

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

MAXELL, LTD.,
Patent Owner.

IPR2020-00200
Patent 10,084,991 B2

Before MICHAEL R. ZECHER, KEVIN C. TROCK, and
JOHN A. HUDALLA, *Administrative Patent Judges*.

TROCK, *Administrative Patent Judge*.

DECISION
Denying Patent Owner's Request for Rehearing
37 C.F.R. § 42.71(d)

Apple Inc. ("Petitioner") filed a Petition (Paper 1, "Pet.") requesting an *inter partes* review ("IPR") of claims 1–5 and 8–12 ("the challenged claims") of U.S. Patent No. 10,084,991 B2 (Ex. 1001, "the '991 patent"). Patent Owner, Maxell, Ltd. ("Patent Owner"), filed a Preliminary Response (Paper 6, "Prelim. Resp."). Petitioner also filed a Reply (Paper 8, "Pet. Reply") and Patent Owner filed a Sur-Reply (Paper 10, "PO Sur-reply")

addressing whether we should exercise our discretion to deny institution under 35 U.S.C. § 314(a).

On July 15, 2020, we entered a Decision on Institution (Paper 11, “Decision” or “Dec.”) that instituted *inter partes* review on all claims and all grounds presented in the Petition. As part of the Decision, we considered Patent Owner’s arguments that we should exercise our discretion to deny institution under 35 U.S.C. § 314(a) based on the duplicative nature and advanced stage of the related case styled *Maxell, Ltd. v. Apple Inc.*, No. 5:19-cv-00036 (E.D. Tex. Mar. 15, 2019) (“the underlying litigation”). Dec. 10–25. We based our discretionary denial analysis on the Board’s precedential decision in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”). After weighing the factors identified in *Fintiv*, we declined to exercise our discretion under 35 U.S.C. § 314(a) to deny *inter partes* review. Dec. 25.

Patent Owner filed a Request for Rehearing (Paper 13, “Req. Reh’g”) seeking reconsideration of our analysis of the *Fintiv* factors and our decision not to exercise discretion to deny institution.¹ For the reasons stated below, we *deny* the Request for Rehearing.

I. ANALYSIS

When reconsidering a decision on institution, we review the decision for an abuse of discretion. *See* 37 C.F.R. § 42.71(c). An abuse of discretion

¹ Patent Owner also requested rehearing by the Precedential Opinion Panel (“POP”) to “clarify the date from which *Fintiv* Factor 4 should be analyzed, namely, the Petition’s filing date.” Req. Reh’g 1; Ex. 3002. On October 27, 2020, POP denied Patent Owner’s request for review. Paper 19.

may be determined if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors. *See Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P'ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000). The party requesting rehearing has the burden of showing the decision should be modified, which includes specifically identifying all matters the party believes were misapprehended or overlooked. *See* 37 C.F.R. § 42.71(d).

In our Decision on Institution, we found that *Fintiv* Factor 4, i.e., overlap between issues raised in the Petition and in the underlying litigation, weighed against exercising our discretion to deny institution. Dec. 15–22. Specifically, we considered the parties' efforts to narrow the issues at trial and determined that there was a material distinction between the claims being asserted at trial and the claims being challenged in this proceeding. *Id.* at 16–17. We also determined that there were significant differences between the references being asserted at trial and the references being relied on in this proceeding. *Id.* at 18–22. In weighing all of the *Fintiv* factors, we determined that “the differences in the claims being considered in this proceeding and the underlying litigation, as well as the differences in the prior art being applied, counsels against exercising discretionary denial.” *Id.* at 25. Thus, we declined to exercise our discretion under 35 U.S.C. § 314(a) to deny *inter partes* review. *Id.*

Patent Owner contends our weighing of the *Fintiv* factors—particularly with regard to Factor 4—represents an unreasonable judgment. *See* Req. Reh'g 3–9. In particular, Patent Owner argues that we should have

considered the overlap only at the time the Petition was filed and that we should not have considered any developments affecting the overlap arising thereafter. *Id.* Patent Owner argues that there was complete overlap with the underlying litigation at the time the Petition was filed. *Id.* at 4, 7.

According to Patent Owner, our consideration of post-filing developments “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.” *Id.* at 1.

