

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.  
Petitioner,

v.

MAXELL, LTD.,  
Patent Owner

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**Case: IPR2020-00200**

**U.S. Patent No. 10,084,991**

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**PATENT OWNER'S REQUEST FOR REHEARING**

Mail Stop **Patent Board**  
Patent Trial and Appeal Board  
U.S. Patent and Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450

## **I. STATEMENT OF THE PRECISE RELIEF REQUESTED**

Patent Owner Maxell, Ltd., (“Maxell”) respectfully requests rehearing of the Decision granting institution (Paper 11, “ID”) of *inter partes review*. The Board granted institution and declined to exercise its discretion pursuant to 35 U.S.C. §314.

The Board should grant reconsideration and set this case for rehearing before the Precedential Opinion Panel (“POP”). The POP should clarify the date from which *Fintiv* Factor 4 should be analyzed, namely, the Petition’s filing date. Any consideration of events after the filing of the Petition necessarily leads to gamesmanship, allowing petitioners to assert positions in the district court and the petition and then switch positions when it suits their purpose. Fixing the “look back” date for Factor 4 as the date of the filing of the Petition promotes *Fintiv*’s quest for efficiency and fairness, rather than a shifting sands approach that allows petitioners to take advantage of deadlines and disclosures in each venue to create an inefficient and unfair process.

Apple did just that here with respect to Factor 4, and its last minute jettisoning of certain overlapping prior art references in the District Court Action. This “gotcha” tactic further exposes Apple’s insincere claim that it seeks efficiency, and runs contrary to why the Board found *NHK* important to declare

precedential. In the District Court Action, Apple relied upon the same prior art as in the Petition until at least April 7, 2020 at which point it selectively dropped certain prior art references in an attempt to compensate for its delay in filing its Petition. But from August 15, 2019 through April 7, 2020, Apple relied on identical prior art requiring both parties to address and take positions on the prior art in the District Court Action. When Apple filed its Petition, there was complete overlap in prior art, challenged claims, and grounds.

Even if *Fintiv* allows for weighing of facts after the filing of the Petition, for the reasons discussed below, the Board’s weighing of the *Fintiv* factors “represents an unreasonable judgment in weighing [these] relevant factors.” *Palo Alto Networks, Inc. v. Juniper Networks, Inc.*, IPR2013-00369, Paper 39 at 2-3 (PTAB Feb. 14, 2014). The Board placed emphasis on Factor 4 when there was overlap present in the prior art grounds presented by Apple here and in the District Court Action, including the identical base reference—*Asmussen*. ID at 15-22. Accordingly, Patent Owner requests that the Board reweigh the *Fintiv* factors and use its discretion to deny institution in this proceeding.

For at least these reasons and as further discussed below, Maxell respectfully requests rehearing of the decision to institute review of the challenged claims.

## **II. LEGAL STANDARD**

A party dissatisfied with a decision may file a single request for rehearing.” 37 C.F.R. § 42.71(d). “The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.” *Id.*

Institution decisions are reviewed on rehearing for an abuse of discretion. See 37 C.F.R. § 42.71(c). An abuse of discretion may arise if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if an unreasonable judgment is made in weighing relevant factors. *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000).

## **III. STATEMENT OF REASONS FOR RELIEF REQUESTED**

The Board weighed the precedential *Fintiv* factors and found that three factors weighed in favor of discretionary denial, two weighed against denial, and one factor was neutral. ID at 10-25. Yet, because it found that Factor 4 weighed against denial, it failed to deny institution based on §314 by according too much weight to this one factor. The Board’s weighing of the factors was unreasonable.

First, Maxell respectfully requests that the Board should clarify the precedential *Fintiv* decision and find that the proper timeframe with which to evaluate Factor 4 is at the time the Petition is filed. Such a fixed timeframe for the

Board's §314 analysis would prevent situations where, like here, petitioners manufacture a favorable situation by dropping overlapping prior art in the District Court. Such tactics do not promote *NHK* and *Fintiv*'s goal of efficiency and fairness.

