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Paper 13
Date: May 15, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CISCO SYSTEMS, INC.,
Petitioner,

v.

RAMOT AT TEL AVIV UNIVERSITY LTD.,
Patent Owner.

IPR2020-00123
Patent 10,270,535 B1

Before CHRISTOPHER L. CRUMBLEY, MONICA S. ULLAGADDI, and JASON M. REPKO, *Administrative Patent Judges.*

REPKO, *Administrative Patent Judge*.

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

I. INTRODUCTION

Cisco Systems Inc. ("Petitioner") filed a petition to institute *inter partes* review of claims 1 and 2 of U.S. Patent No. 10,270,535 B1 (Ex. 1001, "the '535 patent"). Paper 2 ("Pet."). Ramot at Tel Aviv University Ltd. ("Patent Owner") filed a Preliminary Response. Paper 8 ("Prelim. Resp.").

To institute an *inter partes* review, we must determine "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). But the Board 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."); *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i); *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential); Patent Trial and Appeal Board Consolidated Trial Practice Guide 64 (Nov. 20, 2019), http://www.uspto.gov/TrialPracticeGuideConsolidated (identifying considerations that may warrant exercise of this discretion).

We authorized additional briefing to address discretionary denial of the Petition under § 314(a). Paper 9. Petitioner filed a reply. Paper 10 ("Reply"). And Patent Owner filed a sur-reply. Paper 11 ("Sur-reply").

For the reasons discussed below, we exercise our discretion under § 314(a) to deny institution here.

II. BACKGROUND

A. Related Matters

According to the parties, the ’535 patent has been asserted in *Ramot at Tel Aviv University Ltd. v. Cisco Systems, Inc.*, No. 2:19-cv-00225 (E.D. Tex. filed June 12, 2019). Pet. 8; Paper 4, 2 (Patent Owner’s Mandatory Notice).

B. The ’535 Patent

The ’535 patent generally relates to optical-signal modulation. *See, e.g.*, Ex. 1001, Abstract. At the time of the invention, analog optics modulation systems typically used Mach-Zehnder Interferometer (MZI) modulators. *Id.* at 1:52–54. MZI modulators, though, have an inherent non-linear response. *Id.* at 1:58–60. This can be a problem in analog applications. *Id.* And solutions at the time were inefficient, complex, or had limited dynamic range. *See id.* at 1:66–2:30

To address these problems, the patent describes using a digital-to-digital converter (DDC) to convert the input data to an electrode-actuation pattern that more closely matches an ideal linear response. *Id.* at 7:40–45, 7:58–62. Because the conversion is efficiently performed in the digital domain, the invention can be used in high-frequency systems. *Id.* at 7:59–62.

C. Claims

Petitioner challenges claims 1 and 2, which are reproduced below.

> 1. A method of modulating and transmitting an optical signal over an optical fiber in response to N bits of digital data in parallel, the method comprising:
>
> inputting the N bits of digital data into an optical modulator having a plurality of waveguide branches, where each branch has an input of an unmodulated optical signal;

converting the N bits of digital data to M drive voltage values, where M>N and N>1;

coupling the M drive voltage values to the unmodulated optical signal, said coupling enabling pulse modulation of the unmodulated optical signal, thereby generating a pulse modulated optical signal; and

transmitting the pulse modulated optical signals over an optical fiber.

Ex. 1001, 17:9–18:2.

2. A method of modulating and transmitting an optical signal over an optical fiber in response to N bits of digital data in parallel, the method comprising:

inputting the N bits of digital data into an optical modulator having a plurality of waveguide branches, where each branch has an input of an unmodulated optical signal;

converting the N bits of digital data to M drive voltage values, where M>N and N>1;

coupling the M drive voltage values to the unmodulated optical signal, said coupling enabling modulation of the unmodulated optical signal by QAM, thereby generating a QAM modulated optical signal; and

transmitting the QAM modulated optical signal over an optical fiber.

