

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DELL INC., DELL TECHNOLOGIES INC., HP INC., AND LENOVO
(UNITED STATES) INC.,

Petitioner,

v.

UNIVERSAL CONNECTIVITY TECHNOLOGIES INC.,

Patent Owner.

IPR2024-01479

Patent 9,232,265 B2

Before KARL D. EASTHOM, THOMAS L. GIANNETTI, and
MIRIAM L. QUINN, *Administrative Patent Judges*.

QUINN, *Administrative Patent Judge*.

DECISION

Denying Institution of *Inter Partes* Review

35 U.S.C. § 314

This proceeding involves claims 1, 4–5, 8, 11, and 14–16 of U.S. Patent No. 9,232,265 B2 (Ex. 1001, “the ’265 patent”) which describes techniques for transitioning an audio/video (AV) device between modes of operation: an “AV sink” operation mode and an “AV source” operation mode. Ex. 1001, [57]. The Petitioner here is Dell Inc., Dell Technologies Inc., HP Inc., and Lenovo (United States) Inc. Paper 1 (“Pet.”). The Patent Owner is Universal Connectivity Technologies, Inc. Paper 8 (“Prelim. Resp.”). Patent Owner urges that we exercise our discretion to deny the Petition under 35 U.S.C. § 314. 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.”). Because we agree with Patent Owner that we should discretionarily deny institution due to the state of parallel district court litigation, and as explained more fully below, we do not institute *inter partes* review.

I. BACKGROUND

After the Petition and Preliminary Response were filed, the Office rescinded the June 2022 memorandum entitled “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation.” Based on the change of binding guidance, we permitted additional briefing. Thus, Petitioner filed a Reply to the Preliminary Response (“Reply”) (Paper 9) and Patent Owner filed a corresponding Sur-reply (“Sur-reply”) (Paper 10) addressing discretionary denial.

A. *Related Matters*

This proceeding is one of seven involving the same parties and the same underlying district court litigation that is the focus of our analysis. The '265 patent at issue here, as well as the patents in the other proceedings, are involved in three parallel district court cases (Paper 6):

- 1) *Universal Connectivity Technologies Inc. v. Dell Technologies Inc., et al.*, No. 1:23-cv-01506-RP (W.D. Tex.) (“the Dell litigation”);
- 2) *Universal Connectivity Technologies Inc. v. HP Inc.*, No. 4:24-cv-04097-YGR (N.D. Cal.) (“the HP litigation”); and
- 3) *Universal Connectivity Technologies Inc. v. Lenovo Group Limited*, No. 2:23-cv-00449-JRG (E.D. Tex.) (“the Lenovo Group litigation”).

According to Patent Owner, there is a fourth litigation concerning a U.S. based, wholly-owned subsidiary of Lenovo Group, Lenovo US, and that action for declaratory judgment is pending in Delaware, No. 1:24-cv-01126-RGA. Prelim. Resp. 3 n.1. Neither party has discussed the subject matter of this fourth litigation as involving invalidity of any patent, so it is not relevant to our exercise of discretion.

II. ANALYSIS

In exercising the Director’s discretion under § 314(a), the Board may consider “events in other proceedings related to the same patent, either at the Office, in district court, or the ITC.” Patent Trial and Appeal Board Consolidated Trial Practice Guide, 58 & n.2 (Nov. 2019) (“CTPG”). *NHK Spring* explains that the Board may consider the advanced state of a related district court proceeding, among other considerations, as a “factor that weighs in favor of denying the Petition under § 314(a).” *NHK Spring Co. v.*

Intri-Plex Techs., Inc., IPR2018-00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (precedential). Additionally, the Board’s precedential order in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5–16 (PTAB Mar. 20, 2020) (precedential) (“the *Fintiv Order*”) identifies several factors for analyzing issues related to the Director’s discretion to deny institution in view of related litigation, with the goal of balancing efficiency, fairness, and patent quality.

When considering related litigation, the Board evaluates the following factors (“*Fintiv* factors”):

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

Fintiv Order at 5–6.

