UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE INC., CISCO SYSTEMS, INC., GOOGLE LLC, INTEL CORPORATION, EDWARDS LIFESCIENCES CORPORATION, and EDWARDS LIFESCIENCES LLC,

Plaintiffs,

v.

KATHERINE K. VIDAL, in her official capacity as Under Secretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office,

Defendant.

Case No. 20-cv-06128-EJD

ORDER DENYING PLAINTIFFS' RENEWED MOTION FOR SUMMARY JUDGMENT; GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT

Re: ECF Nos. 153, 157

Plaintiffs Apple Inc., Cisco Systems, Inc., Google LLC, Intel Corp., Edwards Lifesciences Corp., and Edwards Lifesciences LLC (together "Plaintiffs") brought this action against the Director of the United States Patent and Trademark Office ("PTO") alleging three violations of the Administrative Procedure Act ("APA"), 5 U.S.C. § 701 *et seq.*, based on the Director's adoption of a rule (the "*NHK-Fintiv* rule" or "*NHK-Fintiv* standard") concerning the PTO's consideration of petitions to institute *inter partes* review ("IPR"). *See* Am. Compl., ECF No. 54. Following the Court's dismissal of the Amended Complaint for lack of jurisdiction as to all three APA claims, the Federal Circuit affirmed as to two claims and reversed and remanded as to the third. Now pending before the Court are cross-motions for summary judgment on the remaining claim, which challenges the *NHK-Fintiv* standard on the ground that it should have been—but was not—implemented through notice-and-comment rulemaking. *See* Pls.' Renewed Mot. Summ. J. ("Pls.'

MSJ"), ECF No. 153; Def.'s Mot. Summ. J. & Opp'n to Pl.'s MSJ ("Def.'s Opp'n/MSJ"), ECF No. 157.

Based on the parties' written and oral arguments, the Court finds that the *NHK-Fintiv* standard was not a substantive rule requiring notice-and-comment rulemaking.

I. BACKGROUND

The Court has previously set forth the background for the IPR process, as well as the decisions that gave rise to the *NHK-Fintiv* standard, in its order granting the Director's motion to dismiss the Amended Complaint. *See* Order Granting Mot. Dismiss ("MTD Order"), ECF No. 133. Accordingly, the Court here summarizes only the relevant facts for the remaining claim regarding the *NHK-Fintiv* standard's procedural soundness under the APA.

A. PTO Organization and Actions

The powers and duties of the PTO are vested in an individual given the title "Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office" (the "Director"). *See* 35 U.S.C. § 3(a)(1). One of the PTO's organizational offices is the Patent Trial and Appeal Board ("PTAB" or the "Board"). *See* 35 U.S.C. § 6(a). The Board's membership consists of "[t]he Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges." *Id.*

The Board's duties include conducting IPRs, which are heard by at least three members of the Board. *See* 35 U.S.C. § 6(c).

1. Standard Operating Procedure 2 ("SOP-2")

By default, decisions issued by the Patent Trial and Appeal Board ("PTAB" or the "Board") in IPR proceedings are "routine" decisions that do not carry any binding authority. Patent Trial and Appeal Board, Standard Operating Procedure 2 (Rev. 11) ("SOP-2"), at 2 (July 24, 2023), https://www.uspto.gov/sites/default/files/documents/20230724_ptab_sop2_rev11_.pdf.[1]

[1] Although the Court here cites to SOP-2, Revision 11, it notes that Revision 10 was the operative version of the document when the Director designated the *NHK* and *Fintiv* decisions as precedential. *See* Def.'s Opp'n/MSJ 3–4 n.2. Revision 11 made no substantive change to the aspects of the precedential designation process relevant to this case. *See id.*

However, the Director possesses the discretion to designate any decision or part of a decision as "precedential" or "informative." SOP-2, at 6 n.5; *see also United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1980 (2021) ("The Director also promulgates regulations governing inter partes review . . . and designates past PTAB decisions as 'precedential' for future panels."). "A precedential decision is binding Board authority in subsequent matters involving similar facts or issues." SOP-2, at 7. By contrast, the Director may also designate certain decisions as "informative," meaning that they "set forth Board norms that should be followed in most cases, absent justification, although an informative decision is not binding authority on the Board." *Id.*

2. The *NHK-Fintiv* Standard

At issue in this case are two Board decisions that discretionarily denied instituting IPR petitions: *NHK Spring Co. v. Intri-Plex Technologies, Inc.*, IPR2018-00752, 2018 WL 4373643 (P.T.A.B. Sept. 12, 2018) (designated precedential on May 7, 2019), and *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, 2020 WL 2126495 (P.T.A.B. Mar. 20, 2020) (designated precedential on May 5, 2020). In both cases, the Board evaluated the argument that it should discretionarily deny IPR institution because a pending district court infringement action involving the same patents was set for trial earlier than the anticipated conclusion of IPR proceedings. *See NHK*, 2018 WL 4373643, at *7 (denying IPR institution due to agreement with patent owner's argument that "the district court proceeding will analyze the same issues and will be resolved before any trial on the Petition concludes") (citation omitted); *Fintiv*, 2020 WL 2126495, at *2 ("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 [six] factors.") (footnote omitted).

The *Fintiv* decision, which expanded on *NHK*, noted that "an early trial date"—as with "other non-dispositive factors considered for [IPR] institution under 35 U.S.C. § 314(a)"—should be "weighed as part of a 'balanced assessment of all relevant circumstances of the case, including the merits.'" *Fintiv*, 2020 WL 2126475, at *2 (quoting Consolidated Trial Practice Guide November 2019 ("TPG"), available at https://www.uspto.gov/TrialPracticeGuideConsolidated). The *Fintiv* Board noted that prior Board decisions had evaluated patent owners' arguments for

discretionary denials under *NHK* based on a "[p]arellel, co-pending proceeding" by evaluating (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. *Id*.

The Board then proceeded to discuss how prior opinions had treated each of these factors—all of which related to the impact of a parallel proceeding, *see id.* at *2–6—before noting that other facts and circumstances separate from the parallel proceedings could impact the Board's decision regarding institution. *See id.* at *7 ("For example, factors unrelated to parallel proceedings that bear on discretion to deny institution include the filing of serial petitions, parallel petitions challenging the same patent, and considerations implicated by 35 U.S.C. § 325(d)." [nn. 34–36]) (citing *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00064, Paper 10 (PTAB May 1, 2019) (precedential); *Valve Corp. v. Elec. Scripting Prods.*, Inc., IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018); *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i); TPG 59–61; *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020) (discussing two-part framework for applying discretion to deny institution under 35 U.S.C. § 325(d))). The *Fintiv* Board accordingly concluded by requesting that the parties submit supplemental briefing addressing the various factors discussed by the Board. *See id.* at *7.

The Director designated *NHK* a precedential decision on May 7, 2019, and likewise designated *Fintiv* as precedential on May 5, 2020. As such, "[t]he decisions, designated as precedential, constitute instructions from the Director regarding how the Board is to exercise the Director's institution discretion." *Apple Inc. v. Vidal*, 63 F.4th 1, 8 (Fed. Cir. 2023).

3. June 2022 Interim Procedure for Discretionary Denials

On June 21, 2022, after requesting comments on IPR institution decisions and receiving

822 comments, the Director issued a memorandum (the "June 2022 Memo") indicating that "several clarifications need[ed] to be made to the PTAB's current application of *Fintiv*." Mem., Interim Proc. for Discretionary Denials in AIA Post-Grant Proceedings with Parallel Dist. Ct. Litig. ("June 2022 Mem."), at 2 (June 21, 2022). The June 2022 Memo was issued under the Director's "authority to issue binding agency guidance to govern the PTAB's implementation of various statutory provisions." *Id.* at 3.

The June 2022 Memo clarified three circumstances where the PTAB will *not* deny institution of an IPR under *Fintiv*: (1) when a petition presents "compelling evidence of unpatentability"; (2) when a request for denial is based on a parallel ITC proceeding instead of a district court proceeding; or (3) where a petitioner stipulates not to pursue in a parallel district court proceeding "the same grounds as in the [IPR] petition or any grounds that could have reasonably been raised in the petition." June 2022 Mem. 9. Additionally, when the Board is assessing the second *Fintiv* factor (*i.e.*, comparing the district court's trial date with the Board's projected deadline for a final written IPR decision), the PTAB will consider the district's median time-to-trial. *Id.* The June 2022 Memo lastly reiterated that "even if the PTAB does not deny institution under *Fintiv*, it retains the right to deny institution for other reasons under 35 U.S.C. §§ 314(a), 324(a), and 325(d)." *Id.*

4. Potential for Future Rulemaking

The June 2022 Memo noted that the PTO was "planning to soon explore potential rulemaking on proposed approaches through an Advanced Notice of Proposed Rulemaking," June 2022 Mem. 2, and stated that the office "expect[ed] to replace this interim guidance with rules after it has completed formal rulemaking," *id.* at 9. On April 21, 2023, the PTO published an Advance Notice of Proposed Rulemaking in the Federal Register. *See* Changes Under Consideration to Discretionary Institution Practices, Petition Word-Court Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board ("Apr. 2023 ANPRM"), 88 Fed. Reg. 24,503 (Apr. 21, 2023). Among various potential changes, the PTO is "proposing rules to install *Apple v. Fintiv* and related guidance, with additional

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proposed reforms," where there is "a pending district court action in which a trial adjudicating the patentability of challenged claims has not already concluded at the time of an IPR institution decision." 88 Fed. Reg. at 24,505. It is not clear whether the "additional proposed reforms" would substantially reduce the Board's discretion in applying the *Fintiv* factors. *See id.*

B. Procedural History

On August 31, 2020, Apple and three other companies filed this action, challenging the *NHK-Fintiv* standard on three grounds under the APA. *See* Compl., ECF No. 1. Plaintiffs filed an amended complaint on November 9, 2020. *See* FAC. On November 10, 2021, this Court granted the government's motion to dismiss, finding that Plaintiffs had standing to sue but that their challenges were not reviewable under 35 U.S.C. § 314(d). *See* MTD Order. The Federal Circuit affirmed in part, reversed in part with respect to the reviewability of one claim, and remanded the matter to this Court "for consideration of this one challenge on the merits," referring to Plaintiffs' "challenge to the Director's instructions as having improperly been issued without notice-and-comment rulemaking." *Apple*, 63 F.4th at 18. The circuit court emphasized the distinction between holding a notice-and-comment rule making claim reviewable under the APA and making a decision on the merits as to whether such rule making was required. *See id.* at 15 (discussing Supreme Court decision, *Lincoln v. Vigil*, 508 U.S. 182 (1993), Court did not question APA claim's reviewability, but rather "decided, on the merits, that § 553 did not require notice-and-comment rulemaking for the agency decision at issue"). Additionally, in affirming this Court's finding that Plaintiffs had plausibly alleged an injury-in-fact for the purposes of standing, the Federal Circuit noted that Plaintiffs sufficiently alleged that the *NHK-Fintiv* standard would continue causing harm "harm in the form of denial of the benefits of IPRs linked to the concrete interest possessed by an infringement defendant." *Id.* at 17.

Following remand, the parties proposed a briefing schedule for their anticipated cross-motions for summary judgment. *See* ECF No 145. Pursuant to the Court's scheduling order, Plaintiffs filed their motion for summary judgment on August 17, 2023, *see* Pls.' MSJ; the Director filed her opposition and cross-motion for summary judgment on September 14, 2023, *see*

Def.'s Opp'n/MSJ; Plaintiffs filed their reply in support of their summary judgment motion and opposition to the Director's motion, *see* Pls.' Reply/Opp'n, ECF No. 158; and the Director filed her reply brief, *see* Def.'s Reply, ECF No. 159. The Court heard oral argument on the two summary judgment motions on December 7, 2023. *See* ECF No. 160.

II. LEGAL STANDARDS

A. Governing Law

Federal Circuit law governs the analysis of any issue that is unique to patent law or that presents a substantial question of patent law; any other issue is governed by Ninth Circuit law. *See Alarm.com Inc. v. Hirshfeld*, 26 F.4th 1348, 1354 (Fed. Cir. 2022) ("[A]n issue that presents a substantial question of patent law . . . is governed by our own law, rather than regional circuit law.") (citing *Odyssey Logistics & Tech. Corp. v. Iancu*, 959 F.3d 1104, 1108 (Fed. Cir. 2020)); *Odyssey Logistics*, 959 F.3d at 1108 ("We review procedural rules following 'the rule of the regional circuit, unless the issue is unique to patent law and therefore exclusively assigned to the Federal Circuit.'"); *see also, e.g.*, *Injen Tech. Co., Ltd. v. Advanced Engine Mgmt., Inc.*, 270 F. Supp. 2d 1189, 1192 (S.D. Cal. 2003) (In cases concerning the patent laws, the district court applies the law of the Federal Circuit to patent issues and the law of the circuit in which it sits ('the regional circuit') to nonpatent issues. . . . Thus, as a general rule, procedural issues are governed by the law of the regional circuit.") (internal citations omitted).

"APA claims against the PTO 'raise a substantial question of patent law,'" and substantive legal issues raised in such actions are therefore governed by Federal Circuit law. *Odyssey Logistics*, 959 F.3d at 1108 (internal alternations omitted) (quoting *Exela Pharma Scis., LLC v. Lee*, 781 F.3d 1349, 1352 (Fed. Cir. 2015)); *see also, e.g.*, *Helfgott & Karas, P.C. v. Dickinson*, 209 F.3d 1328, 1334 (Fed. Cir. 2000) (noting that although "[t]he APA is clearly not a patent law," Federal Circuit law governed in APA action brought against PTO because plaintiff's APA claims involved alleged loss of patent-related rights).

B. Summary Judgment

In a district court action challenging an administrative agency's decision under the APA,

"[s]ummary judgment . . . serves as the mechanism for deciding, as a matter of law, whether the agency action is . . . consistent with the APA standard of review." *Gill v. Dep't of Just.*, 246 F. Supp. 3d 1264, 1268 (N.D. Cal. 2017) (citation omitted), *aff'd*, 913 F.3d 1179 (9th Cir. 2019).[2] That is, although the parties and the Court characterize the pending motions as seeking summary judgment, the motions are not brought pursuant to Federal Rule of Civil Procedure 56, and the question before the Court is not whether the movant has shown that there is no genuine dispute as to any material fact. *See id.* at 1267–68; *see also, e.g.*, *Klamuth Siskiyou Wildlands Ctr. v. Gerritsma*, 962 F. Supp. 2d 1230, 1233 (D. Or. 2013) ("'Summary judgment' is simply a convenient label to trigger this court's review of the agency action."), *aff'd*, 638 F. App'x 648 (9th Cir. 2016). "In other words, the district court acts like an appellate court, and the entire case is a question of law." *Gill*, 246 F. Supp. 3d at 1268 (internal quotation marks omitted).

C. APA Review

Under the APA, a "reviewing court shall … hold unlawful and set aside agency action" taken "without observance of procedure required by law." 5 U.S.C. § 706(2)(D). Agency actions can be divided into two broad categories: rule making and adjudication. *See, e.g.*, *Yesler Terrace Cmty. Council v. Cisneros*, 37 F.3d 442, 448 (9th Cir. 1994) (citing 5 U.S.C. §§ 551(4)–(7)). The parties agree that only rule making is relevant here. *See* Pls.' MSJ 14 n.12 (stating *NHK-Fintiv* standard is not adjudication under the APA); *see generally* Def.'s Opp'n/MSJ (no argument that adjudication framework applies to *NHK-Fintiv* standard).

The APA defines "rule" as:

> the whole or a part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency and includes the approval or prescription for the future of rates, wages, corporate or financial structures or reorganizations thereof, prices, facilities, appliances, services or allowances therefor or of valuations, costs, or accounting, or practices bearing on any of the foregoing,

[2] The procedural mechanism of summary judgment in challenging an agency action under the APA does not raise a substantial question of patent law, and is accordingly discussed with reference to Ninth Circuit law.

5 U.S.C. § 551(4), and "rule making" as the "agency process for formulating, amending, or repealing a rule," *id.* § 551(5). In general, when an agency engages in rule making, the APA requires that the agency conduct a notice-and-comment process involving the agency's publication of notice of the proposed rulemaking, the opportunity for interested persons to comment on the proposal, and the agency's response to significant comments. *See* 5 U.S.C. §§ 553(b)–(d). However, the APA expressly excludes three categories of rulemaking from the notice-and-comment requirement: (1) interpretative rules; (2) general statements of policy; and (3) rules of agency organization, procedure, or practice. *Id.* § 553(b)(4)(A).[3] Courts have formulated this distinction to hold that "[t]he notice-and-comment requirements apply . . . only to so-called 'legislative' or 'substantive' rules." *Lincoln v. Vigil*, 508 U.S. 182, 195 (1993) (citations omitted); *see also Chrysler Corp. v. Brown*, 441 U.S. 281, 301 (1979) ("The central distinction among agency regulations found in the APA is that between 'substantive rules' on the one hand and 'interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice' on the other.") (quoting 5 U.S.C. §§ 553(b), (d)).

A rule is "substantive," and therefore subject to the APA's notice-and-comment requirements, if it "effect[s] a change in existing law or policy or . . . affect[s] individual rights and obligations." *Paralyzed Veterans of Am. v. West*, 138 F.3d 1434, 1436 (Fed. Cir. 1998) (citation omitted); *see also Yesler Terrace*, 37 F.3d at 449 ("Substantive rules . . . create rights, impose obligations, or effect a change in existing law pursuant to authority delegated by Congress.") (citation omitted). A "general statement of policy," which is not subject to notice-and-comment rule making, is a statement "issued by an agency to advise the public prospectively of the manner in which the agency proposes to exercise a discretionary power." *Lincoln*, 508 U.S. at 197 (quoting *Chrysler*, 441 U.S. at 302 n.31).

III. DISCUSSION

As noted above, the only remaining claim before the Court is Plaintiffs' challenge to the

[3] The only exception at issue here is for "general statements of policy." *See generally* Def.'s Opp'n/MSJ.

NHK-Fintiv standard as having improperly been issued in violation of the APA due to the lack of notice-and-comment rule making. It is undisputed that the *NHK-Fintiv* standard did not undergo the regular notice-and-comment rule making. The contested issue is thus whether the Director was in fact required to invoke the rule making process to implement the *NHK-Fintiv* standard. Plaintiffs argue that notice-and-comment rule making was required because the adoption of the *NHK-Fintiv* standard was a substantive rule that the Board is bound to follow and that affects private interests. *See* Pls.' MSJ 14–20. The Director argues that notice-and-comment was not required because the *NHK-Fintiv* standard is a general statement of policy that does not affect the rights of private interests and does not replace the Board's discretion. *See* Def.'s Opp'n/MSJ 9–18.

In considering these arguments, the Court first distills the specific agency action at issue before turning to the question of whether that action was the implementation of a substantive rule or the issuance of a general statement of policy.

A. The Nature of the Challenged Action

Plaintiffs' challenge to the *NHK-Fintiv* standard is based on the Director's designation of the *NHK* and *Fintiv* decisions as "precedential" under SOP-2. *See* Pls.' MSJ 7–8; Am. Compl. ¶¶ 49–53, 92–95. Plaintiffs have not challenged SOP-2 itself, or more generally the Director's authority to designate a decision as precedential. *See generally* Am. Compl.; *see also* Dec. 7, 2023 Hr'g Tr. ("Tr.") 40:11–13.[4] Rather, Plaintiffs argue that the specific designations of *NHK* and *Fintiv* have had the effect of creating a substantive rule, which should have been—but was

[4] The Court notes that the Director's authority to designate a decision as precedential is well established. *See, e.g.*, *Facebook, Inc. v. Windy City Innovations, LLC*, 973 F.3d 1321, 1353 (Fed. Cir. 2020) (discussing process under SOP 2 for designating PTAB decision as precedential and noting that *Chevron* deference is not afforded to such decisions). It is also worth noting that other agencies have similar mechanisms through which they may designate a decision as precedential. *See, e.g.*, *ITServe Alliance, Inc. v. U.S. Dep't of Homeland Sec.*, 71 F.4th 1028, 1032 (D.C. Cir. 2023) (Department of Homeland Security designated precedential decision by United States Citizenship and Immigration Services regarding visa eligibility); *Splane v. West*, 216 F.3d 1058, 1065 (Fed. Cir. 2000) ("Written legal opinions [of the General Counsel] designated as precedent opinions [] shall be considered by Department of Veterans Affairs to be subject to the provisions of 5 U.S.C. 552(a)(1).") (quoting 38 C.F.R. § 14.507(b)).

not—subject to notice-and-comment rule making. Accordingly, it is necessary to understand what is required by *NHK* and *Fintiv* before evaluating whether that requirement is properly categorized as a substantive rule or a general statement of policy.

1. When Does the *NHK-Fintiv* Standard Apply?

As a threshold matter, the *NHK-Fintiv* standard applies to the circumstance where the Board is considering a petition to institute IPR, and the patent owner, in opposing the petition, argues that the Board should apply its discretion under 35 U.S.C. § 314(a) to deny institution due to the advanced state of a parallel district court litigation. *See NHK*, 2018 WL 4373643, at *7 (finding, after patent owner argued that IPR would be inefficient where parallel district court proceeding addressing same issues was set for trial five months before IPR would conclude, that "advanced state of the district court proceeding is an additional factor that weighs in favor of denying" IPR); *Fintiv*, 2020 WL 2126495, at *1–2 (aggregating factors that Boards considered where patent owners argued for denial of IPR due to earlier trial date in parallel district court proceeding); *see also Apple Inc. v. Fintiv, Inc.*("*Fintiv II*"), IPR2020-00019, 2020 WL 2486683, at *3 (P.T.A.B. May 13, 2020) (not precedential) ("The recent Precedential Order in this case sets forth factors that balance considerations of system efficiency, fairness, and patent quality when a patent owner raises an argument for discretionary denial due to the advanced state of a parallel proceeding.") (citing *Fintiv*, 2020 WL 2126495, at *2).

2. What Must a Board Do When the *NHK-Fintiv* Standard Applies?

To answer this question, the Court reviews the actual language of *Fintiv*, which expounded on the holding in *NHK* that an early trial date in a parallel proceeding could be a basis for denial of IPR institution. Broadly, the existence of an early trial date in a parallel district court proceeding is a "non-dispositive factor[] considered for institution under 35 U.S.C. § 314(a)" that "should be weighed as part of a 'balanced assessment of all relevant circumstances of the case, including the merits.'" *Fintiv*, 2020 WL 2126495, at *2 (quoting TPG 58). *Fintiv* identified six "factors related to a parallel, co-pending proceeding," *id.*, that Board decisions had balanced following *NHK*, and noted that the "factors relate to 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," *id.* at *3. In discussing the six identified factors, *Fintiv* noted potential facts that prior Boards had found to weigh for or against—and weakly or strongly—the Board's "exercising the authority to deny institution under *NHK*." *Id.* For example, as to the first factor ("whether a stay exists or is likely to be granted if [an IPR] proceeding is instituted"), a litigation stay "has strongly weighed against exercising authority to deny institution," but a district's court's prior denial of a motion for a stay, and lack of indication that the court would reconsider such a motion, "has sometimes weighed in favor of exercising authority to deny institution under *NHK*." *Id.*

In addition to the six identified factors "related to a parallel, co-pending proceeding"—including the sixth factor of "other circumstances that impact the Board's exercise of discretion, including the merits"—*Fintiv* noted that there may exist facts and circumstances "unrelated to parallel proceedings that bear on discretion to deny institution," including factors such as "the filing of serial petitions, parallel petitions challenging the same patent, and considerations implicated by 35 U.S.C. § 325(d)." *Id.* at *6–7 (footnotes and citations omitted). The precedential *Fintiv* decision ends with a request for supplemental briefing from the parties related to the various enumerated factors and about "whether these or other facts and circumstances exist in their proceeding and the impact of those facts and circumstances on efficiency and integrity of the patent system." *Id.* at *7.

Accordingly, *Fintiv* "articulates [a] set of nonexclusive factors that the PTAB considers . . . in determining whether to institute an [IPR] proceeding where there is parallel district court litigation." June 2022 Mem. 1–2. That is, *Fintiv* summarized various factors that the PTAB had considered in evaluating patent owners' arguments that institution should be denied due to the status of a parallel district court proceeding, and the Director, by designating the decision precedential, required that future Board decisions also consider those identified factors when faced with similar arguments.

B. Classification of the *NHK-Fintiv* Standard

The dispositive question, then, is whether the Director's requirement that Boards consider

the factors enumerated in *Fintiv* constitutes a "substantive rule" that is invalid absent notice-and-comment rule making, or a "general statement of policy" for which the APA does not require such rule making processes. Whether a particular agency action is a "substantive rule" or a "general statement of policy" is a significant question in administrative law. *See, e.g.*, *Nat'l Min. Ass'n v. McCarthy*, 758 F.3d 243, 251 (D.C. Cir. 2014) (describing framework for classification of agency action as "quite difficult and confused," and noting that "among the many complexities that trouble administrative law, few rank with that of sorting valid from invalid uses of so-called 'nonlegislative rules'") (quoting John F. Manning, Nonlegislative Rules, 72 GEO. WASH. L. REV. 893, 893 (2004)). The Court will look primarily to Federal Circuit law in evaluating the classification of the *NHK-Fintiv* standard, as the inquiry here involves the Director's authority and duties under 35 U.S.C. §§ 314 and 316 and thus "can be said to raise a substantial question under the patent laws." *Helfgott*, 209 F.3d at 1333–34; *see also Odyssey Logistics*, 959 F.3d at 1108. However, as indicated below, there is a large degree of overlap between the circuits—including the Federal Circuit and the Ninth Circuit—regarding the classification of agency actions as substantive versus non-substantive rules.

1. Analytical Framework

At base, the Federal Circuit and Ninth Circuit agree that substantive rules "alter the landscape of individual rights and obligations." *Stupp Corp. v. United States*, 5 F.4th 1341, 1352 (Fed. Cir. 2021); *see also Paralyzed Veterans of Am.*, 138 F.3d at 1436 ("[C]ase law has defined 'substantive rules' as those that effect a change in existing law or policy or which affect individual rights and obligations.") (citation omitted); *Yesler Terrace*, 37 F.3d at 449 (Ninth Circuit decision stating that substantive rules "create rights, impose obligations, or effect a change in existing law pursuant to authority delegated by Congress") (citation omitted). By contrast, a "general statement of policy" is a statement "issued by an agency to advise the public prospectively of the manner in which the agency proposes to exercise a discretionary power." *Lincoln*, 508 U.S. at 197 (citation omitted); *see also Stupp*, 5 F.4th at 1351 (same under Federal Circuit law); *Serrato v. Clark*, 486 F.3d 560, 569 (9th Cir. 2007) (same).

The Federal Circuit frequently cites to D.C. Circuit cases when discussing the distinction between substantive and non-substantive rules. *See, e.g.*, *Disabled Am. Veterans v. Sec'y of Veterans Affairs*, 859 F.3d 1072, 1077 (Fed. Cir. 2017) ("The most important factor [in distinguishing substantive rules from general statements of policy] concerns the actual legal effect (or lack thereof) of the agency action in question on regulated entities.") (quoting *Nat'l Min. Ass'n*, 758 F.3d at 252); *id.* (generally describing substantive rulemaking under the APA) (citing *Molycorp, Inc. v. EPA*, 197 F.3d 543, 545 (D.C. Cir. 1999)); *Splane v. West*, 216 F.3d 1058, 1063 (Fed. Cir. 2000) ("The D.C. Circuit has recognized that 'an agency's characterization of its own action, while not decisive, is a factor [to] consider' [in deciding whether a rule is substantive].") (quoting *Am. Hosp. Ass'n v. Bowen*, 834 F.2d 1037, 1047 (D.C. Cir. 1987)). As the D.C. Circuit has noted, its case law "guide[s] the determination of whether an action constitutes a [substantive] rule or a general statement of policy" through two lines of inquiry: the first "considers the effects of an agency's action, inquiring whether the agency has '(1) imposed any rights and obligations, or (2) genuinely left the agency and its decisionmakers free to exercise discretion'"; and the second "looks to the agency's expressed intentions," and particularly as to "whether the action has binding effects on private parties or on the agency." *Clarian Health W., LLC v. Hargan*, 878 F.3d 346, 357 (D.C. Cir. 2017) (citations omitted).

Similarly, under Ninth Circuit law, a general statement of policy (1) must "operate only prospectively," and (2) "must not establish a binding norm or be finally determinative of the issues or rights . . . but must instead leave [agency] officials free to consider the individual facts in the various cases that arise." *Mada-Luna v. Fitzpatrick*, 813 F.2d 1006, 1014 (9th Cir. 1987) (internal quotation marks and citations omitted); *see also Gill v. U.S. Dep't of Just.*, 913 F.3d 1179, 1186 (9th Cir. 2019) ("The critical factor to determine whether a directive announcing a new policy constitutes a legislative rule or a general statement of policy is 'the extent to which the challenged directive leaves the agency, or its implementing official, free to exercise discretion to follow, or not to follow, the announced policy in an individual case.'") (alterations omitted) (quoting *Colwell v. Dep't of Health & Human Servs.*, 558 F.3d 1112, 1124 (9th Cir. 2009)).

2. Application of Analytical Framework

In light of the Court's above discussion of the relevant framework, the Court will evaluate whether the *NHK-Fintiv* standard (1) affects individual rights and obligations; (2) operates prospectively; (3) leaves the PTAB free to exercise discretion and consider the individual facts before it in a given case; and (4) has binding effects, establishes a binding norm, or is otherwise determinative of any issues or rights.

a. Affects Individual Rights and Obligations

Plaintiffs argue that the *NHK-Fintiv* standard affects private interests by increasing the risk of IPR denial and thereby "restricting the ability of infringement defendants to access IPR and its benefits." Pls.' MSJ 18–19. Plaintiffs urge that the Court look to *W.C. v. Bowen*, 807 F.2d 1502 (9th Cir. 1987), *amended on denial of reh'g*, 819 F.2d 137 (9th Cir. 1987), where the circuit held that a Social Security Administration program requiring mandatory screening and review of decisions allowing disability benefits, if those decisions were made by specified administrative law, constituted a substantive rule. *See* Pls.' MSJ 19–20. Plaintiffs argue that the *NHK-Fintiv* standard likewise changes existing policy because it established non-statutory factors that a petitioner "must satisfy to access the benefits of IPR," and was designed to alter the Board's decisionmaking and thereby displaced Board discretion. *See id.* The Director counters that the *Fintiv* factors do not affect any legally protected individual rights or obligations, as IPR petitioners have no right to IPR review, and the institution decision makes no determination regarding the validity of the underlying patent at issue. *See* Def.'s Opp'n/MSJ 10. The Director additionally notes that the Federal Circuit's finding in its remand decision in this case—that Plaintiffs alleged sufficient harm to establish standing—"does not automatically convert to a holding that Plaintiffs' rights are altered by the *Fintiv* factors." *Id.* at 12.

The Court agrees with the Director that the *NHK-Fintiv* standard—*i.e.*, the application of the *Fintiv* factors—does not "alter the landscape of individual rights and obligations," *Stupp*, 5 F.4th at 1352, or "create rights, impose obligations, or effect a change in existing law pursuant to authority delegated by Congress," *Yesler Terrace*, 37 F.3d at 449. Congress has provided that the

Director "may *not* authorize an [IPR] to be instituted unless . . . there is a reasonable likelihood" of success with respect to at least one challenged claim. 35 U.S.C. § 314(a) ("Threshold.") (emphasis added). However, there is no set of circumstances under which the Director is required to authorize IPR institution. *See generally* 35 U.S.C. §§ 311, *et seq.*; *see also, e.g.*, *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1355 (2018) ("The Director, we see, is given . . . the choice 'whether' to institute an inter partes review."). The *NHK-Fintiv* standard, which requires that the Board consider certain non-exclusive factors in determining whether to institute IPR is therefore distinguishable from the program reviewed in *W.C. v. Bowen*, which affected individuals' "existing rights" to social security benefits by altering decisions toward benefit denials. *See* 807 F.2d at 1505. Where there is no existing right to the action sought by a petitioner, *i.e.*, where a grant of the requested relief is entirely discretionary, the fact that an agency action "diminishes the likelihood," that the agency will grant relief does not require a finding that preclude the action from "constitut[ing] a general statement of policy," even if the agency action "will cause a 'substantial impact' to the rights of a specific class." *Mada-Luna*, 813 F.2d at 1016.[5]

To the extent Plaintiffs argue that the *NHK-Fintiv* standard imposes on the right to bring a petition for IPR within one year of being served with an infringement complaint, *see* Pls.' MSJ 21–22, the Federal Circuit has affirmed this Court's dismissal of Plaintiffs' claim that the *NHK-Fintiv* standard is contrary to the one-year window set by statute. *See Apple*, 63 F.4th at *11–13. Further, there is no statutory language suggesting that Plaintiffs should expect the same likelihood of institution regardless of the time of filing within the one-year window; rather the window

[5] The Federal Circuit, in holding that Plaintiffs had alleged facts sufficient to confer standing, noted that Plaintiffs plausibly alleged that the *NHK-Fintiv* standard caused harm by denying IPR benefits linked to an infringement defendant's legally protected interests in the infringement suit. *See Apple*, 63 F.4th at 17. Plaintiffs argue that this finding should lead to the conclusion that the *NHK-Fintiv* standard is a substantive rule because it alters legal rights, *see* Pls.' MSJ 18, but that argument would collapse the threshold analysis of standing with that of the merits of the APA claim, which is the very distinction between threshold and merits analysis that the Federal Circuit concluded applied to this case. *See Apple*, 63 F.4th at 15 ("The government in *Lincoln* explained this distinction . . . [and] [w]e conclude that the distinction applies here."). The Court is not here required to take Plaintiffs' allegations as true, and makes its finding regarding the merits question based on the analogous case law discussed in this section.

functions to create a time bar in the event the petitioner has been served with a complaint alleging infringement of the patent. *See* 35 U.S.C. § 315(b). Lastly, nothing in the *NHK-Fintiv* standard requires any action on the part of a petitioner or patent owner; rather, the Director's designation of the *NHK* and *Fintiv* decisions as precedential has required action only of the PTAB, as discussed in greater detail below. *See infra*, at Part III(B)(2)(c). Accordingly, the Court finds that the *NHK-Fintiv* factors do not alter, create, or impose any individual rights or obligations.

b. Operates Prospectively

As Plaintiffs note, the general definition of a "rule" is an "agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy." Pls.' MSJ 16 (quoting 5 U.S.C. § 551(4)). Such rules must be adopted through notice-and-comment rule making, except for enumerated exceptions including "general statements of policy." *Id.* (quoting 5 U.S.C. § 553(b)). For an agency action to be a general statement of policy, one requirement is that the action must operate "only prospectively." *Mada-Luna*, 813 F.2d at 1014; *see also Lincoln*, 508 U.S. at 197 (noting that general statements of policy are "statements issued by an agency to advise the public prospectively of the manner in which the agency proposes to exercise a discretionary power") (quoting *Chrysler*, 441 U.S. at 302 n.31).

Here, the parties do not dispute that the Director's designation of the *NHK* and *Fintiv* decisions as precedential had only a prospective effect. *See generally* Pls.' MSJ; Def.'s Opp'n/MSJ; *see also* SOP-2, at 7 (stating that precedential decisions constitute authority for "*subsequent matters* involving similar facts or issues") (emphasis added). Accordingly, the *NHK-Fintiv* standard meets this necessary, though not sufficient, criterion for a general statement of policy.

c. Exercise of Discretion

This next avenue of analysis—whether the *NHK-Fintiv* standard leaves agency officials "free to exercise discretion"—is perhaps the thorniest one presented by this case. *Clarian Health W.*, 878 F.3d at 357; *see also Mada-Luna*, 813 F.2d at 1014 (noting that general statement of policy must "leave [agency] officials free to consider the individual facts in the various cases that

arise"). Plaintiffs argue that the *NHK-Fintiv* standard leaves the Board with no discretion with respect to both (1) considering the *Fintiv* factors and (2) denying institution "where those factors on balance weigh against institution," regardless of any case specific facts. *See* Pls.' MSJ 17–18. The Director agrees that the *NHK-Fintiv* standard requires the Board to consider the enumerated factors, and argues that (1) the Director's complete statutory discretion to deny institution of IPR means that she may instruct the Board on her policy priorities, and (2) the *Fintiv* factors do not require any particular outcome in a given case, but merely guide the Board's attention to certain facts to consider in conducting a holistic analysis. *See* Def.'s Opp'n/MSJ 13–18. The parties' arguments as to whether the *NHK-Fintiv* standard replaces the Board's discretion with respect to the outcome of a petition to institute IPR overlap with the analysis of whether the standard is binding or determinative, and the Court will therefore address those arguments in the following section. *See infra*, at Part III(B)(2)(d). Here, the Court examines whether the *NHK-Fintiv* standard's undisputed requirement that the Board to consider the *Fintiv* factors (when presented with arguments about a parallel district court proceeding) is a substantive rule.

At the outset, to the extent the Director argues that her own complete discretion to deny institution of IPR means that she may set forth instructions that would require the Board to make specific institution decisions in specific circumstances as a general statement of policy, the Court rejects the argument as contrary to the requirement that agency decisionmakers remain free to exercise their discretion. *See Lincoln*, 508 U.S. at 197 (general statements of policy concern "the manner in which the agency proposes to exercise a discretionary power"); *Clarian Health W.*, 878 F.3d at 357 (general statement of policy "genuinely left the agency *and its decisionmakers* free to exercise discretion") (emphasis added) (citation omitted).

The Court finds instructive the Ninth Circuit's reasoning in *Mada-Luna*. There, the Court considered whether two versions of operating instructions issued by the Immigration and Naturalization Service ("INS") were substantive rules or general statements of policy regarding the grant of deferred action status. *See* 813 F.2d at 1017. Both versions of the operating instructions required the agency decisionmakers to consider several enumerated, non-exclusive

factors when determining whether to recommend a case for deferred action, such as the age of the applicant. *See id.* at 1008–09 nn. 1–2. The Ninth Circuit found each version of the operating instruction to be a general statement of policy even though the instructions required the district director to consider the specified factors, reasoning that the instructions "expressly authorize[d]" and left the director free to consider any other individual facts in each case. *See id.* at 1017.

