

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GARMIN INTERNATIONAL, INC., GARMIN USA, INC.,
GARMIN LTD., AND
FITBIT, INC.
Petitioner,

v.

KONINKLIJKE PHILIPS N.V.,
Patent Owner.

IPR2020-00754
Patent 7,845,228 B2

Before STACEY G. WHITE, MICHELLE N. WORMMEESTER, and
NORMAN H. BEAMER, *Administrative Patent Judges*.

WHITE, *Administrative Patent Judge*.

DECISION

Denying Petitioner's Request for Rehearing of Decision Denying Institution
37 C.F.R. § 42.71(d)

I. INTRODUCTION

Garmin International, Inc., Garmin USA, Inc., Garmin Ltd., and Fitbit Inc. (collectively “Petitioner”), filed a Request for Rehearing¹ under 37 C.F.R. § 42.71(d). Paper 12 (“Req. Reh’g”). The Request for Rehearing seeks reconsideration of our Decision Denying Institution of *inter partes* review of claims 1–11 of U.S. Patent No. 7,845,228 B1 (Ex. 1001, “‘228 patent”), in which we determined that the particular circumstances in this case warranted us exercising our discretion under 35 U.S.C. § 314(a) to deny the Petition based on *NHK Spring Co. v. Intri-Plex Techs, Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential) and the factors set forth in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”). Paper 11 (“Decision” or “Dec.”).

In the Request for Rehearing, Petitioner contends that our Decision to exercise our discretion to deny institution is improper because we “misapplied *Fintiv*’s factors for determining when discretionary denial of institution is warranted.” Req. Reh’g 2. Petitioner argues that we “ignored critical differences between the district court and ITC proceedings” and we “gave insufficient weight to the merits of Petitioners’ invalidity contentions under *Fintiv*’s sixth factor.” *Id.*

As we explain below, we have considered the arguments presented by Petitioner in its Request for Rehearing, but we discern no reason to modify our Decision. As a result, we *deny* Petitioner’s Request for Rehearing.

¹ Petitioner sought Precedential Opinion Panel (“POP”) review on November 19, 2020. Ex. 3007. POP review was denied on June 25, 2021. Paper 16.

II. STANDARD OF REVIEW

A party requesting rehearing bears the burden of showing that the decision should be modified. 37 C.F.R. § 42.71(d). The party must identify specifically all matters we misapprehended or overlooked, and the place where each matter was addressed previously in a motion, an opposition, or a reply. *Id.* When rehearing a decision on a petition, we review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). “An abuse of discretion occurs if the 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) (quoting *Abrutyn v. Giovanniello*, 15 F.3d 1048, 1050–51 (Fed. Cir. 1994) (citation omitted)).

III. ANALYSIS

We declined to institute an *inter partes* review in view of parallel proceedings, including an ITC proceeding involving the same parties and the ’228 patent. Dec. 6–18. Petitioner first disagrees with our analysis of the co-pending ITC proceeding in our assessment of several *Fintiv* factors. Req. Reh’g 3–15. In particular, Petitioner contends we failed to adequately consider the differences between an ITC investigation and district court cases. *Id.* at 3–12. In our Decision, we noted that Petitioner argued against the application of *Fintiv* factors to ITC proceedings. Dec. 9 (citing Paper 8 (“Reply”), 1–2). Petitioner provided arguments regarding what it considers to be the “critical distinction[s]” between ITC proceedings and district court proceedings. Reply 1–2. Patent Owner provided arguments to contrary. *See* Dec. 10 (citing Paper 7 (“Prelim. Resp.”), 25–26). We examined the

arguments from both parties and agreed with Patent Owner that *Fintiv* expressly addresses ITC proceedings, and determined that the Board has considered ITC investigations in weighing whether to exercise discretion under 35 U.S.C. § 314. *Id.* at 9–10 (citing *Fintiv*, Paper 11 at 8–9; *Samsung Elecs. Co. v. Dynamics, Inc.*, IPR2020-00502, Paper 34, 7–14 (PTAB Aug. 12, 2020); *Comcast Cable Commc’n, LLC v. Rovi Guides, Inc.*, IPR2020-00800, Paper 10 (PTAB Oct. 22, 2020)). As such, we did not misapprehend or overlook the distinctions between ITC proceedings and district court proceedings in making our decision to exercise discretion under § 314(a).

