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Paper 12
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC, SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS AMERICA, INC., LG ELECTRONICS INC., and LG ELECTRONICS U.S.A., INC.,
Petitioner,

v.

PARUS HOLDINGS, INC.,
Patent Owner.

IPR2020-00846
Patent 7,076,431 B2

Before DAVID C. McKONE, STACEY G. WHITE, and SHELDON M. McGEE, *Administrative Patent Judges*.

McKONE, *Administrative Patent Judge*.

DECISION
Denying Patent Owner's Request on Rehearing of Decision on Institution
37 C.F.R. § 42.71(d)

I. INTRODUCTION

A. Background and Summary

Google LLC, Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., LG Electronics Inc., and LG Electronics U.S.A., Inc., (collectively, "Petitioner") filed a Petition requesting an *inter partes* review of claims 1, 2, 4–7, 9, 10, 13, and 14 of U.S. Patent No. 7,076,431 B2 (Ex. 1001, "the '431 patent"). Paper 2 ("Pet."). Parus Holdings, Inc. ("Patent Owner") filed a Preliminary Response to the Petition. Paper 6 ("Prelim. Resp."). Pursuant to our authorization, Petitioner filed a Reply, Paper 7 ("Reply"), and Patent Owner filed a Sur-reply, Paper 8 ("Sur-reply").

Upon consideration of the Petition, Preliminary Response, Reply, and Sur-reply, we instituted an *inter partes* review of the '431 patent. Paper 9 ("Dec."), 1. In doing so, we rejected arguments by Patent Owner that we should exercise our discretion under 35 U.S.C. § 314(a), *NHK Spring Co. v. Intri-Plex Technologies, Inc.,* IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential), and *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential), to deny the petition in light of trials scheduled in several cases, including *Parus Holdings Inc. v. Samsung Electronics Co., Ltd.*, No. 6:19-cv-00438 (W.D. Tex.), and *Parus Holdings Inc. v. Google LLC*, No. 6:19-cv-00433 (W.D. Tex.[1])[2] (collectively, "the Texas case"). Dec. 9–22.

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[1] We refer to the United States District Court for the Western District of Texas, Waco Division, as "the Texas court" in this Decision.

[2] An additional case, *Parus Holdings Inc. v. LG Electronics, Inc.*, No. 6:19-cv-00437 (W.D. Tex.), has been transferred to the United States District Court for the Northern District of California. Ex. 1032.

Patent Owner asks us to reconsider our decision not to exercise our discretion to deny the Petition in light of alleged "new facts that have arisen since the Board's Decision, which decidedly tilt the *Fintiv* factors in favor of denying institution in light of the earlier trial in the Parallel Proceeding in the District Court for the Western District of Texas." Paper 11 ("Req."), 1. For the reasons given below, we decline to modify our Decision.

II. ANALYSIS

A. Legal Background

When rehearing a decision on institution, we review the decision for an abuse of discretion. *See* 37 C.F.R. § 42.71(c) (2019). An abuse of discretion may be indicated 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. *See Star Fruits S.N.C. v. U.S.*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P'ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000). The burden of showing that the Institution Decision should be modified is on Patent Owner, the party challenging the Decision. *See* 37 C.F.R. § 42.71(d) (2019). In addition, "[t]he request must specifically identify all matters the party believes [we] misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply." *Id.*

Institution of *inter partes* review is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) ("[T]he PTO is permitted, but never compelled, to institute an IPR proceeding."); 35 U.S.C. § 314(a). The Board has held that the advanced state of a parallel district court action is a factor that may weigh in favor of denying a petition under

§ 314(a). *See NHK Spring*, Paper 8 at 20; Patent Trial and Appeal Board, Consolidated Trial Practice Guide, 58 & n.2 (Nov. 2019). We consider the following factors to assess "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":

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.

Fintiv, Paper 11 at 5–6. In evaluating these factors, we "take[] a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review." *Id.* at 6.

B. Patent Owner's Arguments

Patent Owner does not argue that we misapprehended or overlooked any argument or evidence that it presented previously. Rather, Patent Owner argues that we should re-evaluate our Decision in light of "new facts" that have arisen in the Texas court after our Decision. Req. 1–2. In particular, Patent Owner argues that Petitioner Google and Patent Owner have confirmed that they are available for trial in July 2021, and the Texas court has resumed conducting jury trials, which, together, should impact our

evaluation of *Fintiv* factors 2 and 5 by removing any doubt that a trial in the Texas court will happen in July 2021. *Id.*

The Texas court's scheduling order sets a "Predicted Jury Selection/Trial" for July 12–30, 2021. Ex. 1016, 2. As to *Fintiv* factor 2, we determined that "we [could not] ignore the substantial uncertainty in the Texas court's "Predicted Jury Selection/Trial" date and the fact that the scheduled trial date is nine months from now and much can change during this time." Dec. 14. Thus, we decided, "[w]hether the Texas court's trial takes place before, contemporaneously with, or after our final written decision statutory deadline involves substantial speculation," and "this factor is, at best, neutral to whether we should exercise our discretion to deny the Petition." *Id.* As to *Fintiv* factor 5, we explained that "[t]his fact could weigh either in favor of, or against, exercising discretion to deny institution, depending on which tribunal was likely to address the challenged patent first," a matter on which we declined to speculate and, accordingly, we determined the factor to be neutral. *Id.* at 20–21.

Patent Owner argues that, after pre-institution briefing, the Texas court held a *Markman* hearing, during which the Texas court stated that the Texas case would have a trial during the latter half of July 2021 and requested that the parties provide their availability. Req. 3–4 (citing Ex. 2015, 52–53). According to Patent Owner, after our Decision, both Petitioner Google and Patent Owner indicated to the Texas court that they are available for a trial between July 12–23, and that the Texas court "informed the parties that they may use July 12, 2021 as the scheduled trial date." *Id.* at 4 (citing Ex. 2018). Patent Owner further argues that "jury trials are now going forward in the Western District of Texas," and the Texas court "has been hearing patent cases." *Id.* (citing Ex. 2019). In light

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