Similarly, here, the *NHK-Fintiv* standard enumerates a set of non-exclusive factors for agency decisionmakers to consider when determining whether to institute an IPR. *See Fintiv*, 2020 WL 2126495, at *2 (noting that *Fintiv* factors relating to early trial date arguments are similar to "other non-dispositive factors considered for institution," all of which "should be weighed as part of a 'balanced assessment of all relevant circumstances of the case'") (quoting TPG 58); *see also* June 2022 Mem. 1–2 ("[*Fintiv*] articulates the following . . . nonexclusive factors."). Further, *Fintiv* not only includes a factor for "other circumstances"—a broad category that makes explicit that the Board should consider "all the relevant circumstances in the case," the decision also expressly notes that "factors unrelated to parallel proceedings [may] bear on discretion to deny institution," such as "the filing of serial petitions, parallel petitions challenging the same patent, and considerations implicated by 35 U.S.C. § 325(d)." *Fintiv*, 2020 WL 2126495, at *6–7 (footnotes and citations omitted). Accordingly, the "language and structure of the directive" not only permit but in fact require that the Board exercise its discretion in consideration of the particular facts presented in each case. *See Mada-Luna*, 813 F.2d at 1015 (citation omitted).

d. Binding or Determinative Effect

The Court lastly considers whether the *NHK-Fintiv* standard establishes a binding norm or has a determinative effect. Plaintiffs argue that the standard is binding because the Board "must grant or deny IPR petitions in accordance with the rule." Pls.' MSJ 10; *see id.* at 18 ("The Board must apply the rule's factors and deny institution in accordance with the *NHK-Fintiv* rule where those factors on balance weigh against institution; the Board has no freedom to consider the individual facts in the various cases that arise and grant an IPR petition where the balancing of the

rule's factors dictates otherwise.") (internal quotation marks omitted) (citing *Mada-Luna*, 813 F.2d at 1014). Plaintiffs additionally argue that the *NHK-Fintiv* rule "overall has proven dispositive, as evidenced by its repeated use to deny IPR petitions." *Id.* at 18 (citing Am. Compl. ¶¶ 54–61); *see id.* at 9 ("[F]ollowing adoption of the rule, the percentage of cases raising parallel litigation as a ground for denying institution nearly doubled. . . [and in] the first half of [2021,] the Board denied institution in 38% of cases in which *NHK-Fintiv* was considered.") (citations omitted). The Director first counters a rule that is binding only within the agency is not a substantive rule. *See* Def.'s Opp'n/MSJ 13–14 (citing *Splane*, 216 F.3d at 1064). The Director further argues that the *Fintiv* factors in any event "do not compel a specific outcome on institution," *id.* at 12, and therefore do not establish a 'binding norm' because "merely guide the Board's decision-making process . . . without dictating any particular outcome," *id.* at 14.

With respect to the Director's first argument—that a rule that is binding within an agency may not be substantive rule—the Court finds the Director's reliance on *Splane* to be misplaced. In *Splane*, the Federal Circuit rejected the argument that a rule's binding effect within the agency meant that the rule "*necessarily* ha[d] the 'force and effect of law,'" such that it could not be anything but a substantive rule. *See* 216 F.3d at 1064 (emphasis added); *see id.* ("Petitioners assert that any agency rule that is binding on an agency tribunal has the 'force and effect of law,' and must therefore be deemed legislative in nature. We disagree."). Any rule—substantive or not—may be "binding on agency officials insofar as any directive by an agency head must be followed by agency employees." *Id.* (citation omitted). However, the Federal Circuit did not hold, as the Director appears to argue, that a rule that binds only the agency may never be a substantive rule. *See id.* Further, the Federal Circuit has since noted that one of the factors relevant to whether an agency action constitutes substantive rule making is "whether the action has binding effect on private parties *or on the agency*." *Disabled Veterans of Am.*, 859 F.3d at 1077 (emphasis added) (quoting *Molycorp*, 197 F.3d at 545).

The Director's next argument—that the *Fintiv* factors are not outcome-determinative—is more persuasive. The language of *Fintiv* repeatedly notes that various facts may weigh in favor of

or against instituting IPR. For example, in considering the first *Fintiv* factor of whether a stay exists or is likely to be granted if an IPR proceeding is instituted, the Board noted that a district court's stay of litigation "has strongly weighed against exercising the authority to deny institution," while a court's lack of indication that it would consider a motion to stay if a PTAB proceeding were instituted "has sometimes weighed in favor of exercising authority to deny institution." *Fintiv*, 2020 WL 2126495, at *3. *Fintiv* itself does not reach a decision on instituting an IPR, but rather only requests briefing consistent with the decision, *see id.* at *7; and the actual decision based on the supplemental briefing has not been designated precedential, *see Fintiv II*, 2020 WL 2486683. Nothing in *Fintiv* would prevent a Board from considering all of the enumerated factors and any others the Board deemed appropriate, finding that the factors related to a parallel proceeding all weighed in favor of denial, but that the merits of the petition were so strong that institution was the preferred disposition. *See Fintiv*, 2020 WL 2126495, at *6–7; *see also* June 2022 Mem. 9 ("[T]he PTAB will *not* deny institution of an IPR . . . when a petition presents compelling evidence of unpatentability.") (emphasis added). For example, in *Commscope Techs. LLC v. Dali Wireless, Inc.*, the Director vacated and remanded the Board's decision instituting IPR without assessing the *Fintiv* factors, holding that on remand:

> The Board should first assess *Fintiv* factors 1–5; if that analysis supports discretionary denial, the Board should engage the compelling merits question. If the Board reaches the compelling merits analysis and finds compelling merits, it shall provide reasoning to explain its determination. By issuing this Order, I express no opinion on whether the Board need reach the compelling merits analysis, nor whether the record as it existed before institution meets the compelling merits standard; I leave these case-specific issues to the sound discretion of the Board.

IPR2022-01242, 2023 WL 2237986, at *3 (P.T.A.B. Feb. 27, 2023) (precedential). Accordingly, the Court finds that the *NHK-Fintiv* standard does not "so fill[] out the statutory scheme that upon application one need only determine whether a given case is within the rule's criterion." *Sacora v. Thomas*, 628 F.3d 1059, 1069 (9th Cir. 2010) (citation omitted).

Plaintiffs' main argument to the contrary relies on what the perceived effects of the *NHK-Fintiv* standard, *i.e.*, an increase in denials of institution where there lies a parallel district court

proceeding. *See* Pls.' MSJ 9, 17–18. Plaintiffs cite to non-precedential decisions in which the Board determined that it could not refuse to consider the *Fintiv* factors for policy reasons. *See id.* (citing, *e.g.*, *Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00203, 2020 WL 3662522, at *7 (P.T.A.B. July 6, 2020); *Supercell Oy v. GREE, Inc.*, No. IPR2020-00513, 2020 WL 3455515, at *7 (P.T.A.B. June 24, 2020)). However, as discussed above, *see supra*, at Part III(B)(2)(c), a requirement to consider a certain subset of factors as part of a holistic analysis is not a substantive rule, and the decisions cited by Plaintiffs do not suggest that there existed other facts or circumstances that would weigh in favor of instituting IPR that the Board was somehow prevented from evaluating. *See generally Apple*, 2020 WL 3662522; *Supercell Oy*, 2020 WL 3455515.

The Court is sympathetic to Plaintiffs' frustration that the Board has placed a greater emphasis on efficiency between the combined PTAB and district court systems. However, although Plaintiffs are doubtless unhappy with the outcomes of their petitions for IPR when those petitions are denied, including where the Board considered the *Fintiv* factors, Plaintiffs' claims based on the allegedly unfair or absurd results have been dismissed, *see Apple*, 63 F.4th at *11–13, and the outcome-based argument does not persuade the Court because the express language of *Fintiv*, as well as the June 2022 Memo and other guidance from the Director, make clear that the Board undertakes a holistic analysis when determining whether to exercise its discretion in denying or instituting IPR. The Director's guidance to the Board regarding her policy priorities of "system efficiency, fairness, and patent quality," *Fintiv*, 2020 WL 2126495, at *2, does not mean that the *NHK-Fintiv* standard creates a "binding norm" or is otherwise outcome determinative.[6] The Court also notes that these policies are entirely consistent with the rationale behind the creation of the IPR process, which, along with other processes, was a corrective measure that relieved the pressure on district courts from an increasing volume of infringement litigation based on "bad patents." *See SAS Inst.*, 138 S. Ct. at 1353; 35 U.S.C. § 282(b)(2)–(3).

Accordingly, based on the Court's foregoing evaluation of the *NHK-Fintiv* standard, it

[6] In fact, counsel for the Director indicated at the hearing on these motions that *Fintiv* denials have dropped significantly. *See* Tr. 37:7–12.

finds the *NHK-Fintiv* standard is a general statement of policy that guides the Board to consider certain enumerated factors related to parallel district court litigation with an eye toward overall system efficiency, but expressly leaves the Board with genuine discretion to evaluate all facts and circumstances relevant to the institution or denial of IPR. Because the *NHK-Fintiv* standard is a general statement of policy, rather than a substantive or legislative rule, the Director was not required to conduct notice-and-comment rule making prior to designating the *NHK* and *Fintiv* decisions as precedential, and the lack of such rule making does not render the *NHK-Fintiv* standard unlawful under the APA, 5 U.S.C. § 706(2)(D).

IV. CONCLUSION

For the foregoing reasons, the Court hereby ORDERS that Plaintiffs' motion for summary judgment is DENIED, and the Director's motion for summary judgment is GRANTED. This order disposes of Plaintiffs' sole remaining claim in this action, and the Court will enter judgment against Plaintiffs and in favor of the Director.

IT IS SO ORDERED.

Dated: March 31, 2024

EDWARD J. DAVILA
United States District Judge

United States District Court
Northern District of California

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

APPLE INC., CISCO SYSTEMS, INC., GOOGLE LLC, INTEL CORPORATION, EDWARDS LIFESCIENCES CORPORATION, and EDWARDS LIFESCIENCES LLC,

Plaintiffs,

v.

KATHERINE K. VIDAL, in her official capacity as Under Secretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office,

Defendant.

Case No.20-cv-06128-EJD

JUDGMENT

On March 31, 2024, the Court issued an order denying Plaintiffs' renewed motion for summary judgment and granting Defendant's motion for summary judgment. *See* ECF No. 165. Pursuant to Federal Rule of Civil Procedure 58, the Court hereby ENTERS judgment in favor of Defendant and against Plaintiffs. The Clerk of Court shall close the file in this matter.

IT IS SO ORDERED.

Dated: April 1, 2024

EDWARD J. DAVILA
United States District Judge

ADRMOP,APPEAL,CLOSED

U.S. District Court
California Northern District (San Jose)
CIVIL DOCKET FOR CASE #: 5:20–cv–06128–EJD

Apple Inc. et al v. Iancu
Assigned to: Judge Edward J. Davila
Referred to: Judge Nathanael M. Cousins
Case in other court: U.S. Court of Appeals for the Federal Circuit, 22–01249
Cause: 05:702 Administrative Procedure Act

Date Filed: 08/31/2020
Date Terminated: 04/01/2024
Jury Demand: None
Nature of Suit: 899 Other Statutes: Administrative Procedures Act/Review or Appeal of Agency Decision
Jurisdiction: U.S. Government Defendant

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Amici Curiae Verizon, T–Mobile, Comcast, Twitter, Alliance for Automotive Innovation and 12 Other Leading Innovators and Organizations

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V.

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Date Filed	#	Docket Text
08/31/2020	1	COMPLAINT *for Declaratory and Injunctive Relief,* against Andrei Iancu (Filing fee $ 400, receipt number 0971−14880293.). Filed byIntel Corporation, Apple Inc., Google LLC, Cisco Systems, Inc.. (Attachments: # 1 Exhibit A, # 2 Exhibit B, # 3 Civil Cover Sheet)(Selwyn, Mark) (Filed on 8/31/2020) (Entered: 08/31/2020)
08/31/2020	2	Proposed Summons. (Selwyn, Mark) (Filed on 8/31/2020) (Entered: 08/31/2020)
08/31/2020	3	Corporate Disclosure Statement by Apple Inc. identifying Corporate Parent No Corporate Parent and No Publicly Held Corporation Owns 10% or More of Its Stock for Apple Inc.. *and Certification of Interested Entities or Persons Pursuant to L.R. 3−15,* (Selwyn, Mark) (Filed on 8/31/2020) (Entered: 08/31/2020)
08/31/2020	4	Corporate Disclosure Statement by Cisco Systems, Inc. identifying Corporate Parent No Corporate Parent and No Publicly Held Corporation Owns 10% or More of Its Stock for Cisco Systems, Inc.. *and Certification of Interested Entities or Persons Pursuant to L.R. 3−15,* (Selwyn, Mark) (Filed on 8/31/2020) (Entered: 08/31/2020)
08/31/2020	5	Corporate Disclosure Statement by Intel Corporation identifying Corporate Parent No Corporate Parent and No Publicly Held Corporation Owns 10% or More of Its Stock for Intel Corporation. *and Certification of Interested Entities or Persons Pursuant to L.R. 3−15,* (Selwyn, Mark) (Filed on 8/31/2020) (Entered: 08/31/2020)
08/31/2020	6	Case assigned to Judge Nathanael M. Cousins. Counsel for plaintiff or the removing party is responsible for serving the Complaint or Notice of Removal, Summons and the assigned judge's standing orders and all other new case documents upon the opposing parties. For information, visit *E−Filing A New Civil Case* at http://cand.uscourts.gov/ecf/caseopening. Standing orders can be downloaded from the court's web page at www.cand.uscourts.gov/judges. Upon receipt, the summons will be issued and returned electronically. Counsel is required to send chambers a copy of the initiating documents pursuant to L.R. 5−1(e)(7). A scheduling order will be sent by Notice of Electronic Filing (NEF) within two business days. Consent/Declination due by 9/14/2020. (haS, COURT STAFF) (Filed on 8/31/2020) (Entered: 08/31/2020)

08/31/2020	7	NOTICE of Appearance by Daniel Thomas Shvodian (Shvodian, Daniel) (Filed on 8/31/2020) (Entered: 08/31/2020)
08/31/2020	8	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 310, receipt number 0971–14881512.) filed by Apple Inc., Cisco Systems, Inc., Intel Corporation. (Attachments: # 1 Certifcate of Good Standing)(Carroll, Catherine) (Filed on 8/31/2020) (Entered: 08/31/2020)
08/31/2020	9	Rule 7.1 Disclosures by Google LLC *Certification of Interested Entities or Persons Pursuant to L.R. 3–15* (Shvodian, Daniel) (Filed on 8/31/2020) (Entered: 08/31/2020)
08/31/2020	10	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 310, receipt number 0971–14881880.) filed by Apple Inc., Cisco Systems, Inc., Intel Corporation. (Attachments: # 1 Certificate of Good Standing)(Zureick, Alyson) (Filed on 8/31/2020) (Entered: 08/31/2020)
08/31/2020	11	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 310, receipt number 0971–14881986.) filed by Apple Inc., Cisco Systems, Inc., Intel Corporation. (Attachments: # 1 Certificate of Good Standing)(Lee, Rebecca) (Filed on 8/31/2020) (Entered: 08/31/2020)
08/31/2020	12	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 310, receipt number 0971–14882016.) filed by Apple Inc., Cisco Systems, Inc., Intel Corporation. (Attachments: # 1 Certificate of Good Standing)(Lehn, David) (Filed on 8/31/2020) (Entered: 08/31/2020)
09/01/2020	13	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 310, receipt number 0971–14886856.) filed by Google LLC. (Attachments: # 1 Certificate of Good Standing)(Dufresne, Andrew) (Filed on 9/1/2020) (Entered: 09/01/2020)
09/01/2020	14	**Initial Case Management Scheduling Order with ADR Deadlines: Case Management Statement due by 11/25/2020. Initial Case Management Conference set for 12/2/2020 10:00 AM in San Jose, Courtroom 4, 5th Floor. (sfbS, COURT STAFF) (Filed on 9/1/2020) (Entered: 09/01/2020)**
09/01/2020	15	Summons Issued as to Andrei Iancu, U.S. Attorney and U.S. Attorney General (sfbS, COURT STAFF) (Filed on 9/1/2020) (Entered: 09/01/2020)
09/01/2020	16	**ORDER GRANTING 8 APPLICATION for Admission of Attorney *Catherine M.A Carroll* Pro Hac Vice representing Apple, Inc., Cisco Sys., Inc. and Intel Corp. Signed by Judge Nathanael Cousins.** (lmh, COURT STAFF) (Filed on 9/1/2020) (Entered: 09/01/2020)
09/01/2020	17	**ORDER GRANTING 10 APPLICATION for Admission of Attorney *Alyson Zureick* Pro Hac Vice representing Apple Inc., Cisco Sys., Inc., and Intel Corp. Signed by Judge Nathanael Cousins.** (lmh, COURT STAFF) (Filed on 9/1/2020) (Entered: 09/01/2020)
09/01/2020	18	**ORDER GRANTING 11 APPLICATION for Admission of Attorney *Rebecca Lee* Pro Hac Vice representing Apple Inc., Cisco Sys., Inc., and Intel Corp. Signed by Judge Nathanael Cousins.** (lmh, COURT STAFF) (Filed on 9/1/2020) (Entered: 09/01/2020)
09/01/2020	19	**ORDER GRANTING 12 APPLICATION for Admission of Attorney *David M. Lehn* Pro Hac Vice representing Apple Inc., Cisco Systems, Inc., Intel Corp. Signed by Judge Nathanael Cousins.** (lmh, COURT STAFF) (Filed on 9/1/2020) (Entered: 09/01/2020)
09/01/2020	20	**ORDER GRANTING 13 APPLICATION for Admission of Attorney *Andrew T. Dufresne* Pro Hac Vice representing Plaintiff Google LLC. Signed by Judge Nathanael Cousins.** (lmh, COURT STAFF) (Filed on 9/1/2020) (Entered: 09/01/2020)
09/03/2020	21	CONSENT/DECLINATION to Proceed Before a US Magistrate Judge by Apple Inc., Cisco Systems, Inc., Intel Corporation.. (Selwyn, Mark) (Filed on 9/3/2020) (Entered: 09/03/2020)
09/03/2020	22	CLERK'S NOTICE OF IMPENDING REASSIGNMENT TO A U.S. DISTRICT COURT JUDGE: The Clerk of this Court will now randomly reassign this case to a

		District Judge because a party has not consented to the jurisdiction of a Magistrate Judge. You will be informed by separate notice of the district judge to whom this case is reassigned. ALL HEARING DATES PRESENTLY SCHEDULED BEFORE THE CURRENT MAGISTRATE JUDGE ARE VACATED. *This is a text only docket entry; there is no document associated with this notice*. (lmh, COURT STAFF) (Filed on 9/3/2020) (Entered: 09/03/2020)
09/03/2020	23	**Docketed in Error. See Docket 24 ORDER REASSIGNING CASE. Case reassigned using a proportionate, random, and blind system pursuant to General Order No. 44 to Judge Edward J. Davila for all further proceedings. Notice: The assigned judge participates in the Cameras in the Courtroom Pilot Project. See General Order No. 65 and http://cand.uscourts.gov/cameras. Magistrate judge Nathanael M. Cousins no longer assigned to case. Reassignment Order signed by Clerk on 9/3/2020. (Attachments: # 1 Notice of Eligibility for Video Recording)(bwS, COURT STAFF) (Filed on 9/3/2020) Modified on 9/3/2020 (bwS, COURT STAFF). (Entered: 09/03/2020)**
09/03/2020	24	**Amended ORDER REASSIGNING CASE. Case reassigned using a proportionate, random, and blind system pursuant to General Order No. 44 to Judge Edward J. Davila for all further proceedings. Notice: The assigned judge participates in the Cameras in the Courtroom Pilot Project. See General Order No. 65 and http://cand.uscourts.gov/cameras. Magistrate judge Nathanael M. Cousins no longer assigned to case. Reassignment Order signed by Clerk on 9/3/2020. (Attachments: # 1 Notice of Eligibility for Video Recording (Attachments: # 1 Notice of Eligibility for Video Recording)(bwS, COURT STAFF) (Filed on 9/3/2020) (Entered: 09/03/2020)**
09/04/2020	25	CERTIFICATE OF SERVICE by Apple Inc., Cisco Systems, Inc., Intel Corporation re 21 Consent/Declination to Proceed Before a US Magistrate Judge (Selwyn, Mark) (Filed on 9/4/2020) (Entered: 09/04/2020)
09/04/2020	26	(Text Only) CLERKS NOTICE RESETTING CASE MANAGEMENT CONFERENCE FOLLOWING REASSIGNMENT. Joint Case Management Statement due by 11/30/2020. Initial Case Management Conference set for 12/10/2020 10:00 AM in San Jose, Courtroom 4, 5th Floor before Hon. Edward J. Davila. The Court does not issue a revised Initial Case Management Scheduling Order with ADR Deadlines. Standing orders can be downloaded from the court's web page at http://cand.uscourts.gov/ejdorders. *This is a text only docket entry, there is no document associated with this notice*. (amkS, COURT STAFF) (Filed on 9/4/2020) (Entered: 09/04/2020)
09/14/2020	27	CERTIFICATE OF SERVICE by Apple Inc., Cisco Systems, Inc., Intel Corporation re 15 Summons Issued as to USA, 19 Order on Motion for Pro Hac Vice, 9 Certificate of Interested Entities, 5 Certificate of Interested Entities, 4 Certificate of Interested Entities, 16 Order on Motion for Pro Hac Vice, 17 Order on Motion for Pro Hac Vice, 3 Certificate of Interested Entities, 20 Order on Motion for Pro Hac Vice, 18 Order on Motion for Pro Hac Vice, 6 Case Assigned by Intake,,, 2 Proposed Summons, 1 Complaint, 14 Initial Case Management Scheduling Order with ADR Deadlines, 7 Notice of Appearance (Selwyn, Mark) (Filed on 9/14/2020) (Entered: 09/14/2020)
09/14/2020	28	MOTION to Intervene filed by US Inventor, 360 Heros, Inc., Larry Golden, World Source Enterprises, LLC, Dareltech LLC, Tinnus Enterprises, LLC, Clearplay, Inc., E–Watch, Inc.. Motion Hearing set for 12/17/2020 09:00 AM in San Jose, Courtroom 4, 5th Floor before Judge Edward J. Davila. Responses due by 9/28/2020. Replies due by 10/5/2020. (Attachments: # 1 Exhibit 1, # 2 Proposed Order)(Hudnell, Lewis) (Filed on 9/14/2020) (Entered: 09/14/2020)
09/15/2020	29	CERTIFICATE OF SERVICE by 360 Heros, Inc., Clearplay, Inc., Dareltech LLC, E–Watch, Inc., Larry Golden, Tinnus Enterprises, LLC, US Inventor, World Source Enterprises, LLC (Hudnell, Lewis) (Filed on 9/15/2020) (Entered: 09/15/2020)
09/24/2020	30	STIPULATION WITH PROPOSED ORDER filed by 360 Heros, Inc., Apple Inc., Cisco Systems, Inc., Clearplay, Inc., Dareltech LLC, E–Watch, Inc., Larry Golden, Google LLC, Intel Corporation, Tinnus Enterprises, LLC, US Inventor, World Source

		Enterprises, LLC. (Attachments: # 1 Declaration of Mark D. Selwyn)(Selwyn, Mark) (Filed on 9/24/2020) (Entered: 09/24/2020)
09/24/2020	31	**Order Granting 30 Stipulation re Extending Deadline to Respond to Motion to Intervene. Signed by Judge Edward J. Davila on 9/24/2020. (ejdlc2S, COURT STAFF) (Filed on 9/24/2020) (Entered: 09/24/2020)**
09/24/2020		***Set/Reset Deadlines per ECF 31 Order: as to 28 Motion to Intervene. Responses due by 10/5/2020. Replies due by 10/12/2020. (amkS, COURT STAFF) (Filed on 9/24/2020) (Entered: 09/25/2020)
09/25/2020	32	NOTICE of Appearance by Leslie Cooper Vigen (Vigen, Leslie) (Filed on 9/25/2020) (Entered: 09/25/2020)
09/25/2020	33	STIPULATION WITH PROPOSED ORDER re 28 MOTION to Intervene *to Enlarge Time for Filing Response* filed by Andrei Iancu. (Attachments: # 1 Declaration)(Vigen, Leslie) (Filed on 9/25/2020) (Entered: 09/25/2020)
09/25/2020	34	MOTION for Temporary Restraining Order *and Preliminary Injunction* filed by US Inventor, World Source Enterprises, LLC. (Attachments: # 1 Declaration of Robert Greenspoon, # 2 Declaration of Josh Malone, # 3 Declaration of Hugh Svendsen, # 4 Declaration of Rob Honeycutt, # 5 Proposed Order)(Hudnell, Lewis) (Filed on 9/25/2020) (Entered: 09/25/2020)
09/28/2020	35	NOTICE of Substitution of Counsel by Gary D Feldon (Feldon, Gary) (Filed on 9/28/2020) (Entered: 09/28/2020)
09/28/2020	36	**Order Granting 33 Stipulation to Enlarge Time for Filing Response to Motion to Intervene. Signed by Judge Edward J. Davila on 9/28/2020. (ejdlc2S, COURT STAFF) (Filed on 9/28/2020) (Entered: 09/28/2020)**
09/28/2020		***Set/Reset Deadlines per ECF 36 Order: as to 28 Motion to Intervene. Responses due by 11/16/2020. Replies due by 11/23/2020. (amkS, COURT STAFF) (Filed on 9/28/2020) (Entered: 09/29/2020)
09/29/2020	37	STIPULATION WITH PROPOSED ORDER re 34 MOTION for Temporary Restraining Order *and Preliminary Injunction Setting Briefing Schedule* filed by Andrei Iancu. (Attachments: # 1 Declaration, # 2 Proposed Order)(Feldon, Gary) (Filed on 9/29/2020) (Entered: 09/29/2020)
09/30/2020	38	**Order Granting 37 Joint Stipulation to Enter Scheduling Order for TRO/PI Briefing *AS MODIFIED*. Signed by Judge Edward J. Davila on 9/30/2020. (ejdlc2S, COURT STAFF) (Filed on 9/30/2020) (Entered: 09/30/2020)**
09/30/2020		***Set/Reset Deadlines per ECF 38 Order: as to 28 Motion to Intervene, 34 Motion for Temporary Restraining Order *and Preliminary Injunction*. Response to 34 due by 10/12/2020. Reply due by 10/19/2020. Motion Hearing set for 1/14/2021 09:00 AM in San Jose, Courtroom 4, 5th Floor before Judge Edward J. Davila. (amkS, COURT STAFF) (Filed on 9/30/2020) (Entered: 09/30/2020)
10/01/2020	39	STIPULATION WITH PROPOSED ORDER filed by 360 Heros, Inc., Apple Inc., Cisco Systems, Inc., Clearplay, Inc., Dareltech LLC, E–Watch, Inc., Larry Golden, Google LLC, Intel Corporation, Tinnus Enterprises, LLC, US Inventor, World Source Enterprises, LLC. (Attachments: # 1 Declaration of Mark D. Selwyn)(Selwyn, Mark) (Filed on 10/1/2020) (Entered: 10/01/2020)
10/02/2020	40	**Order Granting 39 Stipulation to Amend Scheduling Order on TRO/PI Motion. Signed by Judge Edward J. Davila on 10/2/2020. (ejdlc2S, COURT STAFF) (Filed on 10/2/2020) (Entered: 10/02/2020)**
10/05/2020	41	OPPOSITION/RESPONSE (re 28 MOTION to Intervene) filed byApple Inc., Cisco Systems, Inc., Google LLC, Intel Corporation. (Attachments: # 1 Proposed Order)(Selwyn, Mark) (Filed on 10/5/2020) (Entered: 10/05/2020)
10/06/2020	42	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 310, receipt number 0971–15031235.) filed by 360 Heros, Inc., Clearplay, Inc., Dareltech LLC, E–Watch, Inc., Larry Golden, Tinnus Enterprises, LLC, US Inventor, World Source Enterprises, LLC. (Attachments: # 1 Certificate of Good Standing)(Hudnell, Lewis) (Filed on 10/6/2020) (Entered: 10/06/2020)

10/06/2020	43	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 310, receipt number 0971–15031405.) filed by 360 Heros, Inc., Clearplay, Inc., Dareltech LLC, E–Watch, Inc., Larry Golden, Tinnus Enterprises, LLC, US Inventor, World Source Enterprises, LLC. (Attachments: # 1 Certificate of Good Standing)(Hudnell, Lewis) (Filed on 10/6/2020) (Entered: 10/06/2020)
10/06/2020	44	**ORDER Granting 42 Application for Admission of Attorney Pro Hac Vice for Jonathan Hill. Signed by Judge Edward J. Davila on 10/6/2020. (amkS, COURT STAFF) (Filed on 10/6/2020) Modified text on 10/7/2020 (amkS, COURT STAFF). (Entered: 10/06/2020)**
10/06/2020	45	*****DISREGARD THIS ENTRY – POSTED IN ERROR*** (amkS, COURT STAFF) (Filed on 10/6/2020) Modified text on 10/7/2020 (amkS, COURT STAFF). (Entered: 10/07/2020)**
10/07/2020	46	**ORDER Granting 43 Application for Admission of Attorney Pro Hac Vice for Robert Philip Greenspoon. Signed by Judge Edward J. Davila on 10/7/2020. (amkS, COURT STAFF) (Filed on 10/7/2020) (Entered: 10/07/2020)**
10/08/2020	47	STIPULATION WITH PROPOSED ORDER re 38 Order on Stipulation, 40 Order on Stipulation filed by Andrei Iancu. (Attachments: # 1 Declaration, # 2 Proposed Order)(Feldon, Gary) (Filed on 10/8/2020) (Entered: 10/08/2020)
10/09/2020	48	**Order Granting 47 Stipulation to Modify Preliminary Injunction Motion Briefing Schedule. Signed by Judge Edward J. Davila on 10/9/2020. (ejdlc2S, COURT STAFF) (Filed on 10/9/2020) (Entered: 10/09/2020)**
10/12/2020	49	REPLY (re 28 MOTION to Intervene) *by Small Business Inventors* filed by360 Heros, Inc., Clearplay, Inc., Dareltech LLC, E–Watch, Inc., Larry Golden, Tinnus Enterprises, LLC, US Inventor, World Source Enterprises, LLC. (Greenspoon, Robert) (Filed on 10/12/2020) (Entered: 10/12/2020)
10/19/2020	50	OPPOSITION/RESPONSE (re 34 MOTION for Temporary Restraining Order *and Preliminary Injunction*) filed byAndrei Iancu. (Attachments: # 1 Exhibit, # 2 Exhibit)(Feldon, Gary) (Filed on 10/19/2020) (Entered: 10/19/2020)
10/19/2020	51	NOTICE by Andrei Iancu re 50 Opposition/Response to Motion *(Errata Statement)* (Attachments: # 1 Corrected Brief, # 2 Exhibit, # 3 Exhibit)(Feldon, Gary) (Filed on 10/19/2020) (Entered: 10/19/2020)
10/19/2020	52	OPPOSITION/RESPONSE (re 34 MOTION for Temporary Restraining Order *and Preliminary Injunction*) filed byApple Inc., Cisco Systems, Inc., Google LLC, Intel Corporation. (Attachments: # 1 Proposed Order)(Selwyn, Mark) (Filed on 10/19/2020) (Entered: 10/19/2020)
10/26/2020	53	REPLY (re 34 MOTION for Temporary Restraining Order *and Preliminary Injunction*) filed byUS Inventor, World Source Enterprises, LLC. (Attachments: # 1 Exhibit A, # 2 Exhibit B)(Greenspoon, Robert) (Filed on 10/26/2020) (Entered: 10/26/2020)
11/09/2020	54	AMENDED COMPLAINT against Andrei Iancu. Filed byGoogle LLC, Cisco Systems, Inc., Apple Inc., Intel Corporation. (Attachments: # 1 Exhibit A, # 2 Exhibit B, # 3 Exhibit C – Redlined Version of Amended Complaint)(Selwyn, Mark) (Filed on 11/9/2020) (Entered: 11/09/2020)
11/12/2020	55	ADR Certification (ADR L.R. 3–5 b) of discussion of ADR options (Selwyn, Mark) (Filed on 11/12/2020) (Entered: 11/12/2020)
11/12/2020	56	ADR Certification (ADR L.R. 3–5 b) of discussion of ADR options (Selwyn, Mark) (Filed on 11/12/2020) (Entered: 11/12/2020)
11/12/2020	57	ADR Certification (ADR L.R. 3–5 b) of discussion of ADR options (Selwyn, Mark) (Filed on 11/12/2020) (Entered: 11/12/2020)
11/12/2020	58	ADR Certification (ADR L.R. 3–5 b) of discussion of ADR options (Shvodian, Daniel) (Filed on 11/12/2020) (Entered: 11/12/2020)
11/16/2020	59	OPPOSITION/RESPONSE (re 28 MOTION to Intervene) *and Statement of Non–Opposition* filed byAndrei Iancu. (Feldon, Gary) (Filed on 11/16/2020) (Entered: 11/16/2020)

11/18/2020	60	Certificate of Interested Entities by Edwards Lifesciences Corporation, Edwards Lifesciences LLC (Sganga, John) (Filed on 11/18/2020) (Entered: 11/18/2020)
11/18/2020	61	Rule 7.1 Disclosures by Edwards Lifesciences Corporation, Edwards Lifesciences LLC (Sganga, John) (Filed on 11/18/2020) (Entered: 11/18/2020)
11/18/2020	62	ADR Certification (ADR L.R. 3–5 b) of discussion of ADR options (Lea, Christy) (Filed on 11/18/2020) (Entered: 11/18/2020)
11/20/2020	63	REPLY (re 28 MOTION to Intervene) *to Defendant Director Iancu* filed by360 Heros, Inc., Clearplay, Inc., Dareltech LLC, E–Watch, Inc., Larry Golden, Tinnus Enterprises, LLC, US Inventor, World Source Enterprises, LLC. (Greenspoon, Robert) (Filed on 11/20/2020) (Entered: 11/20/2020)
11/23/2020	64	MOTION to Dismiss filed by Andrei Iancu. Motion Hearing set for 3/11/2021 09:00 AM in To Be Determined before Judge Edward J. Davila. Responses due by 12/7/2020. Replies due by 12/14/2020. (Attachments: # 1 Proposed Order)(Feldon, Gary) (Filed on 11/23/2020) (Entered: 11/23/2020)
11/23/2020	65	MOTION for Summary Judgment filed by Apple Inc., Cisco Systems, Inc., Intel Corporation. Motion Hearing set for 3/11/2021 09:00 AM in San Jose, Courtroom 4, 5th Floor before Judge Edward J. Davila. Responses due by 12/7/2020. Replies due by 12/14/2020. (Selwyn, Mark) (Filed on 11/23/2020) (Entered: 11/23/2020)
11/27/2020	66	ADMINISTRATIVE MOTION Stay of Briefing and Consideration of Premature Motion for Summary Judgment re 65 MOTION for Summary Judgment *and*, MOTION to Stay filed by Andrei Iancu. Responses due by 12/1/2020. Motion Hearing set for 3/18/2020 09:00 AM in San Jose, – To be determined before Judge Edward J. Davila. Responses due by 12/11/2020. Replies due by 12/18/2020. (Attachments: # 1 Proposed Order)(Feldon, Gary) (Filed on 11/27/2020) (Entered: 11/27/2020)
11/30/2020	67	JOINT CASE MANAGEMENT STATEMENT *Initial Joint Case Management Statement* filed by Apple Inc., Cisco Systems, Inc., Intel Corporation. (Selwyn, Mark) (Filed on 11/30/2020) (Entered: 11/30/2020)
12/01/2020	68	CLERK'S NOTICE CONTINUING HEARING. Please take NOTICE that the Initial Case Management Conference set for 12/10/2020 is HEREBY CONTINUED to 4/15/2021 10:00 AM in San Jose, Courtroom 4, 5th Floor. Updated Joint Case Management Statement due by 4/5/2021. *(This is a text–only entry generated by the court. There is no document associated with this entry.)* (amkS, COURT STAFF) (Filed on 12/1/2020) (Entered: 12/01/2020)
12/01/2020	69	OPPOSITION/RESPONSE (re 66 ADMINISTRATIVE MOTION Stay of Briefing and Consideration of Premature Motion for Summary Judgment re 65 MOTION for Summary Judgment *and* MOTION to Stay) filed byApple Inc., Cisco Systems, Inc., Intel Corporation. (Selwyn, Mark) (Filed on 12/1/2020) (Entered: 12/01/2020)
12/02/2020	70	**Order re 66 DEFENDANT'S MOTION FOR ADMINISTRATIVE RELIEF REQUESTING A STAY OF BRIEFING ON PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT. Signed by Judge Edward J. Davila on 12/2/2020. (ejdlc2S, COURT STAFF) (Filed on 12/2/2020) (Entered: 12/02/2020)**
12/02/2020		***Set Deadlines/Hearings per ECF 70 Order: as to 64 Motion to Dismiss, 65 Motion for Summary Judgment. Responses due by 1/21/2021. Replies due by 2/4/2021. (amkS, COURT STAFF) (Filed on 12/2/2020) (Entered: 12/03/2020)
12/03/2020	71	NOTICE of Appearance by Michael Liu Su (Su, Michael) (Filed on 12/3/2020) (Entered: 12/03/2020)
12/03/2020	72	Certificate of Interested Entities by ACT | The App Association, Engine Advocacy, Monolithic Power Systems, Inc. (Su, Michael) (Filed on 12/3/2020) (Entered: 12/03/2020)
12/03/2020	73	MOTION for Leave to File *Brief of Amici Curiae* filed by ACT | The App Association, Engine Advocacy, Monolithic Power Systems, Inc.. (Attachments: # 1 Proposed Order, # 2 Proposed Amicus Curiae Brief)(Su, Michael) (Filed on 12/3/2020) (Entered: 12/03/2020)

12/14/2020	74	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 317, receipt number 0971–15316474.) filed by ACT	The App Association, Engine Advocacy, Monolithic Power Systems, Inc.. (Attachments: # 1 Appendix, # 2 Certificate of Good Standing)(Lavenue, Lionel) (Filed on 12/14/2020) (Entered: 12/14/2020)
12/14/2020	75	**ORDER Granting 74 Application for Admission of Attorney Pro Hac Vice for Lionel M. Lavenue. Signed by Judge Edward J. Davila on 12/14/2020. (amkS, COURT STAFF) (Filed on 12/14/2020) (Entered: 12/14/2020)**
12/16/2020	76	**Order Granting 73 Motion for Leave to File Brief for Amici Curiae. Signed by Judge Edward J. Davila on 12/16/2020. (ejdlc2S, COURT STAFF) (Filed on 12/16/2020) (Entered: 12/16/2020)**
12/23/2020	77	NOTICE of Appearance by Yar R. Chaikovsky (Chaikovsky, Yar) (Filed on 12/23/2020) (Entered: 12/23/2020)
12/23/2020	78	MOTION for leave to appear in Pro Hac Vice *of Joseph Palys* (Filing fee $ 317, receipt number 0971–15361612.) filed by Fitbit, Inc.. (Palys, Joseph) (Filed on 12/23/2020) (Entered: 12/23/2020)
12/23/2020	79	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 317, receipt number 0971–15361642.) filed by Fitbit, Inc.. (Timofeyev, Igor) (Filed on 12/23/2020) (Entered: 12/23/2020)
12/23/2020	80	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 317, receipt number 0971–15361663.) filed by Fitbit, Inc.. (Modi, Naveen) (Filed on 12/23/2020) (Entered: 12/23/2020)
12/23/2020	81	Consent MOTION for Leave to File *Brief of Amicus Curiae Fitbit, Inc. In Support of Plaintiffs' Motion for Summary Judgment* filed by Fitbit, Inc.. (Attachments: # 1 Brief of Amicus Curiae Fitbit, Inc. In Support of Plaintiffs' Motion for Summary Judgment, # 2 Proposed Order)(Chaikovsky, Yar) (Filed on 12/23/2020) (Entered: 12/23/2020)
12/23/2020	82	**ORDER Granting 78 Application for Admission of Attorney Pro Hac Vice Joseph Palys, Counsel for Fitbit, Inc. Signed by Judge Edward J. Davila 12/23/2020. (amkS, COURT STAFF) (Filed on 12/23/2020) (Entered: 12/23/2020)**
12/23/2020	83	**ORDER Granting 79 Application for Admission of Attorney Pro Hac Vice Igor V. Timofeyev, Counsel for Fitbit, Inc. Signed by Judge Edward J. Davila 12/23/2020. (amkS, COURT STAFF) (Filed on 12/23/2020) Modified text on 12/24/2020 (amkS, COURT STAFF). (Entered: 12/23/2020)**
12/23/2020	84	**ORDER Granting 80 Application for Admission of Attorney Pro Hac Vice Naveen Modi, Counsel for Fitbit, Inc. Signed by Judge Edward J. Davila 12/23/2020.(amkS, COURT STAFF) (Filed on 12/23/2020) Modified text on 12/24/2020 (amkS, COURT STAFF). (Entered: 12/23/2020)**
12/29/2020	85	**Order Granting 81 Motion for Leave to File Brief of Amicus Curiae Fitbit, Inc. Signed by Judge Edward J. Davila on 12/29/2020. (ejdlc2S, COURT STAFF) (Filed on 12/29/2020) (Entered: 12/29/2020)**
12/30/2020	86	Amicus Curiae Brief filed by Fitbit, Inc.. (cv, COURT STAFF) (Filed on 12/30/2020) (Entered: 12/30/2020)
01/06/2021	87	CLERKS NOTICE CONVERTING HEARING TO ZOOM HEARING. Motions 28 and 34 Hearing set for 1/14/2021 09:00 AM in San Jose, – Videoconference Only before Judge Edward J. Davila. This proceeding will be held via a Zoom webinar remotely. **Webinar Access:** All counsel, members of the public, and media may access the webinar information at https://www.cand.uscourts.gov/ejd **Court Appearances:** Advanced notice is required of counsel or parties who wish to be identified by the court as making an appearance or will be participating in the argument at the hearing. A list of names and emails must be sent to the CRD at EJDcrd@cand.uscourts.gov no later than 1/12/2021 at 3:00 PM PST.

