

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO., LTD. and
SAMSUNG ELECTRONICS AMERICA, INC.,
Petitioner,

v.

CLEAR IMAGING RESEARCH, LLC,
Patent Owner.

IPR2020-01399
Patent 10,171,740 B2

Before JONI Y. CHANG, MINN CHUNG, and JASON M. REPKO,
Administrative Patent Judges.

CHANG, *Administrative Patent Judge.*

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

Samsung Electronics Co., Ltd. and Samsung Electronics America, Inc. (collectively, “Petitioner”) filed a Petition requesting an *inter partes* review (“IPR”) of claims 1–29 (“the challenged claims”) of U.S. Patent No. 10,171,740 B2 (Ex. 1001, “the ’740 patent”). Paper 2 (“Pet.”), 1. Clear Imaging Research, LLC (“Patent Owner”) filed a Preliminary Response (Paper 8, “Prelim. Resp.”). Pursuant to our authorization, Petitioner filed a Reply (Paper 11, “Reply”) to address Patent Owner’s arguments about discretionary denial under § 314(a) in the Preliminary Response, and Patent Owner filed a Sur-reply (Paper 12, “Sur-reply”).

For the reasons stated below, we exercise our discretion under § 314(a) and deny institution of *inter partes* review in the instant proceeding.

A. Related Matter

The parties indicate that the ’740 patent is involved in *Clear Imaging Research, LLC v. Samsung Electronics Co. Ltd.*, No. 2:19-CV-326 (E.D. Tex. 2019). Pet. 80; Paper 4, 3. Petitioner also filed a parallel Petition challenging claims 1–29 of the ’740 patent in IPR2020-01400.

B. The ’740 Patent

The ’740 patent discloses a method and an apparatus to correct blur in digital images by combining plurality of images. Ex. 1001, code (57). According to an embodiment disclosed in the ’740 patent, the blurring of an image is prevented as it is being captured. *Id.* at 9:49–51.

Figure 10 is reproduced below.

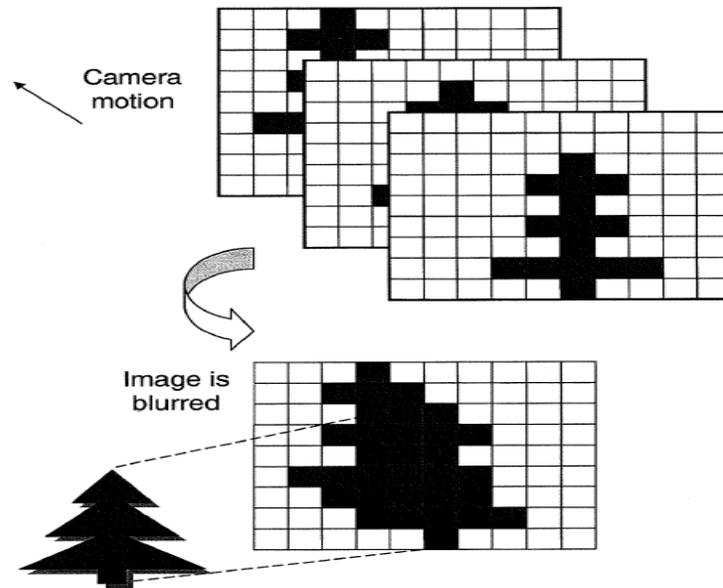


Figure 10 above illustrates the effect of moving an imager while capturing an image, resulting in multiple copies of the image being recorded over each other, causing blur. *Id.* at 3:26–28. If the imager is shaken or moved while the image is being captured, the situation is equivalent to copies of the same image being captured multiple times in an overlapping fashion with an offset. *Id.* at 9:59–62. The result is a blurred image, especially if the shutter speed is relatively slow compared to the motion of the camera. *Id.* at 9:62–64.

Figure 11 is reproduced below.

