

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FIRST QUALITY RETAIL SERVICES, LLC,
FIRST QUALITY CONSUMER PRODUCTS, LLC,
FIRST QUALITY PRODUCTS, LLC, and
FIRST QUALITY ENTERPRISES, LLC,
Petitioner,

v.

ESSITY HYGIENE and HEALTH AB,
Patent Owner.

IPR2024-01487
Patent 9,308,138 B2

Before JAMES A. TARTAL, JULIA HEANEY, and RYAN H. FLAX,
Administrative Patent Judges.

HEANEY, *Administrative Patent Judge.*

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

I. INTRODUCTION

First Quality Retail Services, LLC, First Quality Consumer Products, LLC, First Quality Products, LLC, and First Quality Enterprises, LLC (collectively, “Petitioner”) filed a Petition requesting *inter partes* review of claims 1–5, 7, 8, 20–22, 24, and 25 of U.S. Patent No. 9,308,138 B2 (Ex. 1001, “the ’138 patent”). Paper 3 (“Petition” or “Pet.”). Essity Hygiene and Health AB (collectively, “Patent Owner”) filed a Preliminary Response. Paper 7 (“Prelim. Resp.”). Petitioner relies on the Declaration of Dr. Behnam Pourdeyhimi (Ex. 1002) in support of the Petition; Patent Owner relies on the Declaration of Donald Sheldon (Ex. 2001) in support of the Preliminary Response.

Institution of an *inter partes* review is authorized by statute when “the information presented in the petition . . . 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). Upon consideration of the Petition in view of the record at this stage, we determine that Petitioner has established a reasonable likelihood that it would prevail in showing the unpatentability of at least one claim challenged in the Petition. We also determine that the arguments and evidence of record do not support discretionary denial of the Petition under 35 U.S.C. § 314(a). Accordingly, we grant institution of an *inter partes* review of all claims and all grounds asserted in the Petition.¹

¹ *Guidance on the Impact of SAS on AIA Trial Proceedings* (Apr. 26, 2018), www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial; see also *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359–60 (2018).

A. Related Proceedings

The parties identify the following litigation involving the '138 patent as a related matter: *Essity Hygiene and Health AB et al. v. First Quality Products, Inc. et al.*, 24-cv-00374-UNA (D. Del.) filed Mar. 23, 2024. Pet. 2; Paper 4, 1.

B. The '138 Patent

The '138 patent, titled “Absorbent Article Having Intake Structure,” issued on April 12, 2016, from U.S. Application 14/129,401, which was filed on June 28, 2011.

The '138 patent describes an absorbent article having an absorbent core in which the absorbent core comprises a fluid flow control structure, enclosed between a fluid permeable topsheet and a fluid impermeable backsheet, as an intake structure for fluid. Ex. 1001, codes (54), (57).

The '138 patent explains that absorbent articles, such as incontinence shields and sanitary napkins with a crotch portion, can leak at their side edges “before the full absorption capacity of the article has been utilized.” Ex. 1001, 1:22–29. The '138 patent purports to remedy this problem by providing “an absorbent article having improved intake capacity, fluid distribution properties and leakage security.” *Id.* at 2:3–5.

Figures 1 and 2 of the '138 patent, reproduced below, depict an incontinence protector shown “from the side which will be facing the undergarment when the incontinence protector is being worn,” and a cross-sectional view taken along line II–II of Figure 1, respectively. Ex. 1001, 10:12–17.



Figures 1 and 2 above show urine incontinence protector 1 including fluid permeable topsheet 2, which faces towards a wearer's body in use, backsheet 4, and absorbent core 6 therebetween. *Id.* at 10:33–39.

Topsheet 2 and backsheet 4 extend together laterally outside of absorbent core 6 and circumferentially thereof, such that topsheet 2 and backsheet 4 are connected to each other at edge joint 7. *Id.* at 10:40–44. Incontinence protector 1 has two longitudinal side edges 8, 9 extending along longitudinal center line 10, front and rear end edges 11, 12 extending transversely, front end portion 13, rear end portion 14, and crotch portion 15 located therebetween. *Id.* at 10:61–11:10.

Two fastening means 16, shown in Figure 2, extend in the longitudinal direction and are covered by releasable protective layer 17, such that when exposed, they can fasten the incontinence protector to a garment. Ex. 1001, 11:11–23. Absorbent core 6 includes first absorbent layer 22, second absorbent layer 23, and fluid flow control structure 24 therebetween. *Id.* at 11:34–38. Opening 25 defines cavity 26 for fluid collection and distribution, and extends completely through the first absorbent layer of the incontinence protector. *Id.* at 11:54–12:2. Fluid is distributed through the walls of the first absorbent layer and through flow control structure 24. *Id.* at 12:3–10.

Figure 3 of the '138 patent, reproduced below, depicts fluid flow through flow control structure 24. Ex. 1001, 10:16–17.

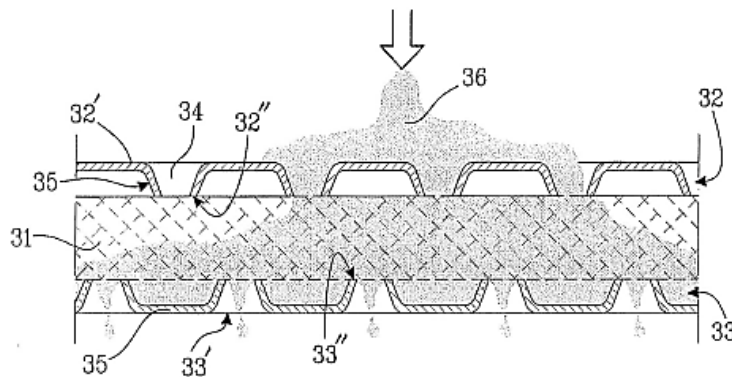


Fig. 3

Figure 3 above shows a partial cross-section view of fluid flow control structure 24 including first perforated polymeric layer 32, second perforated polymeric layer 33, and non-perforated fibrous polymeric layer 31 therebetween. *Id.* at 12:27–31. Each of the perforated polymeric layers has apertures 34 extending between first surface 32', 33' towards second surface 32'', 33'' of the layers, such that the apexes of apertures 34 form protrusions 35 at second surfaces 32'', 33'' thereby forming funnel-shaped

tubular structures. *Id.* at 12:32–41. Fluid 36 flows in the direction of the arrow shown in Figure 3, passing through first perforated polymeric layer 32, then non-perforated fibrous polymeric layer 31, and then second perforated polymeric layer 33, via apertures 34. *Id.* at 12:42–57, Fig. 3.

C. The Challenged Claims

Petitioner challenges the patentability of claims 1–5, 7, 8, 20–22, 24, and 25 (“the challenged claims”) of the ’138 patent. Pet. 4. Claim 1, reproduced below with Petitioner’s annotations, is illustrative of the subject matter of the challenged claims:

1. [1pre] An absorbent article having a longitudinal direction and a transverse direction, side edges extending in the longitudinal direction and end edges extending in the transverse direction and comprising:

[1a] a fluid permeable topsheet,

[1b] a fluid impermeable backsheet, and

[1c] an absorbent core enclosed between said topsheet and said backsheet, said absorbent core comprising,

[1d] a first absorbent layer having an opening that passes through the first absorbent layer from one major surface to an opposing major surface and therebetween the opening is surrounded by a closed periphery of first absorbent layer,

[1e] a fluid flow control structure, and

[1f] a second absorbent layer arranged between the fluid flow control structure and the fluid impermeable backsheet,

[1g] wherein the fluid flow control structure is arranged between said first absorbent layer and said backsheet,

[1h] said fluid flow control structure being a layered structure comprising a non-perforated fibrous polymeric layer and a first perforated polymeric layer, and

[1i] wherein the opening extends along a longitudinal center line of the absorbent article, the longitudinal center line being in parallel with the longitudinal direction of the absorbent article, and

[1j] the fluid permeable top sheet is in direct contact with the fluid flow control structure via the opening.

