

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZTE (USA), INC. and LG ELECTRONICS INC.,
Petitioner,

v.

CYWEE GROUP LTD.,
Patent Owner.

IPR2019-00143
IPR2019-01203¹
Patent 8,441,438 B2

Before PATRICK M. BOUCHER, KAMRAN JIVANI, and
CHRISTOPHER L. OGDEN, *Administrative Patent Judges*.

Opinion for the Board filed by *Administrative Patent Judge* OGDEN.

Opinion Dissenting filed by *Administrative Patent Judge* BOUCHER.

OGDEN, *Administrative Patent Judge*.

DECISION

Granting Petitioner's Request on Rehearing of Order
37 C.F.R. § 42.71(d)

¹ We do not authorize the parties to use this style of caption.

INTRODUCTION

Joined Petitioner LG Electronics Inc. (“LGE”) requests rehearing (“Rehearing Request,” or “Req. Reh’g,” IPR2019-01203,² Paper 14) of our Order (“Order,” Paper 43) denying LGE’s requests made in a conference call with the panel on February 5, 2020. *See* Ex. 2022 (transcript).³ Patent Owner CyWee Group Ltd. (“CyWee”) filed an Objection to the Rehearing Request. Paper 46.

As background, on August 9, 2019, CyWee filed a contingent Motion to Amend asking the Board for preliminary guidance as to CyWee’s proposed substitute claims. Paper 19, 22. Our Preliminary Guidance expressed our preliminary view that, based on the available record, CyWee had not met all the statutory and regulatory requirements for the proposed substitute claims, and that Petitioner ZTE (USA), Inc. (“ZTE”) had shown a reasonable likelihood that two of the proposed substitute claims were unpatentable. Paper 35, 3, 7. On December 17, 2019, we determined that LGE had met the requirements for instituting an inter partes review, and joined LGE to this proceeding. Paper 36, 45. On December 20, 2019, CyWee filed a contingent Revised Motion to Amend. Paper 38. ZTE responded by withdrawing its objections to the revised amended claims, and

² In our Decision joining LGE to this proceeding, we ordered that the “joined parties in IPR2019-00143 will file all papers jointly in the joined proceeding as consolidated filings.” Paper 36, 49. However, LGE filed its Rehearing Request in IPR2019-01203. Unless otherwise noted, as here, all other citations in this Decision are to the record of IPR2019-00143.

³ On March 26, 2020, LGE also requested Precedential Opinion Panel (POP) review of the Order (*see* Paper 47, Ex. 3001), which the POP denied on May 12, 2020. Paper 48.

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stated that it “does not challenge the patentability of the revised amended claims.” Paper 41, 1–2. ZTE stated that it “believes oral argument is not necessary and has reached an agreement with Patent Owner to have the validity of the original claims determined solely on current written submissions.” *Id.* at 2.

In its initial request in the February 5, 2020 call, LGE sought the following relief: (1) “that LGE be allowed to take the active Petitioner role to oppose the revised motion to amend on the merits”; (2) that LGE be allowed “to maintain or renew the previous request for oral argument and to argue for Petitioners at that oral argument”; and (3) an order for “Patent Owner and ZTE to disclose the nature, terms and the timing of any written or oral agreement they have reached so that the impact of this agreement . . . can be fully addressed to guarantee that this IPR can conclude with a good faith record.” Ex. 2022, 12:4–15.

In our Order, we noted that LGE represented in its Motion for Joinder that “as long as ZTE remains an active participant in the IPR, [LGE] will take a passive ‘understudy’ role and work with ZTE to avoid procedural disruptions. [LGE] will assume the primary role only if ZTE ceases to participate in the IPR.” Order 2 (citing IPR2019-01203, Paper 3, 8). We also noted that LGE agreed it “shall not be permitted to raise any new grounds not already instituted by the Board in the ZTE IPR, or introduce any argument or discovery not already introduced by [ZTE].” *Id.* (citing IPR2019-01203, Paper 3, 10). Because we found that ZTE remains an active participant in the inter partes review, we denied LGE’s requests to take over as lead petitioner and argue with respect to CyWee’s proposed amended

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claims, or to obtain information about any agreements between ZTE and CyWee. *Id.* at 5–6.

