status of a parallel ITC proceeding in a *Fintiv* analysis, regardless of whether that proceeding is likely to conclude before the Board issues a final written decision. “The plain language of the *Fintiv* factors is directed to district court litigation and does not apply to parallel U.S. International Trade Commission (ITC) proceedings, as the ITC lacks authority to invalidate a patent and the ITC’s invalidity rulings are not binding on the Office or on district courts.” Ex. 2002, 2–3 (Vidal Memo).

district court proceeding “have prepared and exchanged infringement and invalidity contentions, presented initial disclosures, and are in the midst of fact discovery and motion practice.” Prelim. Resp. 14. The parties will complete claim construction briefing by May 23, 2024. *Id.*

While resources have been invested in the related district court litigation, nevertheless there is still a substantial amount of work to be completed by both the parties and the district court as to issues of unpatentability. There may, in the court’s discretion, be a hearing before entry of a claim construction order. Ex. 2003, 15 (E.D.N.C. case management order). Fact discovery is not expected to close until ninety days after entry of the claim construction order, with the close of expert discovery to follow 111 days later. *Id.* at 16. The deadline for filing dispositive motions will be thirty days after the close of expert discovery. *Id.* Thus, the resources invested in the related litigation thus far are a relatively small portion of the overall investment required to pursue district court litigation through trial and disposition. That overall investment may potentially be reduced if an *inter partes* proceeding ultimately simplifies or streamlines the issues to be decided by the district court. Accordingly, this factor weighs against discretionary denial.

Factor 4: The fourth factor weighs the degree of overlap between issues raised in the petition and in the parallel proceeding. If a petition includes the same, or substantially the same, claims, grounds, arguments, and evidence as those presented in the parallel proceeding, “concerns of inefficiency and the possibility of conflicting decisions [are] particularly strong.” *Fintiv*, Paper 11 at 12. All of the claims challenged in the Petition have now been asserted in the district court litigation. *See* Pet. 2–3 (While

the district court complaint named only the independent claims of the '054 patent, “[t]he dependent claims challenged in this petition were first asserted by Patent Owner in its infringement contentions served December 4, 2023, less than 3 weeks prior to the filing of this petition.”).

Patent Owner argues that “Factor 4 weighs heavily in favor of denying institution” because the Petition relies on the same principal prior art references as those cited in RPI Lenovo’s invalidity contentions in the district court litigation. Prelim. Resp. 15–16; *see* Ex. 2006, 9–10 (Defendant’s preliminary invalidity contentions). The Defendants in the district court, however, have filed a stipulation that would eliminate overlap between the issues identified in the Petition and those that will be litigated in district court. Reply 3. Specifically, Defendants have stipulated that “should the PTAB institute IPR in IPR2024-00306, then Lenovo will not pursue the same grounds in district court litigation for the '054 patent as are presented in IPR2024-00306[.]” Ex. 1081, 2 (Lenovo stipulation). Patent Owner is correct that stipulations using this wording “fall short of full *Sotera* stipulations” and do not entirely eliminate the concerns regarding duplicative proceedings and potentially conflicting decisions. Sur-Reply 3 (citing *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020) (precedential)). Nevertheless, such stipulations do “mitigate to some degree” the concerns that Factor 4 is intended to address. *Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC*, IPR2019-01393, Paper 24 at 12 (PTAB June 16, 2020) (informative). Accordingly, this factor weighs against discretionary denial.

Factor 5: The fifth factor determines whether the petitioner and the defendant in the parallel proceeding are the same party. Here, they are not.

The Petitioner is Microsoft Corp., while the defendants in the parallel district court litigation are Lenovo Group Limited, Lenovo (United States) Inc., and Motorola Mobility LLC. *See, e.g.*, Ex. 2006, 1 (Defendant's preliminary invalidity contentions). Nevertheless, the Petition identifies each of these defendants as a real party in interest. Pet. xii.

