

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ROKU, INC.,
Petitioner,

v.

UNIVERSAL ELECTRONICS INC.,
Patent Owner.

IPR2021-00263
Patent 10,600,317 B2

Before PATRICK M. BOUCHER, MINN CHUNG, and
RUSSELL E. CASS, *Administrative Patent Judges*.

CASS, *Administrative Patent Judge*.

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

I. INTRODUCTION

A. Background

Roku, Inc. (“Petitioner”) filed a Petition requesting an *inter partes* review of claims 1–11 (the “challenged claims”) of U.S. Patent No. 10,600,317 (Ex. 1001, “the ’317 patent”). Paper 2 (“Pet.”). Universal Electronics, Inc. (“Patent Owner”) filed a Preliminary Response. Paper 8 (“Prelim. Resp.”). With our authorization, Petitioner filed a Preliminary Reply (Paper 9, “Prelim. Reply”) and Patent Owner filed a Preliminary Sur-reply (Paper 10, “Prelim. Sur-reply”).

We have authority to determine whether to institute an *inter partes* review, under 35 U.S.C. § 314 and 37 C.F.R. § 42.4. An *inter partes* review may not be instituted unless it is determined that “the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314 (2018); *see also* 37 C.F.R. § 42.4(a) (2020) (“The Board institutes the trial on behalf of the Director.”). The reasonable likelihood standard is “a higher standard than mere notice pleading,” but “lower than the ‘preponderance’ standard to prevail in a final written decision.” *Hulu, LLC v. Sound View Innovations, LLC*, IPR2018-01039, Paper 29 at 13 (PTAB Dec. 20, 2019) (precedential). The Board, however, has discretion to deny a petition even when a petitioner meets that threshold. *Id.*; *see, e.g., Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i) (recognizing the same); *see also* Patent Trial and Appeal Board

Consolidated Trial Practice Guide (Nov. 2019) (“Consolidated TPG”), 55–63, *available at* <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

For the reasons provided below and based on the record before us, we determine that it is appropriate to exercise our discretion and decline to institute an *inter partes* review in this case.

B. Real Parties in Interest

Petitioner states that “Roku, Inc.” is the real party in interest. Pet. 81. Patent Owner states that “Universal Electronics, Inc.” is the real party in interest. Paper 4, 1.

C. Related Proceedings

The parties identify the following ITC proceeding involving the ’317 patent: *Certain Electronic Devices, Including Streaming Players, Televisions, Set Top Boxes, Remote Controllers, and Components Thereof*, Inv. No. 337-TA-1200, filed April 16, 2020 (the “parallel ITC proceeding”). Pet. 81; Paper 4, 1. Patent Owner also identifies several district court cases involving the ’317 patent, specifically, *Universal Electronics, Inc. v. Roku, Inc.*, 8:18-cv-01580-JVS-ADS (C.D. Cal. 2018); *Universal Electronics, Inc. v. Roku, Inc.*, 8:20-cv-00701-JVS-ADS (C.D. Cal. 2020); *Universal Electronics, Inc. v. TCL Electronics Holdings Ltd.*, 8:20-cv-00704-JVS-ADS (C.D. Cal. 2020); *Universal Electronics, Inc. v. Hisense Co., Ltd.*, 8:20-cv-00696-JVS-ADS (C.D. Cal. 2020); *Universal Electronics, Inc. v. Funai Electric Company, Ltd.*, Case No. 8:20-cv-00700-JVS-ADS (C.D. Cal. 2020) (collectively, the “parallel district court proceedings”). Paper 4, 1.

Additionally, the parties identify the following *inter partes* review proceeding involving the ’317 patent: *Roku, Inc. v. Universal Electronics, Inc.*, IPR2021-00264. Pet. 82; Paper 4, 1.

