

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

PINN, INC.,
Patent Owner.

IPR2020-00999
Patent 9,807,491 B2

Before JAMESON LEE, KARL D. EASTHOM, and
LYNNE E. PETTIGREW, *Administrative Patent Judges*.

PETTIGREW, *Administrative Patent Judge*.

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

I. INTRODUCTION

Petitioner, Apple Inc., filed a Petition for *inter partes* review of claims 1, 2, 9, and 10 of U.S. Patent No. 9,807,491 B2 (Ex. 1001, “the ’491 patent”). Paper 2 (“Pet.”). Patent Owner, Pinn, Inc., filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). Pursuant to our authorization for supplemental briefing, Petitioner filed a Reply to Patent

Owner’s Preliminary Response, and Patent Owner filed a Sur-reply. Paper 8 (“Pet. Reply”); Paper 9 (“PO Sur-reply”). Following briefing, in response to a joint request from the parties, we authorized the parties to file several documents from a concurrent district court proceeding involving the ’491 patent. *See* Ex. 1060, 3:3–7:21, 23:11–24:6, 24:14–25:22, 27:22–29:1, 30:5–31:9 (transcript of telephone conference, Nov. 24, 2020);¹ Exs. 1055–1059, 2018; *see also* Ex. 2019; Paper 13.²

We have authority to determine whether to institute an *inter partes* review if “the information presented in the petition . . . and any response . . . 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); *see* 37 C.F.R. § 42.4(a) (2020). Having considered the parties’ submissions, and for the reasons explained below, we exercise discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review.

II. BACKGROUND

A. Real Parties-in-Interest

Petitioner identifies itself as a real party-in-interest. Pet. 74. Patent Owner identifies itself as a real party-in-interest. Paper 5, 2 (Patent Owner’s Mandatory Notices).

¹ Citations are to the numbered pages of the transcript (upper right corner) rather than the numbered exhibit pages (bottom center).

² Among other things, we authorized the parties to submit a transcript of a district court hearing and a joint submission identifying portions of interest. Ex. 1060, 27:22–29:1. The transcript, originally filed as Paper 12, has been reentered in the record as Exhibit 2019, and Paper 12 has been expunged. Paper 13 contains the parties’ joint submission of citations to the transcript.

B. Related Matters

The parties identify the following pending district court proceeding related to the '491 patent: *Pinn, Inc. v. Apple Inc.*, No. 8:19-cv-1805 (C.D. Cal.). Pet. 74; Paper 5, 2. The parties also identify two related patents that are involved in the same district court proceeding and are the subject of post-grant review petitions: U.S. Patent No. 10,455,066 B2 (“the '066 patent,” challenged in PGR2020-00066) and U.S. Patent No. 10,609,198 B2 (“the '198 patent,” challenged in PGR2020-00073). Pet. 75; Paper 5, 2.

C. Overview of the '491 Patent

The '491 patent describes a personal wireless media station that includes a main body and a wireless earbud. Ex. 1001, 4:1–4. Figure 1 of the '491 patent is reproduced below:

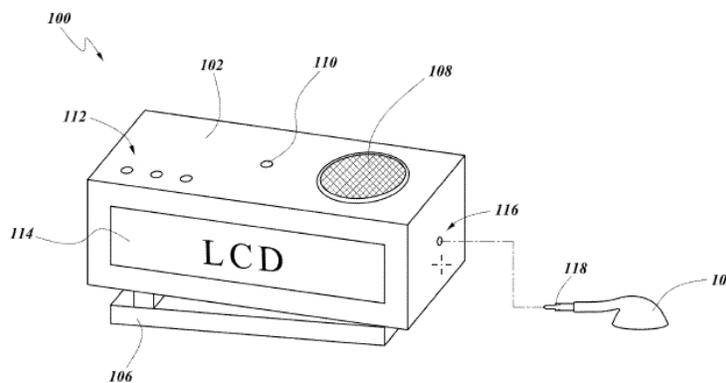


FIG. 1

Figure 1 above illustrates personal wireless media station 100 comprising main body 102 and earbud 104. *Id.* Wireless earbud 104 includes earbud connector 118 for mating with main body connector 116 so that wireless earbud 104 and main body 102 form a single integrated body. *Id.* at 4:25–29, 4:34–37.

