

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS
AMERICA, INC., SAMSUNG RESEARCH AMERICA, INC.,
Petitioner,

v.

DYNAMICS, INC.,
Patent Owner.

IPR2020-00504
Patent 10,223,631 B2

Before TREVOR M. JEFFERSON, GEORGIANNA W. BRADEN, and
JON M. JURGOVAN, *Administrative Patent Judges*.

JEFFERSON, *Administrative Patent Judge*.

DECISION

Denying Patent Owner's Request on Rehearing of Decision Granting
Institution of Inter Partes Review
37 C.F.R. § 42.71(d)

I. INTRODUCTION

Petitioner, Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Research America, Inc., filed a Petition requesting *inter partes* review of claims 1–7, 9–13, 19, 21, and 22 of U.S. Patent No. 10,223,631 B2 (Ex. 1001, the “’631 Patent”). Paper 1 (“Petition” or “Pet.”). Patent Owner, Dynamics Inc., filed a Preliminary Response to the Petition. Paper 8 (“Prelim. Resp.”). Per our email authorization (Ex. 3001), Petitioner filed a Reply to Patent Owner’s Preliminary Response. Paper 9 (“Pet. Reply”). Patent Owner filed a Sur-Reply to Petitioner’s Reply. Paper 10 (“PO Sur-Reply”).

We granted Petitioner’s request to institute trial. Paper 11 (“Dec.” or “Institution Decision”). In our Institution Decision, we evaluated the factors in *Apple v. Fintiv*, IPR2020-00016, Paper 11 (PTAB March 20, 2020) (precedential), which were briefed in the Reply and Sur-Reply, and we determined the factors weighed against exercising our discretion to deny institution of *inter partes* review under 35 U.S.C. § 314(a).

Patent Owner filed a Request for Rehearing of our Institution Decision, asserting that some of the *Apple v. Fintiv* factors were evaluated incorrectly. Paper 13 (“Reh’g Req.” or “Request for Rehearing”). For the reasons below, we deny the Request for Rehearing.

II. LEGAL STANDARDS

“The burden of showing a decision should be modified lies with the party challenging the decision,” and the challenging party “must specifically identify all matters the party believes the Board *misapprehended or*

overlooked, and the place where each matter was previously addressed” in a paper of record. 37 C.F.R. § 42.71(d) (2019) (emphasis added). When rehearing a decision on petition, the Board will review the decision for an abuse of discretion. *See* 37 C.F.R. § 42.71(c). An abuse of discretion may be determined if a decision: (1) is clearly unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly erroneous fact findings; or (4) involves a record that contains no evidence on which the Board could rationally base its decision. *Redline Detection, LLC v. Star Envirotech, Inc.*, 811 F.3d 435, 442 (Fed. Cir. 2015) (internal citations omitted).

Patent Owner contends we misapprehended or overlooked certain facts in analyzing *Apple v. Fintiv* factors 1, 3 and 4, which Patent Owner contends favor exercising our discretion to deny institution of *inter partes* review. Req. Reh’g 1–4. We address Patent Owner’s arguments below in correspondence with each argued *Apple v. Fintiv* factor.

A. Apple v. Fintiv Factor 1 – Whether a Stay Exists or is Likely to be Granted if a Proceeding is Instituted

Patent Owner argues “[t]he Board’s factor 1 analysis relied solely on the fact that there is a stay in the district court proceeding, and ignored the duplications of efforts at the pending ITC proceeding for factor 1.” Req. Reh’g 6. We disagree with Patent Owner’s characterization of our analysis under *Apple v. Fintiv* factor 1. For factor 1, we merely stated that the district court’s stay weighed against exercising discretion to deny institution, and that the duplicative efforts with the ITC proceeding must be considered further in *Apple v. Fintiv* factors 2 and 4. Dec. 9–10.

Patent Owner argues “[g]iven that trial has already begun, *Fintiv* factor 1 should have been determined in favor of denial.” Req. Reh’g 7. But the proximity of the trial date to the Board’s projected statutory deadline is exactly what is considered under *Apple v. Fintiv* factor 2. See Dec. 10. Likewise, Patent Owner argues “[r]elitigating the exact same issues petitioner asserted in its final invalidity contentions at the ITC cannot be considered to be efficient, nor a sign of ‘integrity of the system.’” Req. Reh’g. 6. This, however, is considered under *Apple v. Fintiv* factor 4. See Dec. 11–12.

In sum, Patent Owner argues we should have considered *Apple v. Fintiv* factors 2 and 4 under factor 1. See Req. Reh’g 6–7. We do not agree with this contention. Patent Owner does not show we misapprehended or overlooked any fact, evidence, or legal issue in rendering our Institution Decision, regardless of the *Apple v. Fintiv* factor under which it was considered. In any case, we considered all factors, including factors 1, 3, and 4, in concluding that the balance of the *Apple v. Fintiv* factors weighed against exercising discretion to deny institution. Thus, Patent Owner has not demonstrated we misapprehended or overlooked any fact in our *Apple v. Fintiv* factor 1 analysis.