A. Evidence of Stay (Factor 1)

Of the three district court proceedings, the Lenovo Group litigation, pending in the Eastern District of Texas, is the most significant to our analysis here. In the Lenovo Group litigation, the parties have not requested a stay. Prelim. Resp. 3–4. Patent Owner argues that the Lenovo Group litigation is not likely to be stayed based on that court’s low grant rate in

other cases and the progress of that case in particular. Prelim. Resp. 4–6. The court in the HP litigation denied a stay without prejudice, and stated that a stay could be reconsidered in the future depending on the outcome at the PTAB. Reply 2–3. The Dell litigation has been stayed. *Id.*

On this record, we decline to speculate as to how any of the involved District Courts where no stay is pending might rule on any future motion to stay. Thus, we determine that, while one stay has been granted, the lack of a stay in the other underlying District Court cases, especially the Lenovo Group litigation, is not sufficiently persuasive to weigh this factor against exercising discretion. Therefore, this factor has a neutral effect on the overall balancing of the *Fintiv* factors.

B. District Court Trial Date (Factor 2)

The scheduled trial date for the Lenovo Group litigation is November 3, 2025, which is about six months prior to the expected date for the final written decision here (i.e., late April 2026). *See* Prelim. Resp. 30; Ex. 2001 (Lenovo Group litigation Case Docket Control Order), 1 (listing trial date as Nov. 3, 2025). Petitioner argues this trial date is speculative. Reply 3. Further, Petitioner focuses its argument on what it terms a “growing backlog” in the Eastern District of Texas and the status of the HP litigation, which is currently set for trial on September 21, 2026. *Id.*

Patent Owner argues that “both the scheduled trial date and the date of trial based on median time-to-trial statistics occur many months before a final written decision would be expected in this forum.” Sur-reply 1. Patent Owner asserts that the time-to-trial statistics for the Eastern District of Texas project a median time-to-trial of 21.9 months. This projection yields a trial date of July 2025, which is about 9 months prior to the expected final written

decision date of April 2026. *See* Prelim. Resp. 8–9 (citing Ex. 2007 (U.S. District Courts—Federal Court Management Statistics—Profiles—September 30, 2024 Reporting)).

As with the previous factor, the status of the Lenovo Group litigation is our focus here. As stated, that trial is set to occur about six months before a final written decision would issue in this proceeding. The District Court has stated that this trial date setting “cannot be changed without an acceptable showing of good cause.” Prelim. Resp. 8. We are not persuaded by Petitioner’s unsupported argument that the trial date is speculative. We also consider the fact that the median time-to-trial statistic discussed by both parties projects a trial date of July 2025, earlier than the actual date set by the District Court. Ex. 2007; Prelim. Resp. 8; Reply 3. The fact that the time-to-trial statistic is earlier than the trial date set by Judge Gilstrap confirms that the schedule set by the District Court is credible and should be given weight. From this evidence, we are persuaded that we should rely on the trial date in the Lenovo Group litigation as the main indicator of a trial court reaching the merits of the invalidity of the patent-at-issue before we issue a final written decision.

Accordingly, this factor strongly favors exercising discretionary denial.

C. Investment in Parallel Litigation (Factor 3)

This factor relates to the “amount and type of work already completed in the parallel litigation by the court and the parties at the time of the institution decision.” *Fintiv* at 9.

As for the amount and type of work expended by the parties, we understand that Patent Owner has “conducted extensive third party discovery from [Lenovo Group Limited]’s suppliers.” Prelim. Resp. 9–10. By the

time the institution decisions issue, the parties would have completed the claim construction briefing, with a Markman hearing scheduled soon, *i.e.* for May 20, 2025. *See id.*; Sur-reply 1–2.¹ This activity is all in connection with the Lenovo Group litigation; the Dell and HP litigations have had no significant activity of note. Reply 3–4. As for the District Court’s work in the Lenovo Group litigation, although there have been discovery motions and other activity in connection with claim construction², the amount of work that has been performed to date does not support a concern for the investments made in that litigation.

Balancing the evidence before us, we are persuaded that the Lenovo Group litigation activity by the court and the parties has little to no impact on the analysis of the third factor. Accordingly, this factor is neutral.

D. Overlap of Issues (Factor 4)

Under the fourth *Fintiv* factor, we consider “overlap between issues raised in the petition and in the parallel proceeding.” *Fintiv Order* at 12. Petitioner stipulates that if we institute trial, Petitioner “will not to pursue in District Court litigation the specific grounds asserted in *inter partes* review [], or on any other ground that was raised or could have been reasonably raised in an IPR.” Ex. 1024 (stipulation by Dell Technologies Inc., and Dell Inc., and citing *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential)); Ex. 1025 (identical stipulation by HP Inc.); Ex. 1026 (identical stipulation by Lenovo (United States) Inc.); Ex. 1027 (identical stipulation by Lenovo Group Limited).

¹ The District Court recently re-scheduled the Markman hearing to May 20, 2025, from its originally scheduled date of May 12, 2025.

