

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

CERTAIN AUTOMATED STORAGE
AND RETRIEVAL SYSTEMS, ROBOTS,
AND COMPONENTS THEREOF

Inv. No. 337-TA-1228

ORDER NO. 6: DENYING RESPONDENTS' MOTION FOR A STAY

(March 9, 2021)

Everyone is entitled to a day in court.¹

I. BACKGROUND

A. Procedural background

This investigation was initiated on November 2, 2020. Comm'n Notice (Nov. 2, 2020); *see* 85 Fed. Reg. 71096-97 (Nov. 6, 2020). Between November 30, 2020 and January 18, 2021, Respondents Ocado Group plc ("Ocado"), Ocado Central Services Ltd., Ocado Innovation Ltd., Ocado Operating Ltd., Ocado Solutions, Ltd., Ocado Solutions USA Inc., Tharsus Group Ltd., and Printed Motor Works Ltd. (collectively, "Respondents"), filed four *inter partes* review ("IPR") petitions and one post grant review ("PGR") petition with the Patent Trial and Appeal Board ("PTAB") to obtain a decision from the PTAB cancelling all the asserted patents and claims on the ground of invalidity. Motion at 1.

¹ "Where does the search for justice and ultimate truth end and injustice begin? It is easy to generalize[] and say that 'everyone is entitled to his day in court' . . . but [w]hen that 'day' becomes 'many days,' . . . requiring the retention of counsel, filing of briefs and all the other trappings which are a part of any court proceeding, [it] [may] become[] 'injustice' at some point. A little common sense is required." *EEOC v. New Enter. Stone & Lime Co.*, 74 F.R.D. 628, 633 (W.D. Pa. 1977).

On January 19, 2021, Respondents filed a motion seeking to stay the investigation pending resolution of *inter partes* review (“IPR”) and post-grant review (“PGR”) proceedings regarding all of the asserted patents and claims. Motion Docket No. 1128-001 (the “motion”). On January 29, 2021, Complainants AutoStore Technology AS, AutoStore AS and AutoStore System Inc. (collectively, “Complainants”) filed an opposition. On February 3, 2021, Respondents filed a reply brief.

B. AIA background

“The Leahy-Smith America Invents Act (AIA) of 2011 created the Patent Trial and Appeal Board, 35 U.S.C. § 6(c), and established three types of administrative review proceedings . . . that enable a “person” other than the patent owner to challenge the validity of a patent post-issuance: (1) “inter partes review,” § 311; (2) “post-grant review,” § 321; and (3) “covered-business-method review” (CBM review), note following § 321.” *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853 (2019). “After an adjudicatory proceeding, the Board either confirms the patent claims or cancels some or all of them, §§ 318(b), 328(b).” *Id.* “Any ‘dissatisfied’ party may then seek judicial review in the Federal Circuit, §§ 319, 329. In addition to AIA review proceedings, a patent can be reexamined either in federal court during a defense to an infringement suit, § 282(b), or in an ex parte reexamination by the Patent Office, §§ 301(a), 302(a).” *Id.*

The AIA “separates the Director’s decision to ‘institute’ the review, § 314, on one hand, from the Board’s ‘conduct’ of the review ‘instituted’ by the Director, § 316(c), and the Board’s subsequent ‘written decision,’ § 318, on the other.” *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375–76 (Fed. Cir. 2014). The statute thus establishes a two-step procedure for *inter partes* review: “the Director's decision whether to institute a proceeding,

followed (if the proceeding is instituted) by the Board’s conduct of the proceeding and decision with respect to patentability.” *Id.* at 1376.² “Under the title, ‘No Appeal,’ Section 314(d) declares that ‘[t]he determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.’” *Id.*³

C. Recent PTAB trends

Respondents assert that in recent months the PTAB has denied institution of nineteen IPR petitions because a parallel ITC investigation was not stayed. *See Resps.’ Mem.* at. 3-4; *Mot.*

² Section § 314 states:

Institution of inter partes review

(a) Threshold.—The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

(b) Timing.—The Director shall determine whether to institute an inter partes review under this chapter pursuant to a petition filed under section 311 within 3 months after—

(1) receiving a preliminary response to the petition under section 313; or

(2) if no such preliminary response is filed, the last date on which such response may be filed. *Thryv, Inc v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1377 (2020).