B. Factor 3 – Investment in the Parallel Proceeding by the Court and Parties

Patent Owner argues that our analysis of *Apple v. Fintiv* factor 3 was clearly erroneous because “it was based, at least in part, on the number of papers filed in the present proceeding as compared to ‘the *Fintiv* or the *Sand Revolution* case.’” Req. Reh’g 8 (citing Dec. 11). We did not, however,

base our *Apple v. Fintiv* factor 3 analysis of the number of papers filed relative to these cases, but on the investments made by the ITC and parties as demonstrated by the evidence of record. Dec. 11–12. The parties’ filings reflect these investments.

Patent Owner further argues “nothing in the precedential opinion on factor 3 concerns the investment by the parties in the present IPR.” Req. Reh’g 8 (citing *Apple v. Fintiv*, Paper 11 at 9). *Apple v. Fintiv* states, however, that “[t]he investment factor is related to the trial date factor, in that more 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.” *Apple v. Fintiv*, Paper 11 at 10. In other words, a comparison of the investments made in each proceeding indicates which proceeding is more advanced.

Patent Owner also argues “the Panel completely ignored the portion of the factor 3 analysis related to the ‘matter of petition timing,’ . . . which further favors denial.” Req. Reh’g 8 (citing *Apple v. Fintiv*, Paper 11 at 11). *Apple v. Fintiv* factor 3 states, however, that “the parties should explain facts relevant to timing.” *See Apple v. Fintiv*, IPR2020-00019, Paper 11 at 11. Patent Owner contends Petitioner became aware of the asserted claims on July 15, 2019. Req. Reh’g 11. Yet Patent Owner fails to identify any evidence in the record to support this date, nor has Patent Owner provided sufficient information to explain why Petitioner would have known of the asserted claims on this date. In this regard, we note that attorney argument is not evidence. *Elbit Systems of America, LLC v. Thales Visionix, Inc.*, 881

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F.3d 1354, 1359 (Fed. Cir. 2018) (citing *Icon Health & Fitness, Inc. v. Strava, Inc.*, 849 F.3d 1034, 1043 (Fed. Cir. 2017)).

Patent Owner then argues the Reply and Sur-Reply should not be considered as investments in the preliminary proceeding for this case because they “did not include any substantive patent law analysis pertinent to resolution of the IPR, if instituted.” Req. Reh’g 9. Patent Owner points to no authority that the investments in the Reply and Sur-Reply should not be considered in the factor 3 analysis.

Patent Owner makes numerous assertions that the investment in the parallel ITC proceeding was greater than that in the present *inter partes* review. Req. Reh’g 9–11. Patent Owner identifies some investments supported by evidence in the record and others that are not. For example, Patent Owner does not indicate where in the record the listing of depositions and locations was presented before the request for rehearing. *Id.* at 10. A request for rehearing is not an opportunity to supplement the record by presenting new information and arguments without a showing of good cause, which has not been made here. *See Huawei Device Co., Ltd. v. Optis Cellular Tech., LLC*, IPR2018-00816, Paper 19 at 4 (PTAB Jan. 8, 2019) (precedential). Furthermore, as noted, attorney argument and assertions do not constitute evidence. *See Elbit, supra.*

Accordingly, Patent Owner has not demonstrated that we misapprehended or overlooked any fact in our *Apple v. Fintiv* factor 3 analysis.

C. Factor 4 – Overlap Between Issues Raised in the Petition and in the Parallel Proceeding

Patent Owner contends “[our] determination that [*Apple v. Fintiv*] factor 4 weighs against denial of institution was clearly erroneous based on a misapprehension of the analysis required by the [*Apple v. Fintiv*] Board and overlooking facts that weigh in favor of denial.” Req. Reh’g 12.

Specifically, Patent Owner contends *Apple v. Fintiv* states that “if a petition involves the same prior art challenges but challenges claims in addition to those that are challenged in the district court, it may still be inefficient to proceed because the district court may resolve the validity of enough overlapping claims to resolve key issues in the petition.” Req. Reh’g 12 (citing *Apple v. Fintiv*, IPR2020-00016, Paper 11 at 13 (emphasis omitted)).

Patent Owner contends we did not consider whether “‘enough overlapping claims [would] resolve key issues in the petition’” but instead “made a simple black and white comparison of the claims at issue at the ITC versus the claims at issue in the present IPR, and finding that there was not a 100% match, found factor 4 in favor of institution.” *Id.* (quoting *Apple v. Fintiv*, IPR2020-00016, Paper 11 at 13).

Patent Owner incorrectly characterizes our *Apple v. Fintiv* factor 4 analysis. Req. Reh’g 12–14. The “key issue” that Patent Owner identified in its briefing is the assertion that challenging claims 1, 4, 6, and 22 in the ’631 Patent instead of the dependent and independent claims 1–7, 9–13, 19, 21, and 22 of the ’631 Patent in this *inter partes* review “‘indirectly addresses the patentability of ‘enough’ overlapping claims’” in relation to *Apple v. Fintiv* factor 1. See Patent Owner’s Sur-Reply, Paper 10 at 4, 8–10.

