

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTEL CORPORATION,
Petitioner,

v.

KONINKLIJKE PHILIPS N.V.,
Patent Owner.

IPR2021-00328
Patent 10,091,186 B2

Before KEVIN F. TURNER, DAVID C. MCKONE, and
SCOTT RAEVSKY, *Administrative Patent Judges*.

TURNER, *Administrative Patent Judge*.

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

I. INTRODUCTION

Intel Corporation, Lenovo Group Ltd., Lenovo (United States), Inc., LG Electronics, Inc., LG Electronics USA, Inc., HP Inc., Dell Technologies, and Dell Inc. (“Petitioner”) filed a Petition (Paper 2, “Pet.”) requesting *inter partes* review of claims 1–16 and 18 of U.S. Patent No. 10,091,186 B2 (Ex. 1001, “the ’186 Patent”). Koninklijke Philips N.V. (“Patent Owner”) filed a Preliminary Response (Paper 6, “Prelim. Resp.”). With our authorization, Petitioner filed a Reply (Paper 7, “Reply”) to Patent Owner’s Preliminary Response, and Patent Owner filed a Sur-reply (Paper 8, “Sur-reply”) to Petitioner’s Reply.

After considering the Petition, the Preliminary Response, the Reply, the Sur-reply, and the evidence of record, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review.

II. BACKGROUND

A. Related Matters

The parties identify the following related cases in the U.S. District Court for the District of Delaware:

Case Name	Case Number
<i>Philips v. Dell Techs., Inc. et al.</i>	1:20-cv-01240-CFC
<i>Philips v. HP, Inc.</i>	1:20-cv-01241-CFC
<i>Philips v. Lenovo Grp. Ltd. et al.</i>	1:20-cv-01242-CFC
<i>Philips v. Intel Corp.</i>	1:20-cv-01243-CFC
<i>Philips v. LG Electronics, Inc. et al.</i>	1:20-cv-01244-CFC
<i>Philips v. MediaTek Inc., MediaTek USA, Inc.</i>	1:20-cv-01246-CFC
<i>Philips v. Realtek Semiconductor Corp.</i>	1:20-cv-01247-CFC

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Pet. 3; Paper 5, 3. The above cases have been stayed. Pet. 3.

Patent Owner also identifies the following related cases in the U.S. District Court for the Central District of California:

Case Name	Case Number
<i>Philips v. Hisense Co. Ltd, et al.</i>	20-cv-8546-AB-AGR
<i>Philips v. TTE Tech., Inc.</i>	20-cv-1406-CJC-MRW

Paper 5, 3.

Both parties also identify the following matter before the U.S. International Trade Commission (“ITC”) involving the instant patent: *In the Matter of Certain Digital Video-Capable Devices and Components Thereof*, Inv. No. 337-TA-1224 (filed September 18, 2020; “ITC investigation”). Pet. 3; Paper 5, 2.

The ’186 Patent issued from an application (U.S. Patent Application No. 15/352,646), which was a continuation of an application (now U.S. Patent No. 9,590,977), which was a continuation of another application (now U.S. Patent No. 9,436,809), which was a continuation of another application (now U.S. Patent No. 8,886,939). U.S. Patent No. 10,298,564 issued from a continuation of the application for the ’186 Patent. Those related patents have the following related *inter partes* reviews:

Parties	Proceeding	U.S. Patent No.
<i>Intel Corp. v. Koninklijke Philips N.V.</i>	IPR2021-00327	9,436,809
<i>Intel Corp. v. Koninklijke Philips N.V.</i>	IPR2021-00370	9,436,809
<i>TCL Industries Holdings Co., Ltd. v. Koninklijke Philips N.V.</i>	IPR2021-00495	9,590,977
<i>TCL Industries Holdings Co., Ltd. v. Koninklijke Philips N.V.</i>	IPR2021-00496	9,590,977

