

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

OPTIS WIRELESS TECHNOLOGY, LLC,
Patent Owner.

IPR2020-00466
Patent 8,411,557 B2

Before LYNNE E. PETTIGREW, BARBARA A. PARVIS, and
JOHN P. PINKERTON, *Administrative Patent Judges*.

PARVIS, *Administrative Patent Judge*.

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

I. INTRODUCTION

Petitioner, Apple Inc., filed a Petition for *inter partes* review of claims 1–10 of U.S. Patent No. 8,411,557 B2 (Ex. 1001, “the ’557 patent”). Paper 3 (“Pet.”). Patent Owner, Optis Wireless Technology, LLC, filed a Preliminary Response. Paper 7 (“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 9 ("PO 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. Real Parties-in-Interest

Petitioner identifies itself as a real party-in-interest. Pet. 1. Patent Owner identifies itself as a real party-in-interest and states that "PanOptis Patent Management, LLC has the right to license and assert the '557 patent." Paper 6, 1 (Patent Owner's Mandatory Notices).

B. Related Matters

The parties identify the following pending district court proceeding related to the '557 patent: *Optis Wireless Technology, LLC et al. v. Apple Inc.*, No. 2:19-cv-00066 (E.D. Tex.). Pet. 1; Paper 6, 1.

C. Overview of the '557 Patent

The '557 patent describes a mobile station and radio communication method for efficiently reporting control information in the RACH (Random Access Channel). Ex. 1001, 1:60–62. The method of the present invention includes selecting one of a plurality of unique code sequences as a signature, according to inputted control information. *Id.* at 2:62–65. The signature (code sequence) is then modulated to generate a RACH signal that is multiplexed and transmitted. *Id.* at 3:1–12.

D. Illustrative Claim

Challenged claims 1 and 10 are independent, and each of challenged claims 2–9 depends directly from claim 1. Claim 1 is illustrative of the claimed subject matter:

1. A mobile station apparatus comprising:
 - a receiving unit configured to receive control information;
 - a selecting unit configured to randomly select a sequence from a plurality of sequences contained in one group of a plurality of groups, into which a predetermined number of sequences that are generated from a plurality of base sequences are grouped and which are respectively associated with different amounts of data or reception qualities, wherein the predetermined number of sequences are grouped by partitioning the predetermined number of sequences, in which sequences generated from the same base sequence and having different cyclic shifts are arranged in an increasing order of the cyclic shifts; and
 - a transmitting unit configured to transmit the selected sequence;wherein a position at which the predetermined number of sequences are partitioned is determined based on the control information, and a number of sequences contained in each of the plurality of groups varies in accordance with the control information.

Ex. 1001, 10:59–11:14.

E. Asserted Grounds of Unpatentability

Petitioner asserts that the challenged claims are unpatentable based on the following grounds (Pet. 4):

| Claims Challenged | 35 U.S.C. § | References |
|--------------------------|---------------------|--|
| 1–10 | 103(a) ¹ | Harris ² , Tan ³ |
| 1–10 | 103(a) | Sutivong ⁴ , Tan |

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 parallel litigation in the United States District Court for the Eastern District of Texas. Prelim. Resp. 1–11 (citing *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential, designated May 5, 2020) (“*Fintiv*”). According to Patent Owner, we should exercise our discretion “to avoid duplicative efforts that waste the judicial, administrative and the parties’ resources and to avoid [a] potentially inconsistent outcome.” *Id.* at 1.

Patent Owner also contends we should exercise our discretion under 35 U.S.C. § 325(d) to deny institution of *inter partes* review because the combination of Sutivong and Tan already was considered during prosecution

¹ The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 285–88 (2011), revised 35 U.S.C. § 103 effective March 16, 2013. Because the ’557 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.

² U.S. Patent No. 8,009,637 B2, issued August 30, 2011 (Ex. 1004, “Harris”).

³ U.S. Patent Application Publication No. US 2007/0165567 A1, published July 19, 2007 (Ex. 1005, “Tan”).