		PLEASE NOTE: THE COURT DISCOURAGES THE USE OF A MOBILE PHONE DEVICE AND AIR PODS DUE TO UNSTABLENESS OF CONNECTIVITY AND INAUDIBLE ISSUES FOR THE RECORD **General Order 58.** Persons granted access to court proceedings held by telephone or videoconference are reminded that photographing, recording, and rebroadcasting of court proceedings, including screenshots or other visual copying of a hearing, is absolutely prohibited. **Zoom Guidance and Setup:** https://www.cand.uscourts.gov/zoom/. , Set/Reset Deadlines as to 28 MOTION to Intervene , 34 MOTION for Temporary Restraining Order *and Preliminary Injunction*. Motion Hearing set for 1/14/2021 09:00 AM in San Jose, – Videoconference Only before Judge Edward J. Davila. *(This is a text–only entry generated by the court. There is no document associated with this entry.)* (amkS, COURT STAFF) (Filed on 1/6/2021) (Entered: 01/06/2021)
01/14/2021	88	**Minute Entry for proceedings held before Judge Edward J. Davila: Motion Hearing re 34 Motion for Temporary Restraining Order *and Preliminary Injunction*, and 28 Motion to Intervene held on 1/14/2021 via Zoom Webinar remotely. The Court heard oral arguments and took the matters under submission. Court to issue the order. Plaintiff Attorney: Mark Selwyn, Catherine Carroll, David Lehn, Rebecca Lee, Alyson Zureick, Christy Lea, David Shvodian, Andrew Dufresne. Defendant Attorney: Gary Feldon. Counsel for Movants/Proposed Intervenors:Robert Greenspoon, Lewis Hudnell. Total Time in Court:9:15–11:30am(2Hrs. 15Mins.) Court Reporter: Irene Rodriguez. *(This is a text–only entry generated by the court. There is no document associated with this entry.)* (amkS, COURT STAFF) (Date Filed: 1/14/2021) (Entered: 01/14/2021)**
01/14/2021	89	TRANSCRIPT ORDER for proceedings held on 01/14/2021 before Judge Edward J. Davila by Apple Inc., for Court Reporter Irene Rodriguez. (Selwyn, Mark) (Filed on 1/14/2021) (Entered: 01/14/2021)
01/18/2021	90	TRANSCRIPT ORDER for proceedings held on 1/14/2021 before Judge Edward J. Davila by US Inventor, for Court Reporter Irene Rodriguez. (Greenspoon, Robert) (Filed on 1/18/2021) (Entered: 01/18/2021)
01/21/2021	91	OPPOSITION/RESPONSE (re 65 MOTION for Summary Judgment) filed byAndrei Iancu. (Attachments: # 1 Exhibit)(Feldon, Gary) (Filed on 1/21/2021) (Entered: 01/21/2021)
01/21/2021	92	OPPOSITION/RESPONSE (re 64 MOTION to Dismiss) filed byApple Inc., Cisco Systems, Inc., Intel Corporation. (Selwyn, Mark) (Filed on 1/21/2021) (Entered: 01/21/2021)
02/02/2021	94	Corporate Disclosure Statement by Fitbit, Inc. identifying Corporate Parent Alphabet Inc., Corporate Parent XXVI Holdings Inc., Corporate Parent Google LLC for Fitbit, Inc.. (Chaikovsky, Yar) (Filed on 2/2/2021) (Entered: 02/02/2021)
02/04/2021	95	REPLY (re 64 MOTION to Dismiss) filed byAndrei Iancu. (Feldon, Gary) (Filed on 2/4/2021) (Entered: 02/04/2021)
02/04/2021	96	REPLY (re 65 MOTION for Summary Judgment) filed byApple Inc., Cisco Systems, Inc., Intel Corporation. (Selwyn, Mark) (Filed on 2/4/2021) (Entered: 02/04/2021)
02/04/2021	97	NOTICE of Appearance by Thomas King–Sun Fu (Fu, Thomas) (Filed on 2/4/2021) (Entered: 02/04/2021)
02/04/2021	98	MOTION for leave to appear in Pro Hac Vice *for Mark S. Davies* (Filing fee $ 317, receipt number 0971–15537333.) filed by Amici Curiae Verizon, T–Mobile, Comcast, Twitter, Alliance for Automotive Innovation and 12 Other Leading Innovators and Organizations. (Davies, Mark) (Filed on 2/4/2021) (Entered: 02/04/2021)
02/04/2021	99	MOTION for leave to appear in Pro Hac Vice *for Rachel G. Shalev* (Filing fee $ 317, receipt number 0971–15537348.) filed by Amici Curiae Verizon, T–Mobile, Comcast, Twitter, Alliance for Automotive Innovation and 12 Other Leading Innovators and Organizations. (Shalev, Rachel) (Filed on 2/4/2021) (Entered: 02/04/2021)

02/04/2021	100	MOTION for Leave to File *BRIEF OF AMICI CURIAE VERIZON, T–MOBILE, COMCAST, TWITTER, ALLIANCE FOR AUTOMOTIVE INNOVATION AND 12 OTHER LEADING INNOVATORS AND ORGANIZATIONS IN SUPPORT OF PLAINTIFFS MOTION FOR SUMMARY JUDGMENT* filed by Amici Curiae Verizon, T–Mobile, Comcast, Twitter, Alliance for Automotive Innovation and 12 Other Leading Innovators and Organizations. (Attachments: # 1 Proposed Order, # 2 BRIEF OF AMICI CURIAE VERIZON ET AL.)(Fu, Thomas) (Filed on 2/4/2021) (Entered: 02/04/2021)
02/05/2021	101	**ORDER Denying 28 Motion to Intervene; Denying 34 Motion for Entry of a Preliminary Injunction as Moot. Signed by Judge Edward J. Davila on 02/05/2021. (ejdlc2S, COURT STAFF) (Filed on 2/5/2021) (Entered: 02/05/2021)**
02/05/2021	102	**ORDER Granting 98 Application for Admission of Attorney for Pro Hac Vice for Mark S. Davies, Counsel Verizon, T–Mobile et al. (Amici Curiae). Signed by Judge Edward J. Davila on 2/5/2021. (amkS, COURT STAFF) (Filed on 2/5/2021) (Entered: 02/05/2021)**
02/05/2021	103	**ORDER Granting 99 Application for Admission of Attorney for Pro Hac Vice for Rachel G. Shalev, Counsel for Verizon, T–Mobile, et al. (Amici Curiae). Signed by Judge Edward J. Davila on 2/5/2021. (amkS, COURT STAFF) (Filed on 2/5/2021) (Entered: 02/05/2021)**
02/24/2021	104	**Order Granting 100 Motion for Leave to File Brief of Amici Curiae. Signed by Judge Edward J. Davila on 02/24/2021. (ejdlc2S, COURT STAFF) (Filed on 2/24/2021) (Entered: 02/24/2021)**
02/26/2021	105	NOTICE of Appearance by Jacob Adam Schroeder (Schroeder, Jacob) (Filed on 2/26/2021) (Entered: 02/26/2021)
02/26/2021	106	MOTION to Withdraw as Attorney *and Proposed Order* filed by ACT | The App Association, Engine Advocacy, Monolithic Power Systems, Inc.. Responses due by 3/12/2021. Replies due by 3/19/2021. (Su, Michael) (Filed on 2/26/2021) (Entered: 02/26/2021)
03/03/2021	107	CLERKS NOTICE CONVERTING HEARING TO ZOOM HEARING. Motion 64 to Dismiss and Motion 65 for Summary Judgment Hearing is set for 3/11/2021 09:00 AM in San Jose, – Videoconference Only before Judge Edward J. Davila. This proceeding will be held via a Zoom webinar remotely. **Webinar Access:** All counsel, members of the public, and media may access the webinar information at https://www.cand.uscourts.gov/ejd **Court Appearances:** Advanced notice is required of counsel or parties who wish to be identified by the court as making an appearance or will be participating in the argument at the hearing. A list of names specifying main speaker and emails must be sent to the CRD at EJDcrd@cand.uscourts.gov no later than March 5, 2021 at 12:00 PM PST. **General Order 58.** Persons granted access to court proceedings held by telephone or videoconference are reminded that photographing, recording, and rebroadcasting of court proceedings, including screenshots or other visual copying of a hearing, is absolutely prohibited. **Zoom Guidance and Setup:** https://www.cand.usc ourts.gov/zoom/. , Set/Reset Deadlines as to 64 MOTION to Dismiss , 65 MOTION for Summary Judgment . Motion Hearing set for 3/11/2021 09:00 AM in San Jose, – Videoconference Only before Judge Edward J. Davila. (Related documents(s) 64 , 65) *(This is a text–only entry generated by the court. There is no document associated with this entry.)* (amkS, COURT STAFF) (Filed on 3/3/2021) (Entered: 03/03/2021)
03/04/2021	108	**Order Granting 106 Motion to Withdraw as Counsel of Amici Curiae Monolithic Power Systems Inc., Engine Advocacy, and ACT | The App Association. Signed by Judge Edward J. Davila on 03/04/2021. (ejdlc2S, COURT STAFF) (Filed on 3/4/2021) (Entered: 03/04/2021)**

03/11/2021	109	**Minute Entry for proceedings held before Judge Edward J. Davila: Motion Hearing held on 3/11/2021 via Zoom Webinar remotely as to 64 Motion to Dismiss *filed by Andrei Iancu*, 65 Motion for Summary Judgment *filed by Apple Inc., Cisco Systems, Inc., Intel Corporation* . The Court heard oral argument and took the matters under submission. The Court shall issue the order. Plaintiff Attorney: Mark Selwyn,Catherine Carroll,Rebecca Lee,Alyson Zureick,Christy Lea,David Shvodian,Andrew Dufresne. Defendant Attorney: Gary Feldon,Lesley Farby. Total Time in Court:9:10−10:50am(1Hr.40Mins.) Court Reporter: Irene Rodriguez. *(This is a text−only entry generated by the court. There is no document associated with this entry.)* (amkS, COURT STAFF) (Date Filed: 3/11/2021) (Entered: 03/11/2021)**
03/12/2021	110	NOTICE by Andrei Iancu re 64 MOTION to Dismiss *re: New Authority* (Attachments: # 1 Exhibit)(Feldon, Gary) (Filed on 3/12/2021) (Entered: 03/12/2021)
03/12/2021	111	TRANSCRIPT ORDER for proceedings held on 03/11/2021 before Judge Edward J. Davila by Google LLC, for Court Reporter Irene Rodriguez. (Shvodian, Daniel) (Filed on 3/12/2021) (Entered: 03/12/2021)
03/15/2021	112	RESPONSE re 110 Notice (Other) by Apple Inc., Cisco Systems, Inc., Intel Corporation. (Selwyn, Mark) (Filed on 3/15/2021) (Entered: 03/15/2021)
03/16/2021	113	Transcript of Proceedings held on 03/11/2021, before Judge Davila. Court Reporter Irene L. Rodriguez, email address Irene_Rodriguez@cand.uscourts.gov. Per General Order No. 59 and Judicial Conference policy, this transcript may be viewed only at the Clerk's Office public terminal or may be purchased through the Court Reporter until the deadline for the Release of Transcript Restriction. After that date it may be obtained through PACER. Any Notice of Intent to Request Redaction, if required, is due no later than 5 business days from date of this filing. Release of Transcript Restriction set for 6/14/2021. (irodS, COURT STAFF) (Filed on 3/16/2021) (Entered: 03/16/2021)
03/25/2021	114	STIPULATION WITH PROPOSED ORDER *to Continue Initial Case Management Conference* filed by Apple Inc., Cisco Systems, Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Google LLC, Intel Corporation. (Selwyn, Mark) (Filed on 3/25/2021) (Entered: 03/25/2021)
04/02/2021	115	**Order Granting 114 Stipulation to Continue Initial Case Management Conference *AS MODIFIED*. Signed by Judge Edward J. Davila on 04/02/2021. (ejdlc2S, COURT STAFF) (Filed on 4/2/2021) (Entered: 04/02/2021)**
04/02/2021		***Set Deadlines/Hearings per ECF 115 Order: Joint Case Management Statement due by 5/17/2021. Initial Case Management Conference set for 5/27/2021 10:00 AM in San Jose, Courtroom 4, 5th Floor. (amkS, COURT STAFF) (Filed on 4/2/2021) (Entered: 04/02/2021)
05/11/2021	116	STIPULATION WITH PROPOSED ORDER *to Continue Initial Case Management Conference* filed by Apple Inc., Cisco Systems, Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Google LLC, Intel Corporation. (Selwyn, Mark) (Filed on 5/11/2021) (Entered: 05/11/2021)
05/13/2021	117	**Order Granting 116 Stipulation to Continue Initial Case Management Conference. CMC continued to 7/22/2021. Joint Statement due 7/12/2021. Signed by Judge Edward J. Davila on 05/13/2021. (ejdlc2S, COURT STAFF) (Filed on 5/13/2021) (Entered: 05/13/2021)**
05/13/2021		***Set Deadlines/Hearings per ECF 117 Order: Joint Case Management Statement due by 7/12/2021. Initial Case Management Conference set for 7/22/2021 10:00 AM in San Jose, Courtroom 4, 5th Floor. (amkS, COURT STAFF) (Filed on 5/13/2021) (Entered: 05/13/2021)
06/25/2021	118	NOTICE by Andrei Iancu re 64 MOTION to Dismiss *re: Supplemental Authority* (Feldon, Gary) (Filed on 6/25/2021) (Entered: 06/25/2021)
06/28/2021	119	RESPONSE re 118 Notice (Other) by Apple Inc., Cisco Systems, Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Google LLC, Intel Corporation. (Selwyn, Mark) (Filed on 6/28/2021) (Entered: 06/28/2021)

07/12/2021	120	STIPULATION WITH PROPOSED ORDER *to Continue Initial Case Management Conference* filed by Apple Inc., Cisco Systems, Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Google LLC, Intel Corporation. (Selwyn, Mark) (Filed on 7/12/2021) (Entered: 07/12/2021)
07/12/2021	121	**Order Granting 120 Stipulation to Continue Case Management Conference *AS MODIFIED*. Case Management Conference Continued to 8/26/2021. Joint Statement due 8/16/2021. Signed by Judge Edward J. Davila on 07/12/2021. (ejdlc2S, COURT STAFF) (Filed on 7/12/2021) (Entered: 07/12/2021)**
07/12/2021		***Set Deadlines/Hearings per ECF 121 Order: Joint Case Management Statement due by 8/16/2021. Initial Case Management Conference set for 8/26/2021 10:00 AM in San Jose, Courtroom 4, 5th Floor. (amkS, COURT STAFF) (Filed on 7/12/2021) (Entered: 07/12/2021)
07/14/2021	122	NOTICE by Andrei Iancu re 64 MOTION to Dismiss *re Supplemental Authority* (Feldon, Gary) (Filed on 7/14/2021) (Entered: 07/14/2021)
07/19/2021	123	RESPONSE re 122 Notice (Other) by Apple Inc., Cisco Systems, Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Google LLC, Intel Corporation. (Selwyn, Mark) (Filed on 7/19/2021) (Entered: 07/19/2021)
08/16/2021	124	STIPULATION WITH PROPOSED ORDER *to Continue Initial Case Management Conference* filed by Apple Inc., Cisco Systems, Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Google LLC, Intel Corporation. (Selwyn, Mark) (Filed on 8/16/2021) (Entered: 08/16/2021)
08/17/2021	125	**Order Granting 124 Stipulation Continuing Case Management Conference *AS MODIFIED*. Signed by Judge Edward J. Davila on 08/17/2021. (ejdlc2S, COURT STAFF) (Filed on 8/17/2021) (Entered: 08/17/2021)**
08/17/2021		***Set Deadlines/Hearings per ECF 125 Order: Joint Case Management Statement due by 9/20/2021. Initial Case Management Conference set for 9/30/2021 10:00 AM in San Jose, Courtroom 4, 5th Floor. (amkS, COURT STAFF) (Filed on 8/17/2021) (Entered: 08/17/2021)
09/20/2021	126	JOINT STIPULATION WITH PROPOSED ORDER *to Continue Initial Case Management Conference* filed by Apple Inc., Cisco Systems, Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Google LLC, Intel Corporation. (Selwyn, Mark) (Filed on 9/20/2021) Modified on 9/21/2021 (jlgS, COURT STAFF). (Entered: 09/20/2021)
09/20/2021	127	**Order Granting 126 Stipulation to Continue Initial Case Management Conference. Signed by Judge Edward J. Davila on 09/20/2021. (ejdlc2S, COURT STAFF) (Filed on 9/20/2021) (Entered: 09/20/2021)**
09/20/2021		***Set Deadlines/Hearings per ECF 127 Order: Joint Case Management Statement due by 10/25/2021. Initial Case Management Conference set for 11/4/2021 10:00 AM in San Jose, Courtroom 4, 5th Floor. (amkS, COURT STAFF) (Filed on 9/20/2021) (Entered: 09/20/2021)
10/04/2021	128	Plaintiffs' NOTICE of Supplemental Authority by Apple Inc., Cisco Systems, Inc., Intel Corporation (Selwyn, Mark) (Filed on 10/4/2021) Modified on 10/5/2021 (jlgS, COURT STAFF). (Entered: 10/04/2021)
10/08/2021	129	Defendant's Response re 128 Plaintiffs' NOTICE *of Supplemental Authority* filed by Andrei Iancu. (Related document(s) 128) (Feldon, Gary) (Filed on 10/8/2021) Modified on 10/10/2021 (jlgS, COURT STAFF). (Entered: 10/08/2021)
10/25/2021	130	JOINT STIPULATION WITH PROPOSED ORDER *to Continue Initial Case Management Conference* filed by Apple Inc., Cisco Systems, Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Google LLC, Intel Corporation. (Carroll, Catherine) (Filed on 10/25/2021) Modified on 10/26/2021 (jlg, COURT STAFF). (Entered: 10/25/2021)
10/26/2021	131	**Order granting 130 Stipulation. Signed by Judge Edward J. Davila on October 26, 2021.(ejdlc2, COURT STAFF) (Filed on 10/26/2021) (Entered: 10/26/2021)**

10/26/2021		***Set Deadlines/Hearings per ECF 131 Order: Joint Case Management Statement due by 11/29/2021. Initial Case Management Conference set for 12/9/2021 10:00 AM in San Jose, Courtroom 4, 5th Floor. (amk, COURT STAFF) (Filed on 10/26/2021) (Entered: 10/26/2021)
10/26/2021	132	NOTICE of Appearance by Lisa Zeidner Marcus *on behalf of Defendant* (Marcus, Lisa) (Filed on 10/26/2021) (Entered: 10/26/2021)
11/10/2021	133	**ORDER granting 64 Motion to Dismiss; terminating 65 Motion for Summary Judgment. Signed by Judge Edward J. Davila on November 10, 2021.The Clerk shall close the file. (ejdlc2, COURT STAFF) (Filed on 11/10/2021) (Entered: 11/10/2021)**
12/07/2021	134	NOTICE of Change of Address by Rebecca M. Lee (Lee, Rebecca) (Filed on 12/7/2021) (Entered: 12/07/2021)
12/08/2021	135	NOTICE OF APPEAL to the Federal Circuit as to 133 Order on Motion to Dismiss, Order on Motion for Summary Judgment by Apple Inc., Cisco Systems, Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Google LLC, Intel Corporation. Filing fee $ 505, receipt number ACANDC–16702880. (Selwyn, Mark) (Filed on 12/8/2021)**Federal Circuit Docket No.: 2022–1249** Modified on 12/12/2021 (wsn, COURT STAFF). (Entered: 12/08/2021)
12/08/2021	136	STIPULATION WITH PROPOSED ORDER *for Entry of Judgment* filed by Apple Inc., Cisco Systems, Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Google LLC, Intel Corporation. (Attachments: # 1 Exhibit A – Proposed Judgment)(Selwyn, Mark) (Filed on 12/8/2021) (Entered: 12/08/2021)
12/10/2021	137	USCA Case Number **2022–1249** U.S. Court of Appeals for the Federal Circuit for 135 Notice of Appeal to the Federal Circuit, filed by Apple Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Cisco Systems, Inc., Google LLC, Intel Corporation. (wsn, COURT STAFF) (Filed on 12/10/2021) (Entered: 12/12/2021)
12/13/2021	138	**Order granting 136 Stipulation. Signed by Judge Edward J. Davila on December 13, 2021. (ejdlc2, COURT STAFF) (Filed on 12/13/2021) (Entered: 12/13/2021)**
03/13/2023	139	USCA JUDGMENT AFFIRMED IN PART, REVERSED IN PART, AND REMANDED as to 135 Notice of Appeal to the Federal Circuit, filed by Apple Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Cisco Systems, Inc., Google LLC, Intel Corporation (hdj, COURT STAFF) (Filed on 3/13/2023) (Entered: 03/13/2023)
03/13/2023	140	ORDER of USFC as to 135 Notice of Appeal to the Federal Circuit, filed by Apple Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Cisco Systems, Inc., Google LLC, Intel Corporation (hdj, COURT STAFF) (Filed on 3/13/2023) (Entered: 03/13/2023)
03/15/2023	141	USFC–ERRATA (hdj, COURT STAFF) (Filed on 3/15/2023) (Entered: 03/15/2023)
05/04/2023	142	MANDATE of USFC as to 135 Notice of Appeal to the Federal Circuit, filed by Apple Inc., Edwards Lifesciences Corporation, Edwards Lifesciences LLC, Cisco Systems, Inc., Google LLC, Intel Corporation (hdj, COURT STAFF) (Filed on 5/4/2023) (Entered: 05/05/2023)
05/08/2023	143	CLERK'S NOTICE SETTING HEARING. Status Conference set for 6/15/2023 at 10:00 AM in San Jose, Courtroom 4, 5th Floor before Judge Edward J. Davila. Joint Status Report due by 6/2/2023. *(This is a text–only entry generated by the court. There is no document associated with this entry.)* (crr, COURT STAFF) (Filed on 5/8/2023) (Entered: 05/08/2023)
05/30/2023	144	NOTICE of Substitution of Counsel by Hannah Solomon–Strauss (Solomon–Strauss, Hannah) (Filed on 5/30/2023) (Entered: 05/30/2023)
06/02/2023	145	STATUS REPORT *(Joint)* by Apple Inc., Cisco Systems, Inc., Intel Corporation. (Selwyn, Mark) (Filed on 6/2/2023) (Entered: 06/02/2023)
06/08/2023	146	**SCHEDULING ORDER. Signed by Judge Edward J. Davila on 6/8/2023. (crr, COURT STAFF) (Filed on 6/8/2023) (Entered: 06/08/2023)**

06/26/2023	147	USFC Errata (hdj, COURT STAFF) (Filed on 6/26/2023) (Entered: 06/26/2023)
06/30/2023	148	NOTICE by Apple Inc., Cisco Systems, Inc., Intel Corporation *of Withdrawal of David M. Lehn* (Selwyn, Mark) (Filed on 6/30/2023) (Entered: 06/30/2023)
08/07/2023	149	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 317, receipt number ACANDC−18519595.) filed by Apple Inc., Cisco Systems, Inc., Intel Corporation. (Fox, Gary) (Filed on 8/7/2023) (Entered: 08/07/2023)
08/07/2023	150	MOTION for leave to appear in Pro Hac Vice (Filing fee $ 317, receipt number ACANDC−18519488.) filed by Apple Inc., Cisco Systems, Inc., Intel Corporation. (Kessner, Jane) (Filed on 8/7/2023) (Entered: 08/07/2023)
08/07/2023	151	**ORDER Granting 149 Motion for Pro Hac Vice as to Gary Fox. Signed by Judge Edward J. Davila on 8/7/2023. (crr, COURT STAFF) (Filed on 8/7/2023) (Entered: 08/07/2023)**
08/07/2023	152	**ORDER Granting 150 Motion for Pro Hac Vice as to Jane Kessner. Signed by Judge Edward J. Davila on 8/7/2023. (crr, COURT STAFF) (Filed on 8/7/2023) (Entered: 08/07/2023)**
08/17/2023	153	MOTION for Summary Judgment *(Renewed)* filed by Apple Inc., Cisco Systems, Inc., Intel Corporation. Motion Hearing set for 12/7/2023 09:00 AM in San Jose, Courtroom 4, 5th Floor before Judge Edward J. Davila. Responses due by 9/14/2023. Replies due by 10/12/2023. (Selwyn, Mark) (Filed on 8/17/2023) (Entered: 08/17/2023)
08/30/2023	154	NOTICE by Apple Inc., Cisco Systems, Inc., Intel Corporation *of Withdrawal of Rebecca Lee* (Selwyn, Mark) (Filed on 8/30/2023) (Entered: 08/30/2023)
09/13/2023	155	STIPULATION WITH PROPOSED ORDER *to enlarge time for filing* filed by Andrei Iancu. (Attachments: # 1 Declaration of Hannah Solomon−Strauss)(Solomon−Strauss, Hannah) (Filed on 9/13/2023) (Entered: 09/13/2023)
09/14/2023	156	**ORDER Granting 155 Stipulation to Enlarge Briefing Schedule re Motions for Summary Judgment. Signed by Judge Edward J. Davila on 9/14/2023. (crr, COURT STAFF) (Filed on 9/14/2023) (Entered: 09/14/2023)**
09/21/2023	157	MOTION for Summary Judgment *and opposition to Plaintiffs' Motion for Summary Judgment* filed by Andrei Iancu. Motion Hearing set for 12/7/2023 09:00 AM in San Jose, Courtroom 4, 5th Floor before Judge Edward J. Davila. Responses due by 10/19/2023. Replies due by 11/9/2023. (Solomon−Strauss, Hannah) (Filed on 9/21/2023) (Entered: 09/21/2023)
10/19/2023	158	REPLY (re 153 MOTION for Summary Judgment *(Renewed)*) *and Opposition to Defendant's Motion for Summary Judgment* filed byApple Inc., Cisco Systems, Inc., Intel Corporation. (Selwyn, Mark) (Filed on 10/19/2023) (Entered: 10/19/2023)
11/09/2023	159	REPLY (re 157 MOTION for Summary Judgment *and opposition to Plaintiffs' Motion for Summary Judgment*) filed byAndrei Iancu. (Solomon−Strauss, Hannah) (Filed on 11/9/2023) (Entered: 11/09/2023)
12/07/2023	160	**Minute Entry for proceedings held before Judge Edward J. Davila: Motion Hearing held on 12/7/2023 re 153 , 157 Cross−Motions for Summary Judgment. Argument of Counsel heard. Court takes matter under submission.** **Total Time in Court: 1 hr, 37 min (9:04−10:41 AM).** **Court Reporter: Irene Rodriguez.** **Plaintiff Attorney: Catherine Carroll, Mark Selwyn (for Apple Inc. Cisco Systems, Intel Corp), Christy Lea (for Edwards Lifesciences), Andrew Dufresne (for Google).** **Defendant Attorney: Hannah Solomon−Strauss.** ***(This is a text−only entry generated by the court. There is no document associated with this entry.)* (crr, COURT STAFF) (Date Filed: 12/7/2023) (Entered: 12/08/2023)**

12/08/2023	161	TRANSCRIPT ORDER for proceedings held on 12/07/2023 before Judge Edward J. Davila by Apple Inc., Cisco Systems, Inc., Intel Corporation, for Court Reporter Irene Rodriguez. (Selwyn, Mark) (Filed on 12/8/2023) (Entered: 12/08/2023)
12/13/2023	162	TRANSCRIPT ORDER for proceedings held on 12/7/2023 before Judge Edward J. Davila for Court Reporter Irene Rodriguez (sp, COURT STAFF) (Filed on 12/13/2023) (Entered: 12/13/2023)
01/09/2024	164	STATEMENT OF RECENT DECISION pursuant to Civil Local Rule 7–3.d filed byApple Inc., Cisco Systems, Inc., Intel Corporation. (Selwyn, Mark) (Filed on 1/9/2024) (Entered: 01/09/2024)
03/31/2024	165	**ORDER DENYING 153 PLAINTIFFS' RENEWED MOTION FOR SUMMARY JUDGMENT; GRANTING 157 DEFENDANT'S MOTION FOR SUMMARY JUDGMENT. Signed by Judge Edward J. Davila on 3/31/2024. (ejdlc2, COURT STAFF) (Filed on 3/31/2024) (Entered: 03/31/2024)**
04/01/2024	166	**JUDGMENT. Signed by Judge Edward J. Davila on 4/1/2024. (ejdlc2, COURT STAFF) (Filed on 4/1/2024) (Entered: 04/01/2024)**
05/15/2024	167	NOTICE OF APPEAL to the Federal Circuit by Apple Inc., Cisco Systems, Inc., Google LLC, Intel Corporation. Filing fee $ 605, receipt number ACANDC–19417667. Appeal Record due by 6/14/2024. (Selwyn, Mark) (Filed on 5/15/2024) (Entered: 05/15/2024)

EXHIBIT B

Trials@uspto.gov
571-272-7822

Paper No. 11
Entered: March 20, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

FINTIV, INC.,
Patent Owner.

Case IPR2020-00019
Patent 8,843,125 B2

Before WILLIAM M. FINK, *Vice Chief Administrative Patent Judge*, and LINDA E. HORNER and LYNNE E. PETTIGREW, *Administrative Patent Judges*.

FINK, *Vice Chief Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
Supplemental Briefing on Discretionary Denial
35 U.S.C. § 314(a) and 37 C.F.R. § 42.5(a)

B. Factors Related to a Parallel, Co-Pending Proceeding in Determining Whether to Exercise Discretionary Institution or Denial

As with other non-dispositive factors considered for institution under 35 U.S.C. § 314(a), an early trial date should be weighed as part of a "balanced assessment of all relevant circumstances of the case, including the merits."[5] Consolidated Trial Practice Guide November 2019 ("TPG")[6] at 58. Indeed, the Board's cases addressing earlier trial dates as a basis for denial under *NHK* have sought to balance considerations such as system efficiency, fairness, and patent quality.[7] When the patent owner raises an argument for discretionary denial under *NHK* due to an earlier trial date,[8] the Board's decisions have balanced the following factors:

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[5] *See Abbott Vascular, Inc. v. FlexStent, LLC*, IPR2019-00882, Paper 11 at 31 (PTAB Oct. 7, 2019) (declining to adopt a bright-line rule that an early trial date alone requires denial in every case).

[6] *Available at* https://www.uspto.gov/TrialPracticeGuideConsolidated.

[7] *See Magellan Midstream Partners L.P. v. Sunoco Partners Marketing & Terminals L.P.*, IPR2019-01445, Paper 12 at 10 (PTAB Jan. 22, 2020) (citing "unnecessary and counterproductive litigation costs" where district court would most likely have issued a decision before the Board issues a final decision); *Intel Corp. v. VLSI Tech. LLC*, IPR2019-01192, Paper 15 at 11 (PTAB Jan. 9, 2020) ("When considering the impact of parallel litigation in a decision to institute, the Board seeks, among other things, to minimize the duplication of work by two tribunals to resolve the same issue."); *Illumina, Inc. v. Natera, Inc.*, IPR2019-01201, Paper 19 at 6 (PTAB Dec. 18, 2019) ("We have considered the positions of the parties and find that, on this record, considerations of efficiency, fairness, and the merits of the grounds in the Petition do not weigh in favor of denying the Petition.").

[8] To the extent we refer to such a denial of institution as a "denial under *NHK*," we refer to *NHK*'s § 314(a) denial due to the earlier trial date in the district court and not the independent basis for denial under § 325(d).

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.

These factors relate to 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. As explained below, there is some overlap among these factors. Some facts may be relevant to more than one factor. Therefore, in evaluating the factors, the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review. *See* TPG at 58 (quoting 35 U.S.C. § 316(b)).

1. whether a stay exists or is likely to be granted if a proceeding is instituted

A district court stay of the litigation pending resolution of the PTAB trial allays concerns about inefficiency and duplication of efforts. This fact has strongly weighed against exercising the authority to deny institution under *NHK*.[9] In some cases, there is no stay, but the district court has denied

[9] *See Precision Planting, LLC v. Deere & Co.*, IPR2019-01052, Paper 19 at 10 (PTAB Jan. 7, 2020) (finding that the district court stay of the parallel district court case rendered moot the patent owner's argument for discretionary denial of the petition); *Apotex Inc. v. UCB Biopharma Sprl*,

a motion for stay without prejudice and indicated to the parties that it will consider a renewed motion or reconsider a motion to stay if a PTAB trial is instituted. Such guidance from the district court, if made of record, suggests the district court may be willing to avoid duplicative efforts and await the PTAB's final resolution of the patentability issues raised in the petition before proceeding with the parallel litigation. This fact has usually weighed against exercising authority to deny institution under *NHK*,[10] but, for reasons discussed below, proximity of the court's trial date and investment of time are relevant to how much weight to give to the court's willingness to reconsider a stay.[11, 12] If a court has denied a defendant's motion for a stay

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IPR2019-00400, Paper 17 at 31–32 (PTAB July 15, 2019) (finding that the district court stay of the parallel district court case predicated on the *inter partes* review means that the trial will not occur before the Board renders a final decision).

[10] *See Abbott Vascular*, IPR2019-00882, Paper 11 at 30–31 (noting district court's willingness to revisit request for stay if Board institutes an *inter partes* review proceeding).

[11] *See DMF, Inc. v. AMP Plus, Inc.*, Case No. 2-18-cv-07090 (C.D. Cal. July 12, 2019) (denying defendants' initial motion to stay without prejudice to their renewing the motion should PTAB grant their IPR petition); *id.* (Dec. 13, 2019) (denying renewed motion to stay after PTAB instituted, in part, because in the interim claim construction order had issued, trial date was fast approaching, and discovery was in an advanced stage).

[12] It is worth noting that the district court, in considering a motion for stay, may consider similar factors related to the amount of time already invested by the district court and proximity of the trial date to the Board's deadline for a final written decision. *See Space Data Corp. v. Alphabet Inc.*, Case No. 16-cv-03260, slip op. at 3 (N.D. Cal. Mar. 12, 2019) (denying motion to stay where the court had ruled on a motion for partial summary judgment and issued a *Markman* order, and fact and expert discovery are closed, and thus "much work has been completed"); *Intellectual Ventures I LLC v. T-*

pending resolution of a PTAB proceeding, and has not indicated to the parties that it will consider a renewed motion or reconsider a motion to stay if a PTAB trial is instituted, this fact has sometimes weighed in favor of exercising authority to deny institution under *NHK*.

