

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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PAYPAL, INC.,  
Petitioner,

v.

IOENGINE, LLC,  
Patent Owner.

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Case IPR2019-00884  
Patent 8,539,047 B2

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Before ELIZABETH M. ROESEL, SHEILA F. McSHANE, and  
SCOTT B. HOWARD, *Administrative Patent Judges*.

HOWARD, *Administrative Patent Judge*.

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

## INTRODUCTION

PayPal, Inc. (“Petitioner”) filed a Petition to institute an *inter partes* review of claims 1–9, 12–16, and 18–31 of U.S. Patent No. 8,539,047 B2 (Ex. 1001, “the ’047 patent”) pursuant to 35 U.S.C. §§ 311–319. Paper 1 (“Petition” or “Pet.”). IOENGINE LLC (“Patent Owner”) filed a Patent Owner Preliminary Response. Paper 10 (“Preliminary Response” or “Prelim. Resp.”). Additionally, pursuant to our authorization (Paper 16), Petitioner filed a Notice Regarding Multiple Petitions (Paper 17) and Patent Owner filed a Response to Petitioner’s Notice Regarding Multiple Petitions (Paper 19).

We have authority, acting on the designation of the Director, to determine whether to institute an *inter partes* review under 35 U.S.C. § 314 and 37 C.F.R. § 42.4(a). For the reasons that follow, we exercise our discretion under 35 U.S.C. § 314(a) and deny institution of *inter partes* review.

### A. *Real Parties in Interest*

Petitioner identifies PayPal, Inc., a wholly-owned subsidiary of PayPal Holdings, Inc., and PayPal Holdings, Inc. as the real parties in interest. Pet. 1.

### B. *Related Proceedings*

The parties identify the following current district court proceedings involving the ’047 patent: (i) *Ingenico Inc. v. IOENGINE, LLC*, No. 1:18-cv-00826-UNA (D. Del.) and (ii) *IOENGINE, LLC v. PayPal Holdings, Inc.*, No. 1:18-cv-00452-UNA (D. Del.) (collectively “the district court proceedings”). Pet. 1; Patent Owner’s Mandatory Notice, Paper 4 at 2. The parties also identify numerous other *inter partes* review proceedings

involving the '047 patent and two related patents, U.S. Patent Nos. 9,059,969 and 9,774,703. Pet. 2; Paper 4 at 2. This includes *Ingenico Inc. v. IOENGINE, LLC*, IPR2019-00416 (“IPR2019-00416”), *PayPal, Inc. v. IOENGINE, LLC*, IPR2019-00885, *PayPal, Inc. v. IOENGINE, LLC*, IPR2019-00886, and *PayPal, Inc. v. IOENGINE, LLC*, IPR2019-00887 involving the '047 patent. Pet. 2; Paper 4 at 2. We have instituted trial in IPR2019-00416. IPR2019-00416, Paper 20 (Institution Decision).

Petitioner also identifies U.S. Application Nos. 15/712,714 and 15/712,780, which Petitioner states are pending patent applications that claim the benefit of the '047 patent. Pet. 1.

*C. Asserted Ground of Unpatentability*

Petitioner asserts that claims 1–9, 12–16, and 18–31 would have been unpatentable on the following grounds:

| <b>Claims Challenged</b>  | <b>35 U.S.C. §</b> | <b>Basis</b>   |
|---------------------------|--------------------|--|
| 1–9, 13–16, 18, 19, 21–31 | 103(a)             | Abbott <sup>1</sup> in view of Shmueli <sup>2</sup>  |
| 12, 20                    | 103(a)             | Abbott in view of Shmueli and Brockmann <sup>3</sup> |

Pet. 10. In its analysis, Petitioner relies on the declaration of Dr. B. Clifford Neuman (Ex. 1004).

ANALYSIS

*A. Legal Framework of 35 U.S.C. § 314(a)*

35 U.S.C. § 314(a) provides that:

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<sup>1</sup> Abbott, US 7,272,723 B1, issued Sept. 18, 2007 (Ex. 1008).

<sup>2</sup> Shmueli US 2002/0147912 A1, published Oct. 10, 2002 (Ex. 1009).

<sup>3</sup> Brockmann, US 6,487,657 B1, issued Nov. 26, 2002 (Ex. 1039).