D. The '317 Patent (Ex. 1001)

The '317 patent issued on March 24, 2020 from U.S. Patent Application No. 16/393,348, filed April 24, 2010 (“the '348 application”). Ex. 1001, codes (21), (22), (45). The '348 application is one in a chain of continuation applications stretching back to U.S. Patent Application No. 11/515,962, filed on September 5, 2006 (issued as U.S. Patent No. 7,907,222). *Id.* at code (63). The '317 patent also claims the benefit of U.S. Provisional Patent Application No. 60/715,229, filed on September 8, 2005. *Id.* at code (60).

The '317 patent describes a system and method for setting up and configuring a universal remote control to command functions of one or more types of remotely controllable appliances, such as televisions, video cassette recorders (VCRs), cable boxes, and digital video recorders (DVRs). *Id.* at 1:32–40; Abstr.

Figure 4 of the '317 patent is reproduced below.

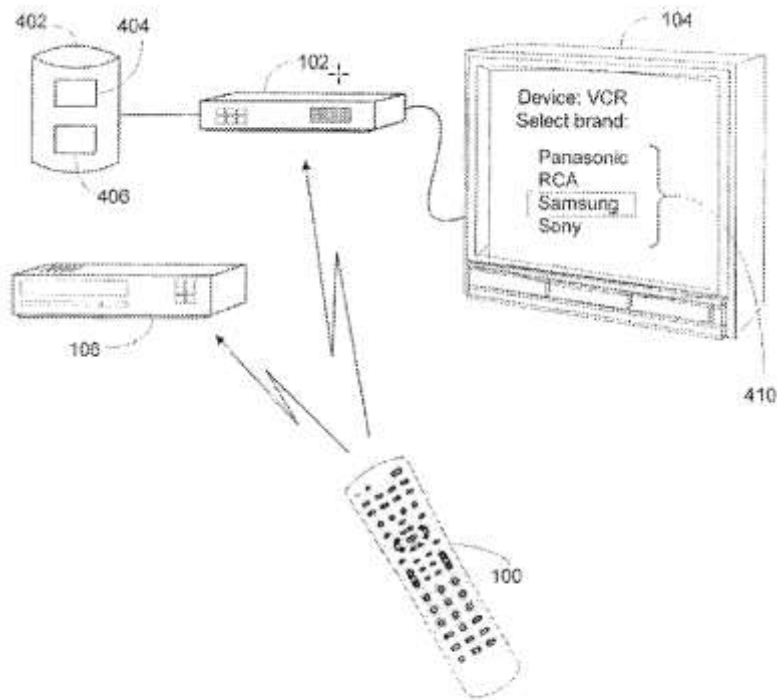


FIGURE 4

Figure 4 illustrates an exemplary embodiment where remote control 100 may be used with set top box (STB) 102 to command the functions of various appliances, such as TV set 104 and VCR 106. *Id.* at 4:20–26.

To facilitate setting up remote control 100 to command operation of appliances, STB 102 may be equipped with data 404 and application program 406, preferably stored locally within STB 102 on mass storage 402 or another storage device accessible to STB 102. *Id.* at 4:26–31. During the user set up process, application 406 is responsive to IR (infrared) signals issued by remote control 100. *Id.* at 4:52–53. For example, when the user presses and holds setup key 208 of remote control 100, the remote control enters a Setup Mode and transmits to STB 102 a specific “setup” IR code, which is interpreted as a command to initiate “Remote Setup/Help” application 406 at STB 102. *Id.* at 4:55–62.

Upon initiation, STB application 406 may display on TV 104 a user prompt, such as “What device do you want to setup for control?” together with a list of valid device types, e.g. “TV,” “VCR,” “Receiver,” etc. *Id.* at 5:16–20. The user may then select, using navigation keys 214 of remote control 100, a desired device type from the displayed list, for example, “VCR.” *Id.* at 5:25–27. Application 406 may respond by displaying on TV 104 a confirmation of the selected device type together with scrollable list 410 of valid brand names for that device type, as illustrated in Figure 4 reproduced above. *Id.* at 5:31–34. The brand names that comprise this list are obtained from data file 404. *Id.* at 5:35–36. The user may then select (once again via use of keys 214) a desired brand name, and application 406 may respond by displaying the remote control setup code number most likely to result in selection of an infrared code set which will operate appliances of the type and manufacture indicated. *Id.* at 5:42–48. The user may enter the remote control setup code number into remote control 100 by using digit entry keys 204 on the remote control. *Id.* at 5:54–56.

