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Paper 43  
Date: February 28, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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ZTE (USA), INC. and LG ELECTRONICS INC.,  
Petitioner,

v.

CYWEE GROUP LTD.,  
Patent Owner.

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IPR2019-00143  
Patent 8,441,438 B2

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Before PATRICK M. BOUCHER, KAMRAN JIVANI, and  
CHRISTOPHER L. OGDEN, *Administrative Patent Judges*.

OGDEN, *Administrative Patent Judge*.

ORDER  
Conduct of the Proceeding  
37 C.F.R. § 42.5

## I. BACKGROUND

ZTE (USA), Inc. (“ZTE”) is the original Petitioner in this proceeding. See Paper 1. We instituted *inter partes* review on May 17, 2019. Paper 7.

On June 15, 2019, LG Electronics Inc. (“LGE”) filed a petition for *inter partes* review and a motion to join this proceeding. IPR2019-01203, Papers 2, 3. In its joinder motion, LGE represented that “as long as ZTE remains an active participant in the IPR, [LGE] will take a passive ‘understudy’ role and work with ZTE to avoid procedural disruptions. [LGE] will assume the primary role only if ZTE ceases to participate in the IPR.” Paper 3, 8 (citing *Mylan Pharmaceuticals Inc. v. Novartis AG*, IPR2015-00268, Paper 17 at 5 (PTAB Apr. 10, 2015)). LGE also agreed that it “shall not be permitted to raise any new grounds not already instituted by the Board in the ZTE IPR, or introduce any argument or discovery not already introduced by [ZTE].” *Id.* at 10.

On August 9, 2019, Patent Owner CyWee Group Ltd. (“CyWee”) filed a contingent Motion to Amend, which asked the Board for preliminary guidance, under the MTA Pilot Program, as to CyWee’s proposed substitute claims. Paper 19, 22. We issued our Preliminary Guidance on December 5, 2019. Paper 35. Our preliminary view was that, based on the available record, CyWee had not met all the statutory and regulatory requirements for the proposed substitute claims. *Id.* at 3. We also suggested that LGE had shown a reasonable likelihood that two of the proposed substitute claims were unpatentable for obviousness or indefiniteness. *Id.* at 7.

On December 17, 2019, we determined that LGE had met the requirements for instituting an *inter partes* review, and joined LGE to this proceeding under 35 U.S.C. § 315(c). Paper 36, 45. LGE has not contested

CyWee’s assertion that LGE would have been time-barred, under § 315(b), from filing a petition independently. *See* IPR2019-01203, Paper 8 at 59–60; Ex. 2022, 15:25–16:1, 17:13–19, 30:17, 31:8–12; *see also* IPR2019-01203, Paper 3 at 1 (LGE arguing that the time bar of 37 C.F.R. § 42.101(b) does not apply because LGE’s petition accompanied a request for joinder).

On December 20, 2019, CyWee filed a contingent Revised Motion to Amend, which included a different set of proposed substitute claims. Paper 38, App’x A. On January 3, 2020, CyWee also submitted a Request for Oral Argument. Paper 40. On January 21, 2020, ZTE submitted its Opposition to CyWee’s Revised Motion to Amend (“Opposition”). Paper 41. In this filing, ZTE stated that “[b]ased on the Board’s Preliminary Guidance and Patent Owner’s Revised Motion to Amend, petitioner withdraw[s] all objections to the revised amended claims and hence, Petitioner does not challenge the patentability of the revised amended claims. Petitioner therefore does not oppose Patent Owner’s Revised Motion to Amend.” *Id.* at 1–2.

But as to the original claims, ZTE stated that it “maintains its arguments that they are invalid for the reasons previously stated.” Paper 41, 2. ZTE also stated that “oral argument is not necessary,” and that it “has reached an agreement with Patent Owner to have the validity of the original claims determined solely on current written submissions.” *Id.* In support of this position, ZTE noted that “the Board has already invalidated other claims of the ’438 patent in an IPR filed by Google (IPR2018-01258, Paper 86) and in doing so already has obtained an in-depth knowledge of the ’438 Patent as it related to the original claims.” *Id.*

## II. LGE'S REQUEST

At LGE's request, we held a conference call with the parties on February 5, 2020. *See* Ex. 2022 (transcript, submitted by CyWee).<sup>1</sup> In this call, LGE argued that ZTE no longer remains a participant in the *inter partes* review. LGE contends that CyWee and ZTE "have clearly reached some form of settlement agreement," in which "ZTE has withdrawn any opposition to [CyWee's] proposed amended claims." *Id.* at 7:19–8:4. LGE also asserts that ZTE has "agreed with [CyWee] to suggest that the parties' previous request for oral argument is no longer necessary," and "to block Petitioner LGE's participation." *Id.* at 8:7–11.

