

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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INTEL CORPORATION,  
Petitioner,

v.

VLSI TECHNOLOGY LLC,  
Patent Owner.

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IPR2020-00158  
Patent 7,523,373 B2

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Before THU A. DANG, BART A. GERSTENBLITH, and  
KIMBERLY McGRAW, *Administrative Patent Judges*.

GERSTENBLITH, *Administrative Patent Judge*.

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

## I. INTRODUCTION

Intel Corporation (“Petitioner”) filed a Petition requesting an *inter partes* review of claims 1–13, 15, and 16 (the “challenged claims”) of U.S. Patent No. 7,523,373 B2 (Ex. 1001, “the ’373 patent”). Paper 3 (“Pet.”). VLSI Technology LLC (“Patent Owner”) filed a Preliminary Response. Paper 8 (“Prelim. Resp.”). Pursuant to our authorization (Paper 12), Petitioner filed a Reply to Patent Owner’s Preliminary Response (Paper 13 (“Pet. Prelim. Reply”)) and Patent Owner filed a Sur-reply (Paper 15, “PO Prelim. Sur-reply”), each directed to whether we should exercise our discretion to deny institution pursuant to 35 U.S.C. § 314(a).

An *inter partes* review may not be instituted “unless . . . the information presented in the petition . . . 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.” 35 U.S.C. § 314(a) (2018). The Board, however, has discretion to deny a petition even when a petitioner meets that threshold. *Id.*; *see, e.g., 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.”); *see also* Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019) (“Consolidated TPG”), 55–63, available at <https://www.uspto.gov/sites/default/files/documents/tpgnov.pdf> (identifying considerations that may warrant exercise of this discretion). In particular, 35 U.S.C. § 314(a) permits the Board to deny institution under certain circumstances. *See Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i).

Having considered the parties' submissions, we determine that it is appropriate in this case to exercise our discretion to deny institution of *inter partes* review pursuant to 35 U.S.C. § 314(a). *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential).

## II. BACKGROUND

### *A. Real Parties in Interest*

Petitioner identifies "Intel Corporation" as the real party in interest. Pet. 1. Patent Owner identifies "VLSI Technology LLC and CF VLSI Holdings LLC" as the real parties in interest. Paper 6 (Patent Owner's Mandatory Notices), 1.

### *B. Related Matters*

The parties identify the '373 patent as the subject of *VLSI Tech. LLC v. Intel Corp.*, No. 6-19-cv-00254 ("Western District of Texas litigation"). Pet. 1, 4; Paper 6, 1. Petitioner explains that the '373 patent is one of several patents asserted by Patent Owner in three venues: Nos. 19-cv-00254, -00255, -00256 (W.D. Tex.); 18-966-CFC (D. Del.); and 5-17-cv-05671 (N.D. Cal.). Pet. 4. Petitioner also explains that cases -00254, -00255, and -00256 are consolidated until trial as 1-19-cv-00977. *Id.*

*C. Asserted Grounds of Unpatentability*

Petitioner challenges the patentability of claims 1–13, 15, and 16 of the '373 patent on the following grounds (Pet. 4):

<b>Claim(s) Challenged</b>	<b>35 U.S.C. §</b>	<b>References</b>
1–7, 9–11, 13, 15, 16	103 <sup>1</sup>	Abadeer, <sup>2</sup> Zhang <sup>3</sup>
2, 11, 12	103	Abadeer, Zhang, Cornwell <sup>4</sup>
8	103	Abadeer, Zhang, Bilak <sup>5</sup>

Petitioner relies on the Declaration of Adit Singh, Ph.D. (Ex. 1002) in support of its unpatentability contentions.

III. ANALYSIS – 35 U.S.C. § 314(a)

Patent Owner contends *inter partes* reviews are “intended as a ‘complete substitute’ for and an ‘alternative’ to district court litigation for assessing §§ 102/103 validity disputes over prior art patents and printed publications.” Prelim. Resp. 4 (citing *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1317 (Fed. Cir. 2018) (citing H. Rep. No. 112-98 at 48 (2011) (“The proposed administrative review procedures, including [*inter partes* review], were intended to provide ‘quick and cost-

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<sup>1</sup> The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”), amended 35 U.S.C. § 103. Because the '373 patent has a filing date of August 30, 2006, which is prior to the effective date of the applicable AIA amendments, we refer to the pre-AIA version of § 103. See Ex. 1001, code (22).