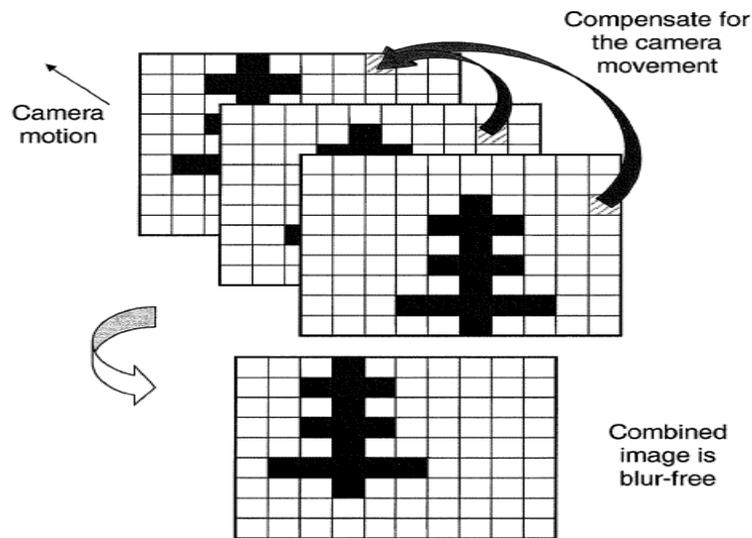


Figure 11 above illustrates combining images taken at fast shutter speeds to result in the equivalent of a final image taken at a slower shutter speed, but with reduced blur. *Id.* at 3:29–31. According to the Specification, when the shutter speed is sufficiently fast compared to the motion of the imager, blur does not occur or is very limited because the displacement of the imager is not large enough to cause the light reflected from a point on the image to fall onto more than one point on the image sensor. *Id.* at 9:66–10:3. This embodiment takes advantage of the ability of an imager to record multiple images using fast shutter speeds. *Id.* at 10:3–6.

C. Illustrative Claims

Of the challenged claims, claims 1, 10, and 20 are independent. Claims 2–9 depend from claim 1; claims 11–19 depend from claim 10; and claims 21–29 depend from claim 20. Claims 1 and 10 are illustrative:

1. A method for use in an imaging device, the method comprising:
displaying an image in a user interface of the device, wherein the image is a preview of a field of view of the device, and wherein the image includes a first subject and a second subject;
designating by a processor of the imaging device the first subject in the image to be kept blur free;
capturing a plurality of images by the imaging device, wherein the plurality of images include the first subject and the second subject;
combining the plurality of images by the processor to obtain a combined image, such that:
the combined image includes the first subject and the second subject, the first subject in the combined image is blur free, and the second subject in the combined image is blurred compared to the first subject;
displaying the combined image in the display of the device; and
storing the combined image in a memory of the device.

Ex. 1001, 12:46–65.

10. An imaging device for capturing and processing images, comprising:
a user interface configured to display an image, wherein the image is a preview of a field of view of the device, and wherein the image includes a first subject and a second subject;
a processor configured to designate the first subject in the image to be kept blur free;

a first memory configured to store a plurality of images captured by the device, wherein the plurality of images include the first subject and the second subject;

the processor further configured to combine the plurality of images to obtain a combined image, such that:

the combined image includes the first subject and the second subject, the first subject in the combined image is blur free, and the second subject in the combined image is blurred compared to the first subject;

the user interface further configured to display the combined image; and

a second memory configured to store the combined image.

Id. at 13:37–57.

D. Prior Art Relied Upon

Petitioner relies upon the references listed below (Pet. 3–4):

Reference	Date	Exhibit No.
Kitamura	Published Sept. 20, 2001	1005
Suh	Filed Oct. 7, 1998	1006
Manabe	Filed July 22, 2003	1007
Noriyuki	Published Feb. 22, 2002	1008

E. Asserted Grounds of Unpatentability

Petitioner asserts the following grounds of unpatentability (Pet. 2–3)¹:

	Claims Challenged	35 U.S.C. §	References
1A	1, 2, 4, 5, 8, 10–12, 14, 15, 18	103(a)	Kitamura, Noriyuki
1B	3, 7, 9, 13, 17, 19	103(a)	Kitamura, Noriyuki, Manabe
1C	6, 16	103(a)	Kitamura, Noriyuki, Suh
1D	20, 24–26, 28	103(a)	Kitamura, Suh
1E	21, 22	103(a)	Kitamura, Suh, Noriyuki
1F	23, 27, 29	103(a)	Kitamura, Suh, Manabe
2A	1–5, 7–15, 17–19	103(a)	Kitamura, Noriyuki, Manabe
2B	6, 16	103(a)	Kitamura, Noriyuki, Manabe, Suh
2C	20, 23–27, 29	103(a)	Kitamura, Suh, Manabe
2D	21, 22, 28	103(a)	Kitamura, Suh, Manabe, Noriyuki

¹ For purposes of this Decision, we assume the claims at issue have an effective filing date prior to March 16, 2013, the effective date of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”), and we apply the pre-AIA versions of 35 U.S.C. §§ 102 and 103.