The Director [of the USPTO] may not authorize an *inter partes* review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 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.

Section 314(a) does not require the Director to institute an *inter partes* review. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”). Rather, a decision whether to institute is within the Director’s discretion, and that discretion has been delegated to the Board. *See* 37 C.F.R. § 42.4(a) (2019); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); Trial Practice Guide Update (July 2019), available at <https://www.uspto.gov/sites/default/files/documents/trial-practice-guide-update3.pdf> (“TPGU”), at 22 (“Sections 314(a) and 324(a) provide the Director with discretion to deny a petition.” (citations omitted)).

In *General Plastic*, the Board articulated a non-exhaustive list of factors to be considered in evaluating whether to exercise discretion under 35 U.S.C. § 314(a) to deny a petition that challenges a patent that was previously challenged before the Board. *General Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 15–16 (PTAB Sept. 6, 2017) (designated precedential in relevant part); *see also* TPGU at 23–26 (stating that the Board will consider the *General Plastic* factors when determining whether to institute a trial). These factors are:

1. whether the same petitioner previously filed a petition directed to the same claims of the same patent;<sup>[4]</sup>
2. whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
3. whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition;
4. the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;
5. whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
6. the finite resources of the Board; and
7. the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.

*General Plastic*, Paper 19 at 15–16 (citing *NVIDIA Corp. v. Samsung Elec. Co.*, IPR2016-00134, Paper 9 at 6–7 (PTAB May 4, 2016)); *see also* TPGU at 24. These factors are “a non-exhaustive list” and “additional factors may arise in other cases for consideration, where appropriate.” *General Plastic*,

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<sup>4</sup> “Since *General Plastic*, the Board has held that the application of the first *Generic Plastic* factor is not limited to instances where multiple petitions are filed by the same petitioner.” TPGU at 24 n.1. (citing *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00062, -00063, -00084, Paper 11 (PTAB Apr. 2, 2019) (designated precedential) (denying institution when a party filed follow-on petitions for *inter partes* review after the denial of an *inter partes* review request of the same claims filed by the party's co-defendant). “When different petitioners challenge the same patent, the Board considers the relationship, if any, between those petitioners when weighing the *General Plastic* factors.” *Id.* (citing *Valve Corp.*).

Paper 19 at 16, 18; *see also* TPGU at 25 (stating that “[t]he *General Plastic* factors are also not exclusive” and that “[t]here may be other reasons” that “favor[] denying a petition”). Both Petitioner and Patent Owner address these factors in their papers. *See* Pet. 7–9; Prelim. Resp. 46–56. We address the factors *seriatim* below.

*B. The General Plastic Factors*

*1. Whether the Same Petitioner Previously Filed a Petition Directed to the Same Claims of the Same Patent*

Petitioner acknowledges that “Ingenico Inc. is concurrently challenging certain claims of the ’047 patent in IPR2019-00416.” Pet. 7. However, Petitioner argues that IPR2019-00416 was “independently filed” and “challenges only a subset of the claims [Petitioner] challenges here.” *Id.* Specifically, Petitioner argues IPR2019-00416 does not challenge independent claims 26 and 30 of the ’047 patent, which are challenged in the instant Petition, and that the petitions rely on different prior art and different arguments. *Id.* at 7–8. Petitioner further asserts that “[Petitioner] and Ingenico are represented by separate counsel and their petitions are supported by different experts. This petition was prepared under the sole direction and control of [Petitioner] without contribution from Ingenico. Likewise, [Petitioner] made no contribution, and exercised no direction or control over any Ingenico IPR.” *Id.* at 7 n.1. Therefore, according to Petitioner, “[Petitioner]’s IPRs are thus independently institutable.” *Id.* at 7–8 (citing *Toshiba America Information Systems, Inc. v. Walltex Microelectronics Ltd.*, IPR2018-01538, Paper 11 at 20 (PTAB March 5, 2019)).

