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17 POWER INTEGRATIONS, INC.

18 UNITED STATES DISTRICT COURT  
19 NORTHERN DISTRICT OF CALIFORNIA  
20 SAN FRANCISCO DIVISION

22 OPTICURRENT, LLC,

23 Plaintiff,

24 v.

25 POWER INTEGRATIONS, INC.,

26 Defendants.

Case No. 3:17-cv-03597- EMC

**POWER INTEGRATIONS' OPPOSITION  
TO OPTICURRENT'S "EMERGENCY"  
MOTION RE: REEXAMINATION (DKT.  
NO. 327)**

DATE: May 28, 2019

TIME: 10:30 a.m.

JUDGE: Honorable Edward M. Chen

1 **I. INTRODUCTION**

2 Despite Opticurrent’s emotional rhetoric, filing an *ex parte* request for reexamination of a  
 3 patent after an adverse verdict is routine. It is also permitted by statute. Unlike *inter partes*  
 4 review, “[a]ny person at any time may file a request for reexamination.” 35 U.S.C. § 302.  
 5 Congress enacted this statute because of the public policy favoring Patent Office review of  
 6 questionable patents.

7 Power Integrations chose to postpone the expense of reexamination because of the  
 8 weakness of Opticurrent’s infringement case. As explained in PI’s pending JMOL motion, PI’s  
 9 accused products are the opposite of what Opticurrent purports to have invented, and PI expects to  
 10 prevail either on post-trial motions or on appeal. But given the verdict, PI found it prudent to file  
 11 for reexamination.

12 Such a reexamination may not properly be enjoined. Opticurrent cites no authority for this  
 13 argument—only a dissent, a law review article, and a case with very different facts (a contract  
 14 with a forum selection clause). Reexamination also has nothing to do with how this Court should  
 15 handle Opticurrent’s motion for judgment on invalidity in this case or PI’s motion to stay  
 16 execution.

17 The Court should deny Opticurrent’s “emergency” motion and not permit any further  
 18 briefing on these issues.<sup>1</sup>

19 **II. BACKGROUND: EX PARTE REEXAMINATION PROCEDURES**

20 Some background information on PTO procedures may be helpful. As the Court is aware,  
 21 a patent is a federally granted monopoly for an invention issued by the PTO. To obtain a patent, a  
 22 party submits a patent application, which is then reviewed for novelty, non-obviousness, and the  
 23 other requirements of the Patent Act by the PTO. After this initial period of examination, should  
 24 the patentee prevail in demonstrating entitlement to a patent, the PTO issues the patent, which is  
 25 then entitled to a “presumption of validity” in district court. *See, e.g.*, 35 U.S.C. § 282.  
 26

27 \_\_\_\_\_  
 28 <sup>1</sup> PI also notes that Opticurrent routinely styles its motions as “emergency motions,” though  
 this is not a procedure recognized in either the Federal or Local Rules.

1 The Patent Act, however, also provides for a number of mechanisms for the PTO to review  
2 its initial grant of a patent. For example, as implemented by the America Invents Act, a party may  
3 petition the PTO for an “*inter partes*” review of the patent. *See generally* 35 U.S.C. § 311 et seq.  
4 In this procedure, a party petitions the PTO for additional review of the patent, and the PTO  
5 decides whether to institute such review based on whether the party has demonstrated a likelihood  
6 of demonstrating that claims of a patent should not have issued, *i.e.*, are unpatentable, based on  
7 limited types of prior art. *See* 35 U.S.C. § 311(b). If the petition is instituted, both the petitioner  
8 and patent owner make arguments to the Patent Trial and Appeal Board, and the Board decides  
9 whether the claims should have issued, using a different burden of proof from that used in district  
10 court because there is no presumption of validity before the PTO. Notably, because this procedure  
11 before the PTO is “*inter partes*,” Congress elected to place limits on who and when a party may  
12 bring such a petition. *See* 35 U.S.C. § 315(b) (prohibiting, for example, a party or its privy from  
13 bringing an IPR if the party has been sued more than one year prior to its petition).