The wireless earbud may be wirelessly paired with a smartphone to receive and play back audio data from the smartphone. *Id.* at 1:36–40. A user can initiate pairing between the wireless earbud and the smartphone by pressing a button on the main body. *Id.* at 10:29–33. The main body can charge the wireless earbud when the earbud is inserted into the main body. *Id.* at 7:44–46. Wireless pairing between the wireless earbud and the smartphone may be turned off during charging. *Id.* at 2:21–23.

D. Illustrative Claim

Challenged claim 1 is independent, and challenged claims 2, 9, and 10 depend from claim 1. Claim 1 is illustrative of the claimed subject matter:

1. An apparatus comprising:

a main body comprising a connection hole, a user input button, at least one processor and at least one memory; and

a wireless earbud configured for plugging into the connection hole of the main body to form a single integrated body with the main body,

wherein the wireless earbud has wireless communication capability for wirelessly pairing with a smartphone and is configured to receive audio data from the smartphone and to play audio using the audio data from the smartphone when wirelessly paired with the smartphone,

wherein in addition to wireless communication capability for wireless pairing with the smartphone, the wireless earbud comprises an earbud connector for connecting with an electric circuit of the main body for wired communication capability with the main body when plugged into the connection hole,

wherein, when wireless earbud is plugged into the connection hole, the wireless earbud is configured to perform wired two-way data communication with the main body,

wherein the at least one processor of the main body is configured to execute computer program instructions stored in the at least one memory

for initiating the wireless pairing with the smartphone in response to pressing of the user input button provided on the main body,

for initiating battery charging of the wireless earbud in response to the wireless earbud's plugging into the connection hole, and

for turning off the wireless pairing with the smartphone when the wireless earbud is being charged.

Ex. 1001, 14:19–51.

E. Asserted Grounds of Unpatentability

Petitioner asserts that the challenged claims are unpatentable based on the following grounds (Pet. 1–2):

Claim(s) Challenged	35 U.S.C. §	References
1, 9, 10	103	Hankey, ³ Rabu, ⁴ Sanford, ⁵ Lydon ⁶
1, 9, 10	103	Hankey, Rabu, Sanford, Lydon, Bluetooth Specification ⁷
1, 9, 10	103	Hankey, Rabu, Sanford, Lydon, Burnett ⁸
9	103	Hankey, Rabu, Sanford, Lydon, Jobs ⁹
9	103	Hankey, Rabu, Sanford, Lydon, Jobs, Bluetooth Specification
9	103	Hankey, Rabu, Sanford, Lydon, Jobs, Burnett

³ U.S. Patent No. 8,401,219 B2, issued Mar. 19, 2013 (Ex. 1004).

⁴ U.S. Patent No. 8,086,281 B2, issued Dec. 27, 2011 (Ex. 1005).

⁵ U.S. Patent No. 8,270,915 B2, issued Sept. 18, 2012 (Ex. 1006).

⁶ U.S. Patent No. 8,078,787 B2, issued Dec. 13, 2011 (Ex. 1007).

⁷ Specification of the Bluetooth System, Version 1.0 B, published July 25, 2003 (Ex. 1009). The Bluetooth Specification bears a copyright date of December 1, 1999, and, according to Petitioner, was published at least by July 25, 2003. Pet. 3–4 (citing Exs. 1015–1021).

⁸ U.S. Patent No. 8,838,184 B2, issued Sept. 16, 2014 (Ex. 1012).

⁹ U.S. Patent No. 8,564,544 B2, issued Oct. 22, 2013 (Ex. 1022).