One particular situation in which stays arise frequently is during a parallel district court *and* ITC investigation involving the challenged patent. In such cases, the district court litigation is often stayed under 28 U.S.C. § 1659 pending the resolution of the ITC investigation. Regardless, 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. The parties should indicate whether there is a parallel district court case that is ongoing or stayed under 28 U.S.C. § 1659 pending the resolution of the ITC investigation. We

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Mobile USA, Inc., Case No. 2-17-cv-00577 (E. D. Tex. Dec. 13, 2018) (denying motion to stay after dispositive and *Daubert* motions had been filed and the court had expended material judicial resources to prepare for the pretrial in three weeks); *Plastic Omnium Advanced Innovation and Research v. Donghee Am., Inc.*, Case No. 1-16-cv-00187 (D. Del. Mar. 9, 2018) (denying motion for stay after PTAB's institution of *inter partes* reviews because the court "has construed the parties' disputed claim terms, handled additional discovery-related disputes, begun reviewing the parties' summary judgment and *Daubert* motions . . . and generally proceeded toward trial" and "[d]elaying the progress of this litigation . . . would risk wasting the Court's resources"); *Dentsply Int'l, Inc. v. US Endodontics, LLC*, Case No. 2-14-cv-00196, slip op. at 5 (E.D. Tenn. Dec. 1, 2015) (denying motion for stay pending *inter partes* review because a stay at this point in the proceedings "would waste a significant amount of the time and resources already committed to this case by the parties and the Court").

recognize that ITC final invalidity determinations do not have preclusive effect,[13] but, as a practical matter, it is difficult to maintain a district court proceeding on patent claims determined to be invalid at the ITC. Accordingly, the parties should also indicate whether the patentability disputes before the ITC will resolve all or substantially all of the patentability disputes between the parties, regardless of the stay.[14]

2. proximity of the court's trial date to the Board's projected statutory deadline

If the court's trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*. If the court's trial date is at or around the same time as the projected statutory deadline or even significantly after the projected statutory deadline, the decision whether to institute will likely implicate other factors discussed herein, such as the resources that have been invested in the parallel proceeding.[15]

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

The Board also has considered 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. Specifically, if, at the time of the institution decision, the district court has issued substantive orders related to the patent

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[13] *See Texas Instruments v. Cypress Semiconductor Corp.*, 90 F.3d 1558 (Fed. Cir. 1996) (holding that an invalidity determination in an ITC section 337 action does not have preclusive effect).

[14] *See infra* § II.A.4.

[15] *See, e.g.*, *infra* § II.A.3, § II.A.4.

at issue in the petition, this fact favors denial.[16] Likewise, district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.[17] If, at the time of the institution decision, the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution under *NHK*.[18] 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.

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[16] *See E-One, Inc. v. Oshkosh Corp.*, IPR2019-00162, Paper 16 at 8, 13, 20 (PTAB June 5, 2019) (district court issued preliminary injunction order after finding petitioner's invalidity contentions unlikely to succeed on the merits).

[17] *See Next Caller, Inc. v. TRUSTID, Inc.*, IPR2019-00963, Paper 8 at 13 (PTAB Oct. 28, 2019) (district court issued claim construction order); *Thermo Fisher Scientific, Inc. v. Regents of the Univ. of Cal.*, IPR2018-01370, Paper 11 at 26 (PTAB Feb. 7, 2019) (district court issued claim construction order). We note that the weight to give claim construction orders may vary depending upon a particular district court's practices. For example, some district courts may postpone significant discovery until after it issues a claim construction order, while others may not.

[18] *See Facebook, Inc. v. Search and Social Media Partners, LLC*, IPR2018-01620, Paper 8 at 24 (PTAB Mar. 1, 2019) (district court proceeding in its early stages, with no claim constructions having been determined); *Amazon.com, Inc. v. CustomPlay, LLC*, IPR2018-01496, Paper 12 at 8–9 (PTAB Mar. 7, 2019) (district court proceeding in its early stages, with no claim construction hearing held and district court having granted extensions of various deadlines in the schedule).

As a matter of petition timing, notwithstanding that a defendant has one year to file a petition,[19] it may impose unfair costs to a patent owner if the petitioner, faced with the prospect of a looming trial date, waits until the district court trial has progressed significantly before filing a petition at the Office. The Board recognizes, however, that 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.[20] Thus, the parties should explain facts relevant to timing. If the evidence shows that 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*.[21] If, however, the evidence shows

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[19] *See* 35 U.S.C. § 315(b) (2018) (setting a one-year window from the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent in which to file a petition).

[20] *See* 157 Cong. Rec. S5429 (Sept. 8, 2011) (S. Kyl) (explaining that in light of the House bill's enhanced estoppels, it is important to extend the deadline for allowing an accused infringer to seek *inter partes* review from 6 months, as proposed in the Senate bill, to one year to afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation). Our discussion of this factor focuses on the situation where the petitioner also is a defendant in the parallel litigation. If the parallel litigation involves a party different than the petitioner, this fact weighs against exercising authority to deny institution under *NHK*. *See infra* § II.A.5.

[21] *See Intel Corp.*, IPR2019-01192, Paper 15 at 12–13 (finding petitioner was diligent in filing the petition within two months of patent owner narrowing the asserted claims in the district court proceeding); *Illumina*, IPR2019-01201, Paper 19 at 8 (finding petitioner was diligent in filing the

that the petitioner did not file the petition expeditiously, such as at or around the same time that the patent owner responds to the petitioner's invalidity contentions, or even if the petitioner cannot explain the delay in filing its petition, these facts have favored denial.[22]

4. overlap between issues raised in the petition and in the parallel proceeding

In *NHK*, the Board was presented with substantially identical prior art arguments that were at issue in the district court (as well as those previously addressed by the Office under § 325(d)). IPR2018-00752, Paper 8 at 20. Thus, concerns of inefficiency and the possibility of conflicting decisions were particularly strong. Accordingly, if 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.[23] Conversely, if the petition includes materially different grounds, arguments,

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petition several months before the statutory deadline and in response to the patent being added to the litigation in an amended complaint).

[22] *See Next Caller, Inc. v. TRUSTID, Inc.*, IPR2019-00961, Paper 10 at 16 (PTAB Oct. 16, 2019) (weighing the petitioner's unexplained delay in filing the petition in favor of denial of the petition and noting that had the petitioner filed the petition around the same time as the service of its initial invalidity contentions, the PTAB proceeding may have resolved the issues prior to the district court).

[23] *See Next Caller*, IPR2019-00963, Paper 8 at 11–12 (same grounds asserted in both cases); *ZTE (USA) Inc. v. Fractus, S.A.*, IPR2018-01451, Paper 12 at 20 (PTAB Feb. 19, 2019) (same prior art and identical evidence and arguments in both cases).

and/or evidence than those presented in the district court, this fact has tended to weigh against exercising discretion to deny institution under *NHK*.[24]

In many cases, weighing the degree of overlap is highly fact dependent. For example, if a petition involves the same prior art challenges but challenges claims in addition to those that are challenged in the district court, it may still be inefficient to proceed because the district court may resolve validity of enough overlapping claims to resolve key issues in the petition. The parties should indicate whether all or some of the claims challenged in the petition are also at issue in district court. The existence of non-overlapping claim challenges will weigh for or against exercising discretion to deny institution under *NHK* depending on the similarity of the claims challenged in the petition to those at issue in the district court.[25]

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

If a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion to

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[24] *See Facebook, Inc. v. BlackBerry Limited*, IPR2019-00899, Paper 15 at 12 (PTAB Oct. 8, 2019) (different prior art relied on in the petition than in the district court); *Chegg, Inc. v. NetSoc, LLC*, IPR2019-01165, Paper 14 at 11–12 (PTAB Dec. 5, 2019) (different statutory grounds of unpatentability relied on in the petition and in the district court).

[25] *See Next Caller*, IPR2019-00961, Paper 10 at 14 (denying institution even though two petitions jointly involve all claims of patent and district court involves only a subset of claims because the claims all are directed to the same subject matter and petitioner does not argue that the non-overlapping claims differ significantly in some way or argue that it would be harmed if institution of the non-overlapping claims is denied).

deny institution under *NHK*.[26] Even when a petitioner is unrelated to a defendant, however, if the issues are the same as, or substantially similar to, those already or about to be litigated, or other circumstances weigh against redoing the work of another tribunal, the Board may, nonetheless, exercise the authority to deny institution.[27] An unrelated petitioner should, therefore, address any other district court or Federal Circuit proceedings involving the challenged patent to discuss why addressing the same or substantially the same issues would not be duplicative of the prior case even if the petition is brought by a different party.

6. other circumstances that impact the Board's exercise of discretion, including the merits

As noted above, the factors considered in the exercise of discretion are part of a balanced assessment of all the relevant circumstances in the case, including the merits.[28] For example, if the merits of a ground raised in the petition seem particularly strong on the preliminary record, this fact has

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[26] *See Nalox-1 Pharms., LLC. v. Opiant Pharms., Inc.*, IPR2019-00685, Paper 11 at 6 (PTAB Aug. 27, 2019) (distinguishing *NHK* because in *NHK*, "the Board considered 'the status of the district court proceeding *between* the parties'" and, in the *Nalox-1* case, the petitioner was not a party to the parallel district court litigations).

[27] *See Stryker Corp. v. KFx Medical, LLC*, IPR2019-00817, Paper 10 at 27–28 (PTAB Sept. 16, 2019) (considering a jury verdict of no invalidity, based in part on evidence of secondary considerations, weighed in favor of denying institution where the unrelated petitioner failed to address this evidence in the petition).

[28] TPG at 58.

favored institution.[29] In such cases, the institution of a trial may serve the interest of overall system efficiency and integrity because it allows the proceeding to continue in the event that the parallel proceeding settles or fails to resolve the patentability question presented in the PTAB proceeding.[30] By contrast, if the merits of the grounds raised in the petition are a closer call, then that fact has favored denying institution when other factors favoring denial are present.[31] This is not to suggest that a full merits analysis is necessary to evaluate this factor.[32] Rather, there may be strengths

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[29] *Illumina*, IPR2019-01201, Paper 19 at 8 (PTAB Dec. 18, 2019) (instituting when "the strength of the merits outweigh relatively weaker countervailing considerations of efficiency"); *Facebook, Inc. v. BlackBerry Ltd.*, IPR2019-00925, Paper 15 at 27 (PTAB Oct. 16, 2019) (same); *Abbott Vascular*, IPR2019-00882, Paper 11 at 29–30 (same); *Comcast Cable Commnc'ns., LLC v. Rovi Guides, Inc.*, IPR2019-00231, Paper 14 at 11 (PTAB May 20, 2019) (instituting because the proposed grounds are "sufficiently strong to weigh in favor of not denying institution based on § 314(a)").

[30] Were a final judgment entered on the patentability issues in the parallel proceeding, the parties may jointly request to terminate the PTAB proceeding in light of the fully resolved parallel proceeding. *See* 37 C.F.R. § 42.72.

[31] *E-One*, IPR2019-00162, Paper 16 at 8, 13, 20 (denying institution based on earlier district court trial date, weakness on the merits, and the district court's substantial investment of resources considering the invalidity of the challenged patent).

[32] Of course, if a petitioner fails to present a reasonable likelihood of prevailing as to unpatentability of at least one challenged claim, then the Board may deny the petition on the merits and may choose not to reach a patent owner's discretionary denial arguments.

or weaknesses regarding the merits that the Board considers as part of its balanced assessment.[33]

C. Other Considerations

Other facts and circumstances may also impact the Board's discretion to deny institution. For example, factors unrelated to parallel proceedings that bear on discretion to deny institution include the filing of serial petitions,[34] parallel petitions challenging the same patent,[35] and considerations implicated by 35 U.S.C. § 325(d).[36] The parties should explain whether these or other facts and circumstances exist in their proceeding and the impact of those facts and circumstances on efficiency and integrity of the patent system.

III. ORDER

The panel requests that the parties submit supplemental briefing, as set forth below, to present on the record facts in this case relevant to the factors discussed above. The supplemental briefing may be accompanied by

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[33] *See id.* at 13–20 (finding weaknesses in aspects of petitioner's challenges).

[34] *See Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00064, Paper 10 (PTAB May 1, 2019) (precedential); *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018); *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i).

[35] TPG at 59–61.

[36] *See Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020) (discussing two-part framework for applying discretion to deny institution under 35 U.S.C. § 325(d)).

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UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE INC., CISCO SYSTEMS, INC., GOOGLE LLC, INTEL CORPORATION, EDWARDS LIFESCIENCES CORPORATION, and EDWARDS LIFESCIENCES LLC,

Plaintiffs,

v.

ANDREI IANCU, in his official capacity as Under Secretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office,

Defendant.

Case No. 20-cv-6128-EJD

AMENDED COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

Administrative Procedure Act Case

INTRODUCTION

1. This action under the Administrative Procedure Act ("APA") challenges a rule adopted by the Director of the U.S. Patent and Trademark Office ("PTO") governing that agency's consideration of petitions to institute inter partes review ("IPR")—an administrative proceeding for determining the patentability of previously issued patent claims.

2. A strong patent system is vital to protecting the massive research and development investments that fuel Plaintiffs' innovative products and services. And a crucial element of any strong patent system is a mechanism for "weeding out" weak patents that never should have been granted because the claimed invention was not novel or would have been obvious in light of prior art. *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1374 (2020). Such patents threaten innovation—particularly in the hands of non-practicing entities that use the patent system not to spur their own inventions, but to extract monetary returns by asserting weak patents in infringement suits. As frequent targets of such tactics, Plaintiffs have a strong interest in having an efficient and accessible means for challenging weak patents that should never have issued to ensure that such patents cannot hamper innovation.

3. IPR was a centerpiece of Congress's efforts to strengthen the U.S. patent system in the Leahy-Smith America Invents Act ("AIA"). In enacting the AIA in 2011, Congress recognized that innovation is inhibited when invalid patents are issued and then deployed in litigation against technology inventors and developers. And Congress found existing procedures for challenging already-issued patents, including litigation, to be insufficient to protect the patent system. Congress accordingly created IPR to provide a more efficient and streamlined administrative alternative to litigation for determining patentability before specialized patent judges. IPR has served to enhance the U.S. patent system and strengthen U.S. technology and innovation by weeding out thousands of invalid patent claims.

4. To ensure that IPR fulfills its purpose as a superior alternative to litigation over patent validity, the AIA specifically contemplates that IPR will be available to determine the patentability of patent claims that are also the subject of pending patent infringement litigation.

5. In the agency action challenged in this suit (referred to here as the "*NHK-Fintiv* rule"), however, the Director determined that the PTO could deny a petition for IPR based on a balancing of discretionary factors relating to the pendency of parallel patent infringement litigation—factors that appear nowhere in the AIA. The agency's application of that rule has dramatically reduced the availability of IPR, regardless of the weakness of the patent claims being challenged, thereby undermining IPR's central role in protecting a strong patent system.

6. The *NHK-Fintiv* rule violates the AIA, which allows IPR to proceed in tandem with infringement litigation involving the same patent claims so long as the IPR petition is filed within one year after the petitioner was served with the complaint in the infringement suit. Congress dictated in the AIA exactly when litigation should take precedence over IPR and vice versa, and the *NHK-Fintiv* rule contravenes Congress's judgment. Indeed, the *NHK-Fintiv* rule defeats the purpose of IPR, which is to provide a streamlined and specialized mechanism for clearing away invalid patents that never should have issued, and to do so without the substantial costs, burdens, and delays of litigation.

7. The *NHK-Fintiv* rule is also arbitrary and capricious because its vague factors lead to speculative, unpredictable, and unfair outcomes and will not advance the agency's stated goal of promoting administrative efficiency.

8. Finally, even if it were not contrary to law, the *NHK-Fintiv* rule is procedurally invalid because it was not adopted through notice-and-comment rulemaking. Both the APA and the AIA obligated the Director to follow that procedure, yet the Director instead propounded the *NHK-Fintiv* rule through an internal process within the PTO for establishing binding rules by designating select decisions of the Patent Trial and Appeal Board as "precedential"—a process that provides for no opportunity for or consideration of public input.

9. The Court should therefore declare the *NHK-Fintiv* rule unlawful and set it aside under the APA. The Court should further permanently enjoin the Director from applying the rule or the non-statutory factors it incorporates to deny institution of IPR.

JURISDICTION AND VENUE

10. This case arises under the Administrative Procedure Act ("APA"), 5 U.S.C. § 701 *et seq*. This Court has subject matter jurisdiction under 28 U.S.C. § 1331.

11. Pursuant to 5 U.S.C. § 702, Defendant has waived sovereign immunity for purposes of this suit.

12. Plaintiffs' claims for declaratory and injunctive relief are authorized by 28 U.S.C. §§ 2201 and 2202, by 5 U.S.C. §§ 702-706, by Federal Rules of Civil Procedure 57 and 65, and by the inherent equitable powers of this Court.

13. Venue is proper in this District under 28 U.S.C. § 1391(e) and 5 U.S.C. § 703 because at least one Plaintiff maintains its headquarters in this District.

14. The *NHK-Fintiv* rule is final agency action subject to judicial review under 5 U.S.C. § 704.

INTRADISTRICT ASSIGNMENT

15. This action arises in the San Jose Division because a substantial part of the events giving rise to Plaintiffs' claims occurred in Santa Clara County, California, where all Plaintiffs maintain their headquarters.

PARTIES

16. Plaintiff Apple Inc. ("Apple") is a California corporation having its principal place of business at One Apple Park Way, Cupertino, California, 95014.

17. Plaintiff Cisco Systems, Inc. ("Cisco") is a California corporation having its principal place of business at 170 West Tasman Drive, San Jose, California, 95134.

18. Plaintiff Google LLC ("Google") is a Delaware limited liability company having its principal place of business at 1600 Amphitheatre Parkway, Mountain View, California, 94043.

19. Plaintiff Intel Corporation ("Intel") is a Delaware corporation having its principal place of business at 2200 Mission College Boulevard, Santa Clara, California, 95054.

20. Plaintiffs Edwards Lifesciences Corp. and Edwards Lifesciences LLC (collectively "Edwards") are Delaware corporations having their principal place of business at One Edwards Way,

Irvine, California, 92614. Edwards Lifesciences Corp. owns numerous patents that it exclusively licenses to Edwards Lifesciences LLC, which is an operating company that has been sued for patent infringement in the past.

21. Defendant Andrei Iancu is the Under Secretary of Commerce for Intellectual Property and Director of the PTO. The Director oversees the operations of the PTO and is statutorily vested with the authority to decide whether to institute IPR of a patent claim. 35 U.S.C. § 314. Defendant Iancu is being sued in his official capacity. His principal place of business is in Alexandria, Virginia.

FACTUAL ALLEGATIONS

The Patent System

22. "To promote the progress of science and useful arts," the Constitution empowers Congress to "secur[e] for limited times to … inventors the exclusive right to their … discoveries." U.S. Const., art. I, § 8, cl. 8. The U.S. patent system has long fueled American economic growth and innovation. Plaintiffs each strongly support and rely on a strong patent system that lends robust legal protection to meritorious patent claims.

23. Apple is an American success story and developer of iconic consumer devices and software that have transformed the American economy. With more than 90,000 employees in the United States, Apple is one of the country's largest employers in the high-technology business sector. Overall, Apple supports 2.4 million jobs in all 50 states. Last year, Apple spent over $60 billion with more than 9,000 domestic suppliers across the country, including at manufacturing locations in 36 states. Apple invests billions of dollars annually in U.S. research and development, and it owns more than 22,000 U.S. patents that protect that investment.

24. Cisco is an American and worldwide leader in information technology, networking, communications, and cybersecurity solutions. Cisco is a strong supporter of the U.S. patent system, owning more than 16,000 U.S. patents, which protect more than $6 billion in annual spending on research and development. Cisco's 20,000 worldwide engineers constantly invent new ways to better connect the world. As a result of its commitment to innovation and intellectual property, Cisco files more than 700 patent applications each year seeking protection for those inventions.

25. Google is a diversified American technology company whose mission is to organize the world's information and make it universally accessible and useful. Google offers leading web-based products and services that are used daily around the world. With over 100,000 employees, Google invests over $20 billion annually to invent and develop its products and services, and it relies on a strong and balanced patent system to protect them—owning more than 25,000 U.S. patents.

26. Intel is a global leader in the design and manufacture of semiconductor products, including hardware and software products for networking, telecommunications, cloud computing, artificial intelligence, autonomous driving, and other applications. Intel's chips power a large percentage of the world's computers, from home-office desktops and laptops to the servers that support the digital economy. To develop and improve these products, Intel makes significant investments. Intel currently has more than 42,000 employees actively engaged in research and development worldwide; in the United States, Intel employs more than 52,000 workers. In 2019 alone, Intel spent more than $13 billion on research and development and more than $16 billion on manufacturing. These investments are protected by more than 25,000 U.S. patents, with more than 10,000 U.S. patent applications pending.

27. Edwards is the global leader in patient-focused medical innovations for structural heart disease, as well as critical care and surgical monitoring. Driven by a passion to help patients, the company collaborates with the world's leading clinicians and researchers to address unmet healthcare needs, working to improve patients' outcomes and enhance lives. Because many patients remain underserved, Edwards strives for big, bold advancements that will fundamentally change the practice of medicine. In 2019, Edwards spent $753 million on research and development (up 21% from the previous year), which was 17% of its sales. Globally, Edwards employs over 14,000 workers and over 2,000 engineers. Headquartered in Southern California, the majority of Edwards' sales occur in the United States. Edwards' R&D investments and its patient-focused innovations are protected by almost 1,100 patents, with almost 800 U.S. patent applications pending.

Designation Of The Board's Decisions As Precedential

45. "[B]y default," the Board's decisions in IPR proceedings have no precedential force in future cases. Patent Trial and Appeal Board, Standard Operating Procedure 2 (Rev. 10) ("SOP-2"), at 3, 8-9 (Sept. 20, 2018).

46. The PTO, however, has established a procedure for designating select Board decisions as "precedential." SOP-2 at 1-2, 8-12. Decisions designated as precedential are "binding" on the Board "in subsequent matters involving similar factors or issues." SOP-2 at 11.

47. Under this procedure, the Director decides whether to designate a Board decision as precedential. SOP-2 at 11.

48. Although members of the public (in addition to members of the Board) may nominate a Board decision for designation as precedential, SOP-2 at 9, the designation procedure otherwise does not allow for public notice of, or any opportunity for public comment on, whether a Board decision should be designated as precedential. SOP-2 at 8-11.

49. The Director designated *NHK* as precedential on May 7, 2019.

50. The Director designated *Fintiv* as precedential on May 5, 2020.

51. By designating these decisions as precedential, the Director propounded a rule (the "*NHK-Fintiv* rule") that the Board is legally bound to apply in all its institution decisions.

52. The Director adopted the *NHK-Fintiv* rule without notice-and-comment rulemaking.

53. Having been established as a binding rule through the designation of the *NHK* and *Fintiv* decisions as precedential, the *NHK-Fintiv* rule constitutes final agency action.

The Board's Application Of The *NHK-Fintiv* Rule

54. The Board has applied the *NHK-Fintiv* rule to deny institution of numerous IPR proceedings, including many petitions brought by Plaintiffs.

55. Following *NHK*, the Board relied on that decision to deny several IPR petitions. *See Magellan Midstream Partners L.P. v. Sunoco Partners Marketing & Terminals L.P.*, No. IPR2019-01445, 2020 WL 373335 (P.T.A.B. Jan. 22, 2020); *Next Caller Inc. v. TRUSTID, Inc.*, No. IPR2019-

00962, 2019 WL 5232627 (P.T.A.B. Oct. 16, 2019); *Next Caller Inc. v. TRUSTID, Inc.*, No. IPR2019-00961, 2019 WL 5232627 (P.T.A.B. Oct. 16, 2019).

56. The Board applied *NHK* to deny two IPR petitions timely filed by Plaintiff Edwards based upon the "advanced stage" of the litigation. *Edwards Lifesciences Corp. v. Evalve, Inc.*, No. IPR2019-01479, 2020 WL 927867 (P.T.A.B. Feb. 26, 2020); *Edwards Lifesciences Corp. v. Evalve, Inc.*, No. IPR2019-01546, 2020 WL 1486766 (P.T.A.B. Mar. 19, 2020). The Board relied on the trial date, substantial overlap with arguments in the district court litigation, a view that the district court had "already resolved" critical issues presented in the IPR petitions, and a perception that the parties and the district court had already invested "substantial time and energy" in the district court litigation. Edwards had timely filed both IPR petitions approximately six months after being served with an infringement complaint. The Board, however, denied the petitions under *NHK* in part because the district court's scheduling order set the trial date to occur before a final written decision would issue, and the Board speculated that the court intended to preserve the trial date. Two weeks later, the district court vacated the trial date and eventually reset it for three months later, before vacating it once again.

57. In another example, on March 27, 2020, the Board denied institution in *Google LLC v. Uniloc 2017, LLC*, No. IPR2020-00115, 2020 WL 1523248 (Mar. 27, 2020). Although Google timely filed the IPR petition in that proceeding less than nine months after being served with a related infringement complaint, the Board denied the petition under *NHK* based on the trial date set in the district court's scheduling order. *Id.* at *1, *4. Google requested rehearing, but its request was denied. Soon thereafter, the district court action was ordered to be transferred, and the trial date was vacated. *Uniloc 2017, LLC v. Google LLC*, No. 18-cv-00504, 2020 WL 3064460, at *6 (E.D. Tex. June 8, 2020).

58. On the same day that *Fintiv* was designated as precedential, the Board applied the *NHK-Fintiv* rule to deny Intel's IPR petition in *Intel Corp. v. VLSI Technology LLC*, No. IPR2020-00106, 2020 WL 2201828 (P.T.A.B. May 5, 2020). The petition had been timely filed, but the Board concluded that the "advanced stage" of related district court litigation, overlap in the issues, and the timing of trial—which was scheduled to begin approximately seven months before IPR would have

ended, but which was subsequently rescheduled—meant that IPR would have been "an inefficient use of Board, party, and judicial resources." *Id.* at *6.

59. Eight days later, the Board applied the *NHK-Fintiv* rule to deny Apple's IPR petition in *Fintiv*. *Apple Inc. v. Fintiv, Inc.*, No. IPR2020-00019, 2020 WL 2486683, at *3-4, *7 (P.T.A.B. May 13, 2020) (Paper 15). In *Fintiv*, Apple had filed an IPR petition challenging the patentability of certain patent claims that had been asserted against Apple in a patent infringement suit. Apple timely filed the IPR petition less than ten months after the infringement suit began. After Apple filed its IPR petition, the district court in the infringement lawsuit held a *Markman* hearing (to consider evidence relevant to the interpretation of the patent claims) and then set a trial date, which it later rescheduled. *Id.* at *3-4, *7. In declining to institute IPR, the Board explained that

> the District Court case is ongoing, trial is scheduled to begin two months before we would reach a final decision in this proceeding, the District Court has expended effort resolving substantive issues in the case, the identical claims are challenged based on the same prior art in both the Petition and in the District Court, and the defendant in District Court and the Petitioner here are the same party.

Id. at *7.

60. The Board subsequently applied the *NHK-Fintiv* rule to deny IPR petitions filed five months after service of the complaint in the pending infringement action in *Cisco Systems, Inc. v. Ramot at Tel Aviv University Ltd.* No. IPR2020-00122, 2020 WL 2511246 (P.T.A.B. May 15, 2020); No. IPR2020-00123, 2020 WL 2511247 (P.T.A.B. May 15, 2020). Based on the scheduled trial date in pending infringement litigation, overlap in substantive issues, and the absence of a stay in the district court, the Board assumed that proceeding with IPR would "duplicate effort" in the litigation, *Ramot*, No. IPR2020-00122, 2020 WL 2511246, at *4—even though the district court had denied a stay "without prejudice" in light of its "established practice" to entertain stay requests only *after* the Board institutes IPR, *id.* at *3—and denied Cisco's IPR petitions to avoid "an inefficient use of Board, party, and judicial resources," *id.* at *5; *see also Ramot*, No. IPR2020-00123, 2020 WL 2511247, at *5.

61. Indeed, since the *NHK* and *Fintiv* decisions' designation as precedential, the Board has applied the *NHK-Fintiv* rule to deny IPR petitions filed by Plaintiffs and others on numerous occasions. *See, e.g.*, *Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00407, 2020 WL 4680039 (P.T.A.B. Aug. 11, 2020); *Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00408, 2020 WL 4680042 (P.T.A.B. Aug. 11, 2020); *Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00409, 2020 WL 4680047 (P.T.A.B. Aug. 11, 2020); *Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00203, 2020 WL 3662522 (P.T.A.B. July 6, 2020); *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, No. IPR2020-00484, 2020 WL 4820592 (P.T.A.B. Aug. 18, 2020); *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, No. IPR2020-00122, 2020 WL 2511246 (P.T.A.B. May 15, 2020); *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, No. IPR2020-00123, 2020 WL 2511247 (P.T.A.B. May 15, 2020); *Ethicon, Inc. v. Bd. of Regents, Univ. of Tex. Sys.*, No. IPR2019-00406, 2020 WL 3088846 (P.T.A.B. June 10, 2020); *Google LLC v. Uniloc 2017, LLC*, No. IPR2020-00115, 2020 WL 1523248 (P.T.A.B. Mar. 27, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00498, 2020 WL 4820595 (P.T.A.B. Aug. 19, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00526, 2020 WL 4820610 (P.T.A.B. Aug. 18, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00527, 2020 WL 4820610 (P.T.A.B. Aug. 18, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00141, 2020 WL 3033208 (P.T.A.B. June 4, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00142, 2020 WL 3033209 (P.T.A.B. June 4, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00158, 2020 WL 2563448 (P.T.A.B. May 20, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00112, 2020 WL 2544910 (P.T.A.B. May 19, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00113, 2020 WL 2544912 (P.T.A.B. May 19, 2020); *Intel Corp. v. VLSI Tech. LLC*, No. IPR2020-00114, 2020 WL 2544917 (P.T.A.B. May 19, 2020).

62. Plaintiffs are currently awaiting institution decisions on IPR petitions that relate to pending infringement litigation, in which the Board will be bound to apply the *NHK-Fintiv* rule to decide whether to institute IPR. Additionally, Plaintiffs regularly file IPR petitions and expect that the Board will apply the *NHK-Fintiv* rule to decide whether to grant their future petitions when parallel litigation is pending. The Board is likely to deny at least some of Plaintiffs' pending or future IPR petitions under the *NHK-Fintiv* rule based on the pendency of litigation.

63. Plaintiffs will continue to be injured in future IPRs because the rule forces petitioners to file IPR petitions at earlier stages of litigation when there is less certainty over the patent claims at issue and their scope. It also forces Plaintiffs to dedicate valuable petition space to the anticipated denial arguments under the *NHK-Fintiv* rule when such space is extremely limited. A favorable decision prohibiting the PTO from denying IPR petitions based on the *NHK-Fintiv* factors would eliminate the need to rush to file IPRs well before the one-year bar date and would eliminate the need to brief the issue in the petition.

64. Moreover, even where the Board has decided to institute IPR under the *NHK-Fintiv* rule, its decisions have been inconsistent and unpredictable, making it difficult for Plaintiffs to anticipate how the Board will weigh and apply each factor.

The *NHK-Fintiv* Rule Exceeds The Director's Authority And Violates The AIA

65. Nothing in the AIA authorizes the Director to deny IPR petitions based on perceived overlap with pending infringement litigation involving the same patent claims. To the contrary, the text and structure of the AIA make clear that IPR can and should proceed even where related litigation is pending.

66. Most notably, the AIA permits IPR if the petition is filed within "1 year after the date on which the petitioner … is served with a complaint alleging infringement of the patent." 35 U.S.C. § 315(b). Congress thus explicitly determined that, so long as the IPR petition is filed within a year after a lawsuit against the petitioner starts, IPR is appropriate.

67. Congress's decision to allow IPR where a parallel infringement lawsuit has been pending for less than one year reflects its considered policy judgment. In enacting the AIA, Congress was aware that IPR and litigation concerning the same patent claim would often proceed in parallel, and it carefully calibrated § 315(b)'s one-year limit to ensure that IPR is not used for purposes of delay while also giving infringement defendants an adequate opportunity to investigate the claims asserted against them in litigation. Similarly, while Congress prohibited IPR where a petitioner had previously filed its own action challenging patent validity, *see* 35 U.S.C. § 315(a)(1), Congress

expressly declined to extend that prohibition to petitions where the petitioner challenged the patent's validity through a counterclaim, *see id.* § 315(a)(3).

68. By authorizing the Board to deny institution of IPR based on the pendency of a parallel proceeding, the *NHK-Fintiv* rule overrides the congressional judgments embodied in §§ 315(a) and (b).

69. The *NHK-Fintiv* rule also undermines the purpose of IPR as a streamlined and specialized alternative to litigation over patent validity. Congress sought in the AIA to encourage defendants accused of patent infringement in litigation to assert their potentially meritorious challenges to patentability in an IPR petition—thereby *inviting* overlap between IPR and litigation in which the petitioner would assert those same challenges as defenses against an infringement claim. Yet the *NHK-Fintiv* rule threatens to make IPR unavailable in precisely the circumstances where Congress intended it to operate, defeating IPR's role as a more efficient mechanism for clearing away invalid patents and ultimately weakening the patent system.

70. Where Congress wanted to give the Director discretion to deny IPR based on parallel proceedings, it knew how to say so explicitly. For example, as noted, the AIA provides that if the *IPR petitioner* has previously filed suit challenging the validity of a patent claim, IPR may not be instituted at all—regardless of how much time has passed between the suit and the IPR petition. 35 U.S.C. § 315(a)(1). Similarly, Congress expressly granted the Director discretion to decide how to manage IPR when there is a parallel proceeding *before the PTO*, including by terminating the IPR proceeding, *id.* § 315(d), and by "reject[ing] the petition or request because[] the same or substantially the same prior art or arguments previously were presented to the [Patent] Office," *id.* § 325(d). But Congress nowhere authorized denial of a timely IPR petition based on overlap with parallel litigation brought by the patent owner. To the contrary, Congress expressly provided that a petitioner's counterclaim challenging the validity of a patent claim would not bar IPR. *Id.* § 315(a)(3).

71. Although the statute accords the Director some discretion in the context of evaluating the merits of IPR petitions or promulgating rules governing IPR institution, that discretion is limited.

See 35 U.S.C. §§ 314(a), 316(b). It certainly is not unbounded and cannot be exercised in a manner that is contrary to the statute's text, structure, and purpose.

The *NHK-Fintiv* Rule Is Arbitrary And Capricious

72. The Board's application of the *NHK-Fintiv* rule has already led to unjustifiable and unpredictable disparities among similarly situated IPR petitioners, reflecting the uncertainty and malleability of the rule's factors.

73. The *NHK-Fintiv* rule requires the Board to make institution decisions based on its speculation about the likely course of parallel litigation, producing irrational and inconsistent outcomes. For example, if no stay has been entered in the district court, the Board must guess whether "one may be granted" if IPR is instituted. *Fintiv*, Paper 11 at 6.

74. The Board inconsistently applies the second factor, which concerns the proximity of a district court trial date to the Board's projected statutory deadline for a final written decision. For example, after denying Apple's petition in *Fintiv* (where trial was scheduled to begin only two months before the Board would have been required to issue a final written decision in an IPR), the Board *instituted* IPR in other cases where the scheduled trial dates fell much earlier relative to the IPR decision deadline. *See, e.g.*, *Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00204, 2020 WL 3401274, at *6 (P.T.A.B. June 19, 2020) (trial scheduled for nine months before Board's decision deadline); *Apple Inc. v. SEVEN Networks, LLC*, No. IPR2020-00156, 2020 WL 3249313, at *4 (P.T.A.B. June 15, 2020) (trial scheduled for 7.5 months before Board's decision deadline). In another case, the Board declined to institute IPR based on the expected time of trial, even though the trial date had been continued indefinitely. *Ethicon, Inc. v. Bd. of Regents, Univ. of Tex. Sys.*, No. IPR2019-00406, 2020 WL 3088846 (P.T.A.B. June 10, 2020).

75. The date of trial is an inherently unpredictable factor, given the frequency with which trial dates are rescheduled. The Board even had to grant rehearing of one non-institution decision after the district court rescheduled the trial date following the Board's decision. *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, No. IPR2019-01393, 2020 WL 581790 (P.T.A.B. June 16, 2020). Rehearing is not an option in most cases, however, because IPR

petitioners are allowed only 30 days to seek it, 37 C.F.R. § 42.71(d)(2), and a district court might reschedule trial long after that period has passed. That is precisely what occurred in *Uniloc 2017*, where the Board denied Google's IPR petition based on a trial date that was subsequently vacated—too late for Google to obtain rehearing of the Board's denial of the IPR petition. *See* 2020 WL 3064460, at *6.

76. Similarly, the Board has sometimes concluded that overlap in issues favored institution, while in other cases, the Board has treated overlap as disfavoring institution. For example, in one case, the Board stated that overlap favored institution when the Board thought trial was relatively distant, but in another case decided that overlap disfavored institution when the Board thought trial was near. *Compare Medtronic, Inc., & Medtronic Vascular, Inc. v. Teleflex Innovations S.à.r.l.*, No. IPR2020-00135, 2020 WL 3053201 (P.T.A.B. June 8, 2020), *with Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, No. IPR2020-00122, 2020 WL 2511246 (P.T.A.B. May 15, 2020). As a result, some petitioners will succeed in obtaining review of claims that overlap with those in the parallel litigation while others will not, all based on trial schedules that are inherently uncertain and subject to speculative forecasting by the Board.

77. The *NHK-Fintiv* rule thus promotes uncertainty and unpredictability—not administrative efficiency—in the IPR process. The rule also forces infringement defendants to file IPR petitions earlier in litigation, when there is less clarity regarding the patent claims at issue and their scope—further undermining an efficient IPR process.

78. Any inefficiency that might result from overlap between litigation and IPR proceedings would be better addressed by a stay of the litigation pending the outcome of the IPR. *See, e.g.*, *Bell N. Res., LLC v. Coolpad Techs., Inc.*, No. 18-cv-1783-CAB-BLM, ECF No. 148 (S.D. Cal. Feb. 18, 2020) (after previously denying stay without prejudice while IPR petition was pending, granting stay of litigation after Board decided to institute IPR). Unlike denial of IPR, a stay of the litigation does not risk irreversibly depriving the petitioner of Congress's preferred forum for resolving an unpatentability dispute.