Second, Maxell respectfully requests that the Board should reweigh the *Fintiv* factors because far too much emphasis was placed on Factor 4. Contrary to the Board's finding (ID at 16-20), *Fintiv* does not require complete overlap in issues or claims to weigh Factor 4 in favor of denial. Nor does *Fintiv* place particular emphasis on Factor 4 over other factors. Instead, *Fintiv* counsels that "the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review." *Fintiv* at 6. Allowing a petitioner to "game" the system four months after filing its petition fails to promote efficiency and undermines the integrity of the system. Had the Board weighed Factor 4 as of the time of the Petition's filing, the result would be the complete opposite. The Board's analysis of Factor 4 based on facts occurring well after the Petition filed allowed Apple to create a moving target in the District Court Action with its prior art to avoid discretionary denial. Indeed, there was complete overlap in prior art and grounds four months after the Petition was filed. Paper 10 at 8. This allows a petitioner, like Apple here, to submit a Petition that begs for discretionary

denial under 35 U.S.C. §314 pursuant to *Fintiv*, only to vitiate the complete overlap in issues that existed *at the time of filing* and months afterwards to manufacture an argument against discretionary denial. Here, had the Board not placed so much emphasis on Factor 4, most of the other factors clearly weighed in favor of discretionary denial.

Third, even where the Board considered events transpiring beyond the date the Petition was filed, the Board failed to weigh Factor 4 properly. Not only is there overlap in the prior art, there is overlap in the claims. Paper 10 at 6-9; Paper 6 at 15-16; Ex. 2012 at 73. For claims that are no longer present in underlying litigation, no efficiency is gained here by examining those claims because Apple's analysis in its Petition treats those claims similarly. Paper 10 at 8 (citing Petition at 45-48). Moreover, Apple failed to articulate a reason why it would be harmed if those extraneous claims were not examined. *Id.* The Board required complete overlap in claims and prior art in its analysis of Factor 4, leading to an unreasonable balancing of the *Fintiv* factors, even where the Board found more factors weigh in favor of denial than not. *Fintiv* and *NHK* do not require complete overlap. *See NHK Spring*, IPR2018-00752, Paper 8 (precedential); *Fintiv*, IPR2020-00019, Paper 11 (precedential).

For at least the foregoing reasons, further set forth below, Maxell

respectfully requests rehearing of the decision to institute review of the challenged claims.

**A. The Board Should Revisit *Fintiv* And Reconsider The Institution Decision**

This case exposes a loophole in the *Fintiv* decision that allows petitioners such as Apple to manipulate the facts regarding §314 discretionary denial *months* after filing a Petition. A petitioner's ability to alter such facts after filing of the Petition in order to avoid discretionary denial undermines *NHK* and *Fintiv*'s goal of efficiency and fairness. As the *Fintiv* decision notes, the Board's cases addressing earlier trial dates as a basis for denial under *NHK* seek to balance considerations such as system efficiency, fairness, and patent quality. *Fintiv* at 5. Out of this came the *Fintiv* factors. While evaluating the *Fintiv* factors, the Board "takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review." *Id.* at 6. What *Fintiv* does not address is when that inquiry with respect to Factor 4 is to occur. This could be as of the date of (1) the Petition, (2) the Patent Owner Preliminary Response, (3) date of institution, or (4) sometime in between.