We do not agree with Patent Owner that our analysis of *Fintiv* Factor 4 must be constrained to the facts as they existed when the Petition was filed. For example, in the Board’s informative decision in *Sand Revolution II, LLC v. Continental Intermodal Grp.—Trucking LLC*, IPR2019-01393, Paper 24 (PTAB June 16, 2020) (informative) (“*Sand Revolution*”), the panel considered and gave weight to Petitioner’s stipulation to withdraw certain prior art references from a related litigation if *inter partes* review was instituted. *Sand Revolution* at 11–12. Importantly, the stipulation in *Sand Revolution* arose long after the Petition was filed. Compare IPR2019-01393, Paper 1, 88 (petition with July 25, 2019, filing date), with IPR2019-01393, Ex. 1015 (stipulation to withdraw prior art dated April 13, 2020). Here, we also considered the parties’ more recent efforts in the underlying litigation to narrow the issues at trial, which reduced concerns of duplicative efforts between the District Court and the Board and minimized the potential for conflicting decisions. *See, e.g.*, Dec. 16. This is consistent with the policy considerations underlying Factor 4 in *Fintiv*, namely, “concerns of inefficiency and the possibility of conflicting decisions.” *Fintiv* at 12.

Patent Owner also contends that “the Board failed to weigh Factor 4 properly,” and that “far too much emphasis was placed on Factor 4.” Req. Reh’g 4–5. Patent Owner argues that “[t]he Board required complete overlap in claims and prior art in its analysis of Factor 4, leading to an unreasonable balancing of the *Fintiv* factors.” *Id.* at 5, *see also id.* at 12 (arguing the same). The Decision, however, does not state, imply, or use a “complete overlap” standard in its analysis of Factor 4 as Patent Owner argues. Rather, the Decision’s analysis considers the claims and prior art that would overlap, as well as the claims and prior art that would not, in determining what weight to give Factor 4. For example, the Decision notes that, while the Petition challenges the patentability of claims 1–5 and 8–12, Patent Owner was only asserting claim 4 in the underlying litigation. Dec. 17. The Decision also notes that “[i]n this proceeding, Petitioner is relying on Asmussen, Bear, Marley, DeFazio, and Lindstrom, whereas in the [underlying litigation], Petitioner is relying on Asmussen and Allen only.” Dec. 18. Thus, the Decision considers and weighs the similarities, as well as the differences, in the claims and the prior art between the two proceedings, and does not require “complete overlap” as Patent Owner contends.

As to the weight afforded Factor 4, the Decision makes clear that:

A few of the *Fintiv* factors weigh in favor of exercising our discretion to deny institution, including the court’s current trial date, and the investment in the underlying litigation, including the court’s completion of claim construction. Against this, however, the differences in the claims being considered in this proceeding and the underlying litigation, as well as the differences in the prior art being applied, counsels against exercising discretionary denial. Considered as a whole, the differences between the two proceedings and Petitioner’s relatively strong preliminary showing of unpatentability outweigh these other factors.

Dec. 25. Thus, the Decision considers the factors, as a whole, and does not “place[] undue emphasis on Factor 4,” as Patent Owner contends. Req. Reh’g 9.

With respect to Factor 4, Patent Owner also contends that we “overlooked Apple’s reservation of rights in the [underlying litigation] in its final election of prior art.” *Id.* at 14. The Decision’s analysis of Factor 4, however, thoroughly considered Patent Owner’s assertion that the prior art relied upon in the Petition is the same, or substantially the same, as the prior art at issue in the underlying litigation. *See* Dec. 15–22. Petitioner’s boilerplate “reservation of rights” regarding asserted prior art in the underlying litigation (*see* Ex. 1047, 2) has no impact on our analysis.

Patent Owner also contends that we erred in our analysis of other *Fintiv* factors. With respect to Factor 3, Patent Owner argues that “even though the Board found Factor 3 ‘slightly’ favored denial, [the Board] 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.” Req. Reh’g 10. Patent Owner argues that the Board “should have weighed Factor 3 to favor denial, not merely ‘slightly’ favor denial.” *Id.* at 10–11. Patent Owner is arguing that we should have weighed this factor differently; however, mere disagreement with how we weighed this factor is not a proper basis for rehearing. Nor does Patent Owner present any persuasive evidence that we exercised unreasonable judgment in weighing this factor.

