

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMERICAN HONDA MOTOR CO., INC.,
Petitioner,

v.

NEO WIRELESS, LLC,
Patent Owner.

Case IPR2023-00797
Patent 10,771,302

PETITIONER'S REQUEST FOR REHEARING BY THE DIRECTOR

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I. INTRODUCTION

This case presents a question of first impression—whether a defendant’s participation in the efficiency-promoting litigation procedures such as a joint defense group (“JDG”) or multidistrict litigation (“MDL”) may properly serve as the principal – if not sole – reason for discretionary denial under *General Plastic*. The instant panel’s reliance on court-mandated participation in an MDL, which was ordered at the request of the Patent Owner, represents an unprecedented expansion of *Valve II* jurisprudence. Indeed, American Honda Motor Co., Inc. (“Honda”) is unaware of a case supporting that MDL participation favors denying institution, and the cases addressing JDG participation consistently find that such participation is insufficient to warrant denial. *E.g.*, *Qualcomm Inc. v. Monterey Rsch., LLC*, No. IPR2020-01492, 2021 WL 861750, at *7 (PTAB Mar. 8, 2021) (“Even if Petitioner and AMD are in a joint-defense group, that does not establish a relationship that counsels for denying institution.”). Weaponizing these efficiency-promoting mechanisms against a defendant, as Neo Wireless, LLC (“Neo”) has accomplished by soliciting this denial of institution, contradicts sound policy rooted in Congress’s intent to “improve patent quality and restore confidence in the presumption of validity” by affording the Patent Office “significant power to revisit and revise earlier patent grants.” *Code200, UAB v. Bright*

Data Ltd., No. IPR2022-00861, Paper 18, at 4-5 (PTAB Aug. 23, 2022)

(quoting *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 272 (2016)).

In the instant case, the panel focuses on Honda's participation in an MDL with other defendants when addressing factor 1 of *General Plastic*, intended to prevent abusive and repetitive IPR petitions from the "same petitioner." The panel meaningfully diverged from well-established PTAB norms by failing to account for the fact that Honda retains its opportunity to present its own invalidity defense in its own litigation, much as it should have its own opportunity here before the PTAB separately from other defendants to the extent not acting as real party in interest. That is, the panel's decision presumes absolute consolidation in all phases of the district court litigation, a presumption refuted by the MDL framework in which Honda retains the ability to independently address invalidity on its own at trial and unfairly punishes Honda for *Neo's* strategic litigation decision to file and consolidate numerous cases, as well as *Neo's* omission of these salient facts when characterizing the Court Ordered MDL coordination between Honda and Volkswagen ("VW").

Finally, although preventing improper playbooking lies at the heart of *General Plastic*, see *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, No. IPR2016-01357, Paper 19 at 17-18 (Sept. 6, 2017); *Code200*, No. IPR2022-00861, Paper 18, at 1, 3, the panel found no substantive evidence of

playbooking here—nor could it, given that Honda relied on entirely separate prior art, claim constructions, and priority dates than those asserted in the VW IPR. Instead, the panel relied on Honda’s mandatory participation in an MDL defense with earlier IPR petitioner VW at factor 1, and buttressed that finding with speculative and incorrect assumptions about (i) the extent of Honda’s collaboration with VW; (ii) Honda’s alleged delay in filing to “maximize” its roadmapping opportunity; and (iii) Honda’s alleged (albeit non-substantive) roadmapping based on the Neo’s POPR filed in VW’s IPR. Despite the absence of any substantive roadmapping, Neo suggested these incorrect assumptions in its 24-page *General Plastic* argument, and Honda would have refuted them if the panel had permitted Honda to reply. *See* Ex. 3001; Ex. 3002, Ex. 3002; Paper 12 at 2-5. Yet, on those purported grounds, the panel applied *General Plastic* to facts that fail to inform the policy concerns underlying *General Plastic*.