The Board should clarify this aspect of *Fintiv*. In the present proceeding, the evaluation of Factor 4 is dramatically different depending on when the facts are evaluated. For example, with respect to overlap of the issues:

<b>Date/Event</b>	<b>Overlap?</b>
December 19, 2020—Petition Filed	Complete Overlap. <i>See</i> Paper 6
April 16, 2020—Preliminary Response	Some Overlap. <i>See</i> Paper 10
July 15, 2020—ID	Some Overlap. <i>See</i> ID at 18

If Factor 4 is weighed at the time of institution, petitioners—like Apple was here—are incentivized to delay the filing of a Petition, and then when met with a Patent Owner’s §314 argument in a preliminary response, alter the facts by dropping various prior art in the underlying litigation to manufacture arguments against discretionary denial. But this jaundiced approach undermines *Fintiv*’s goal to balance considerations such as efficiency, fairness, and the merits. *Fintiv* at 5. Such an approach encourages filing an IPR Petition as late as possible to maximize the benefit of prior art in the District Court case, using the same prior art in an IPR petition 364 days into the District Court litigation, and then dropping it from the District Court litigation and claiming there is no overlap. Typically, one year into the case, the parties have exchanged infringement and invalidity contentions, the infringement and invalidity theories have been crystallized, Courts have held a *Markman* Hearing, the parties have retained invalidity and infringement experts to work on their expert reports, and the parties are in the middle or end of fact discovery. Such is the case here. Paper 10 at 5-6. Indeed, allowing petitioners to



game the system like this and file IPR Petitions as late as possible to gain the maximum advantage of the same prior art encourages the precise inefficiencies that *Fintiv* and *NHK* warn against.

In *Apple v. Fintiv*, the precedential decision did not address the timeframe at which Factor 4 should be weighed (at filing or at Institution or sometime in between), nor did *Fintiv* instruct how individual Panels should weigh the factors. This has led to disparate application of the factors under similar factual scenarios. See, e.g., *Apple v. Maxell, Ltd.*, IPR2020-00203, Paper 12 (July 6, 2020); *Apple Inc. v. Seven Networks, LLC*, IPR2020-00156, Paper 10, at 5-28 (Jun. 15, 2020); and *Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC*, IPR2019-01393, Paper 24, at 7-13 (Jun. 16, 2020); *Apple v. Fintiv*, IPR2020-00019, Paper 15 (May 13, 2020); *Cisco v. Ramot Tel Aviv*, IPR2020-00123, Paper 14 (May 15, 2020); *Intel v. VLSI Technology*, IPR2020-00158, Paper 16 (May 20, 2020); *Vizio v. Polaris Power LED*, IPR2020-00043, Paper 30 (May 4, 2020).

Examining the facts for Factor 4 as they are at the time of the filing of a Petition would standardize application of this factor so that the transpiring of time between filing of the Petition and Institution would eliminate the “moving target” arguments by petitioners. In the circumstances here, were the Board to analyze *Fintiv* Factor 4 as of the date of the Petition, at least four factors would favor

discretionary denial, including Factor 4. *See* Paper 6 at 2-4, 6-15; *see also* Paper 10. As such, Patent Owner requests that the Board re-weigh Factor 4 as the facts existed at the time the Petition was filed on December 19, 2019.

## **B. The Board Erred in Weighing the *Fintiv* Factors**

Even accounting for post-Petition facts, the Board’s analysis of the *Fintiv* factors led it to an unreasonable judgment in weighing the factors and refusing to exercise its discretion to deny institution. *In re Gartside*, 203 F.3d at 1315–16. The Board placed undue emphasis on Factor 4, finding that the factor weighed against denial. For other factors, such as Factors 3 and 5, the Board found these factors “slightly favor[]” and “do not weigh against” denial, respectively, even though there is evidence that these factors should favor denial without the Board’s apparent lessening of the weight of these two factors. ID at 16-20.

### **1. The Board Erred in Weighing Factor 3**

*Fintiv* notes with respect to Factor 3 that if “**the evidence shows that the petitioner did not file the petition expeditiously**, such as at or around the same time that the patent owner responds to the petitioner’s invalidity contentions, **or even if the petitioner cannot explain the delay in filing its petition, these facts have favored denial.**” *Fintiv*, IPR2020-00019, Paper 11 at 11-12 (March 20, 2020) (emphasis added). Here, the evidence clearly shows that Apple neither filed

its petition expeditiously nor explained the delay in filing its petition. *See* Paper 6 at 11-13; *see also* Paper 10. Indeed, the District Court recognized this:

“Apple has not sufficiently explained its delay in filing the [IPR] petitions. Apple filed its first wave of petitions nine months after Maxell filed suit and six months after Maxell served its initial infringement contentions.”