Regarding Factor 5, Patent Owner contends that we “improperly weighed Factor 5 in light of other factors by holding that it ‘does not weigh against’ exercising discretion. *Id.* at 12. We disagree. We quoted language

from *Fintiv*: “If a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion.” Dec. 22 (quoting *Fintiv* at 13–14). We noted that the parties are the same in this proceeding as in the underlying litigation, so we found that Factor 5 does not weigh against exercising discretionary denial. *Id.* This is not inconsistent with other Board decisions viewing Factor 5 as favoring denial when issues overlap with the related district court litigation. *See, e.g., Apple Inc. v. Maxell, Ltd.*, IPR2020-00203, Paper 12 at 16 (PTAB July 6, 2020) (determining that Factor 5 favors the exercise of discretionary denial when “the trial court may reach the overlapping issues before the Board would in a final written decision”).

Patent Owner also argues that we “improperly discounted [Petitioner’s] extreme delay in filing its Petition.” Req. Reh’g 15. According to Patent Owner, Petitioner had already drafted invalidity contentions for all the claims asserted here four months before the filing date of the Petition. *Id.* (citing Ex. 2003).

Fintiv, however, recognizes “that it is often reasonable for a petitioner to wait to file its petition until it learns which claims are being asserted against it in the parallel proceeding.” *Fintiv* at 11. As stated in our Decision, this is consistent with the Leahy-Smith America Invent Act’s legislative history as to the one-year statutory bar under § 315(b), particularly with respect to a complex underlying litigation. Dec. 24 (citing 157 Cong. Rec. S5429 (daily ed. Sept. 8, 2011) (statement of Senator Kyl)). Our Decision credited Petitioner’s arguments about Patent Owner’s initial assertion of 10 different patents and 132 claims in the underlying litigation as a reason why it took nine months for Petitioner to file its Petition here.

Id. We also noted that Petitioner filed its Petition only one month after Patent Owner made a preliminary election of asserted claims in the underlying litigation. *Id.* In light of this, and considering the multiple patents and numerous claims in the underlying litigation, we did not find Petitioner’s filing to be untimely. *Id.* Thus, we did not render an unreasonable judgment regarding the timing of Petitioner’s filing.

Patent Owner also disputes the manner in which we collectively weighed the *Fintiv* factors. *See* Req. Reh’g 4 (“the Board should reweigh the *Fintiv* factors because far too much emphasis was placed on Factor 4”). Patent Owner contends we should have weighed Factor 2 more than others based on the following statement from *Fintiv*: “[I]f 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” *Id.* at 15 (emphasis added by Patent Owner). However, we do not interpret the quote from *Fintiv* as suggesting that Factor 2 should be given more weight. Rather, it recognizes how other *Fintiv* factors likely come into play when a trial in related litigation is on a similar or faster timeline. And we credited the trial date in the underlying litigation as supporting the exercise of discretionary denial. Dec. 13–14. Moreover, in our conclusion, we weighed these factors against each other. *Id.* at 25. Given that we reasonably accounted for the various factors, we do not agree with Patent Owner that we failed to conduct a balanced assessment of all relevant circumstances.

II. CONCLUSION

For the reasons stated above, we conclude that Patent Owner has not met its burden of showing that we abused our discretion in evaluating and weighing the *Fintiv* factors as part of our decision not to exercise discretion under 35 U.S.C. § 314(a) to deny *inter partes* review. Therefore, we *deny* Patent Owner's requests to reweigh the *Fintiv* factors and to use our discretion to deny institution in this proceeding.

III. ORDER

Accordingly, it is

ORDERED that Patent Owner's Request for Rehearing is *denied*.

IPR2020-00200
Patent 10,084,991 B2

For PETITIONER:

Jennifer Bailey
Adam Seitz
Paul Hart
ERISE IP, P.A.
jennifer.bailey@eriseip.com
adam.seitz@eriseip.com
paul.hart@eriseip.com

For PATENT OWNER:

Robert Pluta
Amanda Bonner
Luiz Miranda
James Fussell
William Barrow
Saqib Siddiqui
MAYER BROWN LLP
rpluta@mayerbrown.com
asbonner@mayerbrown.com
lmiranda@mayerbrown.com
wbarrow@mayerbrown.com
jfussell@mayerbrown.com
ssiddiqui@mayerbrown.com