Although Petitioner is not a named defendant in the parallel district court litigation and Patent Owner has not presented any evidence that Petitioner is directly involved in that litigation, all of the defendants in the district court case are admittedly real parties-in-interest in this proceeding. In this circumstance, *Fintiv* factor 5 weighs marginally in favor of discretionary denial of the Petition. *See, e.g., Global Tel*Link Corp. v. HLFIP Holding, Inc.*, IPR2021-00444, Paper 14, 27–28 (PTAB July 22, 2021) (denying institution) (where petitioner identified defendants as real parties-in-interest and offered to indemnify defendants in the district court litigation, *Fintiv* Factor 5 weighed in favor of denial of the petition).

Factor 6: The sixth factor considers whether there are other circumstances that impact the Board's exercise of discretion, including the merits of the Petition. Here, for the reasons discussed below, there is a reasonable likelihood that Petitioner may prevail with respect to at least one of the claims challenged in the Petition. No other circumstances that might affect the Board's exercise of discretion have been brought to the Board's attention. Accordingly, this factor weighs against discretionary denial.

We have considered the circumstances and facts before us in view of *Fintiv* factors 1–6. As discussed above, Factor 1 is neutral and Factors 2–4 and 6 weigh against discretionary denial, while Factor 5 weighs marginally in favor of discretionary denial. Because our analysis is fact-driven, no

single factor determines whether we exercise our discretion to deny institution under § 314(a). In the circumstances of this case, considering each *Fintiv* factor as part of a holistic analysis, we are persuaded that the interest in the efficiency and integrity of the system would be best served by granting the Petition to institute an *inter partes* review. Accordingly, we decline to exercise discretion to deny institution under § 314(a).

REASONABLE LIKELIHOOD ANALYSIS

We next turn to the question of whether 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).

A. Level of Ordinary Skill in The Art

To determine whether an invention would have been obvious at the time it was made, we consider the level of ordinary skill in the pertinent art at the time of the invention. *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966). 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 technology; and educational level of active workers in the field.” *In re GPAC, Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995) (citing *Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 962–63 (Fed. Cir. 1986)). “[O]ne or more factors may predominate.” *Id.*

Microsoft asserts that the person of ordinary skill in the art in December 2008 “would have held a bachelor’s degree in computer science, electrical engineering, computer engineering, or a closely related field, and one to three years of experience working with wirelessly connected mobile devices that used common wireless communications protocols such as

Bluetooth and 802.11/Wi-Fi.” Pet. 14. According to Microsoft, more education would compensate for less work experience and vice versa. *Id.*

InterDigital states that for the purposes of its Preliminary Response, it does not challenge Petitioner’s definition of a person of ordinary skill in the art, but “reserves the right to argue for a different definition should the Board institute trial in this proceeding.” Prelim. Resp. 7.

For purposes of this Decision, we adopt Petitioner’s definition of the level of skill for one of ordinary skill in the art, which we view as consistent with the ’054 patent and the asserted prior art, and we apply that definition in our analysis below.

B. Claim Interpretation

Because the Petition was filed after November 13, 2018, we apply the same claim construction standard that would be used in a civil action under 35 U.S.C. § 282(b), following the standard articulated in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc). 37 C.F.R. § 42.100(b). When applying this standard, claim terms generally are given their ordinary and customary meaning, as would be understood by a person of ordinary skill in the art, at the time of the invention and in the context of the entire patent disclosure. *Phillips*, 415 F.3d at 1312–13. “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).

Microsoft represents that it applies the plain and ordinary meaning of all claim terms and that no terms in the challenged claims require a means-

plus-function analysis. Pet. 14. For the purposes of its Preliminary Response, InterDigital adopts Microsoft's position that no constructions are required. Prelim. Resp. 7.

We determine that no express constructions are needed for us to render our Decision on Institution. *See, e.g., Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (“[W]e need only construe terms ‘that are in controversy, and only to the extent necessary to resolve the controversy.’”) (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)).

C. Principles of Law

A claim is unpatentable under 35 U.S.C. § 103 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 of the invention to a person having ordinary skill in the art. *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) objective evidence of non-obviousness, if present. *See Graham*, 383 U.S. at 17–18. When evaluating a claim for obviousness, we also must “determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue.” *KSR*, 550 U.S. at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)).