In another embodiment, certain subsets of the keys of remote control 100 may be configured to always transmit command codes corresponding to a specific device. *Id.* at 6:46–52. In this embodiment, certain remote control keys have a fixed assignment to always transmit the same code regardless of the currently selected device. *Id.* at 6:52–56.

E. Illustrative Claims

Of the challenged claims, claim 1 is independent. Claim 1 is illustrative and is reproduced below.

1. A controlled device, comprising:
a receiver for receiving communications from a remotely located controlling device;

a transmitter for transmitting communications to a display device coupled to the controlled device;

a processing device coupled to the receiver and the transmitter; and

a memory storing executable instructions, wherein the instructions, when executed by the processing device, cause the controlled device to:

automatically progress through a plurality of setup procedure steps in response to each of a plurality of communications received via use of the receiver from the controlling device;

transmit to the display device via use of the transmitter communications to cause the display device to display instructional information to a user while progressing through the plurality of setup procedure steps; and

in response to at least a type and brand of a target device to be controlled via use of the controlling device being identified via the use of the plurality of setup procedure steps, select at least one command code set which has been predetermined to be likely to be usable by the controlling device to control operational functions of the target device when subsequently provisioned to the controlling device.

Ex. 1001, 8:52–9:10.

F. Applied References

Petitioner relies upon the following references:

Lee et al, U.S. Patent No. 9,792,133 B2, issued Oct. 17, 2017 (Ex. 1016, “Lee”);

Spilo, U.S. Patent Bi, 7,375,673 B2, issued May 20, 2008 (Ex. 1015, “Spilo”);

Martis, US 2005/0110651 A1, published May 26, 2005 (Ex. 1007, “Martis”)

“TiVo Installation Guide — Series 2 Digital Video Recorder,” archived by web.archive.org on August 12, 2004,

with Affidavit of Elizabeth Rosenberg attached (Ex. 1013, “TiVo”).

Pet. viii, 2.

Petitioner submits the Declaration of Mr. John Tinsman (Ex. 1003).

G. Asserted Grounds of Unpatentability

Petitioner challenges the patentability of claims 1–11 of the ’317 patent based on the following grounds:

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1–10	103(a) ¹	Lee
11	103(a)	Lee, Spilo
1–4, 6–11	103(a)	Martis
5	103(a)	Martis, TiVo
11	103(a)	Martis, Spilo

II. DISCUSSION

A. Discretion Under 35 U.S.C. § 314(a) Based on Related Proceedings

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 [*inter partes* review (IPR)] proceeding.”); 35 U.S.C. § 314(a) (“The Director *may not* authorize an *inter partes* review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood

¹ The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”), included revisions to 35 U.S.C. § 103 that became effective on March 16, 2013. The ’317 patent claims priority to an application dated September 8, 2005, and Petitioner’s declarant states that he understands this to be the effective filing date of the ’317 patent. Ex. 1001, code (60); Ex. 1003 ¶ 16. For purposes of this decision, we apply the pre-AIA version of 35 U.S.C. § 103.

that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” (emphasis added)). In the Preliminary Response, Patent Owner contends that we should exercise our discretion to deny the Petition in favor of the parallel ITC proceeding, which has a target date for completion of the final determination of November 10, 2021. Prelim. Resp. 1.

The Board has held that the advanced state of a parallel district court action or ITC proceeding is a factor that may weigh in favor of denying a petition under § 314(a). *See NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (precedential) (“*NHK*”); *Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 11 at 5–6, 8 (PTAB March 20, 2020) (precedential) (“*Fintiv*”); Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019), 58 & n.2, *available at* <https://www.uspto.gov/TrialPracticeGuideConsolidated> (“Trial Practice Guide”).

