

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

VOLVO PENTA OF THE AMERICAS, LLC,
Petitioner,

v.

BRUNSWICK CORPORATION,
Patent Owner.

IPR2022-01424
Patent 10,671,073 B2

Before CARL M. DEFRANCO, KARA L. SZPONDOWSKI, and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

SILVERMAN, *Administrative Patent Judge*.

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

I. INTRODUCTION

Volvo Penta of the Americas, LLC (“Volvo” or “Petitioner”) filed a Petition (Paper 1, “Pet.”) to institute an *inter partes* review of claims 1–20 of U.S. Patent 10,671,073 B2, issued on June 2, 2020 (Ex. 1001, “the ’073 patent”). Brunswick Corporation (“Brunswick” or “Patent Owner”) filed a Preliminary Response (Paper 10, “Prelim. Resp.”). The Preliminary Response indicated that, in a related federal district court action, the district court granted Volvo’s motion to dismiss under Federal Rule of Civil Procedure 12(b)(6), ruling that claim 1 of the ’073 patent is invalid as directed to patent-ineligible subject matter under 35 U.S.C. § 101. Prel. Resp. 51–52 n.6, Ex. 2011 (district court Memorandum Opinion). *See also* Paper 11 (Brunswick’s Updated Mandatory Notices). Following the district court’s invalidity ruling, the district court action was dismissed, and Brunswick appealed. *See* Exs. 3001 (Order), 3002 (Brunswick’s Notice of Appeal). That appeal is currently pending. Volvo did not request additional briefing to address the effect of the district court’s decision (or the pending appeal) on the Board’s discretion to institute an *inter partes* review.

We have jurisdiction under 35 U.S.C. § 314. Institution of an *inter partes* review is authorized when “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). After reviewing the record, including the district court’s decision, we determine that the Board lacks authority to institute *inter partes* review of challenged claim 1, as it has already been determined to be invalid under 35 U.S.C. § 101 in a federal district court action. Also, we exercise our discretion under 35 U.S.C. § 314(a) to deny

institution of *inter partes* review of all the challenged claims so as to avoid potential conflict, inefficiency, and gamesmanship, and in order to maintain consistency with our decisions in related cases.

II. BACKGROUND

A. The Related District Court Action and Pending Appeal

The related district court action, *Brunswick Corporation v. Volvo Penta of the Americas, LLC*, No. 1:22-cv-00108 (E.D. Va.) (“*Brunswick v. Volvo* (E.D. Va.)”), was filed on February 1, 2022, and involved five patents, including the ’073 patent that is subject of the Petition here.¹ Pet. 2, Ex. 1012 (Complaint); Paper 11 at 1. Brunswick’s Complaint alleged that Volvo infringed only claim 1 of each of the five patents. Ex. 2011 at 1. On November 10, 2022, the district court granted Volvo’s Rule 12(b)(6) motion to dismiss the Complaint, ruling that claim 1 of each of the five patents is invalid as directed to patent-ineligible subject matter under 35 U.S.C. § 101.² Ex. 2011. The district court action was then dismissed, and Brunswick appealed. *See* Prel. Resp. 51–52 n.6, Exs. 3001, 3002; Paper 11 at 1. That appeal, *Brunswick Corporation v. Volvo Penta of the Americas, LLC*, Appeal No. 2023-1297 (Fed. Cir.), is currently pending.

¹ The other four patents are also the subjects of recently filed petitions for *inter partes* review before the Board. *See* IPR2022-01366 (US 7,727,036 B1), -01367 (US 10,324,468 B2), -01368 (US 7,305,928) and -01369 (US 10,095,232 B1). For substantially identical reasons to those presented herein, we have denied institution of *inter partes* review in each of those cases.

² In so ruling, the district court also noted, “[a]t this stage, it is unnecessary to consider the validity of the other claims in each of the five patents [in suit] because the Complaint focuses only on Claim 1 of each patent.” Ex. 2011 at 37.