II. ANALYSIS

A. Discretionary Denial Under 35 U.S.C. § 314(a)

Institution of an *inter partes* review is discretionary. Section 314(a) of title 35 of the United States Code provides that “[t]he Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” The U.S. Supreme Court has explained that because § 314 includes no mandate to institute review, “the agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.” *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016); *see also Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (explaining that under § 314(a), “the PTO is permitted, but never compelled, to institute an IPR proceeding”). The Director has delegated this authority under § 314(a) to the Board. 37 C.F.R. § 42.4(a) (“The Board institutes the trial on behalf of the Director.”).

In this proceeding, Patent Owner argues that we should exercise discretion to deny institution under § 314(a) “because the trial in the co-pending District Court proceeding will take place *almost one year prior* to any Final Written Decision that could arise from this proceeding.” Prelim. Resp. 1. Patent Owner contends that each of the factors identified in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020)

(precedential) (“*Fintiv*”), weighs in favor of denying review. Prelim. Resp. 14.

In *Fintiv*, the Board ordered supplemental briefing on a nonexclusive list of factors for consideration in analyzing whether the circumstances of a parallel district court action are a basis for discretionary denial of trial institution under *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential). *Fintiv*, Paper 11 at 5–16.

Those factors include:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

Id. at 5–6. Here, we consider these factors to determine whether we should exercise discretion to deny institution. In evaluating the factors, we take a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review. *Id.* at 6.

Factor 1: whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted

Petitioner argues that it will move to stay the parallel litigation, and institution of a review will increase the likelihood that the District Court will grant a stay. Pet. 76. Patent Owner counters that “the district court is unlikely to grant a stay even if the PTAB were to institute review” because the “Eastern District of Texas, and Judge Gilstrap in particular, heavily disfavor stays pending IPRs.” Prelim. Resp. 15–23.

In its Reply, Petitioner argues that “Judge Gilstrap has recently stayed litigation after IPR institution in a case with similar timing where *Fintiv* arguments were raised by Patent Owner” even though the jury selection was less than six weeks away. Reply 1 (citing Ex. 1028, 1–2 (Order staying the severed action in *Seven Networks, LLC v. Apple Inc*, 2:19-CV-00115-JRG (E.D. Tex.)). Petitioner also argues that although Petitioner’s “motion to stay has been denied, the denial was without prejudice and ‘Samsung remains free to re-urge its request should the PTAB issue a decision on institution.’” *Id.* (citing Ex. 1029, 1–4 (District Court Order denying Petitioner’s motion to stay)).

In its Sur-reply, Patent Owner argues that the circumstances in *Seven Networks* relied upon by Petitioner were different than those in the present case. Sur-reply 1. Patent Owner points out that, in the parallel litigation here, “Judge Gilstrap specifically noted that a stay would unduly prejudice the Patent Owner and that ‘[t]he late stage of the current case also disfavors a stay’ because ‘[Petitioner] waited ten months after this case was initiated to file its IPRs and seek a stay from the Court.’” *Id.* (citing Ex. 2014, 3).

Patent Owner also argues that “the schedule of the district court has accelerated.” *Id.* at 1–2; Ex. 2015 (moving the Pretrial Conference forward by three weeks).

We agree with Patent Owner and are not persuaded by Petitioner’s arguments. At the outset, Petitioner’s reliance on the partial stay in *Seven Networks* is misplaced. Reply 1 (citing Ex. 1028, 1–2). As the Board has explained, “[a] judge determines whether to grant a stay based on the facts of each specific case as presented in the briefs by the parties.” *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, 12 (PTAB May 13, 2020) (informative) (“*Fintiv DDI*”). “We decline to infer, based on actions taken in a different case with different facts, how the District Court would rule should a stay be requested by the parties in the parallel case here.” *Id.* Therefore, Petitioner’s reliance on the partial stay in *Seven Networks* is misplaced.

In addition, we are not persuaded by Petitioner’s argument that the denial was without prejudice and that “Samsung remains free to re-urge its request should the PTAB issue a decision on institution.” Reply 1.

As the Board explained in *Fintiv*, “[i]n some cases, there is no stay, but the district court has denied a motion for stay without prejudice and indicated to the parties that it will consider a renewed motion or reconsider a motion to stay if a PTAB trial is instituted.” *Fintiv*, Paper 11 at 6–7. “Such guidance from the district court, if made of record, suggests the district court may be willing to avoid duplicative efforts and await the PTAB’s final resolution of the patentability issues raised in the petition before proceeding

with the parallel litigation.” *Id.* at 7. “This fact has usually weighed against exercising authority to deny institution under *NHK*,” but “proximity of the court’s trial date and investment of time are relevant to how much weight to give to the court’s willingness to reconsider a stay.” *Id.* at 7–8 (footnotes omitted). “If a court has denied a defendants’ motion for a stay pending resolution of a PTAB proceeding, and has not indicated to the parties that it will consider a renewed motion or reconsider a motion to stay if a PTAB trial is instituted, this fact has sometimes weighed in favor of exercising authority to deny institution under *NHK*.” *Id.*