14 Unlike *inter partes* review, *ex parte* reexamination involves an initial request for  
15 reexamination (which can be made by a challenger like PI), and then the proceeding continues  
16 with just the patent owner and the PTO participating. As the name “*ex parte*” implies, the PTO  
17 independently conducts a review of an issued patent—without involvement of the requestor (in  
18 this case, PI)—once it decides whether a request for reexamination raises a “substantial new  
19 question of patentability affecting any claim of a patent.” 35 U.S.C. § 304. Unlike *inter partes*  
20 review, Congress did not place any limits on who or when a request for reexamination may be  
21 brought, based on previous litigation or otherwise. The statute broadly provides that “[*a*]ny  
22 **person at any time** may file a request for reexamination,” even including the patent owner. *See* 35  
23 U.S.C. § 302 (emphasis added). In fact, the statute even provides that *ex parte* reexamination may  
24 be instituted *sua sponte* by the Office, 35 U.S.C. § 304. “In a very real sense, the intent  
25 underlying reexamination is to ‘start over’ in the PTO with respect to the limited examination  
26 areas involved, and to reexamine the claims, and to examine new or amended claims, as they  
27 would have been considered if they had been originally examined in light of all of the prior art of  
28 record in the reexamination proceeding.” *In re Etter*, 756 F.2d 852, 857 (Fed. Cir. 1985). In

1 essence, *ex parte* reexamination is a quality-control mechanism by which the PTO makes sure that  
2 the monopolies its grants should be entitled to the presumption of validity those grants are  
3 afforded in district court.

4 Moreover, since *ex parte* reexamination is nothing like a court proceeding, it is not unusual  
5 or inconsistent for the PTO to reach a conclusion different from a district court. As discussed  
6 above, a party must prove a patent invalid in district court by clear and convincing evidence  
7 because of a presumption of validity. *See* 35 U.S.C. § 282. In the PTO, no such presumption  
8 applies. The PTO also uses a different claim construction standard; the “broadest reasonable  
9 interpretation” (BRI) is used for *ex parte* reexaminations. *See Etter*, 756 F.2d at 858-59. As the  
10 Federal Circuit has explained, “litigation and reexamination are distinct proceedings, with distinct  
11 parties, purposes, procedures, and outcomes. In the former, a litigant who is attacking the validity  
12 of a patent bears the burden set forth in § 282. In the latter, an examiner is not attacking the  
13 validity of a patent, but is conducting a subjective examination of claims in the light of prior art.”  
14 *Id.* at 857-58. It is for this very reason that the Federal Circuit has repeatedly affirmed PTO  
15 reexamination decisions finding claims unpatentable, even when those reexaminations were  
16 requested by a party who was previously involved in litigation resulting in a final judgment of no  
17 invalidity. *See, e.g., In re Baxter Intern., Inc.*, 678 F.3d 1357, 1360 (Fed. Cir. 2012); *In re Constr.*  
18 *Equip. Co.*, 665 F.3d 1254, 1256 (Fed. Cir. 2011). The Federal Circuit has also explained that the  
19 reexamination statute’s “language and legislative history, as well as the differences between”  
20 reexamination and district court proceedings, all indicate that “Congress did not intend a prior  
21 court judgment upholding the validity of a claim to prevent the PTO from finding a substantial  
22 new question of validity regarding an issue that has never been considered by the PTO.” *In re*  
23 *Swanson*, 540 F.3d 1368, 1378 (Fed. Cir. 2008). A contrary holding “would allow a civil  
24 litigant’s failure to overcome the statutory presumption of validity to thwart Congress’ purpose of  
25 allowing for a reexamination procedure to correct examiner errors, without which the presumption  
26 of validity never would have arisen.” *Id.*

27 For example, in one such case, the Federal Circuit had previously heard an appeal from a  
28 district court case and had affirmed the judgment of no-invalidity of the patent at issue. *See*

1 *Baxter*, 678 F.3d at 1360. The losing party in the original appeal requested reexamination of the  
 2 same patent by the PTO, and the PTO eventually found all challenged claims unpatentable. *See*  
 3 *id.* at 1361. The Federal Circuit affirmed the PTO’s decision, explaining “the PTO in  
 4 reexamination proceedings and the court system in patent infringement actions take different  
 5 approaches in determining validity and on the same evidence could quite correctly come to  
 6 different conclusions.” *Id.* at 1367; *see also Constr. Equip. Co.*, 665 F.3d at 1256 (similarly  
 7 upholding a PTO finding of unpatentability from an *ex parte* reexamination brought by an  
 8 adjudged infringer despite a previous judgment of no invalidity).