B. The '073 Patent (Ex. 1001)

The '073 patent relates to techniques for maintaining a marine vessel at a particular global position and/or a particular heading in a body of water. Ex. 1001 2:32–34, 58–60. The disclosed techniques involve sensors that provide information about the attitude of the marine vessel (e.g., a pitch sensor and roll sensor) to a control module, which may be used to estimate roughness conditions of the body of water. *Id.* at 2:35–38, 61–64. The disclosed techniques also employ a position sensor and a heading sensor, providing measurements to the control module, which can determine the difference between an actual global position of the marine vessel and a target global position and/or the difference between an actual heading of the marine vessel and a target heading. *Id.* at 2:38–42, 2:64–3:4. The control module may also calculate a desired linear velocity, based upon the position difference and/or a desired rotational velocity, based on the heading difference. *Id.* at 2:42–45, 3:4–7. Further, based on the roughness condition information (e.g., the pitch and roll measurements), the control module may filter the actual linear velocity of the marine vessel and/or an actual rotational velocity of the marine vessel. *Id.* at 2:45–48, 3:7–10. The control module may determine a difference between the desired linear velocity and the filtered actual linear velocity and/or the difference between the desired rotational velocity and the filtered actual rotational velocity. *Id.* at 2:48–52, 3:11–14. The control module may calculate marine vessel movements that will minimize the linear velocity difference and the rotational velocity difference. *Id.* at 2:52–55, 3:14–17. According to the disclosed techniques, a propulsion system may carry out the calculated marine vessel movements. *Id.* at 2:55–57, 3:17–19. The '073 patent further states:

The system and method of the present disclosure enhance a marine vessel's station-keeping, auto-heading, and/or waypoint tracking algorithm such that recurring disturbances to the measured position and/or heading of the marine vessel are filtered out under rough sea conditions. The marine vessel's propulsion system is therefore less busy correcting perceived back-and-forth or side-to-side errors and is activated to correct net position and/or heading errors when necessary.

Id. at 3:52–60.

C. Illustrative Claim

Challenged claims 1 and 12 are independent. Ex. 1001, 15:26–52, 16:34–67. Independent claim 1 is representative and is reproduced below.

1. A method for maintaining a marine vessel at target global position and a target heading in a body of water, the method being carried out by a control module and comprising:
 - receiving measurements related to an attitude of the marine vessel;
 - estimating roughness conditions of the body of water based on the attitude measurements;
 - determining a difference between an actual global position of the marine vessel and the target global position and a difference between an actual heading of the marine vessel and the target heading;
 - calculating a desired linear velocity based on the position difference and a desired rotational velocity based on the heading difference;
 - based on the roughness conditions, filtering an actual linear velocity of the marine vessel and an actual rotational velocity of the marine vessel;
 - determining a difference between the desired linear velocity and the filtered actual linear velocity and a difference between the desired actual linear velocity and the filtered actual rotational velocity;

calculating marine vessel movements that will minimize the linear velocity difference and the rotational velocity difference; and

operating a propulsion system of the marine vessel to carry out the calculated marine vessel movements

The district court, in holding that claim 1 is invalid as directed to patent-ineligible subject matter, found that claim 1 of the '073 patent “makes no claim to any novel device, instrumentality, or apparatus; it claims only a method that incorporates prior-art devices instrumentalities, and apparatuses.” Ex. 2011 at 8. The district court did not analyze any other claim of the '073 patent, because only claim 1 was asserted in Brunswick’s Complaint for infringement. *Id.* at 37.