For following reasons, we grant LGE’s Rehearing Request and address LGE’s initial request as discussed below.

ANALYSIS

The party challenging a decision in a request for rehearing bears the burden of showing the decision should be modified. 37 C.F.R. § 42.71(d) (2019). A request for rehearing “must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed.” *Id.*

In its Rehearing Request, LGE contends, among other things,⁴ that we misapprehended or overlooked “ZTE’s lack of active participation as to the revised amended claims,” and that “ZTE failed to consult with LGE regarding its decision not to oppose the revised amended claims.” *See* Req. Reh’g 6, 13. In general, LGE’s concern is that ZTE’s interests in challenging the revised amended claims have diverged from those of LGE, so that the trial as it relates to the revised amended claims is no longer truly adversarial, contrary to the public interest. *See id.* at 1–2.

In particular, LGE argues that ZTE’s decision not to oppose CyWee’s revised amended claims is “not a reasonable strategic choice” (Req. Reh’g

⁴ LGE’s other main argument is that LGE might be estopped under 35 U.S.C. § 315(e) as to any arguments regarding CyWee’s Revised Motion to Amend that we prohibited LGE from raising in this proceeding. *See* Req. Reh’g 2–6. Because we are allowing LGE to make those arguments, this issue is moot.

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7), and proposes to present arguments that ZTE is not making. *Id.* at 6–10. For example, LGE contends that substitute claim 22 “is identical in both the original amended claims and the revised amended claims.” *Id.* at 6. Yet, according to LGE, ZTE is no longer pursuing its challenge to this claim. *Id.* at 7 (citing Paper 34, 5 (ZTE’s contention that the original claim 22 is “not entitled to the benefit of the provisional application”)). According to LGE, “ZTE’s abrupt capitulation as to claim 22 and other revised amended claims indicates that ZTE’s decision was based . . . on an agreement with CyWee.” *Id.* at 7.

LGE also argues that ZTE did not consult with it before deciding not to oppose the revised amended claims, even though our Order required ZTE and LGE to “file all papers jointly in the joined proceedings as consolidated filings.” *Id.* at 13 (emphasis omitted) (quoting Paper 36, 49). According to LGE, ZTE stopped returning LGE’s calls, withdrew from the joint defense group in the related district court case, and refused to confirm or deny that it had reached an agreement with CyWee. *Id.* at 9.

LGE argues that, were we to deny LGE the chance to oppose CyWee’s revised amended claims, the circumstances of this case would “provide[] parties in other post-grant proceedings with a roadmap” that would “erode the public’s trust in the system and eliminate a primary reason for a party to seek joinder, *i.e.*, the ability to take over if the lead petitioner ceases to properly represent the interests of all petitioners.” Req. Reh’g 12–13.

In its Objection, CyWee contends that LGE had no authority to bring its Rehearing Request, based on the terms by which we joined LGE to the

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proceeding. Paper 46, 2.⁵ Although LGE should have asked for permission under those terms to file the Rehearing Request, we view this impropriety in light of the highly unusual procedural posture of this case and balance it against the changed circumstances of our precedential decision discussed below. On balance, we find LGE's impropriety does not outweigh these concerns and, therefore, we do not sustain CyWee's objection. In so doing, we exercise our discretion to determine the proper course of conduct in this proceeding in order to secure its just, speedy, and inexpensive resolution. *See* 37 C.F.R. §§ 42.1(b), 42.5(a).

CyWee also argues in its Objection that, absent the ability to join ZTE's challenge to the '438 patent, LGE would otherwise have been barred from filing a petition under 35 U.S.C. § 315(b), and that its attempt to submit unpatentability arguments as to the revised amended claims, independently of ZTE, is "nothing more than a blatant attempt to circumvent the statutory time bar by which LGE is bound." Objection 2–3. According to CyWee, "LGE swore that it would take only an understudy role . . . as an express condition upon which LGE was permitted to join this IPR." *Id.* (citing Paper 36, 46). Yet "ZTE remains as the sole petitioner in this IPR with a right to advance arguments," and "has not ceased to prosecute this IPR." *Id.* at 3. Rather, CyWee contends the issue is that ZTE "is simply not prosecuting [the trial] the way time-barred LGE desires." *Id.*

⁵ CyWee also objects to LGE's recommendation for POP review. Paper 46, 1. Because the POP has denied this request (*see* Paper 48), this issue is now moot.