Claim(s) Challenged	35 U.S.C. §	References
2	103	Hankey, Rabu, Sanford, Lydon, Plantronics ¹⁰
2	103	Hankey, Rabu, Sanford, Lydon, Plantronics, Bluetooth Specification
2	103	Hankey, Rabu, Sanford, Lydon, Plantronics, Burnett

Petitioner asserts that Hankey incorporates by reference in their entirety the disclosures of Rabu and Sanford. Pet. 15 (citing Ex. 1004, 1:28–41, 19:21–25, 48:18–30, 49:16–25, 50:39–50, 51:36–57). Throughout its papers, Petitioner uses “Hankey Group” to refer to the combined teachings of Hankey, Rabu, and Sanford. *Id.* at 16; *see id.* at 2 n.1. Petitioner argues in the alternative that a person of ordinary skill in the art (1) would have understood Hankey to be a single reference incorporating specific portions of Rabu and Sanford, or (2) would have found it obvious to combine the teachings of Hankey, Rabu, and Sanford. *Id.* at 16–17, 19–23.

We need not determine whether Hankey expressly incorporates disclosure from Rabu and Sanford for purposes of this Decision. For convenience, we will sometimes refer collectively to Hankey, Rabu, and Sanford as the “Hankey Group” or the “Hankey Group references.”

III. ANALYSIS

Patent Owner urges the Board to exercise discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review due to the advanced stage of the parallel proceeding in the U.S. District Court for the Central District of California. Prelim. Resp. 23–31 (citing, e.g., *Apple Inc. v. Fintiv, Inc.*,

¹⁰ International Patent Publication No. WO 2006/099094 A2, published Sept. 21, 2006 (Ex. 1008).

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IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 (PTAB May 13, 2020) (informative) (“*Fintiv Decision*”); *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (precedential)).

According to Patent Owner, facts considered under each of the six *Fintiv* factors support denial of institution in this case. PO Sur-reply 12. Petitioner argues that denial under § 314(a) is not warranted because the issues raised in the Petition will not be resolved in the district court proceeding. Pet. Reply 3.

The Board’s precedential decision in *NHK* explains that the Board may consider the advanced state of a related district court proceeding, among other considerations, as a “factor that weighs in favor of denying the Petition under § 314(a).” *NHK*, Paper 8 at 20. Additionally, the Board’s precedential order in *Fintiv* identifies several factors to be considered and balanced when a patent owner argues the Board should exercise discretion to deny institution in view of the advanced state of a parallel proceeding:

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.

Fintiv, Paper 11 at 5–6. According to *Fintiv*, these factors relate to “efficiency, fairness, and the merits” and require the Board to take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* at 6. Our analysis of the *Fintiv* factors is set forth below.

A. Fintiv Factor 1: Stay in the Parallel Proceeding

Petitioner argues in the Petition that “the trial could be stayed.” Pet. 8. On August 27, 2020, however, the district court denied Petitioner’s motion to stay the parallel proceeding pending post grant review proceedings. Ex. 2002; *see* Prelim. Resp. 25. The district court found that (1) the case was “further along than would merit a stay,” (2) the “potential savings of judicial resources” if a stay were granted “are outweighed by the need to delay the proceedings and find new dates in the Court’s busy calendar,” and (3) “the increased difficulty of proving its case after the stay is lifted [would] be especially prejudicial to Plaintiff.” Ex. 2002, 3. The court did not indicate it would consider a renewed motion or reconsider a motion to stay if the Board instituted a trial. *See id.* Petitioner does not subsequently address this first *Fintiv* factor in its Reply, which was filed after the district court denied the motion to stay. Pet. Reply 1–4.

Under the circumstances presented here, when a district court has denied a motion to stay and has not indicated it would reconsider if an *inter partes* review is instituted, the facts underlying this factor weigh in favor of denying institution. *See Fintiv*, Paper 11 at 7–8.