³ The procedures regarding *inter partes* review are complex: “Under inter partes review, anyone may file a petition challenging the patentability of an issued patent claim at almost any time. §§ 311(a), (c). The grounds for challenge are limited to the patentability of the claim under § 102 (which requires patent claims to be novel) and § 103 (which requires patent claims to be nonobvious). § 311(b). The statute imposes other restrictions as well. A petition for inter partes review ‘may be considered only if’ the petition satisfies certain requirements, including (as relevant here) that the petition ‘identif[y], in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim.’ § 312(a)(3). Additionally, ‘inter partes review may not be instituted’ if the party challenging the patent previously filed a civil action challenging the patent’s validity or was sued for infringing the patent more than a year before seeking inter partes review. §§ 315(a)(1), (b).” *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2149, 195 L. Ed. 2d 423 (2016).

App. A. Respondents assert that in many of those denials, the PTAB stated that it was denying institution because the petitioner had not sought a stay from the ITC. *See id.*

D. Respondents' Arguments

Using the traditional criteria for determining whether a stay of proceedings under section 337 should be granted, *see infra*, Respondents assert that staying this investigation pending resolution of their IPR and PGR petitions will preserve resources, simplify the issues presented in the investigation, and possibly eliminate the need for an investigation entirely.⁴ Respondents contend that under the Commission's traditional stay analysis the facts will never be "better" from the standpoint of granting a stay.

Respondents urge that a stay be granted because of the recent trend at the PTAB to deny institution of post-review challenges unless the ITC stays any parallel investigation under section 337. Respondents claim that, unless a stay is granted, patentees in general will take advantage of the situation to force respondents to defend themselves in an ITC investigation involving patents that may ultimately be proven invalid.

⁴ "Reflecting Congress' unified intention to streamline both processes, *inter partes* review and post-grant are nearly identical in their purposes and procedural requirements, differing only in minute areas, such as the time restraints of each respective procedure. *See generally id.* §§ 312–19, 321–29. Both review proceedings are conducted entirely by the PTAB alone, §§ 316(c) and 326(c); both proceedings require a petition seeking to institute review proceedings which identifies all RPIs, § 312(a)(2) and 37 C.F.R. § 42.8(b)(1); 35 U.S.C. § 322(a)(2); both procedures specifically state that the PTAB's decision of whether to institute the requested review proceedings is final and nonappealable, §§ 314(d) and 324(e); and finally, both procedures provide for appellate review, at the Federal Circuit, only after the PTAB has issued a 'final written decision' 'with respect to the *patentability*' of the reviewed patents, at the conclusion of the review process, §§ 314(d), 318(a), regarding *inter partes* review; *see also id.* §§ 328(a), 329, regarding post-grant review; *id.* § 141(c) (describing the appellate posture for both *inter partes* and post-grant review)." *Medtronic, Inc. v. Lee*, 151 F. Supp. 3d 665, 670–71 (E.D. Va. 2016).

II. DISCUSSION

A. Complainants' Opposition is rejected for failure to follow the ground rules.

In violation of Ground Rule 3.9, the opposition contains no page numbers and, after the first page, does not include a footer bearing the investigation number and the title of the document. Ground Rule 3.9 states:

3.9 Cover Page and Footer

Pursuant to Commission Rule 210.4(a), the front page of every filing and submission shall include the name of the investigation and the investigation number. Every subsequent page shall bear a footer with the investigation number, a summary of the title of the document, and consecutive numbering at the bottom of the page.

Order No. 2 at 9. In this investigation, as in every investigation to which I am assigned, I conducted an initial telephonic pre-hearing conference to discuss the investigation and explain my expectations of the parties. Because parties sometimes fail to follow my ground rules, which are designed to benefit the parties and the court by facilitating the resolution of these complex and highly disputed cases, I lay emphasis in the conference on compliance with the ground rules. In the initial telephonic conference in this investigation, compliance with the ground rules was discussed at some length:

10 These days I generally note the extraordinary
11 conditions in which we are operating, and I'll have a
12 little more to say about that in a few minutes, and we can
13 address some of the issues related to the pandemic as we
14 come to them.

15 But just so everyone is aware, that we're not in
16 the building. We are -- we have some restraints in terms
17 of what we can and can't do. And so we all need to be
18 flexible and, above all, to cooperate.

19 So one way to facilitate the whole process is to
20 consult the ground rules and be sure to take care to follow
21 them.

22 I have been warning the parties in all my cases
23 that even minor deviations may result in a negative result

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