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It is uncontested that LGE would have been time-barred under § 315(b), and could not have brought its own petition independently of ZTE. However, our rules, and the AIA statute, explicitly allow for the joinder of otherwise-time-barred petitioners. *See* 37 C.F.R. § 42.122(b); *see also* 35 U.S.C. § 315(c) (granting authority to “join as a party to [an] inter partes review any person who properly files a petition under section 311 that the Director . . . determines warrants the institution of an inter partes review under section 314”). Given that LGE has been properly joined to the proceeding under § 315(c) and our rules, we disagree with CyWee’s characterization that LGE is seeking to circumvent its time-barred status under § 315(b).

LGE joined this proceeding knowing the contents of ZTE’s Petition challenging the original claims. Under this framework, LGE agreed to act in a passive understudy role “unless the original petitioner ceases to participate.” Paper 36, 46. We found in our Order, and we still agree, that ZTE remains an active participant with respect to ZTE’s and LGE’s joint challenge to the original claims. Order 5.

As to CyWee’s Revised Motion to Amend, however, the trial no longer appears to be meaningfully adversarial. In a new decision by the Board’s Precedential Opinion Panel (POP), the POP stressed the importance, as a matter of Patent Office policy, of the adversarial process in evaluating proposed amended claims for patentability. *See Hunting Titan, Inc. v. DynaEnergetics Europe GmbH*, IPR2018-00600, Paper 67, at 11 (PTAB July 6, 2020) (precedential). According to the POP, “adversarial briefing by the parties provides the basic framework for the amendment process in AIA

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trials. That is, the patent owner first proposes the substitute claims in its motion, and the petitioner then has the opportunity to raise grounds of unpatentability in opposition based on evidence and arguments.” *Id.* Relying on this “adversarial process to frame the issues for the Board properly places the incentives on the parties to identify the pertinent evidence and make the best arguments for their desired outcome.” *Id.* (citing *Greenlaw v. United States*, 554 U.S. 237, 243–44 (2008)).

Hunting Titan identified certain “circumstances where the adversarial system fails to provide the Board with potential arguments for the unpatentability of the proposed substitute claims,” such as when “a petitioner chooses not to oppose the motion to amend.” *Id.* at 12–13. In such rare situations, the POP held that “the Board *may* raise a ground of unpatentability that a petitioner did not advance.” *Id.* at 13. Thus, the holding in *Hunting Titan* “allows for the Office to step in if there is a clear failure in [the adversarial] system.” *Id.* at 20.

Regardless of the outcome of our decision today, our Final Written Decision must assess the patentability of CyWee’s proposed substitute amended claims. This includes claim 22, for which we identified a potential new matter issue under 35 U.S.C. § 316(d)(3) in our Preliminary Guidance. *See* Paper 35, 4, 6; *see also* Paper 34, 5 (ZTE’s earlier argument regarding claim 22). Although we could raise this or other patentability issues *sua sponte* in our Final Written Decision, the adversarial system is better served if we allow a Petitioner to raise such issues in response to CyWee’s Revised Motion to Amend.

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Therefore, we will allow LGE to present arguments and evidence, independently from ZTE, in response to CyWee's Revised Motion to Amend. CyWee may, of course, respond to any such arguments or evidence with its own rebuttal arguments or evidence. LGE may also, if it chooses, independently request an oral hearing limited solely to the issues raised in the Revised Motion to Amend. The remainder of the trial will proceed according to the accompanying Second Revised Scheduling Order.

Because it is unnecessary given our Decision, we deny LGE's request for an order requiring ZTE and CyWee to disclose information about any agreements between those two parties.