B. Fintiv Factor 2: Trial Date in the Parallel Proceeding

A jury trial is scheduled to begin in the parallel district court proceeding on January 26, 2021, more than ten months before a final written decision would be due if we instituted an *inter partes* review. Ex. 1032, 2

(Scheduling Order); *see* Pet. 7; Prelim. Resp. 25–26. Petitioner argues in the Petition that the scheduled trial date is “not reliable” for several reasons. Pet. 8. First, Petitioner asserts that the district court judge presiding over the parallel proceeding “has historically postponed trials.” *Id.* at 9 (citing Ex. 1033, 1; Ex. 1034, 1; Ex. 1035, 1; Ex. 1036, 3; Ex. 1037, 1; Ex. 1038, 1 (scheduling orders from three other cases pending before the judge)). Next, citing cases from a different district court in a different state, Petitioner argues it is “possible (even likely)” that the trial in the parallel district court proceeding will be rescheduled due to the COVID-19 pandemic. *Id.* (citing Ex. 1041, Ex. 1042, Ex. 1043, 1). Finally, Petitioner argues that “tentative trial schedules are generally speculative and unreliable.” *Id.* at 10.

Patent Owner asserts that the district court repeatedly has reminded the parties that the January 26, 2021, trial date is firm. Prelim. Resp. 26 (citing Ex. 2002, 2–3; Ex. 2003, 7:3–8 (scheduling conference); Ex. 2004, 25:16–27:4 (discovery hearing)). In the order denying Apple’s motion to stay, for example, the district court reiterated that the trial is scheduled for January 26, 2021. Ex. 2002, 3. Patent Owner also notes that Apple “has not filed any sort of motion for continuance or motion to amend the scheduling order.” Prelim. Resp. 26–27.

Although Petitioner makes general assertions as to the potential impact of the COVID-19 pandemic, Petitioner does not cite specific, non-speculative evidence to suggest that delay of the trial date is likely in the parallel district court proceeding at issue here. At the same time, Patent Owner presents evidence tending to show that the district court trial, set to begin in less than two months, likely will proceed as scheduled. Moreover, even if the district court were to delay the trial by a few months, the trial still would be completed well before a final written decision would issue in our

proceeding. For these reasons, the facts underlying this second *Fintiv* factor strongly favor denying institution.

C. Fintiv Factor 3: Investment by the Court and the Parties in the Parallel Proceeding

Patent Owner argues that this factor weighs heavily in favor of discretionary denial because the court and the parties have made significant investments in the parallel proceeding. Prelim. Resp. 27–28. At the time Patent Owner filed the Preliminary Response on September 11, 2020, the Technical Special Master appointed by the district court had conducted a claim construction hearing and issued a Report and Recommendation on Claim Construction. *Id.* at 28; Ex. 2006. Further, fact discovery had been completed, and much expert discovery had taken place. Prelim. Resp. 28 (citing Ex. 2005). Since then, expert discovery has been completed, the district court has heard claim construction arguments and adopted the Technical Special Master’s Report and Recommendation on Claim Construction, and dispositive motions have been filed and argued by the parties and decided by the district court. *See* Ex. 3002 (district court docket sheet as of Nov. 30, 2020); Ex. 2019 (transcript of district court motions hearing); Ex. 3003 (Order Adopting Technical Special Master’s Report and Recommendation Regarding Claims Construction); Ex. 1059 (Order Granting in Part Defendant’s Motion for Summary Judgment); Ex. 1032 (Scheduling Order). Petitioner does not address this factor in its Petition or Reply. *See* Pet. 5–13; Pet. Reply 1–4.

The parties and the district court have invested substantial time and effort addressing patent validity in preparing for the impending trial in the parallel proceeding. Accordingly, the facts underlying this factor strongly

favor denying institution to prevent the inefficient use of Board resources as well as duplicative costs to the parties.

D. Fintiv Factor 4: Overlap Between Issues Raised in the Petition and Parallel Proceeding

This fourth *Fintiv* factor involves consideration of inefficiency concerns and the possibility of conflicting decisions. *Fintiv*, Paper 11 at 12. Therefore, “if the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial.” *Id.* “Conversely, if the petition includes materially different grounds, arguments, and/or evidence than those presented in the district court, this fact has tended to weigh against exercising discretion to deny institution” *Id.* at 12–13.