<i>TCL Industries Holdings Co., Ltd. v. Koninklijke Philips N.V.</i>	IPR2021-00497	10,298,564
<i>TCL Industries Holdings Co., Ltd. v. Koninklijke Philips N.V.</i>	IPR2021-00547	9,590,977

B. The '186 Patent

The '186 Patent relates to authenticated distance measurement, where the distance between two communication devices is measured using a common secret that the two devices share in order to determine whether one device may access multimedia content stored on the other device. Ex. 1001, 1:31–41, 2:43–49. For example, a user who has a computer (or other device, such as a DVD drive or a CD drive) with multimedia content (such as a movie or a song) may play that content on the computer. *Id.* at 4:65–5:2. If the user wishes to copy the content to another device for playback on that other device, however, the other device must be within a predefined distance from the computer in order to access the content. *Id.* at 5:2–10, Fig. 1.

To determine the distance between the two devices, the computer first authenticates the other device. *Id.* at 3:45–48, 3:60–65, 5:26–33. Authentication involves checking if the other device is compliant with a set of predefined rules and may further involve checking the identity of the other device based on the other device's certificate. *Id.* After authentication, the computer exchanges a secret, which can be a random generated bit word, with the other device. *Id.* at 5:33–38. Next, the computer sends a signal to the other device, which then modifies the received signal using the secret and sends the modified signal back to the computer. *Id.* at 5:39–46. The other device uses modification rules known to the computer. *Id.* at 6:36–39. Using similar modification rules, the computer generates a locally modified signal and compares it to the

modified signal from the other device. *Id.* at 6:39–45. If the two modified signals are identical, the computer deems the modified signal from the other device to be authenticated and uses it to determine the distance between the two devices. *Id.* at 6:44–48. To do this, the computer measures the time difference between when the original signal is sent to the other device and when the modified signal is received from the other device. *Id.* at 6:52–57. The computer uses this time difference to calculate the physical distance between the two devices. *Id.* at 6:57–30.

C. Challenged Claims

Petitioner challenges claims 1–16 and 18 of the '186 Patent. Claim 1 follows as an illustrative claim:

1. A first device for controlling delivery of protected content to a second device, the first device comprising a processor circuit, the processor circuit arranged to execute instructions, the instructions arranged to:

receive a second device certificate from the second device prior to sending a first signal;

provide the first signal to the second device when the second device certificate indicates that the second device is compliant with at least one compliance rule;

receive a second signal from the second device after providing the first signal; and

provide the protected content to the second device when the second signal is derived from a secret and a time between the providing of the first signal and the receiving of the second signal is less than a predetermined time,

wherein the secret is known by the first device.

Ex. 1001, 7:5–21.

D. Asserted Grounds of Unpatentability

Petitioner asserts the following grounds of unpatentability (Pet. 6), supported by the declaration of Brad Karp, Ph.D. (Ex. 1002):

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1–16, 18	103(a) ¹	Menezes, ² Brands-Chaum ³
1, 2, 10, 11, 13–15	103(a)	OCPS-Proposal ⁴ , OCPS-Rules ⁵ , Brands-Chaum

III. ANALYSIS

A. Discretion Under 35 U.S.C. § 314(a)

Institution of *inter partes* review is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”); 35 U.S.C. § 314(a) (2018). The Board has held that the advanced state of a parallel district court action is a factor that may weigh in favor of denying a petition under § 314(a). *See NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-

¹ The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 285–88 (2011), revised 35 U.S.C. § 103 effective March 16, 2013. Because the challenged patent claims priority to an application filed before March 16, 2013, we refer to the pre-AIA version of § 103.

² Alfred J. Menezes et al., HANDBOOK OF APPLIED CRYPTOGRAPHY, 1997 (“Menezes”) (Ex. 1006).

³ Stefan Brands and David Chaum, *Distance-Bounding Protocols*, EUROCRYPT ’93, 344–59 (1994) (“Brands-Chaum”) (Ex. 1007).