ORDER

It is

ORDERED that LGE's Rehearing Request is *granted*;

FURTHER ORDERED that LGE may submit an opposition to Patent Owner's Revised Motion to Amend and, at LGE's discretion, a request for oral argument according to the schedule set forth in the accompanying Second Revised Scheduling Order;

FURTHER ORDERED that ZTE and LGE may each act independently as Petitioner for the remainder of the trial, limited solely to the issues raised in CyWee's Revised Motion to Amend ("the RMTA issues");

FURTHER ORDERED that as to the RMTA issues, both ZTE and LGE must file all papers and exhibits in this proceeding (IPR2019-00143);

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FURTHER ORDERED that as to all matters other than the RMTA issues, the original Order in Paper 36 will remain in force: ZTE remains the lead Petitioner, and ZTE and LGE will continue to file all papers jointly in this proceeding as consolidated filings, identifying each such paper as “Consolidated” except for papers that involve fewer than all of the parties; and

FURTHER ORDERED that LGE’s request for an order requiring the disclosure of any agreements between any ZTE and CyWee, if they exist, is *denied*.

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CHRISTOPHER L. OGDEN, *Administrative Patent Judges*.

BOUCHER, *Administrative Patent Judge*, dissenting.

I respectfully dissent from the majority's decision to allow LGE to present independent arguments and evidence in response to CyWee's Revised Motion to Amend. In doing so, the majority endorses LGE's efforts to renege on the very commitments it made in securing its participation in this proceeding. I would instead hold LGE to the concessions it made when seeking to join this proceeding and deny its Rehearing Request.

As the majority explains, "[i]t is uncontested that LGE would have been time-barred under § 315(b), and could not have brought its own

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petition independently of ZTE.” Maj. op. 7. Whether to join a party to an instituted proceeding, even when a petitioner files a meritorious petition, remains discretionary. 35 U.S.C. § 315(c) (“If the Director institutes an inter partes review, the Director, *in his or her discretion*, may join as a party . . .” (emphasis added)). In exercising such discretion, the Board has recognized the importance of “consider[ing] such factors as timing and impact of joinder on the trial schedule, cost, discovery, and potential simplification of briefing.” *Famy Care Ltd. v. Allergan, Inc.*, IPR2017-00566, Paper 12 at 7 (PTAB July 12, 2017) (citing *Kyocera Corp. v. SoftView, LLC*, IPR2013-00004, Paper 15 at 4 (PTAB Apr. 24, 2013)). In doing so, the Board has sometimes denied a motion for joinder when the petitioner seeking joinder “does not concede to simply taking a ‘silent understudy’ role with respect to [the petitioner in the instituted proceeding], and instead seeks the opportunity to present additional arguments, briefing, and evidence.” *Id.* at 9.

Presumably recognizing this, LGE made a number of concessions and assurances when it filed its motion for joinder. LGE sought joinder “only with respect to the same ground for which the Board instituted the ZTE IPR[,] challeng[ing] the same claims of the ’438 Patent based on the same arguments, evidence, and grounds of unpatentability that were raised in the ZTE IPR.” IPR2019-01203, Paper 3 at 6–7. In addition, LGE agreed that it would “act as a passive ‘understudy’ and [would] not assume an active role unless the original petitioner ceases to participate in the instituted IPR.” *Id.* at 7. In making such concessions, LGE assured us that “[j]oinder will not affect the Board’s ability to complete its review and issue a final decision

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within the statutory time limits under 35 U.S.C. § 316(a)(11) and 37 C.F.R. § 42.100(c).” *Id.* at 9. Despite that assurance, LGE’s efforts to present arguments and evidence independent of ZTE have already directly caused us to adjust the pendency of the proceeding. IPR2019-00143, Paper 49 (adjusting pendency by extending the Board’s deadline for issuing a Final Written Decision by nearly six months).

