

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

OPENSKY INDUSTRIES, LLC,
INTEL CORPORATION,
Petitioners,

v.

VLSI TECHNOLOGY LLC,
Patent Owner.

IPR2021-01064¹
Patent 7,725,759 B2

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

ORDER
Issuing *Sua Sponte* Director Review of
Compelling Merits Decision

¹ Intel Corporation (“Intel”), which filed a petition in IPR2022-00366, has been joined as a party to this proceeding.

I. INTRODUCTION

On October 4, 2022, I issued a Director review decision determining that Petitioner OpenSky Industries, LLC (“OpenSky”) abused the *inter partes* review (“IPR”) process by filing an IPR in an attempt to extract payment from Patent Owner VLSI Technology LLC (“VLSI”) and joined Petitioner Intel Corporation (“Intel”), and expressing a willingness to abuse the process in order to extract the payment. *OpenSky Industries, LLC v. VLSI Technology LLC*, IPR2021-01064, Paper 102, 3 (PTAB Oct. 4, 2022) (Director Decision). I sanctioned OpenSky by precluding OpenSky from actively participating in the underlying proceeding and temporarily elevated Intel – who properly joined the instituted petition during the one-month post-institution window our rules have allowed since 2012,² and who was not time-barred³ – to the lead petitioner in the proceeding. *Id.* at 47; *see also*

² *See* Paper 14 (Joinder Decision). In 2012, the USPTO promulgated rules that “clarifie[d] that a joinder may be requested by a patent owner or petitioner during *inter partes*, post-grant or covered business method patent reviews, but . . . such a request must be filed, as a motion, no later than one month after institution of any review for which joinder is requested (§§ 42.122(b) and 42.222(b)).” Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48681 (Aug. 14, 2012), https://www.uspto.gov/sites/default/files/aia_implementation/fr_specific_trial.pdf. The rule provides: “Joinder may be requested by a patent owner or petitioner. Any request for joinder must be filed, as a motion under § 42.22, no later than one month after the institution date of any *inter partes* review for which joinder is requested.” 37 C.F.R. § 42.122(b). The rule also makes clear that the one-year time bar, set forth in 37 C.F.R. § 42.101(b), does not apply to a petition accompanied by a request for joinder. *Id.*

³ VLSI has argued that Intel was time-barred. Paper 106, 1. That is not accurate. Although Congress imposed a one-year time bar prohibiting institution of an IPR “if the petition requesting the proceeding is filed more

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Intel Corp. v. VLSI Tech. LLC, IPR2022-00366, Paper 14 (Institution and Joinder Decision), 17–19 (PTAB June 8, 2022). I also ordered OpenSky to show cause as to why it should not be ordered to pay compensatory expenses, including attorney fees, to VLSI as a further sanction for its abuse of process. IPR2021-01064, Paper 102, 50–51.

Even though the USPTO’s normal process, when the lead petitioner is no longer an active participant in the case, for example, due to settlement, would be to elevate a properly joined party without further analysis,⁴ given the unique fact pattern presented, including that a jury trial had concluded (albeit on completely different prior art and only a subset of the claims at

than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent,” Congress made clear that the one-year time bar of Section 315(b) does not apply to requests for joinder. 35 U.S.C. § 315(b) (“The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).”); *see also Thryv, Inc. v. Click-to-Call Technologies, LP*, 140 S. Ct. 1367, 1374 (2020) (a “§ 315(b)-barred party can join a proceeding initiated by another petitioner. § 315(b), (c)”). The USPTO’s own rules, promulgated in 2012, also make clear that the one-year time bar, set forth in 37 C.F.R. § 42.101(b), does not apply to joinder. 37 C.F.R. § 42.122(b). While the USPTO is currently reevaluating its policy on joinder, any change that might come out of that process will be prospective, and will not apply here.

⁴ *See Apple Inc. v. Traxcell Techs., LLC*, IPR2021-01552, Paper 19, 2 (PTAB May 26, 2022) (dismissing petitioner Apple Inc. due to settlement, and continuing the proceeding with joined petitioner T-Mobile USA, Inc. as lead petitioner); *AT&T Servs., Inc. v. Convergent Media Sols., LLC*, IPR2017-01237, Paper 11, 26–28 (PTAB May 10, 2017) (granting Petitioner’s motion for joinder that was filed prior to Patent Owner’s motion to terminate the proceeding that Petitioner sought to join due to settlement); *Qualcomm Inc. v. Bandspeed, Inc.*, IPR2015-01577, Paper 12, 2–3, 6, 8 (PTAB Nov. 16, 2015) (same).

issue here⁵), I believe it best served the interests of justice to elevate Intel to lead petitioner and let the proceeding continue only if the record before the Board at the institution stage demonstrated compelling merits. As I explained in my October 4, 2022 Director Decision, “requiring the Board to assess whether the Petition presents a compelling-merits case based on the record before the Board prior to institution balances the interests of patent owners, including practicing entities and small to medium-sized enterprises, in reliable patent rights, with the public interest in canceling invalid patents, clearing the path for future innovation, and removing the tax on society caused by the litigation and licensing of invalid patents.” Paper 102, 5.