Under a straightforward application of the *General Plastic* factors, all factors either disfavor discretionary denial or are neutral. The panel’s remarkable conclusion that all seven factors weigh “uniformly and strongly” against institution raises serious policy and legal questions, and constitutes an abuse of discretion. Honda therefore respectfully requests Director Review to clarify the proper application of the *General Plastic* factors in view of the

Patent Office’s statutory mission to improve patent quality and restore confidence in the presumption of validity. *See Code200*, No. IPR2022-00861, Paper 18, at 6 (quoting *Cuozzo*, 579 U.S. at 272).

II. BACKGROUND

On March 30, 2023, Honda filed its IPR petition challenging claims 23, 24, 26, and 27 of the ’302 patent. In response to Neo’s POPR seeking discretionary denial under *General Plastic*, Honda sought leave to file a reply addressing inaccuracies and omissions. *See* Papers 7 and 12. The panel unfairly denied Honda’s request, and ultimately denied Honda’s petition, agreeing with Neo’s arguments and determined that ***all seven*** of the *General Plastic* factors “uniformly and strongly” support denial of institution.” *Id.*; *see* Paper 14, *generally* and at 11.

III. LEGAL STANDARD

“Requests for Director Review of the Board’s decision whether to institute an AIA trial, or decisions granting rehearing of such a decision, shall be limited to decisions presenting (a) an abuse of discretion or (b) important issues of law or policy.” USPTO, Revised Interim Director Review Process at 2.B, Availability of Director Review: AIA Trial Proceedings (last modified July 25, 2023), <https://www.uspto.gov/patents/ptab/decisions/revised-interim-director-review-process>.

An abuse of discretion is found 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 finding; or (4) involves a record that contains no evidence on which the Board could rationally base its decision.

Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd., 821 F.3d 1359, 1367

(Fed. Cir. 2016) (citation omitted).

IV. ARGUMENT

A. The Panel’s Institution Denial Presents Important Issues of Policy Concerning the Proper Use of Discretionary Denial

The panel’s application of its discretion to deny consideration of meritorious, independent validity challenges—like Honda’s here—does not serve the policy objectives embodied in 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a) governing IPR institution, namely promoting efficiency and fairness.

General Plastic, No. IPR2016-01357, Paper 19 at 16-17 (the statutory amendment was “intended to remove current disincentives to current administrative processes,” but the changes “are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks” (citation omitted)). Indeed, while *General Plastic* observes that “[t]he absence of any restrictions on follow-on petitions would allow petitioners the opportunity to strategically stage their prior art and arguments in multiple petitions, using our decisions as a roadmap, until a

ground is found that results in the grant of review,” none of the concerns raised in *General Plastic* are applicable here. *Id.* at 17.

Neither Neo nor the panel identified any substantive evidence in which Honda could have playbooked based on VW’s IPR proceeding—and playbooking did not occur. Honda’s and VW’s IPR petitions rely on completely separate prior art, claim constructions, and priority dates. *Compare* IPR2022-01538, Paper 2, at 5, 7, and 17, *with* IPR2023-00797, Paper 2 at 2, 5, and 8.¹

And the record fails to demonstrate even awareness by Honda (and indeed Honda was unaware) of VW’s intent to file its IPR Petition, much less any coordination between Honda and VW regarding IPRs. Instead, the panel focuses on an MDL in which Honda and VW were ordered to jointly prepare invalidity contentions. The panel inferred the presence of playbooking because Honda filed its petition after Neo submitted its POPR to VW’s petition. Paper 14 at 18. But the panel failed to consider that, nearly five months before Neo submitted its POPR to VW’s petition, Neo submitted MDL infringement

¹ The Board’s Trial Practice Guide expressly sanctions multiple petitions where distinct priority dates are at issue. *See* Patent Trial and Appeal Board Consolidated Trial Practice Guide, at 59 (Nov. 2019).

contentions that informed Honda of the parties’ dispute on the “request for a probing signal” claim term, and the mere fact Honda “devoted *~1,000 words*” to a disputed term—comparable to other limitations²—simply fails to suggest any improper playbooking.