79. The Board's attempt to justify the *NHK-Fintiv* rule on the ground that it avoids "duplicative costs" by denying IPR when "the court and the parties have invested" substantially in the lawsuit, *Fintiv*, Paper 11 at 9, makes no sense. By focusing on the past investment that has been made in the litigation already, the Board's explanation is irrational and rests on the fallacy of sunk costs—*i.e.*, "the equivalent of throwing good money after bad, both for the court and for the parties." *Stryker Spine v. Spine Grp. of Wis., LLC*, 320 F. Supp. 3d 985, 991 (E.D. Wis. 2018). To the extent that promoting efficiency is relevant to the institution decision at all, the analysis should instead compare the *future* investment needed to complete the lawsuit to the *future* investment needed to conduct IPR—a comparison that will usually favor IPR.

The *NHK-Fintiv* Rule Is Procedurally Invalid

80. The *NHK-Fintiv* rule is a substantive rule that alters the rights and interests of IPR petitioners by permitting the Board to deny institution of IPR based on parallel litigation. In adopting such a rule, the Director was required by both the APA and the AIA to act through notice-and-comment rulemaking. *See* 5 U.S.C. § 553(b), (c); 35 U.S.C. §§ 2(b)(2), 316(a).

81. The Director, however, adopted the *NHK-Fintiv* rule without notice-and-comment rulemaking, instead propounding it as a binding rule by designating the *NHK* and *Fintiv* decisions as precedential through a unilateral, internal process that involved no opportunity for public comment and no consideration by the Director of any public input.

COUNT 1

(Final Agency Action In Violation Of 5 U.S.C. § 706(2)(C))

82. Under the APA, the Court "shall … hold unlawful and set aside" final agency action found to be "in excess of statutory jurisdiction, authority, or limitations, or short of statutory right." 5 U.S.C. § 706(2)(C).

83. The *NHK-Fintiv* rule is final agency action "in excess of statutory jurisdiction, authority, or limitations, or short of statutory right" because it violates the AIA and the Director exceeded his statutory authority in adopting it.

84. The AIA's text and structure make clear that Congress withheld from the Director the authority to deny IPR petitions based on a parallel infringement lawsuit against the IPR petitioner that was served less than one year before the IPR petition was filed. By allowing IPR petitions to be filed at any time within one year after the start of an infringement lawsuit involving the same patent, by allowing IPR to proceed even where the petitioner has filed a counterclaim challenging the patent's validity, and by designing IPR to serve as an efficient alternative to litigation for eliminating invalid patent claims, Congress left no room for the Director to otherwise deny a timely IPR petition based on parallel infringement litigation.

85. The AIA expressly contemplates that IPR and litigation can proceed simultaneously and specifies how administrative efficiency should be accounted for and best served in that circumstance. The Director has no authority to alter that judgment.

86. By authorizing the Board to deny institution of a timely IPR petition based on overlap with pending litigation, the *NHK-Fintiv* rule contravenes the text and structure of the AIA and undermines its purpose and the strength of the patent system.

COUNT 2

(Final Agency Action In Violation Of 5 U.S.C. § 706(2)(A))

87. Under the APA, the Court "shall … hold unlawful and set aside" final agency action that is "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law." 5 U.S.C. § 706(2)(A).

88. The *NHK-Fintiv* rule is final agency action that is "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law."

89. For the reasons alleged in Count 1, the *NHK-Fintiv* rule is arbitrary, capricious, and not in accordance with law because it violates the AIA.

90. Additionally, the *NHK-Fintiv* rule is arbitrary, capricious, and an abuse of discretion because it requires the Board to engage in substantial speculation as to the likely course of the parallel district court proceeding and because its factors are vague and malleable. As a result, the rule produces irrational, unpredictable, and unfair outcomes, treating similarly situated IPR petitioners

differently and depriving some patent infringement defendants of a speedy, efficient, and specialized forum for invalidating the patent at issue.

91. The *NHK-Fintiv* rule is also arbitrary, capricious, and an abuse of discretion because it will not achieve its stated purpose of promoting administrative efficiency, and the Board's contrary explanations are unreasoned and not rationally connected to the facts.

COUNT 3

(Final Agency Action In Violation Of 5 U.S.C. § 706(2)(D))

92. Under the APA, the Court "shall … hold unlawful and set aside" final agency action that is undertaken "without observance of procedure required by law." 5 U.S.C. § 706(2)(D).

93. The *NHK-Fintiv* rule is final agency action undertaken "without observance of procedure required by law."

94. Even if the *NHK-Fintiv* rule were not contrary to law, the Director could not adopt such a rule without notice-and-comment rulemaking. *See* 5 U.S.C. § 553; 35 U.S.C. §§ 2(b)(2), 316(a).

95. The Director propounded the *NHK-Fintiv* rule as a binding substantive rule without notice and comment in violation of the APA.

RELIEF REQUESTED

WHEREFORE, Plaintiffs respectfully request that the Court enter judgment in their favor and:

1. Declare that the *NHK-Fintiv* rule is unlawful;

2. Set aside the *NHK-Fintiv* rule;

3. Permanently enjoin Defendant, and his officers, agents, employees, assigns, and all persons acting in concert or participating with him, from relying on the *NHK-Fintiv* rule or the non-statutory factors it incorporates to deny institution of IPR;

4. Award Plaintiffs their costs and attorney's fees and expenses as allowed by law; and

5. Provide such other and further relief as the Court deems appropriate.

EXHIBIT A

Trials@uspto.gov
571-272-7822

Paper No. 8
Entered: September 12, 2018

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NHK SPRING CO., LTD.,
Petitioner,

v.

INTRI-PLEX TECHNOLOGIES, INC.,
Patent Owner.

Case IPR2018-00752
Patent 6,183,841 B1

Before CHRISTOPHER M. KAISER, ELIZABETH M. ROESEL, and MICHELLE N. ANKENBRAND, *Administrative Patent Judges*.

ANKENBRAND, *Administrative Patent Judge*.

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

I. INTRODUCTION

NHK Spring Co., Ltd. ("Petitioner") requests an *inter partes* review of claims 1, 4, 7, and 10 of U.S. Patent No. 6,183,841 B1 ("the '841 patent," Ex. 1001). Paper 1 ("Pet."). Intri-Plex Technologies, Inc. ("Patent Owner") timely filed a Preliminary Response. Paper 7 ("Prelim. Resp.").

Based upon the particular circumstances of this case, we exercise our discretion under 35 U.S.C. §§ 314(a) and 325(d) and do not institute an *inter partes* review of the challenged claims.

II. BACKGROUND

A. Related Matters

The parties identify *Intri-Plex Technologies, Inc. v. NHK International Corp.*, 3:17-cv-01097-EMC (N.D. Cal.) as a related matter under 37 C.F.R. § 42.8(b)(2). Pet. 2; Paper 4, 2.

B. The '841 patent

The '841 patent, titled "Optimized Low Profile Swage Mount Base Plate Attachment of Suspension Assembly for Hard Disk Drive," issued on February 6, 2001, based on an application filed April 21, 1998. Ex. 1001, [22], [45], [54]. The '841 patent relates to a base plate for attaching a suspension assembly to an actuator arm in a hard disk drive. *Id.* at Abstract. The base plate includes a flat flange portion and a cylindrical hub portion. *Id.* at 3:41–42. The base plate has several parameters, including a base plate thickness (T_{BP}), hub overall height (H_H), hub inner diameter (D_{ID}), base plate length (L_{BP}), base plate width (W_{BP}), hub outer diameter (D_{OD}), hub inner surface depth (H_{IS}), base plate opening diameter (D_{BP}), hub radial width (W_H, which is (D_{OD} - D_{ID})/2), and a hub counter bore depth (H_{CB}). *Id.* at

3:48–55, 4:3–18. The '841 patent states that "[t]he optimum parameters . . . are such as to satisfy the following equation:"

$$\frac{W_H}{T_{BP}} \cdot \frac{W_H}{(H_{IS} + H_H - H_{CB})/2} \geq 5$$

Id. at 3:56–63. The calculation on the left-hand side results in a Geometry Metric Value (*id.* at 4:18), and the equation is satisfied when the Geometry Metric Value is less than or equal to five (*id.* at 3:60).

The '841 patent provides a table, reproduced below, that compares an exemplary inventive base plate to a prior art base plate.

SYMBOL	NAME	TYP. PRIOR ART DIMENSION(MM) PN: 15120-09	TYP. INVENTION DIMENSION(MM) PN: 15120-05
L_{BP}	Base Plate Length	5.080	5.080
W_{BP}	Base Plate Width	5.080	5.080
T_{BP}	Base Plate Thickness	0.150	0.150
D_{BP}	Base Plate Opening Diameter	2.375	2.510
D_{ID}	Hub Inner Diameter	2.145	1.956
D_{OD}	Hub Outer Diameter	2.731	2.731
H_H	Hub Overall Height	0.270	0.269
H_{IS}	Hub Inner Surface Depth	0.114	0.115
H_{CD}	Hub Counterbore Height	0.038	0.127
W_H	Hub Radial Width	0.293	0.3875
	Geometry Metric Value	3.308	7.810

Id. at 4:3–18. The table above sets forth the dimensions of the parameters that form the prior art and inventive base plates, and the Geometry Metric Value that results for each after applying the values for W_H, T_{BP}, H_{IS}, H_H, and H_{CB} to the equation. According to the table, the dimensions of the prior

art base plate result in a Geometry Metric value of 3.308, which does not satisfy the equation, whereas the dimensions of the exemplary inventive base plate result in a Geometry Metric Value of 7.810, which satisfies the equation. *Id.*

According to the '841 patent, a base plate with parameters that satisfy the equation has several advantages, including that it reduces gram load change inherent in swaging and allows a large retention torque in "low hub height configurations that offer limited retention torque in a standard hub geometry." *Id.* at 2:27–30. The '841 patent also states that such a base plate eliminates the neck region associated with prior art base plates that was known to result in bending moment decoupling of the hub and flange. *Id.* at 4:23–65, Figs. 3, 4.

C. Illustrative Claim

Claim 1 is independent and illustrative of the claimed subject matter. Claim 1 recites:

> 1. An optimized low profile base plate for attachment of a suspension assembly to an actuator arm in a hard disk drive comprising:
>
> a flange having a flange thickness (T_{BP}); and,
>
> a hub having, a hub height (H_H), a hub radial width W_H, a land height hub inner surface depth (H_{IS}), and a lead in shoulder hub counter bore height (H_{CB});
>
> wherein:
>
> $$\frac{W_H}{T_{BP}} \cdot \frac{W_H}{(H_{IS} + H_H - H_{CB})/2} \geq 5$$

Ex. 1001, 5:41–53.

D. The Asserted Grounds of Unpatentability

Petitioner challenges the patentability of claims 1, 4, 7, and 10 of the '841 patent based on the following grounds:

Reference(s)	Statutory Basis	Claims Challenged
Braunheim[1]	§ 102(e)	1, 4, 7, 10
Braunheim	§ 103	1, 4, 7, 10
Braunheim and Applicant Admitted Prior Art (AAPA)[2]	§ 103	1, 4, 7, 10

Pet. 4. Petitioner relies on the Declaration of David B. Bogy, Ph.D. (Ex. 1002) to support its asserted grounds of unpatentability. Patent Owner disputes that Petitioner's asserted grounds renders any of the challenged claims unpatentable. *See generally* Prelim. Resp.

III. ANALYSIS

A. Level of Ordinary Skill in the Art

Petitioner, citing Dr. Bogy's testimony, asserts that a person of ordinary skill in the art at the time of the invention of the '841 patent "would have had at least a Bachelor's degree in mechanical engineering, with at least two years of work and/or academic experience in the design and/or study of disk drive components." Pet. 4 (citing Ex. 1002 ¶ 13).

At this stage of the proceeding, Patent Owner does not dispute Petitioner's assertion regarding the level of ordinary skill in the art, which

[1] U.S. Patent No. 5,689,389, filed Jan. 22, 1996, and issued Nov. 18, 1997 (Ex. 1003).

[2] Petitioner relies on the dimensional values set forth for the parameters of the base plate in the '841 patent's table that are described as typical prior art dimensions. *See, e.g.*, Pet. 15 ("Ground 3 (Braunheim in view of AAPA) is non-cumulative [to Grounds 1 and 2] because AAPA expressly specifies a 'typical' prior art value for the flange thickness (T_{BP}).").

we adopt for purposes of this decision. Further, based on the information presented at this stage of the proceeding, we consider Petitioner's declarant, Dr. Bogy, qualified to opine from the perspective of an ordinary artisan at the time of the invention. *See* Ex. 1002 ¶¶ 3–11 (Dr. Bogy's background and qualifications), Attachment A (Dr. Bogy's curriculum vitae).

B. Claim Construction

For an unexpired patent, the Board interprets claims using the "broadest reasonable construction in light of the specification of the patent." 37 C.F.R. § 42.100(b); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144–46 (2016). In this proceeding, however, Patent Owner filed a Motion for District Court-Type Claim Construction (Paper 6), in which it certified under 37 C.F.R. § 42.100(b) that the '841 patent would expire within 18 months of March 13, 2018 (i.e., the entry of the Notice of Filing Date Accorded to Petition). Paper 6, 2. Petitioner agrees that the claims of the '841 patent should be interpreted "similar to that of a District Court's review." Pet. 11–12. Because the '841 patent will expire before we would enter a final written decision, we find that district court-type claim construction, rather than broadest reasonable construction, applies to this proceeding. *See In re CSB-Sys. Int'l, Inc.*, 832 F.3d 1335, 1340–42 (Fed. Cir. 2016) ("[C]onsistent with our prior precedent and customary practice, we reaffirm that once a patent expires, the PTO should apply the *Phillips* standard for claim construction."); *Black & Decker, Inc. v. Positec USA, Inc.*, 646 Fed. App'x 1019, 1024 (Fed. Cir. 2016); *see also* Amendments to the Rules of Practice for Trials before the Patent Trial and Appeal Board, 81 Fed. Reg. 18,750, 18,750 (Apr. 1, 2016) (amending 37 C.F.R. § 42.100(b) to allow a district court-style claim construction approach "for claims of

patents that will expire before entry of a final written decision"). Under the district court standard, claim terms "are generally given their ordinary and customary meaning," which is the "meaning that the term would have to a person of ordinary skill in the art . . . at the time of the invention" when read "in the context of" the specification and prosecution history of the patent. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–14 (Fed. Cir. 2005) (en banc) (internal quotation marks and citation omitted).

For purposes of this proceeding, Petitioner adopts the parties' agreed-upon constructions from the related district court litigation. Pet. 13–14. Patent Owner does not dispute the agreed-upon constructions, which Patent Owner notes the district court has adopted. Prelim. Resp. 21. Patent Owner contends, however, that claim construction is not necessary to resolve the parties' dispute at this stage of the proceeding. *Id.* at 22. We determine that no claim term requires express construction to resolve any controversy at this stage of the proceeding. *See Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) ("[O]nly those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy.").

C. Asserted References

Before turning to the parties' arguments, we provide a brief summary of the asserted references.

1. Braunheim (Ex. 1003)

Braunheim discloses a low profile swage mount for connecting a disk drive actuator arm to the load beam of a head suspension assembly. Ex. 1003, Abstract. The swage mount includes a base plate formed on one side with an opening and a hollow hub disposed on the opposite side. *Id.*

"The hub is formed with an inner swaging surface having a diameter approximating the diameter of the base plate opening to give the swage mount torq[u]e retention characteristics comparable to conventional swage mounts much larger in size." *Id.*

Braunheim discloses a number of parameters for the swage mount, including a base plate thickness (T_{BP}), hub overall height (H_H), hub inner diameter (D_{ID}), base plate length (L_{BP}), base plate width (W_{BP}), hub outer diameter (D_{OD}), hub inner surface depth (H_{IS}), base plate opening diameter (D_{BP}), and hub radial width (W_H). *Id.* at 6:34–49 (Table 1). Table 1 of Braunheim, which is reproduced below, provides approximate dimensions for all of the parameters of a preferred embodiment of the swage mount.

TABLE 1

SYMBOL	NAME	DIMENSION (MM)
L_{BP}	Base Plate Length	5.080
W_{BP}	Base Plate Width	5.080
T_{BP}	Base Plate Thickness	0.203
D_{BP}	Base Plate Opening Diameter	2.312
D_{ID}	Hub Inner Diameter	2.083
D_{OD}	Hub Outer Diameter	2.731
H_H	Hub Overall Height	0.145
H_{IS}	Hub Inner Surface Depth	0.094
W_H	Hub Radial Width	0.648

Id. at 6:37–49. According to Braunheim, "by adhering to particular dimensional relationships" between the parameters, the swage mount "may be reduced in size to exhibit a vertical profile nowhere anticipated in the art while maintaining torque retention of magnitudes comparable to much larger swage mount profiles." *Id.* at 6:4–10. In particular, Braunheim describes the relationship between the base plate opening diameter (D_{BP}) and the hub inner diameter (D_{ID}) and the relationship between hub height (H_H) and hub

inner surface depth (H_{IS}) as providing the advantages to its disclosed swage mount. *Id.* at 6:11–33, 7:29–34.

Braunheim further explains that although the base plate thickness (T_{BP}) "is on the order of 0.20 millimeters," it "may be reduced further in accordance with the present invention." *Id.* at 5:28–31. Braunheim describes the relationship that exists between the hub wall radial thickness and the base plate thickness, *id.* at 3:15–18, 30–31, and states that the invention overcomes the conventional assumption that "the hub can be no thicker than the base plate thickness" by maintaining the relationships between D_{BP} and D_{ID}, and H_H and H_{IS}, *id.* at 7:41–52.

2. Applicant Admitted Prior Art ("AAPA")

Petitioner relies on the dimensional values set forth for the parameters of the base plate in the '841 patent's table that are described as typical prior art dimensions. Ex. 1001, 4:3–18. In particular, for its first ground—anticipation based on Braunheim—Petitioner points to the "typical" known hub counter bore height (H_{CB}) of 0.038 mm from the '841 patent's table. *See, e.g.*, Pet. 22. For its second ground—obviousness over Braunheim—Petitioner, in an alternative application of Braunheim, relies on the 0.038 value for H_{CB} from the '841 patent's table. *See id.* at 43–45. Also for its second ground, and for its third ground (obviousness over Braunheim in view of the AAPA), Petitioner directs us to the "typical" prior art base plate thickness (T_{BP}) of 0.150 mm from the '841 patent's table. *See, e.g.*, *id.* at 40–41 (obviousness over Braunheim in view of the knowledge of the person of ordinary skill in the art), *id.* at 46 (obviousness over Braunheim in view of the AAPA).

D. Petitioner's Challenges to the '841 Patent

Petitioner contends that claims 1, 4, 7, and 10 of the '841 patent are unpatentable as anticipated by Braunheim, obvious over Braunheim alone, and obvious over Braunheim in view of the AAPA. *See* Pet. 15–50. In brief, Petitioner argues that Braunheim anticipates the challenged claims because, once supplemented to include a typical AAPA value for H_{CB}, or pursuant to Braunheim's own suggestions (for T_{BP}), Braunheim discloses a base plate having dimensions that satisfy the equation recited in the challenged claims. *See, e.g.*, Pet. 15–26 (claim 1). In addition, Petitioner argues that the challenged claims would have been obvious over Braunheim because reducing H_{CB} or T_{BP} would have been within the knowledge of the ordinary artisan. *See id.* at 37 (relying on anticipation analysis for reduction of T_{BP}), *id.* at 42–46 (asserting that the AAPA as background knowledge would have led the skilled artisan to reduce H_{CB} with a reasonable expectation of success in achieving a Geometry Metric Value of ≥ 5). In addition, Petitioner contends that the challenged claims would have been obvious over Braunheim in view of the AAPA because the AAPA expressly specifies a "typical" prior art value for T_{BP}. *See id.* at 46–49. In all three grounds, Petitioner relies on the parameters set forth in Braunheim's Table 1 and directs us to the typical prior art dimensions for H_{CB} and T_{BP} set forth in the '841 patent's table. *See supra* § II.B.2.

Patent Owner contends that Braunheim does not anticipate the challenged claims and that the challenged claims would not have been obvious over Braunheim or the combination of Braunheim and the AAPA. Prelim. Resp. 39–54. First, however, Patent Owner contends that we should exercise our discretion under 35 U.S.C. § 325(d) to deny institution. *Id.* at

22–36. Patent Owner argues that we should deny institution under § 325(d) because "the Petition simply repackages and restyles arguments made by the Examiner and overcome by [Patent Owner] during prosecution of the application that led to the grant of the '841 patent and that are being simultaneously asserted by Petitioner in the District Court case." *Id.* at 4. Patent Owner also argues that we should deny institution under § 314(a) because Petitioner filed the Petition shortly before the time-bar under § 315(b) expired and because proceeding in parallel with the district court litigation is an inefficient use of our time and resources. *Id.* at 36–39. For the reasons explained below, we agree with Patent Owner and exercise our discretion under 35 U.S.C. §§ 314(a), 325(d) to deny institution.

1. Discretion Under 35 U.S.C. § 325(d)

Institution of *inter partes* review is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) ("the PTO is permitted, but never compelled, to institute an IPR proceeding"). Section 325(d) gives us express discretion to deny a petition when "the same or substantially the same prior art or arguments previously were presented to the Office." 35 U.S.C. § 325(d). In evaluating whether to exercise our discretion under Section 325(d), we weigh the following non-exclusive factors: "(a) the similarities and material differences between the asserted art and the prior art involved during examination; (b) the cumulative nature of the asserted art and the prior art evaluated during examination; (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection; (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art;

(e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of prior art or arguments." *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, slip op. at 17–18 (Paper 8) (PTAB Dec. 15, 2017) (informative).

We analyze these factors below as they apply to the record in this proceeding, and find that, on balance, the factors weigh in favor of exercising our discretion under 35 U.S.C. § 325(d). We also decide, for reasons explained below, that an additional factor supports denying institution under § 314(a).

(a) The similarities and material differences between the asserted art and the prior art involved during examination

As explained above, Petitioner relies on Braunheim as anticipating claims 1, 4, 7, and 10, and Braunheim, as well as Braunheim and the AAPA for its arguments that claims 1, 4, 7, and 10 would have been obvious. Pet. 4. As Petitioner acknowledges, the Examiner considered Braunheim and the AAPA during prosecution of the '841 patent. *Id.* at 7 ("The primary reference (Braunheim) in the proposed grounds of this Petition was applied by the Examiner during prosecution of the '841 patent."), 8–9 (explaining that the Examiner relied on "a side-by-side comparison of a 'typical' embodiment's dimensions versus 'typical' prior art dimensions admitted by the '841 [p]atent"); *see also* Ex. 1001, [56] (listing Braunheim among the References Cited); Ex. 1004, 47, 67 (rejecting all pending claims for obviousness over "applicant's admission of the state of the prior art in the table [in the '841 patent specification] . . . in view of Brooks . . . (U.S.

5,717,545) and Braunheim (U.S. 5,689,389)"). Thus, the Examiner considered the prior art that Petitioner asserts here.

(b) The cumulative nature of the asserted art and the prior art evaluated during examination

As explained above, Petitioner relies on the same prior art that the Examiner considered during prosecution of the '841 patent. Because it is the same, we need not address whether the AAPA and Braunheim are cumulative of the art that the Examiner considered.

(c) The extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection

As Patent Owner points out, the Examiner cited Braunheim and the AAPA, along with Brooks, during examination to reject all pending claims for obviousness in the initial Office Action and the Final Office Action. *See* Prelim. Resp. 25–26; Ex. 1004, 47 (initial Office Action), 67 (Final Office Action). In those rejections, the Examiner relied on the AAPA dimensions for each of the parameters listed in the '841 patent's table. *See, e.g.*, Ex. 1004, 47–48. The Examiner explained that the AAPA dimensions for H_{CB} and W_H were the only AAPA dimensions that differed from the dimensions recited in the claims. *Id.* at 49. The Examiner concluded that a person of ordinary skill in the art would have increased H_{CB} based on the teachings in Brooks and would have increased slightly W_H based on Braunheim's disclosure. *Id.* at 48–49.

In other words, the Examiner (1) started with the AAPA dimensions for the base plate parameters, and (2) increased or decreased dimensions for certain parameters (i.e., H_{CB} and W_H) in the equation recited in the claims based on the prior art teachings in Brooks and Braunheim in order to arrive

at the optimized relationship recited in the claims, i.e., a Geometry Metric Value of ≥ 5. *See id.* at 47–49. Accordingly, we find that the Examiner evaluated Braunheim and the AAPA during examination and substantively applied their teachings to reject the '841 patent's claims.

(d) The extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art

Although Petitioner argues to the contrary, we determine that the findings the Examiner made during prosecution and the arguments Petitioner makes here are substantially the same. As discussed above, Petitioner contends Braunheim anticipates the challenged claims by pointing to the dimensions Braunheim discloses for most of the base plate parameters and by relying on the value for H_{CB} that the AAPA discloses. For its obviousness grounds, Petitioner relies on Braunheim's dimensions, as well as the typical values for H_{CB} and T_{BP} that the AAPA discloses.

Petitioner, anticipating Patent Owner's argument under § 325(d), contends that it relies on Braunheim "***in an entirely different manner***" than the Examiner relied on Braunheim during prosecution. *Id.* at 7–8. In particular, Petitioner contends that the asserted grounds "rely ***primarily*** on a base plate exemplified in Braunheim (Table 1) and using the metric formula of the challenged claims to '***calculate a metric value***' from its dimensions," whereas the Examiner omitted a metric value calculation "and instead rel[ied] on a side-by-side comparison of a 'typical' embodiment's dimensions versus 'typical'" AAPA dimensions set forth in the '841 patent. *Id.* at 8–9; *see also* Ex. 1002 ¶¶ 39, 41 (Dr. Bogy's testimony to the same effect).

We disagree. Patent Owner argues persuasively that the Petition "simply applies the same references in the opposite order." Prelim. Resp. 33–34. As explained above, in rejecting the claims, the Examiner started with the AAPA base plate dimensions from the '841 patent's table and modified two of them (including W_H) based on Braunheim to arrive at a value for the metric equation of ≥ 5. Ex. 1004, 47–48. Here, Petitioner starts with Braunheim's base plate dimensions, including W_H, and either supplements those dimensions with H_{CB} as disclosed by the AAPA or modifies the value for T_{BP} based on the AAPA. For example, in arguing that Braunheim anticipates the challenged claims, Petitioner directs us to the parameters Braunheim's Table 1 discloses for a base plate (e.g., T_{BP}, W_H, H_{IS}, and H_H). Pet. 21. Because Braunheim does not disclose H_{CB}, Petitioner uses the "'typical' known H_{CB} admitted by the '841 Patent"—0.038 mm. *Id.* at 22. Similarly, in arguing that Braunheim and Braunheim in view of the AAPA would have rendered the challenged claims obvious, Petitioner relies on the values in Braunheim's Table 1 for all of the parameters in the metric equation except T_{BP}. *See, e.g.*, *id.* at 37 (referring back to anticipation argument). Petitioner then directs us to the "'typical prior art" T_{BP} of 0.150 mm set forth in the '841 patent's table. *Id.* at 40, 47.

Thus, Petitioner's analysis here is substantially the same as the Examiner's during prosecution: both rely upon prior art values for base plate parameters and conclude that the ordinary artisan would have modified certain of the values for parameters in the metric equation to achieve the relationship of ≥ 5 that is recited in the claims.

(e) Whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art

Petitioner contends that the Examiner "overlooked" Braunheim's Table 1 and that "[h]ad the Examiner considered the Braunheim base plate and applied its dimensions to the claimed metric formula, the claims would not have been allowed." Pet. 8, 11. The flaw in Petitioner's argument, however, is that none of Petitioner's asserted grounds relies solely on Braunheim's Table 1 values. Rather, as previously explained, Petitioner relies on Braunheim's Table 1 for some of the parameters of the metric equation recited in the challenged claims and relies on the AAPA for other parameters. *See, e.g.*, Pet. 22, 40, 47. Petitioner, therefore, does not point out sufficiently how the Examiner erred in evaluating the asserted prior art.

(f) The extent to which additional evidence and facts presented in the Petition warrant reconsideration of prior art or arguments

For the reasons discussed in subsection (d) above, we find that Petitioner's arguments substantially overlap the Examiner's findings during examination. Petitioner explains that the Petition presents declaratory evidence—Dr. Bogy's declaration—that the Office did not consider during examination. Pet. 7. Although Dr. Bogy's declaration was not before the Examiner, the declaration does not persuade us that we should reconsider Braunheim, the AAPA, or Petitioner's arguments because the declaration is substantially similar to the Petition (i.e., contains the same arguments that we find substantially overlap the Examiner's findings)[3] and Dr. Bogy fails to

[3] Although Dr. Bogy's declaration is substantially similar to the Petition in most respects, Dr. Bogy's testimony differs from the Petition with regard to H_{CB}. For Ground 1, Petitioner contends that Braunheim anticipates an H_{CB} value that satisfies the metric equation recited in the claims. Pet. 15–23.

support his testimony with objective evidence. For example, Dr. Bogy testifies that one of ordinary skill in the art would have changed certain values of Braunheim's base plate parameters based on the AAPA and suggestions in Braunheim. *See, e.g.*, Ex. 1002 ¶¶ 54–61, 62–65. But Dr. Bogy fails to explain why a change in the value of one parameter would not have affected the other parameters of Braunheim's base plate, including D_{BP}, D_{ID}, H_H, and H_{IS}, which Braunheim identifies as having "unexpected relationship[s] deemed critical to the successful operation of the swage mount." Ex. 1003, 6:11–33; *see also id.* at 7:29–31 ("Important advantages result from constructing the swage mount . . . with the aforedescribed relationships between D_{BP} and D_{ID}, and between H_H and H_{IS}."); *id.* at 7:49–52 ("[B]y maintaining the aforedescribed relationships between D_{BP} and D_{ID}, and H_H and H_{IS}, the profile of the swage mount . . . may be greatly reduced while still maintaining sufficient torque retention for fastening the actuator arm to the load beam.").

Further, as support for adjusting the value of T_{BP} from that disclosed in Braunheim's Table 1 to something less than 0.145 mm, Petitioner argues that "[t]he only lower limit to [T_{BP}] suggested by Braunheim is the hub height (H_H)." Pet. 25 (citing Ex. 1003, 2:59–60, 7:41–43 ("[T]he hub can be no thicker than base plate thickness.")). Dr. Bogy offers similar testimony in that regard. Ex. 1002 ¶¶ 63, 65. Absent from Petitioner's analysis and Dr. Bogy's testimony, however, is a persuasive reason why the skilled artisan would have understood Braunheim's disclosure of T_{BP} as the upper

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But Dr. Bogy testifies that "one of ordinary skill in the art would have found it obvious to include an H_{CB} of 0.038 mm [the AAPA H_{CB}] in Braunheim's base plate." Ex. 1002 ¶ 58; *see id.* ¶ 61.

limit for hub thickness to necessarily disclose the converse—i.e., that hub thickness is the upper limit for T_{BP}. Moreover, Petitioner and Dr. Bogy do not explain why Braunheim's disclosure of an upper limit for *hub thickness* means hub height, H_H, as opposed to hub radial thickness, W_H, in view of Braunheim's disclosure that a relationship exists between W_H and T_{BP}. *See* Ex. 1003, 3:30–31 (disclosing relationship between W_H and T_{BP}). Rather, Petitioner and Dr. Bogy simply presume that Braunheim's disclosure that "the hub can be no thicker" than T_{BP} refers to H_H not W_H. Pet. 25; Ex. 1002 ¶ 63 ("Specifically, because 'the hub can be no thicker than the [base plate] thickness,' the lower limit for the [base plate] thickness (T_{BP}) is the hub height (H_H).").

Given the foregoing, we are not persuaded that we should reconsider Braunheim or the arguments Petitioner presents in the Petition.

2. Weighing the 325(d) Factors

Taking into account the above factors, we find that the factors weigh in favor of exercising our discretion and denying institution under § 325(d). Importantly, the asserted art is a subset of the same prior art that the Examiner applied in rejecting the claims during prosecution. Further, the arguments Petitioner advances in its Petition are substantially similar to the findings the Examiner made to reject the claims, and that Patent Owner overcame. Thus, we deny institution under § 325(d). Although a weighing of the § 325(d) factors alone is sufficient to support an exercise of our discretion to deny institution, we also consider Patent Owner's additional arguments under § 314(a).

3. Discretion under § 314(a)

Patent Owner contends that two additional factors weigh in favor of denying institution under § 314(a). First, Patent Owner argues that Petitioner knew about the '841 patent for more than 10 years, yet provides no explanation for why it waited so long to file the Petition. Prelim. Resp. 37–38. We are not persuaded that this lapse in time favors denying review. As Patent Owner acknowledges, Petitioner filed the Petition shortly before the one-year bar in 35 U.S.C. § 315(b) expired. The Petition, therefore, was timely, and Patent Owner does not apprise us of any tactical advantage, or opportunity for tactical advantage, that Petitioner gained by waiting to file the Petition. Thus, we find this proceeding distinguishable from the facts in *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357 (Paper 19) (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i) ("*General Plastic*")—the decision on which Patent Owner relies to support its argument regarding the timing of the Petition.

Second, Patent Owner argues that instituting an *inter partes* review "ultimately would be inefficient," given the status of the district court proceeding between the parties. Prelim. Resp. 38–39. In particular, Patent Owner directs us to the Scheduling Order in the district court proceeding, which sets a trial date of March 25, 2019. *Id.* at 39. Patent Owner further notes that because the '841 patent has expired, we will apply the same standard for claim construction as the district court (which already has construed the '841 patent claim terms). *Id.* at 38. Patent Owner also represents that Petitioner relies on the same prior art (Braunheim and the AAPA) and arguments in its district court invalidity contentions as asserted in the Petition. *Id.* at 1. Thus, Patent Owner argues, the district court

proceeding will analyze the same issues and will be resolved before any trial on the Petition concludes. *Id.* at 39. Patent Owner asserts that such inefficiency supports denying the Petition.

We agree. First, we note that there is no "intent to limit discretion under § 314(a), such that it is . . . encompassed by § 325(d)." *Gen. Plastic*, Paper 19, 18–19. Thus, simply because we exercise our discretion to deny the Petition under § 325(d) does not mean that we cannot consider and weigh additional factors that favor denying institution under § 314(a).[4] Second, Patent Owner argues persuasively that instituting a trial under the facts and circumstances here would be an inefficient use of Board resources. The district court proceeding, in which Petitioner asserts the same prior art and arguments, is nearing its final stages, with expert discovery ending on November 1, 2018, and a 5-day jury trial set to begin on March 25, 2019. Ex. 2004, 1. A trial before us on the same asserted prior art will not conclude until September 2019. Institution of an *inter partes* review under these circumstances would not be consistent with "an objective of the AIA . . . to provide an effective and efficient alternative to district court litigation." *Gen. Plastic*, Paper 19, 16–17. Accordingly, we find that the advanced state of the district court proceeding is an additional factor that weighs in favor of denying the Petition under § 314(a).

[4] Indeed, the August 2018 Update to the Office Patent Trial Practice Guide, 83 Fed. Reg. 39,989 (Aug. 13, 2018) ("Trial Practice Guide Update"), invites parties to address additional factors that may bear on the Board's discretionary decision to institute or not institute under §§ 314(a) and 325(d). Trial Practice Guide Update 11, 13.

IV. CONCLUSION

Taking account of the information presented in the Petition and the Preliminary Response, and the evidence of record, we exercise our discretion under §§ 314(a) and 325(d) and deny institution. Accordingly, the Petition is *denied*, and no trial is instituted.

V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is *denied*, and no trial is instituted.

EXHIBIT B

Trials@uspto.gov
571-272-7822

Paper No. 11
Entered: March 20, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

FINTIV, INC.,
Patent Owner.

Case IPR2020-00019
Patent 8,843,125 B2

Before WILLIAM M. FINK, *Vice Chief Administrative Patent Judge*, and LINDA E. HORNER and LYNNE E. PETTIGREW, *Administrative Patent Judges*.

FINK, *Vice Chief Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
Supplemental Briefing on Discretionary Denial
35 U.S.C. § 314(a) and 37 C.F.R. § 42.5(a)

I. INTRODUCTION

Petitioner, Apple, Inc., filed a Petition in this case on October 28, 2019, challenging certain claims of U.S. Patent No. 8,843,125 B2 (Ex. 1001, "the '125 patent") owned by Patent Owner, Fintiv, Inc. Paper 1 ("Pet."). Patent Owner filed a Preliminary Response on February 15, 2020. Paper 10 ("Prelim. Resp."). In its Preliminary Response, Patent Owner requests that the Board apply its discretion under 35 U.S.C. § 314(a) to deny institution of the requested proceeding due to the advanced state of a parallel district court litigation in which the same issues have been presented and trial has been set for November 16, 2020. Prelim. Resp. 22–26 (citing *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential, designated May 7, 2019)). Although Petitioner addressed the issue briefly in the Petition, at that time no trial date had been set. *See* Pet. 7. In light of the apparent change in status of the parallel proceeding, the panel has determined that supplemental briefing on the issue of discretionary denial is necessary in this case to give Petitioner an opportunity to respond. This Order discusses the factors relevant to the Board's decision on whether to apply its discretion under 35 U.S.C. § 314(a) to deny institution. This Order authorizes the parties to file supplemental briefing addressing facts in this case relevant to these factors.

II. DISCRETIONARY DENIAL UNDER *NHK*

In *NHK*, the patent owner argued the Board should deny institution under 35 U.S.C. § 314(a) because institution of a trial at the PTAB would be an inefficient use of Board resources in light of the "advanced state" of the parallel district court litigation in which the petitioner had raised the same invalidity challenges. IPR2018-00752, Paper 8. The Board denied

institution, relying in part on § 314(a). Specifically, under § 314(a) the Board considered the fact that the parallel district court proceeding was scheduled to finish before the Board reached a final decision as a factor favoring denial.[1] The Board found that the earlier district court trial date presented efficiency considerations that provided an additional basis, separate from the independent concerns under 35 U.S.C. § 325(d),[2] for denying institution. Thus, *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. In a case where, in contrast to the facts present in *NHK*, the district court has set a trial date *after* the Board's deadline to issue a final written decision in an instituted proceeding, the Board may be less likely to deny institution under 35 U.S.C. § 314(a) based on district court trial timing depending on other factors as set forth below.[3]

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[1] *See* 35 U.S.C. § 316(a)(11) (2018) (requiring issuance of a final written decision within one year of institution, absent extension up to six months for good cause).

[2] Section 325(d) provides that the Director may elect not to institute a proceeding if the challenge to the patent is based on the same or substantially the same prior art or arguments previously presented to the Office.