D. Analysis

1. Alleged Obviousness Over Ahya and McKillop

Microsoft argues that the combination of Ahya and McKillop renders claims 1, 3–10, 12, 14–15, 21, 23, 25–32, 34, 36–37, 43, 46–47, and 49–50 obvious. Pet. 2, 15–47. In the analysis below, we focus on claim 1, which is illustrative of the challenged claims. For the reasons that follow, we determine that Microsoft has established a reasonable likelihood that it would prevail in showing that the combination of Ahya and McKillop renders at least claim 1 obvious.

a. Ahya and McKillop

Ahya published on December 3, 2009, from an application filed May 28, 2008. Ex. 1004 (Ahya); Ex. 1073 (Ahya application). Ahya discloses a method of exchanging content via wireless transmission between mobile stations. Ex. 1004, Abstract (Ahya). The mobile stations communicate with one another via direct wireless communication links, using protocols such as Bluetooth or 802.11 (Wi-Fi). *Id.* ¶¶ 14–16; *see* Ex. 1003 ¶ 60 (Rysavy Decl.). A user may indicate the content to be transmitted and the mobile station to receive the content through a touchscreen display. Ex. 1004 ¶ 34 (Ahya). A first input, such as a tap, may “select the identifier 174 associated with the content 170” while a second input, such as a swipe, may identify the recipient mobile station by “moving the identifier in the general direction of the mobile station . . . to which the user 112 desires the content 170 to be communicated.” *Id.* ¶¶ 35, 37. The mobile stations may detect one another “in accordance with the Bluetooth protocol” and exchange media content over a direct wireless link. *Id.* ¶¶ 18, 32–33. “Additional security and/or user prompts also can be implemented on

the mobile station 110 . . . to reduce the likelihood of content being accidentally sent to non-intended recipients.” *Id.* ¶ 41.

Ahya does not expressly disclose detecting another WTRU over Bluetooth and then transferring the selected media to the second WTRU over Wi-Fi. Petitioner contends that this aspect of claim 1 is disclosed by McKillop. McKillop published on July 10, 2008, from an application filed May 18, 2007. It discloses power-efficient high-speed communication systems and methods between two wireless devices. Ex. 1005, Title, Abstract (McKillop).

In one embodiment, the portable device includes circuitry for providing wireless communications utilizing a low power, relatively slow communications protocol, such as Bluetooth, to establish a communications path between two wireless devices. When high speed communications are preferred, the two devices can agree to switch to a different, high speed protocol, such as Wi-Fi, for communications.

Id. at Abstract. McKillop explains that this protocol switching “can provide highly power efficient wireless communications” because Bluetooth offers “low power” consumption while Wi-Fi is “high speed” and has a greater range than Bluetooth. *Id.* ¶ 13.

b. Comparison to Claim 1 of the '054 Patent

Claim 1 recites a method performed by a WTRU that includes the WTRU processing a touchscreen input to select media in an application. Ex. 1001, 10:54–56 ('054 patent). According to the Specification, “mobile stations” (such as those referenced in Ahya) are “WTRUs.” *Id.* at 2:26–32 (“‘wireless transmit/receive unit (WTRU)’ includes but is not limited to . . . a mobile station”); Ex. 1004 ¶ 2 (Ahya) (“invention generally relates to . . . sharing of content between mobile stations”). Ahya discloses user

input into a touchscreen to select an identifier associated with certain media. Ex. 1004 ¶¶ 19 (selectable identifiers shown on a display), 32 (“the content 170 can comprise one or more data files, text, audio, video and/or any other information that may be communicated in an electronic format”), 34–35 (using a stylus or user appendage on a touchscreen, “the user 112 can select the identifier 174 associated with the content 170”), 45 (mobile station can include a touchscreen that receives user inputs and communicates them to the controller 202 for further processing). Ahya discloses that the controller of each mobile station executes a “content exchange application” “to implement the methods and processes described[.]” *Id.* ¶ 55.

Claim 1 further requires the WTRU to detect, using Bluetooth, another WTRU. Ex. 1001, 10:57 (’054 patent). Ahya discloses a mobile station that can detect the presence of other mobile stations “in accordance with the Bluetooth protocol.” Ex. 1004 ¶ 18 (Ahya).