Under these circumstances, the panel’s analysis is an unprecedented and improper extension of *General Plastic* that sanctions institution denial on the core ground that Honda was ordered to participate in certain narrow respects³ with prior IPR petitioner VW in an MDL sought by Neo. Paper 7 at 1, 3, 4, 6, 7, 8, 9, 11, 14, 15, 20 (repeating throughout Neo’s POPR that Honda and VW are co-defendants); Paper 14 at 13 (finding Honda’s participation in the MDL favored discretionary denial at *General Plastic* factor 1). The panel’s decision conflicts with the Patent Office’s congressionally mandated mission to “improve patent quality and restore confidence in the presumption of validity” by exercising its “significant [statutory] power to revisit and revise earlier

² Honda devoted comparable lengths of analysis to other limitations, such as [23.3], [23.4], and [26.0]. *See* Paper 2, at 44-49, 51-56.

³ Honda is not bound to the same invalidity case as other co-defendants at trial, and instead is free to present its own invalidity grounds to the jury separate from the other co-defendants after the MDL process concludes.

patent grants.” *Code200*, No. IPR2022-00861, Paper 18, at 6 (quoting *Cuozzo*, 579 U.S. at 272). The panel’s denial also weaponizes the MDL process—a process intended to “promote the just and efficient conduct” of complex district court litigation, *see, e.g., Gelboim v. Bank of Am. Corp.*, 574 U.S. 405, 410 (2015) (citing 28 U.S.C. 1407(a))—in a manner that inappropriately bars meritorious patent challenges, and punishes defendants for participating in efficiency-promoting litigation procedures inspired by patent owners. Because the panel’s decision reduces litigation efficiency, and weaponizes efficiency-promoting litigation procedures such as MDL or JDGs, the Director should vacate the panel’s discretionary institution denial, and remand for further consideration.

B. The Panel Abused Its Discretion by Weighing the *General Plastic* Factors in a Manner Contrary to Fact and Law

Even if the panel had not acted inconsistent with congressional intent in weighing factor 1 in favor of denying institution (which it did), it abused its discretion in resolving to deny institution based on the *General Plastic* factors because the factors – properly assessed – overwhelmingly disfavor exercise of discretion to deny institution.

1. Factors 1, 3, 4, and 5 Strongly Favor Institution

Factor 1 (same petitioner) strongly supports institution. The record does not establish that Honda and VW have a relationship favoring discretionary

denial. Unlike in *Valve I* and *II*, Honda and VW are global competitors, and the record is devoid of evidence that the two companies share accused products—or even suppliers or components. *See Valve Corp. v. Elec. Scripting Prods., Inc.*, No. IPR2019-00062, Paper 11, at 9-10 (PTAB Apr. 2, 2019) (“*Valve I*”); *Valve Corp. v. Elec. Scripting Prods., Inc.*, No. IPR2019-00064, Paper 10, at 10 (PTAB May 1, 2019) (“*Valve II*”). And as explained above, the substantive and procedural records show that Honda did not coordinate with VW with respect to IPRs or otherwise engage in playbooking. *See supra*, § IV(A); *see also Xilinx, Inc. v. Arbor Glob. Strategies, LLC*, No. IPR2020-01570, 2021 WL 843140, at *5 (PTAB Mar. 5, 2021) (“[N]o evidence shows that Petitioner engaged in picking and choosing from [a prior] petitioner Samsung’s work product.” (cleaned up)). The panel’s finding that factor 1 favors discretionary denial merely because Honda and VW are MDL co-defendants, Paper 14 at 11-13, lacks legal support—and is only contrary to the Board’s prior decisions that JDG participation is insufficient to warrant denial. *See, e.g., Qualcomm Inc. v. Monterey Rsch., LLC*, No. IPR2020-01492, 2021 WL 861750, at *7 (PTAB Mar. 8, 2021) (“Even if Petitioner and AMD are in a joint-defense group, that does not establish a relationship that counsels for denying institution.”); *Qualcomm, Inc. v. Monterey Rsch., LLC*, No. IPR2020-01493, 2021 WL 861760, at *7 (PTAB Mar. 8, 2021) (disagreeing that “being

sued for infringement of the same patent and participating in a joint-defense group, of itself . . . counsels for denying institution”); *Shenzhen Silver Star Intelligent Tech. Co., Ltd. v. iRobot Corp.*, No. IPR2018-00761, 2018 WL 4232468, at *4 (PTAB Sept. 5, 2018) (participation in JDG was insufficient for factor 1 to favor patent owner).

