

Filed on behalf of Apple Inc.

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

MAXELL, LTD.,
Patent Owner.

Case IPR2020-00408
U.S. Patent No. 6,430,498 B1

PETITIONER'S NOTICE OF APPEAL

Pursuant to 35 U.S.C. §§ 141-142 and 319, 5 U.S.C. §§ 701-706, 28 U.S.C. § 1295(a)(4)(A), and 28 U.S.C. § 1651, and in accordance with 37 C.F.R. §§ 90.2-90.3, and Federal Circuit Rule 15(a)(1), notice is hereby given that Petitioner Apple Inc. appeals to the U.S. Court of Appeals for the Federal Circuit from the Decision Denying Institution of Inter Partes Review entered on August 11, 2020 (Paper 13) in IPR2020-00409, attached as Exhibit A, and all prior and interlocutory rulings related thereto or subsumed therein.

In accordance with 37 C.F.R. § 90.2(a)(3)(ii), Petitioner states that the issues for appeal include, but are not limited to:

(1) whether the U.S. Patent and Trademark Office (PTO) exceeded its statutory authority and violated the text, structure, and purpose of the Leahy-Smith America Invents Act, 35 U.S.C. §§ 311-319 (AIA), and Administrative Procedure Act, 5 U.S.C. §§ 701-706 (APA), by adopting a rule—and applying that rule to deny institution here—that purports to authorize the Patent Trial and Appeal Board (Board) to deny institution of inter partes review (IPR) based on non-statutory, discretionary factors related to the pendency of parallel patent-infringement litigation;

(2) whether the PTO exceeded its statutory authority and violated the APA by adopting a rule governing institution decisions—and applying the rule to deny

institution here—that incorporates non-statutory, discretionary factors that are arbitrary and capricious;

(3) whether the PTO exceeded its statutory authority and violated the AIA and the APA by adopting a rule to govern all institution decisions—and applying that rule to deny institution here—without following the procedures for notice-and-comment rulemaking; and

(4) whether the court of appeals has jurisdiction over this appeal, notwithstanding 35 U.S.C. § 314(d), because the PTO acted in excess of its statutory authority and outside its statutory limits or because the grounds for attacking the decision to deny institution depend on statutes, including the APA, that are less closely tied to the application and interpretation of statutes related to the decision to initiate IPR.

This Notice of Appeal is timely, having been duly filed 16 days after the date of the Decision Denying Institution of Inter Partes Review.

A copy of this Notice of Appeal is being filed simultaneously with the Board, the Clerk's Office for the United States Court of Appeals for the Federal Circuit, and the Director of the PTO.

Dated: August 27, 2020

Respectfully submitted,
ERISE IP, P.A.

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ATTORNEYS FOR PETITIONER
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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 90.2(a)(1) and 104.2(a), I hereby certify that, in addition to being filed electronically through the Patent Trial and Appeal Board's End to End (PTAB E2E) system, a true and correct original version of the foregoing Petitioner's Notice of Appeal is being filed by Priority Express Mail on this 27th day of August, 2020, with the Director of the U.S. Patent and Trademark Office, at the following address:

Director of the U.S. Patent and Trademark Office
c/o Office of the General Counsel
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Pursuant to 37 C.F.R. 90.2(a)(2) and Federal Circuit Rule 15(a)(1), and Rule 52(a), (e), I hereby certify that a true and correct copy of the foregoing Petitioner's Notice of Appeal is being filed in the United States Court of Appeals for the Federal Circuit using the Court's CM/ECF filing system on this 27th day of August, 2020, and the filing fee is being paid electronically using pay.gov.

I hereby certify that on August 27, 2020, I caused a true and correct copy of the foregoing Petitioner's Notice of Appeal to be served via email on the following counsel for Patent Owner:

Robert G. Pluta (rpluta@mayerbrown.com)

Maxell-Apple-Service@mayerbrown.com

Dated: August 27, 2020

Respectfully submitted,

BY: /s/ Adam P. Seitz

Adam P. Seitz, Reg. No. 52,206

COUNSEL FOR PETITIONERS

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

MAXELL, LTD.,
Patent Owner.

IPR2020-00408
Patent 6,430,498 B1

Before MINN CHUNG, JASON W. MELVIN, and
FREDERICK C. LANEY, *Administrative Patent Judges*.

CHUNG, *Administrative Patent Judge*.