Ex. 1001, 13:43–14:3; Pet. 98–99² (Appendix of Claims).

D. Asserted Grounds of Unpatentability

Petitioner asserts the following grounds of unpatentability:

Challenged Claim(s)	35 U.S.C. ³	Reference(s)/Basis
1, 3, 21, 22, 24, 25	§ 102(a), (b), (e)	Bergstrom ⁴
1, 3–5, 20–22, 24, 25	§ 103	Nakazawa, ⁵ Glaug ⁶
7	§ 103	Nakazawa, Glaug, Cohen ⁷
1–5, 7, 8, 21, 22, 24, 25	§ 103	Nakazawa, Ponomarenko ⁸

² The bracketed claim element numbering added by Petitioner in the Appendix of Claims differs from the numbering Petitioner applies in the body of the Petition. We use the bracketed numbering Petitioner applies in the body of the Petition.

³ The Leahy-Smith America Invents Act (“AIA”) included revisions to 35 U.S.C. §§ 102 and 103 that became effective on March 16, 2013. Because the ’138 patent issued from an application filed before March 16, 2013, we apply the pre-AIA versions of the statutory bases for unpatentability.

⁴ PCT Pub. No. WO 2009/067059 A1 to Bergstrom et al., published May 28, 2009 (Ex. 1004, “Bergstrom”).

⁵ JP Pub. No. JP 2008-284190 A to Nakazawa, published Nov. 27, 2008 (Ex. 1020), certified English translation (Ex. 1008, “Nakazawa”).

⁶ U.S. Patent No. US 6,455,753 B1 to Glaug et al., issued Sept. 24, 2002 (Ex. 1006, “Glaug”).

⁷ U.S. Patent App. Pub. No. US 2005/0267429 A1 to Cohen, published Dec. 1, 2005 (Ex. 1016, “Cohen”).

⁸ U.S. Patent No. US 7,956,236 B2 to Ponomarenko et al., issued June 7, 2011 (Ex. 1007, “Ponomarenko”).

Challenged Claim(s)	35 U.S.C. ³	Reference(s)/Basis
1, 3–5, 21, 22, 24, 25	§ 102(a), (b), (e)	Nakazawa

Pet. 8.

II. ANALYSIS

A. Claim Construction

We apply the same claim construction standard that would be used to construe the claims in a civil action under 35 U.S.C. § 282(b). 37 C.F.R. § 42.100(b). Under that standard, claim terms “are generally given their ordinary and customary meaning” as understood by a person of ordinary skill in the art at the time of the invention. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–13 (Fed. Cir. 2005) (*en banc*). “In determining the meaning of [a] 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).

Petitioner argues that “[f]or the purpose of this IPR, the Board need not construe any terms because the challenged claims are invalid under any reasonable interpretation.” Pet. 18 (citing Ex. 1002 ¶¶ 78–81). Although Patent Owner argues that “Petitioners and their expert often use words very loosely, cherry picking a word like ‘layer’ or ‘perforated’ from the prior art and assuming that such a word has the same meaning universally without further support,” Patent Owner states that it “agrees with Petitioner that no claim construction is needed.” Prelim. Resp. 20–21.

As we discuss in Section II.H below, the parties’ arguments with regard to some of Petitioner’s patentability challenges may raise claim

construction issues that should be addressed at trial. On this preliminary record, however, we determine we need not expressly construe any claim term. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (citing *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (“[O]nly those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy.”)). If either party chooses to argue any claim construction issue at trial, they should do so in a designated section of their briefing. *See* 37 C.F.R. § 42.104(b)(3); *see also* Consolidated Trial Practice Guide, 84 Fed. Reg. 64,280, at 44–49 (Nov. 2019).⁹ Claim construction arguments should not be hidden within arguments on the merits of patentability challenges.

B. Level of Ordinary Skill in the Art

Factors pertinent to a determination of the level of ordinary skill in the art include “(1) the educational level of the inventor; (2) type of problems encountered in the art; (3) prior art solutions to those problems; (4) rapidity with which innovations are made; (5) sophistication of the technology; and (6) educational level of workers active in the field.” *Envtl. Designs, Ltd. v. Union Oil Co. of Cal.*, 713 F.2d 693, 696–697 (Fed. Cir. 1983) (citing *Orthopedic Equip. Co. v. All Orthopedic Appliances, Inc.*, 707 F.2d 1376, 1381–82 (Fed. Cir. 1983)). Not all such factors may be present in every case, and one or more of these or other factors may predominate in a particular case. *Id.*

⁹ Available at www.uspto.gov/TrialPracticeGuideConsolidated.

Petitioner argues that a person of ordinary skill in the art at the time of the invention “would have had (1) a degree or certificate in chemical engineering, chemistry, paper engineering, materials science, biology or a related field; and (2) two to four years of work experience in product design and testing of disposable absorbent articles, such as diapers, sanitary napkins and incontinence pads.” Pet. 17. Petitioner further argues that “[l]ess work experience may be compensated by a higher level of education, and vice versa.” *Id.* at 17–18 (citing Ex. 1002 ¶¶ 26–28).

Patent Owner does not dispute the level of ordinary skill in the art. Prelim. Resp. 5.

For purposes of this decision, we adopt Petitioner’s definition of the level of ordinary skill in the art because it is consistent with the disclosure of the ’138 patent and the asserted prior art.

C. Principles of Law

“Anticipation requires that every limitation of the claim in issue be disclosed, either expressly or under principles of inherency, in a single prior art reference,” *Corning Glass Works v. Sumitomo Elec. U.S.A., Inc.*, 868 F.2d 1251, 1255–56 (Fed. Cir. 1989), and that the claim limitations be “arranged or combined in the same way as recited in the claim,” *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008). However, “the reference need not satisfy an *ipsissimis verbis* test.” *In re Gleave*, 560 F.3d 1331, 1334 (Fed. Cir. 2009).

A claim is unpatentable under 35 U.S.C. § 103 if “the differences between the subject matter sought to be patented 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 available, evidence of objective indicia of non-obviousness, such as commercial success, long felt but unsolved needs, unexpected results, and failure of others.¹⁰ *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966); *see KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [Graham] factors continue to define the inquiry that controls.”).

The Supreme Court made clear that we apply “an expansive and flexible approach” to the question of obviousness. *KSR*, 550 U.S. at 415. Whether a patent claiming the combination of prior art elements would have been obvious is determined by whether the improvement is more than the predictable use of prior art elements according to their established functions. *Id.* at 417. Reaching this conclusion, however, requires more than merely showing that the prior art includes separate references covering each separate limitation in a challenged claim. *Unigene Labs., Inc. v. Apotex, Inc.*, 655 F.3d 1352, 1360 (Fed. Cir. 2011). Rather, obviousness additionally requires that a person of ordinary skill at the time of the invention “would have selected and combined those prior art elements in the normal course of research and development to yield the claimed invention.” *Id.*

¹⁰ At this stage of the proceeding, there is no evidence of record regarding objective indicia of non-obviousness.