² As noted *supra*, a *Markman* hearing has not been held, and there is no *Markman* order that have required efforts by the district court.

In its Sur-reply, Patent Owner contends that the *Sotera* stipulations do not mitigate concerns of overlap because the stipulations state that Petitioner “expressly reserved the right to challenge invalidity at the district court based on the same references relied upon here in combination with ‘any system, product, or public knowledge or use that embodies’ any of the identified prior art patents or printed publications.” *See* Sur-reply 2–3 (quoting language that appears in Exs. 1024–27). We do not agree with Patent Owner. The overlap of claims between this proceeding and the litigation is complete, and the prior art references involved here are the same as some of the prior art involved in the litigation. Prelim. Resp. 11–12. Although we acknowledge Patent Owner’s concern about lack of overlap stemming from Petitioner’s reservation of rights in its *Sotera* stipulation, our evaluation at this juncture is based on the facts before us, not on how Petitioner *might* challenge the validity of the patent at trial. Patent Owner does not identify any art asserted by Petitioner in the litigation that might fall within this reservation. On the present record, Petitioner’s broad stipulation mitigates certain concerns of duplicative efforts between the District Court and the Board, as well as concerns of potentially conflicting decisions. *Sotera*, Paper 12 at 19.

Accordingly, factor 4 strongly favors not exercising discretionary denial.

E. Defendants in District Court (Factor 5)

Under the fifth *Fintiv* factor, we consider “whether the petitioner and the defendant in the parallel proceeding are the same party.” *Fintiv Order*, Paper 11 at 13. “[I]f the parties are the same in the *inter partes* proceeding and in the parallel proceeding. . . . this factor supports denying institution.” *Sotera* at 19 (citations omitted). Patent Owner states that “there is no

dispute that Petitioners are defendants” in the Lenovo Group litigation, and the Dell litigation and the HP litigation are the same in that respect. Prelim. Resp. 13.

Petitioner contends that Factor 5 “is at worst, neutral.” Reply 4. Petitioner contends that “*Fintiv* did not suggest Factor 5 favors denial when the petitioner is the defendant, instead noting that ‘if a petitioner is unrelated’ this fact weighs ‘against exercising discretion.’” *Id.* (quoting *Fintiv* at 13–14). Petitioner notes that “neither Dell nor HP is a party” in the Lenovo Group litigation, upon which Patent Owner relies, and the fact “that Dell and HP are parties to [the Dell litigation and the HP litigation] has no bearing on Factor 5.” *Id.* at 5.

Patent Owner argues that “Petitioner[] provide[s] no support for [its] contention that this factor is neutralized when less than all parties to the IPR proceeding are also parties to a district court litigation involving the same patent.” Sur-reply 3. Patent Owner contends that “[b]ecause the [P]etitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.” Prelim. Resp. 13.

On the record before us, we discern no reason to treat Petitioner Lenovo (US) and its parent as separate parties for the purpose of this *Fintiv* analysis. Petitioner identifies Lenovo Group Limited as a real party in interest. Pet. 83 (“Petitioners hereby name Dell Inc., Dell Technologies Inc., HP Inc., and Lenovo (United States) Inc. as real parties-in-interest and, solely because it is named as a defendant in a co-pending district court case listed below, further identify Lenovo Group Ltd. as a real party-in-interest.”). Lenovo Group Limited has submitted a *Sotera* stipulation in this case. Therefore, all the parties comprising Petitioner are involved as

defendants or as a real party-in-interest to a defendant in the parallel District Court litigations.

Accordingly, factor 5 weighs in favor of discretionary denial.

F. Other Circumstances, Including the Merits (Factor 6)

This sixth factor takes into account other circumstances that may bear on the decision to exercise discretion to deny, such as the merits of the patentability challenges. *Fintiv Order*, at 14–16. This factor also supports the exercise of discretion because on the merits of the case, on the present record, there are significant weaknesses that call into question the strength of the Petition. *Fintiv Order*, at 15 (“[I]f the merits of the grounds raised in the petition are a closer call, then that fact has favored denying institution when other factors favoring denial are present. . . there may be strengths or weaknesses regarding the merits that the Board considers as part of its balanced assessment”). We therefore turn to a discussion of the merits.

1. The '265 Patent and Claim 1

The '265 patent describes modes of operation of an AV device. Ex. 1001, 2:21–31. In an “AV Sink” operation mode, the device receives AV information from another AV device via a connector. *Id.* In an “AV Source” operation mode, the device is a source providing AV information to another AV device via the same connector. *Id.* The exchange of information occurs according to an HDMI interface standard, though other interface standards for exchanging AV data may be involved. *Id.* at 3:6–12.