Here, the Order denying Petitioner’s motion to stay does not set forth any guidance indicating that the District Court may be willing to avoid duplicative efforts and await the Board’s final resolution of the patentability issues raised in the petition before proceeding with the parallel litigation. Ex. 1029. Rather, in the Order, Judge Gilstrap specifically stated that a stay will unduly prejudice Patent Owner, and “[t]he late stage of the current case also disfavors a stay.” *Id.* at 2–4. In particular, Judge Gilstrap indicated that Patent Owner “would certainly be prejudiced by a delay in its ability to vindicate its patent rights caused [by] a stay” and that “both parties have already expended significant time and resources into discovery, claim construction, and motion practice over the nearly fifteen months this case has been pending.” *Id.* at 2–3. Judge Gilstrap also explained that “[t]he IPR proceedings at the PTAB are currently in their infancy (having been requested almost a year after the filing of the present action), and therefore granting a stay would require both [Petitioner] and [Patent Owner] to

conduct the entire *inter partes* review proceeding from its initial stages,” and that “[b]y contrast, the present case is less than four months from jury selection, and the parties have behind them the expenses of discovery, claim construction, motion practice, and much of their work with fact witnesses and experts.” *Id.* at 3 n.2.

Therefore, we find that factor 1 weighs slightly in favor of exercising our discretion to deny institution under § 314(a).

Factor 2: proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision

It is undisputed that the parallel trial is scheduled to begin on April 5, 2021, about *ten months* before a Final Written Decision would be due in this IPR proceeding. Pet. 77; Reply 1–2; Prelim. Resp. 23; Ex. 1026 (Second Amended Docket Control Order, Dec. 8, 2020). Nevertheless, Petitioner argues that “[t]he District Court is one of the country’s busiest patent courts” and that “[s]cheduling issues cannot be ruled out, as experts have professed that COVID-19 outbreaks are likely to arise and Texas is facing new outbreaks.” Pet. 76–77 (citing Ex. 1017, 1 (noting that Dr. “Fauci says second wave of coronavirus is ‘inevitable’”); Ex. 1018, 1 (noting that “Texas puts reopening on hold in face of new Covid-19 outbreak”). Petitioner also argues that “due to the fast District Court schedule, time did not permit Petitioner to file a petition in time for the Final Written Decision (‘FWD’) to be rendered before the scheduled trial date” and that “[t]he FWD’s issuance after the scheduled trial date, therefore, is due to Patent Owner’s forum selection.” Pet. 77.

Patent Owner counters that “while the parties in the district court proceedings have agreed to minor modifications of interim deadlines in the procedural schedule, the trial date has never changed.” Prelim. Resp. 24 n.4 (*comparing* Ex. 2005 (DKT. 36) *with* Ex. 2004 (DKT. 99)). Patent Owner also argues that “[t]he statutory deadline for the Board to issue a Final Written Decision would not be until late March 2022, over 11 months after trial in the district court,” and that “[t]he Board has repeatedly found that even shorter lengths of time between the trial date and the statutory deadline favor denying institution.” *Id.* at 23 (citing *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, IPR2020-00122, Paper 15 at 7–8 (PTAB May 15, 2020) (6 months); *Intel Corp. v. VLSI Tech. LLC*, IPR2020-00141, Paper 16 at 9–11 (PTAB June 4, 2020) (6–7 months); *Apple Inc. v. Maxell, Ltd.*, IPR2020-00203, Paper 12 at 9–10 (PTAB July 6, 2020) (“*Maxell*”) (8 months); *Google LLC v. Personalized Media Commc’ns, LLC*, IPR2020-00720, Paper 16 at 6–7 (PTAB Aug. 31, 2020) (10 months)). Patent Owner contends that “even if the trial were delayed, it is extraordinarily unlikely that it would be delayed by over *11 months*.” *Id.* at 24. Patent Owner further avers that Petitioner “did not file its Petition until nearly 11 months after being served with the district court complaint, nearly 8 months after receiving [Patent Owner’s] infringement contentions, and over 5 months after serving its invalidity contentions relying on much of the same prior art as the Petition.” *Id.* at 25–26.