D. Overview of Asserted Prior Art

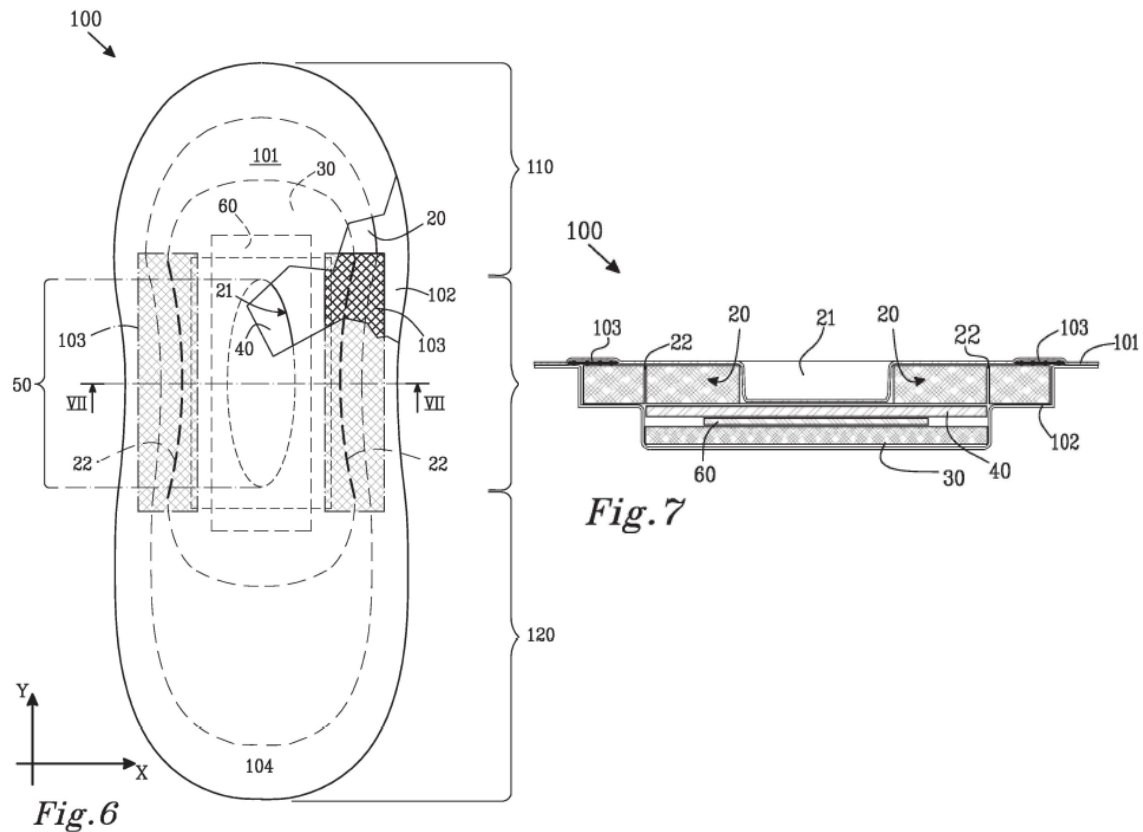
We summarize Petitioner's asserted references below. At this point, there is no dispute that each reference is prior art.

1. Bergstrom (Ex. 1004)

Bergstrom is a PCT patent application's May 28, 2009, publication, disclosing an absorbent article having an absorbent core, comprising an upper absorbent core and a lower absorbent core, along with "an opening and fold indications" in the upper absorbent core. Ex. 1004, codes (43), (57). An acquisition layer is located between the upper and lower absorbent cores. *Id.*

Bergstrom explains the "need for improved absorbent articles which are designed to adopt a particular shape in use, said shape being able to receive, distribute and store large amounts of bodily waste rapidly and effectively" and that the "absorbent articles can be manufactured in a simple, adaptable, cost-effective way." Ex. 1004, 2:3–6.

Figures 6 and 7 of the Bergstrom, reproduced below, depict a plan view of an absorbent article having an absorbent core, and a cross-sectional view, respectively. Ex. 1004, 4:16–19.



Figures 6 and 7 above show absorbent article 100 having front portion 110, rear portion 120, and crotch portion 130 between front portion 110 and rear portion 120. *Id.* at 10:18–23. Figures 6 and 7 show absorbent article 100 comprises liquid-permeable topsheet 101, liquid-impermeable backsheet 102, upper absorbent core 20, lower absorbent core 30, and acquisition layer 40 between them. *Id.* at 5:13–6:15, 10:6–12, 10:25–29. Topsheet 101 and backsheet 102 “are joined to one another around the periphery of the absorbent core 10, so that the core 10 is enclosed.” *Id.* at 11:23–25. Absorbent core 10 is labeled in Figure 4. *Id.* at 10:14–15. Acquisition layer 40 that “acts to receive liquid rapidly, to temporarily hold it and to distribute it evenly to the upper and lower absorbent cores 20, 30.” *Id.* at 6:17–20. Upper absorbent core 20 comprises opening 21 that extends from one face to

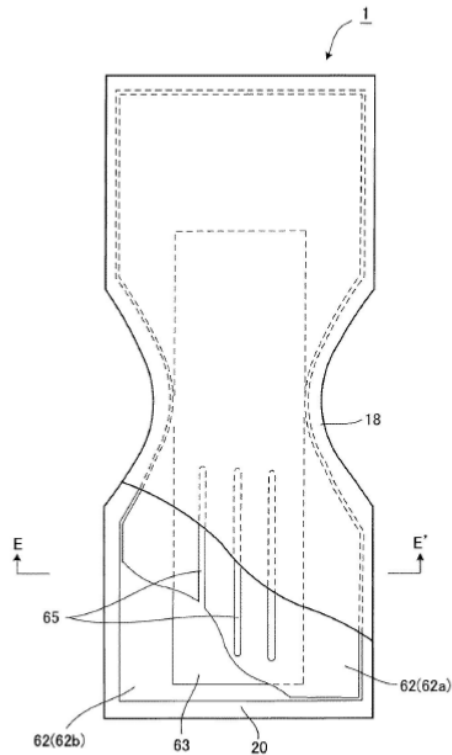
the other. *Id.* at 6:33–35. Resilient forming element 60 is “preferably located between the acquisition layer 40 and the lower absorbent core 30” to “provide a better forming effect.” *Id.* at 8:29–35. “As forming element 60 is typically liquid-impermeable, such an arrangement makes liquid flow around the edges of the forming element 60 in the width (X) direction, which makes best use of the upper and lower absorbent cores 20, 30 by distributing liquid at least in the width (X) direction.” *Id.* at 9:24–27. “[S]uitable materials for the forming element 60 are plastic films, perforated plastic films and reinforced tissue or reinforced nonwoven materials” and “[c]ombinations of such materials in laminate form are also possible.” *Id.* at 9:34–10:4.

2. *Nakazawa (Ex. 1008)*

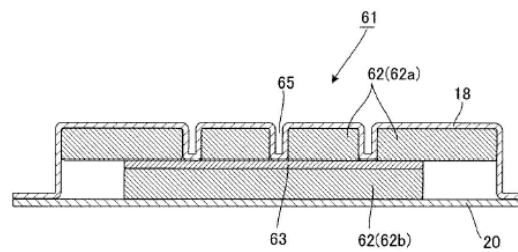
Nakazawa is the November 27, 2008 publication of a Japanese patent application, which discloses an absorbent article “with excellent excretory fluid absorbency” that includes a top sheet made at least partially of a liquid-permeable material, a back sheet made of a liquid-impermeable material, and an absorbent material therebetween, “wherein a hole portion that penetrates from the top surface to the back surface of the absorbent material is formed in the absorbent material.” Ex. 1008 ¶¶ 11, 13.

Figures 11 and 14 of Nakazawa, reproduced below, depict a plan view and a cross-sectional view of an absorbent article, respectively. Ex. 1008, 45–46 (Brief Description of the Drawings).

[Fig. 11]



[Fig. 14A]



Figures 11 and 14a above show an absorbent article comprising top sheet 18, back sheet 20, and absorbent material 62 therebetween. *Id.* ¶¶ 30, 74, 76. In this embodiment,

the absorbent material 62 has a first absorbent material 62a and a second absorbent material 62b, a hole portion 65 that penetrates from the top surface to the back surface of the first absorbent material 62a is formed in the first absorbent material 62a, the top sheet 18 is disposed on the top surface of the first absorbent material 62a, and a diffusion sheet 63 with higher liquid permeability than the first absorbent material 62a is disposed between the first absorbent material 62a and the second absorbent material 62b so as to cover the region including the opening in the hole portion 65 in the first absorbent material 62a.

Id. ¶ 74. Nakazawa also discloses:

While not shown in the figures, the absorbent material is generally wrapped on the back surface and side surfaces with a hydrophilic sheet serving as a carrier to prevent leakage of

superabsorbent polymer and to prevent deformation of the absorbent material on the production line.

Id. ¶ 82.