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

EXHIBIT A

I. INTRODUCTION

Petitioner, Apple Inc., filed a Petition for *inter partes* review of claims 1, 3–5, 7–11, and 13 (the “challenged claims”) of U.S. Patent No. 6,430,498 B1 (Ex. 1001, “the ’498 patent”). Paper 1 (“Pet.”). Patent Owner, Maxell, Ltd., filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). Pursuant to our authorization for supplemental briefing, Petitioner filed a Reply to Patent Owner’s Preliminary Response, and Patent Owner filed a Sur-reply. Paper 8 (“Pet. Reply”); Paper 11 (“PO Sur-reply”); *see* Paper 7, 4 (authorizing reply and sur-reply).

Under 35 U.S.C. § 314 and 37 C.F.R. § 42.4(a), we have authority to institute an *inter partes* review if “the information presented in the petition . . . and any response . . . 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). The Board, however, has discretion to deny a petition even when a petitioner meets that threshold. *Id.*; *see, e.g., Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential, designated May 7, 2019) (“*NHK*”).

Having considered the parties’ submissions, and for the reasons explained below, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review.

II. BACKGROUND

A. Related Matters

The parties identify the following pending district court proceeding related to the '498 patent: *Maxell, Ltd. v. Apple Inc.*, No. 5:19-cv-00036 (E.D. Tex., filed Mar. 15, 2019) (“the underlying litigation”). Pet. 7; Paper 4, 1 (Patent Owner’s Mandatory Notices).

Petitioner also has filed petitions in IPR2020-00409 and IPR2020-00407 respectively challenging claims of U.S. Patent No. 6,580,999 B2 (“the ’999 patent”), which is a continuation of the ’498 patent, and U.S. Patent No. 6,748,317 B2 (“the ’317 patent”), which is a continuation of the ’999 patent. *See* ’317 patent, code (63).

B. Overview of the ’498 Patent

The ’498 patent describes “a portable terminal provided with the function of walking navigation, which can supply location-related information to the walking user.” Ex. 1001, 1:10–13. According to the ’498 patent, conventional navigation systems at the time of the invention were unsuitable for walking navigation because they were too large to be carried by a walking user. *Id.* at 1:25–29. At the same time, maps provided by conventional map information services could not be displayed clearly on the small screens of portable telephones. *Id.* at 1:39–45. The invention of the ’498 patent purportedly addressed these problems by providing a portable terminal that can “supply location information easier for the user to understand during walking.” *Id.* at 2:44–47.

The portable terminal described in the ’498 patent obtains location information and direction information of the terminal (i.e., the direction of the tip of the terminal). *Id.* at code (57), 2:59–64. Based on this terminal

information, the portable terminal obtains and displays information such as route guidance for reaching a destination or neighborhood guidance relating to entertainment, businesses, and restaurants. *Id.* at code (57), 2:65–3:35. In addition, the portable terminal displays the direction of a destination with an indicating arrow that always points in the direction of the destination. *Id.* at code (57), Fig. 1.

C. Illustrative Claim

Challenged claims 1, 5, and 10 are independent. Challenged claims 3 and 4 depend directly from claim 1, challenged claims 7–9 depend directly from claim 5, and challenged claims 11 and 13 depend directly from claim 10. Claims 1 and 10 are illustrative of the claimed subject matter:

1. A portable terminal with the function of walking navigation, comprising:

a device for getting location information denoting a present place of said portable terminal; and

a device for getting direction information denoting an orientation of said portable terminal,

wherein a direction and a distance of a destination from said present place are denoted with an orientation and a length of a line that is distinguished between starting and ending points to supply route guidance information as said walking navigation information.

10. A portable terminal with the function of walking navigation, comprising:

a device for getting location information denoting a present place of said portable terminal; and

a device for getting direction information denoting an orientation of said portable terminal,

wherein location of a user is of said portable terminal is determined according to said location information and said direction information,

wherein location of a partner of the user is determined according to a location information from the partner's portable terminal, and

wherein a full route from said starting point to said destination is shown with a bent line that is distinguished between starting and ending points and said present place is shown with a symbol on said line to supply said route guidance information as said walking navigation information.

Ex. 1001, 10:30–41, 11:28–12:14.

D. Prior Art and Declaration Evidence

Petitioner cites the following references in its challenge to patentability:

U.S. Patent No. 6,067,502, issued May 23, 2000 (Ex. 1004, “Hayashida”);

Gregory D. Abowd et al., *Cyberguide: A mobile context-aware tour guide*, *Wireless Networks* 3 (1997) 421–433 (Ex. 1005, “Abowd”); and

Japanese Unexamined Patent Application Publication No. H9-311625, published December 2, 1997 (Ex. 1007, “Ikeda”).¹

Petitioner supports its challenge with a declaration from Dr. Michael D. Kotzin (Ex. 1003).