⁴ International Patent Application Publication No. WO 2006/019710 A1, published February 23, 2006 (Ex. 1003, “Sutivong”).

of the parent of the application that issued as the '557 patent. *Id.* at 11–13. Petitioner acknowledges that during prosecution of the parent, the Examiner rejected all pending claims as anticipated by Tan, and later the Examiner finally rejected all pending claims of the parent as obvious over Tan and Sutivong. Pet. 14–16.⁵ Petitioner asserts that applicants “avoided any substantive rejections” in the application that issued as the '557 Patent because applicants’ request to participate in the Patent Prosecution Highway (PPH) Program between the U.S. Patent and Trademark Office and the Japan Patent Office (JPO) was granted and the JPO had not considered Tan and Sutivong. Pet. 18 (citing Ex.1006, 62–63, 95–108). Patent Owner responds that “applicants noticed those references in an IDS and specifically pointed out ‘[t]he references listed on the attached Information Disclosure Statement were submitted to and/or cited by the Patent and Trademark Office in its prior application’” Prelim. Resp. 12 (citing Ex. 1006, 113–116).

We begin by considering the parties’ contentions regarding whether we should exercise our discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review.

A. 35 U.S.C. § 314(a)

In determining whether to exercise our discretion under § 314(a), we are guided by the Board’s precedential decisions in *NHK* and *Fintiv*. In *NHK*, the Board found that the “advanced state of the district court proceeding” was a “factor that weighs in favor of denying” the petition under § 314(a). *NHK*, Paper 8 at 20. The Board determined that institution of an *inter partes* review under the circumstances present in that case

⁵ The '557 patent issued from U.S. Patent Application No. 13/333,805, which claims priority to U.S. Patent Application No. 12/293,530 (“parent”). Pet. 14.

“would not be consistent with ‘an objective of the AIA . . . to provide an effective and efficient alternative to district court litigation.’” *Id.* (citing *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16–17 (PTAB Sept. 6, 2017) (precedential in relevant part)). The Board’s cases considering the advanced state of a parallel proceeding “as a basis for denial under *NHK* have sought to balance considerations such as system efficiency, fairness, and patent quality.” *Fintiv*, Paper 11 at 5 (collecting cases). *Fintiv* sets forth the following factors the Board balances when determining whether to exercise its discretion to deny institution:

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. at 5–6. “[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.

We now consider the *Fintiv* factors to determine whether we should exercise discretion to deny institution under 35 U.S.C. § 314(a) in this case. Because *Fintiv* issued and was designated precedential after the Petition was filed, we authorized the parties to file supplemental briefing to address the *Fintiv* factors. *See* Pet. Reply 1–8; PO Sur-reply 1–8. After the parties filed

their supplemental briefing, the district court held a jury trial, which we address in more detail below. *See* Paper 11, 1 (Patent Owner’s Updated Mandatory Notice, Aug. 19, 2020). As a result, some of the parties’ arguments presented in the supplemental briefing, especially those related to uncertainty of the trial date, are no longer particularly relevant to an analysis of the *Fintiv* factors.

1. Fintiv Factor 1: Stay in the Parallel Proceeding

As noted, the Texas district court trial already has taken place. *See* Paper 11, 1. Petitioner did not move for a stay in the district court proceeding prior to trial. *See* Pet. Reply 1. The parties have provided no evidence regarding whether a stay of any post-trial proceedings may be requested or granted. Under these circumstances, this factor is neutral and does not affect our analysis.

2. Fintiv Factor 2: Trial Date in the Parallel Proceeding

A jury trial involving the ’557 patent and four other patents began in the Texas district court proceeding on August 3, 2020 and concluded with a jury verdict on August 11, 2020. *See* Paper 11, 1; *see also* Paper 10, 1 (Petitioner’s Notice of Claims and Grounds of Invalidity Presented at District Court Trial); Ex. 2021, 5 (jury verdict form indicating Petitioner did not prove by clear and convincing evidence that claims 1 and 10 of the ’557 patent are invalid). Thus, the trial ended about one month before the statutory deadline for a decision whether to institute an *inter partes* review and about thirteen months before a final written decision would be due if we did institute an *inter partes* review.