3. *Glaug* (Ex. 1006)

Glaug is a U.S. patent, which issued on September 24, 2002, and discloses an absorbent article with a fluid acquisition system that “serves to facilitate the transference of fluid into the core, e.g., spread out the fluid over the core and providing it to the core at a rate at which the materials of the core can accommodate.” Ex. 1006, code (57).

Figure 2 of Glaug, reproduced below, depicts a cross-sectional view of an embodiment of the absorbent article. Ex. 1006, 4:16–17.

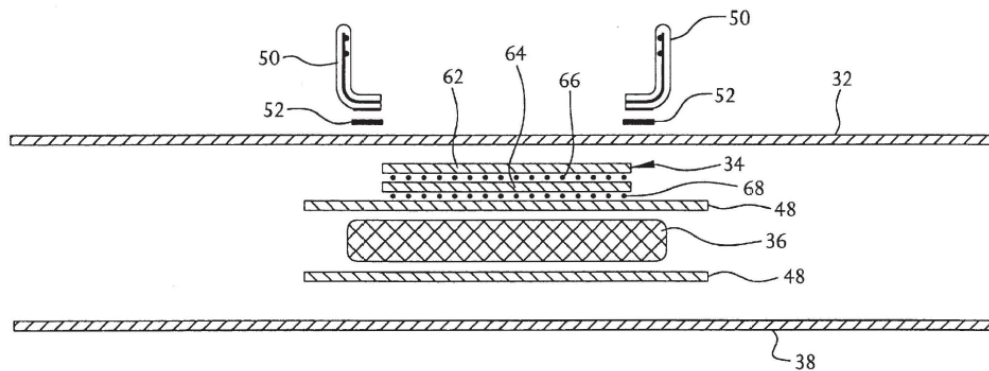


FIG. 2

Figure 2 above shows an absorbent article including topsheet 32, backsheet 38, fluid acquisition system 34, and liquid absorbent structure or core 36, located between the fluid acquisition system and backsheet. *Id.* at 4:47–53. The absorbent core is preferably “formed of a mixture of pulp fluff and SAP [(super absorbent polymer)] wrapped in a liquid permeable tissue wrap 48.” *Id.* at 1:59–60, 6:43–51. The fluid acquisition system comprises aperture

polymeric film 62 and lowermost layer 64 made of a fibrous material. *Id.* at 8:1–20.

4. *Ponomarenko (Ex. 1007)*

Ponomarenko is a U.S. patent, which issued on June 7, 2011, and discloses an absorbent article comprising a topsheet, backsheet, absorbent core, and “a sublayer that includes at least one acquisition layer.” Ex. 1007, code (57). According to Ponomarenko, its “absorbent article may provide improved isolation of feces away from the skin of a wearer of the absorbent article and/or improved immobilization of feces received by the absorbent article.” *Id.*

Figures 5–7 of Ponomarenko, reproduced below, depict three cross-sectional views of different embodiments of a sublayer. Ex. 1007, 2:17–24.

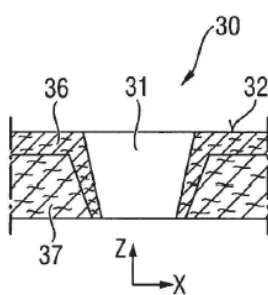


Fig. 5

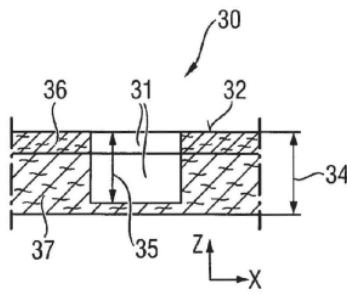


Fig. 6

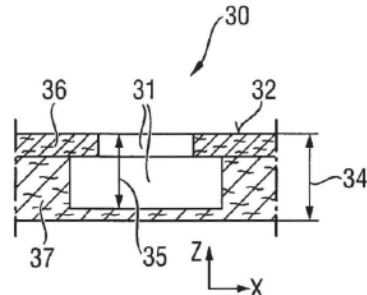


Fig. 7

Figures 5–7 above show sublayer 30 having two acquisition layers with various configurations of holes 31 and depths 35. *Id.* at 6:36–54, 8:44–46. The acquisition layers include first layer 36 having surface 32 that faces a topsheet and second layer 37 that faces first layer 36. *Id.* at 2:34–35, 6:54–58. Sublayer 30 also serves as an acquisition layer, by acquiring, temporarily holding, allowing to pass, or transporting liquid to the absorbent core underneath in the Z-direction; sublayer 30 also distributes the liquid in

the X and Y direction. *Id.* at 7:8–13. Holes 31 having various configurations as shown in Figures 6 and 7 are capable of storing and immobilizing feces within the sublayer. *Id.* at 7:27–28.

E. Alleged Obviousness Based on Nakazawa and Glaug

Petitioner contends claims 1, 3–5, 20–22, 24, and 25 are unpatentable as obvious in view of the combined teachings of Nakazawa and Glaug. Pet. 48–77. Patent Owner disagrees. Prelim. Resp. 39–51.

1. Analysis – Claim 1

Petitioner argues the combination of Nakazawa and Glaug discloses every limitation of claim 1. Pet. 48–68. Petitioner argues Nakazawa discloses an absorbent article having a fluid permeable topsheet, a fluid impermeable backsheet, and an absorbent core enclosed between them. *Id.* at 51–53. Petitioner further argues Nakazawa discloses a first absorbent layer having an opening within the absorbent core, a second absorbent layer within the core and arranged above the fluid impermeable backsheet, and a diffusion sheet between the first and second absorbent layers that is in contact with the topsheet via the opening in the first absorbent layer. *Id.* at 54–59. Petitioner further argues Nakazawa discloses that the opening in the first absorbent layer extends along a longitudinal center line of the absorbent article. *Id.* at 65–67. Petitioner argues Glaug discloses an absorbent article having a layered fluid acquisition system comprising a non-perforated fibrous polymeric layer and a perforated polymeric layer. *Id.* at 60–61.

Petitioner recognizes Nakazawa's diffusion sheet is not a fluid flow control structure having a layered structure comprising a non-perforated fibrous polymeric layer and a first perforated polymeric layer. Pet. 59. Petitioner argues a person of ordinary skill in the art would have been

motivated to modify Nakazawa by either replacing its diffusion sheet with Glaug's acquisition system, or by adding Glaug's lower non-perforated layer to Nakazawa's diffusion sheet. *Id.* at 64. Petitioner argues a person of ordinary skill in the art would have been motivated to make this modification for several reasons: (1) fluid flow control structures were commonly used in absorbent articles before the '138 patent; (2) Nakazawa and Glaug recognized the utility of an acquisition layer to channel fluid to an absorbent article further away from the user's body and transfer the liquid more quickly; and (3) using Glaug's fluid acquisition system or lower non-perforated layer in Nakazawa would have involved simple substitution of one known element for another to obtain predictable results, and would have involved use of a known technique to improve a similar device in the same way. *Id.* at 64–65. Petitioner argues a person of ordinary skill would have had a reasonable expectation of success in making the modification because both Nakazawa and Glaug teach similarly designed multi-layered absorbent articles, acquisition layers were predictable components for multi-layered absorbent articles, and the modification would have required no more than a simple combination of known mechanical components to yield predictable results. *Id.* at 65.

Patent Owner disputes (1) whether Petitioner has demonstrated that the combination of Nakazawa and Glaug teaches or suggests every element of claim 1, and (2) whether Petitioner has demonstrated that a person of ordinary skill in the art would have combined Nakazawa and Glaug to arrive at the claimed invention with a reasonable expectation of success. Prelim. Resp. 39–51. We address these issues below.

a. Element [1pre]

Petitioner argues that, to the extent the preamble is limiting, Nakazawa discloses an absorbent article having a longitudinal direction and a transverse direction, side edges extending in the longitudinal direction and edges extending in the transverse direction. Pet. 49. In particular, Petitioner argues Nakazawa's absorbent article 1, as depicted in Figure 11, has side edges that extend along a longitudinal direction and edges that extend along a transverse direction. *Id.* (citing Ex. 1008 ¶ 76, code (57), claim 1, Fig. 11).