Patent Owner argues Petitioner's and Ingenico's interests are "closely aligned." Prelim Resp. 47–48. According to Patent Owner:

Ingenico acknowledged in its mandatory notices that it has an indemnification agreement with [Petitioner] (*see, e.g.*, IPR2019-00584, Paper 7 at 1), and in its declaratory judgment complaint relies on [Petitioner]'s indemnification request to [Ingenico] for purposes of standing. Ex. 2081 ¶ 9. Ingenico has further acknowledged that [Petitioner] is its customer, and that certain products accused of infringement in the PayPal Action are "supplied to [Petitioner] by Ingenico." Ex. 2081 ¶¶ 7–8, 10. IOENGINE has asserted infringement claims against both Ingenico and [Petitioner] in the district court. Exs. 2029, 2030. Notably, [Petitioner] makes a concerted effort to separate itself from Ingenico, Petition at 7, but studiously avoids any mention or acknowledgment of the indemnification and supply relationship that is the basis for Ingenico's involvement in these proceedings.

*Id.* at 47. Patent Owner further argues that "[u]nder these circumstances, the relationship between Petitioner and Ingenico 'incentivizes both parties to invalidate claims of [IOENGINE's asserted patents]' and '[i]n that sense, Ingenico [*sic*, Ingenico] is a clear beneficiary of [Petitioner's] efforts in this *inter partes* review, and it follows readily that [Petitioner] represents Ingenico's [*sic*, Ingenico's] interests in this proceeding.'" *Id.* at 47–48 (citing and quoting *Ventex Co., Ltd. v. Columbia Sportswear N. Am., Inc.*, Case IPR2017-00651, Paper 148 at 7–8 (PTAB Jan. 24, 2019) (designated precedential)) (alterations in original).

Patent Owner also argues that the *Toshiba* case cited by Petitioner is not applicable to the facts of this case. *See* Prelim Resp. 52. According to Patent Owner, in *Toshiba* the "petitioners were just 'co-defendants in related district court litigation' and the Board was persuaded by the fact that there was no other relationship or cooperation between them and another co-

defendant who had filed earlier petitions.” *Id.* (citing *Toshiba*, Paper 148 at 22). Patent Owner argues that, in contrast to *Toshiba*, “Ingenico supplies Petitioner with products related to [Patent Owner]’s infringement allegations and the two parties are further related via an indemnification obligation; indeed, Ingenico became involved in these proceedings only following an indemnification request from Petitioner relating to [Patent Owner]’s infringement allegations.” *Id.* Therefore, according to Patent Owner, the decision of Ingenico and Petitioner—who are accused of infringing the same patent based on the same products—to file sequential petitions weighs in favor of discretionary denial. *Id.* at 48 (citing *Valve Corp.*).<sup>5</sup>

The precedential *Valve Corp.* decision is instructive. In *Valve Corp.*, the Board found that the first *General Plastic* factor favored denying institution in light of the overlap in the challenged claims and the significant relationship between the first and second petitioners:

We determine that the first *General Plastic* factor weighs against institution. As discussed above, the petitions in these cases challenge the same claims of the ’934 patent as the previous petition in the 1031 IPR. As also discussed above, Valve and HTC were co-defendants in the District Court litigation and were accused of infringing the ’934 patent based on HTC’s VIVE devices that incorporate technology licensed from Valve. Thus, there is a significant relationship between Valve and HTC with respect to Patent Owner’s assertion of the ’934 patent. *The complete overlap in the challenged claims and the significant relationship between Valve and HTC favor denying institution.*

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<sup>5</sup> *Valve Corp.* was decided and designated precedential after the filing date of the Petition and before Patent Owner filed the Preliminary Response. Petitioner did not request additional briefing to address Patent Owner’s arguments directed to *Valve Corp.*

*Valve Corp.*, Paper 11 at 10 (emphasis added). Thus, *Valve Corp.* instructs us to consider the relationship between the petitioners and the overlap in the challenged claims, as between this case and the earlier-filed IPR2019-00416. We address each of these points in turn.