In its Reply, Petitioner argues that “Judge Gilstrap recently delayed all patent trials scheduled in the months (December through February)

immediately before the original April 5, 2021 trial date because of the COVID pandemic.” Reply 1–2 (citing Ex. 1030, 1–4; Ex. 1035, 1). According to Petitioner, “[t]his will impact the current schedule because COVID conditions have not improved since November and, if anything, have gotten worse.” *Id.* (citing Ex. 1031, 1–2; Ex. 1032, 1–5). Petitioner asserts that “although the original April 5, 2021 trial date has not yet changed, it is likely to change and current conditions make it impossible to guess when trial will actually occur.” *Id.* at 2. Petitioner contends that “uncertainty in trial date, Factor 2 favors institution.” *Id.*

In its Sur-reply, Patent Owner argues that “despite the impact of the COVID pandemic, the current trial date has not shifted since being originally set more than a year ago.” Sur-reply 2 (citing Ex. 2005). Patent Owner notes that the District Court “recently issued an Order moving the Pretrial Conference *forward by three weeks*,” and that “even if the trial were delayed, it is extraordinarily unlikely that it would be delayed by over *10 months*.” *Id.* (citing Ex. 2015).

We agree with Patent Owner, and we are not persuaded by Petitioner’s arguments. As the Board explained in *Fintiv*, “[i]f the court’s *trial date* is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*.” *Fintiv*, Paper 11 at 9 (emphasis added). Here, the parallel trial in the District Court is scheduled to begin on April 5, 2021, about *ten months* before a Final Written Decision would be due in this IPR proceeding. Pet. 77; Prelim. Resp. 23; Ex. 1026.

Although we acknowledge the possibility of a Covid-19 related delay, we generally take courts' trial schedules at face value absent some strong evidence to the contrary. *Fintiv DDI*, Paper 15 at 12–13. Here, even accounting for the possibility of a Covid-19 related delay, given the close proximity of the trial date to this Decision and the amount of time between the trial date and our Final Written Decision (i.e., ten months), we are unpersuaded that any such delay should materially alter our weighing of this factor. Notably, even if we were to assume that there may be a four-month delay, this factor would still weigh in favor of exercising our discretion to deny institution because the parallel trial in the District Court would begin about *six months* before a Final Written Decision would be due in this proceeding. *See NHK*, Paper 8 at 20 (finding that “the advanced state of the district court proceeding . . . weighs in favor of denying the Petition under § 314(a)” because the district court trial was set to begin six months before the IPR proceeding concluded); *see also Fintiv DDI*, Paper 15 at 13 (finding that “[b]ecause the currently scheduled District Court trial is scheduled to begin two months before our deadline to reach a final decision, this factor weighs somewhat in favor of discretionary denial in this case).

For the forgoing reasons, we find that factor 2 weighs strongly in favor of exercising our discretion to deny institution under § 314(a).

Factor 3: investment in the parallel proceeding by the court and the parties

Petitioner argues that “[d]istrict court proceedings are still at an early phase,” and that Petitioner “diligently worked to prepare nine Petitions.”

Pet. 77–78; Reply 3. Petitioner also argues that Petitioner’s substantial investment in these petitions should counterbalance and outweigh the resources invested in the parallel litigation given the speed with which it filed petitions on 163 claims across six patents. Pet. 77–78; Reply 3.

Patent Owner counters that this factor is “investment *in the parallel proceeding* by the court and the parties,” not investment in the IPR proceedings. Prelim. Resp. 29–30; Sur-reply 2–3. Patent Owner also argues that “by the time of the Board’s initial decision, the parties will have invested significantly more resources in the district court litigation than in the IPR proceedings.” Prelim. Resp. 30.

We agree with Patent Owner, and we are not persuaded by Petitioner’s arguments. For this factor, we consider “the amount and type of work already completed *in the parallel litigation* by the court and the parties at the time of the institution decision.” *Fintiv*, Paper 11 at 9 (emphasis added). “Specifically, if, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition, this fact favors denial.” *Id.* at 9–10. “Likewise, district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.” *Id.* at 10. “This investment factor is related to the trial date factor, in that more work completed by the parties and court in the parallel proceeding tends to support the argument[] that the parallel proceeding is more advanced, a stay may be less likely, and instituting would lead to duplicative costs.” *Id.*

Petitioner's timing in filing the Petition is also relevant to this factor. If the petitioner, "faced with the prospect of a looming trial date, waits until the district court trial has progressed significantly before filing a petition," that decision "may impose unfair costs to a patent owner." *Fintiv*, Paper 11 at 11. On the other hand, "[i]f the evidence shows that the petitioner filed the petition expeditiously, such as promptly after becoming aware of the claims being asserted, this fact has weighed against exercising the authority to deny institution." *Id.*