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.

Fintiv at 5–6. 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.

Here, there are two parallel proceedings, the parallel district court proceedings and the parallel ITC proceeding. *See* Section I.C. Patent Owner argues that we should exercise our discretion based on the state of the parallel ITC proceeding. Prelim. Resp. 3–18.

We consider each of the *Fintiv* factors below.

1. Factor 1 — Whether the Court Has Granted a Stay of the Related Proceedings

Neither party has requested a stay of the parallel ITC proceeding. Pet. 8; Prelim. Resp. 6–7. Patent Owner argues that a stay of the parallel ITC proceedings is “extremely unlikely” because “the ITC Investigation is in its final stages,” with fact and expert discovery, the hearing, and the post-hearing briefs being concluded. Prelim. Resp. 6; Prelim. Sur-reply 3; Ex. 2005; Ex. 2006. Petitioner agrees that “the ITC litigation is unlikely to be stayed.” Pet. 8.

We agree with Patent Owner that, under *Fintiv*, the likelihood of a stay in the parallel ITC proceeding is relevant to this factor. *See Fintiv* at 7–8. Because both parties agree that a stay of the parallel ITC proceedings is unlikely, we determine that this factor weighs in favor of exercising discretion to deny institution under *Fintiv*.

2. Factor 2 — Proximity of Trial Date in the Parallel Proceedings

In its Preliminary Response filed on April 21, 2021, Patent Owner argues that “the hearing in the ITC investigation involving the ’317 patent is

currently underway,” and an initial determination in the ITC investigation is expected by July 10, 2021. Prelim. Resp. 8, 10 (citing Ex. 2001). Patent Owner further states that “the ‘target date’ for the ITC’s Final Determination is set for November 10, 2021.” *Id.* at 8–9 (citing Ex. 2001). Petitioner does not provide argument or evidence to the contrary. *See generally* Pet; Prelim. Reply. Patent Owner further argues that the statutory deadline for the final written decision for this IPR petition would be in July 2022, and “[t]his IPR simply cannot be considered an alternative to an ITC investigation in which the hearing and target date precede the FWD deadline by sixteen months and eight months, respectively.” Prelim. Resp. 8, 9.

Because the projected target date for the Final Determination in the parallel ITC proceeding precedes the projected deadline for a final written decision in this proceeding by approximately eight months, we determine that this factor weighs heavily in favor of exercising discretion to deny institution under *Fintiv*.

3. Factor 3 — Investment in the Parallel Proceeding

Patent Owner argues that “the parties and the ITC have already (and will continue to) invest enormous effort and expense” in the parallel ITC proceeding. Prelim. Resp. 10. According to Patent Owner, the parties in the parallel ITC proceeding have already concluded fact and expert discovery and pre-trial disclosures and briefing. Patent Owner also asserts that the ITC trial and post-trial briefing have been completed, and the Administrative Law Judge’s Initial Determination is expected on or before July 10, 2021. Prelim. Resp. 6, 10; Prelim. Sur-reply 3. Accordingly, Patent Owner argues, little will be left to be done by the time this decision issues. Prelim. Resp. 10.

Petitioner argues that “the Institution Decision in this proceeding will likely precede the Initial Determination at the ITC, which is projected to issue on May 24, 2021.” Pet. 10 (citing Ex. 1030, Appendix A). Petitioner further argues that because the hearing and target dates in the parallel ITC proceeding “are set to occur a mere 8 and 16 months after institution of the ITC litigation, respectively, it would have effectively been impossible for Petitioner to file this Petition early enough for the FWD to predate either event.” *Id.* Petitioner also asserts that “[t]he Petition here was filed promptly after each party filed its expert reports in the ITC investigation.” Prelim. Reply 3.