*a. Relationship between the Petitioner and Ingenico*

In this case, there is a significant relationship between Petitioner and Ingenico. Patent Owner sued Petitioner for infringing the '047 patent. Pet. 1; Ex. 2029. Ingenico supplies products accused of patent infringement in that suit and has an indemnification agreement with Petitioner. *See* Ex. 2081 ¶¶ 2, 6–9.<sup>6</sup> Although Petitioner and Ingenico are not codefendants in a single patent infringement proceeding, Ingenico filed a declaratory judgment action seeking a declaration that Ingenico and its customers, including Petitioner, do not infringe the '047 patent (Ex. 2081, 41) and Patent Owner filed patent infringement counterclaims (Ex. 2030, 26–317). The two district court actions have been consolidated for pre-trial purposes. *See* Ex. 2031, 2 (revised scheduling order for consolidated cases). Ingenico's supplying products to Petitioner that Patent Owner alleges infringe the '047 patent, the indemnification agreement between Petitioner and Ingenico, and the consolidated district court proceedings constitute a sufficiently significant relationship between Ingenico and Petitioner for purposes of applying the *General Plastic* factors. *See Valve*, Paper 11 at 10 (finding “significant relationship” between petitioners who were co-defendants in

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<sup>6</sup> Exhibit 2081 is Ingenico's declaratory judgment complaint against IOENGINE, which includes allegations about IOENGINE's infringement complaint against Petitioner. We note that Exhibit 2081 is marked with the wrong exhibit number (Ex. 2004) in the legend at the bottom of each page.

district court litigation and were accused of infringement based on products that incorporate technology licensed from one petitioner to the other).

We further agree with Patent Owner that *Toshiba* is distinguishable from the facts of this case. *Toshiba* is a non-precedential decision issued prior to *Valve Corp.* Accordingly, it is not binding on us and, in light of *Valve Corp.*, of limited persuasive value. See Standard Operating Procedure 2 (Revision 10), 3, available at <https://www.uspto.gov/sites/default/files/documents/SOP2%20R10%20FINAL.pdf> (“Every decision other than a precedential decision by the Precedential Opinion Panel is, by default, a routine decision. A routine decision is binding in the case in which it is made, even if it is not designated as precedential or informative, but it is not otherwise binding authority.”).

Furthermore, unlike the situation here, in *Toshiba* the two petitioners were competitors and had no significant relationship:

*Although all of the Petitioners are co-defendants in related district court litigation, they remain distinct parties, with ultimately distinct interests, and distinct litigation strategies. In fact, co-defendants, accused of infringing the same patent directed to a particular machine or process, often are competitors in the marketplace. Absent evidence of cooperation, which, as we explain above, there is no such evidence present here, we decline to prevent Petitioner in this proceeding from challenging the claims of the '825 patent because the Petitioner in the -325 and -326 cases determined that it was in its best interest to file petitions challenging the same patent roughly seven months before the one-year statutory bar.*

*Toshiba*, Paper 11 at 22 (emphasis added). In this case, however, Petitioner and Ingenico are not mere co-defendants who compete in the marketplace. Here, Patent Owner’s evidence shows that Ingenico both supplies Petitioner with products accused of infringing and has an indemnification agreement

with Petitioner. *See* Ex. 2081 ¶¶ 5–9, 11. Although Petitioner states that the Petition was prepared “without contribution from Ingenico” (Pet. 7 n.1), that, by itself, does not contradict the existence of a significant and meaningful relationship between the parties.

Accordingly, based on the record now before us, Petitioner and Ingenico have a significant relationship, similar to the relationship between the petitioners in *Valve Corp.*<sup>7</sup>

*b. Overlapping Claims*

Next we consider the overlap between the claims challenged in this proceeding and the challenged claims in IPR2019-00416. We find a substantial overlap.

Although Petitioner seeks review of five claims (claims 22, 26, and 29–31 (“the non-overlapping claims”)) that are not part of the IPR2019-00416, two of which are independent (*see* Pet. 7), the existence of the non-overlapping claims is not substantial enough to tip the first factor to favor instituting trial. First, 23 of the 28 claims that are the subject of the Petition are being challenged in IPR2019-00416. Thus, there is significant overlap between the challenged claims in the Petition and in IPR2019-00416, and the vast majority of the claims will be addressed in IPR2019-00416. *Cf. Deeper, UAB v. Vexilar, Inc.* IPR2018-01310, Paper 7 at 42–43 (PTAB Jan. 29, 2019) (designated informative) (considering percentage of claims in

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<sup>7</sup> Although we determine that Petitioner and Ingenico have a significant relationship for purposes of applying the *General Plastic* factors, we need not and do not determine whether Ingenico is Petitioner’s real party in interest in this proceeding, nor whether Petitioner is Ingenico’s real party in interest in IPR2019-00416.

deciding whether to exercise discretion to institute); *Chevron Oronite Co. LLC. v. Infineum USA L.P.*, IPR2018-00923, Paper 9 at 10–11 (PTAB Nov. 7, 2018) (designated informative) (same).

