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Paper No. 125
Date: April 17, 2023

PUBLIC VERSION

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT QUALITY ASSURANCE, LLC,
INTEL CORPORATION,
Petitioners,

v.

VLSI TECHNOLOGY LLC,
Patent Owner.

IPR2021-01229[1]
Patent 7,523,373 B2

Before KATHERINE K. VIDAL, *Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office*.

ORDER
On VLSI's Response to the Order to Show Cause
37 C.F.R. § 42.5

[1] Intel Corporation ("Intel"), which filed a petition in IPR2022-00479, was joined as a party to this proceeding. Paper 30.

As relevant background to this Order, the Patents Ombuds Office at the U.S. Patent and Trademark Office received an unsolicited, anonymous, and improper ex parte communication regarding this proceeding. *See* Paper 111. On February 3, 2023, a copy of the ex parte communication was provided to the parties and placed on the record under seal as Exhibits 3029 and 3030 ("the submission"), available to "Parties and Board" only. *Id.* Despite its availability, as the attendant Order made clear, neither I nor the Board have considered or will consider the submission. *Id.* (citing 37 C.F.R. § 42.5(d)).

On February 9, 2023, I issued an Order denying the request of Petitioner Patent Quality Assurance, LLC ("PQA") to expunge the submission and denying the request of Patent Owner VLSI Technology LLC ("VLSI") to designate the submission as available to the public instead of "Parties and Board" only. Paper 112. I explained that the steps of putting the submission on the record and putting it under seal, as "Parties and Board" only, were taken to balance the Office's interest in transparency with its interest in not further disseminating such improper communications. *Id.* In doing so, I reiterated that "neither the Director nor the Board would consider the submission." *Id.*; *see also* Interim process for Director Review § 12 ("Under the interim process, third parties may not request Director review or submit comments concerning the review of a decision.")[2]

On February 17, 2023, VLSI filed publicly a request for reconsideration. Paper 116 (hereinafter "Rehearing Request"). In its

[2] Available at www.uspto.gov/patents/patent-trial-and-appeal-board/interim-process-director-review.

Rehearing Request, VLSI included material from Exhibit 3030 that the USPTO had put under seal.

On February 23, 2023, I issued an Order denying that Rehearing Request. Paper 117, 3–4 (citing 37 C.F.R. § 42.5(d)). In the same Order, I granted a request from PQA to designate VLSI's Rehearing Request as "Parties and Board" only because the Rehearing Request publicly referred to the substance of the sealed submission. *See id.* at 4. I also gave VLSI an opportunity to show cause why it should not be sanctioned for filing information publicly that the USPTO had expressly put under seal and to which VLSI had expressly lost a motion to make public. *See id.* at 4–5 ("Order to Show Cause"). In particular, I asked VLSI to show cause why it should not be ordered to file all future filings as "Parties and Board" only, to provide compensatory expenses to PQA for its request that the Rehearing Request be sealed, and/or to provide compensatory expenses to PQA and Intel for the costs of any briefing on the discovery requested by VLSI, including attorney fees.[3] *Id.*

In that Order, I also explained that there were differences between pages 2–3 of the Rehearing Request and statements that were in a publicly available exhibit. *See id.* at 4. Among other statements, VLSI's Rehearing Request states that [redacted]

[3] Despite my granting its request for authorization to do so, VLSI has not moved for discovery. VLSI [redacted]. *See* Paper 119; *see also* Paper 117, 2–3 (setting forth parameters of any motion for discovery).

[redacted] *See* Paper 116, 3; Paper 117, 4 (citing Exs. 3032, 3036).

On March 2, 2023, VLSI filed a response to the Order to Show Cause. Paper 118. VLSI argues that its Rehearing Request did not disclose non-public information and that sanctions are unwarranted. *Id.* at 4–10. VLSI presents four principal arguments supporting its contention that the statements in the Rehearing Request were already publicly available.