Id. at 18:3–18.

D. Evidence

Reference	Issued Date	Exhibit No.
US 7,277,603 B1 to Roberts	Oct. 2, 2007	1005
US 7,609,935 B2 to Burchfiel	Oct. 27, 2009	1008
Keang-Po Ho, Phase-Modulated Optical Communication Systems, 2005 (Ex. 1006)		

E. Asserted Grounds

Petitioner asserts that claims 1 and 2 would have been unpatentable on the following grounds. Pet. 21.

Claim(s) Challenged	pre-AIA[1] 35 U.S.C. §	Reference(s)/Basis
1, 2	103	Roberts
1, 2	103	Roberts, Ho
1, 2	103	Roberts, Burchfiel

F. § 314(a)

Under § 314(a), the Director has discretion to deny institution. In determining whether to exercise that discretion on behalf of the Director, we are guided by the Board's precedential decision in *NHK Spring Co. v. Intri-Plex Technologies, Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018).

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 "[i]nstitution of an *inter partes* review under these circumstances 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*, Paper 19 at 16–17 (precedential in relevant part)).

"[T]he Board's cases addressing earlier trial dates as a basis for denial under *NHK* have sought to balance considerations such as system efficiency, fairness, and patent quality." *Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 11 at 5 (PTAB Mar. 20, 2020) (precedential) (collecting cases). *Fintiv* sets forth six non-exclusive factors for determining "whether efficiency, fairness,

[1] Congress amended § 103 when it passed the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112–29, § 3(c), 125 Stat. 284, 287 (2011). Here, the previous version of § 103 applies.

and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding." *Id.* at 6. These factors consider

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. In the sections that follow, we discuss each factor.

1. Factor 1: whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted

"A district court stay of the litigation pending resolution of the PTAB trial allays concerns about inefficiency and duplication of efforts. This fact has strongly weighed against exercising the authority to deny institution under *NHK*." *Id.*

Here, the district court has denied the motion to stay without prejudice to its refiling if the Board institutes. Ex. 2005. Petitioner argues that "the court merely referenced its 'established practice' of denying such stay requests before an IPR is instituted." Reply 3 (citing Ex. 2005, 1). According to Petitioner, the district court emphasized in previous decisions to stay that the institution decision was due before the claim construction hearing.

Id. at 4 (citing *Uniloc USA, Inc. v. Google, LLC*, No. 2-17-cv-00231, Dkt. 47 at 2 (E.D. Tex. Oct. 3, 2017)).

But in this case, the claim construction hearing has been held. Ex. 2016, 4 (Amended Docket Control Order). To be sure, at the time that Petitioner filed its reply, the claim construction hearing was scheduled for May 19, 2020—one day after the institution decision's due date. Ex. 2004, 3. The district court, though, later changed the hearing date to May 11, 2020. Ex. 2016, 4. Thus, Petitioner's argument about a stay based on the claim construction hearing's date has lost at least some of its merit. *See* Reply 4.

Regardless, Petitioner acknowledges that "it is unknown and entirely speculative at this point whether the case will be stayed or the trial date will be otherwise delayed." *Id.*

On this record, we decline to speculate how the district court would rule on another stay request. A judge determines whether to grant a stay based on the facts in each case. Here, there is little evidence to suggest that the district court will grant a stay, should another one be requested. So this factor does not weigh in favor of or against discretionary denial.

2. Factor 2: proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;

"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 under *NHK*." *Fintiv*, Paper 11 at 9.

According to the current record, the district court trial is scheduled to begin on December 9, 2020. Ex. 2016, 1. The Board may not issue a final decision in this proceeding until approximately May 2021—six months after the trial begins.

Because the trial date is substantially earlier than the projected statutory deadline for the Board's final decision, this factor weighs in favor of discretionary denial.

