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Paper 22
Date: October 5, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTEL CORPORATION,
Petitioner,

v.

VLSI TECHNOLOGY LLC,
Patent Owner.

IPR2020-00583
Patent 7,606,983 B2

Before THU A. DANG, BART A. GERSTENBLITH, and KIMBERLY McGRAW, *Administrative Patent Judges*.

GERSTENBLITH, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

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I. INTRODUCTION

Intel Corporation ("Petitioner") filed a Petition requesting an *inter partes* review of claims 1–5, 7, 9, 11–14, and 16 (the "challenged claims") of U.S. Patent No. 7,606,983 B2 (Ex. 1001, "the '983 patent"). Paper 3 ("Pet."). VLSI Technology LLC ("Patent Owner") filed a Preliminary Response. Paper 9 ("Prelim. Resp."). Pursuant to our authorization (Paper 13), Petitioner filed a Reply to Patent Owner's Preliminary Response (Paper 14 ("Pet. Prelim. Reply")) and Patent Owner filed a Sur-reply (Paper 15, "PO Prelim. Sur-reply"), each directed to whether we should exercise our discretion to deny institution pursuant to 35 U.S.C. § 314(a). We also granted each party authorization to file a paper addressing the Memorandum issued by the Director of the U.S. Patent and Trademark Office on August 18, 2020, regarding the treatment of statements of the applicant in the challenged patent in *inter partes* reviews under 35 U.S.C. § 311.[1] Paper 16. In response, Petitioner filed Paper 18 and Patent Owner filed Paper 19.

An *inter partes* review may not be instituted "unless . . . the information presented in the petition . . . 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." 35 U.S.C. § 314(a) (2018). The Board, however, has discretion to deny a petition even when a petitioner meets that threshold. *Id.*; *see, e.g.*, *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) ("[T]he agency's decision to deny a petition is a matter committed to the Patent Office's discretion."); *see also* Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019)

[1] The Memorandum is available at https://www.uspto.gov/sites/default/files/documents/signed_aapa_guidance_memo.pdf.

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("Consolidated TPG"), 55–63, available at https://www.uspto.gov/sites/default/files/documents/tpgnov.pdf (identifying considerations that may warrant exercise of this discretion). In particular, 35 U.S.C. § 314(a) permits the Board to deny institution under certain circumstances. *See Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i); *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential).

Having considered the parties' submissions, we determine that it is appropriate in this case to exercise our discretion to deny institution of *inter partes* review pursuant to 35 U.S.C. § 314(a).

II. BACKGROUND

A. Real Parties in Interest

Petitioner identifies Intel Corporation as the real party in interest. Pet. 1. Patent Owner identifies VLSI Technology LLC and CF VLSI Holdings LLC as the real parties in interest. Paper 5 (Patent Owner's Mandatory Notices), 1.

B. Related Matters

The parties identify the '983 patent as the subject of *VLSI Tech. LLC v. Intel Corp.*, No. 6-19-cv-00256 ("Western District of Texas litigation" or "third case"). Pet. 2; Paper 5, 1. Petitioner explains that the '983 patent is one of several patents asserted by Patent Owner in three venues: Nos. 6-19-cv-00254, -00255, -00256 (W.D. Tex.); 1-18-966-CFC (D. Del.); and 5-17-cv-05671 (N.D. Cal.). Pet. 5. Petitioner also explains that cases -254, -255, and -256 are consolidated until trial as 1-19-cv-00977. *Id.* at 2.

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C. Asserted Grounds of Unpatentability

Petitioner challenges the patentability of claims 1–5, 7, 9, 11–14, and 16 of the '983 patent on the following grounds (Pet. 4–5):

Claims Challenged	35 U.S.C. §[2]	References/Basis
1–3, 5, 7, 9, 11, 12, 14, 16	103	AAPA,[3] Khare[4]
4, 13	103	AAPA, Khare, Weber[5]

Petitioner relies on the Declaration of John D. Kubiatowicz, Ph.D. (Ex. 1002), dated February 28, 2020, in support of its unpatentability contentions.

III. ANALYSIS – 35 U.S.C. § 314(a)

Under 35 U.S.C. § 314(a), the Director has discretion to deny institution. In determining whether to exercise that discretion on behalf of the Director, we are guided by the Board's precedential decision in *NHK*.

In *NHK*, the Board found that the "advanced state of the district court proceeding" was a "factor that weighs in favor of denying" the petition under § 314(a). *NHK*, Paper 8 at 20. The Board determined that "[i]nstitution of an *inter partes* review under these circumstances would not be consistent with 'an objective of the AIA . . . to provide an effective and

[2] The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("AIA"), amended 35 U.S.C. § 103. Because the '983 patent has a filing date of July 31, 2006, which is prior to the effective date of the applicable AIA amendments, we refer to the pre-AIA version of § 103. *See* Ex. 1001, code (22).
[3] Petitioner refers to the following portions of the '983 patent as "AAPA": 1:15–4:47, 5:21–27, and Figures 1 and 2. Pet. 3–4.
[4] U.S. Patent Application Publication No. 2003/0005167 A1, pub. Jan. 2, 2003 (Ex. 1003, "Khare").
[5] U.S. Patent No. 7,149,829 B2, issued Dec. 12, 2006.

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efficient alternative to district court litigation.'" *Id.* (citing *Gen. Plastic*, Paper 19 at 16–17 (precedential in relevant part)).

"[T]he Board's cases addressing earlier trial dates as a basis for denial under *NHK* have sought to balance considerations such as system efficiency, fairness, and patent quality." *Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 11 at 5 (PTAB Mar. 20, 2020) (precedential) (collecting cases). *Fintiv* sets forth six non-exclusive factors for determining "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." *Id.* at 6. These factors consider:

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.

We discuss the parties' arguments in the context of considering the above factors. In evaluating the factors, we take a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review. *Fintiv* at 6.

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