¹ Ikeda is a Japanese-language publication (Ex. 1006) that was filed with an English-language translation (Ex. 1007) and an affidavit attesting to the accuracy of the translation, as required by 37 C.F.R. § 42.63(b) (*id.* at 1). Patent Owner does not dispute the accuracy of the English translation in Exhibit 1007 at this time. Our citations to Ikeda are to the certified English translation.

E. Asserted Grounds of Unpatentability

Petitioner asserts that the challenged claims are unpatentable based on the following ground (Pet. 6):

Claims Challenged	35 U.S.C. §	References
1, 3, 5, 7, and 8	103(a) ²	Hayashida ³
3, 7	103(a)	Hayashida, Ikeda ⁴
1, 3–5, 7–11, 13	103(a)	Hayashida, Abowd
3, 7, 11, 13	103(a)	Hayashida, Abowd, Ikeda

III. ANALYSIS

Patent Owner contends we should exercise our discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review due to the advanced stage of the underlying litigation in the United States District Court for the Eastern District of Texas. Prelim. Resp. 2–22; PO Sur-reply 1–10. According to Patent Owner, instituting an *inter partes* review “would needlessly duplicate” the district court action and “unnecessarily waste the Board’s resources.” Prelim. Resp. 4 (citing *NHK*, Paper 8 at 20 (denying institution)).

² The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011), amended 35 U.S.C. §103 effective March 16, 2013. Because the ’498 patent has an effective filing date prior to the effective date of the applicable AIA amendment, we refer to the pre-AIA version of § 103.

³ Petitioner presents this ground as obviousness over Hayashida and the knowledge of a person of ordinary skill in the art. Pet. 6.

⁴ Petitioner presents this ground as obviousness over Hayashida, Ikeda, and the knowledge of a person of ordinary skill in the art. *Id.*

After Patent Owner filed its Preliminary Response, we authorized the parties to submit supplemental briefing on the issue of discretionary denial under 35 U.S.C. § 314(a). Paper 7, 4. We specifically authorized the parties to address the factors set forth in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential, designated May 5, 2020) (“*Fintiv*”). *Id.* *Fintiv* provides several factors that balance considerations of system efficiency, fairness, and patent quality when a patent owner raises an argument for discretionary denial due to the advanced state of a parallel proceeding. *Fintiv*, Paper 11 at 5–6. These factors are:

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.

Id.

We now consider these factors to determine whether we should exercise discretion to deny institution under 35 U.S.C. § 314(a). “[I]n evaluating the 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.

A. Fintiv Factor 1: Stay in the Underlying Litigation

Petitioner moved for a stay in the underlying litigation, but the district court denied the motion. *See* Pet. Reply 7; PO Sur-reply 2; Exs. 1045, 1052, 2018. Among other reasons, the court stated “[t]he case is not in its infancy and is far enough along that a stay would interfere with ongoing proceedings.” Ex. 1052, 4. Notably, the court denied the motion without prejudice. *Id.* at 6. Although the court stated that “[t]he late stage of the proceedings will certainly weigh against granting a stay” if Petitioner were to file a renewed motion for a stay, the court also stated it could not “say now that the late stage would necessarily outweigh the potential simplification of issues following institution decisions” in this and other *inter partes* review proceedings. *Id.* Given the court’s apparent willingness to reconsider a motion to stay if an institution decision simplified issues for trial, but also considering the late stage of the district court proceeding, with trial scheduled to begin in about four months, we view the first *Fintiv* factor as neutral in determining whether to exercise discretion to deny institution.

B. Fintiv Factor 2: Trial Date in the Underlying Litigation

The district court trial date, previously set for October 26, 2020, has been reset for December 7, 2020. Ex. 3001 (August 10, 2020 Order resetting trial date); *see* Pet. Reply 7; PO Sur-reply 2; Ex. 2001. A trial beginning this December would be completed about eight months before a final written decision would be due in this proceeding.