3. Factor 3: investment in the parallel proceeding by the court and the parties

"The Board also has considered the amount and type of work already completed in the parallel litigation by the court and the parties at the time of the institution decision." *Fintiv*, Paper 11 at 9. "[M]ore work completed by the parties and court in the parallel proceeding tends to support the arguments that the parallel proceeding is more advanced, a stay may be less likely, and instituting would lead to duplicative costs." *Id.* at 10. For instance, Petitioner points out that the district court may base its decision to stay, in part, on whether the institution decision is due before the claim construction hearing. Reply 4 (citing *Uniloc USA, Inc. v. Google, LLC*, No. 2-17-cv-00231, Dkt. 47 at 2 (E.D. Tex. Oct. 3, 2017)).

At the time of this decision, the parties have spent months briefing the district court on the claim construction issues in the parallel proceeding. Ex. 2016, 4. Specifically, Petitioner filed its invalidity contentions in the parallel proceeding, including detailed claim charts that address the same prior art cited in the Petition. *See* Ex. 2008 (invalidity contentions); Ex. 2009 (chart). The parties submitted claim construction charts and briefs. Ex. 2016, 4; Ex. 2015 (Joint Claim Construction Statement). And a claim construction hearing was held on May 11, 2020. Ex. 2016, 4.

As for the remaining work, expert discovery is scheduled to be completed within two months. *Id.* at 3 (showing a deadline of July 20, 2020 for completing expert discovery). According to the current schedule, a jury

trial begins in seven months. *Id.* at 1. Similarly, the Board in *NHK* determined that the parallel proceeding in that case was in an "advanced state" when expert discovery was scheduled to end in less than two months and a jury trial was scheduled to begin in six months. *NHK*, Paper 8 at 20. In *NHK*, the Board found the case's advanced state to be an additional factor that favored denying institution. *Id.* Here, we determine that the district court case is in a similar state and take this into account in our overall assessment of the investment that potentially remains.

To be sure, the district court has yet to issue a claim construction order or make other determinations on the merits. Considering the current investment in the invalidity and construction contentions, though, this factor weighs somewhat in favor of discretionary denial.

4. Factor 4: overlap between issues raised in the petition and in the parallel proceeding

"[I]f 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." *Fintiv*, Paper 11 at 12.

The claims involved in the district court proceeding are also challenged in the Petition. Pet. 21; Ex. 2009, 1 (Petitioner's Invalidity Contentions). And both the Petition and Petitioner's invalidity contentions in the parallel proceeding include obviousness rationales based on Roberts, alone and in combination with Ho or Burchfiel. *Compare* Ex. 2009, 1, *with* Pet. 21. In fact, Petitioner's claim-invalidity chart in the parallel proceeding contains substantially similar assertions to those in the Petition. *Compare* Ex. 2009, 3–30 (chart), *with* Pet. 21–80 (§ XII Identification of How the Claims are Unpatentable).

Patent Owner argues that Petitioner has not shown that Roberts teaches or suggests the converting step recited in claims 1 and 2. *See* Prelim. Resp. 17–31. According to Patent Owner, the district court will hear and rule on the same arguments about the correct construction of "converting." *Id.* at 11.

Indeed, all challenges in the Petition are based on Roberts. Pet. 21. So the meaning of "converting" is likely to be one of the central issues in this case. To resolve this issue, the Board would need to hear arguments about the correct construction of "converting," which is one of the claim terms to be construed in the district court case. *See*, *e.g.*, Ex. 2015, 7–10 (Chart of Disputed Constructions). And both proceedings would likely involve similar arguments about Roberts. Ex. 2009, 12–16 (discussing "converting" in connection with Roberts). In at least these ways, the parallel proceedings would duplicate effort. This is an inefficient use of Board, party, and judicial resources and raises the possibility of conflicting decisions.

Because the Petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this factor favors exercising our discretion to deny institution.