⁴ Open Copy Protection System, Philips Research Proposal to Broadcast Protection Discussion Group, Version 1.4 (May 7, 2002) (“OCPS-Proposal”) (Ex. 1008).

⁵ OCPS Compliance and Robustness Rules (May 7, 2002) (“OCPS-Rules”) (Ex. 1009).

00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (precedential); Patent Trial and Appeal Board, Consolidated Trial Practice Guide, 58 & n.2 (Nov. 2019), available at <https://www.uspto.gov/sites/default/files/documents/tpgnov.pdf>.

We consider the following factors to assess “whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding”:

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.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”). In evaluating these factors, we “take[] a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* at 6. The *Fintiv* factors have also been applied where there was a parallel proceeding before the ITC. *See, e.g., Apple Inc. v. Neodron Ltd.*, IPR2020-00778, Paper 10 at 18 (PTAB Sept. 14, 2020); *see also Fintiv*, Paper 11 at 8 (stating 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 . . . if the ITC is going to decide the same or substantially similar issues to those presented in the petition”).

Here, there are multiple parallel proceedings, with the District Court litigations and the ITC investigation. *See* Section II.A. The first of the District Court litigations was filed on September 17, 2020. Pet. 3. The ITC investigation complaint was filed a day later on September 18, 2020. *Id.* In the ITC investigation, the evidentiary hearing is set to begin on July 19, 2021, and the final initial determination is due on October 22, 2021. Ex. 2001, 3. Indeed, the Procedural Schedule jointly proposed by the parties and adopted by the ITC sets forth a list of activities that have been ordered to be completed within a year of the institution of the ITC investigation, including a considerable number of activities that should have already been completed. *See id.*

Patent Owner contends we should exercise our discretion to deny the Petition under § 314(a), because “Petitioner and Patent Owner will already have tried the validity of the challenged patent in a parallel ITC hearing a year before the deadline for a Final Written Decision in the requested IPR.” Prelim. Resp. 7. Petitioner contends that it expeditiously filed the Petition only two months after the ITC investigation was instituted and that the *Fintiv* factors favor institution. Pet. 70–71.

We consider the parties’ arguments in our analysis of the *Fintiv* factors below. The parties also raise issues regarding our discretion under 35 U.S.C. § 325(d) (Pet. 69–70; Prelim. Resp. 42–46; Pet. Reply 5–7; PO Sur-reply 6–7), but we need not reach those issues given the resolution of our discretion under § 314(a).

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

Fintiv indicated that, in previous Board decisions, the existence of a stay pending Board resolution of an *inter partes* review has weighed

strongly against denying institution, while a denial of such a stay request sometimes weighs in favor of denying institution. *Fintiv*, Paper 11 at 6–8.

Patent Owner argues that the ITC investigation is not stayed and is unlikely to be stayed, and that the hearing by the ITC “will start just five days after the institution decision deadline.” Prelim. Resp. 13–15 (citing Ex. 2001, Appendix A). Petitioner addresses the stay of District Court litigation in Delaware (Pet. 71; Pet. Reply 3), but we agree with Patent Owner that those proceedings were stayed because of the ITC investigation at Petitioner’s request (PO Sur-reply 2–3), and the ITC investigation is now the relevant parallel proceeding we must evaluate under the *Fintiv* factors. We weigh this factor in favor of exercising our discretion to deny institution.

2. Proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision

The proximity factor in *Fintiv* asks us to evaluate our discretion in light of a trial date that has been set in a parallel litigation. *See Fintiv*, Paper 11 at 3, 5 (“*NHK* applies to the situation where the district court has set a trial date to occur earlier than the Board’s deadline to issue a final written decision in an instituted proceeding;” “When the patent owner raises an argument for discretionary denial under *NHK* due to an earlier trial date, the Board’s decisions have balanced the following factors”) (citing *NHK*, Paper 8 (footnote omitted)). In specific regard to consideration of an earlier ITC trial or evidentiary hearing date, *Fintiv* provides, “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.

