

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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GOOGLE LLC

Petitioner

v.

ECOFACITOR, INC.

(record) Patent Owner

IPR2020-00946  
Patent No. 8,131,497

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**PETITIONER'S REQUEST FOR REHEARING  
UNDER 37 C.F.R. § 42.71(d)**

## I. STATEMENT OF THE PRECISE RELIEF REQUESTED

Petitioner Google LLC respectfully requests rehearing of the Decision Denying Institution of Inter Partes Review (Paper 11, “Decision” or “Dec.”). Relying on *NHK Spring Co. v. Intri-Plex Technologies, Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (“*NHK*”), and *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB. Mar. 20, 2020) (“*Fintiv*”), the Decision denied institution under 35 U.S.C. § 314(a) based largely on the stage of the parallel proceeding before the U.S. International Trade Commission (“ITC”). *See* Dec. at 15.

The Board should reconsider its Decision and institute *inter partes* review. Petitioner submits that the Decision misapplied *Fintiv*’s factors for determining when discretionary denial of institution is warranted. Specifically, the Decision erred in treating a co-pending ITC proceeding as the relevant benchmark for measuring the timing and stage of parallel proceedings. The Decision also ignored critical differences between district court and ITC proceedings in mechanically applying *Fintiv*’s first, second, and third factors to an ITC investigation, which proceeds in accordance with a rapid and strict statutory timeline.

Moreover, the Decision misapplied *Fintiv* in denying institution in view of an ITC proceeding while at the same time concluding that “the Petition is directed to some substantively different claims than those before the ITC” which “weighs slightly in favor of institution.” Dec. at 13-14. The Decision further erred in failing

to give adequate weight to Patent Owner’s admission that the ITC proceeding will not resolve the validity issues raised in the district court proceedings. *See* Dec. at 8-9, 15.

## **II. LEGAL STANDARD**

“A party dissatisfied with a decision may file a single request for rehearing,” “identify[ing] all matters the party believes the Board misapprehended or overlooked.” 37 C.F.R. § 42.71(d). Institution decisions are reviewed on rehearing for an abuse of discretion. *Id.* § 42.71(c). An abuse of discretion occurs when a “decision [i]s based on an erroneous conclusion of law or clearly erroneous factual findings, or ... a clear error of judgment.” *Apple Inc. v. DSS Tech. Mgmt., Inc.*, IPR2015-00369, Paper 14, p. 3 (PTAB Aug. 12, 2015) (citation omitted).

## **III. STATEMENT OF REASONS FOR RELIEF REQUESTED**

The Board, applying *NHK* and *Fintiv*, denied review under 35 U.S.C. § 314(a) because it concluded that the ITC will complete its parallel investigation into unfair trade practices before the Board issues its final written decision. Dec. at 6-7, 15. The Board denied institution even though it acknowledged “the Petition is directed to some substantively different claims than those before the ITC,” Dec. at 14, and that any ITC invalidity ruling will not be binding on the challenged claims’ patentability, Dec. at 9.

The Board erred in several ways that collectively amount to a

misapprehension of the relevant law and facts leading to an abuse of discretion. First, the Board improperly used the co-pending ITC proceeding as a benchmark for assessing several *Fintiv* factors. As the Decision acknowledges, unlike a court ruling, an ITC decision on invalidity does not conclusively resolve the question of patentability, and has no preclusive effect on the Patent Office or the district court. Given the strict and rapid statutory timeline for an ITC investigation, treating an ITC proceeding as the benchmark against which to measure the status of a parallel proceeding when there is a stayed, co-pending district court litigation would severely curtail IPRs as a mechanism for challenging patents of questionable validity, in contravention of Congressional intent. The Decision further erred by applying *Fintiv*'s first, second, and third factors, which are designed for district court proceedings, to an ITC investigation, without adequately considering the differences between those proceedings. The Board further erred because, whatever the result before the ITC—validity will be litigated again in various district court actions. Patent Owner admitted as much, stating “[a]s a practical matter, the parties’ validity disputes as to the ’497 patent are likely to carry over to the district court cases.” POPR, pp. 5-6. The Board erred in not sufficiently considering this admission by Patent Owner, which concedes that the ITC proceeding will *not* “resolve all or substantially all of the patentability disputes between the parties, regardless of the stay.” *See Fintiv* at 9. Finally, the Decision gave insufficient weight to *Fintiv*'s

fourth factor, which looks to the overlap between the issues. The Decision erred by denying institution when it had concluded that “the Petition is directed to some substantively different claims than those before the ITC” which “weighs slightly in favor of institution.” *See* Dec. at 13-14.