Petitioner argues it “has eliminated any risk of duplicated efforts in Apple’s district court [case] by unconditionally stipulating to counsel for Patent Owner . . . that Apple will not pursue district court invalidity challenges based on grounds featuring the same primary references as those featured in the grounds of the instant Petition.” Pet. 6–7 (emphasis omitted) (citing Ex. 1031, 1–3 (June 9, 2020, letter from Apple Counsel to Pinn Counsel)). Petitioner further notes that to avoid any future need for challenging the patentability or validity of claim 2, the Petition challenges dependent claim 2 even though it is not currently asserted against Apple or included in Apple’s invalidity contentions in district court. Pet. 7 n.4. Therefore, Petitioner concludes, “the grounds in the instant Petition are unique, and will not be addressed in Apple’s co-pending district court litigation,” and thus “*Fintiv* factor 4 strongly favors institution.” *Id.* at 7 (emphasis omitted).

Patent Owner contends that “Petitioner is asserting the exact same invalidity grounds at the district court level” as those asserted here. Prelim. Resp. 29. Patent Owner further contends that Apple violated its stipulation when Apple served Pinn with its expert report containing hundreds of pages of invalidity charts asserting the Hankey Group patents as primary references. *Id.* at 22 (citing Ex. 2001, 5–519 (invalidity claim charts from Opening Expert Report of Jonathan Wells)). Regarding claim 2, challenged based on a combination of up to seven prior art references in the Petition, Patent Owner contends that “Apple seems to have included it in the Petition for the sole purpose of ensuring that the challenged claims of the Petition are not ‘identical’ to that of the parallel district court proceeding.” Prelim. Resp. 30.

In its Reply, Petitioner asserts it has represented to the district court in writing that “Apple has unconditionally stipulated that it will not raise the invalidity grounds at trial in this case that are being resolved by the PTAB” and that Apple “will not use Hankey Group as primary invalidity references.” Pet. Reply 1 (quoting Ex. 1048, 7 (Motion to Stay)). Petitioner concedes that Dr. Wells’s claim charts map the Hankey Group to every claim limitation. *Id.* at 2 n.2. Nevertheless, Petitioner contends that Dr. Wells limited his analysis based on the Hankey Group to “discrete features and functions” and that, consistent with the stipulation, Dr. Wells may rely on the Hankey Group “as a secondary reference in combination with primary references to address discrete features.” *Id.* at 2 & n.2. Petitioner also asserts that Apple “has a business interest in challenging claim 2,” which “is directed to a mechanical clip, which is similar to a component included in several Apple products.” *Id.* at 4.

In its Sur-reply, Patent Owner argues, among other things, that in view of Apple’s invalidity contentions and its expert report in district court, “Patent Owner has been forced to expend significant time and resources in addressing this duplicative proceeding when it has already had to address the exact same issues in the district court.” PO Sur-Reply 11. Patent Owner argues that the issues raised in the Petition regarding the Hankey Group are substantially the same as issues presented in the district court proceeding for another, independent reason—the Apple Bluetooth (BT) Headset product that Apple is asserting as prior art in district court is substantially identical to the Hankey Group references asserted here, which are all patents assigned to Apple. *Id.* at 12–13 (citing Ex. 1054, 78, 80, 100, 102, 147–149, 171; Ex. 2017, 41, 77, 114–115, 128; Ex. 1004, Fig. 66; Ex. 1005, Figs. 1, 5a, 5b, 6a). Regarding claim 2, Patent Owner takes issue with Petitioner’s “vague[] suggest[ion]” that it “is relevant to some other unnamed and unaccused products” and argues that “under basic theories of claim preclusion, Patent Owner cannot assert unasserted claim 2 against Apple for any present or past acts.” *Id.* at 13.

As noted above, we authorized the parties to submit several documents that were entered in the district court proceeding after the parties completed their briefing here. Several days after Patent Owner filed its Sur-reply in this proceeding, Apple reiterated its stipulation by filing a Notice of Stipulation in the parallel district court proceeding. Ex. 1055. In that Notice, Apple “inform[ed] the Court of its intent to be bound by the stipulation” that it “will not challenge in this forum validity of the patents-in-suit . . . based on the Hankey Group references as primary references.” *Id.* at 2.