5. Factor 5: whether the petitioner and the defendant in the parallel proceeding are the same party

If the petitioner and the defendant in the parallel proceeding are the same, this factor weighs in favor of discretionary denial. *Fintiv*, Paper 11 at 13–14.

Here, Petitioner is the defendant in the parallel litigation in the United States District Court for the Eastern District of Texas in *Ramot at Tel Aviv University Ltd. v. Cisco Systems, Inc.*, No. 2:19-cv-00225 (E.D. Tex. filed

June 12, 2019). Pet. 8; Paper 4, 2 (Patent Owner's Mandatory Notice); *see also* Prelim. Resp. 10 (describing Petitioner's involvement the case). So this factor weighs in favor of discretionary denial.

6. Conclusion

All *Fintiv* factors weigh in favor of exercising our discretion to deny institution under § 314(a) except for one, which is neutral. We have reviewed the Petition and determine that its merits do not outweigh the *Fintiv* factors—especially considering the number of overlapping issues in district court, which strongly favors denial under factor 4, and the trial date, which is substantially earlier than the projected statutory deadline for the Board's final decision.

On balance, instituting would be an inefficient use of Board, party, and judicial resources. *See NHK*, Paper 8 at 20. Thus, efficiency and integrity of the system are best served by denying review. *See* Consolidated TPG at 58 (quoting 35 U.S.C. § 316(b)).

III. CONCLUSION

We exercise our discretion under § 314(a) to deny institution.

IV. ORDER

It is

ORDERED that the Petition is *denied*.

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RAMOT AT TEL AVIV UNIVERSITY LTD.,
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Before CHRISTOPHER L. CRUMBLEY, MONICA S. ULLAGADDI, and JASON M. REPKO, *Administrative Patent Judges*.

CRUMBLEY, *Administrative Patent Judge*, dissenting.

In my opinion, the case at hand does not present a situation in which it is appropriate for the Board to exercise its discretion to deny institution of trial. Post-grant proceedings under the America Invents Act, including *inter partes* reviews, were intended as an alternative to district court patent litigation that would be both faster and more efficient than an infringement suit. *See* H. R. Rep. No. 112-98, pt. 1, 48 (2011) ("purpose of the section [is] providing quick and cost effective alternatives to litigation."); *see also Thryv, Inc v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1374 (2020) ("By

providing for inter partes review, Congress, concerned about overpatenting and its diminishment of competition, sought to weed out bad patent claims efficiently."). The majority's decision today, following recent Board precedent, risks focusing only on the "faster" aspect of this goal, while sacrificing the "more efficient" aspect. In other words, the majority defers to a district court proceeding merely because it is currently scheduled to be faster than this *inter partes* review would be, without considering whether the Board may nevertheless be a more efficient venue. For the reasons discussed below, I respectfully dissent.

The majority's analysis primarily focuses on an application of factors set forth in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5 (PTAB Mar. 20, 2020) (precedential), an order the Director recently designated as precedential. The "*Fintiv* factors" are precedential to the extent they identify considerations that should be relevant to the Board's decision whether to deny institution under 35 U.S.C. § 314(a) in light of a copending district court proceeding. But I also note that *Fintiv* was an interlocutory order requesting further briefing from the parties on its factors (*id*. at 17); the panel did not actually apply those factors in the precedential order and there is no precedential "holding," in the conventional sense of legal precedent.[1] Therefore, *Fintiv* does not control how we should apply its factors to the facts of this case, nor does it instruct us how to weigh the factors. And it is in this application and weighing of the factors that I disagree with the majority's approach.

[1] The Board issued a decision denying institution of trial in *Fintiv* this week. IPR2020-00019, Paper 15. That decision has not been designated precedential and should be given the same weight as any other routine decision of the Board.