As evidence of this alleged agreement, LGE argues that ZTE's Opposition "revealed a complete change of its position in this IPR," Ex. 2022, 8:21, and after the Opposition, ZTE did not return emails or voicemails until around January 28, 2020, when ZTE stated that it was "going to need to withdraw from the district court joint defense group and that they're sorry they couldn't share any information earlier," *id.* at 9:1–10. LGE believes that under the alleged settlement agreement, "ZTE is required to largely capitulate to [CyWee's] requests, but nevertheless try to remain as lead counsel in the IPR so as to block LGE's participation." *Id.* at 10:6–9.

To address ZTE's alleged collusion with CyWee, LGE requests the following: (1) "that LGE be allowed to take the active Petitioner role to oppose the revised motion to amend on the merits"; (2) that LGE be allowed "to maintain or renew the previous request for oral argument and to argue for Petitioners at that oral argument"; (3) an order for "Patent Owner and

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<sup>1</sup> CyWee also submitted a paper outlining its objections. Paper 42. Because we deny LGE's request, those objections are moot.

ZTE to disclose the nature, terms and the timing of any written or oral agreement they have reached so that the impact of this agreement . . . can be fully addressed to guarantee that this IPR can conclude with a good faith record.” Ex. 2022, 12:4–15.

In response, ZTE argues that business concerns motivate its non-opposition to CyWee’s revised amendment and desire to forgo oral hearing. *See id.* at 13–15. ZTE remains opposed to the original claims in the ’438 patent. *Id.* at 13:25–14:1, 14:21–22. However, ZTE does not oppose the revised amended claims, and does not expect that those claims will impact ZTE. *Id.* at 14:4–12. According to ZTE, it is “trying to limit the expense of these legal proceedings.” *Id.* at 13:18–19. ZTE’s counsel also states, “[W]e haven’t settled . . . the IPR in any manner.” Ex. 2022, 15:16–17; *see also id.* at 21:12, 22:6 (making similar representations). CyWee’s counsel confirms that there is no settlement with respect to this *inter partes* review. *See id.* at 15:23–24, 22:11–12, 23:18–19.

The evidence of record does not suggest that ZTE has stopped actively participating in this proceeding. ZTE has not sought to terminate the proceeding under 35 U.S.C. § 317. Nor has ZTE withdrawn any of its challenges or arguments in the Petition. Rather, ZTE maintains the arguments it made in the Petition and Reply with respect to the original claims of the ’438 patent. *See* Paper 41, 2.

Although ZTE agrees with CyWee that an oral argument is not necessary, *see* Paper 41, 2, counsel for ZTE attended the conference call in February 5, 2020, and represents that ZTE would appear at an oral hearing if the Board were to conduct one. Ex. 2022, 14:16–18. The parties have the option of whether to request oral argument in an *inter partes* review. *See* 37

CFR 42.70(a) (“A party *may* request oral argument of an issue raised in a paper at a time set by the Board.” (emphasis added)). ZTE’s position that no oral hearing is necessary under the circumstances of this case is a reasonable strategic choice, and does not indicate that ZTE has abandoned the proceeding.

As the active Petitioner, it is also within ZTE’s purview to determine whether to oppose CyWee’s Revised Motion to Amend. ZTE’s decision not to challenge the patentability of the proposed claim amendments is likewise a reasonable strategic choice, and does not indicate that ZTE has abandoned the proceeding. Because claim amendments must “respond to a ground of unpatentability involved in the trial,” and may not “enlarge the scope of the claims,” 37 C.F.R. § 42.121(a)(2); § 316(d)(3), the public is generally likely to benefit from claim amendments during an *inter partes* review.

Finally, ZTE’s decision not to oppose CyWee’s narrowing claim amendments does not prejudice LGE. LGE would have been time-barred from filing its own petition, and is part of this proceeding only as a result of joinder. LGE is in no worse position, as a result of CyWee’s proposed narrowing amendment and ZTE’s decision not to oppose it, than if we had exercised our discretion not to join LGE to this proceeding.

For the above reasons, we do not find sufficient cause to grant LGE’s requests.

### III. ORDER

It is  
ORDERED that LGE’s requests, made in the conference call dated February 5, 2020, are *denied*.

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