D. Prior Art and Asserted Grounds of Unpatentability

Petitioner asserts that claims 1–20 are unpatentable based on the following grounds (Pet. 2–3):

Claims Challenged	35 U.S.C. §	Basis/References
1–7, 11–16, 20	§ 103	Igarashi, ³ Omerdic ⁴
8–10, 17–19	§ 103	Igarashi, Omerdic, Nguyen ⁵
1–7, 10–16, 19, 20	§ 103	Robertson, ⁶ Johnson ⁷
8, 9, 17, 18	§ 103	Robertson, Johnson, Nguyen

³ US 2009/0043436 A1, pub. Feb. 12, 2009 (Ex. 1004).

⁴ E. Omerdic et al., *A fuzzy track-keeping autopilot for ship steering*, 2 Journal of Marine Engineering & Technology 23 (2003) (Ex. 1008).

⁵ Trong Dong Nguyen et al., *Design of hybrid controller for dynamic positioning from calm to extreme sea conditions*, 43 Automatica 768 (2007) (Ex. 1005).

⁶ US 6,678,589 B2, iss. Jan. 13, 2004 (Ex. 1006).

⁷ WO 2016/109601 A1, pub. July 7, 2016 (Ex. 1007).

In support of its proposed challenges, Petitioner relies on the Declaration of Dr. William R. Michalson and the Declaration of Ingrid Hsieh-Yee, Ph.D. *See* Exs. 1003, 1014.

III. ANALYSIS

A. Statutory Framework

Congress enacted the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, in 2011 to “improve patent quality and limit unnecessary and counterproductive litigation costs.” H.R. REP. NO. 112-98, pt. I, at 40 (2011). As provided by the AIA, “a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent.” 35 U.S.C. § 311(a). But, the AIA places certain limits on the scope of the petition. In particular, “[a] petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents and printed publications.” 35 U.S.C. § 311(b). And “[t]he Director may not authorize an inter partes review to be instituted unless . . . the information presented in the petition filed under section 311 [and any response thereto] shows that there is a reasonable likelihood the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a).

This statutory framework guides the Board’s decision on whether to institute an *inter partes* review (“IPR”) in any given case. Indeed, “§ 314(a) invests the Director with discretion on the question whether to institute review.” *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018); *see also 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.”). Thus, although the question of institution is left to the Director’s discretion, we nonetheless must operate within the statutory framework when deciding whether to institute a review.

B. Lack of Statutory Authority to Institute on Claim 1

To begin, we lack statutory authority to entertain Volvo’s request to cancel claim 1, for the simple reason that it is no longer a valid claim that may be canceled. The plain language of the statute makes that point clear. In particular, § 311(b) provides that a petitioner in an IPR “may request *to cancel* as unpatentable 1 or more *claims of a patent*.” 35 U.S.C. § 311(b) (emphases added). Our reviewing court⁸ has explained that “[s]ection 311 is confined to the review of *existing* patent claims.” *Uniloc 2017 LLC v. Hulu, LLC*, 966 F.3d 1295, 1304 (Fed. Cir. 2020) (emphasis added). That is because “[t]o ‘cancel’ carries the ordinary meaning to ‘annul or destroy,’” which, in the context of § 311(b), presupposes that the claim being canceled “is already in effect.” *Id.* (citing *Mac’s Shell Serv., Inc. v. Shell Oil Prods. Co.*, 559 U.S. 175, 183 (2010); Webster’s Third New International Dictionary (1961) (defining “cancel” as the “destr[uction] [of] the force, effectiveness, or validity”)). Thus “[w]hen given its ordinary meaning, § 311(b) provides that only claims that are in effect may be annulled.”⁹ *Uniloc*, 966 F.3d at 1304–05.

⁸ The United States Court of Appeals for the Federal Circuit (“the Federal Circuit”).

⁹ Although the issue in *Uniloc* was whether the Board has authority to consider patent eligibility when analyzing proposed substitute claims in a motion to amend, *Uniloc* nonetheless interprets § 311(b).