Factor 3 (petitioner already received prior POPR or institution decision) also strongly supports institution. Under *Code200*, factor 3 should be considered with factor 1. *Code200*, No. IPR2022-00861, 18, at 5. Honda’s deliberate avoidance of playbooking, demonstrated by both the substantive and procedural record, overwhelms the fact that Neo filed its POPR before Honda filed its IPR petition.

Further, at factor 3, the panel misapplied *Code200* in at least two respects. First, it misread the decision to say that the panel’s merits evaluation of VW’s petition removed any need to show roadmapping by Honda to warrant institution denial. *See* Paper 14 at 18. *Code200* never discusses circumstances when roadmapping is not required; instead, it emphasized roadmapping as an important basis for denial. *See* IPR2022-00861, Paper 18 at 4-5.

Second, the panel overlooked that, under *Code200*, any roadmapping concerns here are “minimized.” In *Code200*, the Director explained that roadmapping concerns are minimized—*even when unpatentability challenges*

in serial petitions substantially overlap—if “the later petition is not refined based on lessons learned.” *Id.* at 5; Paper 7 at 19-23; Paper 14 at 16-19. That logic applies even more here, where Honda’s and VW’s unpatentability challenges, claim constructions, and theories (including on the proper priority date) do not overlap, and the panel and Neo fail to identify a single substantive way in which Honda purportedly playbooked. *See supra*, § IV(A).

Lastly, the panel relied on an unsubstantiated suggestion from Neo that Honda “deliberately waited” so that it could maximize any purported roadmapping opportunity (which Honda in fact avoided). Paper 14, at 18. The panel fails to consider that Honda discovered the asserted Kitroser reference on March 14, 2023, mere days before Honda’s March 30, 2023 petition, and Honda used Kitroser to supply non-cumulative evidence that a POSITA would not expect to need to modify an 802.16a probing signal (i.e., a “ranging code” in the “ranging transmission”) to apply prior art implementations of claimed functionality to mobile handsets as implicated by the claims’ preamble. The panel denied Honda’s request to reply to Neo’s false narrative and compounded its error when resolving that factor 3 favors institution denial based on credit given to Neo’s incorrect speculation over Honda’s intent. A proper application of factor 3 weighs strongly in favor of institution.

Factors 4 (duration between learning of asserted art and filing petition) and 5 (explanation for time between multiple petitions) also strongly favor institution. The panel erroneously relied on two grounds to find that factors 4 and 5 favor denial. First, based on nothing more than conjecture, the panel incorrectly speculated that Honda purposely waited “to maximize its road-mapping opportunities.” *See* Paper 14 at 19-20. The panel did not account for Honda first learning of the non-cumulative Kitroser reference on March 14, 2023, and filing its IPR petition on March 30, 2023. No reasonable argument could be made that Honda delayed upon finding the Kitroser reference.

Second, the panel reasoned that Honda was previously aware of certain prior art discussed in its petition, but that too overlooks Honda’s discovery of Kitroser, and further cannot support denial given the “divergent art relied upon by this proceeding and [VW’s proceeding].” *Google LLC v. Parus Holdings, Inc.*, No. IPR2020-00847, 2020 WL 6166339, at *10 (PTAB Oct. 21, 2020).