Petitioner has not argued that it will be prejudiced if trial is not instituted on the non-overlapping claims. *See* Pet. 7–8.<sup>8</sup> That is, although Petitioner points out that there is not complete overlap between the claims, Petitioner does not explain how it would be harmed if we do not institute on the non-overlapping claims. *See id.* For example, Petitioner does not assert that any of the non-overlapping claims are being asserted against it in the district court proceedings, and the evidence shows that none of them is currently being asserted against Petitioner. *See* Ex. 2082, 1 (listing claims 1, 4, 12, 24, and 24 of the '047 patent as asserted by IOENGINE against PayPal); *see also* Ex. 1038, 5–6 (Patent Owner's initial infringement charts).

*c. Factor One Conclusion*

Accordingly, in light of the substantial relationship between Petitioner and Ingenico, the substantial overlap between the challenged claims in the Petition and IPR2019-00416, and no discerned harm to Petitioner if we do not institute on the non-overlapping claims, the first *General Plastic* factor weighs in favor of exercising our discretion to deny institution.

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<sup>8</sup> Although not identified in *General Plastic*, we have considered “potential prejudice to the subsequent petitioner if institution is denied” when determining whether to exercise our discretion to deny institution under section 314(a). *Shanghai Lunion Information Technologies, Ltd. v. Telefonaktiebolaget LM Ericsson*, Case IPR2018-00995, Paper 12, at 16 (Nov. 13, 2018).

2. *Whether at the Time of Filing of the First Petition the Petitioner Knew of the Prior Art Asserted in the Second Petition or Should Have Known of It*

Patent Owner argues “Petitioner knew or should have known of Shmueli, on which all of its grounds are based, for at least a year before filing the Petition.” Prelim. Resp. 52. Patent Owner further argues that “[t]he other two references relied upon by the Petition are patents published more than a decade ago (2002 and 2007) and Petitioner provides no explanation why it could not have found these references earlier through the exercise of reasonable diligence.” *Id.* at 53 (citing *Blue Coat Sys., Inc. v. Finjan, Inc.*, IPR2016-01441, Paper 14 at 12 (PTAB Jan. 23, 2017); *General Plastic*, Paper 19 at 20; *Valve Corp.*, Paper 11 at 10–11)).

Petitioner does not address this factor. *See* Pet. 7–8.

Shmueli is identified on the face of United States Patent No. 9,774,703 (“the ’703 patent”) (Ex. 2034, at code (56)), which is related to the ’047 patent and is one of the patents asserted against Petitioner in a March 2018 complaint in the district court proceeding (*see* Ex. 2030). Therefore, we agree with Patent Owner that Petitioner knew or should have known of Shmueli at the time the Petition was filed in IPR2019-00416 in December 2018. Accordingly, with regard to Shmueli, this factor weighs in favor of exercising our discretion to deny institution.

On the other hand, there is no evidence in the record indicating whether Petitioner should have been able to find Abbott and Brockmann exercising reasonable diligence. Petitioner does not address this factor and Patent Owner relies solely on attorney argument, not evidence. Therefore, with regard to Abbott and Brockmann, this factor is neutral.

Considering all three references, this factor weighs slightly in favor of exercising our discretion to deny institution.<sup>9</sup>

3. *Whether at the Time of Filing of the Second Petition the Petitioner Already Received the Patent Owner's Preliminary Response to the First Petition or Received the Board's Decision on Whether to Institute Review in the First Petition*

Petitioner argues that “at the time [Petitioner] filed its IPRs, Patent Owner had not yet filed a preliminary response in [IPR2019-00416] and thus [Petitioner] did not receive any tactical advantage from [IPR2019-00416].” Pet. 8.

Patent Owner does not address this factor. *See generally* Prelim. Resp.

Because the Petition was filed before Patent Owner submitted the preliminary responses or the Board issued its institution decision in IPR2019-00416, this factor weighs against exercising our discretion to deny institution.