If a court’s trial date is earlier than the projected statutory deadline of a final written decision, “the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*.” *Fintiv*, Paper 11 at

9. In this case, in view of the thirteen-month gap between the date of the district court jury verdict and the projected due date for a final written decision, this *Fintiv* factor strongly favors the exercise of discretionary denial.

3. *Fintiv Factor 3: Investment by the Court and the Parties in the Parallel Proceeding*

With respect to the third *Fintiv* factor, Petitioner argues that its diligence in filing the Petition favors institution. Pet. Reply 1. Petitioner asserts, for example, that after identifying nearly 140 prior art references across seven asserted patents in its initial invalidity contentions in district court, it diligently evaluated the unique strengths of each prior art reference and combination, searched for additional prior art, and filed petitions challenging only three patents. *Id.* Petitioner also argues it obtained no tactical advantage based on the time the Petition was filed. *Id.* at 2.

Patent Owner argues that this factor weighs heavily in favor of discretionary denial due to the “tremendous” investment in the parallel proceeding by the parties and the court. Prelim. Resp. 6. At the time of the Preliminary Response, the district court had held a *Markman* hearing and issued a claim construction order, fact discovery had closed, and the parties had exchanged expert reports and conducted expert discovery. *Id.* at 5–6. By the time Patent Owner filed its Sur-reply, the parties had filed dispositive and *Daubert* motions and oppositions. PO Sur-reply 2. Responding to Petitioner’s argument, Patent Owner contends that diligence and tactical advantage are not relevant under *Fintiv* but instead are addressed under *General Plastic* when the Board considers whether to exercise its discretion to deny a petition challenging a patent that was the subject of another petition. *Id.*

Contrary to Patent Owner’s argument, *Fintiv* does provide that a petitioner’s diligence or delay in filing a petition may be relevant under the third *Fintiv* factor. *Fintiv*, Paper 11 at 11–12. Nevertheless, under the circumstances present here, the timing of the Petition does not impact our analysis. As discussed above, the district court held a jury trial that ended with a verdict on August 11, 2020. *See supra* § III.A.2. Thus, the parties and the district court have invested substantial time and effort addressing patent validity in preparing for and conducting a trial in the parallel proceeding. Accordingly, this factor strongly favors the exercise of discretionary denial to prevent the inefficient use of Board resources, as well as duplicative costs to the parties.

4. Fintiv Factor 4: Overlap Between Issues Raised in the Petition and Parallel Proceeding

Patent Owner argues that “[t]he exact same combinations of references at issue in the Petition are also at issue in the district court.” Prelim. Resp. 6 (citing Ex. 2007, 1). Patent Owner also argues “the fact that there are more claims at issue in the Petition than the ones elected for trial does not weigh in favor of discretionary institution” because the analysis in the Petition “for the dependent claims relies on essentially the same evidence and argument as for claim 1; and Petitioner devotes the bulk of the analysis to the elected claims.” *Id.* at 7–8.

Petitioner states that at Patent Owner’s request, “and to eliminate the chance of inconsistent findings, Petitioner agreed on July 2, 2020 to drop the Harris grounds” in the district court proceeding and Petitioner “further stipulates that it will not pursue Ground 2 (Sutivong and Tan) in this IPR.” Pet. Reply 2 (citing Ex. 1045). Petitioner also asserts that “significant differences” in the proceedings favor institution including that in only the

instant proceeding, Petitioner asserts the ground of obviousness over Harris and Tan and in only the instant proceeding all claims of the '557 patent, i.e., claims 1–10 are challenged. *Id.* Petitioner also describes as “unique” the reasoning to combine in the Petition (*id.*), which includes the following: “[a] POSITA would have been motivated to use Tan’s sequences, which are generated from a plurality of base sequences, as the codes in Harris, at least because Harris incorporates the Tan Provisional by reference for the express purpose of using Tan’s sequences as the codes in Harris.” Pet. 28 (citing Ex. 1004, 4:1–11). Petitioner responds to Patent Owner’s arguments regarding the dependent claims (Prelim. Resp. 8) by asserting that “Petitioner’s analysis of non-overlapping claims is proportionate to their length.” Pet. Reply 3.