After reviewing Petitioner's unchallenged evidence and argument, we determine that Petitioner demonstrates sufficiently for purposes of institution that Nakazawa discloses or suggests the preamble of claim 1.¹¹

b. Elements [1a]–[1c]

Petitioner argues Nakazawa discloses a fluid permeable topsheet, a fluid impermeable backsheet, and an absorbent core enclosed between the topsheet and backsheet. Pet. 51–53 (citing Ex. 1008 ¶¶ 74, 83, 84, 181, code (57), claims 1–3, Fig. 14A).

After reviewing Petitioner's unchallenged evidence and argument, we determine that Petitioner demonstrates sufficiently for purposes of institution that Nakazawa discloses or suggests elements [1a]–[1c] of claim 1.

c. Elements [1d] and [1f]

Petitioner argues Nakazawa discloses an absorbent core comprising a first absorbent layer and a second absorbent layer having the features recited in claim elements [1d] and [1f]. Pet. 54–55, 57–58. Specifically, Petitioner argues Nakazawa discloses hole portion 65 that passes from the top surface

¹¹ In view of this determination, we need not address whether the preamble is limiting.

to the back surface of first absorbent material 62a, and that topsheet 18 covers the inner surfaces of the hole portion. *Id.* at 54 (citing Ex. 1008 ¶¶ 74, 84, Figs. 14A, 14B, claims 1–7). Petitioner further argues Nakazawa’s second absorbent material 62b is arranged between diffusion sheet 63 and fluid impermeable backsheet 20. *Id.* at 57–58 (citing Ex. 1008 ¶¶ 74, 79, 81, Fig. 14A).

After reviewing Petitioner’s unchallenged evidence and argument, we determine that Petitioner demonstrates sufficiently for purposes of institution that Nakazawa discloses or suggests claim elements [1d] and [1f].

d. Elements [1e], [1g], and [1h]

Claim elements [1e], [1g], and [1h] recite a fluid flow control structure “arranged between said first absorbent layer and said backsheet” and “comprising a non-perforated fibrous polymeric layer and a first perforated polymeric layer.” Ex. 1001, 13:60–64.

Petitioner argues Nakazawa discloses diffusion sheet 63 arranged between first absorbent material 62a and second absorbent material 62b, and further discloses backsheet 20 disposed on the back surface of the absorbent material 62[b]. Pet. 58 (citing Ex. 1008 ¶¶ 74, 79, 81, claims 3–5). Petitioner also relies on the following portions of Nakazawa describing its diffusion sheet:

This diffusion sheet has higher liquid permeability than the absorbent material and when excretory fluid flows into the hole portions of the ABSORBENT material, it can permeate the diffusion sheet and diffuse faster than it can be absorbed by the absorbent material.

When a porous plastic film is used as a diffusion sheet, the shape of the pores in the porous plastic film should be funnel-shaped

.... This configuration allows excretory fluid to pass through the pores of the porous plastic film and reduces liquid backflow.

Pet. 60 (quoting Ex. 1008 ¶¶ 61, 68).

Petitioner argues Glaug discloses fluid acquisition system 34 with “at least two layers disposed over each other,” “the uppermost of the layers . . . comprises an apertured polymeric film 62” and “[t]he lowermost layer . . . is designated by the reference number 64 and can be any type of fibrous material.” Pet. 60 (citing Ex. 1006, code (57), 4:1–4, 8:3–5, 8:18–29, 9:19–27).

As noted above, Petitioner argues a person of ordinary skill in the art would have been motivated to modify Nakazawa by either replacing its diffusion sheet with Glaug’s fluid acquisition system, or by adding Glaug’s lower non-perforated layer to Nakazawa’s diffusion sheet. Pet. 64.

Patent Owner argues Nakazawa’s diffusion sheet cannot be a fluid flow control structure because it is a single layer and not a layered structure, which “by its very nature must be made of *layers*, not a single *layer*.” Prelim. Resp. 39–40. This argument is inapposite because Petitioner does not rely on Nakazawa’s diffusion sheet alone to satisfy the “fluid flow control structure” limitation. Although we acknowledge Patent Owner’s argument that the Petition, in places, loosely refers to Nakazawa’s diffusion sheet as a fluid flow control structure (*see id.* at 39 (citing Pet. 56–58)), in our view, on the current record, the Petition sufficiently explains that this challenge is based on modification of Nakazawa’s diffusion sheet.

Patent Owner further argues Glaug’s fluid acquisition system is not a fluid flow control structure because the fluid acquisition system in Glaug is located on top of the core and under the topsheet, rather than between the absorbent core and the backsheet, as required by claim 1. Prelim. Resp. 40–

41. This argument is inapposite because the Petition does not rely on Glaug's fluid acquisition system alone, but rather explains that this challenge to claim 1 is based on replacing the diffusion sheet in Nakazawa's absorbent article with Glaug's fluid acquisition system, or by adding Glaug's non-perforated layer to Nakazawa's diffusion sheet. In both of these scenarios, Petitioner's asserted modification of Nakazawa would arrange the alleged fluid flow control structure between Nakazawa's first absorbent material and backsheet and would not change their locations.

After reviewing the parties' evidence and argument, we determine that Petitioner demonstrates sufficiently for purposes of institution that Nakazawa in combination with Glaug discloses or suggests claim elements [1e], [1g], and [1h].

e. Elements [1i] and [1j]

Petitioner argues Nakazawa discloses opening 65 extends along a longitudinal center line of the absorbent article, and topsheet 18 is in direct contact with diffusion sheet 63 via hole portions 65. Pet. 65–68 (citing Ex. 1008 ¶¶ 14, 16, 19, 84, 119, Figs. 11, 14A, claims 2, 4, 7).

As discussed above, Patent Owner argues Nakazawa does not disclose a fluid flow control structure. Aside from this contention, Patent Owner does not dispute Petitioner's arguments about elements [1i] and [1j]. After reviewing Petitioner's evidence and argument, we determine that Petitioner demonstrates sufficiently for purposes of institution that Nakazawa discloses or suggests claim elements [1i] and [1j].

For the foregoing reasons, we determine that the combination of Nakazawa and Glaug discloses or suggests every element of claim 1. We

next turn to Patent Owner's arguments regarding Petitioner's reasons to combine Nakazawa and Glaug.

2. Reason to Combine

Patent Owner disputes whether Petitioner sufficiently shows that a person of ordinary skill in the art would have sought to use Glaug's fluid acquisition system in Nakazawa's absorbent article with a reasonable expectation of success. Prelim. Resp. 39–49. We address Patent Owner's arguments in turn.

Patent Owner argues the Petitioner fails to address how or why a person of ordinary skill would modify either Nakazawa's diffusion sheet or Glaug's fluid acquisition system, but rather Petitioner argues "various layers in absorbent articles are invariably interchangeable." Prelim. Resp. 41–42. Contrary to Patent Owner's argument, as discussed above, Petitioner explains why and how a person of ordinary skill would modify Nakazawa's diffusion sheet, and provides reasons for doing so. On this record, we find Petitioner's reasoning sufficient.

Patent Owner further argues Nakazawa teaches away from Petitioner's asserted modification in which Glaug's lower non-perforated layer is added to Nakazawa's diffusion sheet. Prelim. Resp. 42. Specifically, Patent Owner argues Nakazawa teaches that its embodiment in which the second absorbent material is wrapped in a hydrophilic sheet has the advantage of preventing leakage of super absorbent polymer ("SAP") from the second absorbent material without impeding permeation of excretory fluid through the hydrophilic sheet. *Id.* at 43 (citing Ex. 1008 ¶ 85, Fig. 15). Patent Owner further relies on Petitioner's argument that Nakazawa's hydrophilic layer is analogous to the lower non-perforated layer

in Glaug. *Id.* (citing Pet. 93–94). Therefore, Patent Owner argues, Nakazawa teaches that Glaug’s fluid acquisition system would impede permeation of fluid rather than promote it. *Id.*

Patent Owner’s teaching away argument is unavailing based on the current record. Patent Owner improperly relies on Petitioner’s contention in its anticipation challenge based on Nakazawa, and characterizes it as an argument about Glaug. As further discussed in Section II.G below, Petitioner’s anticipation challenge is based on analogizing Nakazawa’s hydrophilic sheet to a core wrap feature identified in Patent Owner’s infringement contention in parallel district court litigation. *See* Pet. 92–93. Contrary to Patent Owner’s argument, Petitioner’s obviousness contention does not argue Nakazawa’s hydrophilic layer is analogous to Glaug’s non-perforated fibrous layer. Because Patent Owner is not properly characterizing Petitioner’s obviousness contention, Patent Owner’s teaching away argument is not persuasive.