The '265 patent describes a problem of connecting AV Source devices to each other, because this risks damage to transmission hardware in either or both devices as they attempt to drive power in opposite directions in the same voltage channel. *Id.* at 3:64–4:11. These AV Source devices may also

attempt to drive data signals in opposite directions and affect hot plug detect (HPD) signals, clock signals, to name a few. *Id.* The logic described in the '265 patent mitigates these problems by transitioning the operation of a device between AV Source operation mode and AV Sink operation mode depending on an event, such as a power-up event. *Id.* at 4:27–33. Upon detecting that the event has occurred, the communication logic of the AV device is initialized. *Id.* at 6:25–27. One embodiment describes the AV logic automatically initializing into a default operation mode: the AV Sink operation mode. *Id.* at 6:27–33.

Claim 1 is illustrative of the subject matter claimed, and is reproduced below with italicized text that will be discussed further.

1. A method comprising:

initializing a first audio/video (AV) device to operate in a default AV sink operation mode in response to a power-on-reset or powering up of the first AV device;

detecting with control circuitry of the first AV device, a coupling between the first AV device and a second AV device;

determining whether a first supply voltage is provided at a channel of a connector, the connector coupling the first AV device and the second AV device;

in response to determining that the first supply voltage is provided at the channel of the connector, configuring communication logic of the first AV device to continue operating the first AV device in the AV sink operation mode;

when operating the first AV device in the AV sink operation mode, receiving AV data provided to the first AV device via the connector and receiving power from the first supply voltage provided to the first AV device at the channel of the connector;

in response to determining that the first supply voltage is not provided at the channel of the connector, configuring the communication logic of the first AV device to transition the first AV device from the AV sink operation mode to an AV source operation mode; and

when operating the first AV device in the AV source operation mode, sending AV data via the connector and providing a second supply voltage at the channel of the connector.

Ex 1001, 12:36–64.

The independent claims require initializing an (AV) device to operate in a default AV sink operation mode. Ex. 1001, 12:37–39, 13:36–38. The weaknesses we discuss below stem from Petitioner’s contentions regarding how the prior art allegedly teaches the “default” AV sink operation mode.

*a) Iwamoto*³

For all the grounds, Petitioner relies on Iwamoto. Iwamoto discloses four modes of operation: standby, shunt, source, and sink modes. Ex. 1006, Fig 2, ¶¶ 56–61. In the standby mode, after Iwamoto energizes the device, it waits for the connection of an external device. *Id.* ¶ 52. Iwamoto also describes the standby mode as a way to protect certain input/output signals from abnormal voltage, to prevent malfunction to the DDC block, HPD block, and TDMS clock block. *Id.* ¶ 58. Iwamoto’s sink mode is a state in which the inputs are connected and able to receive data from an external device that is powered on and is not abnormal. *Id.* ¶ 49.

³ Japanese Unexamined Pat. App. Pub. JP 2009-60204 A, filed August 30, 2007 (English translation filed as Ex. 1006, hereinafter referred to as “Iwatomo”).

Petitioner alleges that Iwamoto's standby mode is the default AV sink operation mode required by the claim because the term "default AV sink operation mode" is a mode in which certain source functionality is disabled. Pet. 27–28. And it also argues that Iwamoto's sink mode is the "second phase" of the recited "AV sink operation mode." *Id.* at 33–34. But as we understand the description of the '265 patent and the claim language, the "AV sink operation mode," at a minimum, is a mode for receiving AV information. Ex. 1001, 2:1–31.

There are embodiments of the '265 patent that describe "reduced functionality" of the "default" AV sink mode to prevent the flow of power from being provided by a source device or to prevent a total amount of impedance from being provided. *Id.* at 6:32–39. These embodiments of a "default" AV sink operation mode however do not change the basic description of an AV sink operation mode, which is a mode for receiving AV information. And Iwamoto's standby mode does not fit within this understanding. In Iwamoto's standby mode the control signals put the input/output blocks of the device into high impedance, thereby deactivating sink and source operation according to the HDMI standard (power source, hot plug, DDC, and TDMS blocks). *Id.* Fig. 2 (Sc1–4 are set to high impedance control signals in Standby mode), ¶¶ 33, 58. We note here that the '265 patent is not inconsistent with this understanding of Iwamoto. In contrast with Iwamoto's standby mode, the '265 patent does not disable the TDMS clock when it operates in default AV sink mode. Ex. 1001, Fig 4A, 405 (Disable +5V HDMI, HPD output, DDC outputs).