First, VLSI suggests that the statements set forth in the Rehearing Request mirror statements set forth publicly in a blog article (*see* Ex. 3041, dated February 15, 2023). I recognize that the blog article refers to certain information VLSI included in its Rehearing Request. The blog article states that the submission "allegedly details a relationship between PQA and Intel." Paper 118, 7 (quoting the blog article). Notably, however, [redacted] Paper 116, 3. In any event, this is a post-hoc rationale because the blog article was not cited in the Rehearing Request. It also does not change the fact that the submission was sealed, that I had indicated I would not consider the submission, or that VLSI nevertheless cited to the submission in its Rehearing Request.

Next, VLSI suggests that statements set forth in the Rehearing Request mirror statements set forth publicly in Paper 112 and Exhibit 3032. Paper 118, 6–7. In my Order to Show Cause, I acknowledged that the Rehearing Request cited Exhibit 3032, and I indicated that VLSI improperly exceeded the scope of public information presented in that exhibit. *See* Paper 117, 4. VLSI suggests that [redacted]

[redacted] is also contained in Exhibit 3032, where it states that the submission alleges that there was "misconduct on the part of PQA and Intel and raises new, material information directly relevant to the Director Review and this proceeding." *See* Paper 118, 6–7. These are not equivalent statements.

Finally, in arguing that the information it cited was public, VLSI relies on an article (*see* Ex. 3042, dated March 1, 2023) that post-dates the Rehearing Request. Paper 118, 8. Reliance on this article is misplaced, given the publication of this article *after* the filing of the Rehearing Request.

More generally, VLSI argues that the Rehearing Request revealed the number of pages of the submission and contained a high-level description of the submission and a high-level explanation of its relevance and, therefore, "added nothing about its substance to the public domain." Paper 118, 4–5. VLSI cites a district court case to argue that mere reference to details contained in a sealed exhibit without more, such as actually disclosing confidential details, is insufficient to justify sealing portions of a brief. *Id.* at 5 n.3 (citing *Flowrider Surf, Ltd. v. Pac. Surf Designs, Ltd.*, 2018 U.S. Dist. LEXIS 115655, at *3 (S.D. Cal. July 11, 2018)). I disagree with VLSI's argument that it provided only a high-level description of the submission, such as that found in Exhibit 3032, as opposed to describing the substance of its allegations, as detailed above.

On the facts of this case, I will not impose sanctions in the form of compensatory expenses against VLSI at this time because I agree that, for the most part, the allegations contained in the Rehearing Request were already asserted in a publicly available blog article (Ex. 3041). *See*

Paper 118, 2, 7. That said, I strongly caution VLSI as it relates to its actions here, i.e., expressly citing to and referring to information in Exhibit 3030 in its Rehearing Request. It was improper for VLSI to include that information in its publicly available Rehearing Request, thereby disclosing it to the public, the Board, and myself, even after I had indicated that the Board and I had not reviewed and would not consider Exhibit 3030. Under these circumstances, it would be reasonable for me to infer that VLSI did so with the intent of improperly influencing an outcome here based on information I have expressly stated that neither I nor the Board will consider. With that in mind, I caution VLSI that if it repeats similar conduct, I will issue another Order to Show Cause as to why VLSI should not be sanctioned and pay compensatory fees to PQA and/or Intel.

I also note that the Rehearing Request was not the first time that VLSI publicly filed information that should have been filed as Parties and Board only, as referenced in the Order to Show Cause. Paper 117, 4. VLSI argues that its previous instance of doing so was not a willful violation. Paper 118, 9 n.4. VLSI also argues that the sanctions proposed in the Order to Show Cause would contravene strong presumptions in favor of public access and would be unprecedented. Paper 118, 8–9 (citing, e.g., *N.Y. Civ. Liberties Union v. N.Y.C. Transit Auth.*, 652 F.3d 247, 258 (2d Cir. 2011)). In light of my decision not to sanction VLSI at this time, these arguments – with which I disagree – are now moot, but again, I reiterate my caution discussed above.

IPR2021-01229
Patent 7,523,373 B2

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