

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SK HYNIX INC. and SK HYNIX AMERICA INC.,
Petitioner,

v.

NETLIST, INC.,
Patent Owner.

Case No. IPR2020-01044
U.S. Patent No. 9,858,218 B1

**PATENT OWNER'S REQUEST FOR REHEARING
OF INSTITUTION DECISION**

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2001	Scheduling Order, <i>Netlist, Inc. v. SK hynix Inc. and SK hynix America Inc.</i> , Civil No. 6:20-cv-00194-ADA (W.D. Tex, Jul. 8, 2020), ECF No. 46
2002	Order Setting Markman Hearing, <i>Netlist, Inc. v. SK hynix Inc. and SK hynix America Inc.</i> , Civil No. 6:20-cv-00194-ADA (W.D. Tex. Jun. 26, 2020), ECF No. 41.
2003	Jointly Proposed Scheduling Order, <i>Netlist, Inc. v. SK hynix Inc. and SK hynix America Inc.</i> , Civil No. 6:20-cv-00194-ADA (W.D. Tex. Jul. 6, 2020), ECF No. 045-1.
2004	Order Denying Motion to Stay Pending IPR, <i>Multimedia Content Management v. Dish Network</i> , Civil No. 6:18-CV-00207 (W.D. Tex. May 30, 2019) (J. Albright).
2005	Claim Construction Order, <i>STC.UNM v. Apple Inc.</i> , Civil No. 1:20-cv-00351-ADA (W.D. Tex. Jun 8, 2020).
2006	Claim Construction Order, <i>Uniloc 2017 LLC v. Apple Inc.</i> , Civil No. 6:19-cv-00532-ADA (W.D. Tex. Jun 8, 2020).
2007	Claim Construction Order, <i>MV3 Partners LLC v. Roku Inc.</i> , Civil No. 6:18-cv-00308-ADA (W.D. Tex. Oct. 19, 2019).
2008	Docket Report, <i>Diamondback Industries, Inc. v. Repeat Precision, LLC, et al</i> , Civil No. 6:19-cv-00034-ADA (W.D. Tex. Sep. 16, 2020).
2009	Exhibit A1 of SK hynix's Invalidity Contentions, dated Aug. 7, 2020.
2010	Exhibit A21 of SK hynix's Invalidity Contentions, dated Aug. 7, 2020.
2011	Exhibit A19 of SK hynix's Invalidity Contentions, dated Aug. 7, 2020.
2012	Exhibit A36 of SK hynix's Invalidity Contentions, dated Aug. 7, 2020.
2013	SK hynix's Invalidity Contentions, dated Aug. 7, 2020.
2014	<i>Reserved</i>
2015	Petition For IPR of U.S. Patent No. 9,535,623, <i>Sk Hynix, et al v. Netlist Inc.</i> , IPR2018-00303, Paper No. 1 (PTAB Dec. 14, 2017).
2016	Final Written Decision, <i>Sk Hynix, et al v. Netlist Inc.</i> , IPR2018-00303, Paper No. 42 (PTAB Mar. 21, 2019).
2017	Decl. of Dr. Alpert Regarding U.S. Patent No. 9,535,623, <i>Sk Hynix, et al v. Netlist Inc.</i> , IPR2018-00303, Ex. 1003 (PTAB Dec. 13, 2017).