First, it was improper to use the ITC investigations as the basis for assessing the *Fintiv* factors. All active district court infringement lawsuits are stayed pending the outcome of the ITC action and the district court cases do not currently have a scheduled trial date. Consistent with *Fintiv*, Petitioner argued that the early state of the district court litigations and the accompanying stays weigh in favor of institution. Reply, pp. 1-4; *see Fintiv* at 6; *see also Samsung Elecs. Co., Ltd. et al. v. Dynamics, Inc.*, IPR2020-00499, Paper 41, pp. 11-12 (PTAB Aug. 12, 2020).

The Board did not evaluate the status of the co-pending proceedings by reference to the district court cases. Instead, the Board concluded: “We disagree with Petitioner’s assertion that the district court actions are the ‘more appropriate benchmark’ to consider for purposes of analyzing the *Fintiv* factors in this case, such that the ITC investigation can, in effect, be ignored.” Dec. at 9. The Board instead treated the co-pending ITC proceeding as the benchmark against which to measure the status of a parallel proceeding where a corresponding district court litigation is stayed. Petitioner submits that in so doing, the Decision undermines the IPR statutory regime and contravenes the efficiency objectives of *NHK* and *Fintiv*.

As the Decision acknowledged, the ITC lacks authority to invalidate a patent, and its rulings on invalidity are not binding either on the Patent Office or on the district court. *See Texas Instr. Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996); *see also* Dec. at 9. Because the ITC cannot finally decide issues of invalidity, PTAB panels—both before and after *Fintiv*—have declined to deny IPR petitions as a discretionary matter in view of parallel ITC proceedings. *See Samsung*, IPR2020-00499, Paper 41, pp. 11-12 (“The district court has stayed its proceeding since September 4, 2019, pending an outcome of the ITC proceeding. . . . This factor weighs against exercising discretion to deny institution. The stay of the proceeding allays concerns about inefficiency and duplication of efforts as it relates to this proceeding. *See Fintiv*, Paper 11 at 6.”)(internal citations omitted); *3Shape A/S, et al. v. Align Tech., Inc.*, IPR2020-00223, Paper 12, pp. 33-34 (PTAB May 26, 2020) (“We refrain from exercising our discretion not to institute trial here. As Petitioner argues, the ITC does not have the power to cancel a patent claim, even if that claim is demonstrated to be invalid. Also, the burden of proof in demonstrating that a patent claim is invalid differs between the ITC and an *inter partes* review. Finally, the ITC Investigation will not resolve all claims at issue in this proceeding.”); *Intel Corp. v. TelaInnovations, Inc.*, IPR2019-01521, Paper 14, p. 22 (PTAB Mar. 11, 2020) (“[W]e do not find the ITC Action weighs in favor of denying institution because it will not resolve the unpatentability issues raised in this Petition

or the issues in dispute between the parties in the NDCA Action.”); *Nichia Corp. v. Lighting Science Grp. Corp.*, IPR2019-01259, Paper 21, p. 28 (PTAB Jan. 15, 2020); *Renesas Elecs. Corp. v. Broadcom Corp.*, IPR2019-01040, Paper 9, p. 8 (PTAB Nov. 13, 2019); *Emerson Elec. Co. v. SIPCO, LLC*, IPR2019-00547, Paper 15, pp. 8-10 (PTAB Aug. 30, 2019); *Intel Corp. v. Qualcomm Inc.*, IPR2019-00129, Paper 9, pp. 10-13 (PTAB May 29, 2019); *Comcast Cable Commc’ns, LLC v. Rovi Guides, Inc.*, IPR2019-00231, Paper 14, pp. 11-12 (PTAB May 20, 2019); *Samsung Elecs. Co., Ltd. v. Bitmicro, LLC*, IPR2018-01720, Paper 14, pp. 24-28 (PTAB Mar. 29, 2019); *Wirtgen Am., Inc., et al. v. Caterpillar Paving Prod. Inc.*, IPR2018-01202, Paper 10, p. 10 (PTAB Jan. 8, 2019); *see also* Reply, pp. 1-4. The Decision does not address these cases. Instead, it states that “the Board has considered ITC investigations in weighing whether or not to exercise its discretion under 35 U.S.C. § 314,” citing *Garmin International, Inc. v. Koninklijke Philips N.V.*, IPR2020-00754, Paper 11 (PTAB Oct. 27, 2020) and *Comcast Cable Communications, LLC v. Rovi Guides, Inc.*, IPR2020-00800, Paper 10 (PTAB Oct. 22, 2020). Dec. at 9-10.

