

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BESTWAY (USA), INC.
Petitioner,

v.

INTEX MARKETING, LTD.,
Patent Owner.

PGR2024-00036
Patent 11,959,512 B2

Before KEN B. BARRETT, KEVIN W. CHERRY, and
ARTHUR M. PESLAK, *Administrative Patent Judges*.

PESLAK, *Administrative Patent Judge*.

DECISION
Denying Institution of Post-Grant Review
35 U.S.C. § 324

I. INTRODUCTION

On June 15, 2024, Bestway (USA), Inc. (“Petitioner”) filed a Petition challenging claim 1–24 (“the Challenged Claims”) of United States Patent No. 11,959,512 B2 (“the ’512 patent”). Paper 2, 1. On August 8, 2024, Intex Marketing, Ltd. (“Patent Owner”) filed a Preliminary Response. Paper 5 (“Prelim. Resp.”). Along with the Preliminary Response, Patent Owner filed a statutory disclaimer of all Challenged Claims. Ex. 2001. In the Preliminary Response, Patent Owner argues that we should deny institution because it has statutorily disclaimed all Challenged Claims but requests that we “not construe the disclaimer as a request for adverse judgment.” Prelim. Resp. 5.

With our authorization, Petitioner submitted a Preliminary Reply addressing the issue of whether we should enter adverse judgment. Paper 6 (“Prel. Reply”). Patent Owner filed a Preliminary Sur-reply. Paper 7 (“Prel. Sur-reply”).

After consideration of the Petition, the Preliminary Response, the Preliminary Reply, the Preliminary Sur-reply, and the evidence of record, we deny institution of Post-Grant review but do not enter adverse judgment.

II. THE PARTIES CONTENTIONS

Patent Owner contends that the “Petition should be denied because the Challenged Claims have all been disclaimed.” Prelim. Resp. 7 (citing Ex. 2001). In support of this contention, Patent Owner relies on the Board’s precedential decision in *Gen. Elec. Co. v. United Techs. Corp.*, IPR2017-00491, Paper 9 (PTAB July 6, 2017) (precedential). Patent Owner notes that in *Gen. Elec.*, the Board did not institute review where the patent owner disclaimed all claims but did not enter adverse judgement. *Id.* at 7–8 (citing *Gen. Elec.*, Paper 9 at 7–8).

Patent Owner acknowledges that pursuant to the Federal Circuit’s decision in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 880 F.3d 1345 (Fed. Cir. 2018), we have “discretion to enter adverse judgment when a patent owner cancels claims prior to institution.” Prelim. Resp. 9. Patent Owner cites to various non-precedential Board decisions where the patent owner disclaimed all claims prior to institution and the panels denied institution without entering adverse judgment. *Id.* at 8–9; Prel. Sur-reply, 1–2.

Patent Owner next contends that even if we “could construe Intex’s disclaimer as a request for adverse judgment, good cause exists for not doing so in this case under the Board’s discretion.” Prelim. Resp. 10 (citing 35 U.S.C. § 324(a)). In support of this contention, Patent Owner argues that we would incentivize parties to contest every petition which would contravene the Board’s goal to conduct AIA “proceedings in an ‘efficient manner.’” *Id.* (citing 35 U.S.C. § 326(b); CTPG, 2, 5).

Petitioner, in turn, does not dispute that we should deny institution in light of “Patent Owner’s complete disclaimer.” Prel. Reply 1. Patent Owner argues that “[t]he only remaining dispute is whether the Board should terminate this proceeding by entering judgment against Patent Owner thereby triggering the patent owner estoppel provision (37 C.F.R. § 42.73(d)(3)), or simply denying institution without adverse judgement.” *Id.*

Noting that “[t]he ’512 Patent is part of a patent family that includes not only other issued patents, but also pending continuation applications,” Petitioner contends that Patent Owner “opposes entry of adverse judgment to avoid the estoppel provision that would prevent Patent Owner from obtaining another patent with claims patentably indistinct from the ’512 Patent, or enforcing other issued patents with patentably indistinct claims.”