In its Response to Apple’s Notice, Pinn requested the district court to “strike Apple’s stipulation on the grounds that it is an improper attempt by Apple to forum-shop selected aspects of the validity issues before the Court that will, if permitted, result in piecemeal litigation and unnecessarily prolong the parties’ dispute.” Ex. 1056, 2. Pinn also filed a Motion for Relief in which it requested “leave to amend its pleadings to add a claim for declaratory judgment that mirrors Apple’s contentions so Pinn can seek judgment of no invalidity in view of the Hankey Group prior art references.” Ex. 1057, 2; *see also id.* at 21 (“Pinn wants the Hankey Group invalidity issue resolved sooner rather than later and efficiently rather than through another proceeding in another forum.”).

In opposition to Pinn’s request to amend its pleadings, Apple asserted that its unconditional stipulation not to use the Hankey Group references as primary references “should be enough for the PTAB to institute Apple’s requested IPRs.” Ex. 1058, 3. Nevertheless, Apple presented a revised stipulation in which it “agrees not to use the Hankey Group in this case *for any purpose*—even as secondary references—if the PTAB institutes all of the requested IPRs and post-grant reviews based on the Hankey Group, namely IPR2020-00999, PGR2020-00066, and PGR2020-00073.” *Id.* In reply, Pinn requested that the district court strike all of Apple’s proffered stipulations and reiterated its argument that good cause exists to add its requested declaratory judgment claim so that the Hankey Group invalidity issues can be tried “soon, finally, and economically.” Ex. 2018, 6.

We begin our analysis of this factor by considering the degree of overlap between the unpatentability grounds raised in the Petition and the invalidity grounds presented in the district court proceeding. The Petition asserts obviousness grounds based on Hankey, Rabu, and Sanford (i.e., the

Hankey Group references) alone or in combination with one or more of the following references: Lydon, Bluetooth Specification, Burnett, Jobs, and Plantronics. Pet. 1–2. Petitioner’s invalidity contentions in the district court proceeding include all of the references in the Petition except Plantronics. *See, e.g.*, Ex. 2014, 9–11 (invalidity contentions); Ex. 2001, 3, 29, 62, 98, 119, 125, 141, 149 (Wells expert report). Contrary to Petitioner’s argument, its initial stipulation not to pursue obviousness challenges in district court with the Hankey Group patents as “primary references” has little mitigating effect. As Petitioner seems to acknowledge, the stipulation still would permit it to rely on the Hankey Group to teach the same claim limitations during the district court trial and in this proceeding. *See* Pet. Reply 2 & n.2. Whether Petitioner identifies an additional reference as “primary” and the Hankey Group as “secondary” is of no moment, because “where the relevant factual inquiries underlying an obviousness determination are otherwise clear, characterization . . . of prior art as ‘primary’ and ‘secondary’ is merely a matter of presentation with no legal significance.” *In re Mouttet*, 686 F.3d 1322, 1333 (Fed. Cir. 2012) (citing *In re Bush*, 296 F.2d 491, 496 (CCPA 1961) (Rich, J.); *In re Krammes*, 314 F.2d 813, 816–17 (CCPA 1963)).

Weeks after the parties had completed briefing in this proceeding, and less than a month before our statutory deadline for determining whether to institute an *inter partes* review, Petitioner proffered a revised stipulation by further agreeing not to use the Hankey Group references in the district court proceeding if the Board institutes review in this case and in both PGR2020-00066 and PGR2020-00073. Ex. 1058, 3. This added conditional stipulation is somewhat broader than the original and lessens to some degree the concerns about duplicative efforts between the Board and the district court. *See Sand Revolution II, LLC v. Cont’l Intermodal Group – Trucking*

LLC, IPR2019-01393, Paper 24 at 12 (PTAB June 16, 2020) (informative). But even if Petitioner complies with the modified stipulation in district court, Petitioner’s last minute attempt to tip this *Fintiv* factor in its favor does not completely eliminate overlap of issues.