Patent Owner responds that Petitioner “cannot avoid complete overlap between the two proceedings.” PO Sur-reply 3. Patent Owner points to investment by both parties in the district court proceeding. *Id.* Patent Owner also argues that Petitioner cannot alter its Petition because the statutory deadline for filing has passed. *Id.* at 3–4.

Consistent with Petitioner’s agreement “to drop the Harris grounds” in the district court proceeding (Pet. Reply 2), Petitioner’s invalidity presentation to the jury included obviousness over Sutivong and Tan, but not obviousness over Harris and Tan. *See* Paper 10, 1; Paper 11, 1–2. The Petition, however, relies on Tan, not Harris, for certain recitations in the claims. *See, e.g.*, Pet. 27, 34. Even considering just the combination of Harris and Tan, Petitioner has not explained how its arguments relying on Tan in this proceeding differ from arguments presented to the jury regarding that same reference. *See generally* Pet. Reply. Accordingly, we do not agree that the issues in the Petition relating to obviousness over Harris and

Tan are “significantly” different from those presented in the district court proceeding.

Furthermore, we agree with Patent Owner that Petitioner cannot alter its Petition. If we institute an *inter partes* review based on obviousness over Harris and Tan, therefore, we also must institute as to all other claims and all grounds, including the ground based on Sutivong and Tan. *See SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1369–70 (2018) (holding that a decision to institute under 35 U.S.C. § 314 may not institute on fewer than all claims challenged in the petition); *PGS Geophysical AS v. Iancu*, 891 F.3d 1354, 1360 (Fed. Cir. 2018); Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019) (“TPG”), at 5 (“In instituting a trial, the Board will either (1) institute as to all claims challenged in the petition and on all grounds in the petition, or (2) institute on no claims and deny institution.”) (available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>).

As for the challenged claims, the Petition challenges independent claims 1 and 10 (Pet. 1), the same independent claims at issue in the district court proceeding. Paper 10, 1; Paper 11, 1–2; Ex. 2021, 5. Dependent claims 2–9 are challenged in the Petition (Pet. 1), but were not at issue in the district court proceeding. Paper 10, 1; Paper 11, 1–2; Ex. 2021, 5. We agree with Patent Owner, however, that the Petition’s analysis of dependent claims 2–9, which do not add materially different limitations, relies on many of the same arguments and evidence as its analysis of claim 1. *See* Pet. 37–45 (repeatedly referring back to analysis of claim 1 limitations). We, therefore, find substantial overlap in the claimed subject matter challenged in the Petition and the parallel proceeding.

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.* “Conversely, if the petition includes materially different grounds, arguments, and/or evidence than those presented in the district court, this fact has tended to weigh against exercising discretion to deny institution.” *Id.* at 12–13.

As discussed, the Petition challenges the same independent claims that were considered in the district court proceeding. The dependent claims challenged in the Petition raise similar issues as the independent claims. The Petition presents an obviousness ground based on a different combination that involves a different reasoning to combine, but the Petition also includes a ground that is the same as the ground presented to the jury and Petitioner cannot alter the Petition. Under these circumstances, we view this factor as weighing slightly in favor of denial.

5. Fintiv Factor 5: Whether Petitioner is the Defendant in the Parallel Proceeding

Petitioner here is the defendant in the district court litigation. *See* Pet. 1; Paper 6, 1. Also, the jury already has rendered a verdict in Patent Owner’s favor with respect to independent claims 1 and 10. *See supra* § III.A.2. Under these circumstances, we view this factor as weighing in favor of denial.

6. 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. 9. Petitioner responds that it was diligent in evaluating the unique strengths of the seven patents originally asserted in the parallel proceeding, searching for additional prior

art, and ultimately filing only three petitions with the Board. Pet. Reply 1. Having considered the particular factual circumstances of this case, we do not consider Petitioner's filing untimely.