Claim 1 further requires the WTRU to process another touchscreen input to select the another WTRU. Ex. 1001, 10:58–59 (’054 patent). Ahya discloses that a user uses the touchscreen to select one of the “mobile stations 120–140 by “moving the identifier in the general direction of the mobile station . . . to which the user 112 desires the content 170 to be communicated.” Ex. 1004 ¶ 37, Fig. 1 (Ahya).

Claim 1 further requires the WTRU to send a message to transfer the selected media element to the another WTRU, and to wait to receive an acceptance to transfer the selected media. Ex. 1001, 10:60–63 (’054 patent). Ahya discloses that “the user 112 can initiate wireless transmission of the content 170 by selecting the identifier 174 and moving the identifier in the general direction of the mobile station 120–140 and/or user 122–142 to

which the user 112 desires the content 170 to be communicated.” Ex. 1004 ¶ 37 (Ahya). Petitioner argues that as part of this file transfer process, “a POSITA would have implemented the Ahya+McKillop devices to prompt users to accept or deny incoming file transfers, as was well known in the art and described by numerous background references—including Hinckley, Guo, Turner, and several Nokia phone user guides.” Pet. 31. Ex. 1003 ¶¶ 46–55 (Rysavy Decl.) (“[B]y at least the 1980s, such pre-transfer request and acceptance messages were common in file transfer protocols.”); *see* Exs. 1007 (Hinckley), 1027 (Guo), 1028 (Turner); *see also* Exs. 1025–1026, 1060–1062 (Nokia user guides). For example, Turner teaches the following:

Bluetooth does provide various security mechanisms that can be used to prevent unwanted connections to a device and a subsequent infection by malware. These include verifying the authenticity of the remote device and asking the user whether they wish to accept the connection. Furthermore, if a connection does result in some type of file transfer, users can be prompted as to whether they wish to accept such a transfer.

Ex. 1028, 2:6–11 (Turner); *see also* Ex. 1004 ¶ 41 (Ahya) (“Additional security and/or user prompts also can be implemented on the mobile station 110 . . . to reduce the likelihood of content being accidentally sent to non-intended recipients.”).

Finally, claim 1 requires the WTRU to transfer, using a Wi-Fi communication, the selected media. Ex. 1001, 10:64–65 (’054 patent). Ahya teaches transferring the selected media to the selected another WTRU.

Ex. 1004 ¶¶ 6, 55 (Ahya) (“The controller 202 also can process user inputs received via the user interface 204 to wirelessly transmit, via the transceiver 224, content to other mobile stations in accordance with the user inputs[.]”)

Ahya discloses that the transfer may be over Bluetooth, *id.* ¶ 15, or over

IEEE 802.11 Wi-Fi, *id.* ¶ 16, but does not explicitly disclose switching from Bluetooth to Wi-Fi to perform the file transfer transaction. McKillop also discloses transferring media and, additionally, discloses switching from Bluetooth to a Wi-Fi protocol to perform the transfer. Ex. 1005 ¶¶ 14–15 (“Once another Bluetooth device is located, . . . the phone and the device could agree to switch communication modes from Bluetooth to Wi-Fi for a dedicated event to occur, such as the photo download. Both devices would then switch into Wi-Fi mode and begin communicating.”), 17 (“[T]wo users of portable media devices, such as iPods with wireless capability, could desire to exchange personal information. For example, one user might have a digital movie stored on his wireless iPod. The users would each direct the wireless iPods into communication mode, which would cause the devices to begin operating in Bluetooth mode. Once a direct communications path was established between the devices, via handshaking, etc., the two devices could switch into a high speed mode utilizing a different protocol.”), 38 (“application portion 215 can direct carrier portion 225 to switch from Bluetooth to Wi-Fi for wireless communications”), Fig. 4 (McKillop). Thus, on this record, it appears that Petitioner is reasonably likely to establish that the asserted combination teaches each limitation of claim 1.

c. Motivation to Combine

According to Petitioner, both Ahya and McKillop are analogous art to the '054 patent because all three are within the same field of endeavor: data transfer between wireless devices. Pet. 15, 18. Both Ahya and McKillop disclose “Bluetooth- and Wi-Fi-enabled wireless devices that include touchscreens for receiving user inputs and Bluetooth discovery for detecting other nearby devices.” Pet. 19 (citing Ex. 1004 ¶¶ 13–20, 32–35, 37, 45, 49,