<sup>2</sup> U.S. Patent Application Publication No. 2006/0259840 A1, published November 16, 2006 (Ex. 1004, “Abadeer”).

<sup>3</sup> U.S. Patent Application Publication No. 2003/0122429 A1, published July 3, 2003 (Ex. 1005, “Zhang”).

<sup>4</sup> U.S. Patent No. 7,702,935 B2, issued April 20, 2010 (Ex. 1006, “Cornwell”).

<sup>5</sup> U.S. Patent Application Publication No. 2005/0188230 A1 (Ex. 1007, “Bilak”).

effective *alternatives to litigation.*”); S. Rep. No. 110-259 at 66–67 (2008) (“If second window proceedings are to be permitted, *they should generally serve as a complete substitute for at least some phase of the litigation.*”). According to Patent Owner, “[t]he District Court Action is already far along” with any possible Board final written decision “seven-and-a-half months later” than the scheduled trial. *Id.* at 4. Patent Owner asserts there is no significant difference in Petitioner’s validity defenses in the *inter partes* and District Court forums, since “Petitioner raises the same art and arguments in both.” *Id.* at 5. Patent Owner contends that Petitioner “does not identify any distinction between the present matter and the District Court Action in terms of the art or arguments raised.” *Id.* at 6. Patent Owner argues that the circumstances presented here are the same as those in *NHK*, where the Board denied institution pursuant to 35 U.S.C. § 314(a). *Id.* at 5.

Petitioner asserts that we should not exercise our discretion to deny institution pursuant to § 314(a) because *inter partes* review is a more efficient and expedient forum in which to adjudicate validity. Pet. 4. In particular, Petitioner contends that (1) the ’373 patent involves technical subject matter “well-suited to the expertise of the specialized patent judges at the PTAB”; (2) “a jury trial is necessarily a more difficult forum for presenting a detailed obviousness case” compared to the PTAB; (3) each of cases -00254, -00255, and -00256 currently are scheduled for separate trials and “it is unclear” if the trial for the ’373 patent will proceed on October 5, 2020; (4) “the time required for briefing and resolution of post-trial motions could easily result in a Final Written Decision before the district court’s final appealable judgment is docketed”; and (5) “Petitioner was diligent in timely filing [the] Petition.” *Id.*

In determining whether to exercise our discretion, we are guided by the Board’s precedential decision in *NHK*. There, the Board found that the “advanced state of the district court proceeding,” in which the “same prior art and arguments” were presented by Petitioner, expert discovery was scheduled to end in less than two months, and a jury trial was scheduled to begin in six months, was a “factor that weighs in favor of denying” the petition under §314(a). *NHK*, IPR2018-00752, Paper 8 at 20. The Board determined that “[i]nstitution of an *inter partes* review under these circumstances would not be consistent with ‘an objective of the AIA . . . to provide an effective and efficient alternative to district court litigation.’” *Id.* (citing *Gen. Plastic Indus.*, IPR2016-01357, Paper 19 at 16–17).

“[T]he Board’s cases addressing earlier trial dates as a basis for denial under *NHK* have sought to balance considerations such as system efficiency, fairness, and patent quality.” *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5 (PTAB Mar. 20, 2020) (precedential). When applying *NHK*, the Board has balanced the following non-exclusive factors (herein “*Fintiv* factors”):

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. We discuss the parties’ arguments in the context of considering the above factors.

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

Petitioner contends that “[a]lthough the district court has not entered a stay, the parties could stipulate to a stay, so as not to use the court’s resources to litigate validity issues—just as the parties did in the California litigation.”<sup>6</sup> Pet. Prelim. Reply 6. Patent Owner responds that it will not stipulate to a stay, and contends that the Western District of Texas rarely grants stays pending the outcome of *inter partes* review proceedings. PO Prelim. Sur-reply 1–2 (citations omitted).

On the present record, neither party has produced evidence that a stay has been requested or that the Western District of Texas has considered a stay in this case. A judge determines whether to grant a stay based on the facts of each specific case as presented in the briefs by the parties. We decline to infer, based on actions taken in different cases with different facts, how the District Court would rule should a stay be requested by the parties in the parallel case here. Thus, this factor does not weigh for or against discretionary denial in this case.

