

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZTE (USA), INC.,
Petitioner,

v.

FRACTUS S.A.,
Patent Owner.

Case IPR2018-01461
Patent 9,054,421 B2

Before PATRICK M. BOUCHER, KEVIN C. TROCK, and
JOHN A. HUDALLA, *Administrative Patent Judges*.

BOUCHER, *Administrative Patent Judge*.

DECISION

Denying Petitioner's Request on Rehearing of
Decision Denying Institution of *Inter Partes* Review
37 C.F.R. § 42.71

INTRODUCTION

ZTE (USA) Inc. ("Petitioner") seeks rehearing of the Decision
Denying Institution of *Inter Partes* Review (Paper 10, "Decision" or "Dec.")
in this proceeding. Paper 11 ("Request" or "Req. Reh'g"). Patent Owner

filed an Opposition (Paper 14, “Opposition” or “Opp.”), and Petitioner filed a Reply (Paper 16). The Decision denied institution of *inter partes* review pursuant to 35 U.S.C. §§ 314(a) and 325(d). After full consideration of the evidence and arguments presented by the parties in their briefs, the request for rehearing is *denied*.

DISCUSSION

The applicable standard for granting a request for rehearing of a petition decision is abuse of discretion. 37 C.F.R. § 42.71(c). The party seeking rehearing has the burden of showing the decision should be modified. 37 C.F.R. § 42.71(d).

Institution of *inter partes* review is discretionary, not mandatory. *See Harmonic Inc. v. Avid Tech, Inc.*, 815 F.3d 1356, 1357 (Fed. Cir. 2016) (“the PTO is permitted, but never compelled, to institute an IPR proceeding”). In determining whether to institute a proceeding, 35 U.S.C. § 325(d) provides that “the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.” The Board considers a number of nonexclusive factors in evaluating whether to exercise discretion to institute *inter partes* review where the same or substantially the same prior art or arguments were presented previously to the Office. *See Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (PTAB Dec. 15, 2017) (precedential).

The Director also has discretion whether to institute an *inter partes* review under 35 U.S.C. § 314(a). *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2017). That discretion has been delegated to the Board.

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See 37 C.F.R. § 42.4(a). In *General Plastics Industrial Co., Ltd. v. Canon Kabushiki Keisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential), the Board noted that, when “exercising discretion under 35 U.S.C. § 314(a) . . . , we are mindful of the goals of the AIA.” *General Plastics*, slip op. at 16. There, the Board also noted that, “[a]lthough we recognize that an objective of the AIA is to provide an effective and efficient alternative to district court litigation, we also recognize the potential for abuse of the review process by repeated attacks on patents.” *Id.* at 16–17.

Petitioner argues that we denied Petitioner an opportunity to reply to Patent Owner’s assertions under 35 U.S.C. § 325(d) and 35 U.S.C. § 314(a) in the Preliminary Response. Req. Reh’g 3. Petitioner notes the Decision states incorrectly that Petitioner did not seek leave to file a reply brief, but that prior to our Decision, Petitioner had requested authorization to file a reply brief, which was denied. *Id.* (citing Ex. 1018; Dec. 9).

Patent Owner argues the Board correctly denied Petitioner a reply to the Patent Owner Preliminary Response because “Petitioner’s *Becton Dickinson* factors analysis could and should have been presented in the Petition.” Opp. 2–4. Patent Owner argues the “Petition was filed months after the *Becton Dickinson* case was designated informative, and the Petition identifies all of the proceedings discussed in the *Becton Dickinson* analyses” in the Preliminary Response and the Institution Decision. *Id.* at 3.

We agree that the Decision misstates that Petitioner did not seek leave to file a reply brief to respond directly to Patent Owner’s assertions under 35 U.S.C. § 325(d) and 35 U.S.C. § 314(a) in the Preliminary Response. Petitioner did make such a request, which we considered and denied.

Ex. 1018. As discussed herein, however, this did not materially affect our consideration of the instant Petition.

A. 35 U.S.C. § 325(d)

Petitioner contends that the Board misapprehended and unreasonably weighed the *Becton Dickinson* factors in making its Decision. Req. Reh’g 6–13. But many of Petitioner’s arguments with respect to the *Becton Dickinson* factors restate positions or arguments already made by Petitioner or express Petitioner’s difference of opinion as to how to interpret the evidence or the weight Petitioner would accord certain evidence, none of which demonstrates an abuse of discretion by the Board.

For example, the first two *Becton Dickinson* factors include (1) similarities and differences between the asserted art and the prior art involved during examination; and (2) the cumulative nature of the asserted art and the prior art evaluated during examination. *Becton, Dickinson*, slip op. at 17–18. Here, Petitioner concedes that the art asserted in the Petition, namely Misra I, Misra II, and Grangeat, was presented to the Office during examination of the subject patent. Req. Reh’g 7. But Petitioner appears to argue that such presentation to the Office should be discounted because those references “were buried in an extremely long IDS, and were never called out for attention by the Patent Owner or the . . . examiner.” *Id.*

Although couched in the context of factors 1 and 2, Petitioner’s argument is not relevant to those factors, but instead implicates factors 3 (the extent to which the asserted art was evaluated during prior examination) and 4 (the extent of the overlap between the arguments made during examination and the manner in which a petitioner relies on the prior art or a

patent owner distinguishes the prior art). Given that the identical references were indisputably presented to the Office, we do not agree that the Board was unreasonable in determining that factors 1 and 2 weighed in favor of denying institution.

With respect to *Becton Dickinson* factor 3, Petitioner contends that “[t]here is no reasonable basis to infer that the . . . examiner evaluated any prior [*inter partes* or *ex parte* reexamination] filings.” *Id.* at 8. In advancing this contention, Petitioner highlights that the examiner “was not involved in any prior [*inter partes* or *ex parte* reexamination]” of the subject patent, the filings “were buried in a huge IDS, making it highly unlikely that the . . . examiner evaluated them,” and the reexaminations cited in Patent Owner’s Preliminary Response “were not submitted in any IDS” during prosecution of the subject patent. *Id.* In emphasizing these points, Petitioner focuses too narrowly on the specific history of the subject patent, thereby obscuring the relevance of related history in related patents.

In particular, the Decision summarized aspects of that related history, which included explicit consideration of *Misra I* and *II* in at least related *inter partes* Reexamination Nos. 95/001,482 and 95/001,483; an explicit finding by the Office that “[t]here is no question of patentability raised by *Grangeat* which is new and different from that raised by *Chiba*”; and an explicit finding by the Office that “[t]here is no question of patentability raised by *Grangeat* which is new and different from that raised by *Korish*.” Dec. 12–13 (citations omitted). Petitioner criticizes the Board’s observation that “the written description in the respective proceedings was substantially the same” as the subject patent and argues that “prior art is evaluated against the claims, not the specification.” Req. Reh’g 10. But as noted above, the

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