
PTAB Makes Precedential the Discretion to Deny Institution of Serial Petitions Brought by Co-Defendants

Valve Corp. v. Elec. Scripting Prods., Inc., Case IPR2019-00062, -00063, -00084, Paper 11 (PTAB Apr. 2, 2019) (designated: May 7, 2019)

By: Adam Reis & Barry Irwin | May 17, 2019

The Patent Trial and Appeal Board (“Board”) recently designated as precedential an opinion denying the institution of petitions for *inter partes* review (“IPR”) on the grounds that the petitions were serial and repetitive attacks in light of an earlier-filed petition brought by another party.

This case makes clear that parties may need to think twice before coordinating multiple, successive petitions of a competitor’s patents, especially if those parties have an existing relationship such as being co-defendants in litigation against the patent owner or a license related to the underlying technology.

On October 9, 2017, Electronic Scripting Products, Inc. (“ESP”) filed a complaint for patent infringement in N.D. Cal. against HTC America, Inc. (“HTC”) and Valve Corporation (“Valve”). ESP asserted that the sale of HTC’s VIVE virtual reality headset devices that incorporate technology licensed from Valve infringed claims of U.S. Patent No. 9,235,934 (“the ’934 Patent”). On May 10, 2018, HTC filed a petition for IPR of the ’934 Patent. On September 24, 2018, finding that HTC failed to show a reasonable likelihood of establishing the unpatentability of at least one challenged claim of the ’934 Patent, the Board denied HTC’s petition. On October 11–12, 2018, Valve filed three petitions for IPR of the ’934 Patent challenging the same claims challenged by HTC in its earlier petition.

Under 35 U.S.C. § 314(a), the Board has discretion to deny institution of an IPR. The Board has enumerated a non-exhaustive list of factors to be considered when exercising this discretion to deny a petition that challenges the same patent as a previous petition. *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, (PTAB Sept. 6, 2017) (Paper 19) (precedential). Among them are whether the same petitioner previously filed a petition directed to the same claims of the same patent, whether at the time of filing of the first petition the petitioner knew or should have known of the prior art asserted in the second petition, and whether at the time of filing of the second petition the petitioner already received the patent owner’s preliminary response or the Board’s decision on whether to institute review in the first petition.

The Board noted that “when different petitioners challenge the same patent, we consider *any* relationship between those petitioners.” The Board found that the complete overlap in the challenged claims and the relationship between the two petitioners—HTC and Valve being co-defendants and having an ongoing business relationship related to the infringing technology—favored denying institution. According to the Board, this relationship between HTC and Valve permeated all of the factors it considered, noting that Valve should have known about the prior art used by HTC in its petition and that Valve used the same expert as HTC, clearly using HTC’s prior IPR as a roadmap. Weighing all this, the Board found that Valve’s decision to delay and then file three petitions was exactly the type of “serial and repetitive attacks” the *General Plastic* factors are aimed to prevent, thus denying institution of the petitions.