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

The parties agree that the trial in the Western District of Texas currently is scheduled to start in less than six months, on October 5, 2020.

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<sup>6</sup> See Pet. Prelim. Reply 3 (referring to *VLSI Tech. LLC v. Intel Corp.*, No. 5:17-cv-05671 (N.D. Cal.)).

*See* Prelim. Resp. 4 (citing Ex. 2008 (Agreed Scheduling Order)), 3; Pet. Prelim. Reply 6; *see also* PO Prelim. Sur-reply 4. A final written decision in this matter would not issue until approximately May 2021, seven months after trial.

The parties also agree that there is some uncertainty as to whether trial actually will occur on October 5<sup>th</sup>. *See* Pet. Prelim. Reply 6–7; PO Prelim. Sur-reply 4–6. In particular, there are two variables contributing to that uncertainty. First, as noted above, there are three actions between the parties pending in the Western District of Texas (-00254, -00255, and -00256), each of which is scheduled for trial on October 5<sup>th</sup>, yet the three actions currently are scheduled for separate trials. Pet. Prelim. Reply 6–7; PO Prelim. Sur-reply 4–5. Thus, as of today, the evidence supports a finding that at least two of the trials will not occur on October 5<sup>th</sup>.<sup>7</sup>

Patent Owner explains, however, that the -00254 action involving the '373 patent was the first-filed case of the three actions and that Patent Owner's proposed trial schedule requests that -00254 be tried first. PO Prelim. Sur-reply 5 (citing Ex. 2031 (APPENDIX A – Proposed Scheduling Order), 4<sup>8</sup>). Patent Owner further explains that Petitioner appears to seek a single trial date for all three actions (*id.* (citing Ex. 2030 (Telephonic Discovery Hearing) 10:11–15)), whereas Patent Owner proposed December 14, 2020, and January 25, 2021, as trial dates for the other two actions (Ex. 2031, 4). *See* PO Prelim. Sur-reply 4–5. Should trial

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<sup>7</sup> It is possible that the parties may agree to hold one trial addressing all three actions. At this point, however, that is not the plan. Pet. Prelim. Reply 6–7; PO Prelim. Sur-reply 4–5.

<sup>8</sup> Patent Owner cites to page 4 of Exhibit 2031, but the actual page indicating the October 5<sup>th</sup> trial date is page 3.



occur in either December 2020 or January 2021 in the action involving the '373 patent, those dates are still five and four months, respectively, before any final written decision likely would issue in this proceeding.

Second, there is uncertainty about what effect the coronavirus disease 2019 (“COVID-19”) pandemic will have with respect to the trial date. *See* Pet. Prelim. Reply 7–8; PO Prelim. Sur-reply 5–6. The situation is evolving daily. Although trials currently are suspended in the Western District of Texas through June 30, 2020 (*see* Ex. 3001 (Western District of Texas Supplemental Order Regarding Court Operations Under the Exigent Circumstances Created by the COVID-19 Pandemic, filed May 8, 2020)), it is unclear what impact that suspension or any further suspension would have on trial dates scheduled later this year and early next year. Given the substantial gap of approximately seven months between the October 5, 2020, trial date and the expected May 2021 deadline for any final written decision in this proceeding, it is unclear, based on the present record, that the trial date would be delayed to a date after a final written decision in this proceeding as a result of COVID-19.

Accordingly, on the record before us, this factor weighs in favor of exercising our discretion to deny institution pursuant to § 314(a).

*3. investment in the parallel proceeding by the court and the parties*

The Western District of Texas issued a claim construction order on January 3, 2020, over four months ago, in which it construed one claim term from the '373 patent. *See* Prelim. Resp. 4; Pet. Prelim. Reply 8 (citing Ex. 2009 (Claim Construction Order)). Additionally, final infringement and invalidity contentions were served in January 2020, and fact discovery currently is scheduled to close on May 22, 2020. PO Prelim. Sur-reply 7 (citing Ex. 2036 (First Amended Scheduling Order)).

In *Fintiv*, the Board explained that potential delay by a Petitioner “may impose unfair costs to a patent owner 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 at the Office.” *Fintiv*, IPR2020-00019, Paper 11 at 11. Here, Petitioner contends that it was diligent in timely filing the Petition three months before the statutory bar date. Pet. 5.