Patent Owner responds that “the Petition could have been filed much sooner, but Petitioner waited *eight* months to file the Petition on December 14, 2020.” Prelim. Resp. 11. Patent Owner asserts that “[t]his delay is inexcusable particularly since Petitioner submitted its invalidity contentions in the ITC Investigation months before (on July 10, 2020) it filed the Petition here, which included detailed arguments regarding the same prior art references asserted in the present IPR.” *Id.* Thus, according to Patent Owner, “Petitioner failed to file the Petition ‘expeditiously.’” *Id.* (citing *Fintiv* at 11).

Based on the evidence and arguments before us, we agree with Patent Owner that the parallel ITC proceeding is at an advanced stage, and that the parties and the ITC have invested substantial resources in the ITC proceeding. We also do not find that this factor to be mitigated by Petitioner’s timing in filing the Petition. As the Board explained in *Fintiv*, “it is often reasonable for a petitioner to wait to file its petition until it learns which claims are being asserted against it in the parallel proceeding,” and

where “the petitioner filed the petition expeditiously, such as promptly after becoming aware of the claims being asserted, this fact has weighed against exercising the authority to deny institution under *NHK*.” *Fintiv* at 11. Here, however, Petitioner did not file its Petition until eight months after the filing of the ITC proceeding and five months after Petitioner submitted its invalidity contentions in the ITC. Thus, we cannot credit Petitioner for diligently filing the Petition.

Consequently, based on the evidence before us, we determine that this factor weighs heavily in favor of exercising discretion to deny institution.

4. *Factor 4 — Overlap With Issues Raised in the Parallel Proceeding*

This factor “evaluates ‘concerns of inefficiency and the possibility of conflicting decisions’ when substantially identical prior art is submitted in both the district court and the *inter partes* review proceedings.” *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 11 (PTAB June 16, 2020) (informative) (quoting *Fintiv* at 12).

Petitioner argues that the Petition raises substantive issues that are not raised in the parallel ITC proceeding. Pet. 7. First, Petitioner argues that, although both proceedings involve assertions of unpatentability over the Lee and Martis references, the ITC proceeding includes anticipation grounds under 35 U.S.C. § 102, while the Petition involves grounds based on single-reference obviousness under § 103. *Id.* Second, Petitioner argues that the Petition combines Lee and Martis with Spilo for dependent claim 11, but Spilo is not asserted in the ITC. *Id.* Third, Petitioner argues that the only remaining claims in the ITC proceeding are dependent claims 3, 6, 9, and 11, but the Petition challenges all 11 claims of the ’317 patent. Prelim. Reply 2.

Petitioner analogizes this case to *Philip Morris Products, S.A. v. RAI Strategic Holdings, Inc.*, IPR2020-01602, Paper 9 (PTAB April 2, 2021), arguing that in *Philip Morris* the Board instituted trial despite a parallel ITC proceeding because “outside of the pending IPR, the validity of certain challenged claims would not be adjudicated at all before the ITC.” Prelim. Reply 1. Finally, Petitioner argues that, regardless of the ITC’s validity determination, the ITC proceeding will not render this IPR duplicative or amount to a waste of resources because the ITC does not have the authority to invalidate a patent in a way that is applicable to other forums. Pet. 10.

Patent Owner argues that the Petition asserts the Lee, Martis, and TiVo references and substantially the same theories as in the ITC investigation. Prelim. Resp. 13–14 (citing Ex. 2002; Ex. 2003). As to the Spilo reference, Patent Owner argues that Spilo was initially part of Petitioner’s invalidity defense in the ITC and was substantively addressed throughout a significant portion of the ITC litigation. *Id.* at 14. Patent Owner argues that Petitioner’s argument that Spilo is no longer asserted in the ITC “appears to be nothing more than attempt to jettison a weak invalidity argument in order to engineer an absence of overlap, after having already caused Patent Owner to undergo the expense of substantively addressing the Spilo reference in the ITC investigation.” *Id.* at 14–15. Finally, Patent Owner acknowledges that dependent claims 3, 6, 9, and 11 are the only remaining asserted claims in the ITC, but argues that claim 1, the sole independent claim from which claims 3, 6, 9, and 11 depend, is at issue, and that the parties devoted almost all of their hearing testimony and post-hearing briefing in the ITC to claim 1. Prelim. Sur-reply 3 (citing Ex. 2005 starting at 694; Ex. 2006 starting at 1250).