Here, the parallel District Court case is about two months away from jury selection. Ex. 1026. As Judge Gilstrap noted in his Order denying Petitioner's motion to stay, Petitioner "waited ten months after this case was initiated to file its IPRs and to seek a stay from the Court," and both parties have already expended significant time and resources into discovery, claim construction, motion practice, and fact witnesses and expert discovery. Ex. 1029, 2-3, 3 n.2; Ex. 1026. Moreover, "a *Markman* hearing has taken place and a Claim Construction Order has issued." Ex. 1029, 4. Therefore, we find that the parties have invested significant resources in the parallel litigation, with some of the work relevant to patent validity, including claim construction, fact discovery, and expert discovery.

Therefore, weighing the facts in this particular case, including the time invested by the parties and the District Court in the parallel litigation, the extent to which the investment in the District Court proceeding relates to issues of patent validity, and the timing of the filing of the Petition, we find

that factor 3 weighs strongly in favor of exercising our discretion to deny institution under § 314(a).

Factor 4: overlap between issues raised in the petition and in the parallel proceeding

Petitioner argues that it “has eliminated any risk of duplicated effort by voluntarily stipulating to counsel for Patent Owner that, if the Board institutes the pending Petition, [Petitioner] will not pursue district court invalidity challenges based on the pending Petition’s asserted grounds” and that “the Petition addresses claims that will not be addressed in District Court.” Pet. 78–79 (citing Ex. 1022).

Patent Owner counters that Petitioner’s stipulation is extraordinarily narrow that it applies only to the “exact same grounds.” Prelim. Resp. 30–31. Patent Owner argues that the stipulation has little to no practical effect because, in Petitioner’s election of prior art for trial in the District Court, “it is asserting different grounds, additional references and combinations not asserted in the Petition, and has reserved the right to broaden its contentions if needed.” *Id.* at 31 (citing Ex. 2013 (Samsung’s Notice Regarding Prior Art Reduction filed in the District Court)). Patent Owner further contends that “[e]ven if the Board instituted an IPR and [Petitioner] withdrew the specific instituted combinations, [Petitioner] would still be asserting the same pieces of prior art in different combinations in the district court,” and that “both the Board and the district court would be analyzing and interpreting the same pieces of prior art, duplicating effort and potentially reaching inconsistent results.” *Id.* at 32 (citing Ex. 2013,

Ex. 1022). In addition, Patent Owner avers that “by the time the Board issues its institution decision, most of the effort involved with each invalidity ground in the district court will already have been expended” because “[e]xpert reports will have been written, discovery will have closed, and any *Daubert* motions and motions for summary judgment will have been filed.” *Id.*

In its Reply, Petitioner asserts that the Petition raises unique issues that will not be resolved in the District Court. Reply 3–5. Petitioner argues that it “has eliminated any risk of duplicated effort by stipulating that, if the Board institutes review, [Petitioner] will not pursue district court invalidity challenges based on the petition’s asserted grounds or grounds sharing the same primary reference.” *Id.* at 3 (citing Ex. 1022, 1; Ex. 1037, 1–3). Petitioner also contends that, by reducing prior art for consideration at trial, “the overlap in prior art is minimal with no overlap in primary references and use of Kitamura and Noriyuki in completely different ways,” and that “[w]ith minimal overlap, the risk of inefficient work and inconsistent results is greatly diminished.” *Id.* at 3–4.

Petitioner further argues that “the petition addresses many more claims than the litigation” because “the petition challenges 26 claims that are not involved in the litigation.” *Id.* at 4 (citing Ex. 1034, 1). According to Petitioner, “[c]laims 1–9, 11, 13–19, and 21–29 are no longer asserted [in the District Court litigation], and are instead challenged in the pending [P]etition,” and Petitioner “will continue to create innovative new products,

and desires Board review of these claims, so as to prevent their future assertion by [Patent Owner] in potential serial litigation.” *Id.* at 4 n.1.

In its Sur-reply, Patent Owner argues that “[t]he fact that disparate prior art combinations are now being presented in the district court and to the PTAB was a problem of [Petitioner’s] making.” Sur-reply 3–4.