The evidentiary hearing in the ITC investigation is scheduled to begin July 19, 2021, and the final determination is due February 22, 2022. Ex.

2001, 3. The final written decision in this proceeding would be due one year after this decision on institution (July 2022). Because the evidentiary hearing and final determination in the ITC are scheduled to be completed well before the due date for the final written decision, this factor weighs in favor of exercising our discretion to deny institution.

3. Investment in the parallel proceeding by the court and the parties

Under this factor, “[t]he Board . . . consider[s] 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. “This 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.” *Id.* at 10.

There has been a substantial investment in the ITC investigation by the ITC and the parties. Patent Owner argues that “[b]y the time of the institution decision here, the ITC and the parties will have already completed claim construction, fact discovery, invalidity contentions, validity contentions, invalidity expert reports, validity expert reports, expert discovery, all summary determination briefing, and all pretrial-submissions.” Prelim. Resp. 17. Petitioner argues that “the grounds in this Petition do not depend on the claim construction issues now before the ITC because the grounds in this Petition rely on the constructions adopted by the previous district court *Markman* order.” Pet. 72. Petitioner also argues that the investments in the ITC investigation and this IPR would not be duplicative, and that this factor should be “neutral.” *Id.* at 72–73. We do not agree with Petitioner and instead agree with Patent Owner that the investment

represents the advanced stage of the ITC investigation. Specifically, at this point, the parties have done most, if not all, of the discovery and briefing legwork necessary to conduct an evidentiary hearing on the merits at the ITC.

Petitioner also argues that it filed its Petition “expeditiously,” and “that fact should weigh against denial when it comes to Factor 3.” Pet. 73; Pet. Reply 3. Although we take that into account in making our determination, because of the significant investment in the ITC investigation, this factor marginally weighs in favor of exercising our discretion to deny institution.

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. “Conversely, if the petition includes materially different grounds, arguments, and/or evidence than those presented in the district court, this fact has tended to weigh against exercising discretion to deny institution under *NHK*.” *Id.* at 12–13.

With regard to overlap with the ITC investigation, Petitioner acknowledges in the Petition that the issues “partially overlap” but points out that claims 8 and 18 are not asserted in the ITC. Pet. 73. Petitioner also argues that due to space and redundancy constraints, the issues will differ. *Id.* at 73–74. Patent Owner argues that Petitioner has challenged the validity of claims of the ’186 Patent over the same prior art references and that Patent Owner has responded to those assertions before the ITC. Prelim. Resp. 19–20 (citing Ex. 2002, 1–7, 15, 30; Ex. 2003, 1–135; Ex. 2004, 26–115). Patent Owner also argues that additional invalidity contentions are not

relevant to the questions of the degree of overlap and that Petitioner has not stipulated that it and the other ITC respondents will not assert the Petition art in the ITC if the requested IPR is instituted. *Id.* at 20 (citing *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 15 (PTAB May 13, 2020)). Patent Owner also argues that complete overlap is not necessary, and this factor looks at whether there is substantial overlap of issues. *Id.*

Petitioner responds that Patent Owner has failed to acknowledge that the parties have agreed to narrow the scope of the ITC proceeding, with Petitioner “withdraw[ing] Brands-Chaum as a § 102 or § 103 basis, reserving only the right to use that reference for other purposes, e.g., to provide relevant background.” Pet. Reply 3–4. Petitioner also responds that Menezes is not a primary reference in any ground before the ITC and that most of the claims challenged in the Petition and potentially asserted in the Delaware action are not before the ITC. *Id.* at 4. Patent Owner responds that “the ITC Investigation and the Petition still concern ‘**substantially** the same claims’ because all of the claims at issue here and in the ITC depend from independent claim 1, which is challenged in both proceedings.” PO Sur-reply 5. Patent Owner also argues that “to convincingly move this factor towards favoring institution,” Petitioner should stipulate that it “would not pursue any ground that could be raised under §§ 102 or 103 on the basis of prior art patents or printed publications.” *Id.* (quoting *Sand Revolution II, LLC v. Cont’l Intermodal Grp. – Trucking LLC*, IPR2019-01393, Paper 24 at 12 n.5 (PTAB June 16, 2020) (informative)).