62, 64, claim 11, Figs. 1, 3 (Ahya); Ex. 1005, Title, Abstract, ¶¶ 2–7, 10–17, 28–30, 34, 38, 42–47, claims 2–5, Figs. 2–4 (McKillop)). Petitioner persuasively argues that “a POSITA would have been motivated to program the devices to switch from Bluetooth to Wi-Fi to transfer content, as taught by McKillop, because Wi-Fi is faster than Bluetooth.” *Id.*; *see also* Ex. 1005, Abstract, ¶ 6 (McKillop); Ex. 1003 ¶ 70 (Rysavy Decl.). Petitioner further contends that a person of ordinary skill in the art at the time of the invention “would have reasonably expected to succeed in implementing these features because they would have required only routine software code that was well within the skill of a POSITA, as evidenced by these features’ ubiquity in the prior art.” Pet. 20; *see* Ex. 1003 ¶¶ 38–45 (ubiquity in the prior art), 72 (only “minor software code” required) (Rysavy Decl.).

Petitioner also persuasively argues that one of ordinary skill “would have been further motivated to implement the Ahya+McKillop wireless devices to prompt users to accept or deny incoming file transfers, as described by numerous background references[,]” and would have had a reasonable expectation of success in doing so. Pet. 22; *see* Ex. 1003 ¶¶ 46–51 (background references), 78–81 (motivation), 83 (only “minor software code” required to implement combination) (Rysavy Decl.). Turner, for example, explains that “Bluetooth does provide various security mechanisms that can be used to prevent unwanted connections to a device and a subsequent infection by malware.” Ex. 1028, 2:6–8 (Turner); *see* Pet. 23. Specifically, “if a connection does result in some type of file transfer, users can be prompted as to whether they wish to accept such a transfer.” Ex. 1028, 2:9–11 (Turner).

For these reasons, we find that on this record Petitioner has sufficiently articulated some reasoning as to why a person of ordinary skill in the art at the time of the invention would have been motivated to combine Ahya and McKillop. *See In re Kahn*, 441 F.3d at 988, *cited with approval in KSR*, 550 U.S. at 418.

d. Secondary Considerations

At this stage in the proceeding, InterDigital does not address Petitioner’s arguments and evidence as to how the asserted combination teaches the limitations of the challenged claims or whether the references are combinable. Rather, InterDigital argues that the Petition fails to establish a *prima facie* case of obviousness under any theory because it does not address secondary considerations of non-obviousness. Prelim. Resp. 18–57.

“[O]bjective evidence of nonobviousness includes copying, long felt but unsolved need, failure of others, commercial success, unexpected results created by the claimed invention, unexpected properties of the claimed invention, licenses showing industry respect for the invention, and skepticism of skilled artisans before the invention.”

In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998) (internal citations omitted). For such evidence to have substantial weight, there must be “a nexus between the evidence and the merits of the claimed invention.” *Wyers v. Master Lock Co.*, 616 F.3d 1231, 1246 (Fed. Cir. 2010) (quoting *In re GPAC Inc.*, 57 F.3d 1573, 1580 (Fed. Cir. 1995)). Here, InterDigital argues that evidence of commercial success, praise by others, skepticism, copying, and a long-felt, unresolved need weighs heavily in favor of non-obviousness and against institution. Prelim. Resp. 19.

InterDigital asserts that Apple, Inc. has taken a license to the ’054 patent and that “the inventions recited in the claims of the ’054 Patent are

embodied in Apple’s licensed AirDrop products[.]” Prelim. Resp. 19; *see* Ex. 2001 ¶¶ 68–112 (Edwards Decl.) (expert’s opinion that Apple’s licensed AirDrop products include the functionality recited in the challenged claims); Ex. 2017, 2–3 (InterDigital 8-K, Oct. 3, 2022); Ex. 2018, 8, 108 (InterDigital 10-K, February 15, 2023) (describing Apple license to a portfolio of InterDigital patents, without specifically identifying the ’054 patent).