Indeed, the USPTO’s primary mission is to issue and maintain robust and reliable patent rights to ensure the integrity of the patent system and for the benefit of American innovators to encourage the investment necessary to take ideas and transform them into products in the market. The America Invents Act advances that goal when the Board upholds patents as well as when it removes patent claims that are “of questionable validity,” i.e., ones that otherwise might create “uncertainty in the marketplace and uncertainty in the technology” for years. Patent Quality Improvement: Post-Grant Opposition: Hearing before the Subcomm. on Courts, the Internet, and Intellectual Prop. of the H. Comm. on the Judiciary, 108th Cong. (2004) 29 (statement of Michael K. Kirk, Executive Director, AIPLA).

⁵ The district court only addressed a subset of the claims at issue on review, finding that claims 14, 17, 18 and 24 of the ’759 patent were not anticipated by the Intel Yonah Processor. *VLSI Tech. LLC v. Intel Corp.*, Case No. 6:19-cv-00254-ADA (consolidated as 19-cv-00977) (W.D. Tex.); Ex. 1027, 5. At issue here is whether claims 14, 17, 18 and 24, as well as claims 1, 21, 22 not at issue in the jury trial, are rendered obvious by printed publications.

By applying the heightened “compelling merits” standard in this case, as opposed to the lower “reasonable likelihood” standard, I recognized the significant investment in the district court case. Under the circumstances here, justice would only be served by the USPTO considering patentability grounds at this point if the record before the Board at the institution stage made very clear that the challenged patent was one that needed to be addressed by the USPTO. As articulated by the Supreme Court with regard to issuance of patents: “it must be remembered that the primary responsibility for sifting out unpatentable material lies in the Patent Office.” *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 18 (1966). That statement is no less true when it comes to post-grant proceedings.

While it is incumbent on the USPTO to maintain and affirm the patents it issues in order to incentivize and promote innovation and investment in the same, and while the Office has solicited public input and is working on updating policy on the same, I am aware of no compelling public policy that would suggest that that USPTO should look the other way when presented with highly questionable patents the AIA was meant to address. As noted in *Graham*, “the exercise of the patent power may not . . . enlarge the patent monopoly without regard to the innovation, advancement or social benefit gained thereby.” 383 U.S. at 6. Nor may that power “remove existent knowledge from the public domain, or . . . restrict free access to materials already available. Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command, must ‘promote the Progress of . . . useful Arts.’ This is the *standard* expressed in the Constitution, and it may not be ignored.” *Id.* (emphasis added).

Because the “compelling merits” standard best advances the USPTO’s mission and the intent of the AIA, I remanded the underlying proceeding to the Board to determine whether OpenSky’s IPR Petition, based only on the record before the Board prior to institution, presented a compelling, meritorious challenge. Paper 102, 49. I ordered that, should the Board find that such a compelling, meritorious challenge was made prior to institution, the Board was to move forward with the proceeding with Intel as the active party. *Id.* at 50. And should the Board find to the contrary, I ordered the Board to dismiss the Petition.

The Board issued its decision on compelling merits on October 15, 2022. Paper 107.

I am now ordering Director review of the panel’s remand decision on the issue of compelling merits. This order does not reflect any analysis by me regarding the Board’s decision or its ultimate conclusion. I have full faith in the abilities and integrity of the Administrative Patent Judges. Rather, I feel duty-bound to conduct an independent Director review of the compelling merits determination based on the unusual and complex nature of this case.

As an agency charged with granting intellectual property rights, our primary objective is to issue and maintain robust and reliable patent rights to ensure the integrity of the patent system and for the benefit of American innovators to encourage the investment necessary to take ideas and transform them into products in the market. Ordering Director review on the issue of the compelling merits of the challenges to the patent raised in the IPR Petition will safeguard that this proceeding advances only if necessary to preserve the integrity of the patent system.

I authorize briefing as ordered below. Upon completion of the briefing, I will review this matter with all deliberate speed. Until my review is completed, the underlying merits proceeding is stayed. If necessary, I will notify the parties that the time period for issuing a final determination will extend beyond one year after the date of institution to accommodate the additional time to complete this review.

II. ORDER

For the foregoing reasons, it is hereby:

ORDERED that Director review is initiated to consider the Board's remand decision on compelling merits;

FURTHER ORDERED that Patent Owner is authorized to file, within two weeks of this order, a request for rehearing of the panel's remand decision on compelling merits in accordance with 37 C.F.R. § 42.71(d)(1), not to exceed 10 pages;

FURTHER ORDERED that Lead Petitioner Intel is authorized to submit within one week of Patent Owner's request for rehearing a responsive brief not to exceed 10 pages limited to opposition of points identified in Patent Owner's request;

FURTHER ORDERED that the underlying proceeding is stayed pending this Director review decision.

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