Patent Owner also argues a person of ordinary skill in the art would have understood that Glaug’s fluid acquisition system and Nakazawa’s diffusion sheet are not interchangeable, because the asserted combination would change the basic principles for which they were each designed to operate. Prelim. Resp. 44. According to Patent Owner, Nakazawa’s diffusion sheet must promote fluid flow in the Z-directions, both toward and away from the body, to maximize the absorbency of the first and second absorbent cores (*id.* at 45 (citing Ex. 2001 ¶ 143)), whereas Glaug’s fluid acquisition system is designed to rapidly acquire fluid and move it from the body into the absorbent core, solely in the Z-direction away from the body. *Id.* at 45–46 (citing Ex. 1006, 3:38, 9:41–45; Ex. 2001 ¶¶ 144–145). Patent

Owner further argues Glaug's fluid acquisition system, designed for use with a single absorbent core, would disrupt diffusion of liquid into Nakazawa's upper absorbent core. *Id.* at 46. Essentially, Patent Owner argues, "Petitioners incorrectly argue that a layer is a layer The difference between a single-layer diffusion sheet in a dual-core absorbent article and a multi-layer fluid acquisition system in a single-core absorbent article is significant and these layers would not be considered interchangeable by a POSA." *Id.* at 47.

As discussed above, we find sufficient at this stage of the proceeding Petitioner's argument that a person of ordinary skill would have had reasons to use Glaug's fluid acquisition system, or the lower non-perforated layer of its fluid acquisition system, in Nakazawa. Thus, we disagree with Patent Owner's assertion that Petitioner's asserted combination is based on an arbitrary substitution. Dr. Pourdeyhimy explains that fluid acquisition systems, including multi-layered structures, were known before the '138 patent (Ex. 1002 ¶¶ 50–52 (citing Exs. 1011, 1012, 1018)). Patent Owner does not directly address this evidence, although Mr. Sheldon appears to agree with Dr. Pourdeyhimy that fluid acquisition systems were known, even if they did not always achieve desirable results. Ex. 2001 ¶¶ 55–60. Further, Patent Owner's argument that Nakazawa's diffusion sheet and Glaug's fluid acquisition layer have different purposes because Nakazawa's diffusion sheet must promote fluid flow in the Z-directions, both toward and away from the body (Prelim. Resp. 45 (citing Ex. 2001 ¶ 143)) is not clearly supported by Nakazawa. Patent Owner and Mr. Sheldon do not identify a disclosure in Nakazawa that requires promoting fluid flow in both Z-directions. Having reviewed the evidence relating to Patent Owner's

inoperability argument, we conclude that at most, Patent Owner raises factual issues that would benefit from further development at trial.

Patent Owner argues a person of ordinary skill in the art would not have been motivated to add additional layers to Nakazawa's absorbent article due to cost and manufacturing complexity, and for similar reasons, would not have had a reasonable expectation of success in modifying Nakazawa to incorporate Glaug's fluid acquisition system. Prelim. Resp. 47–48. Mr. Sheldon's declaration explains complexities of material selection and manufacturing of absorbent products. Ex. 2001 ¶¶ 62–72. As discussed above, however, Petitioner's asserted combination of Nakazawa and Glaug involves a simple substitution of a known element for another, and we agree with Petitioner that its asserted combination would have been within the level of ordinary skill in the art. We are also mindful that tradeoffs do not necessarily undermine a combination of references that is supported by a sound rationale. *See Winner Int'l Royalty Corp. v. Wang*, 202 F.3d 1340, 1349 n.8 (Fed. Cir. 2000) ("The fact that the motivating benefit comes at the expense of another benefit, however, should not nullify its use as a basis to modify the disclosure of one reference with the teachings of another. Instead, the benefits, both lost and gained, should be weighed against one another."). At this stage of the proceeding and on the current record, Patent Owner's argument does not undermine Petitioner's showing. The parties, however, are invited to further develop the evidence and arguments relevant to this issue at trial.

a. Conclusion – Claim 1

Having considered the evidence and arguments presented by both parties, we determine Petitioner sufficiently explains for purposes of

institution why a person of ordinary skill in the art would have had reason to combine the disclosures of Nakazawa and Glaug to arrive at the claimed invention with a reasonable expectation of success. Thus, Petitioner demonstrates a reasonable likelihood that claim 1 would have been obvious over Nakazawa and Glaug.

3. Analysis – Claim 21

Claim 21 depends from claim 1 and additionally recites “wherein the opening extends through an entire crotch portion of the absorbent article.” Ex. 1001, 15:13–15. Petitioner argues Nakazawa discloses this limitation because Figure 11 depicts an opening in the crotch portion of the absorbent article. Pet. 73 (citing Ex. 1008, ¶ 89, Fig. 11).

Patent Owner argues hole portion 65 in Nakazawa’s Figure 11 has “very little if any overlap” “with the actual crotch portion as defined in the ’138 Patent.” Prelim. Resp. 50 (citing Ex. 1001, 5:55–64).

Patent Owner shows that the ’138 patent includes a definition of crotch portion (i.e., “the portion of the article that is designed to be placed in the crotch of a wearer and to be in contact with the pudendal area of the wearer” (Ex. 1001, 5:59–62)). On this preliminary record, we leave the issue of whether that definition encompasses the portion of Nakazawa relied upon by Petitioner for trial. As discussed above, we have determined at this point that Petitioner demonstrates a reasonable likelihood it would prevail in showing that claim 1 is unpatentable over the combination of Nakazawa and Glaug. Therefore, a detailed analysis of this challenge is not necessary at this stage of the proceeding. *PGS*, 891 F.3d at 1360.”

4. *Claims 3–5, 20, 22, 24, and 25*

Patent Owner does not present separate arguments in opposition as to dependent claims 3–5, 20, 22, 24, and 25. *See generally* Prelim. Resp. Because we have determined that Petitioner demonstrates a reasonable likelihood it would prevail in showing that claim 1 is unpatentable, a detailed analysis of Petitioner’s challenge to these dependent claims is not necessary at this stage of the proceeding. *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”).

F. Alleged Obviousness Based on Nakazawa and Ponomarenko

Petitioner contends the combination of Nakazawa and Ponomarenko renders claims 1–5, 7, 8, 21, 22, 24, and 25¹² obvious. Pet. 79–92. Patent Owner disagrees. Prelim. Resp. 52–63.

Similarly to its challenge based on combination of Nakazawa and Glaug, Petitioner argues a person of ordinary skill in the art would have been motivated to modify Nakazawa by replacing its diffusion sheet with Ponomarenko’s sublayer 30. Petitioner relies on the following portion of Ponomarenko describing sublayer 30:

In general, the sublayer (30) herein is (serves as) an acquisition layer and optionally also (as) a distribution layer, capable to acquire liquid (urine) and temporarily hold the liquid and allow it to pass, or transport it to the absorbent core underneath (in Z-

¹² We note that page 8 of the Petition lists claim 25 as included in this challenge, but page 79 of the Petition does not list claim 25 when discussing this challenge.

direction), and optionally also distribute it in the X and Y direction of the sublayer (30).