Per the reasoning in *Uniloc*, institution of an IPR is predicated on the challenged claims having some “force, effectiveness, or validity” that can be canceled. *Id.* at 1305. So, claims of a patent that have been finally adjudicated to be invalid by a district court prior to the Board’s decision on institution of an IPR cannot subsequently be “cancel[ed] as unpatentable” under § 311(b), as they no longer exist in the patent for which the *inter partes* review is being sought. Here, claim 1 of the ’073 patent no longer exists because district court’s Rule 12(b)(6) dismissal based on § 101 invalidity operates as a final judgment on the merits with respect to claim 1 of the ’036 patent. *See Federated Dept. Stores, Inc. v. Moitie*, 452 U.S. 394, 399 n.3 (1981) (“The dismissal for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6) is a ‘judgment on the merits.’”) (citations omitted). Moreover, “[t]he law is well settled that the pendency of an appeal has no effect on the finality or binding effect of a trial court’s holding. That rule is applicable to holdings of patent invalidity as well.” *Pharmacia & Upjohn Co. v. Mylan Pharma., Inc.*, 170 F.3d 1373, 1381 (Fed. Cir. 1999) (quoting *SSIH Equip. S.A. v. U.S. Int’l Trade Comm’n*, 718 F.2d 365, 370 (Fed. Cir. 1983) (internal citations omitted)).

Indeed, our reviewing court recently cited *Pharmacia* for the general rule that a pending appeal does not suspend the finality and preclusive effect of a district court’s judgment. *See Uniloc USA Inc. v. Motorola Mobility LLC*, 52 F.4th 1340, 1347–48 (Fed. Cir. 2022) (“To be sure, collateral estoppel can be applied based on a district court decision that is still pending on appeal, and we have affirmed the application of issue preclusion even when the preclusive judgment was pending appeal.”) (citing *Pharmacia*, 170 F.3d at 1380–81). Thus, because the district court’s § 101 invalidity ruling

is a final judgment on the merits, claim 1 of the '073 patent no longer exists as a claim that can be canceled under § 311(b).

In sum, the plain language of § 311(b) limits the scope of the Board's authority to institute an IPR to only those patent claims that are in effect at the time of institution, not claims that have been finally adjudicated to be invalid in a prior district court action.¹⁰ And because that is the case with claim 1 of the '073 patent, we lack statutory authority to institute an IPR on that claim.

We are mindful of prior Board decisions that have considered similar circumstances to those presented here — where, *before* institution, a federal district court held claims challenged in a petition to be invalid under § 101. Those decisions include, for example:

- *Stripe, Inc. v. Boom! Payments, Inc.*, CBM2020-00002, Paper 22 at 6–10, 2020 WL 2549804, *3–4 (PTAB May 19, 2020) (“*Stripe*”) (instituting review);
- *Snap Inc. v. Blackberry Ltd.*, IPR2020-00392, Paper 8 at 15–16, 2020 WL 3966740 *5–7 (PTAB July 13, 2020) (“*Blackberry*”) (denying institution);
- *Wyze Labs, Inc. v. Sensormatic Elecs., LLC*, IPR2020-01490, Paper 13 at 7–19, 2021 WL 1287751 *2–8 (PTAB Apr. 6, 2021) (“*Wyze*”) (instituting review);
- *Microsoft Corp. v. Worlds Inc.*, IPR2021-00277, Paper 11 at 19–27, 2021 WL 2460652, *8–11 (PTAB June 16, 2021) (instituting review);

¹⁰ In contrast, the Director has authority to review claims of an expired patent because an expired patent still carries certain rights, including the right to recover damages for past infringement under 35 U.S.C. § 286. *See, e.g., Sony Corp. v. Iancu*, 924 F.3d 1235, 1238 n.1 (Fed. Cir. 2019).