1. *Fintiv* Factor One

The first *Fintiv* factor is "whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted." The majority correctly notes that the District Court here previously denied the Petitioner's motion to stay pending the outcome of this *inter partes* review, but that the denial was based on the court's "established practice" of denying stays prior to the Board's determination whether to institute trial. And the court's Order expressly notes that the Petitioner may refile its motion to stay "if and when IPR proceedings are instituted by the PTAB," expressing its willingness to revisit the question. Ex. 2005, 2. As a starting point, the fact that the district court has expressed willingness to revisit the question of a stay is itself relevant, as the *Fintiv* panel noted, and has "usually" weighed against denial.

Nevertheless, the majority concludes that it is "speculative" whether the court will grant a stay if the motion is renewed, and therefore finds this *Fintiv* factor to be neutral. Of course, the question of whether a district court will grant a stay in any particular case is based on the facts of that case, and we cannot say with certitude what decision the court will reach when Petitioner renews its motion to stay. Indeed, Judge Gilstrap, the presiding judge in the district court proceeding here, has cautioned that "motions to stay are highly individualized matters and parties predict ongoing patterns from the Court at their peril." *Image Processing Techs., LLC v. Samsung Elects. Co., Ltd.*, 2017 WL 7051628, *1 (E.D. Tex. Oct. 25, 2017). But that does not mean that assessing the likelihood of a stay in determining whether to exercise our discretion to deny institution of trial is a purely speculative exercise.

It is not speculation to look to the facts of this case, and the district court's past practices in similar circumstances, to assess the likelihood of a

stay pending outcome of an *inter partes* review. Two of these facts—the stage of the district court proceeding, and the overlap of the issues between the proceedings—are separate factors under *Fintiv*, and I address them below under those factors. But these facts also, in my estimation, make it more likely that the court would stay the litigation while the *inter partes* review runs its course. *See Fintiv* at 6 ("there is some overlap among these factors. Some facts may be relevant to more than one factor.").

Regarding the stage of the district court proceeding, the majority highlights the fact that the court's claim construction hearing was originally scheduled for the day after our institution decision is due (May 19, 2020), but was recently modified to occur the week prior to our institution decision (May 11, 2020). I fail to see how this fact is especially relevant to whether the district court will grant a stay. Regardless of whether the court's claim construction hearing has occurred, the court has not yet issued its opinion construing the claims. This has been relevant to the district court's decision to stay cases in the past. *See Uniloc USA, Inc. v. Google, LLC*, No. 2-17-cv-00231, Dkt. 47, 2 (E.D. Tex. Oct. 3, 2017) ("No patent claims have been construed by the Court in these cases and discovery has barely begun."). And in any event, even where the court has issued its claim construction order, Judge Gilstrap has granted motions to stay where appropriate. *See Image Processing Techs., LLC* at *2 (granting stay after entry of claim construction order). In my view, the occurrence of the claim construction hearing does not significantly diminish the likelihood of a stay, as the majority implies.

Rather, the facts of this case are dissimilar from cases in which Judge Gilstrap has found that the stage of the litigation weighed against a stay. For example, in *Intellectual Ventures I LLC v. T-Mobile USA, Inc.*, No. 2:17-cv-

00577, Dkt. 255 (E.D. Tex. Dec. 13, 2018), the court denied a stay due to the litigation's "advanced stage." But in that case, discovery and claim construction had concluded, the parties had filed expert reports and deposed those experts, and the court had decided several dispositive and *Daubert* motions. *Id*. at 6. Furthermore, at the time the court decided the motion, pretrial was *less than a month away*. *Id*. This is a far cry from the situation in the present case, and signals that the court is less likely to stay the litigation here.

