UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TIKTOK INC.,
Petitioner,

v.

CELLSPINSOFT, INC.,
Patent Owner.

IPR2024-00759

U.S. Patent No. 8,862,757

PATENT OWNER'S REQUEST FOR REHEARING OF THE BOARD'S INSTITUTION DECISION

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Patent Owner CellspinSoft, Inc. ("Cellspin") respectfully requests rehearing and reconsideration of the Board's institution decision for at least the following reasons: (i) the Board has misapplied *Fintiv* Factor Four in this case and in light of these facts; and (ii) the Board should have exercised its discretion under both 35 U.S.C. §§ 314(a) and 316(b) and denied institution under these facts.

I. LEGAL STANDARDS

A rehearing "request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, a reply, or a sur-reply." 37 C.F.R. § 42.71(d). The Board reviews its Decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion occurs when a "decision … is based on an erroneous conclusion of law." *Ultratec, Inc. v. CaptionCall*, LLC, 872 F.3d 1267, 1272 (Fed. Cir. 2017). Other abuse-of-discretion examples include decisions based on clearly erroneous findings of fact or upon records containing no evidence on which the Board could rationally base its decision. *Id.*; *see also AdjustaCam, LLC v. NewEgg, Inc.*, 861 F.3d 1353, 1358 (Fed. Cir. 2017).

II. ARGUMENT

A. *Fintiv* Factor Four

The trial date in the district court in the underlying case is set for August 4, 2025, which is well prior to the date on which this Board would eventually decide these cases. As the record reflects, Petitioner TikTok filed *seven* IPR Petitions in April 2024, and then, with the help of Unified Patents, filed *four* additional *ex-parte* Petitions for the same patents in May 2024. In sum, TikTok is effectively taking multiple bites at the same apples. The Board has elected to institute all eleven challenges, notwithstanding the fact that the Patent Owner has identified this abusive approach by way of its *Fintiv* Factor Four analysis as set forth in its Preliminary Response.

In its institution decision, the board acknowledged the curious timing of the *ex-parte* Petitions by stating that: "[E]ven assuming *arguendo* Petitioner is a real party in interest behind these reexamination requests, Petitioner's *Sotera* stipulation did not prevent it from participating in the *filing of those requests prior to our decision to institute* inter partes review here."

But the Board failed to acknowledge the fact that the *ex-parte* Petitions had

already been instituted, and did zero analysis of the fact (as presented in Patent Owner's Preliminary Response) that Petitioner TikTok is using "lawfare" and circumventing the spirit of the Director's guidance memo for *Sotera* to not have multiple bites at the same figurative apple before the Board.

This is effectively elevating form over function, inasmuch as the plain spirit of the Director's guidance memo is that petitioners should *not* have multiple bites at the apple and petitioner should *not* maintain multiple invalidation proceedings at the USPTO at the same time for the same patents. What TikTok (and the CCP, for that matter) has effectively done is "game the system" by using lawfare and now has *two* actively funded invalidity challenges before the USPTO for same exact patents (via IPR and *ex-parte*).

As further pointed out by the Patent Owner in its Preliminary Response, this is not the first time TikTok has done this to circumvent the spirit of the Director's guidance memo. Indeed, such "lawfare" is exactly what the testimony of two recognized Intellectual Property, National Security, and National Competitiveness policy experts, Mark Cohen (*see* Exh. 2006), and Suzanne Harrison (*see* Exh. 2007), have said about Chinese companies such as TikTok and the CCP.

The USPTO should not be rewarding this type of behavior, but rather should admonish and reject it. TikTok should not be allowed to have three unique "bites at the apple" of invalidating the challenged patents (*i.e.*, district court, IPR, *ex-parte*), and such gaming of the system by TikTok should lead to immediate discretionary denial of institution for both this IPR and the *ex-parte* Petition. There should be consequences for using lawfare and circumventing the spirit of the Director's guidance memo for *Sotera*, and the Board erred by failing to exercise its discretion under these specific facts.

B. Discretionary Denial

In its Preliminary Response, Patent Owner raised the important issue of discretionary denial under both 35 U.S.C. §§ 314(a) and 316(b) regarding the rapidly-approaching (January 19, 2025) TikTok Ban mandated by H.R. 815 and its impacts on the national security of the United States. Nevertheless, the Board declined to consider it, finding instead that there is no regulation or rule for this scenario.

But the USPTO has *always* had a charter that supports inventors, encourages investments in intellectual property, secures U.S. global technology leadership, and

protects economic and national security. More recently, the Director gave testimony before the Senate in which she emphasized those same principles. *See* www.uspto.gov/about-us/news-updates/oral-testimony-honorable-kathi-vidal-hearing-senate. As explained by the Director: "The USPTO is committed to an all-of-government approach to leveraging IP rights to catalyze U.S. economic competitiveness and national security." Further, the Director stated that: "The USPTO is working globally to strengthen the innovation, creativity and entrepreneurship ecosystem, to hold competitors to their agreements *to curb abuses and unfair practices*."

Further, the new patent bill being debated in the Senate and in the Congress also emphasizes both foreign competition and foreign adversaries. *See* www.coons.senate.gov/news/press-releases/senators-coons-tillis-colleagues-introduce-bipartisan-bill-to-support-american-inventors-by-reforming-patent-trial-and-appeal-board. As stated by Senator Coons: "To ensure the United States does not cede technological supremacy to our *foreign competitors and adversaries*, we must act now to ensure American inventors can maintain confidence in our patent system."

In sum, and in view of the argument as presented in Patent Owner's Preliminary Response regarding the TikTok Ban and the U.S. Government:

(i) H.R. 815 being overwhelmingly supported in bipartisan fashion;

(ii) H.R. 815 being signed into law by President Biden;

(iii) The active DOJ and TikTok national security litigation;

(iv) TikTok's refusal to sever ties with Bytedance (CCP); and

(v) Testimony of two recognized Intellectual Property, National Security, and National Competitiveness policy experts: Mark Cohen (see Exh. 2006), and Suzanne Harrison (see Exh. 2007).

These factors, both individually and collectively, properly require the discretionary denial of institution for this IPR.

III. CONCLUSION

For the foregoing reasons, Patent Owner respectfully requests that the Board grant rehearing and deny institution.

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Date: October 11, 2024

Respectfully submitted,

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CERTIFICATION OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6(e) and 42.105(b), the undersigned certifies that on October 11, 2024, a copy of the foregoing document was served by electronic mail on the following:

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