[3] *See Polycom, Inc. v. directPacket Research, Inc.,* IPR2019-01233, Paper 21 at 13 (PTAB Jan. 13, 2020) (declining to apply discretion to deny institution when district court trial is scheduled to occur months after the statutory deadline for completion of the IPR); *Iconex, LLC v. MAXStick Products Ltd.*, IPR2019-01119, Paper 9 at 10 (PTAB Dec. 6, 2019) (same).

A. The Parties' Arguments

In the Petition, Petitioner argues that although a parallel district court proceeding is ongoing involving the challenged patent, the Board should not exercise authority to deny institution under *NHK* because, at the time of the Petition filing, "no preliminary injunction motion has been filed, the district court has not been presented with or invested any time in the analysis of prior art invalidity issues, and no trial date has been set." Pet. 7. Petitioner also argues that it timely filed its petition within the statutorily prescribed one-year window, and that declining to institute IPR here would "essentially render nugatory" the one-year filing period of § 315(b). *Id.* Petitioner also argues that declining to institute an IPR based on a parallel district court litigation "ignores the common scenario, contemplated by Congress, of obtaining a district court stay based on institution." *Id.*

In its Preliminary Response, Patent Owner has raised several factors that it contends weigh in favor of exercising authority to deny institution under *NHK*, including an earlier trial date (six months prior to the projected deadline for a final written decision if the Board institutes a proceeding),[4] significant overlap between issues raised in the Petition and in the district court proceeding (identical claims and arguments), and investment in the district court trial (claim construction already issued). *See* Prelim. Resp. 23–27.

[4] After the filing of the Petition, the district court entered a scheduling order setting a trial date to occur prior to projected deadline for a final written decision in this matter. Ex. 2009 (setting trial date of November 16, 2020).

B. Factors Related to a Parallel, Co-Pending Proceeding in Determining Whether to Exercise Discretionary Institution or Denial

As with other non-dispositive factors considered for institution under 35 U.S.C. § 314(a), an early trial date should be weighed as part of a "balanced assessment of all relevant circumstances of the case, including the merits."[5] Consolidated Trial Practice Guide November 2019 ("TPG")[6] at 58. Indeed, the Board's cases addressing earlier trial dates as a basis for denial under *NHK* have sought to balance considerations such as system efficiency, fairness, and patent quality.[7] When the patent owner raises an argument for discretionary denial under *NHK* due to an earlier trial date,[8] the Board's decisions have balanced the following factors:

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[5] *See Abbott Vascular, Inc. v. FlexStent, LLC*, IPR2019-00882, Paper 11 at 31 (PTAB Oct. 7, 2019) (declining to adopt a bright-line rule that an early trial date alone requires denial in every case).

[6] *Available at* https://www.uspto.gov/TrialPracticeGuideConsolidated.

[7] *See Magellan Midstream Partners L.P. v. Sunoco Partners Marketing & Terminals L.P.*, IPR2019-01445, Paper 12 at 10 (PTAB Jan. 22, 2020) (citing "unnecessary and counterproductive litigation costs" where district court would most likely have issued a decision before the Board issues a final decision); *Intel Corp. v. VLSI Tech. LLC*, IPR2019-01192, Paper 15 at 11 (PTAB Jan. 9, 2020) ("When considering the impact of parallel litigation in a decision to institute, the Board seeks, among other things, to minimize the duplication of work by two tribunals to resolve the same issue."); *Illumina, Inc. v. Natera, Inc.*, IPR2019-01201, Paper 19 at 6 (PTAB Dec. 18, 2019) ("We have considered the positions of the parties and find that, on this record, considerations of efficiency, fairness, and the merits of the grounds in the Petition do not weigh in favor of denying the Petition.").

[8] To the extent we refer to such a denial of institution as a "denial under *NHK*," we refer to *NHK*'s § 314(a) denial due to the earlier trial date in the district court and not the independent basis for denial under § 325(d).

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.

These factors relate to 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. As explained below, there is some overlap among these factors. Some facts may be relevant to more than one factor. Therefore, in evaluating the factors, the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review. *See* TPG at 58 (quoting 35 U.S.C. § 316(b)).

1. whether a stay exists or is likely to be granted if a proceeding is instituted

A district court stay of the litigation pending resolution of the PTAB trial allays concerns about inefficiency and duplication of efforts. This fact has strongly weighed against exercising the authority to deny institution under *NHK*.[9] In some cases, there is no stay, but the district court has denied

[9] *See Precision Planting, LLC v. Deere & Co.*, IPR2019-01052, Paper 19 at 10 (PTAB Jan. 7, 2020) (finding that the district court stay of the parallel district court case rendered moot the patent owner's argument for discretionary denial of the petition); *Apotex Inc. v. UCB Biopharma Sprl*,

a motion for stay without prejudice and indicated to the parties that it will consider a renewed motion or reconsider a motion to stay if a PTAB trial is instituted. Such guidance from the district court, if made of record, suggests the district court may be willing to avoid duplicative efforts and await the PTAB's final resolution of the patentability issues raised in the petition before proceeding with the parallel litigation. This fact has usually weighed against exercising authority to deny institution under *NHK*,[10] but, for reasons discussed below, proximity of the court's trial date and investment of time are relevant to how much weight to give to the court's willingness to reconsider a stay.[11, 12] If a court has denied a defendant's motion for a stay

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IPR2019-00400, Paper 17 at 31–32 (PTAB July 15, 2019) (finding that the district court stay of the parallel district court case predicated on the *inter partes* review means that the trial will not occur before the Board renders a final decision).

[10] *See Abbott Vascular*, IPR2019-00882, Paper 11 at 30–31 (noting district court's willingness to revisit request for stay if Board institutes an *inter partes* review proceeding).

[11] *See DMF, Inc. v. AMP Plus, Inc.*, Case No. 2-18-cv-07090 (C.D. Cal. July 12, 2019) (denying defendants' initial motion to stay without prejudice to their renewing the motion should PTAB grant their IPR petition); *id.* (Dec. 13, 2019) (denying renewed motion to stay after PTAB instituted, in part, because in the interim claim construction order had issued, trial date was fast approaching, and discovery was in an advanced stage).

[12] It is worth noting that the district court, in considering a motion for stay, may consider similar factors related to the amount of time already invested by the district court and proximity of the trial date to the Board's deadline for a final written decision. *See Space Data Corp. v. Alphabet Inc.*, Case No. 16-cv-03260, slip op. at 3 (N.D. Cal. Mar. 12, 2019) (denying motion to stay where the court had ruled on a motion for partial summary judgment and issued a *Markman* order, and fact and expert discovery are closed, and thus "much work has been completed"); *Intellectual Ventures I LLC v. T-*

pending resolution of a PTAB proceeding, and has not indicated to the parties that it will consider a renewed motion or reconsider a motion to stay if a PTAB trial is instituted, this fact has sometimes weighed in favor of exercising authority to deny institution under *NHK*.

One particular situation in which stays arise frequently is during a parallel district court *and* ITC investigation involving the challenged patent. In such cases, the district court litigation is often stayed under 28 U.S.C. § 1659 pending the resolution of the ITC investigation. Regardless, 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. The parties should indicate whether there is a parallel district court case that is ongoing or stayed under 28 U.S.C. § 1659 pending the resolution of the ITC investigation. We

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Mobile USA, Inc., Case No. 2-17-cv-00577 (E. D. Tex. Dec. 13, 2018) (denying motion to stay after dispositive and *Daubert* motions had been filed and the court had expended material judicial resources to prepare for the pretrial in three weeks); *Plastic Omnium Advanced Innovation and Research v. Donghee Am., Inc.*, Case No. 1-16-cv-00187 (D. Del. Mar. 9, 2018) (denying motion for stay after PTAB's institution of *inter partes* reviews because the court "has construed the parties' disputed claim terms, handled additional discovery-related disputes, begun reviewing the parties' summary judgment and *Daubert* motions . . . and generally proceeded toward trial" and "[d]elaying the progress of this litigation . . . would risk wasting the Court's resources"); *Dentsply Int'l, Inc. v. US Endodontics, LLC*, Case No. 2-14-cv-00196, slip op. at 5 (E.D. Tenn. Dec. 1, 2015) (denying motion for stay pending *inter partes* review because a stay at this point in the proceedings "would waste a significant amount of the time and resources already committed to this case by the parties and the Court").

recognize that ITC final invalidity determinations do not have preclusive effect,[13] but, as a practical matter, it is difficult to maintain a district court proceeding on patent claims determined to be invalid at the ITC. Accordingly, the parties should also indicate whether the patentability disputes before the ITC will resolve all or substantially all of the patentability disputes between the parties, regardless of the stay.[14]

2. proximity of the court's trial date to the Board's projected statutory deadline

If the court's trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*. If the court's trial date is at or around the same time as the projected statutory deadline or even significantly after the projected statutory deadline, the decision whether to institute will likely implicate other factors discussed herein, such as the resources that have been invested in the parallel proceeding.[15]

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

The Board also has considered 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. Specifically, if, at the time of the institution decision, the district court has issued substantive orders related to the patent

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[13] *See Texas Instruments v. Cypress Semiconductor Corp.*, 90 F.3d 1558 (Fed. Cir. 1996) (holding that an invalidity determination in an ITC section 337 action does not have preclusive effect).

[14] *See infra* § II.A.4.

[15] *See, e.g.*, *infra* § II.A.3, § II.A.4.

at issue in the petition, this fact favors denial.[16] Likewise, district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.[17] If, at the time of the institution decision, the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution under *NHK*.[18] 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.

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[16] *See E-One, Inc. v. Oshkosh Corp.*, IPR2019-00162, Paper 16 at 8, 13, 20 (PTAB June 5, 2019) (district court issued preliminary injunction order after finding petitioner's invalidity contentions unlikely to succeed on the merits).

[17] *See Next Caller, Inc. v. TRUSTID, Inc.*, IPR2019-00963, Paper 8 at 13 (PTAB Oct. 28, 2019) (district court issued claim construction order); *Thermo Fisher Scientific, Inc. v. Regents of the Univ. of Cal.*, IPR2018-01370, Paper 11 at 26 (PTAB Feb. 7, 2019) (district court issued claim construction order). We note that the weight to give claim construction orders may vary depending upon a particular district court's practices. For example, some district courts may postpone significant discovery until after it issues a claim construction order, while others may not.

[18] *See Facebook, Inc. v. Search and Social Media Partners, LLC*, IPR2018-01620, Paper 8 at 24 (PTAB Mar. 1, 2019) (district court proceeding in its early stages, with no claim constructions having been determined); *Amazon.com, Inc. v. CustomPlay, LLC*, IPR2018-01496, Paper 12 at 8–9 (PTAB Mar. 7, 2019) (district court proceeding in its early stages, with no claim construction hearing held and district court having granted extensions of various deadlines in the schedule).

As a matter of petition timing, notwithstanding that a defendant has one year to file a petition,[19] it may impose unfair costs to a patent owner if the petitioner, faced with the prospect of a looming trial date, waits until the district court trial has progressed significantly before filing a petition at the Office. The Board recognizes, however, that 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.[20] Thus, the parties should explain facts relevant to timing. If the evidence shows that 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*.[21] If, however, the evidence shows

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[19] *See* 35 U.S.C. § 315(b) (2018) (setting a one-year window from the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent in which to file a petition).

[20] *See* 157 Cong. Rec. S5429 (Sept. 8, 2011) (S. Kyl) (explaining that in light of the House bill's enhanced estoppels, it is important to extend the deadline for allowing an accused infringer to seek *inter partes* review from 6 months, as proposed in the Senate bill, to one year to afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation). Our discussion of this factor focuses on the situation where the petitioner also is a defendant in the parallel litigation. If the parallel litigation involves a party different than the petitioner, this fact weighs against exercising authority to deny institution under *NHK*. *See infra* § II.A.5.

[21] *See Intel Corp.*, IPR2019-01192, Paper 15 at 12–13 (finding petitioner was diligent in filing the petition within two months of patent owner narrowing the asserted claims in the district court proceeding); *Illumina*, IPR2019-01201, Paper 19 at 8 (finding petitioner was diligent in filing the

that the petitioner did not file the petition expeditiously, such as at or around the same time that the patent owner responds to the petitioner's invalidity contentions, or even if the petitioner cannot explain the delay in filing its petition, these facts have favored denial.[22]

4. overlap between issues raised in the petition and in the parallel proceeding

In *NHK*, the Board was presented with substantially identical prior art arguments that were at issue in the district court (as well as those previously addressed by the Office under § 325(d)). IPR2018-00752, Paper 8 at 20. Thus, concerns of inefficiency and the possibility of conflicting decisions were particularly strong. Accordingly, if 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.[23] Conversely, if the petition includes materially different grounds, arguments,

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petition several months before the statutory deadline and in response to the patent being added to the litigation in an amended complaint).

[22] *See Next Caller, Inc. v. TRUSTID, Inc.*, IPR2019-00961, Paper 10 at 16 (PTAB Oct. 16, 2019) (weighing the petitioner's unexplained delay in filing the petition in favor of denial of the petition and noting that had the petitioner filed the petition around the same time as the service of its initial invalidity contentions, the PTAB proceeding may have resolved the issues prior to the district court).

[23] *See Next Caller*, IPR2019-00963, Paper 8 at 11–12 (same grounds asserted in both cases); *ZTE (USA) Inc. v. Fractus, S.A.*, IPR2018-01451, Paper 12 at 20 (PTAB Feb. 19, 2019) (same prior art and identical evidence and arguments in both cases).

and/or evidence than those presented in the district court, this fact has tended to weigh against exercising discretion to deny institution under *NHK*.[24]

In many cases, weighing the degree of overlap is highly fact dependent. For example, if a petition involves the same prior art challenges but challenges claims in addition to those that are challenged in the district court, it may still be inefficient to proceed because the district court may resolve validity of enough overlapping claims to resolve key issues in the petition. The parties should indicate whether all or some of the claims challenged in the petition are also at issue in district court. The existence of non-overlapping claim challenges will weigh for or against exercising discretion to deny institution under *NHK* depending on the similarity of the claims challenged in the petition to those at issue in the district court.[25]

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

If a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion to

[24] *See Facebook, Inc. v. BlackBerry Limited*, IPR2019-00899, Paper 15 at 12 (PTAB Oct. 8, 2019) (different prior art relied on in the petition than in the district court); *Chegg, Inc. v. NetSoc, LLC*, IPR2019-01165, Paper 14 at 11–12 (PTAB Dec. 5, 2019) (different statutory grounds of unpatentability relied on in the petition and in the district court).

[25] *See Next Caller*, IPR2019-00961, Paper 10 at 14 (denying institution even though two petitions jointly involve all claims of patent and district court involves only a subset of claims because the claims all are directed to the same subject matter and petitioner does not argue that the non-overlapping claims differ significantly in some way or argue that it would be harmed if institution of the non-overlapping claims is denied).

deny institution under *NHK*.[26] Even when a petitioner is unrelated to a defendant, however, if the issues are the same as, or substantially similar to, those already or about to be litigated, or other circumstances weigh against redoing the work of another tribunal, the Board may, nonetheless, exercise the authority to deny institution.[27] An unrelated petitioner should, therefore, address any other district court or Federal Circuit proceedings involving the challenged patent to discuss why addressing the same or substantially the same issues would not be duplicative of the prior case even if the petition is brought by a different party.

6. other circumstances that impact the Board's exercise of discretion, including the merits

As noted above, the factors considered in the exercise of discretion are part of a balanced assessment of all the relevant circumstances in the case, including the merits.[28] For example, if the merits of a ground raised in the petition seem particularly strong on the preliminary record, this fact has

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[26] *See Nalox-1 Pharms., LLC. v. Opiant Pharms., Inc.*, IPR2019-00685, Paper 11 at 6 (PTAB Aug. 27, 2019) (distinguishing *NHK* because in *NHK*, "the Board considered 'the status of the district court proceeding *between* the parties'" and, in the *Nalox-1* case, the petitioner was not a party to the parallel district court litigations).

[27] *See Stryker Corp. v. KFx Medical, LLC*, IPR2019-00817, Paper 10 at 27–28 (PTAB Sept. 16, 2019) (considering a jury verdict of no invalidity, based in part on evidence of secondary considerations, weighed in favor of denying institution where the unrelated petitioner failed to address this evidence in the petition).

[28] TPG at 58.

favored institution.[29] In such cases, the institution of a trial may serve the interest of overall system efficiency and integrity because it allows the proceeding to continue in the event that the parallel proceeding settles or fails to resolve the patentability question presented in the PTAB proceeding.[30] By contrast, if the merits of the grounds raised in the petition are a closer call, then that fact has favored denying institution when other factors favoring denial are present.[31] This is not to suggest that a full merits analysis is necessary to evaluate this factor.[32] Rather, there may be strengths

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[29] *Illumina*, IPR2019-01201, Paper 19 at 8 (PTAB Dec. 18, 2019) (instituting when "the strength of the merits outweigh relatively weaker countervailing considerations of efficiency"); *Facebook, Inc. v. BlackBerry Ltd.*, IPR2019-00925, Paper 15 at 27 (PTAB Oct. 16, 2019) (same); *Abbott Vascular*, IPR2019-00882, Paper 11 at 29–30 (same); *Comcast Cable Commnc'ns., LLC v. Rovi Guides, Inc.*, IPR2019-00231, Paper 14 at 11 (PTAB May 20, 2019) (instituting because the proposed grounds are "sufficiently strong to weigh in favor of not denying institution based on § 314(a)").

[30] Were a final judgment entered on the patentability issues in the parallel proceeding, the parties may jointly request to terminate the PTAB proceeding in light of the fully resolved parallel proceeding. *See* 37 C.F.R. § 42.72.

[31] *E-One*, IPR2019-00162, Paper 16 at 8, 13, 20 (denying institution based on earlier district court trial date, weakness on the merits, and the district court's substantial investment of resources considering the invalidity of the challenged patent).

[32] Of course, if a petitioner fails to present a reasonable likelihood of prevailing as to unpatentability of at least one challenged claim, then the Board may deny the petition on the merits and may choose not to reach a patent owner's discretionary denial arguments.

or weaknesses regarding the merits that the Board considers as part of its balanced assessment.[33]

C. Other Considerations

Other facts and circumstances may also impact the Board's discretion to deny institution. For example, factors unrelated to parallel proceedings that bear on discretion to deny institution include the filing of serial petitions,[34] parallel petitions challenging the same patent,[35] and considerations implicated by 35 U.S.C. § 325(d).[36] The parties should explain whether these or other facts and circumstances exist in their proceeding and the impact of those facts and circumstances on efficiency and integrity of the patent system.

III. ORDER

The panel requests that the parties submit supplemental briefing, as set forth below, to present on the record facts in this case relevant to the factors discussed above. The supplemental briefing may be accompanied by

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[33] *See id.* at 13–20 (finding weaknesses in aspects of petitioner's challenges).

[34] *See Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00064, Paper 10 (PTAB May 1, 2019) (precedential); *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018); *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i).

[35] TPG at 59–61.

[36] *See Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020) (discussing two-part framework for applying discretion to deny institution under 35 U.S.C. § 325(d)).

documentary evidence in support of any facts asserted in the supplemental briefing, but may not be accompanied by declaratory evidence.

Accordingly, it is

ORDERED that Petitioner is authorized to file a reply to the Preliminary Response, no more than ten (10) pages and limited to addressing the issue of discretionary denial under 35 U.S.C. § 314(a), by March 27, 2020; and it is

FURTHER ORDERED that Patent Owner is authorized to file a sur-reply to Petitioner's reply, no more than ten (10) pages and limited to the issue of discretionary denial under 35 U.S.C. § 314(a), by April 3, 2020.

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IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE, INC., *et al.* Plaintiffs, v. ANDREI IANCU, in his official capacity only, Defendant.	Case No.: 5:20-cv-06128-EJD **Notice of Motion and Motion to Dismiss Plaintiffs' Amended Complaint** Hon. Edward J. Davila Hearing Set for March 11, 2021, 9:00 a.m.

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UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE INC., CISCO SYSTEMS, INC., GOOGLE LLC, INTEL CORPORATION, EDWARDS LIFESCIENCES CORPORATION, and EDWARDS LIFESCIENCES LLC,

Plaintiffs,

v.

ANDREI IANCU, in his official capacity as Under Secretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office,

Defendant.

Case No. 20-cv-6128-EJD

PLAINTIFFS' NOTICE OF MOTION AND MOTION FOR SUMMARY JUDGMENT

Date: March 11, 2021

Time: 9:00 a.m.

Courtroom: Courtroom 4, 5th Floor

Judge: Hon. Edward J. Davila

ARGUMENT

I. THE *NHK-FINTIV* RULE EXCEEDS THE DIRECTOR'S AUTHORITY AND VIOLATES THE AIA

"[B]oth [an agency's] power to act and how [it is] to act [are] authoritatively prescribed by Congress." *City of Arlington v. FCC*, 569 U.S. 290, 297 (2013). Here, if an IPR petition is timely under § 315(b), nothing in the AIA authorizes the Director (or the Board as his delegate) to deny it based on overlap with a pending infringement suit. By permitting the Board to do so, the *NHK-Fintiv* rule contravenes the AIA, and the Director thus exceeded his statutory authority in adopting it.

A. The AIA Precludes The Director From Denying IPR Petitions Based On Parallel Infringement Litigation That Has Been Pending For Less Than One Year

The AIA's text and structure make clear that Congress prohibited the Director from denying IPR petitions based on overlap with pending infringement litigation as long as the petition is filed within one year after service of the complaint.

The AIA sets forth detailed rules governing the determination whether to initiate IPR. These provisions define both mandatory conditions that must be met for IPR to be initiated and permissive factors the Director may rely on to decline IPR even where the prerequisites are met. *See, e.g.*, § 312(a)(1)-(5) (procedural requirements); § 311(c)(1) (barring IPR if petition was filed less than nine months after patent was granted); § 314(a) (Director "may not" institute IPR "unless" he finds "a reasonable likelihood that the petitioner would prevail"); § 325(d) (Director may deny IPR if "the same or substantially the same prior art or arguments previously were presented" to the PTO).

Of particular relevance, the AIA prohibits IPR if the petition "is filed more than 1 year after

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8) and *Fintiv* (Paper 11), which were attached to the complaint. Am. Compl. Exs. A, B. Plaintiffs have therefore not included a statement of undisputed material facts and believe a certified administrative record is unnecessary. *See, e.g.*, *California v. U.S. Bureau of Land Mgmt.*, 277 F. Supp. 3d 1106, 1116 (N.D. Cal. 2017) (granting summary judgment in APA action without administrative record where motion was "limited to legal issues that do not depend on the administrative record, aside from the few key documents the parties cited in their motions, which the Defendants do not dispute are subject to judicial notice").

the date on which the petitioner … is served with a complaint alleging infringement of the patent." § 315(b). This provision indicates that a timely IPR petition should not be denied because of parallel litigation. Congress specifically recognized that IPR might overlap with an infringement action and concluded that IPR can and should be available so long as the petition is filed within the one-year period. Statutorily defined time limits inherently "take[] account of delay," and therefore "unreasonable, prejudicial delay" and other "case-specific circumstances"—like the *NHK-Fintiv* factors—"cannot be invoked to preclude adjudication of a claim … brought within the [statutory] window." *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663, 667, 677-680, 685 (2014); *see also SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954, 959-960 (2017) ("applying laches within a limitations period specified by Congress would give judges a 'legislation-overriding' role that is beyond the Judiciary's power"); *Holmberg v. Armbrecht*, 327 U.S. 392, 395 (1946) ("If Congress explicitly puts a limit upon the time for enforcing a right which it created, there is an end of the matter."). "Where a statute's language carries a plain meaning," an agency's duty "is to follow its commands as written, not to supplant those commands with others it may prefer." *SAS Inst.*, 138 S. Ct. at 1355. Here, Congress's command is clear: The Director may not deny an IPR petition based solely on parallel litigation; as long as the petition is timely, IPR remains available.

The AIA's structure confirms this conclusion. Various provisions in the AIA specify how the Director may or must handle situations in which there are parallel proceedings. These provisions show that Congress carefully considered how to promote both efficiency and the purposes of IPR in the face of parallel proceedings and intended for IPR to be available even when parallel infringement litigation is pending. For example, the AIA explicitly gives the Director discretion to decide whether to institute IPR when there was a prior related *administrative* proceeding: "[T]he Director may take into account whether, and reject the petition … because, the same or substantially the same prior art or arguments previously were presented to the [Patent] Office." § 325(d). And if another matter involving the same patent is currently pending before the PTO during the pendency of IPR, "the Director may determine the manner" in which IPR may proceed, "including providing for stay, transfer, consolidation, or termination of any such matter or proceeding." § 315(d). But no comparable provision grants the Director discretion over whether to proceed with IPR when there is a

parallel *lawsuit*. To the contrary, the AIA establishes specific rules governing parallel suits: The AIA prohibits institution of IPR if the petitioner has previously filed suit challenging the patent. § 315(a)(1). But if the IPR petitioner files such a lawsuit *after* petitioning for IPR, the AIA allows IPR and automatically stays the litigation. § 315(a)(2). And if an IPR petitioner has asserted a "counterclaim challenging the validity of a claim of a patent" in response to an infringement claim, the counterclaim does not trigger § 315(a)(1)'s bar on parallel civil actions. § 315(a)(3).

Congress thus contemplated that IPR and related litigation would proceed together and "knew how to draft the kind of statutory language that [the Director] seeks to read into" the AIA. *State Farm Fire & Cas. Co. v. United States ex rel. Rigsby*, 137 S. Ct. 436, 443-444 (2016). "[H]ad Congress intended to" grant the Director the discretion he has asserted in the *NHK-Fintiv* rule, Congress thus "would have said so." *Id.*; *see also SAS Inst.*, 138 S. Ct. at 1356. Moreover, it would have made little sense for Congress to specifically direct how IPR and overlapping proceedings should be managed "if, in truth, the Director enjoyed the discretion" to deny IPR petitions based on parallel litigation. *SAS Inst.*, 138 S. Ct. at 1356. Rather, these provisions already account for administrative efficiency to the extent Congress deemed appropriate—including by specifically authorizing IPR where the petition is timely under § 315(b). The Director may not substitute his judgment for Congress's by denying a timely IPR petition in light of a parallel infringement action.

B. The *NHK-Fintiv* Rule Thwarts The Purposes Of IPR

The *NHK-Fintiv* rule also defeats the purposes of IPR, and Congress therefore could not have intended the Director to adopt it. Under the rule, substantive overlap between the issues raised in litigation and in a prospective IPR weighs against institution, and in practice, the Board has emphasized this factor in several decisions denying institution. *See, e.g.*, *Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00203, 2020 WL 3662522, at *7 (P.T.A.B. July 6, 2020). But the central purpose of IPR is to provide a more efficient and specialized additional pathway for resolving the same issues that the challenger could otherwise have brought only in litigation. *Supra* pp. 3-5. By treating overlap as a reason to deny institution of IPR, the *NHK-Fintiv* rule contravenes that purpose.

To enable IPR to serve as a cost-effective alternative to litigation over invalid patents, *see supra* pp. 3-5, the AIA encourages IPR petitioners to assert potentially meritorious challenges in the

IPR petition, thereby inviting overlap between the IPR and the litigation in which the petitioner would assert those same challenges as defenses against (or counterclaims on) an infringement claim. In particular, by conditioning the availability of IPR upon showing a "reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition," § 314(a), the AIA encourages the petitioner to include in the petition its strongest grounds for challenging a patent claim—which of course can also be among the petitioner's strongest defenses to infringement liability in litigation. At the same time, the AIA discourages splintering issues between IPR and litigation. For example, if an IPR petition has "result[ed] in a final written decision," the AIA bars the petitioner from asserting in litigation any ground for invalidity "that the petitioner raised or reasonably could have raised during that inter partes review." § 315(e)(2). Similarly, the AIA requires the Director to institute IPR for all patent claims challenged in an IPR petition or none at all. *SAS Inst.*, 138 S. Ct. at 1354-1358. And the AIA precludes patent owners from "offer[ing] differing interpretations of prior art in different proceedings," House Report at 46, by permitting any statement made in an infringement suit by the patent owner to be cited in an IPR, § 301(a), (d).

Congress thus intended IPR as a mechanism for comprehensively resolving patentability issues that might otherwise arise in litigation. Yet the *NHK-Fintiv* rule encourages fragmentation of issues between IPR and litigation. To avoid denial of institution under the *NHK-Fintiv* rule, an IPR petitioner must minimize overlap between the petition and pending litigation. Indeed, the Board has encouraged IPR petitioners to stipulate that they would "not pursue [in litigation] any ground raised or that could have been reasonably raised in an IPR." *Sand Revolution II, LLC v. Cont'l Intermodal Grp. – Trucking LLC*, No. IPR2019-01393, 2020 WL 3273334, at *5 n.5 (P.T.A.B. June 16, 2020). That splintering of issues directly contradicts the AIA's purpose.

The rule also yields absurd results Congress could not have intended. If an infringement defendant holds back an issue from its litigation defense to avoid overlap with IPR, the defendant will likely be deemed to have forfeited that defense in the litigation—indeed, that appears to be exactly what the Board believes petitioners should do. *Sand Revolution II*, 2020 WL 3273334, at *5 n.5 (stating that petitioner should have "expressly waived in the district court any overlapping patentability/invalidity defenses"). A defendant should not have to pay that price for the mere

possibility of persuading the Board to institute IPR. Yet if the defendant instead holds back an issue from its IPR petition, it will forgo invalidation of the patent in IPR on that ground and weaken the petition's likelihood of success—reducing the chances of securing IPR at all. *See* § 314(a); *Fintiv*, Paper 11 at 14-16. Congress could not have intended such a self-defeating conception of IPR.

Similarly, the *NHK-Fintiv* rule undercuts the considered policy judgment underlying § 315(b)'s one-year period. Congress was aware that administrative proceedings and litigation concerning the same patent could proceed in parallel—a "possibility [that] has long been present in our patent system." *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2146 (2016). Before the establishment of IPR, parties could challenge issued patents pursuant to a "similar procedure, known as 'inter partes reexamination.'" *Id.* at 2137 (emphasis omitted); *see* § 311 *et seq.* (2006). The former statute took a strict approach to overlapping proceedings, prohibiting the agency from maintaining an inter partes reexamination after "a final decision" in litigation that the petitioner "ha[d] not sustained its burden of proving the invalidity" of the patent. § 317(b) (2006).

When Congress replaced inter partes reexamination with IPR in the AIA, *see Cuozzo*, 136 S. Ct. at 2137, it eliminated that provision. Rather than precluding or cutting off parallel proceedings, Congress chose to address the potential for "burdensome overlap between [IPR] and patent infringement litigation" in a different way: by setting a one-year deadline for the accused infringer to petition for IPR. *Thryv*, 140 S. Ct. at 1374-1375; *see* § 315(b). As the AIA's co-sponsor explained, the AIA "coordinate[s]" IPR with litigation by "setting a time limit for seeking [IPR] if the petitioner … is sued for infringement of the patent." 157 Cong. Rec. S1041 (daily ed. Mar. 1, 2011) (Sen. Kyl).

The one-year period carefully balanced petitioners' need for time to evaluate claims against the potential harm of excessive delay. If petitioners were allowed too much time to seek review, they could wait until the litigation had nearly ended before seeking IPR, using IPR "for purposes of harassment or delay," 157 Cong. Rec. S1326 (daily ed. Mar. 7, 2011) (Sen. Sessions); *see* 157 Cong. Rec. S1041 (daily ed. Mar. 1, 2011) (Sen. Kyl). Such tactics would undermine IPR as a "quick and cost effective alternative[] to litigation," House Report at 48, and might unfairly burden patent owners "who ha[d] already endured long challenges in court," *Thryv*, 140 S. Ct. at 1379 (Gorsuch, J., dissenting); *see also* 157 Cong. Rec. S1326 (daily ed. Mar. 7, 2011) (Sen. Sessions) (citing the "time

limit[] on starting an [IPR] when litigation is pending" as one of "many protections that were long sought by inventors and patent owners"). On the other hand, Congress recognized infringement defendants' need for "a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation" before having to file an IPR petition. 157 Cong. Rec. S5429 (daily ed. Sept. 8, 2011) (Sen. Kyl). Otherwise, accused infringers would have to choose either to forgo IPR despite meritorious arguments or to file overbroad or underdeveloped IPR petitions before the issues in litigation had crystallized. Congress thus rejected a proposed requirement that IPR petitions be filed within just six months of an infringement suit's start, opting instead for the longer one-year period to ensure sufficient time for infringement defendants to evaluate patent claims before seeking IPR. *Id.*; *see* S. 23, 112th Cong. Sec. 5(a), § 315(b) (2011) (engrossed bill setting six-month limit).

The Director, however, rejected Congress's balance, instead asserting that instituting IPR when there is parallel litigation might be "unfair" to the patent owner. *Fintiv*, Paper 11 at 11. That judgment was not the agency's to make. "Disagreeing with Congress's expressly codified policy choices isn't a luxury administrative agencies enjoy." *Cent. United Life Ins. Co. v. Burwell*, 827 F.3d 70, 73 (D.C. Cir. 2016). Congress weighed the interests of patent owners and accused infringers and determined that a one-year deadline struck the proper balance. The *NHK-Fintiv* rule disregards that decision, overrides the carefully calibrated one-year period, and defeats the point of IPR.

C. Sections 314(a) And 316(b) Do Not Authorize The *NHK- Fintiv* Rule

In *NHK* and *Fintiv*, the Board relied primarily on § 314(a) for the purported authority to deny institution based on overlap with parallel infringement litigation. *See NHK*, Paper 8 at 20; *Fintiv*, Paper 11 at 2-3, 5. Section 314(a) states that the Director "may not" institute IPR "unless" the Director finds that "there is a reasonable likelihood that the petitioner would prevail" on at least one claim. That provision does not confer unbounded discretion to deny IPR petitions based on factors that contradict the statute. Although the statutory term "may," standing alone, sometimes connotes broad permission or discretion, as used in § 314(a) it clearly does not. The "may not … unless" formulation in § 314(a) instead defines one condition that must be satisfied for institution; it implies

nothing about non-statutory conditions for denying IPR petitions.[4]

Citing § 314(a), the Supreme Court has observed that the "decision to deny a petition is a matter committed to the Patent Office's discretion." *Cuozzo*, 136 S. Ct. at 2140; *see also SAS Inst.*, 138 S. Ct. at 1356. But that observation simply reflects that some provisions of the AIA explicitly give the Director specifically defined discretion relating to institution of IPR. Most notably, § 314(a) itself calls on the Director to make a discretionary judgment whether an IPR petition presents a "reasonable likelihood" of success. And the Director "may take into account" whether the same issues in an IPR petition were previously presented to the PTO in another proceeding. § 325(d). Those provisions do not confer the unbounded discretion that the *NHK-Fintiv* rule purports to invoke, and *Cuozzo* did not hold otherwise. The Court had no occasion in *Cuozzo* to delimit the Director's discretion to deny institution because that case involved an instituted proceeding. 136 S. Ct. at 2138-2139. There is accordingly no reason to read *Cuozzo* to have endorsed a general discretionary denial power untethered to specific statutory authorities and limitations.

Whatever discretion the Director might have under § 314(a) cannot be exercised in a manner that contravenes the statute's text, structure, and purpose. *See Util. Air Regulatory Grp. v. EPA*, 573 U.S. 302, 321 (2014); *Tokyo Kikai Seisakusho, Ltd. v. United States*, 529 F.3d 1352, 1361 (Fed. Cir. 2008). Even where a statute confers discretion, agencies must operate within the statute's bounds.

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[4] The Court owes no deference to the Director's interpretation of the AIA. Deference is appropriate only if an agency interpretation was "promulgated in the exercise of" authority that "Congress delegated … to the agency generally to make rules carrying the force of law." *United States v. Mead Corp.*, 533 U.S. 218, 226-227 (2001); *see Facebook, Inc. v. Windy City Innovations, LLC*, 973 F.3d 1321, 1349-1350 (Fed. Cir. 2020) (additional views of Prost, C.J., Plager & O'Malley, JJ.). Here, the *NHK-Fintiv* rule was not duly promulgated through notice-and-comment rulemaking. *Infra* pp. 23-25. In any event, "after applying traditional tools of interpretation," there is "no uncertainty" about the AIA's meaning for the agency to fill. *SAS Inst.*, 138 S. Ct. at 1358. And even if there were, the Director's interpretation would be outside "the bounds of reasonable interpretation." *City of Arlington*, 569 U.S. at 296.

Here, as explained, Congress determined that IPR can proceed even when there is parallel infringement litigation. The Director may not like the balance Congress struck, but he "may not rewrite clear statutory terms to suit [his] own sense of how the statute should operate." *Util. Air*, 573 U.S. at 328; *see also, e.g.*, *SAS Inst.*, 138 S. Ct. at 1355 ("the duty of an administrative agency is to follow its commands as written, not to supplant those commands with others it may prefer").[5]

The Board also cited § 316(b), *see Fintiv*, Paper 11 at 6, which provides that "[i]n prescribing *regulations* under this section, the Director shall consider the effect of any such *regulation* on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter." § 316(b) (emphasis added). Section 316(b) does not support the *NHK-Fintiv* rule because that rule was not adopted by "regulation." Section 316(b) does not provide free-floating authority for the Director to adopt standards for declining to institute IPR whenever he perceives a concern for efficiency or any of the other values recited in § 316(b); it merely instructs the Director to consider those values when "prescribing regulations under this section," which did not occur here.

Moreover, the relevant regulations "prescrib[ed] … under" § 316 are regulations "setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a),"

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[5] Under the APA, a court may not provide relief on substantive grounds where the "agency action is committed to agency discretion by law." 5 U.S.C. § 701(a)(2). But the Supreme Court has read § 701(a)(2) "quite narrowly" to apply only in "'rare circumstances where the relevant statute is drawn so that a court would have no meaningful standard against which to judge the agency's exercise of discretion.'" *Weyerhaeuser Co. v. U.S. Fish & Wildlife Serv.*, 139 S. Ct. 361, 370 (2018). That stringent test is not met here because the AIA provides a clear standard to apply: The *NHK-Fintiv* rule contradicts the AIA's text, structure, and purpose. *Briggs v. Sullivan*, 954 F.2d 534, 537-538 (9th Cir. 1992) ("Because we have statutory standards, case law, and legislative intent indicating Congress's desires," decision whether to investigate was not committed to agency discretion by law.). *Cuozzo*'s passing citation to § 701(a)(2) did not consider that test and referred only to reviewability of specific institution decisions. *See* 136 S. Ct. at 2140.

