

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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INNOSCIENCE (ZHUHAI) TECHNOLOGY COMPANY, LTD.,  
AND  
INNOSCIENCE AMERICA, INC.  
Petitioner,

v.

EFFICIENT POWER CONVERSION CORPORATION,  
Patent Owner

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Case IPR2023-01381  
U.S. Patent No. 8,350,294

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**PATENT OWNER'S AUTHORIZED REQUEST FOR  
DIRECTOR REVIEW**

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## I. INTRODUCTION

This is an IPR that the Board should have never instituted, or, at least, should have terminated after the same parties litigated the same issues about the same patent and obtained a final decision from another agency within the administration. The parties in this IPR—Efficient Power Conversion Corporation (“EPC”), a U.S.-based patent owner, and Innoscience (Zhuhai) Technology Company, Ltd., a China-based infringer—spent enormous time and resources litigating this patent before the ITC. Indeed, at the time of the Board’s institution decision, the parties had already completed a week-long ITC trial and were in the process of post-trial briefing. Based on that alone, the Board should have—and would have—exercised its discretion to deny institution but for its now-abandoned policy that forbade discretionary denial based on a parallel ITC proceeding. That policy has now changed, and for good reason.

But this case has fallen through the cracks. Months *after* the Commission affirmed the Chief ALJ’s (“CALJ”) initial determination (“ID”), *after* the ITC issued an exclusion order preventing Petitioner’s importation of infringing products, and *after* Petitioner noticed an appeal to the Federal Circuit, the Board issued a Final Written Decision (“FWD”) invalidating the same claims the ITC found not to be invalid. Petitioner is now using the FWD to lodge a collateral attack on the ITC in an effort to reverse its order banning infringing Chinese imports.

Under the current policy, there is no question that the Board should have exercised its discretion to deny institution in deference to all the work done at the ITC. Applying the factors identified in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (“*Fintiv*”) and in the March 26, 2025, Director Memorandum (“March 26 Memo”), discretionary denial at institution would have been both appropriate and necessary. To start, the USPTO recently made clear that these policies apply to the ITC. March 24, 2025, Board Memorandum (“March 24 Memo”) at 2 (“[T]he Board will apply the *Fintiv* factors when there is a parallel proceeding at the [ITC]”). Further, there was a complete overlap of parties, patents, and issues here with the parallel ITC proceeding. The ITC proceeding was in its advanced stages, having recently completed a week-long trial (prior to the institution decision) that would shortly thereafter result in an initial determination reviewed by the Commission—all of it *four-and-a-half months* before March 20, 2025, the Board’s statutory deadline to issue a FWD. The parties invested substantial resources into the ITC litigation by the time of IPR institution, and so did the Office of Unfair Import Investigations (“OUII”) and the ITC itself.

It is not too late to apply that policy here. Although the USPTO’s current policy is generally limited to cases where a request for rehearing or Director Review of an institution decision remains pending, the guidance is explicit that such a limitation may not apply in case of “extraordinary circumstances.” March 24 Memo

at 2. Such extraordinary circumstances exist here and warrant reversal of the Board's institution decision and rescission of the FWD.

First, this is Patent Owner's first opportunity to raise the issue of discretionary denial. Under the then-operative USPTO guidance, it would have been futile for Patent Owner to seek Director Review of the Board's institution decision. *See* June 21, 2022, Director Memorandum (the "Interim Procedure") at 7 ("The PTAB will not discretionarily deny petitions based on applying *Fintiv* to a parallel ITC Proceeding."). That guidance was rescinded only three weeks before the FWD was issued in this case.

Second, the factual circumstances of this case implicate fundamental USPTO policy as well as the policy of the broader administration. Granting institution in an IPR where there is parallel litigation with identical parties, patents and issues, and where that litigation would (and in fact does) result in a final judgment before the FWD is issued is inefficient and a waste of party and government resources. It also causes institutional damage by not respecting the finality of other proceedings and through the risk of inconsistent results. Such damage is particularly egregious when, as here, the two proceedings are before two agencies in the administration, which presumably should speak with one voice. Simply put, it is not good policy.