InterDigital asserts that Apple’s AirDrop system and products are evidence that the challenged claims of the ’054 patent are not obvious. It argues that Apple products that feature AirDrop have been a commercial success and have garnered industry praise for the file-transferring feature. Prelim. Resp. 44–45; *see* Exs. 2023–2025 (reviews by ReadWrite, MacWord, Forbes). It describes efforts by others to copy the functionality of AirDrop on non-Apple devices, and claims that “[t]he Bluetooth detection and Wi-Fi data transfer paradigm of Apple AirDrop [has] now been repeated multiple times, by multiple competitors throughout the telecommunications industry.” Prelim. Resp. 53; *see* Exs. 2026–2047 (news articles describing efforts to develop Android and Windows features comparable to AirDrop). InterDigital argues that these efforts, which it claims have been largely unsuccessful, are evidence of a long-felt but unresolved need for AirDrop-like functionality.

Apple implemented AirDrop in iOS 7, which launched on September 18th, 2013. This was potentially the first commercial embodiment of the claims of the ’054 patent. Up until that time, no one implemented products which utilized the method and apparatus described by the ’054 patent, demonstrating a long felt but unresolved need for the claimed invention.

Ex. 2001 ¶ 117 (Edwards Decl.); Prelim. Resp. 56–57 (“Patent Owner, and licensee Apple, arrived at the accepted solution for media sharing using handheld devices, and the rest of the industry is still struggling to catch up.”)

InterDigital argues that the Board should exercise its discretion to deny institution because the Petition does not address the secondary considerations evidence discussed above. It contends that “[w]hile Petitioner does not bear the burden of proof as to secondary considerations, it is well aware of the fact that Patent Owner is relying on Apple AirDrop in proving up Domestic Industry in the underlying ITC proceeding[.]” Prelim. Resp. 2, 19–20, 44. We disagree that Petitioner was required to foresee and proactively address in its Petition the specific evidence of secondary considerations that Patent Owner now asserts.

We have considered InterDigital’s evidence of secondary considerations of non-obviousness, but we find the record and evidence of secondary considerations insufficiently developed at this stage of the proceeding to preclude institution. Petitioner has not yet had an opportunity to respond to InterDigital’s assertions or to introduce evidence that might rebut them. On this record, considering that Petitioner is not a party to the related litigation and therefore likely does not have access to any evidence produced under seal in district court, has only now been presented with an outline of Patent Owner’s secondary considerations, and has not yet been afforded an opportunity to develop countervailing evidence, we decline to hinge the outcome of a decision to institute on the incomplete record before us.

An investigation into secondary considerations of nonobviousness is particularly fact-intensive and may require discovery. *See, e.g., MOM*

Enterprises, LLC v. Elaine and Reinhold W. Vieth, IPR2023-00726, Paper 10, 44–45 (PTAB Sept. 15, 2023); *Invata, LLC v. OPEX Corp.*, IPR2022-01604, Paper 8, 10 (PTAB Mar. 17, 2023). “Such issues implicate genuine issues of fact that are more appropriate to resolve after development of a full trial record.” *MOM Enterprises*, Paper 10, 45. Accordingly, we invite the parties to further address secondary considerations of non-obviousness during the trial.

e. Conclusions Regarding Obviousness of the Challenged Independent Claims

We have reviewed the arguments and evidence presented by both Petitioner and Patent Owner. We are persuaded that Petitioner demonstrates, for purposes of this institution decision, that it is reasonably likely that it will be able to show that the combination of Ahya and McKillop, as viewed by a person of ordinary skill in the art at the time of the invention, teaches each element of claim 1. We also find, at this stage of the proceeding, that Petitioner has sufficiently articulated some reasoning as to why a person of ordinary skill in the art at the time of the invention would have been motivated to combine Ahya and McKillop. Accordingly, we conclude that based on the current record, Petitioner’s contentions, detailed above and supported by the Rysavy Declaration, are sufficient to show a reasonable likelihood of success for Petitioner’s challenge to claim 1.