The significant overlap in the invalidity challenges at issue in each proceeding, which the majority notes under the fourth *Fintiv* factor, also makes it more likely that the district court will grant a stay. In deciding whether to stay in view of a copending *inter partes* review, the district court frequently considers whether the stay will simplify the case before the court. *See NFC Techs. LLC v. HTC Am., Inc.*, 2015 WL 1069111, *2 (E.D. Tex. Mar. 11, 2015) (Bryson, J.). Relevant to this question is whether the claims challenged before the Board are the same as those asserted in the infringement trial, and the basis for those challenges. As the majority observes, Petitioner's claim invalidity chart in the district court is substantially similar to the grounds advanced in the Petition in this case. And I further note that the two other patents asserted before the district court in the litigation are challenged in separate petitions filed before the Board. *See* IPR2020-00122; IPR2020-00484. If we were to institute trial and reach a final written decision in these cases, we would likely simplify, if not resolve entirely, the invalidity issues the district court must address. This is an additional factor that makes a stay of the litigation more likely.

Finally, though it is not an explicit *Fintiv* factor, the Eastern District of Texas has in the past considered the diligence of the defendant in filing its

petitions for *inter partes* review in determining whether to grant a stay. For example, in *Trover Grp., Inc. v. Dedicated Micros USA*, 2015 WL 1069179, *3 (E.D. Tex. Mar. 11, 2015) (Bryson, J.), the court noted that the defendant waited nearly a year after the complaints were served to file its petition for *inter partes* review five days before the statutory deadline, and that this was months after the defendant had served its invalidity contentions. *Id; cf. NFC Tech. LLC v. HTC Am., Inc*. 2015 WL 1069111, *4 (E.D. Tex. Mar 11, 2015) (delay of seven and one-half months in filing a petition not unreasonable, especially when it was less than four months after infringement contentions served). By contrast, the Petitioner here appears to have acted diligently in filing its *inter partes* review petition, less than five months after the service of the complaint and less than two months after receiving Patent Owner's infringement contentions. Paper 11, 5. And Petitioner did not even wait to serve its invalidity contentions before filing the instant Petition. Prelim. Resp. 10 (invalidity contentions served Nov. 15, 2019). All of these facts are likely to be considered by the district court as weighing in favor of a stay.

In sum, while we cannot say for certain whether the district court will grant a stay in this case, that is necessarily true of all cases where the court has denied a stay but indicated a willingness to revisit the issue. But that does not make evaluating the likelihood of such a stay a purely speculative endeavor. Based on the facts here, it is reasonably likely that the district court will grant a stay if we were to institute trial, and I would conclude that this *Fintiv* factor weighs strongly against denying institution.

2. Fintiv Factor Two

The second *Fintiv* factor takes into account the "proximity of the court's trial date to the Board's projected statutory deadline for a final

written decision." The majority here notes that the current trial date set by the district court is December 9, 2020, while our final written decision will not be due until May 2021. My colleagues conclude that this weighs in favor of discretionary denial.

But the consideration of the "proximity" of the trial date cannot be as simple as comparing two dates on the calendar and determining which is first. Rather, we must take into account the entirety of the facts, which includes the likelihood that the district court will grant a stay. Obviously, if the litigation is stayed—an outcome I have concluded is a significant possibility—the trial date in December of this year will necessarily be pushed back, and will occur after the issuance of our final written decision. The majority does not take this possibility into account in finding that this factor counsel in favor of denial. But the likelihood of a stay significantly diminishes whatever weight this factor may have. As such, I would find that this factor, at best, weighs slightly in favor of denial.

3. Fintiv Factor Three

The third *Fintiv* factor considers the "investment in the parallel proceeding by the court and the parties," with the goal of reducing duplication of effort between the two tribunals. Again, I believe the likelihood of a stay at the district court is relevant here, because it would necessarily eliminate any risk of duplicated effort going forward. But even without considering the likelihood of a stay, I disagree with the majority's evaluation that the district court proceeding is at an "advanced stage."

I agree with the majority that, in order to evaluate whether the "investment" in the parallel proceeding is significant enough to weigh against institution, we must look both backward, to the investment that has already been made, as well as forward, to the investment that will be

required if the litigation proceeds. In my view, it is only if the former outweighs the latter that we should consider this factor to favor denial.

