

PUBLIC VERSION

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT QUALITY ASSURANCE, LLC,
INTEL CORPORATION,
Petitioners,

v.

VLSI TECHNOLOGY LLC,
Patent Owner.

IPR2021-01229¹
Patent 7,523,373 B2

Before KATHERINE K. VIDAL, *Under Secretary of Commerce for
Intellectual Property and Director of the United States Patent and
Trademark Office.*

DECISION

Determining Failure to Comply with Mandatory Discovery;
Misrepresentation of Fact, and
Misleading Argument; and
Ordering Petitioner Patent Quality Assurance, LLC to Show Cause

¹ Intel Corporation (“Intel”), which filed a Petition in IPR2022-00479, has been joined as a party to this proceeding. Paper 30.

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I previously ordered Petitioner Patent Quality Assurance, LLC (“PQA”) to show cause why it should not be sanctioned for its conduct in this proceeding. Although this decision is on a motion for reconsideration, I consider the issues anew, because I provided PQA with additional briefing to show cause why it should not be sanctioned.

Having considered the issues anew, I determine that PQA’s conduct in this proceeding rises to the level of sanctionable conduct, and hereby give the parties notice that I am contemplating imposing an attorney-fee order or an admonishment as a sanction.

I. PROCEDURAL HISTORY

On January 26, 2022, the Patent Trial and Appeal Board (“PTAB” or “Board”) issued a decision granting institution of an *inter partes* review (“IPR”) of claims 1–16 (“challenged claims”) of U.S. Patent No. 7,523,373 B2 (“the ’373 patent”), based on a Petition filed by PQA. Paper 10 (“Institution Decision”). This Decision on whether to issue sanctions to PQA arises on Director Review of the Decision on Institution in this proceeding. *See generally* Paper 31; Paper 35; Paper 102.²

There is a complex background to this proceeding, some of which provides necessary context for the discovery I ordered in this proceeding and some of which is directly relevant to my finding below that PQA made misleading arguments about the availability of an expert witness.

² Paper 102 is the nonconfidential version of my previous decision on Director Review; Paper 101 is the confidential version.

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A. Jury Verdict in the U.S. District Court for the Western District of Texas

VLSI sued Intel for infringement of the '373 patent in the Waco Division of the United States District Court for the Western District of Texas on April 11, 2019. *VLSI Tech. LLC v. Intel Corp.*, Case No. 1-19-cv-00254-ADA (consolidated as 1-19-cv-00977) (W.D. Tex.).

The trial resulted in a jury verdict finding that Intel infringed claims 1, 5, 6, 9, and 11 of the '373 patent. Ex. 1031, 2–4. The jury awarded VLSI \$1.5 billion in damages for infringement of the '373 patent.³ *Id.* at 6. Intel did not challenge, and the jury did not consider, the validity of the claims of the '373 patent. *See id.*; Paper 10, 6. Intel appealed to the United States Court of Appeals for the Federal Circuit, and that appeal is currently pending as *VLSI Technology LLC v. Intel Corporation*, No. 22-1906 (Fed. Cir. June 15, 2022). Because validity of the '373 patent was not at issue in the jury trial, the appeal will not resolve the unpatentability issues pending before the Board.⁴

³ The jury also found that Intel did not literally infringe U.S. Patent No. 7,725,759 B2 (“the '759 patent”), but did infringe claims 14, 17, 18 and 24 of that patent under the doctrine of equivalents. Ex. 1031, 2–4. The jury further found that Intel had not proven by clear and convincing evidence that claims 14, 17, 18, and 24 of the '759 patent were invalid as anticipated. *Id.* at 5. The jury awarded VLSI \$675 million in damages for Intel’s infringement of the '759 patent, bringing the total damages award to \$2.175 billion. Ex. 1031, 2–4. The '759 patent is the subject of IPR2021-01064.

⁴ As noted in footnote 3 above, the validity of the '759 patent was tried to the same jury.

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B. Intel's Prior Petition

Within one year of being sued for infringement by VLSI and over a year before the trial in the Western District of Texas, Intel filed an IPR petition challenging claims of the '373 patent. IPR2020-00158, Paper 3. Considering the factors set forth in the Board's precedential decision in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) ("the *Fintiv* factors"), however, the Board exercised discretion to deny institution of the proceeding. IPR2020-00158, Paper 16, 14. In particular, the Board highlighted "the advanced stage of the Western District of Texas litigation, a currently scheduled trial date approximately seven months before the would-be deadline for a final written decision, and the overlap between the issues." *Id.* The Board did not address the merits of the Petition, other than noting "that the merits of the Petition do not outweigh the other *Fintiv* factors." *Id.* Notably, the Board issued this decision prior to the issuance of the June 21, 2022, Director's Memorandum ("Guidance Memo"),⁵ which instructs the PTAB to "consider[] the merits of a petitioner's challenge when determining whether to institute a post-grant proceeding in view of parallel district court litigation" and that "compelling, meritorious challenges will be allowed to proceed at the PTAB even where district court litigation is proceeding in parallel." Guidance Memo at 4–5.

⁵ Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (USPTO June 21, 2022), available at www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf.

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C. OpenSky's Petition

On June 7, 2021, OpenSky filed a petition for *inter partes* review challenging claims 1–3, 5, 6, 9–11, and 13 of the '373 patent in IPR2021-01056. IPR2021-01056, Paper 2. OpenSky copied extensively from Intel's earlier petition. IPR2021-01056, Ex. 2016 (redline comparison of portions of the petition in IPR2021-01056 with portions of Intel's petition in IPR2020-00158). OpenSky further refiled the declaration of Intel's expert witness, Dr. Adit Singh, which Dr. Singh prepared for Intel in IPR2020-00158, without Dr. Singh's knowledge and without engaging him as a witness for the OpenSky proceeding. *See* IPR2021-01056, Paper 2; Exs. 1002, 2037.⁶ PQA filed its petition in this proceeding one month after OpenSky, and urged that the Board not deny its petition in favor of OpenSky's. *See infra*.

On December 23, 2021, the Board denied OpenSky's petition challenging the claims of the '373 patent. IPR2021-01056, Paper 18. The Board found "no indication that [OpenSky] ever spoke to Dr. Singh or attempted to retain him for this proceeding or secure his availability for cross examination before filing his declaration." *Id.* at 8. Instead, based on PQA's representations, *see infra* §§ I.D, III., the Board found that Dr. Singh

⁶ OpenSky also filed an identical copy of the declaration of Intel's other expert, Dr. Sylvia Hall-Ellis, without change. IPR2021-01056, Paper 17, 9; IPR2021-01056, Ex. 1027. Dr. Hall-Ellis is a librarian who had proffered testimony regarding the prior art status of certain references relied on in Intel's previous petition. *See* IPR2021-01056, Ex. 1027.

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