

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

INTEL CORPORATION¹,
Petitioner,

v.

VLSI TECHNOLOGY LLC,
Patent Owner.

IPR2021-01229²
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.*

ORDER

*Granting Additional Briefing; Staying the Proceeding
37 C.F.R. §§ 42.5, 42.11(d)(3)*

¹ Petitioner Patent Quality Assurance, LLC was dismissed from this proceeding, subject to the Director, Board, and USPTO retaining jurisdiction over the issuance of sanctions. Paper 101, 4.

² Intel Corporation, which filed a petition in IPR2022-00479, was joined as a party to this proceeding. Paper 30.

On June 7, 2022, I ordered a *sua sponte* Director review of the Board’s institution decision in this proceeding. Paper 31. On July 7, 2022, I issued a Scheduling Order for the Director review. Paper 35. The Scheduling Order set forth the scope of my review, provided for mandated discovery and interrogatories, and provided an opportunity for briefing. *Id.* In a subsequent Order on July 29, 2022, I stated that “[a]s highlighted in the Scheduling Order, failure to comply with my Order may be sanctionable. . . . For example, and without limitation, sanctions may include ‘[a]n order holding facts to have been established in the proceeding.’” Paper 39, 3–4 (citing 37 C.F.R. § 42.12), 4 n.2 (citing *Apple Inc. v. Voip-Pal.com, Inc.*, 976 F.3d 1316, 1323 (Fed. Cir. 2020) (holding that § 42.12(b) also “allows the Board to issue sanctions not explicitly provided in the regulation”)).

On December 22, 2022, in my Decision on Director Review, I imposed sanctions against Petitioner Patent Quality Assurance, LLC (“PQA”) for its abuse of the *inter partes* review process. Specifically, I applied certain negative inferences and held facts to have been established adverse to PQA. Paper 101 (“Dec.” or “Decision”), 2. I also dismissed PQA from this proceeding, subject to the Director, Board, and USPTO retaining jurisdiction over the issuance of sanctions. *Id.* at 4. Finally, I ordered PQA “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 and misrepresentation of fact or misleading argument.” Dec. 62; 37 C.F.R. § 42.12(b)(6).

On January 10, 2023, upon PQA’s request, I issued an Order granting PQA an extension of time to file its rehearing request until January 19, 2023. Paper 104. On January 11, 2023, PQA filed a rehearing request, styled as a motion for reconsideration, arguing that when assessing sanctions, the Decision identifies for the first time the allegedly violative conduct of exclusively engaging an expert

witness and allegedly misrepresenting the nature of PQA's exclusive engagement. Paper 105 ("Motion" or "Mot."), 2. PQA also argues that the Decision identifies for the first time that the specific sanctions of dismissal and certain specific adverse inferences could be imposed. *Id.* PQA argues that it should have been afforded an order to show cause describing the specific violative conduct and specific sanctions, and should have been given an opportunity for briefing to show why the specific sanctions should not be imposed. *See id.* at 1–2 (citing 37 C.F.R. § 42.11(d)(3)). PQA also requests that I withdraw the sanctions assessed in the Decision. *Id.* at 3.

The rule provides:

On the Board's initiative. On its own, the Board may order an attorney, registered practitioner, or party to show cause why conduct specifically described in the order has not violated paragraph (c) of this section and why a specific sanction authorized by the Board should not be imposed.

37 C.F.R. § 42.11(d)(3).

I note that I previously afforded PQA an opportunity for briefing in the Scheduling Order and put PQA on notice that I might draw adverse inferences as a sanction. PQA's contradiction of its earlier representation regarding engagement of the expert was found in its briefing on Director Review (*see* Paper 104, 50), and therefore would not readily have been the subject of a previous round of briefing. Nevertheless, out of an abundance of caution, I grant the motion to the extent that I now provide PQA with an opportunity to brief the subject of its rehearing request on the merits and to show cause why sanctions should not be imposed on the argued bases. Further, I stay the underlying proceeding pending the disposition of the rehearing; the panel should not issue a final written decision until the

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resolution of this request for rehearing. In accordance with 37 C.F.R. § 42.100(c), I hereby adjust the time period for a final determination in this proceeding, which involves joinder to permit consideration of the pending issues.

For the foregoing reasons, it is hereby:

ORDERED that PQA may submit the requested briefing, which shall be filed within 7 days of this Order and shall be limited to 10 pages; and

FURTHER ORDERED that the underlying proceeding is stayed.

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