- *Snap, Inc. v. Sanderling Management Ltd.*, IPR2021-00781, Paper 20 at 8–9, 14–18 (PTAB Nov. 9, 2021) (“*Snap*”) (instituting review);
- *Playtika Ltd. v. NexRF Corp.*, IPR2021-00951, Paper 14 at 8 (PTAB Dec. 6, 2021) (“*Playtika*”) (addressing whether collateral estoppel bars institution, drawing analogy to the reasoning in *Wyze*, and instituting review);
- *AviaGames Inc. v. Skillz Platform Inc.*, IPR2022-00530, Paper 12 at 7–16, 2022 WL 3219337 *3–7 (PTAB Aug. 9, 2022) (“*AviaGames*”) (denying institution).¹¹

None of those decisions, however, addressed the issue of the Board’s statutory authority to institute review of claims in the face of a prior invalidity ruling from a district court that resulted in dismissal of the district court action. Rather, in each of those Board decisions, the panel applied the factors set forth in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”), when analyzing the question of institution. As discussed below, we find the *Fintiv* analysis inapplicable to the circumstances presented here.

C. Discretionary Denial Under 35 U.S.C. § 314(a)

Volvo contends that the *Fintiv* factors weigh in favor of instituting review. *See* Pet. 67–71. In the Preliminary Response, Brunswick acknowledges that, as a result of the pending appeal, “the district court action will likely not proceed to trial prior to any expected decision in this

¹¹ The *AviaGames* decision is presently under Director review. *See id.*, Paper 13 (Aug. 26, 2022).

matter,” but “maintains that the Board should deny institution.” Prelim. Resp. 51–52 n.6 (proposing discretionary denial under 35 U.S.C. § 325(d)).

The present circumstances differ from those when Volvo originally presented its arguments regarding *Fintiv*. After Volvo filed its Petition, the district court granted Volvo’s Rule 12(b)(6) motion to dismiss and dismissed the action on the basis that claim 1 of the ’073 patent is invalid under 35 U.S.C. § 101. Thereafter, Volvo did not request additional briefing to address the present circumstances, i.e., the interplay between the district court’s prior invalidity ruling (and the pending appeal) and the Board’s discretion to institute an *inter partes* review.

As stated above, we acknowledge that other panels have applied the *Fintiv* analysis under similar circumstances, i.e., where, *before* institution, a district court has determined that claims challenged in an *inter partes* review petition are directed to patent-ineligible subject matter under § 101. However, we question the applicability of the *Fintiv* analysis under these circumstances, where at least one of the challenged independent claims has already been adjudicated by the district court to be invalid. Indeed, the decisions in *Snap* and *AviaGames* expressed the same concern, with the *Snap* decision noting,

[t]he *Fintiv* framework is generally geared toward evaluating the impact of an *ongoing* district court case that is *progressing in parallel* with a Board proceeding. Accordingly, it is an uneasy fit for the situation where, *before the Board’s institution decision*, the district court has entered judgment at the pleading stage based on patent-ineligibility.

Snap, Paper 20 at 10 (footnotes omitted) (emphases added); *see also* *AviaGames*, Paper 12 at 11 n.10 (noting the same, while stating that “the

Fintiv analysis and factors are a poor fit” where a district court has “found the challenged patent to be invalid on a basis that that we cannot consider — subject matter eligibility under 35 U.S.C. § 101”).

Despite that concern, the *Snap* and *AviaGames* panels undertook a *Fintiv* analysis, with the *Snap* panel deciding not to discretionarily deny institution, and the *AviaGames* panel deciding to discretionarily deny institution. As exemplified by these Board decisions (as well as those listed above), panels have not uniformly agreed on whether to deny institution after a district court has adjudicated the challenged claims of a patent to be invalid as directed to patent-ineligible subject matter under § 101. In any event, we do not feel compelled to follow any of those non-precedential and non-binding Board decisions.