But to the extent the PTAB does, for one reason or another, institute IPR even in the face of a parallel ITC proceeding, that IPR should not be maintained once a

final decision is reached in that proceeding on issues that were raised or could have been raised by the petitioner in the IPR. The Director should exercise her authority to terminate the IPR in such cases. *United States v. Arthrex, Inc.*, 594 U.S. 1, 26-27 (2021) (“[T]he Director ha[s] the discretion to review [PTAB] decisions.”).

This case exemplifies the pitfalls of instituting IPR in the face of an advanced ITC proceeding and maintaining it after a final determination by the Commission. First, this IPR was not a less expensive alternative to litigation, as originally envisioned by the America Invents Act. *See* 157 Cong. Rec. S142, at S1111 (daily ed. Jan. 25, 2011) (Sen. Leahy) (“[I]t creates a less costly, in-house administrative alternative to review patent validity claims.”). Instead, it was an expensive add-on to litigation, which proceeded on its regular pace with its regular expenses. Second, the FWD here conflicts with the Final Determination from the ITC on whether the same patent is valid under 35 U.S.C. § 103. Third, the infringer is using the IPR result to collaterally attack an exclusion order issued by the ITC that prevents infringing products from China entering the United States and harming its domestic industry. Finally, and importantly, the inconsistent results here were caused because the Board made substantive errors in claim construction and the obviousness analysis, which should be reversed on the merits.

No matter which avenue the Director chooses to take—reversing the Board’s institution decision in view of the extraordinary circumstances, or terminating a

proceeding once there is a final judgment from the ITC, or reversing on the merits—the result is the same: This FWD cannot stand.

## **II. FACTUAL BACKGROUND**

In the ITC, the Commission instituted its investigation on July 3, 2023, based on a complaint that EPC filed on May 26, 2023. 88 Fed. Reg. 42786-77 (Jul. 3, 2023). Among other issues, the parties litigated at the ITC whether the asserted claims of the '294 Patent were invalid for anticipation or obviousness based on four asserted prior art references—Uemoto, Smith, Kigami, and Beach<sup>189</sup>. *Certain Semiconductor Devices, and Methods of Manufacturing Same and Products Containing The Same*, Initial Determination at 70-103, Inv. No. 337-TA-1366, EDIS Doc. ID 828317 (July 5, 2024) (Violation) [hereinafter “ID”]; *see also* Commission Opinion at 27, Inv. No. 337-TA-1366, EDIS Doc. ID 838650 (December 5, 2024) [hereinafter “CO”]. Innoscience asserted in the ITC some of the same art and arguments it asserted against the '294 Patent in this IPR—specifically, Smith, Kigami, and Uemoto. Paper 45, 62.

The parallel ITC proceeding was a full and fair hearing. It involved 16 months of intense litigation, including hundreds of pages of expert reports, over a dozen fact and expert depositions, ten live witnesses, over 1,000 pages of pre-hearing briefing from the parties and the Office of Unfair Import Investigation (“OUII”), and over 1,200 pages of trial transcript from a five-day trial on February 26 through March 1,



2024—ending 17 days *before* the Board granted institution in this IPR. *See* CO at 4. Notably, Innoscience dropped its reliance on Smith for its obviousness argument at the ITC trial, despite having litigated it throughout the case and presenting it in expert reports. CO at 27. The parties then exchanged over 1,000 pages of post-hearing briefing.

On July 5, 2024, the CALJ issued its detailed ID, devoting 34 pages to analyzing (and rejecting) Innoscience’s invalidity arguments with respect to the ’294 Patent. The parties then petitioned for review by the Commission, which, after considering hundreds more pages of briefing by the parties and OUII, affirmed the ID on November 7, 2024. The Presidential review period expired with no action on January 6, 2025. As a result, on that date—almost four months *before* the Board’s FWD in this case—the Commission’s exclusion order preventing Innoscience from importing more of its infringing products from China took effect. Then, on February 3, 2025, one month before the Board’s FWD, Innoscience noticed an appeal to the Federal Circuit with respect to the ITC action, which is still pending.