Pet. 80 (quoting Ex. 1007, 7:8–16). Petitioner argues the benefit of Ponomarenko’s sublayer in assisting with fluid acquisition and distribution would have motivated a person of ordinary skill to modify Nakazawa, and the modification would have been obvious because it would have involved simple substitution of a known element for another to obtain predictable results. *Id.* at 83 (quoting Ex. 1007, 6:47–49 (sublayer design “ensures excellent feces storage and isolation during the whole usage of the diaper, even when a user is moving or sitting on the diaper”))).

Patent Owner presents arguments against this challenge that are similar to those discussed above in Section II.E.1. Prelim. Resp. 52–54. Additionally, Patent Owner argues that Ponomarenko’s focus on improvements to feces management, rather than urine or fluid flow, would have undermined a skilled artisan’s motivation to substitute Ponomarenko’s feces immobilization layer for Nakazawa’s diffusion sheet. *Id.* at 55–58. For example, Patent Owner argues “Ponomarenko never refers to sublayer 30 as having any impact on fluid flow” and “the entirety of [Ponomarenko] is focused on improvements to feces management.” *Id.* at 55 (citing Ex. 1007, code (57), 1:23–26). As the portion of Ponomarenko quoted above demonstrates, however, Ponomarenko does refer to urine transport and absorption. *See* Ex. 1007, 7:8–16; *see also* Ex. 1007, 6:39–42. Patent Owner’s failure to consider the reference as a whole undercuts its argument.

As discussed in Section II.E above, we have determined at this point that Petitioner demonstrates a reasonable likelihood it would prevail in showing that claim 1 is unpatentable over the combination of Nakazawa and

Glaug. Therefore, a detailed analysis of this challenge is not necessary at this stage of the proceeding. *PGS*, 891 F.3d at 1360.

G. Alleged Anticipation Based on Nakazawa

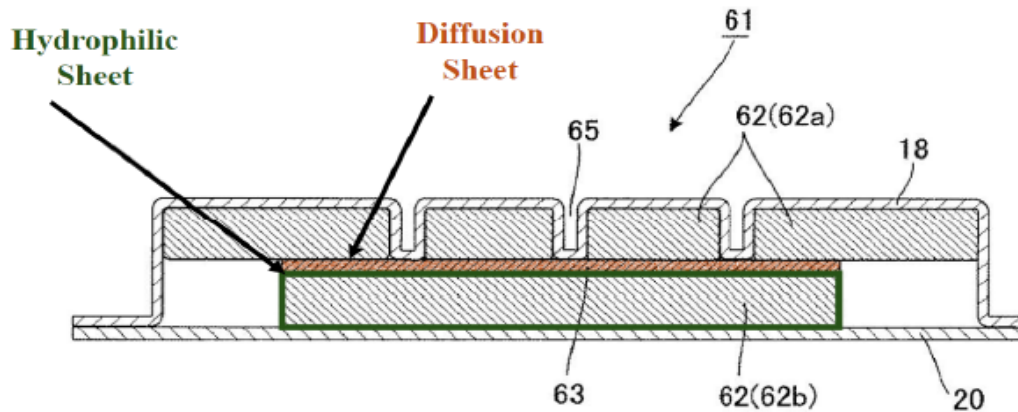
Petitioner contends Nakazawa anticipates claims 1, 3–5, 21, 22, 24, and 25. Pet. 92–96. Patent Owner disagrees. Prelim. Resp. 63–67. We focus our analysis on the disputed element at issue in this challenge, namely, claim element [1h].

Petitioner contends its anticipation challenge based on Nakazawa stems from Patent Owner’s Complaint in the parallel district court litigation, which “identifies the ‘core wrap’ around the lower absorbent core in the accused product as being the non-perforated fibrous polymeric layer of the claimed ‘fluid flow control structure.’” Pet. 92 (citing Ex. 1014, Appendix A). Petitioner explains that “core wrap is a well-known component in absorbent articles that is ‘designed to contain the storage layer and provide structural integrity when the storage layer is wet or dry.’” *Id.* (citing Ex. 1015, 1:35–37).

Petitioner argues in this challenge that Nakazawa’s hydrophilic sheet corresponds to the “non-perforated fibrous polymeric layer” of the fluid flow control structure recited in claim element [1h]. Pet. 93. Petitioner quotes the following excerpt from Nakazawa:

While not shown in the figures, the absorbent material is generally wrapped on the back surface and side surfaces with a hydrophilic sheet serving as a carrier to prevent leakage of superabsorbent polymer and to prevent deformation of the absorbent material on the production line.

Ex. 1008 ¶ 82. Petitioner also relies on the annotated version of Nakazawa’s Figure 14A, reproduced below:



Pet. 94. Nakazawa Figure 14A, reproduced above (as annotated by Petitioner), depicts a cross-sectional view of an absorbent article having top sheet 18 covering the top surface of first absorbent material 62a and the inner surfaces of hole portions in the first absorbent material, second absorbent material 62b, and diffusion sheet 63 located between the first and second absorbent material. Petitioner’s annotations to Figure 14A include the label “diffusion sheet” pointing to a brown horizontal line in the figure identified by reference numeral 63, and the label “hydrophilic sheet” pointing to a green line around the perimeter of the rectangle identified by reference numeral 62. *Id.*

Patent Owner argues Petitioner’s argument is misleading because Nakazawa only describes a hydrophilic sheet wrapped around the back and sides of its absorbent core, and not around the top of the absorbent core as shown in Petitioner’s annotation of Figure 14A. Prelim. Resp. 64–66. On the present record, we do not agree with Patent Owner, because Nakazawa does disclose “the absorbent material may be entirely wrapped in a hydrophilic sheet, or a portion of the absorbent material may be wrapped in a hydrophilic sheet.” Ex. 1008 ¶ 82.

We do have concerns, however, with Petitioner’s assertion that Nakazawa’s hydrophilic sheet corresponds to the “non-perforated fibrous polymeric layer” of claim element [1h]. Patent Owner’s argument in this regard appears to have merit (*see* Prelim. Resp. 64) because Petitioner does not identify disclosure relating to Nakazawa’s hydrophilic sheet that describes it as a fibrous polymeric layer, or as participating in fluid flow control. *See generally* Pet. According to Patent Owner, Nakazawa discloses that the hydrophilic sheet prevents leakage of superabsorbent polymer from the absorbent material. Ex. 1008 ¶ 82. Thus, the parties’ arguments with regard to this anticipation challenge raise questions of material fact best left for resolution at trial.

H. Alleged Anticipation Based on Bergstrom

Petitioner contends Bergstrom anticipates claims 1, 3, 21, 22, 24, and 25. Pet. 27–48. Patent Owner disagrees. Prelim. Resp. 26–38. We focus our analysis on the disputed element of claim 1, element [1h], and specifically the limitation “a first perforated polymeric layer.”

Petitioner argues that Bergstrom’s forming element 60 corresponds to “a first perforated polymeric layer.” Pet. 38–43. Petitioner relies on the following excerpt from Bergstrom: “Suitable materials for the forming element 60 are plastic films, perforated plastic films and reinforced tissue or reinforced nonwoven materials.” Pet. 39 (quoting Ex. 1004, 10:1–4).

Patent Owner argues Bergstrom’s forming element 60 does not meet the “first perforated polymeric layer” limitation because Bergstrom discloses its forming element is typically liquid-impermeable such that it “makes liquid flow around the edges of the forming element 60.” Prelim. Resp. 28 (citing Ex. 1004, 9:24–30). Patent Owner further argues Bergstrom does not

disclose any fluid flow in the Z-direction with respect to forming element 60 (*id.* at 29 (citing Ex. 1004, 9:21–33)), but rather teaches that any use of “perforated plastic films and reinforced tissue or reinforced nonwoven materials” is for the purpose of achieving the “required stiffness properties,” not for fluid flow. *Id.* (citing Ex. 1004, 9:34–10:4). Patent Owner argues that the excerpt from Bergstrom relied upon by Petitioner is ambiguous. *Id.* at 27.