Petitioner’s analysis of the remaining challenged independent claim, claim 23, refers back to its analysis of claim 1 and cites evidence demonstrating that the combination of Ahya and McKillop teaches a WTRU that performs each of the recited steps of claim 1. Pet. 47. Accordingly, at this stage of the proceeding, Petitioner has demonstrated a reasonable

likelihood of showing that claim 23 is also unpatentable over Ahya and McKillop.

f. Conclusions Regarding Obviousness of the Challenged Dependent Claims

We have reviewed Petitioner’s contentions regarding the unpatentability of dependent claims 3–10, 12, 14–15, 21, 25–32, 34, 36–37, 43, 46–47, and 49–50. Pet. 36–47. Patent Owner does not challenge these contentions at this stage in the proceeding. *See* Prelim. Resp. 7–57. We are persuaded, based on the evidence and argument presented, that Petitioner has demonstrated a reasonable likelihood of showing that claims 3–10, 12, 14–15, 21, 25–32, 34, 36–37, 43, 46–47, and 49–50 are unpatentable over the combination of Ahya and McKillop.

2. Alleged Obviousness Over Ahya, McKillop, and Turner

Microsoft argues that the combination of Ahya, McKillop, and Turner also renders obvious claims 1, 3–10, 12, 14–15, 21, 23, 25–32, 34, 36–37, 43, 46–47, and 49–50. Pet. 2, 47–48. At this stage in the proceeding, Patent Owner does not address Petitioner’s arguments and evidence as to how the combination of Ahya, McKillop, and Turner teaches the limitations of these claims.

Turner is cited for its teaching of Bluetooth security mechanisms that prompt users to accept or deny incoming file transfers. Pet. 47 (“To the extent Patent Owner argues that it was not in the POSITA’s knowledge to include user prompt functionality that allowed for rejection/acceptance of incoming content, Ground 2 expressly relies on Turner (discussed as a background reference in Ground 1) to confirm the obviousness of this feature.”); Ex. 1003 ¶¶ 149–152 (Rysavy Decl.) (“Turner discloses

prompting a user to either accept or deny an incoming transfer . . . and a POSITA would have been motivated with a reasonable expectation of success to include this prompt functionality in the Ahya+McKillop wireless devices so that users could reject unwanted content[.]”); Ex. 1028, 2:6–11 (Turner). We have reviewed Microsoft’s arguments and evidence regarding the relevance of Ahya, McKillop, and Turner, and note InterDigital’s decision not to address this issue separately in its Preliminary Response. For the reasons discussed above, on the current record we find Microsoft’s arguments persuasive for purposes of institution.

3. Alleged Obviousness Over Hoddie and Hinckley

Microsoft argues that the combination of Hoddie and Hinckley also renders obvious claims 1, 3–10, 12, 14–15, 21, 23, 25–32, 34, 36–37, 43, 46–47, and 49–50. Pet. 2, 48–72. In its Preliminary Response, Patent Owner does not address Petitioner’s arguments and evidence as to how the combination of Hoddie and Hinckley teaches the limitations of these claims. Because Petitioner has demonstrated a reasonable likelihood that it will show that at least one challenged claim is unpatentable as obvious over Ahya and McKillop for the reasons discussed above, we need not review Petitioner’s remaining challenge at this stage. *See* 35 U.S.C. § 314(a) (institution proper if “there is a reasonable likelihood that the petitioner would prevail with respect to *at least 1* of the claims challenged in the petition.”) (emphasis added).

CONCLUSION

For the foregoing reasons, we determine that Petitioner has demonstrated that there is a reasonable likelihood that it would prevail in proving the unpatentability of at least one of the challenged claims of the

'054 patent. We thus institute an *inter partes* review of all of the challenged claims of the '054 patent on all grounds asserted in the Petition. *See* 37 C.F.R. § 42.108(a).

Any findings or conclusions in this Decision are made only for the purposes of institution and are not dispositive of any issue. We have not made a final determination with respect to the patentability of any challenged claim. Our final determination will be based on the record as fully developed during trial, including any evidence or argument timely presented by the parties under our Rules.

ORDER

For the reasons given, it is:

ORDERED that, pursuant to 35 U.S.C. § 314(a), an *inter partes* review of the '054 patent is instituted on all of the challenged claims and all 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; the trial commences on the entry date of this Decision.

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