Exhibit	Description
2018	Excerpt of Case Docket Sheet, <i>Solas OLED Ltd. v. Dell Technologies Inc.</i> , Civil No. 6-19-cv-00514-ADA (W.D. Tex. Aug. 6, 2020)
2019	Excerpt of Case Docket Sheet, <i>Solas OLED Ltd. v. Google Inc.</i> , Civil No. 6-19-cv-00515-ADA (W.D. Tex. Aug. 6, 2020)
2020	Excerpt of Case Docket Sheet, <i>Continental Intermodal Group-Trucking LLC v. Sand Revolution LLC et al</i> , Civil No. 7-18-cv-00147-ADA (W.D. Tex. Aug. 6, 2020)
2021	Email from Judge Albright's Clerk to the Parties, dated Oct. 13, 2020.
2022	Procedures Regarding Technology Tutorials, Claim Construction, Discovery Disputes, and Trial Date for the Honorable Alan D Albright
2023	Amended Scheduling Order Governing the '525 and '194 Cases, Netlist, Inc. v. SK hynix Inc. and SK hynix America Inc., Civil No. 6:20-cv-00194-ADA (W.D. Tex. Nov. 18, 2020), ECF No. 73
2024	Declaration of Matthew S. Galica in Support of Pro Hac Vice Motion, dated March 8, 2021
2025	Declaration of Andrew H. DeVoogd in Support of Pro Hac Vice Motion, dated March 8, 2021
2026	Deposition Transcript of Dr. Donald Alpert, dated March 10, 2021
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2029	Excerpt of DRAM Circuit Design, Fundamental and High-Speed Topics (2008)
2030	Excerpt of Semiconductor Memories, A Handbook of Design, Manufacture, and Application Second Edition (1997)
2031	Deposition of Dr. Donald Alpert, IPR2018-00303, <i>SK hynix, Inc., et al. v. Netlist, Inc.</i> , dated July 20, 2018
2032	Declaration of Robert J. Murphy dated March 11, 2021
2033	Memorandum Opinion and Order, Netlist, Inc. v. SK hynix et al., 6:20-cv-194-ADA (Feb. 2, 2021)
2034	Joint Submission of Proposed Scheduling Order, Netlist, Inc. v. SK hynix et al., 6:20-cv-194-ADA (Feb. 5, 2021)

I. INTRODUCTION

Patent Owner Netlist, Inc. (“Netlist”) respectfully submits this Request for Rehearing of Institution Decision due to meaningful changes in circumstance in the litigation related to this proceeding. Specifically, Netlist respectfully requests that the Board reconsider its December 17, 2020 decision to institute *inter partes* review of claims 1–24 of the ’595 Patent, and instead deny *inter partes* review on those claims. The basis for this request is that new facts have arisen since the Board’s Decision, which decidedly tilt the *Fintiv* factors in favor of denying institution in light of the substantial investment in the parallel proceeding (hereafter “Parallel Proceeding”) in the Western District of Texas.

In particular, the underlying assumptions on which the Board based its *Fintiv* analysis have now changed. For example, where the Board found *Fintiv* factor 2 marginally favored institution based on a December 2021 trial date, the trial date has now been moved up to July of 2021. Further, the Board found *Fintiv* factor 3 favors institution because much work remains to be completed in the Parallel Proceeding, but that is no longer true. The parties have invested substantial effort by completing claim construction, serving final infringement and invalidity contentions, and nearly completing fact discovery. The parties will complete expert discovery in the near future as well.

II. BASIS FOR REHEARING

A. Legal Standards

A party may request rehearing of a decision by the Board instituting trial. 37 C.F.R. § 42.71 (“When rehearing a decision on petition, a panel will review the decision for an abuse of discretion.”). “An abuse of discretion 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.” *PNY Techs. Inc. v. Phison Elecs. Corp.*, IPR2013-00472, Paper No. 16 at 2 (P.T.A.B. Apr. 23, 2014) (citing *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1281 (Fed. Cir. 2005)). New or evolving facts have been the basis for changing a decision to institute. *See Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC*, IPR2019-01393, Paper 24 at 2-3.

B. The Board’s *Fintiv* Analysis

In its December 17, 2020 decision to institute *inter partes* review (Paper 13, hereafter “Decision”) of claims 1-22 of U.S. Patent No. 9,858,218 B1 (“the ’218 Patent”), the Board ruled on the *Fintiv Factors* according to the following table:

Board’s Original <i>Fintiv</i> Factor Analysis			
<i>Fintiv</i> Factor	Favors Institution	Favors Denial	Neutral
1			X
2	X		

3	X		
4	X		
5		X	
6	X		

Paper 14 at 11-17. The Board based its decision to institute based on an erroneous understanding of the underlying facts.

With respect to *Fintiv* factor 2, the Board based its decision to institute based on facts that have changed since the briefing in this matter. The Board erroneously assumed that because the trial date in the Parallel Proceeding was scheduled to occur approximately at the same time as the issuance of the Final Written Decision (hereinafter “FWD”). However, this is no longer the case as Judge Albright has moved up the trial date in the Parallel Proceeding six months for a trial beginning on July 6, 2021. This fact alone favors a denial of institution in regards to *Fintiv* factor 2.