The parties’ dispute relates to how a person of ordinary skill in the art would understand Bergstrom’s disclosure with regard to forming element 60, and specifically, whether Bergstrom’s forming element is perforated. To some extent, the dispute may also relate to construction of the term “perforated” in claim element [1h]. Petitioner appears to assume that “perforated” should be construed not to require that a material be pierced. Patent Owner’s contention as to whether Bergstrom’s forming element is perforated appears to assume a construction of “perforated” that requires a layer to be pierced completely through its thickness. The parties’ dispute potentially turns on an issue of claim construction that would benefit from further development at trial. In view of our determination that Petitioner has shown a reasonable likelihood of prevailing on its patentability challenge to at least one claim, we leave further analysis of this challenge for resolution based on a complete trial record.

III. DISCRETION UNDER 35 U.S.C. § 314(a)

Patent Owner contends that we should exercise discretion to deny institution in favor of the parallel proceeding taking place in the U.S. District Court for Delaware. Prelim. Resp. 68. Patent Owner cites the discretionary-denial factors articulated in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper

11 at 5–6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”). *Id.* Petitioner opposes. Pet. 5.

Under § 314(a), the Director has discretion to deny institution of an *inter partes* review, and that discretion has been delegated to the Board in this proceeding. *See* 37 C.F.R. § 42.4(a) (“The Board institutes the trial on behalf of the Director.”); *SAS Inst.*, 138 S. Ct. at 1356 (“[Section] 314(a) invests the Director with discretion on the question whether to institute review” (emphasis omitted)).

Under *Fintiv*, we consider the following 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 at 5–6.

We consider the parties’ contentions under the *Fintiv* factors below.

A. Factor 1: Whether the court granted a stay

Patent Owner contends Petitioner has not moved for a stay and has agreed to scheduling the parallel proceeding through trial without referencing the possibility of seeking a stay. Prelim. Resp. 68. Patent Owner contends this factor weighs in favor of discretionary denial. *Id.* Petitioner contends that no *Fintiv* factor favors denial, but does not address this factor individually. Pet. 5.

On the present record, no stay has been requested or ordered in the related district court litigation. We do not attempt to predict how the District Court may rule in the parallel litigation between these parties should a request for a stay be made because any such potential determination is based on a variety of circumstances and facts beyond our control and to which the Board is not privy. *Sand Revolution II, LLC v. Cont'l Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 7 (PTAB June 16, 2020) (informative). As a result, the potential for a stay in the parallel litigation does not weigh either for or against discretionary denial in this case. Therefore, we determine factor 1 is neutral.

B. Factors 2 and 3: Proximity of the court's trial date to the Board's projected statutory deadline for a final written decision, and investment in the parallel proceeding by the court and the parties

Trial in the parallel district court litigation is set to begin on November 2, 2026. Ex. 2003. The statutory deadline for a Final Written Decision in this proceeding will fall in late-May 2026, approximately five months before the scheduled district court trial.

Petitioner contends “the Final Written Decision would be expected well before the approximately 3-year median time to trial in the District of Delaware.” Pet. 5 (citing Ex. 1013). Petitioner does not address investment in the parallel proceeding. *See generally id.*

Patent Owner does not dispute that the scheduled trial date in the parallel district court proceeding is five months after the Final Written Decision is expected here, but contends that the parties have “significantly invested in the district court, exchanging infringement contentions and invalidity contentions.” Prelim. Resp. 68. Patent Owner does not address

the weight of factor 2, but contends factor 3 weighs in favor of discretionary denial. *Id.*

Having considered both sides' arguments as to factors 2 and 3, we determine that the considerations of these two factors weigh against exercising discretionary denial. If the district court's trial date is after the Final Written Decision's projected statutory deadline, the decision whether to exercise discretionary denial implicates other factors, such as the resources that have been invested in the parallel proceeding. *See Fintiv* at 2–3, 9. Neither party directs us to any substantive order issued by the district court in the parallel litigation. The *Markman* hearing is scheduled to occur on June 18, 2025, and the expert discovery cutoff is not until late March 2026. Ex. 2003. Thus, although the parties have begun discovery as to infringement and invalidity contentions, much further work remains in the parallel district court litigation. Therefore, we determine factors 2 and 3 weigh against exercising discretionary denial.

C. Factors 4 and 5: Overlap between issues raised in the petition and in the parallel proceeding, and whether the petitioner and the defendant in the parallel proceeding are the same party

Petitioner does not address factors 4 and 5 individually. Pet. 5. Petitioner does note that Patent Owner asserted the '138 patent in the parallel district court litigation. *Id.* at 2. Patent Owner contends that “the validity issues and arguments raised here substantially overlap with those in the district court.” Prelim. Resp. 68. Patent Owner also contends that the parties in the parallel proceeding are the same. *Id.* Patent Owner argues that these factors weigh in favor of exercising discretionary denial. *Id.* We find the parties in this proceeding are the same as in the parallel district court

litigation. Based on the present record, we consider factors 4 and 5 to weigh in favor of exercising discretionary denial.

D. Factor 6: Other circumstances, including the merits

This factor may favor institution where the “merits of a ground raised in the petition seem particularly strong on the preliminary record.” *Fintiv*, Paper 11, 14–15. However, a “full merits analysis is not necessary as part of deciding whether to exercise discretion not to institute, but rather the parties may point out, as part of the factor-based analysis, particular ‘strengths or weaknesses’ to aid the Board in deciding whether the merits tip the balance one way or another.” *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 15–16 (PTAB May 13, 2020) (citing *Fintiv* at 15–16) (informative) (“*Fintiv II*”). Although Petitioner and Patent Owner unsurprisingly take different views on the merits of the Petition, neither party identifies any specific strength or weakness that would tip the balance in its favor. Pet. 5; Prelim. Resp. 68.

Petitioner contends that the challenged claims are anticipated or obvious in view of well-known art, but does not provide specific arguments explaining why the merits of its challenge are particularly strong, draw attention to which of its grounds are particularly persuasive of unpatentability, or raise additional circumstances impacting our exercise of discretion. Pet. 1–2, 5; *see Fintiv II* at 15–16 (“As an example, a petitioner can use the opportunity to draw attention to particular grounds that it believes are particularly persuasive of unpatentability.”).

Patent Owner contends Petitioner failed to present a *prima facie* case of obviousness and argues that this factor favors discretionary denial because the Petition’s merits are “particularly weak.” Prelim. Resp. 1–5, 68.

However, Patent Owner does not highlight any particular weakness in Petitioner's challenges. *See Fintiv II*, Paper 15 at 16 (“[A] patent owner can use the opportunity to call attention to particular arguments that, on balance, make the petitioner's case a close call.”). As such, Patent Owner does not persuade us that Petitioner's case is a close call.

On the present record, the Petition demonstrates a reasonable likelihood that at least claim 1 would have been obvious, for the reasons we explain in Section II.E. Therefore, the considerations of factor 6 weigh against exercising discretionary denial.

E. Conclusion

In summary: factor 1 is neutral; factors 2, 3, and 6 weigh against the exercise of discretion to deny institution; factors 4 and 5 weigh in favor of exercising discretion. The combined weight of the factors against exercising discretion to deny institution outweighs the strength of factors in favor. As such, based on a holistic analysis of the *Fintiv* factors, we decline to exercise discretion under § 314(a) to deny institution of this *inter partes* review.

IV. CONCLUSION

Based on the arguments in the Petition and the evidence of record, we determine that Petitioner has established a reasonable likelihood of prevailing with respect to at least one challenged claim of the '138 patent, and we grant institution of an *inter partes* review on all challenges raised in the Petition.

At this stage of the proceeding, we have not made a final determination with respect to the patentability of any challenged claim or any underlying factual or legal issue, including claim construction. Our final decision will be based on the record as fully developed during trial.

V. ORDER

In consideration of the foregoing, it is hereby

ORDERED that an *inter partes* review of all challenged claims of the '138 patent is instituted with respect to all grounds set forth in the Petition; and

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(a), *inter partes* review of the '138 patent is hereby instituted commencing on the entry date of this Decision, and 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.

IPR2024-01487
Patent 9,308,138 B2

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