As to the first *Fintiv* factor, Petitioner asserts that we erred by not taking into account the stay issued by the district court as a factor favoring institution. Req. Reh’g 11. In the Decision, we noted that “[t]he parties do not substantively discuss the [co-pending district court case], which has been stayed pending the ITC case ‘for reasons of judicial efficiency and economy.’” Dec. 9 (citing Ex. 3005). As such, we had no arguments from the parties as to how the stay in the district court should impact our analysis. Thus, we could not have overlooked or misapprehended arguments that were not presented.

The ITC hearing was scheduled to begin just days before the issuance of our Decision, and we found it to be unlikely that the ITC would issue a stay (even if Petitioner had sought one — which it had not done) due to the hearing date (days before our Decision), the ITC’s projected Initial Determination (approximately three months after our Decision), and the projected Final Determination (approximately seven months after our Decision). *Id.* at 10 (citing Ex. 2018, 6). Thus, we found this factor to favor denial. *Id.* at 11. We are not persuaded of error in that determination.

As to the second *Fintiv* factor, Petitioner argues that “the Decision incorrectly emphasized the date of a hearing before the ALJ and the expected date of the ALJ’s initial determination.” Req. Reh’g 12 (citing Dec. 11–12). Petitioner argues that the initial determination is preliminary and the final determination date “is largely notional, and subject to (likely) extensions.” *Id.* at 12–13. Further, Petitioner contends that “[t]he Decision compounded its error by refusing to factor into the projected timeline the 60-day presidential review period.” *Id.* at 13.

Here again, Petitioner raised substantially similar arguments in its Reply, and they were considered in our Decision. *See* Reply 3–4; Dec. 11–12. As noted in the Decision, the ITC hearing was scheduled to start days before our Decision issued. Dec. 11. “We decline[d] to speculate as to the outcome of the ITC Proceeding and as to the probability of post-ITC activities regarding the President of the United States [and U.S. Customs and Border Protection and its Intellectual Property Rights Branch].” *Id.* at 12. Petitioner disagrees with that determination and argues that we misapplied this factor because we “viewed [activities after the ITC initial determination] as largely ministerial,” we did not account for the possibility of additional briefing from the parties, and we did not appreciate that the presidential review of ITC determinations “is an integral statutory component of the ITC’s decision process.” Req. Reh’g 12–13. This, however, is not an accurate assessment of our Decision. In its Reply, Petitioner contended that “[i]f an exclusion order is issued by the ITC, the Parties will *move to litigation* at U.S. Customs and Border Protection (‘CBP’) and its Intellectual Property Rights Branch (‘IPRB’). Decisions by the IPRB are then subject to *appeal and further litigation* before the Court of

International Trade (“CIT’).” Reply 3 (emphasis added). Thus, based on Petitioner’s own arguments, the proceedings before the CBP, IPRB, and CIT would constitute further litigation and possible appeals. Petitioner did not provide persuasive argument that we should consider these possible future proceedings as part of our analysis regarding the “proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision.” See *Fintiv*, Paper 11 at 6. As to the presidential review process, it is outside of our purview to speculate as to whether and when a President of the United States would exercise authority over a potential exclusion order. Thus, we found these post-final determination activities to be too speculative to consider in our analysis of factor two. Petitioner has not persuaded us of any error in that analysis.

As to the third *Fintiv* factor, Petitioner argues that “[t]he ITC’s tight statutory deadlines would always require a rapid investment of resources at the outset.” Req. Reh’g 12 (citing Reply 4). As such, Petitioner contends that “this fact would make it practically impossible for a petitioner to file its IPR petition early enough to negate the application of this factor as favoring denial of institution.” *Id.* The *Fintiv* decision, however, states that “an earlier ITC trial date *may favor* exercising authority to deny institution under *NHK* if the ITC is going to decide the same or substantially similar issues to those presented in the petition.” *Fintiv*, Paper 11 at 8 (emphasis added). Thus, *Fintiv* identifies the ITC trial dates as one fact to be considered as part of the holistic analysis that we perform to determine whether discretion should be exercised. No one fact or factor is determinative and each case is considered based on its own specific facts. As such, this factor considers the investment of resources, which is a factor to be considered in addition to the

ITC trial date and, we are not persuaded that our consideration of this fact was in error.