We are not persuaded by Petitioner’s arguments. At the outset, the mere existence of non-overlapping claims does not support Petitioner’s position that this factor favors institution. Pet. 78–79; Reply 4–5. Rather, “[t]he existence of non-overlapping claim challenges will weigh for or against exercising discretion to deny institution under *NHK* depending on *the similarity of the claims* challenged in the petition to those at issue in the district court.” *Fintiv*, Paper 11 at 13 & 13 n.25 (citing *Next Caller, Inc. v. TRUSTID, Inc.*, IPR2019-00961, Paper 10 at 14 (PTAB Oct. 16, 2019) (denying institution, even though the petitions jointly involve all 52 claims of the patent and the district court parallel proceeding involves only 7 claims, because the claims all are directed to the same subject matter and petitioner does not argue that the non-overlapping claims differ significantly in some way or argue that it would be harmed if institution of the non-overlapping claims is denied)) (emphasis added).

Here, Petitioner challenges the patentability of claims 1–29 in its Petition, but only claims 10, 12, and 20 in the parallel litigation. Reply 4; Ex. 1034, 1. Claims 1–29, including claims 10, 12, and 20, are directed to the same subject matter. Claims 1–9 are directed to a method for use in *an imaging device for capturing and processing images*, whereas claims 10–29

are directed to *an imaging device for capturing and processing images*.
Ex. 1001, 12:46–16:29.

Although Petitioner argues that it “will continue to create innovative new products, and desires Board review of these claims, so as to prevent their future assertion by [Patent Owner] in potential serial litigation,” (Reply 4 n.1), Petitioner does not show that the non-overlapping claims differ significantly in some way. Pet. 78–79; Reply 3–5. Indeed, some of the non-overlapping claims (e.g., claims 1, 2, 21, and 22) recite similar limitations as those recited in claims 10, 12, and 20 that are asserted in the parallel litigation. *Compare* Ex. 1001, 12:46–13:12, *with id.* at 13:37–14:4. Therefore, notwithstanding that there are non-overlapping claims, this factor does not weigh against exercising our discretion to deny institution under § 314(a). *Fintiv*, Paper 11 at 13.

In addition, this fourth factor involves consideration of inefficiency concerns and the possibility of conflicting decisions when substantially identical prior art is submitted in both the district court and the *inter partes* review proceedings. *Fintiv*, Paper 11 at 12. “[I]f the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial.” *Id.*

Here, claims 10, 12, and 20 are challenged in both proceedings, and claims 1, 2, 21, and 22 recite similar limitations as those in claims 10, 12, and 20. More significantly, Petitioner’s stipulation does not mitigate the “concerns of inefficiency and the possibility of conflicting decisions,” nor does it ensure that an *inter partes* review is a “true alternative” to the parallel

District Court proceeding. *Fintiv*, Paper 11 at 12. In particular, Petitioner’s stipulation is narrow, not a broad stipulation that includes “*any ground raised, or that could have been reasonably raised.*” See *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12, 19 (PTAB Dec. 1, 2020) (precedential) (noting that “Petitioner broadly stipulates to not pursue ‘any ground raised or that could have been reasonably raised’”) (second emphasis added); see also *Sand Revolution II, LLC v. Intermodal Group-Trucking LLC*, IPR2019-01393, Paper 24, 12 n.5 (PTAB June 16, 2020)(informative) (noting that a broad stipulation better addresses concerns of duplicative efforts and potentially conflicting decisions in a much more substantial way).

Moreover, Petitioner asserts both Kitamura and Noriyuki in the parallel litigation and in seven grounds here in its Petition. Pet. 2; Reply 3–4. Although Petitioner argues that Kitamura is used as a primary reference and Noriyuki is used as a secondary reference in the Petition, and that, in contrast, Kitamura would be used only as a secondary reference and Noriyuki would be used only as a primary reference in the parallel litigation (Reply 4), Petitioner does explain meaningfully how that would eliminate any risk of duplicated effort. Pet. 78–79; Reply 3–5. Notably, Petitioner relies upon Kitamura and Noriyuki in Ground 1A of the Petition to teach or suggest all the limitations recited in claims 1, 2, 4, 5, 8, 10–12, 14, 15, and 18, which include overlapping claims 10 and 12. Pet. 2, 14–44. Tellingly, Petitioner does not assert that the same prior art disclosures would not be relied upon in both proceedings. As Patent Owner points out, “both

the Board and the district court would be analyzing and interpreting the same pieces of prior art, duplicating effort and potentially reaching inconsistent results.” Prelim. Resp. 32. Therefore, we find the assertion of Kitamura and Noriyuki in both proceedings may result in duplication of work and create the potential for inconsistent decisions. *See Maxell*, IPR2020-00203, Paper 12 at 14 (“[A]lthough the obviousness ground asserted here is not identical to either ground in Petitioner’s final invalidity contentions, . . . the assertion of Waldroup and Nakayama in both proceedings may result in duplication of work and create the potential for inconsistent decisions.”)).