### 9 **III. ARGUMENT**

#### 10 **A. The Court Should Not Enjoin Reexamination of Opticurrent’s Patent or** 11 **Permit Any Further Briefing on the Issue**

12 Opticurrent cites no case enjoining reexamination on facts similar to the present case.  
 13 Opticurrent does cite *Dodocase VR, Inc. v. MerchSource, LLC*, 2019 U.S. App. LEXIS 11499  
 14 (Fed. Cir. Apr. 18, 2019) (nonprecedential), but says nothing about it. In fact, that case involved  
 15 an injunction to enforce a *contractual* forum selection clause—the parties had agreed to decide  
 16 validity in court rather than the PTO. *Id.* at \*3 (“The district court held that Dodocase was likely  
 17 to succeed on the merits of its claim that MerchSource breached the forum selection clause when it  
 18 filed its PTAB petitions.”). No such agreement exists in this case.<sup>2</sup>

19 Absent such an agreement, district courts deny motions to enjoin reexaminations. *E.g.*,  
 20 *Freeman v. Minnesota Min. and Mfg. Co.*, 661 F. Supp. 886, 888 (D. Del. 1987) (“the Court does  
 21 not believe it to be appropriate to prohibit 3M from attempting to use the reexamination process as  
 22 3M sees fit”); *Amstar Corp. v. Envirotech Corp.*, 1986 WL 83653 (D. Utah 1986), appeal  
 23 dismissed, 823 F.2d 1538, 1549 (Fed. Cir. 1987); *see also IGT v. Aristocrat Technologies, Inc.*,  
 24 2015 WL 5554135, at \*5 (D. Nev. 2015) (denying request to enjoin *inter partes* review; “Because  
 25 *inter partes* review is a statutorily permitted procedure, Defendant would not infringe on any of  
 26 Plaintiff’s legal rights by pursuing such action.”).

27 \_\_\_\_\_  
 28 <sup>2</sup> It is also worth noting that the injunction in *Dodocase* merely required a party to comply with  
 its contract. There was no injunction against the PTO or the IPR itself.

1 Opticurrent also relies on a law review article and a dissent arguing that reexaminations  
 2 after litigation are bad public policy. Such citations are not authority permitting this Court to issue  
 3 an injunction when Congress has expressly chosen to make reexaminations available to anyone at  
 4 any time. 35 U.S.C. § 302. Such an injunction would also be inconsistent with the Federal Circuit  
 5 cases holding that the PTO may find claims unpatentable on *ex parte* reexamination even after  
 6 they have been found not invalid in district court litigation. *E.g., Baxter*, 678 F.3d at 1367.

7 Opticurrent finally relies on PTO decisions denying institution of *inter partes* reviews.  
 8 Those decisions are distinguishable because the *ex parte* reexamination statute is different, but in  
 9 any event, Opticurrent’s argument should be directed to the PTO, not this Court.

10 Since there is no possible basis to enjoin *ex parte* reexamination in this case, the Court  
 11 should deny Opticurrent’s request for further briefing on this issue.

12 **B. The Court Should Not Permit Further Briefing on Opticurrent’s Motion for**  
 13 **Judgment on Invalidity**

14 Reexamination of Opticurrent’s patent is not relevant to Opticurrent’s motion for judgment  
 15 on invalidity in this case. As explained above, the PTO remains free to invalidate Opticurrent’s  
 16 patent on *ex parte* reexamination regardless of the outcome of this case. *E.g., Baxter*, 678 F.3d at  
 17 1367.<sup>3</sup> Thus, PI’s request for *ex parte* reexamination should give Opticurrent no cause to file a  
 18 “supplemental” motion for judgment as a matter of law.