4. *The Length of Time that Elapsed Between the Time the Petitioner Learned of the Prior Art Asserted in the Second Petition and the Filing of the Second Petition*
5. *Whether the Petitioner Provides Adequate Explanation for the Time Elapsed Between the Filings of Multiple Petitions Directed to the Same Claims of the Same Patent*

*General Plastic* factors four and five focus on the period of delay and any excuse for that delay. Petitioner argues Patent Owner did not provide pre-suit notice of the '047 patent. Pet. 8. Petitioner further argues it “has

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<sup>9</sup> Even if we consider this factor as neutral, our weighing of the factors in Analysis Section C, *infra*, would remain the same.

worked diligently to prepare its IPR filings” but Patent Owner originally asserted 96 claims across three patents in the district court proceeding against PayPal. *Id.* (citing Ex. 1038, 5–6). According to Petitioner, Patent Owner did not reduce the number of asserted claims until March 1, 2019. *Id.*

Patent Owner argues Petitioner waited nearly a year from when Petitioner knew or should have known of Shmueli to file the Petition. Prelim. Resp. 53. Patent Owner further argues that although it asserted 96 claims over three patents, that covered just three independent claims of the ’047 patent and six additional independent claims of the other two patents. *Id.* at 53–54. Patent Owner further argues that, although it only asserted a subset of claims against Petitioner, Petitioner challenges all of the claims of the ’047 patent across two petitions. *Id.* at 54.

Based on the facts of this case, we determine that the fourth and fifth General Plastic factors weigh against institution. Petitioner’s only excuse for delay is that Patent Owner initially asserted a large number of claims against Petitioner in district court and reduced the number of asserted claims approximately one month before the statutory deadline for filing an IPR petition. Pet. 8; Petitioner’s Notice Regarding Multiple Petitions, Paper 17 at 2. Although it may be reasonable in some cases for a defendant to wait to receive plaintiff’s identification of asserted claims and/or infringement contentions before filing a petition for *inter partes* review, Petitioner’s excuse is not adequate in this case. Patent Owner is correct that, between the Petition in this case and the petition filed in IPR2019-00416, Petitioner challenges *all* of the claims of the ’047 patent, including claims that were never asserted by Patent Owner in the district court proceedings. As Patent

Owner argues, this undermines Petitioner’s suggestion that the number of claims asserted by Patent Owner relates to the preparation of the Petition. *See* Prelim. Resp. 54. It also does not demonstrate that Petitioner relied on Patent Owner’s reduction of the number of asserted claims to reduce the number of claims challenged in the IPR petitions. Under these circumstances, we do not view as reasonable Petitioner’s attempt to excuse its delay based on the number and timing of Patent Owner’s identification of asserted claims in district court.

Accordingly, this factor weighs in favor of exercising our discretion to deny institution.

6. *The Finite Resources of the Board and*
7. *The Requirement under 35 U.S.C. § 316(a)(11) to Issue a Final Determination Not Later Than 1 Year after the Date on Which the Director Notices Institution of Review*

“The sixth and seventh factors are efficiency considerations” and we address them together. *Valve Corp.*, Paper 11 at 15.

Petitioner argues that “given that [Petitioner]’s IPRs are starkly different than the IPR filed by Ingenico, the Board is justified in expending its resources to consider [the Petition], and there is no known reason the Board cannot issue final determinations within one year of institution.” Pet. 8–9.

Patent Owner argues “institution in this matter would present a remarkably inefficient use of the Board’s resources, leading to a race to judgment.” Prelim. Resp. 54. Specifically, Patent Owner argues that jury trials in the district court proceedings involving the ’047 patent are scheduled for trial on July 27 and August 10, 2020, prior to the date a final written decision would be issued. *Id.* at 54–55 (citing Ex. 2031 ¶ 12).

According to Patent Owner, “the stage of the district court proceedings weighs in favor of denying the Petition.” *Id.* at 55 (citing *NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (PTAB Sep. 12, 2018) (designated precedential)). Patent Owner further argues that institution would involve overlapping claim construction proceedings, which would be an inefficient use of resources. *Id.* at 55–56. Patent Owner also argues that Petitioner would still be able to raise all of the challenges in the Petition during the district court proceeding. *Id.* at 56.