Petitioner notes that the COVID-19 pandemic may affect the trial schedule, and indeed the trial has been delayed by six weeks due to the effects of COVID-19. Pet. Reply 7 n.4; Ex. 3001, 1. Patent Owner cites a standing order in the court where the underlying litigation is pending “to

keep cases moving” despite COVID-19. PO Sur-reply 4 (quoting Ex. 2024, 1). In any event, Patent Owner argues, even if the trial date were delayed by three months, the trial still would precede a final written decision by several months. *Id.* at 3. Although we consider further delays due to the COVID-19 pandemic to be a real possibility despite the trial court’s standing order and the recent order resetting the trial date for December 7, 2020, a delayed trial still may precede a final written decision in this proceeding, which would be due in August 2021. This factor, therefore, favors the exercise of discretionary denial.

C. Fintiv Factor 3: Investment by the Court and the Parties in the Underlying Litigation

Petitioner asserts that briefing on dispositive issues and other pre-trial efforts have not yet begun, and the district court has not made any rulings on the merits. Pet. Reply 8–9. According to Petitioner, these facts outweigh the amount of work the court has invested in claim construction. *Id.* at 9.

As evidence of the court’s investment of time and resources, Patent Owner highlights the court’s claim construction hearing and order and its rulings on various motions. PO Sur-reply 5. As for the parties’ investment in the underlying litigation, Patent Owner notes that fact discovery closed on March 31, 2020, except for some depositions postponed due to COVID-19 that are now complete, and expert discovery was scheduled to close on June 25, 2020. *Id.* at 5–6.

At least some of the court’s and the parties’ work related to invalidity has been completed in preparation for the upcoming trial. Because some of this invested effort, including claim construction and expert discovery, likely has relevance to issues that would arise in this proceeding, this 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, and by the parties in multiple forums.

*D. Fintiv Factor 4: Overlap Between Issues Raised in the
Petition and Underlying Litigation*

Petitioner contends there is little overlap between the issues in this case and those in the underlying litigation. Pet. Reply 9–10. First, Petitioner asserts that the Petition challenges claims 1, 3–5, 7–11, and 13, whereas only claims 3 and 13 are at issue in the underlying litigation. *Id.* Second, Petitioner argues that the Petition and the underlying litigation present different grounds of unpatentability and invalidity. *Id.* at 10. In particular, Petitioner contends that none of the unpatentability grounds asserted here—two primary obviousness grounds based on the combinations of Hayashida and the knowledge of a person of ordinary skill in the art or Hayashida and Abowd, and two additional grounds adding Ikeda to each of those combinations—remains at issue in the underlying litigation. *Id.* Rather, Petitioner points out that two of the four obviousness grounds in the district court rely on NavTalk as a base reference, a third ground combines Hayashida with Maruyama, which is not asserted here, and the final ground relies on the Cyberguide system in combination with Hayashida. *Id.* (citing Ex. 1047, 2). Although Abowd describes the Cyberguide system, which is asserted as system prior art in the underlying litigation, Petitioner argues that the Cyberguide/Hayashida obviousness ground is materially different from the Hayashida/Abowd obviousness ground asserted in the Petition. *Id.* According to Petitioner, only some pertinent details of the Cyberguide system are described in Abowd, and the proposed modified systems and motivations to combine will be significantly different. *Id.*

Patent Owner contends that the district court ordered it to elect a narrower set of claims in the underlying litigation and this narrowing should have no impact on the Board's decision whether to exercise discretion to deny institution. PO Sur-reply 8. Patent Owner also contends that although independent claims 5 and 10 are no longer at issue in the underlying litigation, Petitioner itself acknowledges the substantial overlap between claims 1, 5, and 10 by substantially relying on its claim 1 analysis for claims 5 and 10. *Id.* (citing Pet. 58–61). As for the asserted grounds, Patent Owner argues that the combination of Hayashida and Abowd in the Petition is substantially similar to the combination of Cyberguide and Hayashida asserted in the underlying litigation because Cyberguide is system prior art described in Abowd and developed by its authors and Petitioner is relying on Abowd as part of its Cyberguide set of references. *Id.* (citing Exs. 2009, 2010).

