

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO., LTD.,
Petitioner,

v.

CALIFORNIA INSTITUTE OF TECHNOLOGY,
Patent Owner.

IPR2023-00133
Patent 7,421,032 B2

Before KEN B. BARRETT, JOHN A. HUDALLA, and
AMBER L. HAGY, *Administrative Patent Judges*.

BARRETT, *Administrative Patent Judge*.

DECISION

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

I. INTRODUCTION

Samsung Electronics Co., Ltd. (“Petitioner”) filed a Petition requesting *inter partes* review of claims 1–8 and 10–22 of U.S. Patent No. 7,421,032 B2 (“the ’032 patent,” Ex. 1001). Paper 1 (“Pet.”). California Institute of Technology (“Patent Owner”) filed a preliminary response to the Petition. Paper 7 (“Prelim. Resp.”). With our authorization, Petitioner filed a Preliminary Reply (Paper 8, “Pet. Reply”) and Patent Owner filed a Preliminary Sur-reply (Paper 9, “PO Sur reply”) directed to the issue of discretionary denial under 35 U.S.C. § 314.

On May 4, 2023, we entered a Decision (Paper 10, “Dec.”) denying institution of *inter partes* review. As part of the Decision, we considered Patent Owner’s arguments (Prelim. Resp. 47–62; PO Sur-reply 1–3) that we should exercise our discretion to deny institution under 35 U.S.C. § 314(a) based on the advanced posture of the related case styled *California Institute of Technology v. Samsung Electronics Co.*, No. 2-21-cv-00446 (E.D. Tex. filed Dec. 3, 2021) (“the underlying litigation”). Dec. 3, 11–20. We based our discretionary denial analysis on the Board’s precedential decision in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”) and the USPTO Director’s Memorandum issued on June 21, 2022, titled “Interim Procedure for Discretionary Denials in AIA Post Grant Proceedings with Parallel District Court Litigation” (“Interim Procedure”).¹ After weighing the factors identified in *Fintiv*, we exercised

¹ Available at https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf

our discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review. Dec. 33.

Petitioner filed a Request for Rehearing (Paper 11, “Req. Reh’g”) asking us to reconsider our analysis of the sixth *Fintiv* factor and our decision to exercise discretion to deny institution.² For the reasons stated below, we deny the Request for Rehearing.

II. ANALYSIS

When reconsidering a decision on institution, we review the decision for an abuse of discretion. *See* 37 C.F.R. § 42.71(c) (2022). An abuse of discretion may be determined 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. United States*, 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 party requesting rehearing has the burden of showing the decision should be modified, which includes specifically identifying all matters the party believes we misapprehended or overlooked. *See* 37 C.F.R. § 42.71(d) (2022).

² Petitioner also requested rehearing by the Precedential Opinion Panel (“POP”) to clarify “[w]hether *Fintiv*’s multi-factor balancing analysis and Director Vidal’s *Interim Procedure* . . . require a compelling merits showing under *Fintiv*’s sixth factor where an unpatentability challenge may be strong even if found not to reach the compelling standard.” Ex. 3001. POP denied Petitioner’s request for review. Paper 13. Notwithstanding, we consider Petitioner’s arguments regarding *Fintiv* Factor 6 below.

Petitioner contends that we “erred in [our] overall balancing of the *Fintiv* factors” insofar as we interpreted the Interim Procedure for the sixth *Fintiv* factor “to mean that if a finding of compelling merits is not reached, then factor six cannot weigh against discretionary denial.” Req. Reh’g 1–2. According to Petitioner, our “erroneous analysis under *Fintiv*’s sixth factor . . . infected the overall multi-factor balancing assessment.” *Id.* at 2. Petitioner also asks us to hold its Request for Rehearing in abeyance “until the resolution of a pending Administrative Procedure Act (‘APA’) challenge to the validity of the *Fintiv* rule.” *Id.* We address Petitioner’s arguments in turn below.

*A. Petitioner’s Arguments Regarding the Sixth *Fintiv* Factor*

Petitioner contests the manner in which we evaluated the merits of its unpatentability challenges as part of our consideration of the sixth *Fintiv* factor. *See* Dec. 20–32. In particular, Petitioner contends that we wrongly considered only whether the merits were “compelling” as prescribed by certain guidance in the Interim Procedure. Req. Reh’g 4 (citing Interim Procedure 4–5). Petitioner further contends that we did not properly consider whether the merits “seem[ed] particularly strong” in accordance with *Fintiv* factor 6. *Id.* at 5 (quoting *Fintiv*, Paper 11 at 14–15). Petitioner also argues that we did not properly consider the testimony of its declarant, Dr. Valenti, which Petitioner notes is unrebutted in the preliminary record. *Id.* at 9–10.

We do not agree with Petitioner’s arguments. As recognized by Petitioner (Req. Reh’g 5–6), our analysis of the merits for *Fintiv* factor 6 may consider “strengths or weaknesses regarding the merits . . . as part of [our] balanced assessment.” *Fintiv*, Paper 11 at 15–16. For example, *Fintiv*

discusses merits that “seem particularly strong” and merits that might be “a closer call.” *Id.* at 14–15. Further, we do not understand the Interim Procedure to have changed this calculus. The Director herself notes that the Interim Procedure “affirms the PTAB’s current approach of declining to deny institution under *Fintiv* where the evidence of record so far in the case would plainly lead to a conclusion that one or more claims are unpatentable.” Interim Procedure 5 n.6. The Director also acknowledges a potential range of merits, from those that are “merely sufficient to meet the statutory institution threshold” to merits that “present a compelling unpatentability challenge.” *Id.* at 4–5. Thus, regardless of the descriptors employed to characterize the relative merits, the *Fintiv* factor 6 analysis ultimately involves an assessment of the merits along a spectrum of outcomes.

Accordingly, our Decision addressed certain weaknesses in Petitioner’s unpatentability challenges. In particular, with regard to Petitioner’s showing regarding the component of the formula in the “generating a sequence of parity bits” step that “is the value of a sum of ‘a’ randomly chosen *irregular repeats of the message bits*,” as recited in independent claim 1, and, according to Petitioner, as represented in the Tanner graphs of independent claims 11 and 18, we determined that Petitioner’s arguments and evidence rested “tenuously upon apparent logical leaps.” Dec. 26–27, 29 (emphasis added). As we noted, central to Petitioner’s argument was the contention that “any type of linear code using a non-zero generator matrix will ‘repeat’ input bits because the process of multiplying a vector of message bits by the generator matrix will necessarily involve multiplying input bits by ‘1’ bits.” *Id.* at 28 (quoting Pet. 15).

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