

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.*

ORDER
Lifting the Stay of the Underlying Proceeding;
Restoring PQA as a Party
37 C.F.R. § 42.5

¹ Intel Corporation (“Intel”), 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 notice that an abuse of process finding was under consideration, ordered 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).

On December 22, 2022, I issued my Decision on Director Review. In that decision, I found that Petitioner Patent Quality Assurance, LLC (“PQA”) failed to comply with the discovery mandated in the Scheduling Order, despite my notice that such failure may be sanctionable. Paper 101 (“Dec.” or “Decision”), 4. As I cautioned may occur, I held certain facts adverse to PQA to have been established in the proceeding as a sanction for failing to comply with mandated discovery. Dec. at 3. Due to the totality of its conduct, including its failure to comply with discovery, I dismissed PQA from this proceeding, subject to the Director, Board, and USPTO retaining authority over the issuance of sanctions. Dec. at 4. I further 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. at 62 (citing 37 C.F.R. § 42.12(b)(6)). On January 10, 2023, I issued an Order granting PQA an extension of time until January 19, 2023, to file its request for rehearing of my Decision. Paper 104.

On January 11, 2023, PQA filed a rehearing request, styled as a motion for reconsideration, arguing that 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 argued that the Decision identifies for the first time the sanction of dismissal and certain specific adverse inferences. *Id.* PQA argued that it should have been afforded an order to show cause describing the violative conduct and specific sanctions and 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 requested that I withdraw the sanctions imposed in the Decision. *Id.* at 3.

On January 18, 2023, I entered an Order, *inter alia*, granting the motion to the extent that I provided PQA with an opportunity to brief, within 7 days and limited to 10 pages, the subject of its rehearing request on the merits and to show cause why sanctions should not be imposed on the argued bases. Paper 106, 3. Further, I stayed the underlying proceeding pending the disposition of the rehearing, and adjusted the time period for issuance of a final determination in this proceeding, which involves joinder. 35 U.S.C. § 316(a)(11); 37 C.F.R. § 42.100(c).

On January 24, 2023, PQA sent an email (Ex. 3023) requesting a stay of the deadline for briefing set in my Order (Paper 106) and notifying the Office that it had filed a petition for mandamus at the U.S. Court of Appeals for the Federal Circuit, seeking review of the Decision and other Orders and requesting that the stay of the underlying proceeding be lifted. Ex. 1063. In response, I provided an extension of time until January 27, 2023, for PQA to

file its response to my Order (Paper 106) and authorized PQA to request additional pages or time as needed. *See Ex. 3024.* PQA responded by declining to further participate in its request for rehearing, now arguing that “as an unlawfully dismissed party,” it is “no longer subject to the Office’s jurisdiction.” Paper 107, 1.

Because rehearing on the issue of sanctions is on-going, I vacate the portion of the Decision (Paper 101) that orders the dismissal of PQA from the proceeding and I restore PQA as a petitioner in this proceeding, which will facilitate my consideration and full resolution of PQA’s rehearing request and the order to show cause. *See 37 C.F.R. § 42.11(d)(3).* Now that I have vacated the portion of my order dismissing PQA from this proceeding, the predicate for PQA’s stated basis for declining to continue to participate in the rehearing proceedings it initiated (which are grounded in its lack of continuing party status) no longer holds true. While it may choose not to show cause, because PQA’s party status has been restored and because it has indisputably now received notice that it is facing possible sanctions, including a possible order requiring it to pay VLSI’s fees per 37 C.F.R. § 42.12(b)(6), PQA cannot avoid possible sanctions through continued non-participation.

PQA has until February 1, 2023, to file its response to my Order (Paper 106). PQA may request a reasonable extension of this deadline or a reasonable expansion of the page limit. *See Ex. 3024.*

While I originally thought that PQA would prefer an opportunity to complete briefing on the rehearing it requested before the agency issued a final written decision, its Petition for Mandamus makes clear that is not the case. As reflected in the Decision, I do not consider a stay necessary while

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resolution of the sanctions question remains pending. Dec. at 63. Therefore, I lift the stay of the underlying proceeding. As stated in my Order (Paper 106), “[i]n 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.” *Id.* at 4.

For the foregoing reasons, it is hereby:

ORDERED that the stay of the underlying proceeding is lifted; and
FURTHER ORDERED that PQA is restored as a petitioner.

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