After considering the parties' arguments and the record before us, we determine that the asserted ground in the Petition is substantially the same as the ground asserted in the underlying litigation. The first ground in the Petition—obviousness over Hayashida and the knowledge of a person having ordinary skill in the art—is substantially similar to the obviousness ground based on Hayashida and Maruyama in the underlying litigation. Claims 1 and 5 are the independent claims challenged in the Petition on the first ground, and the Petition includes many of the same citations to Hayashida for claims 1 and 5 as the Petitioner's expert report in the district court for the combination of Hayashida and Maruyama. *Compare* Pet. 17–36 (analysis of claims 1 and 5 for obviousness over Hayashida and the knowledge of a person of ordinary skill in the art), *with* Ex. 2008, 1–17 (expert report claim chart for claim 1); *see also* Prelim. Resp. 8–9

(comparing alleged support from Hayashida relied on in the Petition and in the district court expert report). The relatively insignificant role of Murayama in the underlying litigation is highlighted by the fact that the expert report cites only Hayashida for teaching all the limitations of claims 1, 3, and 13, and relies on Maruyama as additional support for just one limitation of claim 10. Ex. 2008, 1–28. Petitioner does not argue, nor do we see based on the present record, that the proposed combination of Hayashida with Maruyama in the underlying litigation differs materially from the obviousness ground based on Hayashida and the knowledge of a person of ordinary skill in the art asserted in the Petition.

The asserted ground in the Petition adding Ikeda to Hayashida’s teachings is not materially different because Petitioner relies on similar teachings from both references. Indeed, Petitioner’s expert explains that “given the similarity between the architecture of the two disclosures [from Hayashida and Ikeda] (e.g., use of GPS for location, compass and gyroscope for direction, and map display), a [person of ordinary skill in the art] would have understood that the devices [of Hayashida and Ikeda] would have been able to perform the same functions.” Ex. 1003 ¶ 85.

Addressing the remaining grounds in the Petition, we agree with Patent Owner that obviousness over the combination of Hayashida and Abowd is substantially similar to obviousness over Cyberguide and Hayashida as asserted in the underlying litigation. Cyberguide is system prior art, but in the district court Petitioner relies on Abowd as part of the Cyberguide set of references. Ex. 2010, 2 n.1 (Final Election of Prior Art indicating that the Cyberguide system and its associated references are considered “one reference” consistent with a court order); IPR2020-00409, Ex. 2012, 1 (expert report in IPR2020-00409 explaining that the features and

functionalities of the Cyberguide system are described in various printed publications, including Abowd).⁵ Importantly, the expert report’s claim chart in the district court primarily quotes Abowd to show that Cyberguide teaches limitations of claims 1 and 3 of the ’999 patent. IPR2020-00409, Ex. 2012, 1–27. Claim 1 of the ’999 patent and claim 10 of the ’498 patent recite substantially similar subject matter. *Compare* Ex. 1001, 11:28–12:14, *with* IPR2020-00409, Ex. 1001, 10:38–50. Thus, Petitioner appears to rely primarily on the same or similar teachings from Abowd in the underlying litigation, albeit through the Cyberguide system prior art. Moreover, even though Petitioner argues that “only some pertinent details . . . are described in the *Abowd* publication” (Pet. Reply 10), Petitioner does not purport to show any material differences between its unpatentability analysis based on Hayashida and Abowd here and its invalidity analysis based on Hayashida and Cyberguide in the underlying litigation. For these reasons, we find that the assertion of Hayashida and Abowd in both proceedings likely will result in duplication of work and create the potential for inconsistent decisions.

Regarding the ground based on Hayashida, Abowd, and Ikeda, it is not materially different from the ground based on Hayashida and Abowd because Petitioner relies on similar teachings from the references. *See* Ex. 1003 ¶ 126 (“[G]iven the similarity between the architecture of the Hayashida-Abowd combination and Ikeda (e.g., use of GPS for location, compass and gyroscope for direction, and map display), a [person of

⁵ Although the parties have not submitted a Cyberguide claim chart for the ’498 patent, we infer that it would be similar to the Cyberguide claim chart for the ’999 patent submitted in IPR2020-00409 due to the similarities in the independent claims from the two patents. *Compare* ’498 patent, claim 10, *with* ’999 patent, claim 1.

ordinary skill in the art] would have understood that the devices would have been able to perform the same functions.”).

As for the challenged claims, independent claims 1 and 10 and dependent claims 3 and 13 are at issue in both proceedings because claims 3 and 13 respectively depend from claims 1 and 10. *See* Ex. 2008, 1–28 (showing claim charts for claims 1, 3, 10, and 13 from Petitioner’s expert report in the district court). In addition, as Patent Owner points out, Petitioner acknowledges the substantial overlap between claims 1, 5, and 10 by substantially relying on its claim 1 analysis for claims 5 and 10. Sur-reply 8 (citing Pet. 58–61).