Paper 10; *see also* Ex. 3001.

And, even though the Board found Factor 3 “slightly” favored denial, it significantly discounted the time and effort the Court and the Parties have invested in the underlying litigation and clearly did not weigh the factor properly. *Id.* at 15. This is directly contrary to another Board decision involving the same parties and same facts. *See Apple v. Maxell*, IPR2020-00203, Paper 11 at 11-12 (PTAB July 6, 2020) (“’203 IPR”). In the ’203 IPR, the Board exercised its discretion to deny the IPR pursuant to *Fintiv* and §314. With respect to Factor 3, the Board found that:

**much of the court’s and the parties’ work related to invalidity has been completed in preparation for trial in October 2020.** Because at least some of this invested effort, including claim construction and expert discovery, likely has relevance to issues in the Petition, **the third *Fintiv* factor favors the exercise of discretionary denial** in this case to prevent duplication of work on similar issues by the Board and the district court.

*Id.* The same facts are present here. Paper 10 at 4-6. The Board here should have

weighed Factor 3 to favor denial, not merely “slightly” favor denial, at least on equal footing with the other *Fintiv* factors.

Further, contrary to the Board’s decision here and its discounting of the Court’s substantive orders, *Fintiv* does not limit Factor 3 to investment of time and effort by the Parties and the Court in the underlying litigation with respect to the unpatentability challenges at issue in the Petition. *Fintiv* states “if, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition, this favors denial.” *Fintiv*, IPR2020-00019, Paper 11 at 9-10. Here, the evidence shows that the Court issued substantive orders related to the ’991 Patent. *See* Paper 10 at 5. As *Fintiv* held, “the investment factor is related to the trial date factor in that more work completed by the parties and court in the parallel proceeding tends to support the arguments that the parallel proceeding is more advanced, a stay may be less likely, and instituting would lead to duplicative costs.” *Fintiv* at 10. In view of the foregoing, Factor 3 does not simply “slightly” favor denial, it favors denial and is not outweighed by Factor 4 or any other factor.

## **2. The Board Erred in Weighing Factor 5**

With respect to Factor 5, the ID found that the factor “does not weigh against.” ID at 23. This could mean the Board weighed Factor 5 in favor of denial,

but it is unclear. In the '203 IPR, the Board found that Factor 5 favors denial. *See Apple v. Maxell*, IPR2020-00203, Paper 12 at 16. Other Board decisions clearly hold that if the parties are the same, Factor 5 favors denial. *See Apple v. Fintiv*, IPR2020-00019, Paper 15 (May 13, 2020) (Informative); *Cisco v. Ramot Tel Aviv*, IPR2020-00123, Paper 14 (May 15, 2020); *Intel v. VLSI Technology*, IPR2020-00158, Paper 16 (May 20, 2020); *Vizio v. Polaris Power LED*, IPR2020-00043, Paper 30 (May 4, 2020). Thus, the Panel decision improperly weighed Factor 5 in light of other factors by holding that it “does not weigh against” exercising discretion.

### **3. The Board Erred in Weighing Factor 4**

The Board erred when it required complete overlap in the claims and prior art references being asserted in the underlying litigation and in this proceeding. ID at 16, 18. *Fintiv* does not demand complete overlap. Instead, denial is favored if the petition includes “**substantially the same** claims, grounds, arguments, and evidence **as presented in the parallel proceeding.**” *Fintiv* at 12 (emphasis added). Notwithstanding the Court’s required narrowing of claims and prior art, the claims cover the asserted claims against Apple in the District Court action at the time Apple filed its Petition and well into the IPR proceeding. Thus, per *Fintiv*, the same claims were presented both here and in the underlying litigation. Paper 10 at