§ 316(a)(2), which addresses whether "there is a reasonable likelihood that the petitioner would prevail"—a subject already covered by separate PTO regulations, *see* 37 C.F.R. § 42.108(c). Even if § 316(a)(2) supported other bases for denying IPR petitions, the Director could not invoke that authority to adopt grounds for denying IPR petitions that contradict or undermine the AIA's text, structure, and purpose, as the *NHK-Fintiv* rule's factors do.

II. THE NHK-FINTIV RULE IS ARBITRARY AND CAPRICIOUS

The *NHK-Fintiv* rule should also be set aside as arbitrary and capricious. *See* 5 U.S.C. § 706(2)(A). In adopting the rule, the agency was required to "examine the relevant data and articulate a satisfactory explanation for its action including a rational connection between the facts found and the choice made." *Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983) (quotation marks omitted). Agency action is arbitrary and capricious "if the agency relied on irrelevant factors, failed to consider a crucial aspect of the issue before it, offered an explanation that runs counter to the evidence, or is so implausible that it could not be ascribed to a difference in view or the product of agency expertise." *City of Los Angeles v. U.S. Dep't of Commerce*, 307 F.3d 859, 874 (9th Cir. 2002) (quotation marks omitted); *see Dep't of Homeland Sec. v. Regents of Univ. of Cal.*, 140 S. Ct. 1891, 1905, 1912 (2020). The *NHK-Fintiv* rule fails this test. Its factors are speculative and malleable, leading to disparate outcomes on similar facts. They also create incentives that undermine the rule's supposed efficiency goals and enable infringement plaintiffs to block IPR through strategic forum-shopping.

a. The *NHK-Fintiv* factors require the Board to speculate about the likely course of litigation, which produces irrational outcomes and unpredictable disparities between similar IPR petitions. *See Horsehead Res. Dev. Co. v. Browner*, 16 F.3d 1246, 1269 (D.C. Cir. 1994) ("agency actions based upon speculation are arbitrary and capricious").

Under the rule, the Board must guess whether a stay "may be granted" if IPR is instituted. *Fintiv*, Paper 11 at 6. Additionally, the Board must guess when trial will begin. Even when a trial has already been scheduled, denying IPR based on that schedule assumes the trial will not be rescheduled—an assumption that frequently proves incorrect. A typical case is *Intel Corp. v. VLSI Technology LLC*, in which Intel sought IPR of a patent asserted against it in an infringement suit in

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IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE, INC., *et al.* Plaintiffs, v. ANDREW HIRSHFELD, Performing the Functions and Duties of the, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, Defendant.	Case No.: 5:20-cv-06128-EJD **Defendant's Opposition to Plaintiffs' Motion for Summary Judgment** Hon. Edward J. Davila Hearing Set for March 11, 2021, 9:00 a.m.

(3) when the rule effectively amends a prior [substantive] rule.

Hemp Indus. Ass'n, 333 F.3d at 1087 (quoting *Am. Mining Congress v. Mine Safety & Health Admin.*, 995 F.2d 1106, 1109 (D.C. Cir. 1993)); *see also Nat'l Org. of Veterans' Assocs., Inc. v. Sec'y of Veterans Affairs*, 260 F.3d 1365, 1375-77 (Fed. Cir. 2001) (accord between Federal Circuit decision and substantive rulemaking case law in Ninth, Second, Seventh, and D.C. Circuits).

None of these three circumstances applies here. The first circumstance is met only when a statute would have no effect without an agency policy to give it content. *See Erringer v. Thompson*, 371 F.3d 625, 630 (9th Cir. 2004); *Am. Mining Congress*, 995 F.2d at 1109. This circumstance does not apply here because the AIA does not require agency rules governing the discretionary factors to empower the Director to exercise discretion over the institution of IPR proceedings. *See generally* 35 U.S.C. §§ 314(a), 316(a), 325(d). To the contrary, the AIA took effect more than six years before the Director adopted the *Fintiv* factors, and the Board exercised the Director's statutory discretion to deny institution throughout that time. The second circumstance does not apply because the Director did not adopt the *Fintiv* factors pursuant to his regulatory authority under § 316(b). Instead, the Director invoked his statutory authority to "provid[e] policy direction and management supervision for the" USPTO and his "authority to govern the conduct of proceedings" there. SOP 2 at 2 (quoting 35 U.S.C. §§ 3(a)(2)(A), 6(a)). The third circumstance does not apply because there has never been a legislative rule governing the exercise of the Board's discretion under § 314(a), so the *Fintiv* factors could not have amended a prior substantive rule. None of these three circumstances apply, so the *Fintiv* factors cannot be a substantive rule.

CONCLUSION

For the foregoing reasons, the Court should deny Plaintiffs' Motion.

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE INC., et al.,

Plaintiffs,

v.

ANDREI IANCU,

Defendant.

Case No. 5:20-cv-06128-EJD

ORDER GRANTING MOTION TO DISMISS; TERMINATING MOTION FOR SUMMARY JUDGMENT

Re: Dkt. Nos. 64, 65

Under the Leahy-Smith America Invents Act ("AIA"), 35 U.S.C. § 100 *et seq.*, a party may ask the U.S. Patent and Trademark Office ("the PTO") to review and potentially cancel claims in an already-issued patent that the PTO finds to be unpatentable in light of prior art. *See* 35 U.S.C. §§ 102, 103. This process, called "inter partes review" ("IPR"), is widely used to determine the patentability of patent claims that are the subject of pending patent infringement litigation. Plaintiffs challenge two PTO decisions that establish non-exclusive factors to aid in the PTO's determination of whether to institute IPR and argue that these decisions violate the Administrative Procedure Act ("APA") because they are arbitrary, capricious, and unlawful under the AIA. Defendant contends that the Court cannot reach Plaintiffs' challenge, both because Plaintiffs lack standing and because the issue is not justiciable. The Court must agree with Defendant—while Plaintiffs have standing to pursue their claims, the Court is bound by *Cuozzo Speed Technlogies, LLC v. Lee*, 579 U.S. 261 (2016) and *Thryv, Inc. v. Click-To-Call Tehcnologies*, 140 S. Ct. 1367 (2020), which require the Court to dismiss this action for lack of jurisdiction.

I. BACKGROUND

A. The Inter Partes Review Process

The Constitution grants Congress the power "[t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." U.S. Const. art. I, § 8, cl. 8. Pursuant to this power, Congress created a patent system that grants inventors rights over the manufacture, sale, and use of their inventions. *See* 35 U.S.C. § 100 *et seq.* Inventors can secure a patent by filing an application with the PTO that includes "claims" that describe the invention. A patent examiner then reviews the patent claims, considers the prior art, and determines whether each claim meets the applicable patent law requirements. *See id.* §§ 101, 102, 103, 112. The examiner then accepts the claim or rejects it and explains why. *See id.* § 132(a).

"Sometimes, though, bad patents slip through." *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1353 (2018). To remedy this problem, Congress allows parties to challenge the validity of patent claims in federal court. *See* 35 U.S.C. § 282(b)(2)–(3). Congress also has created an administrative process that allows a patent challenger to ask the PTO to reconsider the validity of an earlier granted patent claim. Specifically, in 2011, Congress enacted the AIA, which modified the "inter partes reexamination" system in favor of "inter partes review." *See* H.R. Rep. No. 112–98, pt. 1, pp. 46–47 (2011) (H.R. Rep.), codified at 35 U.S.C. §§ 311–19.

The IPR regime functions like civil litigation. A party must first file "a petition to institute an inter partes review of [a] patent. 35 U.S.C. § 311(a). The petition "may request to cancel as unpatentable 1 or more claims of [the] patent" on the ground that the claims are obvious or not novel. *Id.* § 311(b). The petition must identify "each claim challenged," the grounds for the challenge, and the evidence supporting the challenge. *Id.* § 312(a)(3). After a petition is filed, the patent owner may respond with "a preliminary response to the petition" to explain "why no inter partes review should be instituted." *Id.* § 313. With the parties' submissions, the Director of the PTO ("the Director") then decides "whether to institute an inter partes review . . . pursuant to [the]

petition." *Id.* § 314(b). Before instituting review, the Director must determine "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(a).

The Director has delegated this authority to the Patent Trial and Appeal Board ("the PTAB") to exercise on his behalf. 37 C.F.R. § 42.4(a) (2017). The PTAB-patent judges are appointed by the Secretary of Commerce and must be "persons of competent legal knowledge and scientific ability." 35 U.S.C. § 6(a), (c). Once the Director institutes IPR, the case proceeds before the PTAB "with many of the usual trappings of litigation." *SAS Inst.*, 138 S. Ct. at 1354. For example, the parties conduct discovery, issue briefing, and appear before the PTAB for an oral hearing. 35 U.S.C. § 316(a)(5), (6), (8), (10), (13). The parties also may settle the action and end IPR. *Id.* § 317. If, however, IPR is instituted and the action is not settled, the PTAB must "issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner." *Id.* § 318(a).

35 U.S.C. §§ 315 and 316(a)(11) establish time limits for the institution and completion of IPR. For instance, IPR may not be instituted if the "petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent." 35 U.S.C. § 315(b). As a result, the "life-span" of an IPR from the filing of a petition to a final written decision is typically only 18 months. *See* 35 U.S.C. § 316(a)(11); C.F.R. § 42.107(b); Amended Complaint for Declaratory and Injunctive Relief ("Compl."), Dkt. No. 54.

Finally, while the AIA authorizes judicial review of a "final written decision" canceling a patent claim, it does not allow for review of the Director's initial decision whether to institute IPR. *Compare* 35 U.S.C. § 319 (allowing a party dissatisfied with the PTAB's final written decision to appeal the decision), *with id.* § 314(d) ("The determination by the Director whether to institute inter partes review under this section shall be final and appealable.").

B. The *NHK/Fintiv* Decisions

By default, the PTAB's decisions in IPR proceedings have no precedential force in future cases. Patent Trial and Appeal Board, Standard Operating Procedure 2 (Rev. 10) ("SOP-2"), at 3, 8–9 (Sept. 20, 2018). However, the PTO has established a procedure for designating select PTAB decisions as "precedential." SOP-2 at 1–2, 8–12. Specifically, the Director decides whether to designate a Board decision as precedential. SOP-2 at 11. This procedure does not allow for public notice of or public comment on the PTAB's decision to designate an IPR decision as precedential. SOP-2 at 8–11. Decisions designated as precedential are "binding" on the PTAB "in subsequent matters involving similar factors or issues." SOP-2 at 11.

Two recent, precedential PTAB decisions are at issue: *NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.*, No. IPR2018-00752, 2018 WL 4373643 (P.T.A.B. Sept. 12, 2018) ("*NHK*") and *Apple Inc. v. Fintiv, Inc.*, No. IPR2020-00019, 2020 WL 2126495 (P.T.A.B Mar. 20, 2020) ("*Fintiv*").

In *NHK*, the PTAB exercised its discretion under both 35 U.S.C. §§ 314(a) and 325(d)(6) to deny institution of IPR, in part due to a parallel district court trial that was scheduled six months away. After Intri-Plex Technologies, Inc. sued NHK International and its parent company, NHK Spring, for infringement of U.S. Patent No. 6,183,841 in the Northern District of California, NHK Spring petitioned for IPR. *Intri-Plex Techs., Inc. v. NHK Int'l Corp*., No. 3-17-cv-1097 (N.D. Cal. 2017). The PTAB denied institution because of the parallel district court proceedings. . The PTAB found that "the advance state of the district court proceeding[s] . . . weigh[ed] in favor of denying [IPR] under § 314(a)" because the petitioner asserted the arguments in both its petition for IPR and before the district court proceeding. *Id*.

In *Fintiv*, the PTAB clarified how it would consider parallel litigation when deciding whether to institute IPR. 2020 WL 2126495. There, Apple sought IPR of patent claims that had been asserted against the company in an infringement suit in federal court. Apple filed the petition less than ten months after the parallel infringement suit began. Building on *NHK*, the PTAB

stated that in the interests of "system efficiency, fairness, and patent quality," it would "weigh" six factors under 35 U.S.C. § 314(a) when deciding whether to institute IPR. *Id.* at *3 (hereinafter "the *NHK-Fintiv* rule"). Those factors are:

1. Whether the district court granted a stay or evidence exists that a stay may be granted if IPR proceedings are instituted;
2. The proximity of the court's trial date to the PTAB's projected statutory deadline for a final written decision;
3. The investment by the parties and district court in the parallel proceeding;
4. The overlap between the issues raised in the petition and the parallel proceeding;
5. Whether the IPR 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 of the challenge to patentability.

C. Plaintiffs' Lawsuit

Plaintiffs allege that the PTAB has applied *NHK-Fintiv* rule to unlawfully deny numerous IPR petitions, including petitions filed by Plaintiffs. Compl. ¶ 54. Plaintiffs filed this action to challenge the Director's authority to reject petitions for IPR using the *NHK-Fintiv* rule. Compl. ¶¶ 65–71. Plaintiffs assert three claims, each arising under the Administrative Procedure Act ("APA"). First, Plaintiffs argue that pursuant to 5 U.S.C. § 706(2)(C), this Court must "hold unlawful and set aside" the Director's use of the *NHK-Fintiv* rule because the Director exceeded his statutory authority in adopting it. Compl. ¶¶ 82–86 (Count I). Second, Plaintiffs argue that pursuant to 5 U.S.C. § 706(2)(A), this Court must "hold unlawful and set aside" the *NHK-Fintiv* rule because it is is arbitrary, capricious, and violates the AIA. Compl. ¶¶ 87–91 (Count II). Finally, Plaintiffs argue that pursuant to 5 U.S.C. § 706(2)(D), this Court must "hold unlawful and set aside" the *NHK-Fintiv* rule because it is a final, binding rule that was issued without notice and comment. Compl. ¶¶ 92–95 (Count III).

Defendant has moved to dismiss the Amended Complaint under Federal Rule of Civil Procedure 12(b)(1) on the grounds that Plaintiffs lack standing or, in the alternative, that Plaintiffs claims are not justiciable under the APA. Plaintiffs have moved for summary judgment. The Court only reaches Defendant's motion to dismiss.

II. LEGAL STANDARD

Federal Rule of Civil Procedure 12(b)(1) requires dismissal when the plaintiff fails to meet his or her burden of establishing subject-matter jurisdiction. *St. Clair v. City of Chico*, 880 F.2d 199, 201 (9th Cir. 1989). Dismissal on this basis is appropriate when a plaintiff fails to establish standing, *Oregon v. Legal Servs. Corp.*, 552 F.3d 965, 969 (9th Cir. 2009), *abrogated on other grounds by Bonds v. United States*, 564 U.S. 211 (2011), or brings a non-cognizable claim under the APA, *Fairbanks North Star Borough v. U.S. Army Corps of Engineers*, 543 F.3d 586, 591 (9th Cir. 2008).

A defendant may either challenge jurisdiction "facially" by arguing the complaint "on its face" lacks jurisdiction or "factually" by presenting extrinsic evidence that demonstrates the lack of jurisdiction. *Wolfe v. Strankman*, 392 F.3d 358, 362 (9th Cir. 2004); *Safe Air for Everyone v. Meyer*, 373 F.3d 1035, 1039 (9th Cir. 2004). "In a facial attack, the challenger asserts that the allegations contained in a complaint are insufficient on their face to invoke federal jurisdiction. By contrast, in a factual attack, the challenger disputes the truth of the allegations that, by themselves, would otherwise invoke federal jurisdiction." *Safe Air for Everyone*, 373 F.3d at 1039.

III. DISCUSSION

A. Article III Standing

To satisfy Article III's standing requirements, "a plaintiff must show (1) it has suffered an 'injury in fact' that is (a) concrete and particularized and (b) actual or imminent, not conjectural or hypothetical; (2) the injury is fairly traceable to the challenged action of the defendant; and (3) it is likely, as opposed to merely speculative, that the injury will be redressed by a favorable decision."

Friends of the Earth, Inc. v. Laidlaw Envtl. Servs. (TOC), Inc., 528 U.S. 167, 180–81 (2000). As the party invoking federal jurisdiction, the plaintiff bears the burden of establishing that all three requirements are met. *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 561 (1992). "At the pleading stage, general factual allegations of injury resulting from the defendant's conduct may suffice." *Id*. Because Plaintiffs seek prospective relief, they must show that "the threatened injury is 'certainly impending,' or there is a 'substantial risk' that the harm will occur." *Susan B. Anthony List v. Driehaus*, 573 U.S. 149, 158 (2014) (quoting *Clapper v. Amnesty Int'l USA*, 568 U.S. 398, 414 n.5 (2013)).

1. Injury-in-Fact

To demonstrate an "injury in fact," a plaintiff must allege that it has sustained "an invasion of a legal protected interest" that is "concrete and particularized" and "actual or imminent." *Lujan*, 504 U.S. at 560 (citations omitted). When, as in this case, a suit challenges the legality of government action or inaction, the nature and extent of facts that must be averred at the pleading stage to establish standing depends upon whether the plaintiff is "himself an object of the action (or foregone action) at issue." *Id.* at 561. If he is, "there is ordinarily little question that the action or inaction has caused him injury, and that a judgment preventing or requiring the action will redress it." *Id.* 561–62.

Defendant argues that Plaintiffs cannot establish an injury-in-fact because under the AIA they have no protected right to IPR. *See* Motion to Dismiss Plaintiffs' Complaint ("MTD") at 9, Dkt. No. 64. In the Defendant's view, because the Director possesses unreviewable discretion over the initiation decision, Plaintiffs cannot allege that they are harmed by the *NHK-Fintiv* rule. But Plaintiffs do not argue that they are harmed by the *denial* of IPR. Instead, Plaintiffs identify harms that result from the Director's allegedly unlawful use of the *NHK-Fintiv* rule. Specifically, Plaintiffs allege that (1) because the AIA prescribes the factors that the Director can consider during the initiation decision process and allows for IPR during parallel litigation, the *NHK-Fintiv* rule violates the APA as it requires the PTAB to consider factors outside the considerations

prescribed in the AIA; (2) the use of the *NHK-Fintiv* rule imposes an unlawful obstacle to IPR because it increases the risk that an IPR petition (including ones submitted by Plaintiffs) will be denied; (3) which deprives Plaintiffs of the benefits of IPR. *See* Compl. ¶¶ 80–95. Thus, contrary to Defendant's position, Plaintiffs' alleged injury is not that they were denied IPR, but that the Director is using unlawful considerations that increase the risk of denial, thereby depriving them of the *benefits* of IPR. *See* Compl. ¶¶ 31–32, 54–61 (naming benefits of IPR).

Plaintiffs have established that the *NHK-Fintiv* rule have harmed or present a "substantial risk" of harming them. This is a sufficient injury-in-fact. *See Susan B. Anthony*, 573 U.S. at 158; *see also E. Bay Sanctuary Covenant v. Biden*, 993 F.3d 640, 665 (9th Cir. 2021) ("An injury-in-fact is 'an invasion of a legally protected interest,' but this means an interest that is only concrete and particularized and actual or imminent—*not* an interest protected by statute. This distinction prevents Article III standing requirements from collapsing into the merits of a plaintiff's claim . . . ."). Indeed, as courts have previously found, the denial of an opportunity to obtain a benefit is itself an injury-in-fact. *See, e.g.*, *Abboud v. I.N.S.*, 140 F.3d 843, 847 (9th Cir. 1998) (holding that a "lost opportunity represents a concrete injury"), *superseded by statute as stated in Hsiao v. Scalia*, 821 F. App'x 680, 683–84 (9th Cir. 2020); *Settles v .U.S. Parole Comm'n*, 429 F.3d 1098, 1101–03 (D.C. Cir. 2005) (holding that the plaintiff had standing to challenge a regulation that made it more difficult for him to gain the benefit of parole); *Robertson v. Allied Sols., LLC*, 902 F.3d 690, 697 (7th Cir. 2018) ("Article III's strictures are met not only when a plaintiff complains of being deprived of some benefit, but also when a plaintiff complains that she was deprived of a chance to obtain a benefit.").

2. Causation

There must be a causal connection between the injury and the conduct complained of—"the injury has to be 'fairly . . . trace[able] to the challenged action of the defendant, and not . . . th[e] result [of] the independent action of some third party not before the court." *Lujan*, 504 U.S. at 560 (alterations in original) (quoting *Simon v. E. Ky. Welfare Rights Org.*, 426 U.S.

26, 41–42 (1976)).

Plaintiffs have met the causation requirement. Their Amended Complaint demonstrates that the *NHK-Fintiv* rule (the conduct complained of) diminishes their opportunity to experience the benefits of IPR (the injury asserted). Compl. ¶¶ 52–62.

3. Redressability

It must be "likely," as opposed to merely "speculative," that the injury will be "redressed by a favorable decision." *Lujan*, 504 U.S. at 561. Plaintiffs ask the Court to enjoin the Director from applying the *NHK-Fintiv* rule. *See* Compl. at 20. If Plaintiffs prevail, this Court could enjoin the use of the *NHK-Fintiv* rule, which would redress the Plaintiffs' injuries. *See Nat'l Wildlife Fed'n v. Espy*, 45 F.3d 1337, 1343 (9th Cir. 1995). Plaintiffs have thus established redressability and have met their obligation to establish standing.

B. Justiciability

Before reaching the question of whether the use of the *NHK-Fintiv* rule violates the APA, this Court must first ensure that this issue is reviewable considering the Supreme Court's analysis of 35 U.S.C. § 314(d) in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016). Under 35 U.S.C. 314(d), "[t]he determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable."

In *Cuozzo*, the Supreme Court analyzed this "no appeal" provision in the context of a challenge to the Director's decision to institute IPR of two claims. 136 S. Ct. at 2138. There, the Director agreed to reexamine three claims, even though the petition for IPR only expressly challenged one of the claims. *Id.* As in this case, Cuozzo argued that the Directors acted outside his legal authority and violated the APA by instituting IPR with respect to the two unchallenged claims because 35 U.S.C. § 312(a)(3) requires the petition for IPR to identify "in writing and with particularity, each claim challenged." In finding the Director's institution decision unreviewable, the Court determined that § 314(d) applies where the grounds for challenging the Director's institution decision "consist of questions that are closely tied to the application and interpretation

of statutes related to [the Director's] decision to initiate inter partes review." *Cuozzo*, 136 S. Ct. at 2141. However, the Court emphasized that its holding did not decide "the precise effect of § 314(d) on appeals that implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond [§ 314(d)]." *Id.* The Court explained that institution decisions that implicate due process concerns or jurisdictional violations are not "categorically precluded" from judicial review under § 314(d). *Id.* at 2141–42.

More recently, in *Thryv, Inc. v. Click-to-Call Technologies, LP*, 140 S. Ct. 1367, 1373 (2020), the Supreme Court held that the Director's application of 35 U.S.C. § 315(b)'s time bar is "final and nonappealable" under 35 U.S.C. § 314(d). Relying on *Cuozzo*, the Court determined that the Director's application of the time bar is "closely related to its decision whether to institute inter partes review and is therefore rendered nonappealable by § 314(d)." *Thryv*, 140 S. Ct. at 1370. The Court explained that § 315(b)'s "time limitation is integral to, indeed a condition on, institution" and concluded that "[a] challenge to a petition's timeliness under § 315(b) thus raises an 'ordinary dispute about the application of' an institution-related statute." *Id.* at 1373 (quoting *Cuozzo*, 136 S. Ct. at 2139).

Much like *Thryv*, the *NHK-Fintiv* rule establishes factors that are "closely related to [the Director's decision] whether to institute inter partes review." *Thryv*, 140 S. Ct. at 1370. Plaintiffs' challenge does not fit within the categories of non-precluded review. *See Cuozzo*, S. Ct. at 2141–42 (stating that constitutional challenges or jurisdictional violations are not "categorically precluded"). Thus, in view of *Cuozzo* and *Thryv*, this Court cannot deduce a principled reason why preclusion of judicial review under § 314(d) would not extend to the Director's determination that parallel litigation is a factor in denying IPR. *See Saint Regis Mohawk Tribe v. Mylan Pharms. Inc.*, 896 F.3d 1322, 1327 (Fed. Cir. 2018) ("If the Director decides not to institute [IPR], *for whatever reason*, there is no review.") (emphasis added)). To inquire into the lawfulness of the *NHK-Fintiv* rule, the Court would have to analyze "questions that are closely tied to the

application and interpretation of statutes related to the [Director's] decision to initiate inter partes review." *Cuozzo*, 136 S. Ct. at 2141–42. *Cuozzo* forbids this and so the Court must conclude that Plaintiffs' challenge to the *NHK-Fintiv* rule is barred by § 314(d).

IV. CONCLUSION

The Court **GRANTS** Defendant's motion to dismiss for lack of subject-matter jurisdiction. The Court **TERMINATES** Plaintiffs' motion for summary judgment. The Clerk shall close the file.

IT IS SO ORDERED.

Dated: November 10, 2021

EDWARD J. DAVILA
United States District Judge

United States District Court
Northern District of California

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UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE INC., CISCO SYSTEMS, INC., GOOGLE LLC, INTEL CORPORATION, EDWARDS LIFESCIENCES CORPORATION, and EDWARDS LIFESCIENCES LLC,

Plaintiffs,

v.

KATHERINE K. VIDAL, in her official capacity as Under Secretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office,

Defendant.

Case No. 5:20-cv-06128-EJD

PLAINTIFFS' NOTICE OF MOTION AND RENEWED MOTION FOR SUMMARY JUDGMENT

Date: December 7, 2023

Time: 9:00 a.m.

Courtroom: Courtroom 4, 5th Floor

Judge: Hon. Edward J. Davila

infringement … and then petitioned for an IPR of patent claims at issue in that suit" and that "[s]ome of the petitions have been denied … based on" *NHK-Fintiv*). Indeed, following adoption of the rule, the percentage of cases raising parallel litigation as a ground for denying institution nearly doubled. *See* USPTO, *Patent Trial and Appeal Board Parallel Litigation Study* 12 (June 2022).[5] *NHK-Fintiv* denials reached a high point in 2021: In the first half of the year, the Board denied institution in 38% of cases in which *NHK-Fintiv* was considered—denying those petitioners the efficient and specialized alternative to litigation that Congress intended IPR to provide. *Id.* at 16.

Application of the *NHK-Fintiv* rule also often led to absurd results. In numerous cases, for example, the Board denied IPR petitions based on speculation as to when trial would occur in the district court—even when petitions were filed within just a few months after service of the infringement complaint or made strong showings on the merits—only for trial to be postponed to a date long after the Board's final written decision in an IPR would have been due. *See* Am. Compl. ¶¶ 54-62. In *Fintiv* itself, for example, the Board applied the rule to deny institution in May 2020 based on its expectation that trial would take place that year. *Fintiv II*, 2020 WL 2486683, at *3, *7. In fact, trial in the *Fintiv* case was repeatedly postponed until the court granted summary judgment of non-infringement on the eve of trial in mid-2023, three years later than the Board predicted. *See generally Fintiv, Inc. v. Apple Inc.*, No. 21-cv-896-ADA, 2023 WL 4237356 (W.D. Tex. June 28, 2023).

IPR petitioners have noted these and other flaws in the rule to the Board, yet the Board has repeatedly responded that it has no option but to apply the *NHK-Fintiv* rule and deny IPR when its factors weigh against institution. As the Board noted, "we are constrained to follow the guidance set forth in *NHK Spring* and the *Fintiv* Order, which do not allow us to accord dispositive weight to Petitioner's argument regarding the practicalities of challenging, through *inter partes* review, those patents that have been asserted in lawsuits filed in fast-moving jurisdictions." *Supercell Oy v. GREE, Inc.*, No. IPR2020-00513, 2020 WL 3455515, at *7 (P.T.A.B. June 24, 2020); *see also Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00203, 2020 WL 3662522, at *7 (P.T.A.B. July 6, 2020) (declining to

[5] https://www.uspto.gov/sites/default/files/documents/ptab_parallel_litigation_study_20220621_.pdf.

"'narrowly limits administrative discretion' or establishes a '*binding norm*'" in this way because, in such cases—as here—"notice-and-comment rulemaking proceedings … represent the only opportunity for parties to challenge the policy determinations upon which the new rule is based." *Mada-Luna*, 813 F.2d at 1014.

The fact that the *NHK-Fintiv* rule implements the Director's delegation of institution discretion to the Board by identifying factors the Board must consider instead of a bright-line rule does not make the rule any less binding. As the Federal Circuit observed, the *NHK-Fintiv* rule embodies mandatory instructions the Board must follow that "ensur[e] that [institution] determinations will overwhelmingly be made in accordance with [the Director's] policy choices." *Apple*, 63 F.4th at 13. The Board must apply the rule's factors and deny institution in accordance with the *NHK-Fintiv* rule where those factors on balance weigh against institution; the Board has no "'free[dom] to consider the individual facts in the various cases that arise'" and grant an IPR petition where the balancing of the rule's factors dictates otherwise. *Mada-Luna*, 813 F.2d at 1014. A rule that changes the substantive standards by which an agency evaluates individual applications in that manner is subject to notice-and-comment requirements even if there is no single dispositive criterion. *See JEM Broad. Co. v. FCC*, 22 F.3d 320, 327 (D.C. Cir. 1994) (distinguishing *Reeder v. FCC*, 865 F.2d 1298, 1305 (D.C. Cir. 1989) (per curiam)). In any event, while no single factor is necessarily dispositive in every case, the *NHK-Fintiv* rule overall has proven dispositive, as evidenced by its repeated use to deny IPR petitions. Am. Compl. ¶¶ 54-61.

3. The NHK-Fintiv *rule affects private interests*

The *NHK-Fintiv* rule is also "legislative in nature," *United States v. Alameda Gateway Ltd.*, 213 F.3d 1161, 1168 (9th Cir. 2000) (quotation marks omitted), as it "produce[s] … significant effects on private interests," *Batterton*, 648 F.2d at 702. As the Federal Circuit recognized in analyzing Article III standing, the *NHK-Fintiv* rule "threaten[s] … harm" to the "legally protected interest" of infringement defendants seeking access to IPR. *Apple*, 63 F.4th at 16. Specifically, the court found that the *NHK-Fintiv* rule will predictably "continue causing harm in the form of denial of the benefits of IPRs linked to the concrete interest possessed by an infringement defendant." *Id.* at 17. The *NHK-Fintiv* rule thus "produce[s] … significant effects on private interests," *Batterton*, 648

F.2d at 701-702, by restricting the ability of infringement defendants to access IPR and its benefits—an opportunity Congress intended them to have. Consistent with the Federal Circuit's ruling, this Court has already acknowledged that the *NHK-Fintiv* rule "increase[s] the risk of [IPR] denial, thereby depriving [Plaintiffs] of the *benefits* of IPR." MTD Op. 8. These benefits include expert review of the challenged patent claims, a lower standard of proof for invalidating a bad patent claim, and an expedited timeline for resolving the challenge. *See supra* pp. 4-5.

In *W.C. v. Bowen*, the Ninth Circuit affirmed that a rule that will result in the denial of an opportunity to obtain a benefit ranks as substantive. 807 F.2d 1502 (9th Cir.), *amended on denial of reh'g*, 819 F.2d 237 (9th Cir. 1987). There, the court considered a program providing for own-motion review of Administrative Law Judge ("ALJ") decisions allowing disability benefits and held that the program was a substantive rule. The new program provided that "claimants receiving favorable decisions from targeted ALJs faced mandatory screening for own-motion review," while "[u]nder prior practice, these decisions would not have been reviewed." *Id.* at 1505. The court held that the rule narrowly limited the agency's discretion by requiring the agency to "consider" all decisions from certain targeted ALJs for own-motion review. *See id.* Likewise, the *NHK-Fintiv* rule limits agency discretion by mandating that the Board consider the *NHK-Fintiv* factors whenever there is overlapping infringement litigation and deny the IPR petition when those factors favor denial. The court in *W.C. v. Bowen* also held that the rule at issue affected private interests because it "changed existing policy," "was designed to alter ALJ decisions," and "caused those judges to deny benefits in close cases where benefits might previously have been granted." *Id.* at 1504-1505. The same is true here: The *NHK-Fintiv* rule "changed existing policy" by establishing non-statutory factors a petitioner must satisfy to access the benefits of IPR, including factors that are inconsistent with the AIA, *see, e.g.*, § 315(b); it was "designed to alter" the Board's decisionmaking on IPR petitions by displacing the discretion the Board previously had to disregard parallel district court litigation; and it has "caused [the Board] to deny" access to IPR in cases where IPR "might previously have been granted." *W.C. v. Bowen*, 807 F.2d at 1504-1505. Notice-and-comment rulemaking is required for a rule that "threaten[s] … harm to a legally protected interest" in this way, *Apple*, 63 F.4th at 16, to ensure "fairness to affected parties" by allowing their voices to be heard and considered, *Small*

Refiner, 705 F.2d at 547.

4. The AIA reinforces that a rule like NHK-Fintiv *must be adopted by notice-and-comment rulemaking*

The patent laws expressly incorporate the APA's notice-and-comment requirements by authorizing and instructing the Director to adopt rules governing the conduct of IPR only by issuing "regulations," § 316(a)—the term used to denote rules issued "pursuant to the notice-and-comment requirements of [the] APA," *U.S. Telecom Ass'n v. FCC*, 400 F.3d 29, 40 (D.C. Cir. 2005); *see also* 88 Fed. Reg. at 24,504 (Director acknowledging obligation to follow notice-and-comment procedures). That requirement applies specifically to rules "setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a)," § 316(a)(2), and rules "establishing and governing [IPR] … and the relationship of [IPR] to other proceedings under [Title 35]," § 316(a)(4), which includes patent-infringement actions brought in district court under § 281. That is precisely what the *NHK-Fintiv* rule does, by instructing the Board whether IPR should be instituted in view of a related infringement action. The Federal Circuit recognized the applicability of § 316(a)(4) to situations where both an IPR and district court action involve the same patent. *See Apple*, 63 F.4th at 8 n.3 (identifying § 316(a)(4) as a provision "reflect[ing] Congress's expectation that the patent claims might well be at issue in both an IPR proceeding and a court case"). And the PTO itself has thus invoked the rulemaking considerations laid out in § 316 in purporting to justify the *NHK-Fintiv* rule, *see* 88 Fed. Reg. at 24,506, even while conceding that the "Director did not adopt the *Fintiv* factors pursuant to its regulatory authority under § 316(b), Dkt. No. 91 at 25. Yet the agency failed to follow the notice-and-comment procedures necessary to "prescribe regulations" as the statute commands.

5. The Director's failure to follow notice-and-comment requirements resulted in an unfair and ill-informed rule—precisely the harms notice-and-comment rulemaking aims to prevent

Here, the lack of notice and comment contributed to the adoption of a deeply flawed rule, and the resulting harms further illustrate why *NHK-Fintiv* is the type of rule that should have been subject to notice and comment. As Plaintiffs have explained, several provisions of the AIA make clear that IPR may proceed alongside overlapping infringement litigation, and the Director cannot exercise

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IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE INC., *et al.* Plaintiffs, v. KATHERINE K. VIDAL, in her official capacity as Under Secretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office, Defendant.	Case No.: 5:20-cv-06128-EJD **Defendant's Notice of Motion for Summary Judgment, Motion for Summary Judgment, and Opposition to Plaintiffs' Motion for Summary Judgment** Hon. Edward J. Davila Hearing Set for December 7, 2023; 9:00 a.m.

I. THE *FINTIV* FACTORS ARE NOT A SUBSTANTIVE RULE AND THE DIRECTOR WAS NOT REQUIRED TO USE NOTICE-AND-COMMENT RULEMAKING

The APA provides that agencies must use notice-and-comment rulemaking to implement "substantive" rules. *Lincoln v. Vigil*, 508 U.S. 182, 196 (1993) (citing 5 U.S.C. § 553(b)). But the "notice-and-comment requirements . . . do not apply to 'interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice.'" *Id*. (quoting 5 U.S.C. § 553(b)). Substantive rules are those that are "'issued by an agency pursuant to statutory authority' and [have] the 'force and effect of law.'" *PDR Network, LLC v. Carlton & Harris Chiropractic, Inc.*, 139 S. Ct. 2051, 2055 (2019). One "characteristic inherent in the concept of a 'substantive rule'" is that it "affect[s] individual rights and obligations." *Chrysler Corp. v. Brown*, 441 U.S. 281, 302 (1979); *see also Stupp Corp. v. United States*, 5 F.4th 1341, 1352 (Fed. Cir. 2021) ("[Substantive] rules alter the landscape of individual rights and obligations, binding parties with the force and effect of law."). By contrast, general statements of policy "advise the public prospectively of the manner in which the agency proposes to exercise a discretionary power." *Lincoln*, 508 U.S. at 197 (quoting *Chrysler Corp v. Brown*, 441 U.S. 281, 302 (1979) (internal quotation marks omitted)).

Under these standards, the *Fintiv* factors are a general statement of policy, not a substantive rule that requires notice-and-comment rulemaking. They state the manner in which the Director wishes to exercise her discretionary authority over IPR institution. In particular, they state factors the Director wants the Board to consider on her behalf while exercising her discretion. They do not affect individual rights and obligations and accordingly lack the force and effect of law. Plaintiffs contend that the *Fintiv* factors are a substantive rule because they

limit agency discretion, but that assertion is incorrect and does not establish that the *Fintiv* factors are a substantive rule.

A. THE *FINTIV* FACTORS DO NOT ALTER THE RIGHTS OF OUTSIDE PARTIES

In determining whether a policy is a substantive rule or a general statement of agency policy, courts consider whether the agency action at issue "effect[s] a change in existing law or policy which affect[s] individual rights and obligations." *Splane v. West*, 216 F.3d 1058, 1063 (Fed. Cir. 2000) (quoting *Paralyzed Veterans of America v. West*, 138 F.3d 1434, 1436 (Fed. Cir. 1998)). The *Fintiv* factors do not affect legally protected individual rights and obligations.[6]

First, neither IPR petitioners' nor patent holders' rights are determined by the institution decision. The institution decision resolves nothing regarding patent validity, and merely initiates an administrative proceeding to revisit that issue. Patent owners have no right to avoid participating in adjudicatory proceedings, *FTC v. Standard Oil Co. of Cal.*, 449 US. 232, 244 (1980), and IPR petitioners have no right to IPR review. *SAS Inst.*, 138 S. Ct. at 1351; *Cuozzo Speed Techs.*, 579 U.S. at 273 ("no mandate to institute review"). The Board can only alter a patent owner's patent claims or estop an IPR petitioner in future proceedings by issuing a final

[6] Any appellate review regarding plaintiffs' APA claims will be governed by Federal Circuit precedent. The Federal Circuit "review[s] procedural rules following 'the rule of the regional circuit, unless the issue is unique to patent law and therefore exclusively assigned to the Federal Circuit.'" *Odyssey Logistics & Tech. Corp. v. Iancu*, 959 F.3d 1104, 1108 (Fed. Cir. 2020) (quoting *Madey v. Duke Univ.*, 307 F.3d 1351, 1358 (Fed. Cir. 2002)). "APA claims against the PTO 'raise[] a substantial question of patent law.'" *Id.* (quoting *Exela Pharma Scis., LLC v. Lee*, 781 F.3d 1349, 1352 (Fed. Cir. 2015)).

rulemaking is required. Plaintiffs' argument that the factors alter legally protected rights and obligations therefore misses the mark.

