

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LG ELECTRONICS, INC., LG ELECTRONICS U.S.A., INC.,
LG ELECTRONICS MOBILECOMM U.S.A., INC.,
Petitioner,

v.

WI-LAN INC., WI-LAN USA, INC.,
WI-LAN LABS, INC.,
Patent Owner.

Case IPR2018-00673
Patent 9,497,743 B2

Before JONI Y. CHANG, ANNETTE R. REIMERS, and
MATTHEW R. CLEMENTS, *Administrative Patent Judges*.

REIMERS, *Administrative Patent Judge*.

DECISION

Denying Patent Owner's Motion to Dismiss
37 C.F.R. § 42.71(a)

I. INTRODUCTION

We instituted trial on September 6, 2018. Paper 15 (“Inst. Dec.”). On October 15, 2018, pursuant to our authorization (Paper 20), Patent Owner filed a Motion to Dismiss requesting that we dismiss this proceeding pursuant to 35 U.S.C. § 318(a), 37 C.F.R. §§ 42.72 and 42.107(e), and the Board’s inherent authority. Paper 21 (“Mot.”). On October 22, 2018, Petitioner filed an Opposition to Patent Owner’s Motion. Paper 22 (“Opp.”). On October 29, 2018, Patent Owner filed a Reply to Petitioner’s Opposition. Paper 24 (“Reply”). For the reasons discussed below, Patent Owner’s Motion is *denied*.

II. ANALYSIS

In our Decision on Institution, we were persuaded that Petitioner had established a reasonable likelihood that it would prevail in showing the unpatentability of claims 1–4 of U.S. Patent No. 9,497,743 B2 (Ex. 1001, “the ’743 patent”), but were not persuaded that there was a reasonable likelihood as to claims 6–9. Inst. Dec. 30. Consistent with *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348 (2018) (“SAS”), we instituted on *all the challenged claims*.

After institution, Patent Owner disclaimed claims 1–4. Ex. 2023. In its Motion, Patent Owner argues that because the only claims remaining in the case are those for which we found no reasonable likelihood of success at the time of institution, “[i]t would be a waste of resources of all parties and the Board to continue the trial to a Final Written Decision on claims on which Petitioner cannot prevail.” Mot. 1; *see also id.* at 2, 5 (“Here, where the claims on which the Board concluded that Petitioner had shown a

likelihood of prevailing have been disclaimed, the Board should dismiss the IPR.”); Reply 2–3 (“The Board has already determined that Petitioner has not demonstrated a reasonable likelihood of success as to claims 6-9. . . . Proceeding with the IPR is therefore futile and a waste of the Board’s and the parties’ resources.”).

Patent Owner asserts that Congress has “authorized the Board to dismiss an instituted IPR [and] PTO Regulations codify that authority: ‘The Board may terminate a trial without rendering a final written decision, where appropriate’ 37 C.F.R § 42.72.” Reply 3; *see also id.* (“The Board need only issue a final written decision ‘if an inter partes review is instituted and not dismissed.’” (citing 35 U.S.C. § 318(a) (emphasis added by Patent Owner))); Mot. 2–3. Patent Owner also asserts that the “power to dismiss/terminate [an IPR] is . . . part of the Board’s inherent authority.” Mot. 3–4 (citing *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, 839 F.3d 1382, 1385-86 (Fed. Cir. 2016)(“*Medtronic*”)); *see also* Reply 3 (“[T]he Board has inherent authority to dismiss an instituted IPR.”).

Patent Owner further asserts that “the Board has exercised its authority to terminate when subsequent developments rendered the Board’s further adjudication a waste of resources.” Mot. 4 (citing *SK Hynix Inc. v. Netlist, Inc.*, IPR2017-00561, 2018 WL 1326409, at *1 (P.T.A.B. Mar. 13, 2018)). Patent Owner concludes that “[t]he Board should exercise this power to dismiss when the [Patent Owner] disclaims certain challenged claims, thereby leaving only claims for which the Board has already found Petitioner did not meet the statutory threshold to institute IPR.” *Id.*; *see also* Reply 4 (“[T]he Board should exercise its power to dismiss (where Petitioner cannot prevail on any non-disclaimed claim).”).

