

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NXP USA, INC.,
Petitioner,

v.

IMPINJ, INC.,
Patent Owner.

IPR2021-01556
Patent 10,776,198 B1

Before KEN B. BARRETT, ROBERT J. WEINSCHENK, and
KEVIN C. TROCK, *Administrative Patent Judges*.

TROCK, *Administrative Patent Judge*.

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

I. INTRODUCTION

NXP USA, Inc. (“Petitioner”) filed a Petition (Paper 1, “Pet.” or “Petition”) to institute an *inter partes* review of claims 1–20 (“the challenged claims”) of U.S. Patent No. 10,776,198 B1 (Ex. 1001, “the ’198 Patent”). Impinj, Inc. (“Patent Owner”) filed a Preliminary Response. Paper 9 (“Prelim. Resp.”).

We have authority, acting by designation of the Director, to determine whether to institute an *inter partes* review under 35 U.S.C. § 314 and 37 C.F.R. § 42.4(a). We may institute an *inter partes* review if the information presented in the petition filed under 35 U.S.C. § 311, and any preliminary response filed under § 313, shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition. 35 U.S.C. § 314(a).

However, we have discretion to deny a petition even if a petitioner satisfies the “reasonable likelihood” threshold standard for instituting trial. *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.”). Based on the current record and for the reasons explained below in Section II.A, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of an *inter partes* review of the ’198 patent.

A. *Real Parties in Interest*

Petitioner identifies NXP USA, Inc. (“Petitioner”), NXP Semiconductors N.V., NXP B.V., and Freescale Semiconductor Holdings V, Inc. as the real parties-in-interest. Pet. 97–98. Patent Owner identifies itself, Impinj, Inc., as the only real party in interest. Paper 3, 2.

B. Related Matters

The parties identify the following cases as related matters: *Impinj, Inc. v. NXP USA f/k/a NXP Semiconductors USA, Inc.*, Case No. 6-21-cv-00530 (W.D. Tx.); *NXP USA Inc et al v. Impinj Inc.*, Case No. 2-20-cv-01503 (W.D. Wa.); and *Impinj, Inc. v. NXP USA, Inc.*, Case No. 4-19-cv-03161 (N.D. Ca.). Pet. 98; Paper 3, 2–3.

Patent Owner also indicates as related matters twenty-three Petitions for *inter partes* review between the parties:

IPR2020-00514 (U.S. Patent No. 9,471,816)
IPR2020-00516 (U.S. Patent No. 9,633,302)
IPR2020-00519 (U.S. Patent No. 8,115,597)
IPR2020-00543 (U.S. Patent No. 9,495,631)
IPR2020-00544 (U.S. Patent No. 8,344,857)
IPR2020-00552 (U.S. Patent No. 8,600,298)
IPR2020-00553 (U.S. Patent No. 8,600,298)
IPR2020-00554 (U.S. Patent No. 9,031,504)
IPR2020-00556 (U.S. Patent No. 9,031,504)
IPR2020-00589 (U.S. Patent No. 10,002,266)
IPR2020-00973 (U.S. Patent No. 8,952,792)
IPR2020-00974 (U.S. Patent No. 9,439,090)
IPR2020-01062 (U.S. Patent No. 8,134,451)
IPR2020-01063 (U.S. Patent No. 8,390,431)
IPR2020-01422 (U.S. Patent No. 7,257,092)
IPR2020-01629 (U.S. Patent No. 7,374,097)
IPR2020-01630 (U.S. Patent No. 6,680,523)
IPR2021-00001 (U.S. Patent No. 6,819,092)
IPR2021-00002 (U.S. Patent No. 7,795,091)
IPR2021-00003 (U.S. Patent No. 7,538,444)

Paper 3, 3–5.

C. The '198 Patent

The '198 Patent relates to Radio-Frequency Identification (RFID) systems, which use an RFID reader to interrogate one or more RFID tags, to

retrieve data encoded in the tag, such as a number. Ex. 1001, 1:20–44. The '198 Patent describes a tag that:

stores an identifier and a check code. The IC may determine whether the stored identifier is corrupted by comparing it to the check code. If the stored identifier does not correspond to the check code, the IC may terminate operation and/or indicate an error. The IC may also reconstruct the correct identifier from the check code.

Id. at 2:4–10.

Once the tag of the '198 Patent is powered, it may retrieve an identifier and a check code, both stored in memory, and check to determine if the retrieved identifier corresponds to the retrieved check code. *Id.* at 7:47–51. If the identifier does not correspond to the check code, the tag may do any of a number of operations, including sending an error or corruption code, or “writing the error or corruption code to memory.” *Id.* at 8:5–12. The tag may also use the retrieved check code, stored on the tag along with the identifier, to reconstruct the identifier. *Id.* at 8:66–9:3.

D. Challenged Claims

Petitioner challenges claims 1–20. Claims 1, 8, and 15 are independent. Independent claim 1 is illustrative and is set out below.