As for the remaining dependent claims challenged here, most of them do not add limitations that are materially different from those of the claims at issue in the underlying litigation. Petitioner relies on substantially the same analysis for claims 4 and 10. Pet. 60. For claim 7, Petitioner relies on its analysis for claims 3 and 5 (*id.* at 58), and for claim 9, Petitioner relies on its analysis for claims 4 and 5 (*id.* at 60).

This fourth *Fintiv* factor involves consideration of inefficiency concerns and the possibility of conflicting decisions. *Fintiv*, Paper 11 at 12. Therefore, “if the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial.” *Id.* As discussed, there is substantial overlap between the grounds asserted in the underlying litigation and those asserted in the Petition, so that institution of an *inter partes* review likely will result in duplicative efforts by the Board and the trial court as to how the references teach limitations of the challenged claims. Further, both tribunals would address the material issues with respect to whether the asserted prior art teaches the limitations of claims 1, 3, 10, and 13. Finally,

independent claim 5 and dependent claims 4, 7, and 9 challenged here raise similar issues as those asserted in the underlying litigation. For these reasons, we determine that this factor on balance favors the exercise of discretionary denial.

E. Fintiv Factor 5: Whether Petitioner is the Defendant in the Underlying Litigation

Both parties acknowledge that Petitioner here is the defendant in the underlying litigation. Pet. Reply 10; PO Sur-reply 10. Because the trial court may reach the overlapping issues before the Board would in a final written decision, this factor favors the exercise of discretionary denial in this case. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, 15 (PTAB May 13, 2020) (informative, designated July 13, 2020) (determining factor 5 weighs in favor of discretionary denial when the parallel proceeding involves the same parties and the trial court may reach overlapping issues before the Board would in a final written decision).

F. Fintiv Factor 6: Other Considerations

Under the sixth *Fintiv* factor, which takes into account any other relevant circumstances, Patent Owner argues that Petitioner unreasonably delayed in filing the Petition. Prelim. Resp. 15–19; PO Sur-reply 10. Petitioner explains that the underlying litigation initially involved ten different patents and “132 possibly-asserted claims,” and that it needed time to locate relevant prior art and prepare petitions for *inter partes* review. Pet. Reply 8. Having considered the particular factual circumstances of this case, we do not consider Petitioner’s filing untimely.

Petitioner also presents extensive policy arguments against the Board’s application of *Fintiv* and *NHK* in determining whether to exercise

discretion to deny institution under 35 U.S.C. § 314(a). Pet. Reply 1–7. We need not address these arguments, as the Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office has designated *Fintiv* and *NHK* precedential decisions of the Board.

As noted in *Fintiv*, a balanced assessment of factors may include consideration of the merits. *Fintiv*, Paper 11 at 14–15. Although we do not undertake here a full analysis of the merits, our initial inspection of the record and the parties’ arguments suggests a potential deficiency in Petitioner’s evidence supporting its contention that Abowd was publicly accessible before the effective filing date of the ’498 patent. *See* Pet. 43; Prelim. Resp. 39–50; Ex. 1009. This issue is also the subject of a pending motion for partial summary judgment filed by Patent Owner in the underlying litigation. *See* Paper 12, 2–3 (summarizing conference call with the parties in which the summary judgment motion was discussed); Ex. 1057 (transcript of conference call). In a balanced assessment of the relevant circumstances, and in view of the possible weakness in Petitioner’s showing with regard to Abowd on the present record, this factor is neutral or weighs slightly in favor of discretionary denial.

G. Conclusion

Based on the particular circumstances of this case, we determine that instituting an *inter partes* review would be an inefficient use of Board resources. As discussed above, the trial in the underlying litigation is currently scheduled to begin in approximately four months and may conclude several months before we would reach a final decision in this proceeding. The district court and the parties have expended effort in preparing for the upcoming trial that will address issues that substantially

overlap with those raised in the Petition. Further, based on our preliminary assessment of the merits, we have identified a potential deficiency in Petitioner's evidence regarding the prior art status of Abowd. All of the *Fintiv* factors discussed above either weigh in favor of exercising discretion to deny institution or are neutral. On balance, after a holistic consideration of the relevant facts, we conclude that efficiency and integrity of the system are best served by denying institution. Thus, we exercise our discretion under § 314(a) to deny institution of *inter partes* review.

IV. ORDER

Accordingly, it is

ORDERED that the Petition is *denied*; and

FURTHER ORDERED that no *inter partes* review is instituted.

IPR2020-00408
Patent 6,430,498 B1

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