19 In addition, PI never responded to Opticurrent’s previous motion on invalidity because  
 20 Opticurrent failed to timely renew it. As Opticurrent notes, it moved for judgment as a matter of  
 21 law on invalidity before trial and renewed that motion under Rule 50(a) before the case went to the  
 22 Jury. However, Opticurrent failed to renew that motion under Rule 50(b) as required (within 28  
 23 days after the Jury was discharged, since invalidity was not tried). *See* F.R.C.P. 50(b) (“No later  
 24 than 28 days after the entry of judgment—or if the motion addresses a jury issue not decided by a  
 25 verdict, no later than 28 days after the jury was discharged—the movant may file a renewed  
 26 motion for judgment as a matter of law...”); F.R.C.P. 6(b)(2) (the Court may not extend the

27 <sup>3</sup> PI has argued in its *Fairchild* litigation that issue preclusion from district court decisions  
 28 should apply to *inter partes* reviews. While this argument has not yet been accepted, *ex parte*  
 reexamination is different because it is not adversarial.

1 deadline for a motion under Rule 50(b)). Thus, the Court should deny Opticurrent’s motion on  
2 invalidity as waived.<sup>4</sup>

3 In addition, even if Opticurrent had not waived its motion, that motion should have been  
4 denied. In general, courts do not enter judgments that a patent is “valid” because other validity  
5 challenges may still be permitted; instead, courts enter judgment that a patent has not been shown  
6 “invalid.” *E.g., In re Swanson*, 540 F.3d at 1370 (“Previously, this court had affirmed a district  
7 court judgment that claims 22 and 23 of the ’484 patent were not invalid.”). In this case, PI’s  
8 affirmative defense and counterclaim of invalidity should simply be dismissed without prejudice  
9 because PI elected not to pursue them at trial. This was reasonable given the strength of PI’s  
10 noninfringement defense, and saved substantial time for the Court, the Jury, and the parties. *See*  
11 *Nordstrom v. U.S. Bank, N.A., Inc.*, 2011 WL 5150010, at \*4 (S.D. Cal. 2011) (dismissing claims  
12 without prejudice where party chose to streamline the case).

13 The Court should deny Opticurrent’s motion for judgment on validity and decline  
14 Opticurrent’s request for an untimely “supplemental” JMOL motion.

15 **C. The Court Should Not Permit Further Briefing on PI’s Motion to Stay**  
16 **Execution**

17 Reexamination has nothing to do with PI’s request to stay execution. The purpose of a  
18 bond or other security is “to protect the appellee’s ability to collect the judgment.” *American*  
19 *Color Graphics, Inc. v. Travelers Property Cas. Ins. Co.*, 2007 WL 1520952, at \*2 (N.D. Cal.  
20 2007). Reexamination in no way affects the risk that PI might be unable to pay.

21 Opticurrent’s suggestion that the Court should deny stay of execution so that Opticurrent  
22 can collect before appeal and leave PI with “the risk of seeking reimbursement” is completely  
23 unsupported. A party is “entitled to a stay as a matter of right” if it posts the required security.  
24 *Bennett v. Franklin Resources, Inc.*, --- F. Supp. 3d ----, 2018 WL 6652250, at \*9 (N.D. Cal.  
25 2018); F.R.C.P. 62(b).

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27  
28 <sup>4</sup> Opticurrent is also incorrect that it set May 28, 2019 as a hearing date for invalidity.  
Opticurrent’s post-trial motions do not seek JMOL on invalidity.

1 Whether reexamination might eventually be a basis to vacate any judgment against PI is  
2 speculation at this point. As Opticurrent notes, that depends on whether the appeal (and any  
3 remand) in this case concludes before or after the reexamination. *See Fresenius USA, Inc. v.*  
4 *Baxter Int’l, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013). In any event, reexamination will help  
5 determine whether PI even *owes* any money, not whether there is a risk that it will be unable to  
6 pay.

7 The Court should grant PI’s requested stay of execution and decline Opticurrent’s request  
8 for an untimely “supplemental” opposition to PI’s motion.

9 **IV. CONCLUSION**

10 For the foregoing reasons, Power Integrations respectfully requests the Court deny  
11 Opticurrent’s “emergency” motion regarding reexamination.

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13 Dated: May 17, 2019

FISH & RICHARDSON P.C.

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By: /s/ Michael R. Headley  
Michael R. Headley

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POWER INTEGRATIONS, INC.

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