1. A Radio Frequency Identification (RFID) integrated circuit (IC) configured to reconstruct corrupted identifiers, the IC comprising:

- a memory storing a first identifier and a check code, the check code used to check a correctness of the first identifier; and
- a processing block coupled to the memory and configured to:
 - retrieve the first identifier and the check code;
 - determine that the check code does not correspond to the first identifier and that the first identifier is therefore corrupted;
 - write an error code to the memory;

reconstruct a correct identifier from at least the first identifier and the check code; and
respond to an identifier-requesting command by transmitting a reply to the command including the correct identifier.

Ex. 1001, 11:13–30.

E. Evidence

Petitioner relies upon the following evidence:

(1) Japanese Patent Application Publication No. JP 2006-72426A, published March 16, 2006 (“Oga”) (Ex. 1004);

(2) Japanese Patent Application Publication No. JP 2008-250426 A, published October 16, 2008 (“Hasegawa”) (Ex. 1005);

(3) U.S. Patent Application Publication No. US 2008/0307270 A1, published December 11, 2008 (“Li”) (Ex. 1006);

(4) U.S. Patent Application Publication No. US 2012/0068831 A1, published March 22, 2012 (“Shimura”) (Ex. 1007);

(5) “Specification for RFID Air Interface - EPC™ Radio-Frequency Identity Protocols Class-1 Generation-2 UHF RFID Protocol for Communications at 860 MHz – 960 MHz,” EPCglobal, Version 1.0.9 (last retrieved from

https://web.archive.org/web/20050527162426/http://www.epcglobalinc.org/standards_technology/EPCglobalClass-1Generation-2UHFRFIDProtocolV109.pdf) (“Gen2”) (Ex. 1011); and

(6) Declaration of Daniel van der Weide, Ph.D. (Ex. 1003).

Patent Owner relies on the declaration of Joshua R. Smith, Ph.D. (Ex. 2001).

F. Asserted Grounds

Petitioner asserts the following grounds of unpatentability:

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1–7	103(a)	Oga, Gen2
8–20	103(a)	Oga, Gen2, Li
1–7	103(a)	Hasegawa, Gen2
8–20	103(a)	Shimura, Hasegawa, Gen2

Pet. 11.

II. ANALYSIS

A. 35 U.S.C. § 314(a)

Patent Owner argues that we should exercise our discretion to deny institution under 35 U.S.C. § 314(a). *See* Prelim. Resp. 36–43 (citing *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”)).

Petitioner does not address *Fintiv* or our discretion to deny institution under 35 U.S.C. § 314(a) in the Petition. *See generally* Petition. We also note for the record that Petitioner did not request leave to file a reply brief to address Patent Owner’s *Fintiv* arguments in the Preliminary Response. *See* 37 C.F.R. § 42.108(c) (“A petitioner may seek leave to file a reply to the preliminary response in accordance with §§ 42.23 and 42.24(c).”).

In *Fintiv*, the Board discussed various factors that “relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution.” *Fintiv*, Paper 11 at 6. Pursuant to *Fintiv*, the Board assesses a number of factors to determine whether to exercise its discretion to deny institution. Under our precedent, the Board may exercise this discretion if instituting *inter partes* review would lead to “inefficient use of Board resources.” *See NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (precedential) (“*NHK*”).

We discuss the *Fintiv* factors below. We agree with Patent Owner that the circumstances of this case warrant denial of institution under § 314(a).

1. *Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted*

Patent Owner advises that “[t]here is no stay in the parallel litigation in the Western District of Texas litigation,” arguing that “there is no reason to believe that a stay will be granted.” Prelim. Resp. 38. Patent Owner points out that “Petitioner has not even moved for a stay in the Texas case,” arguing that “there is no evidence that the Western District of Texas would enter a stay, even if review were instituted.” *Id.*

Petitioner does not contest Patent Owner’s position. *See generally*, Petition.

In this circumstance, where neither party has requested a stay from the district court, we view this factor as neutral.

2. *Proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision*

According to Patent Owner, “[t]he schedule in [the]Western District of Texas currently sets the trial date for February 21, 2023, two months before the projected statutory deadline.” Prelim. Resp. 39–40 (citing Ex. 2003, 5; Ex. 2004).

Petitioner does not address the issue of the trial date. *See generally*, Petition.

The projected statutory deadline for the Board to issue a final written decision in this proceeding, if institution were granted, would be April 24, 2023, approximately two months after the currently scheduled trial date.

“We generally take courts’ trial schedules at face value absent some strong evidence to the contrary.” *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, 13 (PTAB May 13, 2020) (informative) (“*Fintiv I*”). “If the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution.” *Fintiv*, Paper 11 at 9. Because the currently scheduled trial in the parallel proceeding is scheduled to begin two months before our deadline to reach a final decision, this factor weighs somewhat in favor of discretionary denial. *See Fintiv II*, Paper 15 at 13.