6-9. *See also Apple v. Fintiv*, Paper 15 at 15 (informative) (Weighing Factor 4 in favor of denial, and finding “The same art is presented in Petitioner’s final invalidity contentions, which are extremely detailed and developed.”); *Apple v. Maxell*, IPR2020-00203, Paper 12 at 12-16. Likewise, the same or substantially the same prior art, grounds, and argument were presented both here and in the underlying litigation. *Id.*

With respect to Claim 4, an overlapping claim in this proceeding and in the District Court Action, Apple relies solely on *Asmussen* in both proceedings. *Compare* Petition at 54-56 with Ex. 2013 at 65; Paper 10 at 7. Indeed, Apple relies on *Asmussen* as its base reference both here and in the District Court Action. *See generally* Petition and Ex. 2011 at 4. But the ID ignores this substantial overlap by focusing on the alleged differences between application of *Allen* and *Marley* with respect to Claim 2. ID at 19-22. This focus is misplaced and internally inconsistent where the ID wrongly discounts that Claims 1-3 also overlap: “we also recognize that based on the parties’ final elections, the validity of claims 1–3 will not be decided in the District Court Action because the infringement and validity of those claims are not being contested by the parties in that proceeding.” ID at 16 n. 3.

The ID found that “the prior art in each proceeding and, as a result, the issues to be considered with respect to the prior art, to be different as well.” ID at

22. *Fintiv* only asks whether “substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding.” The answer is clearly yes; Apple relies primarily on *Asmussen* in both proceedings. In light of this, Maxell respectfully asserts that the Board should have found that Factor 4 weighs in favor of denial and apply this factor equally with the others.

Finally, the Board overlooked Apple’s reservation of rights in the District Court Action in its final election of prior art: “Apple reserves the right to amend its election of prior art as appropriate. . . .” Ex. 1047 at 1. *See* Paper 10 at 9-10. Thus, based on its reservation of rights, at the time of trial Apple may seek to reintroduce prior art that completely overlaps with the instituted grounds, further demonstrating the heightened inefficiency caused by institution here. Apple never claimed that it would drop reliance on overlapping references in the District Court Action were the Board to institute here.

Even considering the ID as it currently stands, three factors favor denial, two weigh against, and one is neutral. Maxell respectfully asserts that the Board did not consider a “balanced assessment of all relevant circumstances of the case, including the merits” by placing undue weight on Factor 4. *Fintiv*, IPR2020-00019, Paper 11 at 5 (March 20, 2020) (quoting Consolidated Trial Practice Guide November 2019 at 58).

Indeed, if any factor were to be weighed more than others, it is Factor 2. *Fintiv* notes “if the court date is at around the same time or significantly after the statutory deadline, the decision whether to institute **will likely implicate other factors** discussed herein....” However, whereas here the trial date is *nine months* before any final written decision, the other factors should certainly take on less of a role in light of *Fintiv*.

#### **4. The Board Failed To Account For Apple’s Extreme Delay**

The Board improperly discounted Apple’s extreme delay in filing its Petition. For example, the Board credits Apple’s argument that the underlying litigation involved 10 different patents and 132 possibly-asserted claims. ID at 24. But, by August 14, 2019, Apple had already drafted invalidity contentions on all of the asserted claims. Ex. 2003. In fact, of the 90 claims at issue in August 2019, Apple challenges 86 claims in its IPRs. Ex. 3001 at 5. Indeed, Apple made the same argument to the District Court, yet the Court nonetheless found Apple’s explanation inadequate. Ex. 1052 at 4-5.

#### **IV. CONCLUSION**

Patent Owner respectfully requests that the Board reconsider its Decision and deny institution of *inter partes* review.



Dated: July 22, 2020

Respectfully submitted,

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## **CERTIFICATE OF SERVICE**

I hereby certify that on this 22nd day of July, 2020, a copy of the attached **PATENT OWNER'S REQUEST FOR REHEARING** was served by electronic mail to the attorneys of record, at the following addresses:

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