Prel. Reply 1–2; *see also id.* at 3 (“One of the patents in this family (U.S. Patent No. 11,692,573, (“the ’573 Patent”) bears a striking resemblance to the ’512 Patent . . . including an identical limitation that is the heart of the claims of both patents.”).

Petitioner contends that “though Patent Owner has been well-aware of product-based prior art that predates the ’512 Patent family, Patent Owner has a long history of sending harassing cease-and-desist letters to Petitioner alleging infringement.” Prel. Reply 3. Petitioner contends that “at significant expense,” it “filed the instant Petition to curtail the continued harassment.” *Id.* at 3–4. According to Petitioner, “[i]f adverse judgment is not entered, nothing prevents Patent Owner from continuing to obtain patents in this family with patentably indistinct claims, and continuing the harassment.” *Id.* Petitioner cites to several non-precedential Board cases involving pre-institution disclaimers where the panel granted adverse judgment. *Id.* at 4.

III. ANALYSIS

37 C.F.R. § 42.207(e) provides that “patent owner may file a statutory disclaimer under 35 U.S.C. 253(a) in compliance with § 1.321(a), disclaiming one or more claims in the patent,” and “[n]o post-grant review will be instituted based on disclaimed claims.” A disclaimer under 35 U.S.C. § 253(a) is “considered as part of the original patent” as of the date on which it is “recorded” in the Office. 35 U.S.C. § 253(a). For a disclaimer to be “recorded” in the Office, the document filed by the patent owner must:

- (1) Be signed by the patentee, or an attorney or agent of record;
- (2) Identify the patent and complete claim or claims, or term being disclaimed. A disclaimer which is not a disclaimer of a complete claim or claims, or term will be refused recordation;

(3) State the present extent of patentee’s ownership interest in the patent; and

(4) Be accompanied by the fee set forth in 37 C.F.R. § 1.20(d). 37 C.F.R. § 1.321(a); *see also Vectra Fitness, Inc. v. TNWK Corp.*, 162 F.3d 1379, 1382 (Fed. Cir. 1998) (holding that a § 253 disclaimer is immediately “recorded” on the date that Office receives a disclaimer meeting the requirements of 37 C.F.R. § 1.321(a) and that no further action is required in the Office).

Based on our review of Exhibit 2001 and Office public records, we conclude that a disclaimer of claims 1–24 of the ’512 patent under 35 U.S.C. § 253(a) has been recorded in the Office as of August 8, 2024. Because all claims challenged by Petitioner have been disclaimed under 35 U.S.C. § 253(a) in compliance with 37 C.F.R. § 1.321(a), no post-grant review is instituted. 37 C.F.R. § 42.207(e).

We now turn to the question of whether we should enter adverse judgment against Patent Owner.

37 C.F.R. § 42.73 (b) provides that:

Request for Adverse Judgment

A party may request judgment against itself at any time during a proceeding. Actions construed to be a request for adverse judgment include:

- (1) Disclaimer of the involved application or patent;
- (2) Cancellation or disclaimer of a claim such that the party has no remaining claim in the trial;
- (3) Concession of unpatentability or derivation of the contested subject matter; and
- (4) Abandonment of the contest.

In this case, where Patent Owner disclaims all claims subject to review, we have discretion to decide whether or not to enter adverse judgment. *Arthrex, Inc. v. Smith & Nephew, Inc.*, 880 F.3d 1345, 1350 (Fed. Cir. 2018) (“37 C.F.R. § 42.73(b) permits the Board to enter adverse judgment when a patent owner cancels all claims at issue after an IPR petition has been filed, but before an institution decision.”); *see* Prel. Reply 2 (Petitioner agreeing that, “[w]hen a patent owner disclaims all claims subject to post-grant review, the Board has discretion to enter adverse judgment.”).