Petitioner counters that Patent Owner’s disclaimer of some, but not all, of the instituted claims “does not erase the Board’s institution on all challenged claims.” Opp. 3–4. According to Petitioner, it “is entitled to the full opportunity to develop evidence and present its case on *all challenged claims*, not just those the Board preliminarily favored.” *Id.* at 1 (emphasis added by Petitioner); *see also id.* (“[T]he Supreme Court explained [in *SAS*] that ‘[t]he statute hinges inter partes review on the filing of a petition challenging specific patent claims; . . . *it requires the Board’s final written decision to address every claim the petitioner presents for review.*’”) (citing *SAS Inst., Inc. v. Iancu*, 138 S. Ct. at 1358) (emphasis added by Petitioner)). Petitioner also contends that “the Board’s preliminary claim construction may change once the trial record has been developed.” Opp. 6; *see also id.* (“The preliminary conclusions made by the Board at the institution stage can, and often do, change after the parties have had a chance to develop the record.”) (citing *Genzyme Therapeutic Prod. Ltd. P’ship v. Biomarin Pharm. Inc.*, 825 F.3d 1360, 1367 (Fed. Cir. 2016));

We agree with Petitioner. Because claims 1–4 were disclaimed *after* our Institution Decision, our Institution Decision remains correct based on the facts that existed at the time it was decided. As correctly noted by Petitioner, 37 C.F.R. § 42.107(e) does not apply here because it “explicitly addresses only *pre-institution* disclaimer of claims.” Opp. 9 (emphasis added by Petitioner); *see also* Mot. 5. Patent Owner also relies on *Medtronic*, but *Medtronic* is distinguishable. Opp. 3. In particular, *Medtronic* addressed “the post-institution discovery of facts that exposed a defect in the petition *at the time the petition was filed*,” whereas, in this case, there was no jurisdictional defect in the Petition. *Id.* (emphasis added by

Petitioner). Thus, “*Medtronic* does not support an early dismissal of an instituted IPR prior to reaching the merits of all challenged claims based on Patent Owner’s post-institution decision to disclaim some, but not all, [of the] instituted claims.” Opp. 3.

Petitioner further correctly notes that *SK Hynix Inc.* also is distinguishable. *Id.* at 5. In that case, a final written decision in a preceding IPR had already held the claims unpatentable. *See SK Hynix Inc. v. Netlist, Inc.*, IPR2017-00561, 2018 WL 1326409, at *1 (P.T.A.B. Mar. 13, 2018); *see also* Opp. 5. Thus, the petitioner in *SK Hynix* was estopped under 35 U.S.C. § 315(e)(1) from “maintain[ing]” its later challenge to the same claims because they “reasonably could have been raised during” the preceding IPR and, as such, dismissal as to those claims was warranted

Moreover, dismissal is not appropriate here where the record on claim construction is not yet fully developed. *See, e.g.*, Ex. 1020 (“SAS Q&A”) B15 (“Because a panel’s determination is preliminary, the Petitioner may be able to direct the panel to information in the record that it overlooked or misunderstood.”), E4 (“The Board’s institution decision is a preliminary finding based on an incomplete record and before the parties have had a full opportunity to be heard.”). The Board “is not prohibited from providing its preliminary assessment regarding the Petitioner’s challenges,” and frequently does so at the time of institution because it “may provide valuable insight to the parties to put them on notice as to the panel’s view of the arguments at that stage, so that they have a full and fair opportunity to develop a record for the trial portion of the proceeding.” SAS Q&A at E3; *see also* Opp. 7–8. Such a preliminary assessment should not, however, be the basis for a dismissal or termination. Given that we instituted on all the

challenged claims and that our Institution Decision is a preliminary finding based on an incomplete record, we agree with Petitioner that this proceeding should not be dismissed, but should proceed to a final written decision “so that neither party is deprived of a full and fair opportunity to develop the record.” Opp. 6, 8.

Having considered the parties’ arguments, we deny Patent Owner’s Motion to Dismiss under 35 U.S.C. § 318(a), 37 C.F.R. §§ 42.72 and 42.107(e), and the Board’s inherent authority.

III. ORDER

Accordingly, it is

ORDERED that Patent Owner’s Motion to Dismiss is *denied*.

For PETITIONER:

David L. McCombs
Gregory P. Huh
Clint Wilkins
Adam Fowles
HAYNES AND BOONE, LLP
david.mccombs.ipr@haynesboone.com
gregory.huh.ipr@haynesboone.com
clint.wilkins.ipr@haynesboone.com
adam.fowles@haynesboone.com

For PATENT OWNER:

Douglas R. Wilson
J. Boone Baxter
HEIM, PAYNE & CHORUSH, LLP
dwilson@hpcllp.com
Wi-LANIPR@hpcllp.com