As to the fourth *Fintiv* factor, Petitioner asserts that we “overlooked critical evidence.” Req. Reh’g 13. In the Decision, we determined that “[a]lthough there is significant overlap between the prior art challenges asserted before the Board and the ITC proceeding, the challenge in the Petition is directed to some substantively different claims than those before the ITC, on balance, [this factor] weighs slightly in favor of institution.” Dec. 16. Petitioner asserts that we did not accord sufficient weight to the differences in the claims at issue. Req. Reh’g 14. Further, Petitioner argues that we “overlooked public information that showed prior to the hearing before the ALJ (and before the institution decision), Patent Owner limited the ITC investigation to claim 2 (dropping independent claims 1 and 3).” *Id.* The removal of those claims, however, was not in the record before us and Petitioner states that this was “partly due to Patent Owner’s failure to inform the Board that it had dropped two asserted claims in the ITC.” *Id.* at 2. Petitioner, however, also failed to inform us of this change to the ITC proceeding. Petitioner provided us with arguments as to the extent of overlap between the proceedings, (Reply 5) but did not inform us of the removal of two of the three asserted claims from the ITC proceeding. We could not have overlooked or misapprehended a fact that was not before us. As noted above, we found this factor to weigh slightly in favor of institution and we are not persuaded that our prior determination was in error.

Petitioner also argues that we erred as to the sixth *Fintiv* factor because we “failed to give sufficient weight to the merits of Petitioners’ invalidity contentions.” Req. Reh’g 15. In the Decision, we were

“persuaded that the merits of Petitioner’s asserted ground are strong and as such, this factor weighs in favor of Petitioner.” Dec. 16. We holistically evaluated all of the factors and we determined that the specific facts of this case weighed in favor of denial. *Id.* at 18–19. As part of that holistic evaluation, we noted that “much (but not all) of the [benefit of the] analysis and evaluation of the challenged claims may be gained from the analysis and evaluation done by the ITC.” *Id.* at 18. Petitioner argues that this statement is error because it “impermissibly abdicates the Board’s *statutory obligation to review patents* where petitioner has satisfied § 314(a)’s ‘reasonable likelihood’ showing.” Req. Reh’g 15 (emphasis added). As noted in the Decision, however, “[i]nstitution of an *inter partes* review is discretionary.” Dec. 7 (citing 35 U.S.C. § 314(a) (2018)). The Federal Circuit has stated that “the PTO is permitted, but never compelled, to institute an IPR proceeding.” *Harmonic Inc. v. Avid Tech, Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (cited at page 7 of the Decision).

In making our determination, we weighed factors that were both in favor of denial and those that were in favor of institution. Dec. 18. As noted in the Decision,

[o]ur analysis is fact driven and no single factor is determinative of whether we exercise our discretion to deny institution under § 314(a). Here, Factors 1, 2, and 5 weigh against institution and Factor 3 weighs somewhat against institution. In short, the ITC will evaluate Petitioner’s assertions regarding the art cited in the Petition and the ITC will complete its proceeding before this matter will reach a Final Written Decision. The parties and the ITC have made significant investment in the ITC Proceeding with a half-million pages of discovery, 50 depositions, and 10,000 pages of invalidity contentions along with the ITC’s claim construction and summary determinations.

Id. We weighed that against factor six, which favored institution, and factor 4, which somewhat favored institution. Then we determined that on balance, denial was appropriate in this particular circumstance. Factor 6 was weighed in Petitioner’s favor, but in light of all the facts and evidence before us we determined that we should exercise our discretion and decline to go forward with this particular proceeding. Petitioner has not persuaded us of error as to the weighing of these facts and factors.

Petitioner also presents several policy-based arguments, including the assertion that the Decision “contravenes the IPR statutory scheme and congressional intent, ignores different statutory mandates of the Patent Office and the ITC, and significantly curtails the availability of IPRs as a mechanism for challenging patent validity.” Req. Reh’g 1; *see also* Req. 3–11 (presenting policy arguments). Petitioner’s policy-based arguments are not only new, but are not directed at anything specific we misapprehended or overlooked in the Petition, Petitioner’s Reply, or Petitioner’s evidence. Thus, we do not consider them in this decision.

For the foregoing reasons, we determine Petitioner has not satisfied its burden of demonstrating that the Decision should be modified.

IV. CONCLUSION

For the foregoing reasons, Petitioner has not demonstrated that we abused our discretion in not instituting an *inter partes* review of claims 1–11 of the ’228 patent.

V. ORDER

Accordingly, it is hereby:

ORDERED that Petitioner’s Request for Rehearing is *denied*.

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