Patent Owner gave no reasoning to explain this conclusion. *Id.* As we explained in our Institution Decision, the ITC proceeding will not resolve the parties' dispute concerning patentability of claims 2, 3, 5, 7, 9–13, 19, and 21, which recite different and additional elements than the claims in the ITC proceeding. Dec. 11–12. We further explained that the ITC proceeding will not resolve the parties' dispute concerning dependent claims that address processor limitations (claims 8 and 9) and RFID receiver limitations (claims 10 and 11). *Id.* (citing Ex. 1001, 15:3–14). Thus, in our Institution Decision, we assessed the significance of the non-overlapping claims in relation to the overlapping claims, and found in the facts of this case that the non-overlapping claims were sufficient to weigh in favor of institution when the parties' dispute over those claims would not be resolved in either the ITC proceeding or the stayed district court case. Dec. 11–12.

Patent Owner next argues “the claims asserted in the ITC proceeding were 100% identical to the claims challenged in the present proceeding throughout fact and expert discovery, so all of those issues have already been fully litigated between the parties.” Req. Reh'g 12. Patent Owner further argues “the claims asserted in these related IPRs matched 100% with the claims asserted in the ITC proceeding when the petitions were filed with the Board.” *Id.* at 12–13. Patent Owner states Petitioner complained that there were too many claims in the case for a one-week trial before the ITC, and under direction from the ITC judge, Patent Owner withdrew a number of dependent claims from the ITC investigation. *Id.* at 13. Patent Owner argues Petitioner should not “be rewarded by being permitted to use that difference in scope as the basis for the institution.” *Id.* Patent Owner

contends we misapprehended or overlooked “that the ITC proceeding will resolve patentability issues of “enough overlapping claims to resolve key issues in the petition” because the ITC proceeding involves the same independent claim, the same prior art challenges, and the same parties.” *Id.*

For reasons already explained, we do not agree we misapprehended or overlooked the patentability issues to be resolved in the ITC proceeding. The ITC proceeding involves the claims 1, 4, 6, and 22 of the ’631 Patent so the patentability of the claims 2, 3, 5, 7, 9–13, 19, and 21 will not be resolved in that proceeding. Whatever the history between the parties as to why the non-overlapping claims were litigated and then withdrawn from the ITC proceeding, seemingly with Patent Owner’s acquiescence, the fact is the non-overlapping claims remain in the ’631 Patent and Petitioner has challenged their patentability in this proceeding. Although Patent Owner asserts “resolution of the validity and infringement issues by Judge Elliot at the ITC are substantially likely to resolve the dispute between the parties” (Req. Reh’g 14), this is mere speculation, and Patent Owner points to no evidence to support its assertion. In any case, Patent Owner’s assertion does not show we misapprehended or overlooked any fact in rendering our Institution Decision.

Patent Owner further argues “the Panel overlooked the fact that ITC trial has already commenced, that the ITC initial determination is scheduled to issue March 16, 2021, and that the target date for completion of the investigation is July 16, 2021, which facts were provided via e-mail prior to the issuance of the Decision.” Req. Reh’g 14 (citing Ex. 2027; Ex. 2028). The evidence Patent Owner presented for the Request for Rehearing,

however, shows the ITC trial is scheduled for November 16–20, 2020, so Patent Owner is incorrect in asserting the ITC trial has begun. *See* Ex. 2028. That the initial determination is scheduled for March 16, 2021, and the target date for completion of the investigation is July 16, 2021, means a final written decision in this proceeding will be entered before any exclusion order in the ITC proceeding becomes effective.

Accordingly, Patent Owner has not demonstrated we misapprehended or overlooked any fact in our *Apple v. Fintiv* factor 4 analysis.

III. CONCLUSION

For the reasons expressed above, we determine Patent Owner has failed to demonstrate error or an abuse of discretion in our Institution Decision. Accordingly, we decline to change our Institution Decision and, thus, deny Patent Owner's Request for Rehearing.

IV. ORDER

For the reasons given, it is:

ORDERED Patent Owner's Request for Rehearing of the Institution Decision is *denied*.

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For PETITIONER:

F. Christopher Mizzo
Gregory S. Arovas
James E. Marina
Alan Rabinowitz
KIRKLAND & ELLIS LLP
Chris.mizzo@kirkland.com
Greg.arovas@kirkland.com
James.marina@kirkland.com
Alan.rabinowitz@kirkland.com

For PATENT OWNER:

Robert W. Morris
ECKERT SEAMANS CHERIN & MELLOTT, LLC
rwmorris@eckertseamans.com

Michael V. Messinger
SHAMI MESSINGER PLLC
mike@shamimessinger.com