Rather, we think it more appropriate to regard the *Fintiv* analysis as inapplicable when deciding how the Board should proceed in the face of a *prior* invalidity ruling from a federal district court that results in dismissal of the district court action. The Director’s Memorandum, issued June 21, 2022, titled “Interim Procedure for Discretionary Denials in AIA-Post Grant Proceedings With Parallel District Court Litigation” (“Interim Procedure”), supports the conclusion that *Fintiv* is limited to exercise of discretion in light of an ongoing parallel district court litigation where a final judgment has not yet been entered. *See, e.g.*, Interim Procedure at 1–2 (“This precedential decision [*Fintiv*] articulates the following set of nonexclusive factors . . . that the PTAB considers on a case-specific basis in determining whether to institute an AIA-post grant proceeding where there is parallel district court litigation.”); 2 (“This memorandum also confirms that the precedential import of *Fintiv* is limited to the facts of that case. Namely, *Fintiv* involved

institution of an AIA proceeding with a parallel district court litigation.”);
4 (noting that the Board may proceed with institution of compelling,
meritorious challenges “even where district court litigation *is proceeding in parallel*”) (emphasis added). Thus, the Director’s Interim Procedure makes clear that only where the related district court action is proceeding, i.e., ongoing, in parallel with an AIA proceeding do the *Fintiv* factors apply.

Here, the district court has dismissed the action, so there is no parallel district court litigation to which the *Fintiv* factors may be applied. Claim 1 of the ’073 patent has been finally adjudicated to be invalid, and the district court has dismissed the action under Rule 12(b)(b) for failure to state a claim. As previously discussed, the district court’s Rule 12(b)(6) dismissal is a final judgment on the merits, effectively ending the parallel district court litigation (*see Federated Dept. Stores*, 452 U.S. at 399 n.3), and the pendency of the appeal has no effect on the finality of the district court’s judgment that claim 1 is invalid under § 101 (*see Pharmacia*, 170 F.3d at 1381). And, because the district court rendered a final judgment of invalidity as to the sole claim asserted in the Complaint, thereby effectively ending the infringement action, there is no longer any parallel district court litigation. Thus, the *Fintiv* analysis is inapplicable to the circumstances presented here. *See* Interim Procedure at 2 (“the precedential import of *Fintiv* is limited to the facts of that case”).

Indeed, attempting to apply the *Fintiv* analysis under these circumstances makes its inapplicability apparent. For example, *Fintiv* factor 1 considers whether the district court granted a stay or evidence exists that one may be granted if a proceeding is instituted. *Fintiv*, Paper 11 at 6. Because the parallel district court litigation has been dismissed, there is no

district court action to stay. As another example, *Fintiv* factor 2 considers the proximity of the district court’s trial date to the Board’s projected statutory deadline for a final written decision. *Fintiv*, Paper 11 at 9. However, because the district court dismissed the case, there is no trial date to compare against the Board’s projected statutory deadline for a final written decision. In that regard, the prior Board decisions applying and weighing the *Fintiv* factors in view of a district court’s prior invalidity ruling under § 101 are inapposite here, and we decline to do so.

Nonetheless, several considerations underlying *Fintiv* are beneficial to our analysis. For instance, the Director’s Interim Procedure recognized “the potential for inefficiency and gamesmanship in AIA proceedings, given the existence of parallel proceedings between the Office and district courts” and noted that *Fintiv* was designated precedential “[t]o minimize potential conflict” between such proceedings. Interim Procedure at 1; *see also id.* at 5 (“competing concerns of conflicting outcomes, avoiding overburdening patent owners, and strengthening the patent system by eliminating patents that are not robust and reliable”); 6 (“avoid duplicative efforts between the PTAB and federal district courts”). We keep these considerations in mind in determining whether to exercise our discretion to deny institution under § 314(a).

