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Paper 13
Date: September 7, 2022

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

NXP USA, INC.,
Petitioner,

v.

IMPINJ, INC.,
Patent Owner.

IPR2021-01556
Patent 10,776,198 B1

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

DECISION
Granting *Sua Sponte* Director Review and Affirming the Decision Denying Rehearing

On August 25, 2022, the Patent Trial and Appeal Board (PTAB or Board) issued a Decision Denying Petitioner's Request on Rehearing of Decision Denying Institution of *Inter Partes* Review. Paper 12 (Rehearing Decision or Reh'g Req. Dec.). As is relevant to this Decision, the Board denied rehearing of its decision denying institution under 35 U.S.C. § 314(a), in view of *Apple Inc. v. Fintiv, Inc*., IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (*Fintiv*) (precedential). Dec. 2.

In its Rehearing Decision, the Board addressed the question of whether it had misapprehended or overlooked any matters in the Decision Denying Institution. Reh'g Req. Dec. 3 (citing 37 C.F.R. § 42.71(c), (d)). Among the matters raised by Petitioner was the Board's prior analysis of *Fintiv* factor 4, which concerns "overlap between issues raised in the petition and in the parallel proceeding." Paper 11 (Petitioner's Rehearing Request), 6; *see also Fintiv* at 6. Petitioner argued that:

> in denying institution, the Panel overlooked the fact that only three of the nine patents asserted by Patent Owner will be included in the February 2023 trial. Ex. 1016 at 52-53 (Judge Albright instructing Patent Owner to select three of its asserted patents for the February 2023 trial), Ex. 1017. Patent Owner has not identified which patents it will pursue in the February 2023 trial, much less provided any indication that the '198 patent will be one of them. Thus, Patent Owner's assertion that the '198 patent's "current [trial] date is well before the Board's projected deadline" is inaccurate, and a basis for a 35 U.S.C. § 314(a) discretionary denial is absent. Rehearing of the decision denying institution is respectfully requested.

Paper 11 at 1–2. To mitigate any concerns that the '198 patent might be included in the first trial, Petitioner, after institution was denied, "submitted a stipulation agreeing that, should trial be instituted in this

case, Petitioner will not pursue any grounds based on the [prior art] references relied on in this IPR matter. Ex. 1018." *Id.* at 6.

In its analysis on rehearing, the Board found that Petitioner had not "offered any explanation or justification as to why its stipulation is being offered so late in this proceeding." Reh'g Req. Dec. 8. The Board also noted that the Board's precedent on stipulations (including *Sotera Wireless, Inc. v. Masimo Corporation*, IPR2020-01019, Paper 12 (Dec. 1, 2020) (precedential)) issued "long before" the Petition was filed, and that Petitioner could have offered this stipulation prior to the Decision Denying Institution, but chose not to. *Id*. at 8–9. The Board considered these and other arguments presented by Petitioner and denied rehearing. *Id.*

I have considered the Decision Denying Petitioner's Request on Rehearing of Decision Denying Institution, and initiate a *sua sponte* Director review of that decision to address the limited question of whether the Board may reconsider a decision to deny institution based on a stipulation filed after the institution decision is made. *See Interim process for Director review* §§ 13, 22 (providing for *sua sponte* Director review and explaining that "the parties to the proceeding will be given notice" if Director review is initiated *sua sponte*).[1]

Upon review, I hold that the Board correctly determined that a stipulation, offered by a petitioner for the first time after a decision denying institution, is not a proper basis for granting rehearing of the decision on

[1] Available at www.uspto.gov/patents/patent-trial-and-appeal-board/interim-process-director-review.

institution. The Office's June 21, 2022 Memorandum[2] ("Guidance Memo") states that "the PTAB will not discretionarily deny institution of an IPR or PGR in view of parallel district court litigation where a petitioner stipulates not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could have reasonably been raised in the petition." Guidance Memo at 7. Even before the Guidance Memo, as Petitioner notes, "this form of stipulation has been found by prior panels to influence Factor 4 such that it weighs in favor of instituting trial. *See, e.g., Hulu, LLC, v. SITO Mobile R&D IP, LLC*, IPR2021-00219, Paper 11 at 14 (May 10, 2021)." Paper 11 at 6. This policy mitigates concerns of potentially conflicting decisions and duplicative efforts between the district court and the Board. Guidance Memo at 6–7. Permitting a petitioner to wait and see if the Board denies institution under *Fintiv*, and then offer such a stipulation for the first time on rehearing, frustrates these goals and would open the door to gamesmanship. I therefore hold that the only appropriate time for a petitioner to offer a stipulation related to the *Fintiv* factor 4 analysis is prior to the Board's decision of whether to institute review.

[2] *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation*, available at www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf.

ORDER

Accordingly, based on the foregoing, it is:

ORDERED that *sua sponte* Director review of the Board's Decision Denying Petitioner's Request on Rehearing of Decision Denying Institution (Paper 12) is initiated;

FURTHER ORDERED that the Decision Denying Rehearing is *affirmed*.

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