

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

WESTERN DIGITAL CORPORATION,
Petitioner,

v.

SPEX TECHNOLOGIES, INC.,
Patent Owner.

Patent No. 6,088,802
Filing Date: June 4, 1997
Issue Date: July 11, 2000
Title: PERIPHERAL DEVICE WITH INTEGRATED SECURITY
FUNCTIONALITY

**SPEX TECHNOLOGIES, INC.'S
REQUEST FOR REHEARING**

Case No. IPR2018-00082

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I. INTRODUCTION

On April 25, 2018, the Board issued a decision instituting *inter partes* review (“IPR”) of claims 1-2, 6-7, 11-12, 23-25, and 38-39 (the “Challenged Claims”) of U.S. Patent No. 6,088,802 (Ex. 1001, “the ’802 Patent”). For the reasons presented herein and pursuant to 37 C.F.R. § 42.71, Patent Owner respectfully requests reconsideration and denial of the petition in its entirety.

II. LEGAL STANDARD FOR REHEARING

When rehearing a decision on institution, a panel will review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion may arise if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors. *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1281 (Fed. Cir. 2005).

III. THE BOARD SHOULD EXERCISE ITS DISCRETION TO DENY INSTITUTION

On April 24, 2018, the U.S. Supreme Court ruled that the PTAB must institute (or deny) a petition for *inter partes* review on all challenged claims. *SAS Institute Inc. v. Iancu*, ___ U.S. ___, 2018 WL 1914661 (Apr. 24, 2018). In interpreting this all-or-nothing approach, the Board instituted this IPR on all claims despite finding that Petitioner had shown that only claims 38 and 39 had a

reasonable likelihood of success. However, for at least the reasons set forth below, Patent Owner respectfully submits that the Board should have exercised its discretion to deny institution.

Petitioner no longer holds any real interest or stake in seeking invalidity of claims 38 and 39, rendering this IPR a waste of time and judicial resources. Petitioner filed this petition based on claims asserted the district court case *SPEX Technologies, Inc. v. Western Digital Corporation, et al.*, No. 8:16-cv-01799 (C.D. Cal. Filed Sept. 28, 2016). *See, e.g.*, Ex. 2001 at 23 (showing that asserted claims 1-2, 6-7, 11-12, 23-25, and 38-39 of the '802 patent correspond directly to the Challenged Claims). Petitioner did not challenge any claims which were not asserted in the district court case. In its institution decision, the Board ruled that Petitioner failed to meet its burden of showing a reasonable likelihood that claims 1-2, 6-7, 11-12, and 23-25 were unpatentable. Paper 11 at 2. . The Board instituted this IPR because Petitioner satisfied its burden for institution on claims 38 and 39 only. However, Petitioner does not have a stake in seeking invalidity of these claims. Patent Owner no longer asserts claims 38 and 39 in the district court case. It is clear that Petitioner would not have challenged claims 38 and 39 if it filed its petition today.

The Board's recent guidance on post-SAS procedures supports denial. On April 30, 2018, the USPTO held a "Chat with the Chief on SAS" webinar¹ in which Chief Judge David Ruschke, Vice Chief Judge Tim Fink, and Vice Chief Judge Scott Weidenfeller provided guidance regarding the implications of SAS on IPR proceedings. In response to a stakeholder's question, the judges advised that the Board could revisit an institution decision and exercise its discretion to deny institution where the Petitioner failed to meet its burden of showing a reasonable likelihood on a majority of claims. Such is the case here.

Because Petitioner has no real interest or stake in the outcome of non-asserted claims 38 and 39, judicial economy favors denial. Considering all the circumstances, denial would avoid the unnecessary consumption of judicial resources and help the Board secure the "just, speedy, and inexpensive resolution of every proceeding." 37 C.F.R. § 42.1(b).

IV. CONCLUSION

For the foregoing reasons, Patent Owner respectfully requests that the Board deny institution of the Petition in its entirety.

Respectfully submitted,

Dated: May 9, 2018

/Peter Lambrianakos/

Peter Lambrianakos (Reg. No. 58,279)

¹ https://www.uspto.gov/sites/default/files/documents/chat_with_chief_sas_5.3.18.pdf

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