The consequences of this adjustment are not merely theoretical. This proceeding is related to two proceedings in which final written decisions have already been issued and which have been appealed to the Federal Circuit. *Google LLC v. CyWee Group Ltd.*, IPR2018-01257, Paper 92 (Notice of Appeal by CyWee to the Federal Circuit); *Google LLC v. CyWee Group Ltd.*, IPR2018-01258, Paper 91 (Notice of Appeal by CyWee to the Federal Circuit). Before CyWee appealed to the Federal Circuit in those cases, it informed us of its intention, should we decide against it in this proceeding, to consolidate an appeal from our Final Written Decision in this proceeding with those for the related cases. IPR2019-00143, Ex. 2022 at 19 (transcript of conference call with the panel on February 5, 2020). According to CyWee, the financial impact of defending its patents in these proceedings has been substantial and damaging. *Id.* at 16 (“My client has been forced to spend millions of dollars fighting IPRs from some of the largest technology companies in the world, and we are, frankly, financially exhausted.”), 19 (“This is a situation where you have a kind company, CyWee, that has been basically bankrupted by some of the largest corporations in the world.”), 20 (“And if you had seen the horrible amount of money that my client’s been forced to spend in multiple IPRs, this system,

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everything that everybody criticizes about the IPR system has come true in this series of IPRs.”). The longer we need to delay our Final Written Decision to accommodate LGE’s presentation of its independent arguments and evidence, the less likely CyWee will be able to consolidate its appeals, and the greater financial impact it will necessarily endure. *Cf.* IPR2019-01203, Paper 3 at 12 (LGE assuring us, in seeking joinder to the proceeding, that “neither ZTE nor Patent Owner will need to expend any additional resources beyond those required in the ZTE IPR.”).

In authorizing LGE’s presentation of independent arguments and evidence in response to CyWee’s Revised Motion to Amend, the majority relies on “the importance, as a matter of Patent Office policy, of the adversarial process in evaluating proposed amended claims for patentability,” citing *Hunting Titan, Inc. v. DynaEnergetics Europe GmbH*, IPR2018-00600, Paper 67 at 11 (PTAB July 6, 2020) (precedential). *Maj. op.* at 7. There is no doubt, of course, that the adversarial process is a powerful and productive tool. But I disagree that there has been the “rare” kind of breakdown of that process with the original Petitioner, ZTE, such that we should extend the reasoning of *Hunting Titan* by disregarding concessions LGE made, and that were a factor in allowing it to participate in this proceeding at all. *See* IPR2019-00143, Paper 36 at 46, 48 (noting consideration of LGE’s concessions in deciding to join LGE as a party to the proceeding). Importantly, it is not only we who should be able to rely on LGE’s representations, but also other parties to the proceeding, including the Patent Owner. Indeed, CyWee may well have relied on those representations in simplifying issues by agreement with the original petitioner, something

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that is generally considered to be a positive feature of the adversarial system. *See Ex. 2022* (“It would set the precedent that someone who is time barred can join, and if at any point in time it doesn’t like the position being taken by the original petitioner that they can jump up and -- and come in and disregard all the bases upon which they originally got into the case, and they can become another monster that we have to fight while we’re already fighting ZTE.”).

ZTE certainly considers itself to be an active participant in the proceeding. *See Ex. 2022* (“We are opposed to the original claims, we continue to be opposed, we’re opposed to the first proposed amended claims, but we don’t oppose the second amended claims.”). Even the majority recognizes that “ZTE remains an active participant with respect to ZTE’s and LGE’s joined challenge to the original claims.” *Maj. op.* at 6. This is in striking contrast to LGE’s wholesale agreement that it “will not assume an active role unless the original petitioner *ceases to participate* in the instituted IPR.” IPR2019-01203, Paper 3 at 7 (emphasis added). It is also relevant that no one asked LGE to make such a strong and unilateral concession; it voluntarily chose to do so, presumably to increase its chances of participating in the proceeding despite the statutory time bar against it. LGE could instead have made a weaker concession in seeking joinder to the proceeding, one that we could more meaningfully have assessed, at the time we decided LGE’s joinder motion, for its actual potential to disrupt the smooth progress of the proceeding. We should hold LGE to limitations it freely imposed upon itself, and upon which CyWee appears to have relied.

Accordingly, I respectfully dissent.

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