In the district court, Volvo prioritized its allegations that claim 1 of the ’073 patent constitutes ineligible subject matter under § 101. The district court addressed patent eligibility in a Rule 12(b)(6) motion to dismiss, prior to Volvo answering the Complaint, an approach that holds the promise of efficiently ending the infringement action and avoiding many of the expenses and burdens of district court litigation. The district court received

briefing, heard oral argument, ordered and received supplemental briefing, heard supplemental oral argument, and issued a detailed decision granting Volvo's motion to dismiss. *See Brunswick v. Volvo* (E.D. Va.) Dkt. Nos. 16, 17, 20, 22, 29, 30, 31, 35, 39, 41, 42, 45, 46. In other words, Volvo's strategy succeeded. Now that Volvo has moved the district court litigation down this path, we confront the propriety of instituting an IPR, in view of the further burdens that doing so would impose on Brunswick (while the district court's invalidity decision is on appeal to the Federal Circuit) and the impact of an IPR on the overall process of evaluating the '073 patent across multiple tribunals. *See* Interim Procedure at 5 (recognizing that exercise of § 314(a) discretion "strikes a balance among the competing concerns of avoiding potentially conflicting outcomes, avoiding overburdening patent owners, and strengthening the patent system by eliminating patents that are not robust and reliable").

Although the parallel district court litigation may have terminated at an objectively early stage (i.e., at the motion to dismiss stage), the district court nonetheless decided a substantive issue relating to the invalidity of the '073 patent — and which the Federal Circuit is now poised to review on appeal. We recognize that the issue before the district court was patent ineligibility under § 101, whereas the issue presented by the IPR petition is unpatentability under § 103. *See Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) ("[A] claim for a new abstract idea is still an abstract idea. The search for a § 101 inventive concept is thus distinct from demonstrating novelty.") However, although the district court ruled on a § 101 theory, it nonetheless made findings reflecting on the novelty of the claimed invention, stating, for example, "claim 1 of the '073

patent “makes no claim to any novel device, instrumentality, or apparatus; it claims only a method that incorporates prior-art devices instrumentalities, and apparatuses.” Ex. 2011 at 8. Also, according to the district court, claim 1 of the ’073 patent “automates a method long performed by humans, namely, maintaining a marine vessel at a target location and heading by estimating the roughness of the water.” *Id.* at 35.

These findings by the district court reflecting on the novelty of claim 1 directly impact a determination of unpatentability under § 103, as does the district court’s determination that claim 1 of the ’073 patent is unpatentable under § 101. *See Mayo Collab. Servs. v. Prometheus Labs, Inc.*, 566 U.S. 66, 90 (2012) (“We recognize that, in evaluating the significance of additional steps, the § 101 patent-eligibility inquiry and, say, the § 102 novelty inquiry might sometimes overlap.”); *Bilski v. Kappos*, 561 U.S. 593, 602 (2010) (describing the § 101 patent-eligibility inquiry as a “threshold test”). Thus, were we to analyze Volvo’s challenge on its merits, the possibility looms that we may make findings that could be viewed as inconsistent with the district court’s findings and/or their evaluation by the Federal Circuit. And, given our express objective of “strengthening the patent system by eliminating patents that are not robust and reliable” (Interim Procedure at 5), it seems odd to entertain the possibility of breathing life into a patent claim that a federal district court has already declared dead, i.e., neither robust nor reliable. Were we to institute under these circumstances, we would be inviting potential conflicts with the district court’s prior § 101 invalidity ruling, not to mention inefficiency and gamesmanship, which the Director expressly wishes to avoid. Interim Procedure at 1, 5, 7.

To that end, we note that independent claims 1 and 12 recite essentially the same subject matter. Claim 1 is directed to a “method for maintaining a marine vessel at target global position and a target heading in a body of water.” Ex. 1001, 15:26–27. Similarly, claim 12 is directed to a “system for maintaining a marine vessel at a preselected global position and a preselected heading.” *Id.* at 16:34–35. We discern no meaningful difference between the independent claims, as they recite essentially the same limitations. *Compare* Ex. 1001, 15:26–52 (claim 1) *with id.* at 16:35–67 (claim 12). Indeed, both Volvo’s and Brunswick’s respective treatments of independent claims 1 and 12 of the ’073 patent, in their respective arguments, indicate the substantial overlap of the independent claims. *See* Pet. 31–33, 58–61 (analysis of claim 12, relying on claim 1 assertions); Prelim. Resp. 34, 49–50.