With respect to *Fintiv* factor 3, the Board erroneously assumed that because the Markman Hearing was scheduled for March 19, 2020, fact discovery would end on July 23, 2021, the serving of final infringement and invalidity contentions would not occur until April 16, 2021, opening expert reports would not be due until July 30, 2021, expert discovery would close on September 24, 2021, and the dispositive motion deadline would be October 1, 2021, further effort remains in the case as it relates to validity. However, this is no longer the case as the trial date has been

accelerated by five months in the Parallel Proceeding, which drastically accelerates each procedural deadline based on the parties' jointly proposed scheduling order. Ex. 2033; Ex. 2034. There has now been substantial investment in the Parallel Proceeding by the parties, and for this reason alone *Fintiv* factor 3 now favors denial of institution.

1. *Fintiv* Factor 2: The Trial Date Is Now More Than Five Months Before The Issuance Of The FWD

The Board previously found that *Fintiv* factor 2 weighed marginally in favor of institution because the issuance of the FWD and the scheduled trial date were approximately at the same time. Paper 13 at 12. Recent facts demonstrate that this is no longer the case. In its denial of Petitioner's motion to transfer the Parallel Proceeding, the court moved up the trial date to July 6, 2021—more than five months before the FWD is scheduled to issue. Accordingly, the basis for the Board finding that *Fintiv* factor 2 weighed marginally in favor of institution—the issuance of the FWD and the trial date were approximately the same date—has changed and this factor now weighs heavily against institution. Ex. 2033; Ex. 2034. No evidence exists to contrary, and it would be an unreasonable judgment to conclude this factor weighed against denying institution

2. *Fintiv* Factor 3: Remaining Work In The Parallel Proceeding

The Board previously found that *Fintiv* factor 3 weighed in favor of institution because the time invested in the Parallel Proceeding, the schedule in that case, and Petitioner's diligence in filing its Petition. Paper 13 at 14.

This is no longer the case. Recent facts demonstrate that there has already been a significant investment in the Parallel Proceeding, and much more will occur in the very near future. For example, final infringement and invalidity contentions were served on March 19, 2021; fact discovery closes in the beginning of April, 2021; and expert discovery will complete in May, 2021. *See* Ex. 2034.

Accordingly, part of the basis for the Board finding that factor 3 weighed in favor of institution—fact discovery has just begun, the parties have not yet served final infringement and invalidity contentions, the parties have not yet started expert discovery or exchanged opening expert reports, and the schedule of that case—has changed and this factor now weighs heavily against institution.

The Board's rationale for determining that *Fintiv* factor 3 weighed against denial focused on the investments *before* institution, but this exalts form over substance. The practicality of the situation is that the parties will have completely litigated the merits of the parties' disputes eight months before a Final Written Decision would be expected in this proceeding. Ignoring this fact would go against

the fundamental precept of the AIA proceedings—which were meant to be quick and cost-effective alternatives to litigation for resolving parties’ disputes. *See* 157 CONG. REC. S5411 (daily ed. Sept. 8, 2011) (statement of Sen. Hatch); H.Rept. 112-98: “the purpose of the section as providing quick and cost effective alternatives to litigation.” That Congressional intent will be frustrated here as the parties will now have to entirely invest in litigating the Parallel Proceeding and this proceeding, over a longer period of time, only to arrive at determinations that may ultimately conflict with one another. Undertaking such an effort does not comport with the Congressional intent of AIA proceedings, and it is an unreasonable judgment, in weighing relevant factors, to conclude otherwise. Thus, *Fintiv* Factor 3 does not weigh in favor of institution.

III. CONCLUSION

In view of the arguments above, the *Fintiv* factors now favor denial of institution.

Revised <i>Fintiv</i> Factors			
<i>Fintiv</i> Factor	Favors Institution	Favors Denial	Neutral
1			X
2		X	
3		X	
4	X		
5		X	
6	X		

For these reasons, Patent Owner respectfully requests rehearing and denial of the *inter partes* review on the instituted claims.

Dated: March 30, 2021

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