We are not persuaded by Patent Owner’s arguments relating to the district court proceedings. After Patent Owner filed its Preliminary Response, the district court stayed the proceedings pending completion of IPR2019-00416. *See IOENGINE*, 2019 WL 3943058. Accordingly, Patent Owner’s arguments relating to inefficiency from competing district court and PTAB proceedings are moot.

Regardless, we determine that the sixth and seventh *General Plastic* factors weigh against institution. “In general, having multiple petitions challenging the same patent, especially when not filed at or around the same time as in this case, is inefficient and tends to waste resources.” *Valve Corp.*, Paper 11 at 15. This is especially true in cases like this where there are approximately three months between the decisions on institution and oral hearing, if requested, could not be easily consolidated.

Because these serial challenges implicate the efficiency concerns underpinning *General Plastic*, factors 6 and 7 favor denying institution.<sup>10</sup>

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<sup>10</sup> Patent Owner further argues that the Petition is weak on the merits and this additional “factor further supports discretionary denial.” Prelim Resp.

*C. Balancing the General Plastic Factors*

We have considered the circumstances and facts before us in view of the *General Plastic* factors. Because the analysis is fact driven, no single factor is determinative of whether we exercise our discretion to deny institution under § 314(a). However, six of the factors (Factors 1, 2, 4, 5, 6, and 7) weigh in favor of exercising our discretion and only a single factor (Factor 3) weighs against exercising our discretion. Based on the facts of this case, we find the first, fifth, and sixth—all of which weigh in favor of exercising our discretion—the most important. Ingenico, which has a significant relationship with Petitioner, filed a first petition challenging all of the then asserted claims of the '047 patent. Petitioner has not sufficiently explained why a second petition challenging the same patent is necessary and consistent with the goals of fairness and efficiency.

Additionally, only instituting on a single petition seeking *inter partes* review of the '047 patent is consistent with the Trial Practice Guide Update's discussion of multiple parallel petitions challenging the same patent. *See* TPGU 26–28. The Trial Practice Guide Update states that “multiple petitions by a petitioner are not necessary in the vast majority of cases” and that “a substantial majority of patents have been challenged with a single petition.” *Id.* at 26. The Trial Practice Guide Update acknowledges that there are situations where multiple petitions directed to the same patent may be appropriate:

Nonetheless, the Board recognizes that there may be circumstances in which more than one petition may be necessary, including, for example, when the patent owner has asserted a

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56. Because the *General Plastic* factors weigh against instituting trial, we do not consider this additional factor.

large number of claims in litigation or when there is a dispute about priority date requiring arguments under multiple prior art references. In such cases two petitions by a petitioner may be needed, although this should be rare. Further, based on prior experience, the Board finds it unlikely that circumstances will arise where three or more petitions by a petitioner with respect to a particular patent will be appropriate.

*Id.*

In this case, Petitioner has not sufficiently demonstrated the need for additional petitions beyond IPR2019-00416. We instituted trial on the challenged claims in IPR2019-00416 and Petitioner has not identified any prejudice associated with our not instituting trial on the non-overlapping claims. Furthermore, Petitioner has not argued that there is a dispute regarding the prior art status of the references used in IPR2019-00416. *Cf.* TPGU, 26.

Petitioner asserts that its petitions are based on USB prior art and card reader prior art. Pet. 2; *see also id.* at 7. Petitioner further states that IPR2019-00416 is based on digital camera prior art. *Id.* at 2; *see also id.* at 7. However, Petitioner does not explain why the difference is material nor how it justifies multiple petitions. *See id.* at 2–7.

Balancing all of the factors, on this record, we determine that the circumstances presented here weigh in favor of exercising our discretion under § 314(a) to deny institution of *inter partes* review.

### CONCLUSION

For all the reasons discussed above, we exercise our discretion to deny *inter partes* review in this proceeding based on 35 U.S.C. § 314(a) and *General Plastic*.

ORDER

In consideration of the foregoing, it is hereby  
ORDERED that Petitioner's request for *inter partes* review is *denied*  
and no *inter partes* review is instituted.

IPR2019-00884  
Patent 8,539,047 B2

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