

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE, INC., HTC CORPORATION and
HTC AMERICA, INC.,
Petitioners,

v.

PARTHENON UNIFIED MEMORY ARCHITECTURE LLC,
Patent Owner

Case IPR2016-01135¹
Patent 5,812,789

**PETITIONERS HTC CORPORATION AND HTC AMERICA, INC.'S
RESPONSE TO ORDER TO SHOW CAUSE**

¹ Case IPR2017-00512 has been joined with this proceeding.

Petitioners HTC Corporation and HTC America, Inc. (collectively, “HTC”) respectfully submit this response to the Board’s Order to Show Cause (“OSC”) (Paper 32). For the reasons set forth herein, the Board should not terminate this proceeding, or vacate the institution decision.

The OSC cites as possible support for the partial termination of this proceeding and the vacatur of the HTC Institution Decision (Paper 27) 35 U.S.C. §§ 314(a) and 318(a). Paper 32 at 6. Neither provides support for termination here.

Section 318(a) does not authorize termination. To the contrary, it requires the Board to issue a final written decision (“FWD”) unless the IPR is “dismissed under this chapter.” *See* 35 U.S.C. § 318(a) (“If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board *shall issue a final written decision ...*”) (emphasis added). That section therefore does not mandate, authorize or empower the actions the OSC envisions. Indeed, interpreting a provision requiring a FWD to be issued absent dismissal as providing authority for dismissal so as to avoid issuing a FWD would turn the statutory language on its head.

The OSC also cites § 318(a) in raising the question of whether the Board “may ‘issue a final written decision with respect to the *patentability* of any patent challenged by the petitioner’ (emphasis added), if we have determined previously

that the claim is unpatentable and issued a final written decision to that effect.” Paper 32 at 6. The OSC does not explain the Board’s thinking on this question, though it may be the notion that once the Board makes a decision as to the “patentability” of a claim in one proceeding, that same issue is foreclosed to the Board in any other proceeding. If that is the Board’s concern, HTC respectfully disagrees. Certainly nothing in the language of § 318(a), or any other provision HTC is aware of, provides support for such a limitation on the Board’s authority. Indeed, the AIA creates standing to file an IPR petition in any member of the public other than the patentee (and those who are estopped), which strongly suggests that Congress did not intend to limit the Board’s work to one FWD per patent claim. Put simply, under the statutory framework enacted by Congress, at least until the patentability of a claim is finally determined and all appeal rights exhausted, the Board should apply its regular practices to each petition that is filed. *See Int’l Business Machines Corp. v. Intellectual Ventures II LLC*, IPR2015-01322, Paper 22 at 2 (April 6, 2016) (finding that only after “the time period has elapsed for appeal of [FWD]” . . . “all of the challenged claims in this [IPR] are unpatentable”). Here, since Patent Owner’s time to appeal the 923 FWD has not expired, Section 318(a) cannot provide grounds for termination.

The OSC also cites § 314(a) and *Medtronic, Inc. v. Robert Bosch Healthcare Systems, Inc.*, 839 F.3d 1382, 1385 (Fed. Cir. 2016) in support of the Board’s

discretion to decline or reconsider institution. Paper No. 32 at 5-6. Discretion, of course, is not unlimited, *Martin v. Franklin Capital Corp.*, 546 U.S. 132, 139 (2005) (“Discretion is not whim, and limiting discretion according to legal standards helps promote the basic principle of justice that like cases should be decided alike.”), and HTC respectfully asserts that termination here would not be an appropriate use of any Board discretion for several reasons.

First, the question here is not simply a “reconsideration” of the institution decision, as in *Medtronic*, because the operative fact at issue here – the issuance of a FWD in IPR2016-00923 -- did not exist at the time this proceeding was instituted. In *Medtronic*, for example, the operative fact that called for reconsideration of the institution decision was the existence of a real party in interest not identified in the petition. *See* 839 F.3d at 1383-84. That fact existed at the time of institution, but was not known to the Board until after institution, so reconsideration was clearly warranted.

Here, at the time this proceeding was instituted the FWD in IPR2016-00923 had not issued, and it was not known for sure whether it would issue or what it would say. This distinction is important because the filing of an IPR petition is a non-trivial matter, particularly where (as here) there exists parallel litigation on the patent at issue. It takes a good amount of attorney time and expense to prepare, file and litigate a viable IPR petition, and the act of doing so almost always creates

at least the possibility of effects on any parallel litigation. HTC respectfully asserts that placing the uncertainty of the possibility of a FWD in a different proceeding “pulling the rug out” from a petitioner’s efforts would be bad policy. A petitioner who does everything right – files the petition in time, names the correct real parties in interest, advances the right evidence and argument, etc. – should be given a FWD.

Moreover, here, reliance on any discretion to terminate is particularly unwarranted because of the prejudice it would visit upon HTC and the limited additional work this proceeding would require of the Board. HTC has invested time and money in these proceedings and their outcome may have substantial effects on its ongoing dispute with Patent Owner. All of that may be wasted if the Board terminates and vacates.

Further, the panel assigned to this proceeding is already familiar with the patent and technology at issue here and, as usual in these proceedings, the issues to be decided have been rendered down to only a few that will remain regardless of whether the Board partially terminates. Because the remaining claims depend from claim 1 – which was found unpatentable in the 923 FWD – the Board would still have to evaluate the prior art against claim 1 to decide the patentability of the remaining claims. Indeed, the Board may need to do little else because Patent Owner has raised no issue as to those claims other than that raised as to claim 1.

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