In short, notwithstanding the stipulation, there will likely be overlap between the issues raised in the Petition and the parallel litigation. Because overlapping claims are challenged based on the same prior art in both the Petition and in the parallel litigation, we find that factor 4 weighs slightly in favor of exercising our discretion to deny institution under § 314(a).

Factor 5: whether the petitioner and the defendant in the parallel proceeding are the same party

It is undisputed that Petitioner is a co-defendant in the parallel litigation. Pet. 79; Prelim. Resp. 33. Petitioner argues that this factor should be neutral given that the Petition is potentially helpful to future defendants. Pet. 79; Reply 5. Patent Owner counters that Petitioner’s argument is speculative and that Petitioner’s efforts to protect “future defendants” has no bearing on the present case. Prelim. Resp. 33; Sur-reply 5.

As the Board explained in *Fintiv*, “[i]f a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact *against exercising discretion* to deny institution under *NHK*.” *Fintiv*, Paper 11 at 13–14 (emphasis added). The Board determined in *Sand Revolution* that “[a]lthough it is far from an unusual circumstance that a petitioner in *inter partes* review and a defendant in a parallel district court proceeding are the same, or where a district court is scheduled to go to trial before the Board’s final decision would be due in a related *inter partes* review, this factor weighs in favor of discretionary denial.” *Sand Revolution*, Paper 24 at 12–13. In *Fintiv DDI*, the Board determined that “[b]ecause the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.” *Fintiv DDI*, Paper 15 at 15.

Here, it is undisputed that Petitioner is a co-defendant in the parallel litigation. Pet. 79; Prelim. Resp. 33. Therefore, we find that factor 5 weighs in favor of exercising our discretion to deny institution under § 314(a).

Factor 6: other circumstances that impact the Board’s exercise of discretion, including the merits.

Petitioner argues that “[a]s explained in the Petition (and Dr. Essa’s testimony), institution would result in invalidation of the Challenged Claims” and that the merits are particularly strong. Pet. 80; Reply 5.

Patent Owner counters that Petitioner “does nothing more than ‘use the challenged patent as a roadmap to reconstruct the claimed invention using disparate elements from the prior art—*i.e.*, the impermissible *ex post*

reasoning and hindsight bias that *KSR* warned against.” Prelim. Resp. 33–34 (quoting *TQ Delta, LLC v. Cisco Sys., Inc.*, 942 F.3d 1352, 1361 (Fed. Cir. 2019)); Sur-reply 5.

The final *Fintiv* factor is a catch-all that takes into account any other relevant circumstances. The decision whether to exercise discretion to deny institution under § 314(a) is based on “a balanced assessment of all relevant circumstances in the case, including the merits.” Consolidated Trial Practice Guide 58, *available at* <https://www.uspto.gov/TrialPracticeGuide> Consolidated. A full merits analysis is not necessary as part of deciding whether to exercise discretion not to institute, but rather the parties may point out, as part of the factor-based analysis, particular “strengths or weaknesses” to aid the Board in deciding whether the merits tip the balance one way or another. *See Fintiv*, Paper 11 at 15–16.

Here, as discussed above, factors 1 and 4 weigh slightly in favor of denying institution; factors 2 and 3 weigh strongly in favor of denying institution; and factor 5 weighs in favor of denying institution. We have reviewed Petitioner’s unpatentability arguments and supporting evidence in the Petition and Reply, and Patent Owner’s arguments and supporting evidence in the Preliminary Response and Sur-reply. Based on the limited record before us, we find that the merits do not outweigh the other *Fintiv* factors.

Conclusion on Discretionary Denial Under § 314(a)

As noted in *Fintiv*, we consider the above six factors when taking “a holistic view of whether efficiency and integrity of the system are best

served by denying or instituting review.” *Fintiv*, Paper 11 at 6. As discussed above, factors 1 and 4 weigh slightly in favor of denying institution; factors 2 and 3 weigh strongly in favor of denying institution; and factor 5 weighs in favor of denying institution. For factor 6, we find that the merits do not outweigh the other *Fintiv* factors.

Accordingly, we exercise our discretion under § 314(a) to deny institution of review in the instant proceeding.

III. CONCLUSION

For the foregoing reasons, based on a balanced assessment of the circumstances of this case, we exercise our discretion under § 314(a) and deny the instant Petition requesting institution of *inter partes* review of the ’740 patent.

IV. ORDER

For the foregoing reasons, it is hereby
ORDERED that the Petition is *denied* as to all challenged claims and no trial is instituted.

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