Innoscience now wants the ITC to throw all of that work away. Promptly after the Board issued the FWD, in a collateral attack based on the FWD, Innoscience filed an emergency petition in the ITC seeking modification or rescission of the exclusion order; OUII and EPC have opposed. *See* Inv. No. 337-TA-1366, EDIS Doc. IDs 848577, 849510, 849979 (Apr. 11, 2025) (Modification).

### **III. INSTITUTION SHOULD NEVER HAVE BEEN GRANTED.**

The Board considers a set of nonexclusive factors designed to balance considerations of “system efficiency, fairness, and patent quality” when faced with parallel proceedings in a case like this: (1) whether the court granted a stay or one may be granted; (2) the proximity of the court’s trial date to the Board’s deadline for a FWD; (3) investment in the parallel proceeding by the court and the parties; (4) overlap between the issues; (5) overlap between the parties; and (6) other considerations that impact the Board’s exercise of discretion. *See Fintiv*, at 7-8.

In 2022, the USPTO changed its policy and stated that the *Fintiv* line of decisions does not apply to ITC proceedings. Interim Procedure at 7. In 2025, the USPTO rescinded the Interim Procedure and stated that *Fintiv* should be applicable to parallel proceedings before the ITC. March 24 Memo, 1-2. In addition, the USPTO listed seven other considerations in the March 26 Memo: (i) whether another forum has already adjudicated the validity or patentability of the challenged patent claims; (ii) whether there have been changes in the law or precedent issued since issuance of the claims that may affect patentability; (iii) the strength of the patentability challenge; (iv) the extent of the petition’s reliance on expert testimony; (v) settled expectations of the parties, such as the length of time the claims have been in force; (vi) compelling economic, public health, or national security interests; and (vii) any other considerations bearing on the Director’s discretion. *Id.* at 2-3.

Balancing these factors and considerations makes good sense. As explained in the March 24 Memo, where the ITC has set a target date for completing its investigation to occur earlier than the Board’s deadline to issue a FWD, “multiple tribunals may be adjudicating validity at the same time, which may increase duplication and expenses for the parties and the tribunals.” *Id.* at 2.

**A. Had It Been Able To Apply *Fintiv*, The Board Would Have Denied Institution**

The six *Fintiv* factors weigh strongly in favor of discretionary denial.

**1. *Factors 1-2: Whether the court granted a stay or one may be granted, and the proximity of the court’s trial date to the Board’s deadline for a FWD***

These factors strongly weigh against institution (and for rescission). Given that, at the time of the Board’s institution decision, the parties had already substantially completed the ITC litigation and the CALJ had already held a five-day trial, it is unlikely (and indeed unnecessary to consider whether) the ITC would have issued a stay. The ITC proceeding was in its final stages, and the ITC had a target date of November 7, 2024—four months before the Board’s statutory deadline to issue a FWD. In other words, it was virtually certain at the time of the Board’s institution decision that the parties would have fully litigated and obtained a decision from another agency before the Board’s FWD, which is exactly what happened here.

**2. *Factor 3: Investment in the parallel proceeding by the court and the parties***

The parties, including the OUII, and the ITC invested tremendous resources

in the ITC proceeding all the way through trial before the Board granted institution in this IPR. Investment in the ITC proceeding only increased after IPR was instituted, including post-trial briefs, petitions to the Commission, and preparing for a Federal Circuit appeal, all before the PTAB's FWD. In addition, because of the inconsistent judgments, the parties and the ITC have now been forced to expend additional time and resources addressing Innoscience's collateral attack on the ITC's exclusion order. This factor weighs heavily against institution.

**3. *Factors 4-5: Overlap between the issues, and overlap between the parties***

There is a complete overlap between the issues and parties—Innoscience's gamesmanship notwithstanding. Innoscience fully litigated invalidity based on prior art at the ITC, including all the references at issue in the IPR. At trial, Innoscience abandoned reliance on the Smith reference, presumably forum-shopping it to the PTAB. But this was at their choice, and only after heavy litigation including expert reports and depositions. Such gamesmanship only makes these factors more salient, as it demonstrates the reason they were adopted in the first place. These factors weigh against institution.