Plaintiffs' next arguments mix-and-match the Federal Circuit's standing analysis with the APA's statement-of-policy analysis. The Federal Circuit did not comment on whether the *Fintiv* factors constitute a substantive rule or general statement of agency policy. *Apple,* 63 F.4th at 11-12. The panel concluded only that Plaintiffs had alleged facts sufficient for standing. *Id*. The "harm" that Plaintiffs could plausibly allege is linked to the infringement of patent claims, not to the process they are or are not afforded through IPR. "The injury is concrete and legally protected, because of the infringement suit, so the injury and causation requirements for standing are met." *Id*. at 17. The requirement that Plaintiffs establish harm sufficient for Article III standing does not automatically convert to a holding that Plaintiffs' rights are altered by the *Fintiv* factors. The Federal Circuit concluded Plaintiffs had properly pleaded harm sufficient for standing—nothing more, and nothing less.

Plaintiffs also elide the difference between rules that are binding on an agency itself, and rules that the agency intends to bind other actors. *See Coal. for Common Sense in Gov't Procurement v. Sec'y of Veterans Affs.*, 464 F.3d 1306, 1318 (Fed. Cir. 2006) (a substantive rule's change in existing law must be "binding *not only* within the agency but binding on tribunals outside the agency") (emphasis supplied). As Defendant explains further below, the *Fintiv* factors do not compel a specific outcome on institution *even within the agency*. They certainly are not binding on outside actors or tribunals.

Plaintiffs rely on *W.C. v. Bowen,* which is inapposite as a threshold matter. 807 F.2d 1502 (9th Cir. 1987), *opinion amended on denial of reh'g*, 819 F.2d 237 (9th Cir. 1987). There, a class of plaintiffs sued after the Department of Health and Human Services adopted a policy change

makes clear that such a rule has the "force and effect" of law only if it has "binding effect . . . on tribunals *outside* the agency, not on the agency itself." *Id* (emphasis in original).

Here, as Defendant has repeated, the Director has complete and unilateral discretion to deny institution of IPR. Naturally, she may therefore instruct the Board how to "make the institution determinations on her behalf." *Apple*, 63 F.4th at 13. This "guidance is crucial for ensuring that such determinations will overwhelmingly be made in accordance with the policy choices about institution she would follow if she were making the determinations herself." *Id*. And such guidance also "minimiz[es] the number of occasions on which [the Director] has to reverse such determinations, as she may choose to do." *Id*. If the Director has the discretion to choose when and how to institute, or not institute, IPR on eligible petitions—and she does—then she clearly may instruct the Board to follow her guidance and stand in her shoes. But the fact that the Board "must consider" the *Fintiv* factors does not give the factors the force and effect of law; it simply reflects the fact that the governing statutes give the Director (and those to whom she has delegated her authority) control over institution decisions.

Plaintiffs rely on Ninth Circuit precedent holding that one "factor" in "determin[ing] whether a directive announcing a new policy constitutes a substantive rule or a general statement of policy is the extent to which the challenged directive leaves the agency, or its implementing official, free to exercise discretion to follow, or not to follow, the announced policy in an individual case." *Sacora v. Thomas*, 628 F.3d 1059, 1069 (9th Cir. 2010) (quoting *Colwell v. Dep't of Health & Hum. Servs.*, 558 F.3d 1112, 1124 (9th Cir. 2009) (internal alterations omitted)). Even under this precedent, the *Fintiv* factors do not deprive the agency of discretion in the relevant sense.

Indeed, SOP 2—the policy directive describing the process by which the Director may designate a Board decision as precedential—is clear that it "sets forth *internal* processes and procedures for the administration of [the Board]. It does not create any legally-enforceable rights." SOP 2 at 1 (emphasis supplied). Designating a decision as precedential requires the Board to follow that decision "in subsequent matters involving similar facts or issues." *Id*. at 7. As such, any impact on IPR petitioners or patent owners would have to arise from the Board's consideration of the *Fintiv* factors in individual cases, not the adoption of the factors as a general statement of policy.

Plaintiffs assert that Defendant has "conceded in this case" that "the Board 'must consider' the *NHK-Fintiv* rule in deciding whether to grant or deny an IPR petition where overlapping jurisdiction is pending." Pls.' Mot. Summ. J. at 17 (citation and emphasis omitted). Plaintiffs then jump to the false conclusion that "the *NHK-Fintiv* rule is binding on the Board" and leaves it "with no discretion to follow, or not to follow, it in a particular case." *Id.* (citation omitted). As in earlier briefing, Plaintiffs continue to misunderstand the permissive nature of the *Fintiv* factors. *See* Defendant's Opposition to Plaintiffs' Motion for Summary Judgment (Def.'s Opp.), ECF No. 91, at 7-8 & n.6. A requirement that the Board "must consider" the factors is not the same as a requirement that the Board "must obey" the factors. It is true that the designation of the decisions as precedential means the Board "must consider" the factors. It is not true that this means the factors *per se* dictate the outcome. The only requirement is consideration, after which the Board may choose to—or not to—institute IPR.

The permissive nature of the factors is evident for a second reason: the factors themselves do not have a perspective in favor of, or against, IPR. The six factors together represent an articulation of the Director's discretion to consider co-pending litigation when deciding whether

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UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE INC., CISCO SYSTEMS, INC., GOOGLE LLC, INTEL CORPORATION, EDWARDS LIFESCIENCES CORPORATION, and EDWARDS LIFESCIENCES LLC,

Plaintiffs,

v.

KATHERINE K. VIDAL, in her official capacity as Under Secretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office,

Defendant.

Case No. 20-cv-6128-EJD

PLAINTIFFS' REPLY IN SUPPORT OF THEIR RENEWED MOTION FOR SUMMARY JUDGMENT AND OPPOSITION TO DEFENDANT'S MOTION FOR SUMMARY JUDGMENT

Date: December 7, 2023

Time: 9:00 a.m.

Courtroom: Courtroom 4, 5th Floor

Judge: Hon. Edward J. Davila

the issuing agency—*e.g.*, they can be invoked as the basis for an enforcement action or as a controlling rule in a court. *See Kisor v. Wilkie*, 139 S. Ct. 2400, 2420 (2019). That is why, in *Splane*, one way of establishing that the General Counsel opinion was substantive would have been to show that it was binding on courts hearing appeals from denials of benefits—an argument that failed because the opinion had no "binding effect" in those courts. 216 F.3d at 1064. But just because substantive rules are binding when other tribunals have occasion to apply them, it does not follow that binding other tribunals is a necessary condition for a rule to be substantive, and the Federal Circuit's decisions do not say otherwise. Indeed, such a test would make no sense in regard to a rule, like *NHK-Fintiv*, that governs decisions made only by the issuing agency. Courts and other tribunals outside the PTO never have occasion to decide whether to institute IPR, so it is incoherent to ask whether other tribunals are bound by *NHK-Fintiv* when making such decisions. In short, the *NHK-Fintiv* rule binds the Board to a new standard that the Board has no discretion not to follow, and by failing to conduct notice-and-comment rulemaking, the Director deprived affected parties of their one and only opportunity to be heard on the policy judgments embodied in the rule before its adoption.

II. THE *NHK-FINTIV* RULE AFFECTS IPR PETITIONERS' LEGAL INTERESTS

Beyond the rule's binding effect, *NHK-Fintiv* also "produce[s] … significant effects on private interests" and is therefore a substantive rule. *Batterton v. Marshall*, 648 F.2d 694, 702 (D.C. Cir. 1980). The *NHK-Fintiv* rule affects IPR petitioners, including Plaintiffs, by making it harder to obtain the opportunity to challenge dubious patents in IPR. As Plaintiffs have shown, the opportunity to challenge a patent through IPR offers real benefits as compared with district court litigation, including reduced litigation costs, deadlines that generally lead to quicker resolution of patentability issues, a lower standard of proof for establishing unpatentability, and the benefit of review by expert administrative patent judges. Dkt. No. 153 at 4-5; *see also, e.g.*, *Apple Inc. v. Vidal*, 63 F.4th 1, 17 (Fed. Cir. 2023) (acknowledging the "realistically perceived advantages of the IPR process").

The Director argues that *NHK-Fintiv* cannot be a substantive rule because "neither IPR petitioners' nor patent holders' rights are determined by the institution decision[s]." Dkt. No. 157 at 10. But the Director's view of "rights" is too cramped. The Federal Circuit has already held in this case that the *NHK-Fintiv* rule threatens "harm to a legally protected interest"—namely, the "denial of

the benefits of IPRs" when there are co-pending suits in district court. *Apple*, 63 F.4th at 16-17. This Court reached the same conclusion when it held that Plaintiffs have standing, noting that "the denial of an opportunity to obtain a benefit" amounts to a cognizable injury. Dkt. No. 133 at 8. The Director criticizes Plaintiffs for relying on the standing analysis, Dkt. No. 157 at 12, but the reasoning applies with equal force in determining whether *NHK-Fintiv* is a substantive rule that "affect[s] individual rights," *Paralyzed Veterans of America v. West*, 138 F.3d 1434, 1436 (Fed. Cir. 1998). Indeed, the Director's argument that the *NHK-Fintiv* rule is not substantive largely recycles arguments the Director made in challenging Plaintiffs' Article III standing. In both contexts, the Director has contended that the legal rights and interests of infringement defendants whose IPR petitions are denied under the *NHK-Fintiv* rule are not affected because "[t]he institution decision resolves nothing regarding patent validity, and merely initiates an administrative proceeding to revisit that issue." Dkt. No. 157 at 10; *see also* Dkt. No. 95 at 2. But this Court and the Federal Circuit rejected that argument, explaining that by "caus[ing] more denials of institution than might otherwise occur," the *NHK-Fintiv* rule causes harm to patent-infringement defendants seeking access to "the benefits of IPR." *Apple*, 63 F.4th at 17; *see also* Dkt. No. 133 at 8 (recognizing Plaintiffs' injury as the Director's use of "unlawful considerations that increase the risk of denial, thereby depriving [Plaintiffs] of the *benefits* of IPR"). The Director's rehash of that argument again fails.

Moreover, as Plaintiffs have explained, precedent makes clear that an agency rule that results in more frequent denials of an opportunity to obtain a benefit amounts to a substantive rule. Dkt. No. 153 at 19. In *W.C. v. Bowen*, the Ninth Circuit considered a program that subjected ALJ decisions to further review by an agency appellate tribunal if those decisions were favorable to Social Security claimants. 807 F.2d 1502, 1505 (9th Cir.), *amended on denial of reh'g*, 819 F.2d 237 (9th Cir. 1987). Previously, those decisions would not have been subject to further review. *Id.* The court held that the revised program was a substantive rule "affect[ing] existing rights" because it was "designed to alter ALJ decisions," causing the agency "to deny benefits in close cases where benefits might previously have been granted." *Id.* The same logic applies here. The *NHK-Fintiv* rule is designed to alter Board decisions by cabining the Board's discretion, causing the Board to deny access to the benefits of IPR based on the pendency of parallel litigation in many cases in which IPR might

previously have been instituted. The Director attempts to distinguish *W.C.* on the grounds that "Social Security … is an entitlement" and claimants have a property interest in their benefits, Dkt. No. 157 at 12-13, but that distinction fails. While Social Security is an "entitlement" program for purposes of federal budgeting, not everyone who applies for Social Security benefits is entitled to them. That is why the agency was determining eligibility in *W.C.* in the first place. Moreover, nothing in *W.C.*'s holding turned in any way on the nature of the benefits at issue.

The Director's contention that the *NHK-Fintiv* rule merely announces how the agency will apply its discretion in the future is unavailing. Dkt. No. 157 at 9 (citing *Lincoln v. Vigil*, 508 U.S. 182, 197 (1993)). Substantive rules often govern how an agency will apply its discretion in the future, yet notice and comment is still required if the rule binds the agency and affects private interests. As the D.C. Circuit has explained, "the classic example" of a substantive rule is "the use by a parole board of guidelines establishing specific factors for determining parole eligibility that were 'calculated to have a substantial effect on ultimate parole decisions.'" *American Hosp. Ass'n v. Bowen*, 834 F.2d 1037, 1046 (D.C. Cir. 1987) (quoting *Pickus*, 507 F.2d at 1112-1113). Those guidelines announce how the parole board will "exercise … its discretion to parole eligible federal prisoners" in future cases, *Pickus*, 507 F.2d at 1108, yet the rule is nevertheless substantive because it "substantially affects the rights" of inmates by affecting parole decisions, *id.* at 1112-1113; *see also id.* at 1114 (rule that is "likely to produce parole decisions different from those which alternatives would be likely to produce" must be adopted through notice and comment). Here, too, the *NHK-Fintiv* rule has a substantial effect on the Board's institution decisions that restricts patent-infringement defendants' opportunity to challenge asserted patent claims through IPR.

Finally, SOP-2's disclaimer that it sets forth "internal processes and procedures" and "does not create any legally-enforceable rights" does not support the Director because that language refers to "the review procedure for designating [Board] decisions as precedential or informative authority for the Board," not to the rules that result from the Director's designation of decisions as precedential. SOP-2 at 1. Moreover, the label an agency adopts to characterize its own rules does not determine whether notice-and-comment procedures are required. *See, e.g.*, *Mount Diablo Hosp. Dist. v. Bowen*, 860 F.2d 951, 956 (9th Cir. 1988) ("it does not matter whether the Secretary calls his

pronouncements … policy statements, interpretive rulings, or substantive rulings" because the court "must independently determine the effect of the Secretary's statements"). Otherwise, an agency could unfairly shield all its actions from public review and deprive affected parties of any opportunity to be heard by labeling its substantive rules as mere policy statements. The APA does not allow that.

III. THE AIA UNDERSCORES THAT THE *NHK-FINTIV* RULE SHOULD HAVE BEEN ADOPTED THROUGH NOTICE-AND-COMMENT RULEMAKING

The AIA reinforces that the Director was required to adopt the *NHK-Fintiv* rule through notice-and-comment rulemaking. *See* Dkt. No. 153 at 20. The AIA provides that if the Director issues rules "setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a)" and "governing … the relationship of [IPR] to other proceedings under" Title 35, the Director may do so only by "prescrib[ing] regulations." 35 U.S.C. § 316(a)(2), (4); Dkt. No. 153 at 20. The Director does not dispute that by using the term "regulations," the AIA required the Director to take these actions "pursuant to the notice-and-comment requirements of [the] APA." *U.S. Telecom Ass'n v. FCC*, 400 F.3d 29, 40 (D.C. Cir. 2005); *see* Dkt. No. 153 at 20; Dkt. No. 157 at 19 n.7.[4]

The Director's sole response—relegated to a footnote—is that § 316(a)(2) is irrelevant because it "refers to the minimum requirements for institution [under § 314(a)], not to the Director's discretionary authority to deny institution." Dkt. No. 157 at 19 n.7. But according to the Board itself, *NHK-Fintiv* is grounded directly in § 314(a) and thus is a rule concerning "the standards for … institution [under § 314(a)]." *See Fintiv I*, 2020 WL 2126495, at *1 (explaining that the factors are relevant to the discretion under § 314(a)); *Commscope*, 2023 WL 2237986, at *1 (Director referring to *Fintiv* as an institution standard). The only provision other than § 314(a) that the agency has cited

[4] Contrary to the Director's mischaracterization, Plaintiffs do not contend that § 316 "*requires* the Director to promulgate regulations concerning discretionary authority to deny institution," Dkt. No. 157 at 19 n. 7 (emphasis added), but that if and when the Director issues rules covered by § 316(a)(2) or (a)(4), the Director must do so by "prescrib[ing] regulations" following APA notice-and-comment requirements, Dkt. No. 153 at 20.

as authority for *NHK-Fintiv* is § 316(b), which recites factors the Director must consider when "prescrib[ing] regulations" under that section, *see Fintiv I*, 2020 WL 2126495, at *3—effectively conceding that § 316's rulemaking requirements apply directly to the *NHK-Fintiv* rule. The Director adhered to that view in a recent Advance Notice of Proposed Rulemaking, citing § 316(a) as authority for modifying "rules the Director, and by delegation the Board, will use to exercise the Director's discretion to institute IPRs." 88 Fed. Reg. 24,503, 24,503, 24,506 (Apr. 21, 2023).[5]

Second, the Director entirely ignores § 316(a)(4), which provides that any rules "governing … the relationship of [IPR] to other proceedings under [Title 35]" can be made only by "prescrib[ing] regulations." As Plaintiffs—and the Federal Circuit—have explained, § 316(a)(4) includes rules addressing the relationship between IPR and patent-infringement actions brought in district court under § 281, which are "other proceedings under [Title 35]." Dkt. No. 153 at 20; *see Apple*, 63 F.4th at 8 n.3. Thus, *NHK-Fintiv* is squarely the type of rule that, under § 316(a)(4), must be adopted, if at all, by "prescrib[ing] regulations." 35 U.S.C. § 316(a). The Director has no response.

IV. THE *NHK-FINTIV* RULE'S FLAWS DEMONSTRATE WHY IT SHOULD HAVE BEEN ADOPTED THROUGH NOTICE-AND-COMMENT RULEMAKING

Notice-and-comment procedures are a critical feature of the administrative state that keeps agencies accountable, allows affected parties an opportunity to be heard, and improves the quality of agency rules by exposing their legal and practical defects before those rules take effect. *See, e.g.*, *Riverbend Farms, Inc. v. Madigan*, 958 F.2d 1479, 1483-1484 (9th Cir. 1992) ("The [APA] ensures that the massive federal bureaucracy remains tethered to those it governs[.]"); *see also* Dkt. No. 153 at 15-16. The *NHK-Fintiv* rule illustrates why notice-and-comment rulemaking is vital to "fairness and informed administrative decisionmaking." *Chrysler Corp. v. Brown*, 441 U.S. 281, 316 (1979). If the PTO had allowed patent-infringement defendants and other IPR petitioners to comment on the rule before its adoption, they would have pointed out that the rule would contravene the AIA and lead to absurdly arbitrary outcomes. That is not just speculation; it is precisely what happened when the

[5] Although the PTO has long suggested that rulemaking regarding the *NHK-Fintiv* rule is forthcoming, as of the filing of this brief, no such rulemaking has commenced.

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A complete list of parties and counsel appears on the signature page per Local Rule 3-4(a)(1)

UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE INC., CISCO SYSTEMS, INC., GOOGLE LLC, INTEL CORPORATION, EDWARDS LIFESCIENCES CORPORATION, and EDWARDS LIFESCIENCES LLC,

Plaintiffs,

v.

KATHERINE K. VIDAL, in her official capacity as Under Secretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office,

Defendant.

Case No. 20-cv-6128-EJD

PLAINTIFFS APPLE INC., CISCO SYSTEMS, INC., GOOGLE LLC, AND INTEL CORPORATION'S NOTICE OF APPEAL TO THE U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PLEASE TAKE NOTICE THAT Plaintiffs Apple Inc., Cisco Systems, Inc., Google LLC, and Intel Corporation hereby appeal to the U.S. Court of Appeals for the Federal Circuit the Order Denying Plaintiffs' Renewed Motion for Summary Judgment; Granting Defendant's Motion for Summary Judgment, entered in this action on March 31, 2024 (Dkt. 165), and the judgment entered on April 1, 2024 (Dkt. 166).

DATED: May 15, 2024

Respectfully submitted,

By: */s/ Mark D. Selwyn*

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PATENT TRIAL AND APPEAL BOARD

STANDARD OPERATING PROCEDURE 2 (REVISION 11)[1]

DESIGNATION OR DE-DESIGNATION OF DECISIONS AS PRECEDENTIAL OR INFORMATIVE

This Standard Operating Procedure (SOP) addresses the review procedure for designating Patent Trial and Appeal Board (Board or PTAB) decisions as precedential or informative authority for the Board. The review procedure includes a process by which an Advisory Committee and PTAB Executive Management evaluate decisions nominated for precedential or informative designation. As part of this process, PTAB Executive Management will, absent exceptional circumstances, solicit and evaluate comments from all members of the Board to determine whether to recommend a nominated decision for designation as precedential or informative.

This SOP also includes the process for de-designating previously designated precedential or informative decisions.

No decision will be designated or de-designated as precedential or informative without the approval of the Director. This SOP does not limit the authority of the Director to designate or de-designate decisions as precedential or informative. Nor does this SOP limit the Director's authority to issue, at any time and in any manner, policy directives that are binding on any and all USPTO employees, including Board judges, such as policy directives concerning the interpretation and implementation of statutory provisions. *See, e.g.*, 35 U.S.C. §3(a)(2)(A); *see also, e.g.*, 35 U.S.C. §§ 3(a)(1), 2(b)(2)(A), 316(a), 326(a).

This SOP sets forth internal processes and procedures for the administration of PTAB. It does not create any legally-enforceable rights. The actions described in this SOP are part of the USPTO's deliberative process.

I. PURPOSE

The Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (Director), who is a statutory member of the Board (35 U.S.C. § 6(a)), is "responsible for providing policy

[1] Published July 24, 2023.

direction and management supervision for the Office" (35 U.S.C. § 3(b)(2)(A)), which has authority to "govern the conduct of proceedings in the Office" (35 U.S.C. § 2(b)(2)(A)). The Director has an interest in establishing binding authority for fair and efficient Board proceedings, and for ensuring consistent decisions within and across Board jurisdictions, including appeals from adverse patent examiner decisions, appeals from reexamination proceedings, derivation proceedings, and *inter partes* review and post-grant review proceedings. 35 U.S.C. § 6(b).

A. Publication of Decisions

The Administrative Procedure Act requires that "[e]ach agency shall make available to the public . . . final opinions, including concurring and dissenting opinions, as well as orders, made in the adjudication of cases." 5 U.S.C. § 552(a)(2)(A). Since August 1997, Board decisions have been made available to the public through the electronic posting of most[2] final Board decisions (http://e-foia.uspto.gov/Foia/PTABReadingRoom.jsp; https://ptab.uspto.gov). A decision, as used in this SOP, refers to any Board decision, opinion, or order, or the rehearing decision of any Board decision, opinion, or order.

The Board enters thousands of decisions every year. Every decision is, by default, a routine decision. A routine decision is binding in the case in which it is made, even if it is not designated as precedential or informative, but it is not otherwise binding authority. This SOP provides a mechanism for highlighting certain Board decisions by designating them as precedential or informative.

B. Designation of Decisions as Precedential or Informative

This SOP set forth procedures for designating decisions as precedential or informative. These procedures are the typical procedures the Board and Office use to establish binding authority or set forth Board norms, but these procedures do not limit the Director's authority to issue, at any time and in any manner, policy directives, including issuing precedential decisions and guidance memorandums. These policy directives are binding on any and all USPTO employees, including Board judges, and may include directives concerning the interpretation and implementation of statutory provisions. *See, e.g.*, 35 U.S.C.

[2] Electronic publication of most decisions depends on whether the underlying application is entitled to confidentiality. 35 U.S.C. § 122. Since November 2000, only a relatively small number of decisions remain confidential.

§3(a)(2)(A); *see also, e.g.*, 35 U.S.C. §§ 3(a)(1), 2(b)(2)(A), 316(a), 326(a).

A precedential decision establishes binding authority concerning major policy or procedural issues, or other issues of exceptional importance, including constitutional questions, important issues regarding statutes, rules, and regulations, important issues regarding case law, or issues of broad applicability to the Board.

An informative decision provides Board norms on recurring issues, guidance on issues of first impression to the Board, guidance on Board rules and practices, and guidance on issues that may develop through analysis of recurring issues in many cases.

No case will be designated precedential or informative without the approval of the Director.

C. Procedures for De-designation

This SOP also provides a procedure for de-designating decisions previously designated as precedential or informative when they should no longer be designated as such, for example, because they have been rendered obsolete by subsequent binding authority, are inconsistent with current policy, or are no longer relevant to Board jurisprudence. No decision will be de-designated without the approval of the Director.

II. DESIGNATING AN ISSUED DECISION AS PRECEDENTIAL OR INFORMATIVE

Every Board decision is a routine decision unless it is designated as precedential or informative. A routine decision is binding in the case in which it is made, even if it is not designated as precedential or informative, but is not otherwise binding authority. The sections below set forth a procedure for nomination, review, and designation of issued decisions as precedential or informative.

A. Nominating Process for Precedential or Informative Designation

Any person, including, for example, Board members and other USPTO employees, as well as members of the public, may nominate a routine decision of the Board for designation as precedential or informative. An informative decision may similarly be nominated for precedential designation.

Nominations for precedential or informative designation must set forth with particularity the reasons for the requested designation, and must also identify any other Board decisions of which the person nominating is aware that may conflict with the nominated decision. Nominations should be submitted by email to PTAB_Decision_Nomination@uspto.gov.

Nominated decisions may be considered for precedential designation to establish binding Board authority concerning major policy or procedural issues, or other issues of exceptional importance in the limited situations where it is appropriate to create such binding authority through adjudication before the Board. For example, such issues may include constitutional questions; important issues regarding statutes, rules, and regulations; important issues regarding binding or precedential case law; or issues of broad applicability to the Board. The precedential designation may also be used to resolve conflicts between Board decisions and to promote certainty and consistency among Board decisions.

Nominated decisions may be considered for informative designation for reasons including, for example: (1) providing Board norms on recurring issues; (2) providing non-binding guidance on issues of first impression to the Board; (3) providing non-binding guidance on Board rules and practices; and (4) providing non-binding guidance on issues that may develop through analysis of recurring issues in many cases.

B. Recommendations for Precedential or Informative Designation

1. Advisory Committee

An Advisory Committee will review the nominated decisions. The Advisory Committee has at least 11 members and includes representatives from various USPTO business units who serve at the discretion of the Director. The Advisory Committee typically comprises members from the following business units of the USPTO:

- Office of the Under Secretary (not including the Director or Deputy Director)
- Patent Trial Appeal Board (not including members of the original panel for each case under review)
- Office of the Commissioner for Patents (not including the Commissioner for Patents and any persons involved in the examination of the challenged patent)
- Office of the General Counsel

- Office of Policy and International Affairs

The Advisory Committee will make recommendations as to which decisions should be further reviewed for designation as precedential or informative. Advisory Committee meetings may proceed with less than all members in attendance. A quorum of seven members must be present for each meeting. Additional individuals, such as technical or subject matter experts, or others assisting in an administrative support capacity, may participate in Advisory Committee meetings but do not provide recommendations to the Director.

The Advisory Committee prepares an advisory recommendation for each nominated decision. The Advisory Committee provides its recommendations to the Director at regular intervals, promoting the timely consideration of nominated decisions. If the recommendation is not unanimous, dissenting views will be reported to the Director.

2. PTAB Executive Management

PTAB Executive Management also will provide a recommendation to the Director, either orally or in writing, on whether to designate a nominated decision, or a portion thereof, as precedential or informative. PTAB Executive Management will review the nominated decision and the recommendation provided by the Advisory Committee. PTAB Executive Management will, absent exceptional circumstances, solicit feedback from Board members, as discussed below. PTAB Executive Management will provide its recommendation to the Director as to whether to designate the decision, or a portion thereof, as precedential or informative.

i. Composition of PTAB Executive Management

For purposes of this SOP, PTAB Executive Management consists of the Chief Judge, the Deputy Chief Judge, Vice Chief Judges, and Senior Lead Administrative Patent Judges.[3] A quorum of five members must be present in making each recommendation. If a quorum cannot be reached, PTAB Executive Management will not provide a recommendation to the Director.

[3] For purposes of this SOP, persons in an acting Chief Judge, Deputy Chief Judge, Vice Chief Judge, or Senior Lead Judge capacity are members of PTAB Executive Management.

ii. PTAB Executive Management Review Process

As part of its evaluation, PTAB Executive Management will, absent exceptional circumstances, solicit and review comments from members of the Board that do not have a conflict of interest with the nominated decision. To that end, PTAB Executive Management will present the nominated decision to all members of the Board for comment during a Board review period. During the Board review period, which typically will be five business days, any member of the Board may submit written comments to PTAB Executive Management regarding whether the decision should be designated as precedential or informative. PTAB Executive Management may share the comments with all members of the Board. After the expiration of the Board review period, PTAB Executive Management will compile and evaluate the received comments, and shall determine by majority vote of PTAB Executive Management whether to recommend the decision for designation as precedential or informative. If the recommendation is not unanimous, dissenting views will be reported to the Director.

C. Designating a Decision as Precedential or Informative

PTAB Executive Management shall submit its recommendation, along with the Advisory Committee recommendation and a summary of Board comments, to the Director, with an explanation for its recommendation. The Director may consult with others, including, for example, members of the Office of the General Counsel.[4] No decision or portion thereof may be designated as precedential or informative pursuant to these procedures without the Director's approval. If the Director determines that the decision or portion thereof should be designated as precedential or informative, the Director will notify the Chief Judge.[5]

The decision to be designated will then be published or otherwise disseminated following notice and opportunity for written objection afforded by 37 C.F.R. § 1.14, in those instances in which the decision would not otherwise be open to public inspection because a patent application is preserved in confidence

[4] The Director will not consult with anyone having a conflict of interest with the designated decision.

[5] This SOP does not limit the authority of the Director to designate or de-designate an issued decision or portion thereof as precedential or informative at any time, in his or her sole discretion.

pursuant to 35 U.S.C. § 122(a).

Decisions, or portions thereof, designated as precedential or informative shall be labeled "Precedential" or "Informative," respectively, and include the date on which the decision is so designated. If a portion of a decision is designated as precedential or informative, an indication of that portion shall be included in the label. Precedential and informative decisions shall be posted electronically on the Board's Precedential and Informative Decisions Web page[6] and may be sent to commercial reporters that routinely publish Board decisions.

D. Effect of Precedential or Informative Designation

A precedential decision is binding Board authority in subsequent matters involving similar facts or issues.

Informative decisions set forth Board norms that should be followed in most cases, absent justification, although an informative decision is not binding authority on the Board.

A decision previously designated as precedential or informative under a prior version of SOP 2 (and not previously de-designated) shall remain precedential or informative unless de-designated under § III of this SOP.

E. Conflicts of Interest

If the Director, a member of the Advisory Committee, or a member of PTAB Executive Management has a conflict of interest, they shall notify the other members and will recuse themselves from the designation or de-designation process for that decision.

In determining whether a conflict of interest exists, the USPTO follows the guidance set forth in the Standards of Ethical Conduct for Employees of the Executive Branch at 5 C.F.R. Part 2635 and will consult with the Department of Commerce Ethics Law and Programs Office, as necessary, to resolve any questions pertaining to conflicts of interest. Conflicts may include, for example, involvement in the examination or prosecution of the underlying patent or a related patent at issue.

[6] Available at www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/precedential-informative-decisions.

Additionally, the Office has set forth procedures that the Office will follow in the event of an actual or potential conflict of interest by Director or Deputy Director of the USPTO. *See* "Director Recusal Procedures" at *Office of the Under Secretary and Director*.[7]

Finally, as a matter of policy, PTAB Executive Management judges will additionally follow the guidance on conflicts of interest set forth in the PTAB's Standard Operating Procedure 1 and will recuse themselves from any discussion or analysis involving cases or related cases on which they are paneled.

III. DE-DESIGNATING A PRECEDENTIAL OR INFORMATIVE DECISION

Any person, including, for example, Board members and other USPTO employees, as well as members of the public, may suggest that a Board decision designated as "Precedential" or "Informative" should no longer be designated as such, for example because it has been rendered obsolete by subsequent binding authority, is inconsistent with current policy, or is no longer relevant to Board jurisprudence. Nominations for de-designation should be submitted by email to PTAB_Decision_Nomination@uspto.gov.

If the Director determines that a particular Board decision should no longer be designated as precedential or informative, that Board decision will be de-designated. The Chief Judge will notify the Board that the decision has been de-designated. The decision will be removed from the Board's Precedential and Informative Decisions Web page and the public will be notified that the decision has been de- designated.

[7] Available at www.uspto.gov/about-us/organizational-offices/office-under-secretary-and-director.

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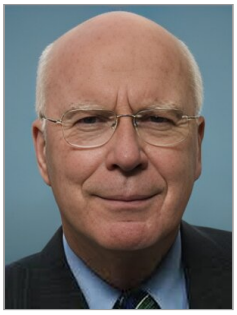
Flawed Fintiv Rule Should Be Deemed Overreach In Tech Suit

By **Patrick Leahy and Bob Goodlatte** (June 20, 2024, 2:52 PM EDT)



Patrick Leahy

Bob Goodlatte

Congress writes laws; unelected officials don't.

The U.S. government is built on the idea that those with the power to write and pass laws should be directly accountable to the people.

While serving in Congress, we upheld this bedrock principle. We also consistently focused on intellectual property issues. This is not a topic that landed us many media interviews, but intellectual property policy helps shape our economy, either incentivizing innovation or creating barriers to it.

A pending federal lawsuit concerning how intellectual property policy is enacted, Apple Inc. v. Vidal, warrants national attention, as it could shift the balance of power between Congress and federal agencies.

At the center of the lawsuit is one crucial question: In a democratic system, is it justifiable for unelected officials — who are not accountable to voters — to override policy decisions made by elected leaders?

The case was brought by a group of American technology and medical device companies against the U.S. Patent and Trademark Office over changes to key elements of the America Invents Act, a law we both championed and helped pass.

The AIA created a process at the USPTO where panels of expert judges could review the validity of patents challenged by members of the public.

In conducting inter partes review, Patent Trial and Appeal Board judges are able to cancel low-quality patents, which the agency should not have issued initially. These reviews have substantial influence on how well the innovation economy works because patent infringement lawsuits are extremely costly, and an entire industry has grown around shell companies using low-quality patents to sue innovative, productive businesses.

Without IPR as an option, businesses and inventors threatened with baseless accusations of patent infringement would either be forced to settle out of court or defend themselves through even more expensive litigation — two bad options.

Our intention with the USPTO review process was to provide a better path forward, an efficient, less costly alternative for businesses, and inventors of every type and size dealing with meritless infringement accusations.

This way, time and money is spent investing in valuable areas like research, production and hiring, and lawsuits over cutting-edge technologies aren't used to delay additional breakthroughs. And by taking bad patents out of circulation, IPR improves the overall economic environment and benefits the public at large.

This process for challenging low-quality patents was, however, interrupted by the previous USPTO director Andrei Iancu, who unilaterally **issued guidance** in 2019 now known as the NHK-Fintiv rule.

NHK-Fintiv states that the public's patent challenges will be rejected if a related lawsuit is already in process. In other words, the more efficient alternative to litigation is no longer available in many cases.

The flawed rule's impact was multiplied by popular patent lawsuit venues implementing aggressive, and frequently fanciful, case timelines that got proceedings underway quickly, and therefore cut off the option of validity review at the USPTO.

This change fundamentally altered the AIA. Courts should temporarily pause related lawsuits while validity challenges play out at the USPTO. If the patents are invalidated, then there is no need for the lawsuits to proceed. If the patents are valid, the lawsuit can continue. Instead, petitions for IPR are being rejected in favor of litigation.

To make matters worse, the USPTO made this change without following the Administrative Procedures Act, a law passed by Congress that governs the federal agency rulemaking process and requires advanced notice of rule changes as well as opportunities for public input.

In response, Apple and others sued the USPTO in the U.S. District Court for the Northern District of California, challenging the new rule's legality.

After an initial dismissal, the U.S. Court of Appeals for the Federal Circuit determined on appeal that the USPTO may have violated the law when it did not comply with notice and comment requirements in the APA, sending the case back to the Northern District. Following a second Northern District rejection and a **renewed appeal** in April, the lawsuit remains in flux.

This is unfolding against the backdrop of a presidential election year. We are just months away from Election Day, meaning that voters are getting barraged with advertising and news coverage about the importance of November's outcome.

Incumbent lawmakers and candidates are also on the road, meeting and interacting with voters and taking their concerns into account as they develop their own priorities and positions.

Each time voters revisit the ballot box, they evaluate their elected representatives' successes or failures. Holding lawmakers accountable in this way is what makes our democracy work. It is also a two-way dialogue that unelected officials do not experience.

Congress passed the AIA after years of careful consideration, bipartisan compromise, and input from stakeholders and the public. When unelected agency officials attempt to rewrite the law, they distort the accountability between constituents and representatives.

The fate of the USPTO's rule will significantly affect the U.S. innovation economy, and the precedent it could establish will be meaningful in broader conflicts over agency authority.

If NHK-Fintiv continues to result in the denial of legitimate petitions for review, more questionable patent infringement lawsuits will be initiated, leading to more waste. Every type of business, from startups to major manufacturers, will be blocked from accessing the lawsuit alternative that the law offers them. More money will go into the pockets of serial litigators who capitalize on the flawed rule and less will be spent on activities that lead to the development and adoption of new technologies.

NHK-Fintiv surviving this legal challenge would also mean the further erosion of the line between congressional and executive powers. It would show that agencies can essentially revise laws and do so without following the basic rulemaking processes, which are supposed to be mandatory, and without accountability to the public.

This case will be used to justify future instances of unelected officials unilaterally changing laws that were written and passed by Congress.

Elected officials across the ideological spectrum should be alarmed when agency overreach supersedes the proper lawmaking process, like it has here. Regardless of what supporters or opponents of NHK-Fintiv may think about the rule's substance, they should be united in their concern about how the rule came to be.

Fortunately, the courts now have an opportunity to correct this improper use of power and establish clear precedent for similar legal battles that are sure to come.

Patrick Leahy was a U.S. senator from Vermont from 1975 to 2023, chair of the Senate Judiciary Committee and chair of the Judiciary Subcommittee on Intellectual Property.

Bob Goodlatte represented Virginia's 6th District in the U.S. House of Representatives from 1993 to 2019, and was chairman of the House Judiciary Committee.