The newer decisions on which the Board relies are in tension with the vast weight of the Board’s prior decisions. Moreover, Petitioners in IPR2020-00754 have requested review by the Precedential Opinion Panel of the Board’s decision in that matter, and such a review could have a direct effect on the outcome of this

proceeding.

In denying review here, the Decision relied on *Fintiv*'s statement that, "even though the Office and the district court would not be bound by the ITC's decision, 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." Dec. at 10 (*quoting Fintiv* at 8). *Fintiv* continued: "as a practical matter, it is difficult to maintain a district court proceeding on patent claims determined to be invalid at the ITC." *Fintiv* at 9. The Board's reliance on this speculative assertion was improper. Not only is the assertion *dictum*, as there was no ITC action in the matter before the *Fintiv* panel, but the application of *Fintiv*'s speculative *dictum* in this case was also inconsistent with both the Patent Owner's admission that validity issues at the ITC "are likely to carry over to the district court cases" (POPR, pp. 5-6) and the Board's conclusion that "the Petition is directed to some substantively different claims than those before the ITC" which "weighs slightly in favor of institution." Dec. at 13-14.

The reason Congress made the ITC's rulings on patent issues non-binding is because "the Commission's primary responsibility is to administer the trade laws, not the patent laws." *Tandon Corp. v. ITC*, 831 F.2d 1017, 1019 (Fed. Cir. 1987). The task of issuing patents and ensuring patent quality is the charge of the Patent Office, not of the ITC. As the Supreme Court has explained, Congress designed the



*inter partes* review regime as an expeditious forum to improve patent quality and to enable the Patent Office “to weed out bad patent claims efficiently.” *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1374 (2020) (citations omitted). Petitioner submits that it would contravene Congressional design for the Board to defer to an agency that had no role in the original issuance of the challenged patents, and whose focus is on protecting domestic industry from unfair trade acts.

Indeed, denying institution because of a pending ITC investigation where there is a stayed district court proceeding risks curtailing IPRs as a forum for challenging questionable patents. Given the ITC’s tight statutory deadlines, it may be practically impossible for a petitioner to file its IPR petition early enough to forestall denial of institution in light of an ITC proceeding. For example, *Fintiv*’s third factor measures the comparative investment of resources in the two parallel proceedings. The ITC’s tight statutory deadlines would always require a rapid investment of resources at the outset. If judged against an ITC proceeding, 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.

Instead, there is no indication that, in enacting the IPR scheme, Congress intended for the Board to defer to ITC proceedings. On the contrary, whereas Congress expressly required district courts to stay their proceedings for pending ITC proceedings, 28 U.S.C. § 1659, it imposed no such requirement on the Board.

Denying an IPR petition because of a parallel ITC action where there is also a district court case pending also undercuts 35 U.S.C. § 315(b)'s one-year safe-harbor provision. That period was chosen to provide an accused infringer with “a reasonable opportunity to identify and understand the patent claims that are relevant to the [district court] litigation,” given the challenge of determining “in the first few months of the litigation which claims will be relevant and how those claims are alleged to read on the defendant’s products.” 157 Cong. Rec. at S5429 (daily ed. Sept. 8, 2011) (statement of Sen. Kyl). This statutory safe harbor becomes meaningless if the Board can deny timely-filed petitions on non-statutory grounds that are outside of a petitioner’s control—such as the pace of a co-pending ITC investigation.