First, all of the obviousness grounds asserted in the Petition against the independent claims cite references other than the Hankey Group for certain key limitations, and Petitioner’s district court invalidity contentions, supported by Dr. Wells’s expert report, rely on these same references for teaching the same claim limitations. For example, independent claim 1 requires instructions “for initiating the wireless pairing [of the wireless earbud] with the smartphone in response to pressing of the user input button provided on the main body.” Ex. 1001, 14:44–46. The Petition relies on Lydon in combination with Rabu for teaching this limitation. Pet. 40–42. Similarly, Dr. Wells cites Lydon for teaching this limitation. Ex. 1054, 73 (¶ 227), 162–164 (¶¶ 490–494); Ex. 2001, 98; Ex. 2014, 33. As another example, dependent claim 9 requires the claimed apparatus “to provide a battery status to the smartphone for displaying on a mobile application of the smartphone.” Ex. 1001, 15:19–20. The Petition cites Jobs for teaching this limitation in some obviousness grounds, and Dr. Wells similarly cites Jobs in his obviousness analysis. *See, e.g.*, Pet. 68–70; Ex. 1054, 138–139 (¶¶ 412–416); Ex. 2001, 149; Ex. 2014, 37.

Patent Owner also asserts that the Apple BT Headset, one of the main pieces of prior art presented in Petitioner’s district court invalidity contentions, is “substantially identical to the Hankey Group and Lydon references (all Apple patents) and the arguments are the same.” PO Sur-reply 13 (citing Ex. 1054; Ex. 2017, 41, 77, 114–115, 128 (Rebuttal Expert Report of Dr. Scott Nettles)); *see* Ex. 1054, 145–188 (obviousness analysis

based on the Apple BT Headset). Without undertaking a detailed analysis, we agree that, based on the description in Dr. Wells's expert report, the Apple BT Headset on its face appears to be substantially similar to embodiments disclosed in the Hankey Group. *See* Ex. 1054, 78, 80, 100, 102, 147–149, 171; Ex. 2017, 41, 77, 114–115, 128; Ex. 1004, Fig. 66; Ex. 1005, Figs. 1, 5a, 5b, 6a. Thus, there likely is some overlap between obviousness arguments based on the Apple BT Headset in the district court proceeding and those based on the Hankey Group in the Petition.

We further determine that the Petition challenges substantially the same claims as those asserted in the district court proceeding. In particular, we are not persuaded that the Petition raises material issues not present in the district court proceeding by including a challenge to dependent claim 2, which recites the common feature of a mechanical clip.

In a very recent development, the parties inform us that the district court granted Apple's motion for summary judgment of non-infringement of claim 1 of the '491 patent, the only independent claim of that patent at issue. Ex. 1060, 6:10–7:2; Ex. 1059, 2 (Order); Ex. 2019, 134:8–10 (summary judgment ruling from the bench). At this time, however, validity of the asserted claims of the '491 patent remains at issue in the district court by virtue of Apple's pending declaratory judgment counterclaim of invalidity of the '491 patent. *See* Ex. 1060, 11:22–12:4, 18:10–15, 19:21–20:3, 26:4–27:3. On November 24, 2020, Petitioner represented to the Board that the declaratory judgment counterclaim of invalidity had not been withdrawn. *Id.* at 26:15–18. Petitioner has since informed us that on December 7, 2020, Apple filed a motion to withdraw the declaratory judgment counterclaim of invalidity of the '491 patent, and Pinn plans to oppose the motion. Ex. 3004 (Dec. 7, 2020, email from Petitioner's counsel). At this juncture, the district

court has not ruled on the motion. Moreover, as noted previously, Pinn has filed a motion in district court requesting leave to amend its pleadings to add a claim for declaratory judgment of no invalidity of all three asserted patents, including the '491 patent, in view of the Hankey Group references. *See* Ex. 1057, 2, 22; Ex. 1060, 12:9–21. For these reasons, based on the present record, we are not persuaded by Petitioner's suggestion that the district court will not consider invalidity of the claims of the '491 patent. *See, e.g.,* Ex. 1060, 26:18–20.