**4. *Factor 6: Other considerations that impact the Board's exercise of discretion***

As discussed elsewhere, there are important policy reasons to deny institution (or rescind institution) here, including fairness, efficiency and conservation of resources, comity and finality, and preventing inconsistent judgments. *See infra*

Section IV. In addition, the merits of Innoscience's petition are particularly weak here. That the ITC found that Innoscience did not prove invalidity highlights the weakness of its merits arguments. Plus, as discussed below, some of the PTAB's claim constructions were wrong, which led to incorrect conclusions on obviousness. This factor also weighs against institution.

**B. The Additional Considerations The Director Identified On March 26 Similarly Weigh Against Institution And For Recission**

The other considerations that the Director identified in the March 26 Memo also weigh against institution and for recission of the FWD. As of now, for example, another forum has already fully adjudicated the validity of the challenged claims after a full and fair hearing and after consideration of extensive expert testimony and attorney argument. The result of the parallel litigation was issuance of an exclusion order preventing Innoscience from continuing to import its infringing products from China. At the time of this Request, the exclusion order has been in place for almost four months. The parties' expectations are thus largely settled with respect to the challenged patent, subject to the Federal Circuit's review of the ITC's decision. For the Board to issue the FWD now only introduces legal uncertainty on issues already litigated and creates a conflict between two different agencies, threatening the ITC's ban on infringing Chinese imports at the expense of the American domestic industry.

#### **IV. UNDER THE CURRENT GUIDANCE, EXTRAORDINARY CIRCUMSTANCES EXIST THAT WARRANT DE-INSTITUTION**

The USPTO's updated guidance on discretionary denial suggests that an institution decision may be revisited in view of extraordinary circumstances. March 24 Memo, 2. Such extraordinary circumstances exist here and warrant recission and reversal of the Board's institution decision.

This case strikes at the heart of the problems with parallel proceedings that were recognized by the USPTO in the March 24 Memo. The biggest dangers of the prior policy—waste of resources and the possibility of inconsistent results—is precisely what has happened here. Not only did the parties and the ITC spend tremendous resources in litigating validity before the FWD, but the ITC held a full trial, reviewed post-trial motions and briefing, issued initial and final determinations, and had the issues revisited by the full Commission, which affirmed. And then, after the Presidential review period expired, the ITC issued an exclusion order pursuant to which the infringing Chinese products have already been banned from the United States. All these things happened *before* the PTAB's FWD, and they all happened in a sister agency of the same administration. Having the PTAB later issue an inconsistent decision undermines the ITC, reduces certainty in patent adjudications in general, wastes tremendous resources, and destabilizes the patent system. This is an extraordinary circumstance the Director should correct pursuant to the recent guidance and her Constitutional authority. *Arthrex*, 594 U.S. at 26-27.

## **V. THE USPTO SHOULD TERMINATE ACTIONS ALREADY DETERMINED BY THE ITC**

To the extent IPRs are instituted despite parallel litigation at the ITC between the same parties on the same patent, such IPRs should not be maintained once a final decision is reached in the parallel litigation. It is certainly possible that in some cases the question of institution in the face of parallel litigation is a close call. For example, the PTAB may institute because it believes that a FWD would be issued well before the litigation finishes, among other things.<sup>1</sup> In some of those cases, however, it is possible that the parallel litigation reaches final resolution on invalidity before the FWD. In such cases, the IPR should be terminated.

For many reasons, this would be good policy. First, the IPR at that point is certainly no longer an alternative to litigation, which was the original intent of the AIA. Second, under principles of comity, deference and respect should be given to adjudications in the ITC between the same parties on the same patent with respect to the same issues available for IPR (*see* 35 U.S.C. § 311(b)).

Third, continuing with the IPR after final adjudication in another tribunal needlessly continues to waste resources. If the PTAB reaches a consistent result, nothing will have been achieved. If, however, the PTAB reaches a different result, confusion will have been created, judgment and finality in both forums will have

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<sup>1</sup> That is not the case here, where the ITC trial already took place by the time of the institution decision.

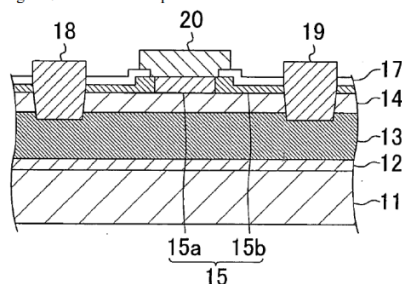
been undermined, and the patent system will have been destabilized as the public loses faith in the reliability of patent rights and the accuracy of patent adjudications.