Petitioner further submits that the Decision’s rationale, if left to stand, has the potential to create undesirable incentives and unfair results. Namely, treating the ITC case as the relevant comparator where there is a stayed district court case may have the effect of depriving an accused infringer of the ability to seek IPR. Under the rule set forth by the Decision, if an accused infringer files a petition within one year of having been sued in district court, the ITC trial date will be used as the relevant comparator, despite the fact that the district court case is stayed. However, as explained above, any final determination by the ITC will not have preclusive effect such that any invalidity determination will not be binding in a later district

court action. Thus, the accused infringer cannot obtain a preclusive judgment with respect to any patents at issue, yet institution of the petition will be judged against such a “trial” date. Under such a rule, perversely, an accused infringer would be better off waiting until after the ITC case concluded and the stay lifted in the district court to file the petition. This is because at that point, there would no longer be any ITC hearing date (or any other determination date) and the district court case schedule would set the relevant benchmark under *Fintiv*. However, by that time, section 315(b)’s one-year safe-harbor provision will likely have passed. Thus an accused infringer is placed in an untenable position: it must file a petition within one year of having been sued in district court, but whether IPR should be instituted is judged not by the timing of any resolution of that district court action, but instead by the timing of the resolution of another proceeding, which has no binding effect on the district court proceeding.

Finally, denying institution because of a parallel ITC investigation is inconsistent with *Fintiv*’s first factor, which favors institution where the district court stays its proceedings (as the court must do for a parallel ITC investigation, *see* 28 U.S.C. § 1659). As *Fintiv* explained, “[a] district court stay of the litigation pending resolution of the PTAB trial *allays concerns* about inefficiency and duplication of efforts,” and therefore “*strongly weigh[s]* against exercising the authority to deny institution under *NHK*.” *Fintiv* at 6 (emphasis added). It is illogical to treat the

district court’s litigation stay as a factor weighing *in favor* of institution, but to treat the same stay as a factor weighting *against* institution when the stay is imposed pending a parallel ITC proceeding. Notably, other Board panels have reached the opposite conclusion in analogous circumstances. *See, e.g., Nichia*, Paper 21, p. 28 (where “district court actions are stayed pending the conclusion of the ITC action, ... the ITC investigation does not necessarily render our proceeding duplicative or amount to a waste of the Board’s resources ... because other courts may still need to address patentability once stays are lifted”) (citation omitted); *Samsung Elecs. Co. v. Dynamics, Inc.*, IPR2020-00502, Paper 34, p. 10 (PTAB Aug. 12, 2020) (where the district court stayed its case for an ITC investigation, “[t]his factor weighs against exercising discretion to deny institution”).

Even if one were to consider the ITC proceeding as the relevant comparator, however, *Fintiv*’s fourth factor (overlap of the issues) would counsel against denying institution. In this present case, the Patent Owner has admitted here that validity issues at the ITC “are likely to carry over to the district court cases.” POPR, pp. 5-6. The Board erred in not sufficiently considering this admission by Patent Owner, which concedes that the ITC proceeding will *not* “resolve all or substantially all of the patentability disputes between the parties, regardless of the stay.” *See Fintiv* at 9; Dec. at 8-9; Reply, pp. 4-5.

Similarly, the Decision concluded that “the Petition is directed to some

substantively different claims than those before the ITC” which “weighs slightly in favor of institution.” Dec. at 13-14. The Board erred in not sufficiently weighing the difference in claims before the ITC and the Board under *Fintiv*’s fourth factor. As noted above, in denying review, the Board relied on *Fintiv*’s *dictum* 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.” Dec. at 10 (*quoting Fintiv* at 8). The Board’s express reliance on this statement from *Fintiv* to deny institution cannot be reconciled with its conclusion that “the Petition is directed to some substantively different claims than those before the ITC” which “weighs slightly in favor of institution.” Dec. at 13-14. In circumstances where the ITC proceeding will not “resolve all or substantially all of the patentability disputes between the parties,” *Fintiv* at 9, as the Board concluded, this factor weighs *in favor* of institution. The Board thus erred in its application of *Fintiv* in view of its own findings.

#### IV. CONCLUSION

Petitioner respectfully requests that the Board reconsider its decision and institute *inter partes* review.

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| Date: <u>December 18, 2020</u> | <u>/Matthew A. Smith/ (RN 49,003)</u><br>Matthew A. Smith<br>SMITH BALUCH LLP<br>1100 Alma St., Ste 109 |
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the foregoing PETITIONER'S REQUEST FOR REHEARING UNDER 37 C.F.R. § 42.71(d), was served by electronic mail, on the Patent Owner's counsel of record at the United States Patent & Trademark Office having the following email addresses: pwang@raklaw.com; jchung@raklaw.com; kshum@raklaw.com; and rak\_ecofactor@raklaw.com.

Date: December 18, 2020

/Matthew A. Smith/ (RN 49,003)