2. Factors 6 and 7 Are Neutral

Factor 6 (finite resources of the Board) is neutral. In *Code200*, the Director disagreed with the Board’s finding that it would have been “inefficient to expend Board resources on this proceeding, under factor 6.” IPR2022-00861, Paper 18 at 6. Rather, the Director explained that the Patent Office’s statutory mission to improve patent quality and public confidence in

the presumption of validity outweighed the Board’s inefficiency rationale. *Id.* The same is true, where Honda filed a petition that is entirely separate—in terms of prior art, claim constructions, and priority dates⁴—from VW’s earlier petition, and there is no evidence whatsoever of substantive playbooking. As in *Code200*, Honda’s petition merits consideration.

The panel erroneously found that factor 6 favors discretionary denial on the sole, incorrect, and unexplained basis that “[Honda] waited to file the petition” despite that it purportedly “knew of, should have known of, or with reasonable diligence could have found the art asserted in the Petition.” Paper 14, at 21. Respectfully, there is no basis for the panel’s reasoning, which stands to reason considering that Honda filed soon after discovering Kitroser.

Factor 7 (requirement to issue final written decision 1 year after institution notice) does not disfavor institution. The panel is familiar with the subject matter after having conducted a merits review of VW’s petition, and neither Neo nor the panel articulated a persuasive reason why the panel “would not now be able to conduct an efficient review if [it were to] institute here on

⁴ *See* Patent Trial and Appeal Board Consolidated Trial Practice Guide, at 59 (Nov. 2019) (notwithstanding goal of enhancing efficiency, USPTO permits multiple petitions where distinct priority dates are at issue).

different art.” *Google*, No. IPR2020-00847, 2020 WL 6166339, at *10; Paper 14 at 18 (“[T]he Board denied the VW 1538 IPR *on the merits* . . .”).

3. Factor 2 Should Not Be Considered, or Alternatively Is Neutral

As applied by this panel, factor 2 (petitioner knew or should have known of asserted prior art) is inherently unfair to petitioners. This factor ostensibly favors the petitioner if it should not have known about the prior art reference at the time of the first petition. But petitioners may only assert publicly accessible prior art references. *See* 35 U.S.C. § 311(b) (limiting possible IPR grounds to “patents or printed publications”); *Hulu, LLC v. Sound View Innovations, LLC*, No. IPR2018-01039, Paper 29, at 8-11 (PTAB Dec. 20, 2019) (discussing the public accessibility requirement for “printed publications”). The Patent Office has not reconciled how a reference could be publicly accessible and yet should not have been known to a petitioner, and Honda is unaware of a case where factor 2 was disputed and favored the petitioner.⁵ Because the accessibility requirement largely, if not entirely,

⁵ In *Samsung Elecs. Co., Ltd. v. Immersion Corp.*, No. IPR2018-01469, Paper 10, at 16 (PTAB Mar. 7, 2019), and *Samsung Elecs. Co., Ltd. v. Immersion Corp.*, No. IPR2018-01470, Paper 10, at 12 (PTAB Mar. 7, 2019), the Board found factor two favored institution where the patent owner failed to address it.

precludes the possibility that a reference should not have been known by a petitioner, this factor is unfair and should not be considered at institution.

Notwithstanding, factor 2 is neutral in this instance. The record does not support that Honda was aware of Kitroser before March 14, 2023, let alone when VW filed its petition. Nor does the record show that Kitroser was cited earlier in any relevant proceeding, such that Honda perhaps should have been aware of it earlier. *See* Paper 14 at 16; *Google LLC v. Realtime Adaptive Streaming LLC*, No. IPR2019-01038, 2019 WL 6543519, at *10 (PTAB Dec. 4, 2019) (“We do not agree with Patent Owner that Petitioner’s delay was excessive given that the references were not raised in a prior petition or proceeding before the Office.”).

V. CONCLUSION

The Director should vacate the panel’s discretionary denial and remand for further consideration.

Respectfully submitted,

Date: December 8, 2023

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CERTIFICATE OF SERVICE

Pursuant to 37 CFR § 42.6(e), the undersigned certifies that on December 8, 2023, a complete and entire copy of this Petitioner's Request for Rehearing by the Director was provided by email, to the Patent Owner by serving the correspondence addresses of record as follows:

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