Given the similarity of claim 12 to claim 1 (which the district court held to be invalid), in terms of claimed subject matter, it is quite possible that, under the doctrine of collateral estoppel, Brunswick is precluded from now arguing that independent claim 12 is not also invalid under § 101. The issue of collateral estoppel, however, is not for us to decide. It would be an issue for the district court to decide, should Volvo prevail in the pending appeal and should Brunswick decide, despite claim 1’s invalidity, to assert other claims of the ’073 patent.¹² Because the district court’s § 101 ruling

¹² And should Brunswick prevail in the appeal, Volvo would still have the opportunity to present its positions on § 103, along with any other invalidity arguments, in the district court. Indeed, district courts routinely consider invalidity arguments under § 103, and has done so for decades, albeit under a different standard of proof than the Board employs. *See* 35 U.S.C. §§ 145, 281, 282.

against claim 1 appears to implicate independent claim 12 as well, instituting review of the independent claims creates a potential for conflicting outcomes with the district court’s prior invalidity ruling as to independent claim 1 and any forthcoming collateral estoppel ruling by the district court as to claim 12.

Moreover, we consider how instituting the IPR would affect the pending Federal Circuit appeal — a concern that countenances the interplay among activities of the Board, the district court, and the Federal Circuit. Notably, the ability of Brunswick, as patent owner, to amend the claims of the ’073 patent during the IPR¹³ invokes the Board’s authority to review any proposed substitute claims for subject matter eligibility under § 101. *See Uniloc*, 966 F.3d at 1303–08. Instituting the IPR could result in proposed substitute claims that avoid (or would be alleged to avoid) the patent eligibility frailties addressed by the district court.¹⁴ Thus, instituting an IPR portends the Board evaluating subject matter eligibility issues for proposed

¹³ Although we may not institute a trial in an *inter partes* review to determine whether claims are directed to ineligible subject matter under § 101 (*see* 35 U.S.C. § 311(b)), after institution, a patent owner may file a motion to amend the patent (*see* 35 U.S.C. § 316(d); 37 C.F.R. § 42.121).

¹⁴ Allowing such amendments has been recognized as providing certain policy benefits. *See Lectrosonics, Inc. v. Zaxcom, Inc.*, IPR2018-01129, 01130, Paper 15 at 6 (PTAB February 25, 2019) (precedential) (“Allowing an amendment to address [§ 101] issues, when a given claim is being amended already in view of a 35 U.S.C. § 102 or 103 ground, serves the public interest by helping to ensure the patentability of amended claims In addition, allowing such amendments helps ensure a ‘just’ resolution of the proceeding and fairness to all parties.” However, we note that, in *Lectrosonics*, there was no issue of a prior district court ruling on subject matter eligibility under § 101, nor a pending appeal on the issue.

substitute claims that could mirror matters being considered simultaneously, by the Federal Circuit, in the ongoing appeal. The possibility of both original and proposed substitute claims of the '073 patent undergoing separate paths of evaluation and/or review by different tribunals, regarding questions of subject matter eligibility, would be more than simply unwieldy — such circumstances could impair the integrity of the pending appeal. Thus, instituting an IPR on the '073 patent risks a new redundancy, whereby simultaneous proceedings before the Board and the Federal Circuit could address substantially similar issues and confound the resolution of matters currently on appeal in the Federal Circuit.

For all the above reasons, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review of independent claims 1 and 12, as well as the challenged claims depending therefrom, i.e., claims 2–11 and 13–20.

IV. CONCLUSION

For the above reasons, we decline to institute *inter partes* review of any of the challenged claims of the '073 patent.

V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is *denied* and no *inter partes* review is instituted.

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