Here, given that the ITC issued a final ruling well before the Board's FWD, the Director should terminate the IPR on Director Review. Innoscience litigated invalidity at the ITC extensively and lost. If the ITC made a mistake, the Federal Circuit can correct it. To the extent the CALJ or the Commission did not address the Smith reference in their final rulings, it is at Innoscience's doing for dropping the reference at trial. As for the public, to the extent anyone else is concerned about the '294 patent, they can try to file their own IPR petition, seek reexamination, or litigate in another tribunal at an appropriate time.

## **VI. The FWD Also Includes Substantive Errors Based On Which The Director Should Terminate**

The PTAB has made fundamental errors in its substantive analysis that the Director should reverse. For example, in the FWD the Board considered whether Uemoto in view of Smith disclosed the limitations of claims 1-3 of the '294 patent. For that, a key question was whether Figure 7 of Uemoto (reproduced below) disclosed "a gate contact above the compensated GaN layer."

Figure 7 of Uemoto is reproduced below.





Patent Owner proposed that the limitation should be construed to mean “a gate comprised of a gate contact and the compensated GaN layer.” Paper 18, 7-10; Paper 32, 4-8. The term “gate contact” within the larger phrase, considered in light of the intrinsic record, informs a POSITA that the gate of the claimed transistor includes both (1) a gate contact, and (2) the compensated GaN layer. *Id.*

Instead of construing the phrase as a whole, the Board focused on the isolated term “compensated GaN layer” and held only that this is not “compensated GaN gate material.” *See* Paper 45, 19; *see also id.* at 14-18. As the Board acknowledged, its failure to construe the entire limitation resulted in a claimed transistor structure that met only one of the two goals of the invention (it had reduced leakage but had not reduced gate capacitance). Paper 45, 31. The Board’s construction thus failed to “capture the scope of the actual invention.” *Retractable Techs., Inc. v. Becton, Dickinson & Co.*, 653 F.3d 1296, 1305 (Fed. Cir. 2011). This error was determinative: Uemoto does not disclose “a gate contact above the compensated GaN layer.” But for its failure to construe the limitation as a whole, the Board could not have found that claims 1-3 invalid in light of the Uemoto/Smith combination.

The Board made other errors too. For example, there was no dispute that in Uemoto Figure 7: (1) structure 20 in combination with structure 15a is a gate, (2) structure 20 is a gate contact, and (3) structure 15a is *not* a compensated GaN layer. Paper 45, 18; *see* Paper 18, 50-55. But under the Board’s erroneous

construction structure 15b is a “compensated GAN layer.” *Id.* at 29. Thus, in order to find that the limitation “gate contact above the compensated GaN layer” is met, the Board had to find that the gate contact 20 is “above” the 15b “layer.” To do that, the Board adopted constructions of “above” (to mean simply “higher than”) and “layer” (to mean any part or piece of a layer) that were entirely “divorced from what the specification conveys is the invention” of the ’294 Patent. *See* Paper 45, 14-19, 26-30; *Retractable Techs.*, 653 F.3d at 1305; *see also* Paper 18, 55-58. But for these additional improper constructions, the Board could not have found claims 1-3 of the ’294 Patent to be invalid over Uemoto/Smith.

The Director should reverse these errors and terminate the IPR for these additional and independent reasons.<sup>2</sup>

## **VII. CONCLUSION**

For the foregoing reasons, we respectfully request that the Director rescind the Board’s institution decision and FWD and terminate this IPR.

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<sup>2</sup> These errors highlight the problem with maintaining an IPR where another tribunal already reached a final adjudication. Here, there will be two appeals to the Federal Circuit between the same parties, on the same patent, but with very different records.

Dated: May 8, 2025

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing **PATENT OWNER'S AUTHORIZED REQUEST FOR DIRECTOR REVIEW** is being served on counsel of record by filing this document through the Patent Review Processing System, with a copy served via electronic mail to the following email address, as authorized in the Petition:

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Dated: May 8, 2025

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