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

Patent Owner asserts that “by the time that an institution decision is due in this proceeding, in April 2022, [the parties] will have completed the *Markman* process, served final contentions and will be in the middle of the seven-month fact discovery period.” Prelim. Resp. 40–41 (citing Ex. 2004, 2–3). Patent Owner also asserts that “[t]he Court will almost certainly have issued its claim construction order as well.” *Id.* at 41. Patent Owner argues, “the parties already have expended significant effort in the parallel proceeding, and will [have] expended significantly more time, effort and money in the parallel proceeding by the time of the Board’s decision regarding institution.” *Id.*

Petitioner does not address the issue of the parties’ investment in the parallel proceeding, nor the issue of Petitioner’s timeliness in filing the petition. *See generally*, Petition.

Here, the record supports Patent Owner’s position. A *Markman* hearing was scheduled for February 10, 2022 (Ex. 2005), and the district court issued a claim construction order concerning the ’198 patent that same day. *See* Ex. 3001. The district court’s scheduling order also indicates that

the parties were to serve final infringement and invalidity contentions by March 29, 2022. Ex. 2004 at 3.

We recognize that work still remains in this case as it relates to invalidity: fact discovery is ongoing, expert reports are not yet due, and substantive motion practice is yet to come. *See* Ex. 2004. Although the parties and the district court have invested some effort in the parallel proceeding to date, further effort remains to be expended before trial. Based on the level of investment and effort already expended on claim construction and invalidity contentions in the parallel proceeding, this factor weighs somewhat in favor of discretionary denial. *See Fintiv II*, Paper 15 at 13–14.

4. *Overlap between issues raised in the petition and in the parallel proceeding*

Patent Owner asserts that “Petitioner challenges all claims of the ’198 Patent . . . asserted . . . in the Western District of Texas litigation.” Prelim. Resp. 41. Patent Owner also notes that “Petitioner asserts the same prior art combinations in the Western District of Texas parallel litigation that it asserts here.” *Id.* Patent owner concedes, however, that “the Petition here challenges a few additional dependent claims (claims 2, 7, 9, 14, and 16) than are directly implicated in the parallel litigation.” *Id.* at 42. Nonetheless, Patent Owner argues that “[t]his is a case where it would be inefficient for the parties to proceed in parallel forums.” *Id.*

Petitioner does not address the issue of overlap of the issues. *See generally*, Petition. Notably, Petitioner does not offer a stipulation, such as the one considered in *Sotera Wireless, Inc. v. Masimo Corp.* IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential) (instituting review where Petitioner offered a stipulation that it would not pursue in the district court litigation any ground raised or that could have been reasonably raised

in an IPR), or *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 (PTAB June 16, 2020) (informative) (instituting review where Petitioner offered a stipulation that it would not pursue the same grounds in the district court litigation).

This factor evaluates “concerns of inefficiency and the possibility of conflicting decisions” when substantially identical prior art is submitted in both the district court and the inter partes review proceedings. *Fintiv*, Paper 11 at 12. Because the Petition challenges all of the ’198 patent claims asserted in the parallel proceeding, and also asserts the same prior art combinations in both proceedings, this factor weighs in favor of discretionary denial. *See Fintiv II*, Paper 15 at 15.

5. *Whether the petitioner and the defendant in the parallel proceeding are the same party*

Patent Owner asserts that “[t]he parties are the same in both this proceeding and the Western District of Texas case, weighing in favor of discretionary denial.” Prelim. Resp. 43.

Petitioner does not dispute this assertion. *See generally*, Petition.

Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial. *See Fintiv II*, Paper 15 at 15.

6. *Other circumstances that impact the Board’s exercise of discretion, including the merits*

We need not decide whether the merits of Petitioner’s asserted grounds are particularly strong because it would not impact our ultimate determination under § 314(a). Thus, we determine that the sixth *Fintiv* factor is neutral.

7. *Conclusion*

We consider “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Fintiv*, Paper 11 at 6. In our view, the facts weighing in favor of exercising discretion to deny institution collectively outweigh those weighing against exercising discretion. For these reasons, we exercise our discretion under 35 U.S.C. § 314(a) to deny *inter partes* review of the ’198 patent.

III. CONCLUSION

For the foregoing reasons, we exercise our discretion to deny *inter partes* review in this proceeding based on 35 U.S.C. § 314(a).

IV. ORDER

In consideration of the foregoing, it is hereby

ORDERED that, Petitioner’s request for *inter partes* review of the ’198 patent is denied and no *inter partes* review is instituted.

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FOR PETITIONER:

Matthew W. Johnson
David B. Cochran
Thomas W. Ritchie
Joshua R. Nightingale
Gurneet Singh
JONES DAY
mwjohnson@jonesday.com
dcochran@jonesday.com
twritchie@jonesday.com
jrnightingale@jonesday.com
gsingh@jonesday.com

FOR PATENT OWNER:

Daniel Keese
Ruben Kendrick
PERKINS COIE LLP
Keese-ptab@perkinscoie.com
Kendrick-ptab@perkinscoie.com