

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
ZTE (USA) INC.
Petitioners

v.

INVT SPE LLC
Patent Owner

Case No. 2018-01474
U.S. Patent No. 7,206,587

REPLY TO PATENT OWNER PRELIMINARY RESPONSE

I. INTRODUCTION

As authorized by the Board (Paper 8), Petitioners submit this Reply to Patent Owner's argument that a parallel investigation before the International Trade Commission ("ITC") justifies denying institution "for efficiency reasons," on the grounds that IPR would be duplicative of the ITC investigation. Paper 7 at 49-51. Patent Owner's position is meritless, not least because the ITC—unlike the PTAB in an IPR—is not "empowered under existing law to set aside a patent as being invalid or to render it unenforceable." *Bio-Tech. Gen. Corp. v. Genentech, Inc.*, 80 F.3d 1553, 1564 (Fed. Cir. 1996).

This Board has recently rejected the precise argument advanced by Patent Owner. *Wirtgen Am., Inc., et al. v. Caterpillar Paving Products Inc.*, IPR2018-01202, Paper 10 at 10 (PTAB Jan. 8, 2019). The relevant facts of *Wirtgen* are identical to the present proceeding. In *Wirtgen*, the patent owner argued that "instituting *inter partes* review would be inefficient and would waste the Board's resources" in view of an ongoing ITC proceeding involving similar invalidity ground and with an earlier ruling date. *Id.* at 9. There—as it should here—the Board soundly rejected this argument, stating that the "ITC's decision in the co-pending investigation...does not render our proceeding duplicative or amount to a waste of the Board's resources." *Id.* at 10. Finally, Patent Owner's position amounts to a policy where any ITC action filed after an IPR petition is grounds for denying institution. Patent Owners, as a general matter of policy, should not be allowed to

subvert and avoid the Board's authority by filing a post-hoc proceeding before the ITC. This type of gamesmanship should not be countenanced.

II. THE BOARD SHOULD INSTITUTE IPR BECAUSE THE ITC ACTION INVOLVES DIFFERING REMEDIES, STANDARDS, AND INVALIDITY GROUNDS

Patent Owner erroneously argues that because the same prior art may be at issue in both proceedings, “[c]onducting an IPR on that prior art will be *repetitive to the ITC proceeding*.” Paper 7 at 50-51 (emphasis added). But Patent Owner fails to appreciate the overt distinctions between these proceedings, including their distinct remedies, distinct standards, and differing invalidity grounds that may be pursued.

A. The IPR is non-duplicative of the ITC proceeding because each have different remedies that reflect the different functions of the distinct administrative bodies.

Section 7 of the AIA granted the PTAB authority to review adverse decisions of examiners, review appeals of reexaminations, conduct derivation proceedings, and conduct IPRs and post-grant reviews—all functions directed to ensuring only novel and nonobvious patent claims are deemed valid. AIA § 7. Specific to IPRs, this AIA-created proceeding allows a petitioner to “request to **cancel as unpatentable** 1 or more claims of a patent only on a ground that could be raised under section 102 or 103.” 35 U.S.C. § 311(b) (emphasis added). Thus, the remedy in an IPR proceeding *is* cancelling challenged claims.

In contrast, Section 337 of the Tariff Act of 1930, which defines the ITC's authority, was enacted to protect patent owners against infringing imported products.

Pursuant to Section 337, the ITC may exclude articles at issue from entry into the United States, issue a cease and desist order, and/or issue an order to seize and forfeit the articles in violation to the United States. 19 U.S.C. § 1337(d), (f), and (i). But the ITC is **not** “empowered under existing law to set aside a patent as being invalid or to render it unenforceable.” *Bio-Tech. Gen. Corp.*, 80 F.3d at 1564 (noting the ITC may only “take into consideration [invalidity] defenses and [] make findings thereon for the purposes of determining whether section 337 is being violated”); *see also Wirtgen Am. Inc., et al. v. Caterpillar Paving Products Inc.*, IPR2018-01201, Paper 13 at 12 (PTAB Jan. 8, 2019) (*Wirtgen II*) (confirming this view).¹

B. The IPR is non-duplicative because the ITC applies different claim construction standards and burdens of proof.

For IPR petitions filed before Nov. 13, 2018, like the petition at issue here, the Board applies a Broadest Reasonable Interpretation (“BRI”) standard for interpreting claim language. 37 C.F.R. § 42.100(b); *see also RPX Corp. v. Publishing Tech., LLC*, IPR2018-01131, Paper 10 at 7-8, n. 6 (PTAB Dec. 3, 2018) (noting that *Phillips* will apply to Petitions filed on or after Nov. 13, 2018, but clarifying that “this rule does not apply retroactively”). The ITC, however, uses the same claim construction standard used by Article III federal courts (i.e., the *Phillips* standard). These differing standards justify and may require that parties take

¹ The Senate Report accompanying the Trade Act of 1974 clarified that the Commission's primary responsibility is to administer the trade laws, not the patent laws. S. Rep. No. 93-1298, 93d Cong. 2d Sess. (1974) at 197-198.

independent, different positions on claim construction in each forum. *Caterpillar, Inc. v. Wirtgen Am., Inc.*, IPR2017-02188, Paper 8 at 12 (PTAB May 23, 2018) (holding that different claim construction positions under § 112(6) in a parallel ITC investigation are justified). In *Caterpillar*, the Board noted that the differing legal and evidentiary standards may even justify inconsistencies between the fora. *Id.*

Further, invalidity in the ITC (for purposes of determining whether a section 337 violation has occurred) must be proven by clear and convincing evidence. *Linear Tech. Corp. v. Int'l Trade Comm'n*, 566 F.3d 1049, 1066 (Fed. Cir. 2009). But, in an IPR proceeding, a petitioner must establish unpatentability only by a preponderance of the evidence. 35 U.S.C. § 316(e).

The differing claim construction standards and burdens of proof have led panels in past IPR proceedings to reject ITC findings as not determinative of even the same substantive issues in an IPR proceeding. *Asustek Computer, Inc., et al. v. Avago Technologies General IP (Singapore) Pte. Ltd.*, IPR2016-00646, Paper 11 at 20 (PTAB Aug. 22, 2016). It follows that Patent Owner's request to avoid this IPR proceeding in favor of a non-determinative ITC investigation should be rejected.

C. The IPR is non-duplicative because IPR and ITC proceedings permit different invalidity theories and issues.

IPR proceedings are limited to §§ 102-103 theories based solely on patents or printed publications. 35 U.S.C. § 311(b). By contrast, in the ITC a respondent may pursue other invalidity theories, including challenges under §§ 101 and 112 and §§

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