The parties agree that there is at least a degree of overlap. Petitioner is correct in that it is not explicitly relying on Brands-Chaum and Menezes in the ITC to show invalidity of claims under § 103, as it does in the Petition

here. *See* Ex. 2002, 4–38. However, Petitioner implicitly incorporates its arguments that the '186 Patent claims would have been obvious over these references in its response to the Complaint in the ITC investigation:

[T]o the extent that any one of the prior art references identified in the previous section of Respondents' Invalidity Contentions discussing § 102 is found not to disclose every limitation of the Asserted Claims, it would similarly have been obvious to a person of ordinary skill in the art to combine that reference with any of the other references to meet the limitations, and such persons would have been motivated to do so for at least the reasons identified in Exhibits 1 through 52 for the exemplary combinations.

Ex. 2002, 37⁶. As such, it does appear that patentability issues identical to those presented in this proceeding could be litigated in the ITC investigation as argued by Patent Owner.

We determine that this factor weighs marginally in favor of exercising discretion to deny institution.

5. Whether the petitioner and the defendant in the parallel proceeding are the same party

Petitioner acknowledges that it and Patent Owner are involved in the ITC investigation, but asserts that the proceeding involves multiple unrelated parties. Pet. 74. Patent Owner characterizes Petitioner's argument as "novel" and argues that the Board's discretionary decisions applying *Fintiv* do not need to determine that a petitioner was the only respondent in a parallel ITC investigation. Prelim. Resp. 22. Regardless of whether additional parties are involved in the ITC investigation, both parties here are involved in that investigation. We determine this factor weighs marginally

⁶ We note that Menezes and Brand-Chaum are identified in Petitioner's ITC invalidity contentions. *See* Ex. 2002, 7, 54.

in favor of exercising our discretion to deny institution. *See Fintiv*, Paper 11 at 6.

6. Other circumstances that impact the Board’s exercise of discretion, including the merits

As to the sixth factor (*see Fintiv*, Paper 11 at 14–15 (noting that the merits of a petitioner’s ground may be considered)), Petitioner contends it favors institution because “Petitioner’s grounds are strong and not redundant,” and because any determination by the ITC would not be “binding on the Patent Office or the district court.” Pet. 74. Patent Owner disputes this, arguing that “the Petition’s Grounds are particularly weak and do not justify instituting on the merits.” Prelim. Resp. 22.

With respect to the instant grounds, we determine that those grounds are similar to those raised in IPR2021-00327 and IPR2021-00370, against claims of U.S. Patent No. 9,436,809, where the challenged claims therein are similar in scope to those claims challenged herein. *Compare* IPR2021-00327, Paper 2, 25–71, *with* Pet. 25–69. In both related proceedings, we instituted trial on similar grounds against similar claims. *See* IPR2021-00327, Paper 10; IPR2021-00370, Paper 10. As such, we cannot agree with Patent Owner that the instant grounds are “particularly weak” and unworthy of institution, under this factor of *Fintiv*. We determine this factor weighs in favor of not exercising our discretion to deny institution.

B. Holistic Assessment of Factors and Conclusion

We consider the above factors and take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Fintiv*, Paper 11 at 6. Applying a holistic view, we determine that the efficiency and integrity of the system are best served by denying institution. Thus, after considering the factors outlined in the

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precedential order in *Fintiv*, we exercise our discretion to deny institution under § 314(a).

IV. CONCLUSION

We exercise discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review.

V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is *denied* as to all challenged claims, and no trial is instituted.

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