Although we do not find that Petitioner unreasonably delayed filing the Petition, we do find that the parties already have invested significantly in the Western District of Texas litigation. As noted above, the district court claim construction order issued in January 2020, final infringement and invalidity contentions were served in January 2020, and fact discovery currently is scheduled to close on May 22, 2020. *See* PO Prelim. Sur-reply 7 (citing Ex. 2036). In light of the present posture of the district court action, we find that this factor weighs in favor of exercising our discretion to deny institution pursuant to § 314(a).

*4. overlap between issues raised in the petition and in the parallel proceeding*

Patent Owner contends that there is a “complete” overlap between the issues raised in the Petition and those in the Western District of Texas litigation. PO Prelim. Sur-reply 7–9; *see* Prelim. Resp. 8–10 (contending that Petitioner relies upon essentially the same references,<sup>9</sup> in the same

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<sup>9</sup> Patent Owner explains that the sole difference in references asserted between the Petition and Petitioner’s invalidity contentions relates to Zhang. Prelim. Resp. 9 & n.4. In the Petition, Petitioner relies upon Zhang. *See* Pet. 3–4 (referring to U.S. Patent Application Publication No. 2003/0122429, published July 3, 2003, as “Zhang”); *see also* Prelim. Resp. 9 n.4 (noting the same). Patent Owner explains that Petitioner’s invalidity contentions rely upon a patent related to Zhang (i.e., U.S. Patent

combinations, and for the same disclosures). Patent Owner asserts that Petitioner relies upon the art “in the same way.” Prelim. Resp. 10. Specifically, Patent Owner contends that in Petitioner’s invalidity contentions and the Petition, “Petitioner relies on Harris’s VDD and Vstby as the alleged two supply voltages, and Zhang [’079]’s voltage regulators to supply an alleged ‘regulated voltage’” as well as “Abadeer’s method of determining a minimum operating voltage.” *Id.* (citing Ex. 2007, 14, 219–26).<sup>10</sup>

Petitioner does not disagree with Patent Owner’s argument, contending instead that “[t]he [P]etition advances only a few of the grounds in Intel’s contentions.” Pet. Prelim. Reply 9 (citing Ex. 2007, 5–7, 17–18).

As noted above, Petitioner raises three grounds of obviousness pursuant to 35 U.S.C. § 103(a). In its first ground, Petitioner relies upon Harris, Abadeer, and Zhang in challenging claims 1–7, 9–11, 13, 15, and 16. Pet. 4. Petitioner adds Cornwell to that combination in challenging claims 2,

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No. 6,948,079 B2, issued Sept. 20, 2005 (Ex. 2010, “Zhang ’079”) with “materially the same disclosures.” Prelim. Resp. 9 n.4. Specifically, Patent Owner contends that “Zhang ’079 includes the same Figure 2C, as well as the voltage regulators 251-254, that Petitioner relies upon in Zhang.” *Id.* (citing Pet. 21, 37, 44, 57; Ex. 2010, Fig. 2C). Petitioner does not content otherwise. *See, e.g.*, Pet. Prelim. Reply 9–10 (discussing *Fintiv* factor 4). We agree with Patent Owner that the relevant disclosures from Zhang, upon which Petitioner relies, also appear to be disclosed in Zhang ’079. Accordingly, the issues raised regarding Zhang in the Petition and Zhang ’079 in Petitioner’s invalidity contentions appear to overlap.<sup>10</sup> Patent Owner’s citations to specific pages in Exhibit 2007 appear to be slightly off. The listing of “Obviousness Combinations” appears on page 17 and the discussion of the combination relying on essentially the same prior art as asserted in the Petition appears at pages 222 through 229 of Exhibit 2007.

11, and 12 in its second ground, and adds Bilak to the combination of Harris, Abadeer, and Zhang in challenging claim 8 in its third ground. *Id.*

In comparison, Petitioner's Final Invalidation Contentions assert that claims 1–6, 9, 11–14, and 16 are obvious over Harris alone or in combination with any one or more of Abadeer, Bilak, Cornwell, and/or Patel, further in view of Zhang. Ex. 2007, 222. Accordingly, we find that the issues raised in the Petition largely overlap with those currently raised in the Western District of Texas litigation. Although Petitioner's Final Invalidation Contentions include other combinations of references challenging overlapping claims, *see id.*, that difference alone does not negate that the same combinations of references asserted in the Petition also are asserted in Petitioner's Final Invalidation Contentions.