Moreover, even if the district court trial does not directly address invalidity of the claims of the '491 patent, the disputed issues are similar to those likely to be resolved by the district court regarding the related patents. *See Fintiv*, Paper 11 at 13 (noting that a key question is “the similarity of the claims challenged in the petition to those at issue in the district court”). For instance, the main issues raised by Patent Owner at this preliminary stage are whether the asserted references teach “wireless pairing,” as properly construed, between the smartphone and wireless earbud, and whether they teach “initiating the wireless pairing . . . in response to pressing of the user input button,” as recited in claim 1. *See* Prelim. Resp. 45–48; *see also* Pet. Reply 4–9 (authorized additional briefing on these issues); PO Sur-reply 13–15 (same). The independent claims of the '066 patent and the '198 patent, whose validity will be addressed in the district court proceeding, recite substantially the same limitations. *See, e.g., Apple Inc. v. Pinn, Inc.*, PGR2020-00066, Ex. 1001, 33:25–32 (claim 1 of the '066 patent); *Apple Inc v. Pinn, Inc.*, Ex. 1001, 15:35–37, 15:42–46 (claim 1 of the '198 patent).

For the reasons discussed, although Petitioner's modified stipulation reduces concerns of inefficiency and the possibility of conflicting decisions if we instituted an *inter partes* review, some overlap in arguments and

evidence would remain. Moreover, based on the current record, it appears that the district court will consider the validity of the claims of the '491 patent, and in any event the court will resolve key issues when addressing the validity of similar claims of the '066 patent and the '198 patent. Therefore, taking into account all of the facts and circumstances discussed above, on balance we view this factor as neutral in determining whether to deny institution.

E. Fintiv Factor 5: Whether Petitioner is the Defendant in the Parallel Proceeding

Petitioner here is the defendant in the district court litigation. *See* Pet. 74; Paper 5, 2. Thus, this factor supports denying institution in this case. *See Fintiv* Decision, Paper 15 at 15; *Sand Revolution*, Paper 24 at 12–13.

F. Fintiv Factor 6: Other Considerations

As noted in *Fintiv*, a balanced assessment of factors may include consideration of the merits. *Fintiv*, Paper 11 at 14–15. Referring generally to its unpatentability contentions in the Petition, as supported by the testimony of its declarant, Dr. Jeremy Cooperstock, Petitioner contends there is a reasonable likelihood that it would prevail if we instituted an *inter partes* review. Pet. 12. In addressing this factor in the Preliminary Response, Patent Owner highlights two limitations allegedly not taught by the references cited in Petitioner's asserted obviousness grounds. Prelim. Resp. 31.

Although we do not undertake here a full analysis, our initial inspection of the parties' arguments and evidence suggests there is a reasonable likelihood that Petitioner would prevail with respect to at least one of the claims challenged in the Petition. On the other hand, Petitioner

does not identify any particular strengths of its unpatentability contentions that would tip the balance against denial when considered as part of a balanced assessment of the *Fintiv* factors in this case. *See Fintiv*, Paper 11 at 14–15. Accordingly, we consider this factor to be neutral in determining whether to deny institution.

G. Conclusion

Based on the particular circumstances of this case, we determine that instituting an *inter partes* review would be an inefficient use of Board resources. As discussed above, the trial in the parallel district court proceeding is currently scheduled to begin in less than two months and likely will conclude several months before we would reach a final decision in this proceeding. The district court denied a motion to stay, and the court and parties have expended considerable time and effort in preparing for the upcoming trial. All of the *Fintiv* factors discussed above either weigh in favor of exercising discretion to deny institution or are neutral. On balance, after a holistic consideration of the relevant facts, we conclude that efficiency and integrity of the system are best served by denying institution. Thus, we exercise our discretion under § 314(a) to deny institution of an *inter partes* review.

IV. ORDER

Accordingly, it is

ORDERED that the Petition is *denied*; and

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

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