For the following reasons, we do not exercise our discretion to enter adverse judgment.

Patent Owner submits that the ’512 patent is a continuation of U.S. Patent No. 11,692,572 (“the ’572 patent”), U.S. Patent No. 11,692,573 (“the ’573 patent”), and U.S. Patent No. 11,459,781 (“the ’781 patent”) and it has a pending patent application that is a continuation of the ’512 patent. Prelim. Resp. 6. Patent Owner further submits that, on July 6, 2023, it sent a letter to Petitioner claiming that certain of Petitioner’s products infringed the ’572 patent, the ’573 patent, and the ’781 patent but that it has not filed a lawsuit against Petitioner with respect to the identified patents. *Id.* Patent Owner also submits that it “has never asserted nor threatened to assert any claim of the ’512 patent against” Petitioner. *Id.*¹ Petitioner does not dispute any of these assertions by Patent Owner. *See generally* Prel. Reply.

Both parties cite to numerous non-precedential Board decisions where a panel decided whether or not to exercise discretion to enter adverse

¹ Neither party identifies any related matters in its mandatory notices. Pet. 144; Paper 4, 2.

judgment. None of those cases are binding on us, and more importantly, the cases cited by Petitioner do not align with the facts of this case.

Petitioner cites to *Microsoft Corp. v. Softex LLC*, IPR2023-01185, Paper 16 (PTAB Mar. 19, 2024) and *Dell Inc. v. Softex LLC*, IPR2024-00564, Paper 5 (PTAB Mar. 19, 2024) in support of its position. Prel. Reply 4. Both cases involved a challenge to the same patent. *See Microsoft*, Paper 16 at 1; *Dell*, Paper 5 at 1. In *Dell*, the petition was filed with a Motion for Joinder with the *Microsoft* case. *Dell*, Paper 5 at 2. Patent Owner filed a statutorily disclaimer of all claims *after institution* in the *Microsoft* case. *See Microsoft*, Paper 16 at 2. The panel in *Microsoft* and *Dell* entered adverse judgment but there is no indication that the patent owner opposed entry of adverse judgment in either case and no discussion of the reasons for entering adverse judgment in either case other than a citation to 37 C.F.R. § 42.73 (b)(2). *See Microsoft*, Paper 16 at 2–3; *Dell*, Paper 5 at 2–3. Given these facts, the entry of adverse judgment in *Microsoft* and *Dell* does not persuade us that we should enter adverse judgment here.

In this case, it is undisputed that Patent Owner has not sued Petitioner for infringement of the '512 patent, the '572 patent, the '573 patent, or the '781 patent. Nor does Petitioner dispute that Patent Owner has not “asserted nor threatened to assert any claim of the '512 patent.” Prelim. Resp. 6. The fact that Petitioner undertook a strategy that resulted in incurring “significant expense” in the preparation and filing of the Petition is not a sufficient reason to enter adverse judgment against Patent Owner. We are not informed of any reason why Petitioner is barred under 35 U.S.C. § 315 from filing an *inter partes* review against any of the '572 patent, the '573 patent, the '781 patent, or any subsequently issued patents even those with claims substantially similar to the Challenged Claims.

We, thus, agree with Patent Owner, based on the facts of this case, that the efficient administration of the Office weighs against entering adverse judgment because such an action would have the effect of discouraging other similarly situated patent owners from filing disclaimers prior to institution in appropriate cases and also encourage patent owners to continue to litigate every AIA trial proceeding through Final Written Decision in such cases.

IV. CONCLUSION

For the foregoing reasons, we deny institution and do not exercise our discretion to enter adverse judgment against Patent Owner.

V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that post-grant review of claims 1–24 of U.S. Patent No. 11,959,512 B2 is not instituted; and

FURTHER ORDERED that we do not enter adverse judgment against Patent Owner.

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