The claim language also informs our assessment of the weakness in Petitioner's position. The independent claims require, for instance, that the

AV device “continue operating” in “AV sink operation mode.” Ex. 1001, 12:48–50, 13:38–40. It follows from this claim language that some functionality in the AV sink operation continues from initialization and after a source is detected. Petitioner’s explanation for the transition from standby to sink modes in Iwamoto does not account for the continued operation that is required. Rather, Petitioner only addresses that the *lack of source functionality* continues in Iwamoto’s transition from standby and sink modes.

To remedy this deficiency, Petitioner relies on Hsieh and Knight as disclosing other ways to initialize a device in a “default” state. The reliance on these additional references also presents certain weaknesses.

b) Hsieh⁴

Petitioner’s obviousness theory involves implementing in Iwamoto’s device the Hsieh techniques of defaulting to either sink or source functionality and toggling between these modes. Pet. 54–55. In particular, Petitioner argues that a person of ordinary skill would have been motivated to change the “default mode” of Iwamoto based on whether the device is typically a source or a sink, for efficiency purposes. *Id.* at 54. The proposed change of Iwamoto does not account for two facts.

First, Iwamoto’s “standby” mode is chosen specifically to avoid malfunction as explained above, and selecting a default mode of operation that bypasses the standby mode would undermine the stated purpose of Iwamoto’s standby mode. *See, e.g., Depuy Spine, Inc. v. Medtronic Sofamor Danek*, 567 F.3d 1314, 1326 (Fed. Cir. 2009) (“An inference of

⁴ U.S. Pat. Pub. 2009/0046690 A1, filed August 16, 2007. (Ex. 1008, “Hsieh”).

nonobviousness is especially strong where the prior art's teachings undermine the very reason being proffered as to why a person of ordinary skill would have combined the known elements").

Second, Hsieh's "default setting" is pre-set depending on the user's requirements, and Hsieh does not explain any benefit of selecting any particular mode as a default. Ex. 1008 ¶ 16. Indeed, Hsieh's examples describe how Hsieh operates when its default is a source mode without any regard for the concerns of malfunction that permeate the design of Iwamoto. *See id.* ¶ 17. But because Hsieh toggles between source and sink modes until it detects a device it can connect to according to the HDMI protocol, Hsieh does not put any importance in the design of which mode would be the default mode. *See id.*

Therefore, selecting Hsieh's teaching of an arbitrary default and toggling back and forth between source and sink modes does not seem to be particularly useful to a design that specifically defaults to a standby mode to avoid presenting the device as either a source or a sink. And it is doubtful at this juncture that the implementation of Hsieh's toggling into Iwamoto would render Iwamoto operable as it intended.

c) Knight⁵

Knight describes power source negotiation in a power management system. Ex. 1007 ¶ 4. Knight discloses that if the internal battery or external power source has sufficient power, it can connect with another device as a power source, otherwise, it attempts to connect as a power sink. *Id.* ¶ 42. The Petition does not explain a reason to combine Knight's power

⁵ U.S. Pat. Pub. No. US 2008/0028237 A1, filed July 26, 2006. (Exhibit 1007, "Knight").

management techniques with the AV device technology at issue in Iwamoto or Hsieh. Pet. 60. Grounds based on Knight are unpersuasive for at least this reason.

d) Conclusion Regarding the Merits

The discussion above identifies weaknesses that we have considered in our evaluation of the *Fintiv* factors. For the reasons given, we determine that this Petition does not present particularly strong merits.

G. Conclusion of Fintiv Factor Balancing

We have considered the circumstances and facts before us in view of the *Fintiv* factors. We take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review” when evaluating these factors. *Fintiv Order*, at 6. Because of the *Sotera* stipulation, factor 4 weighs strongly in favor of not exercising discretion. However, two other factors weigh in favor of exercising discretion, especially the trial date factor. The merits of Petitioner’s challenge are not particularly strong. A balanced assessment of the factors leads us to exercise discretion to deny the Petition.

Therefore, we conclude that the evidence of record favors exercising our discretion under 35 U.S.C. § 314(a) to deny institution of an *inter partes* review challenging claims.

III. CONCLUSION

Upon consideration of the Petition, the Preliminary Response, and the evidence presented, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of an *inter partes* review challenging claims 1, 4–5, 8, 11, and 14–16 of the ’265 patent.

IV. ORDER

In consideration of the foregoing, it is hereby:

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ORDERED that the Petition is *denied*, and no trial is instituted

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