We agree with Patent Owner that there is significant overlap between the Petition and the parallel ITC proceeding. The Lee, Martis, and TiVo references are asserted in both proceedings, and Petitioner does not dispute that there are many similarities between the theories in both proceedings. *See* Prelim. Resp. 13–14; Ex. 2002; Ex. 2003; *see generally* Pet. 7–11. The fact that Petitioner asserts Spilo in the Petition but apparently is no longer asserting Spilo in the ITC does not significantly detract from the overlap between the proceedings because Spilo is only used to challenge dependent claim 11. Pet. 2.

Additionally, we are not persuaded by Petitioner’s argument that Patent Owner has reduced the asserted claims in the parallel ITC proceeding to dependent claims 3, 6, 9, and 11 rather than challenging claims 1–11, as the Petition does. As Patent Owner points out, claims 3, 6, 9, and 11 are all dependent on independent claim 1, the sole independent claim in the ’317 patent. Prelim. Sur-reply 3. Additionally, as Patent Owner points out, much of the parties’ testimony and post-hearing briefing related to independent claim 1. Prelim. Sur-reply 3 (citing Ex. 2005 starting at 694; Ex. 2006 starting at 1250). Thus, the record shows substantial overlap between the patentability issues and evidence raised in the Petition and the parallel ITC proceeding.

Philip Morris also does not support Petitioner’s position here. In *Philip Morris*, Petitioner dropped all of the claims challenged in the IPR from the ITC case. *Philip Morris*, Paper 9 at 12. Thus, the ITC proceeding at issue in *Philip Morris* involved invalidity grounds asserted against different claims based on different prior art. *Id.* at 13. Here, by contrast, the

Petition and the parallel ITC proceeding involve overlapping claims (claims 3, 6, 9, and 11) and overlapping prior art references.

Finally, we are not persuaded by Petitioner’s argument that the ITC does not have the authority to invalidate a patent in a way that is applicable to other forums. *See* Pet. 10. *Fintiv* expressly addresses ITC investigations, explaining 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.”

Fintiv at 8.

Consequently based on the record before us, we determine that factor four weighs in favor of exercising discretion to deny institution under *Fintiv*.

5. Factor 5 — Commonality of Parties in the Parallel Proceedings

Patent Owner argues that this factor weighs against institution because Petitioner Roku is a party in the parallel ITC action. Prelim. Resp. 16. Petitioner does not challenge this contention. *See* Pet. 7–11. Thus, we find that this factor weighs in favor of exercising our discretion to deny institution.

6. Factor 6 — Other Circumstances

Petitioner argues that the merits of the Petition are strong, pointing to its arguments for unpatentability in the Petition. Pet. 9. Patent Owner states that it does not agree that the merits are strong, but does not address the merits in detail. Prelim. Resp. 17. We have reviewed Petitioner’s unpatentability arguments and, based on the limited record before us, we do not find that the merits outweigh the other *Fintiv* factors favoring exercising our discretion to deny institution.

7. *Conclusion*

As noted in *Fintiv*, we consider the above factors as part of “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Fintiv* at 6. Taken together, the late stage of the parallel ITC proceeding, the eight month difference between the projected target date for the ITC’s final determination and our projected final written decision in this case, the overlap between the Petition and the ITC proceeding, and the fact that a stay of the parallel ITC proceeding is unlikely, indicate that exercising our discretion to deny institution is appropriate under *Fintiv*.

III. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is *denied* as to all grounds and all challenged claims of the ’317 patent.

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