Petitioner 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 6–8. We do not address these arguments because we are bound by *Fintiv* and *NHK*, which the Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office has designated as precedential decisions of the Board.

Petitioner argues that the strength of its Petition weighs against discretionary denial. Pet. Reply 3–4. Petitioner uses its Reply to respond on the merits to some of the arguments raised by Patent Owner in the Preliminary Response. *Id.* (citing Prelim. Resp. 26–37). Petitioner's arguments pertain to whether the asserted art teaches the claim limitations, not whether the arguments regarding Tan are the same as those presented to the jury. *Id.* Patent Owner then offers its own response in its Sur-reply. PO Sur-reply 4–6. As we reminded the parties when we authorized supplemental briefing, we will not consider any arguments regarding the merits that were not raised in the Petition or Preliminary Response. *See* Ex. 2016 (emails authorizing Reply and Sur-reply). In any event, the parties have not identified particular strengths or weaknesses (e.g., in comparison to the obviousness grounds already considered by the jury in the parallel proceeding) that in our view would tip the balance either for or against discretionary denial when considered as part of a balanced assessment of the *Fintiv* factors in this case. *See Fintiv*, Paper 11 at 14–15.

With respect to Petitioner’s argument that the strength of its Petition weighs against discretionary denial (Pet. Reply 3–4), we further consider the arguments and evidence presented in the Petition and the Preliminary Response. In particular, Patent Owner asserts “[o]n the merit[s], Petitioner acknowledges that neither reference discloses ‘sequences generated from the same base sequence and having different cyclic shifts are arranged in an increasing order of the cyclic shifts.’” Prelim. Resp. 1 (citing Pet. 34). Consistent with Patent Owner’s contention, Petitioner acknowledges that Harris lacks express teachings in that regard, and Petitioner asserts that it would have been obvious for a person having ordinary skill in the art “to arrange Tan’s sequences such that the cyclically shifted sequences were in increasing order of the cyclic shifts.” Pet. 34; *see also id.* at 27 (stating that Harris “does not expressly teach that the codes are generated from a ‘plurality of base sequences’” and relying on Tan), 34 (referring back to page 27 of the Petition and arguing that making Petitioner’s proposed modification of Tan “is the most obvious choice for a POSITA”). Upon consideration of Petitioner’s arguments and evidence, we are not persuaded that the Petition’s showing on the merits here supports Petitioner’s argument that the strength of its Petition weighs against discretionary denial.

Petitioner also raises additional considerations under this factor that it contends favor institution. Pet. Reply 4–6. Petitioner argues that the public interest would be served if the Board addresses the patentability of the ’557 patent, which Patent Owner alleges is essential to 3GPP LTE (3rd Generation Partnership Project Long Term Evolution) telecommunications standards. Pet. Reply 4 (citing Ex. 1048, 8; Ex. 1049, Ex. 1050). Petitioner also argues that “the Board is well suited to address the complex technical subject matter” of the ’557 patent and contends that a detailed analysis by

the Board would enhance the integrity of the patent system. *Id.* at 5–6. We do not take Petitioner’s concerns lightly, but Patent Owner correctly asserts that ample procedural safeguards exist for Petitioner to challenge that ’557 patent in federal court, including the availability of an appeal to the U.S. Court of Appeals for the Federal Circuit once post-trial proceedings have been completed.

7. 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 parallel proceeding recently concluded more than one year before we would reach a final decision in this proceeding if we instituted an *inter partes* review. Moreover, the district court and the parties expended considerable effort in preparing for and conducting the trial. These considerations strongly favor the exercise of discretionary denial, other considerations favor denial, and no considerations weigh against the exercise of discretionary denial in this case.

On balance, after a holistic consideration of the relevant facts and the particular circumstances of this case, 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.

B. 35 U.S.C. § 325(d)

In view our determination to exercise our discretion under § 314(a) to deny institution of *inter partes* review, we need not consider the parties’ arguments regarding exercising our discretion under § 325(d) 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.

IPR2020-00446
Patent 8,411,557 B2

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