The majority primarily looks backward, to the fact that invalidity contentions have been served, claim construction briefing has been completed, and the claim construction hearing held, as evidence of "investment." But claim construction is one of the earliest stages of any district court patent infringement suit.[2] My colleagues only look forward to note that expert discovery closes in two months, and that a jury trial is scheduled in seven months, without taking into account the investment that will be required of the parties and the court during that period. There is no evidence here that the parties have submitted significant briefing on any dispositive issue, or that the court has made any determination on the merits. All of these events have yet to happen, and outweigh the investment to this point.

The majority also analogizes the present case to the situation presented in our precedential decision of *NHK Spring Co. v. Intri-Plex Technologies, Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential). But the *NHK Spring* analogy only gets us so far. While I recognize that both cases involve trial dates that are six to seven months away, and expert discovery periods that close in two months, the panel in *NHK Spring* found that this "advanced stage" of the proceeding was only enough to counsel for the denial of institution as an *additional factor* in

[2] Indeed, our Rules explicitly contemplate that the Board will often take up an *inter partes* review after a district court has construed the claims at issue—our recently-revised claim construction rule instructs us to take into account a prior claim construction determination made in a civil action. 37 C.F.R. § 42.100(b).

connection with its decision to deny under 35 U.S.C. § 325(d). Here, by contrast, the majority concludes that similar facts are sufficient to counsel for denial *on their own*. This is a significant broadening of the rationale of *NHK Spring*, and should not subsume a measured examination of the stage of the litigation.

I would not conclude on this record that the district court or the parties have made a significant investment in the district court proceeding, and would conclude that this *Fintiv* factor does not counsel in favor of denial.

4. *Fintiv* Factor Four

The fourth *Fintiv* factor examines the "overlap between issues raised in the petition and in the parallel proceeding." I agree with the majority's evaluation that the invalidity issues raised in the district court substantially overlap those raised by the Petition before us. But I disagree that this factor should weigh against institution when viewed in light of all of the facts. As discussed above, it is the very fact that there is significant overlap between the issues in the proceedings that makes it more likely that the district court will grant a motion to stay the litigation. The majority's concern that the "the parallel proceedings would duplicate effort" and that this risks "the possibility of conflicting decisions" is only a concern if we presume that the district court will not stay the litigation. But, as discussed above, there is no basis for such a presumption, and we should not interpret this *Fintiv* factor so strictly that it creates a presumption that both cases will move forward concurrently.

Indeed, if the district court stays the litigation, there is likely no overlap between the issues presented in the proceeding, at all. If the outcome of the *inter partes* review is that all challenged claims are unpatentable, then there is nothing left for the district court to decide on the

question of infringement. On the other hand, if the Board upholds one or more claims, Petitioner is substantially constrained by the estoppels of 35 U.S.C. § 315(e)(2) in the invalidity arguments it can raise before the court, and it is likely that the court will only have to decide the question of infringement. Either way, overlapping issues are unlikely, and Congress' goal of providing an efficient alternative venue for resolving questions of patentability is achieved.

In light of these facts, I would find that the substantial overlap of issues between the district court proceeding and this *inter partes* review weighs against exercising our discretion to deny institution.

5. Fintiv Factor Five

The majority applies the fifth *Fintiv* factor as "if the petitioner and the defendant in the parallel proceeding are the same, this factor weighs in favor of discretionary denial." Again, as *Fintiv* is an interlocutory order that did not apply its factors or weigh them, it does not set precedent beyond the definition of the factors themselves. But even setting that issue aside, I believe that the majority misinterprets the factor. The *Fintiv* order merely states that "[i]f a petitioner is *unrelated* to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion to deny institution under *NHK*." *Fintiv* at 13–14 (emphasis added). In defining the factor, the order says nothing about situations in which the petitioner is the same as, or is related to, the district court defendant. The majority here simply presumes that, in such situations, the factor weighs in favor of denial of institution.[3]