Additionally, on the record before us, each of the claims challenged via petition also is included in Petitioner's Final Invalidation Contentions, with the exception of dependent claims 7, 10, and 15. *Compare* Pet. 4, *with* Ex. 2007, 4. Petitioner, however, does not raise this difference in its papers let alone argue that the difference is a reason not to exercise our § 314(a) discretion to deny institution. Thus, on the present record, we agree with Patent Owner that there is a substantial overlap between the issues raised in the Petition and in the Western District of Texas litigation.

Accordingly, this factor weighs in favor of exercising our discretion to deny institution pursuant to § 314(a).

*5. whether the petitioner and the defendant in the parallel proceeding are the same party*

Petitioner and Patent Owner are the defendant and plaintiff, respectively, in the Western District of Texas litigation. Pet. Prelim. Reply 10 n.7; PO Prelim. Sur-reply 9 (citing Pet. Prelim. Reply 10 n.7).

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

*6. other circumstances that impact the Board's exercise of discretion, including the merits*

Petitioner spends nearly half of its Preliminary Reply explaining what it refers to as Patent Owner's tactics to "evade" review of its patents. *See* Pet. Prelim. Reply 2–6 (asserting Patent Owner's "request[] for discretionary denial [is] part of a series of carefully orchestrated tactics aimed at avoiding adjudication of [Petitioner's] invalidity defenses"). Petitioner's contentions include that: (a) Patent Owner is a holding company created by Fortress Investment Group ("Fortress") to acquire and assert patents against Petitioner for the purpose of investment returns (*id.* at 2); (b) affiliates of Fortress have filed over 150 patent lawsuits supported by "a \$400M patent-assertion fund" (*id.* (citing Exs. 1028, 1029)); (c) Patent Owner has asserted twenty-one patents with over 430 claims against Petitioner in three different U.S. jurisdictions and two different jurisdictions in China (*id.* at 2 & n.4); and (d) Patent Owner's filing of lawsuits in combination with voluntary dismissals and refiling of other suits reflects a pattern to evade effective judicial review of its patents (*id.* at 2–5).

Patent Owner responds, contending that Petitioner's arguments are irrelevant and an improper attempt to re-litigate positions that Petitioner already raised in an antitrust suit against, *inter alia*, Patent Owner in the Northern District of California. PO Prelim. Sur-reply 10 (citing, e.g., Ex. 2037 (Defendants' Joint Notice of Motion and Motion to Dismiss and to Strike Plaintiffs' Complaint)).

Even if Petitioner's contentions are true, Petitioner has not shown these contentions will "avoid[] adjudication of Intel's invalidity defenses."

*See* Pet. Prelim. Reply 2. The validity of the '373 patent is at issue in the co-pending litigation, which is currently scheduled to go to trial well before the deadline for a final written decision in this proceeding. Accordingly, Petitioner's arguments do not weigh against exercising our discretion to deny institution pursuant to § 314(a).

Thus, the balance of the *Fintiv* factors discussed above weigh in favor of exercising our discretion to deny institution under § 314(a).

Petitioner also asserts the "strength of the merits" of the Petition weigh in favor of institution (*see* Pet. Prelim. Reply 9 n.6), while Patent Owner asserts the merits of the Petition weigh in favor of denying institution (*see* PO Prelim. Sur-reply 9–10). We have reviewed the Petition and the Patent Owner Preliminary Response and determine that the merits of the Petition do not outweigh the other *Fintiv* factors. On balance, based on the facts presented, particularly the advanced stage of the Western District of Texas litigation, a currently scheduled trial date approximately seven months before the would-be deadline for a final written decision, and the overlap between the issues presented there and in the Petition, we find that it would be an inefficient use of Board, party, and judicial resources to institute the present proceeding. *See NHK*, IPR2018-00752, Paper 8 at 20; Consolidated TPG 58 (discussing balancing the relevant circumstances). Accordingly, we exercise our discretion pursuant to § 314(a) to deny institution.

#### IV. CONCLUSION

For the foregoing reasons, we exercise our discretion pursuant to 35 U.S.C. § 314(a) to deny institution of *inter partes* review.

V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition (Paper 3) is *denied* as to the challenged claims of the '373 patent; and

FURTHER ORDERED that no *inter partes* review is instituted.

IPR2020-00158  
Patent 7,523,373 B2

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