[3] To be fair, the majority is not alone among panels of the Board that have applied the factor in this manner. *See, e.g.*, IPR2020-00019, Paper 15, 15

My interpretation of the fifth *Fintiv* factor is that it only becomes relevant when the district court defendant and the petitioner before the Board are unrelated, in which case it weighs against denial of institution. In cases such as the one at hand, where the parties are the same, the factor is neutral. To hold otherwise—that the factor weighs in favor of denial if the parties are the same—would, in effect, tip the scales against a petitioner merely for being a defendant in the district court. But I see no basis for such a presumption, either in the text of the statute or in the intent of Congress in passing it. Indeed, it would seem to be contrary to the goal of providing district court litigants an alternative venue to resolve questions of patentability.

I would find that the fifth *Finitiv* factor is neutral in this case.

6. Fintiv Factor Six

The final *Fintiv* factor is a catch-all that takes into account any other relevant circumstances. Typically, the Board has looked at the strength of the Petitioner's unpatentability arguments under this factor, because especially strong arguments for patentability may outweigh the other factors. The majority, however, does not address the merits of Petitioner's grounds of unpatentability. While I interpret this to mean that the majority believes the unpatentability grounds in the Petition are not strong enough to outweigh the other factors, in the absence of an explanation I cannot agree or disagree with my colleagues' reasoning. But I need not venture into an evaluation of the merits here, because none of the other factors weigh strongly enough in favor of denial that assessing the merits is necessary.

(same party weighs in favor of denial); IPR2020-00106, Paper 17, 11 (same).

I would, however, consider the Petitioner's diligence in filing its Petition as an "other circumstance" under this *Fintiv* factor. Not only does considering the reasonableness of Petitioner's behavior encourage defendants to act diligently in filing their Petitions with the Board, it also helps ensure that a Petitioner who acts reasonably is not penalized for timing issues that are outside its control. As discussed above, the Petition in this case was filed within two months of receiving the Patent Owner's infringement contentions, and *before* the invalidity contentions were due to be served. It is difficult to see how the Petitioner could reasonably have been expected to file its Petition sooner; to hold otherwise would set an expectation that a Petitioner is expected to hazard a guess as to the claims that will be asserted by the Patent Owner and file a petition as to those claims in the hopes of avoiding a discretionary denial by the Board.

I would conclude that the sixth *Fintiv* factor, taking into account the diligence of the Petitioner, weighs against denial of institution.

7. Conclusion

I would weigh the various *Fintiv* factors as follows. In my evaluation, the only factor that arguably weighs in favor of denial is the second, and only slightly so. The first, third, fourth, and sixth factors weigh against denial, the first strongly so. And the fifth factor is neutral. Based on my assessment, I do not think the case at hand is one in which discretionary denial is appropriate.

But in a broader sense, I also take note of *Fintiv*'s statement that our evaluation of the factors should be based on "a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review." *Fintiv* at 6. And in this sense, a weighing of individual factors aside, I cannot agree with the majority that denying institution here

best serves the efficiency and integrity of the patent system. The Petitioner here did exactly what Congress envisioned in providing for *inter partes* reviews in the America Invents Act: upon being sued for infringement, and having received notice of the claims it was alleged to infringe, it diligently filed a Petition with the Board, seeking review of the patentability of those claims in the alternative tribunal created by the AIA. And based on the facts of this case and the past practice of the district court in similar cases, it is likely that the district court litigation would be stayed if we were to decide to institute review, thereby increasing the efficiency of the system. The *inter partes* review would proceed, necessarily having a narrower scope than the infringement trial before the district court, and would resolve in an efficient manner the patentability questions so that the district court need not take them up. I fail to see how this outcome would be inconsistent with the "efficiency and integrity of the system."

For these reasons, I respectfully dissent.

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