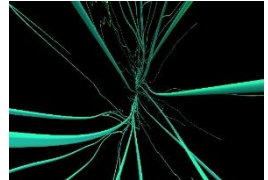


Maybe The Third Time Is The Charm After All.

Nokia of America Corp. v. Alexander Soto and Walter Soto, IPR2023-00680, IPR2023-00681, IPR2023-00682 (P.T.A.B. Dec. 3, 2024)

Authors: Ifiti Zaim & Bailey Sanders | Editor: Jason Keener | December 13, 2024

On December 3, 2024, USPTO Director Kathi Vidal, for a second time, granted Director Review of the Patent Trial and Appeal Board (“Board”)’s denials of institution of *inter partes* review (“IPR”) in three proceedings. And, for a second time, Director Vidal vacated those denials and remanded the case to the Board for an unheard of third review.



The case began in 2022, when the Patent Owner’s real party in interest, *NextGen Innovations, LLC*, filed lawsuits against multiple defendants including Petitioner Nokia of America (“Nokia”). In March of 2023, Nokia filed the IPR petitions at issue here challenging certain claims of three optical communication networks patents. In response, the Patent Owners argued the Board should deny institution under 35 U.S.C. §§ 325(d) because the examiner had already considered substantially similar grounds during prosecution or 314(a) in view of the parallel district court proceedings. The Board agreed and denied institution under § 325(d). On March 28, 2024, Director Vidal vacated these denials. On remand, the Board again denied institution under § 325(d). Nokia once again sought Director Review, which Director Vidal again granted. Director Vidal then analyzed the Board’s denial of institution under both § 325(d) and the two-part *Advanced Bionics* framework and § 314(a) and the Patent Owners’ request for discretionary denial, even though the Board had not discussed that ground.

Beginning with § 325(d) and the *Advanced Bionics* analysis, the only issue was whether the Board adequately analyzed the first part of the framework which requires to Board to evaluate whether the same or substantially the same art or arguments were previously presented to the Office. Nokia argued that the two prior art patents it relied upon in the IPRs differed from a prior art reference (a patent to Brede) that the USPTO examiner had identified during prosecution because they disclosed an optical transceiver and relied upon a different prior art reference for the teaching that this optical transceiver be “pluggable.” The Board found this difference immaterial to the examiner’s consideration of whether Brede disclosed a pluggable transceiver and determined that the references disclosed similar subject matter. However, Director Vidal noted that the patent owner had argued to the examiner that its claimed invention differed from Brede *because* the claimed invention had an optical transceiver, whereas Brede had a separate transmitter and receiver. Thus, Director Vidal found that the difference between the new prior art was material, and that the Board erred in finding that the Petitioner’s obviousness arguments substantially the same as the Examiner’s anticipation rejection based on Brede. Thus, Director Vidal vacated the Board’s Remand Decision and declined to exercise her discretion to deny institution under § 325(d).

The Board did not reach whether the petition should be denied under Section 314(a) on grounds that the patents are the subject of parallel district court proceedings. However, Director Vidal nonetheless addressed the issue via the PTAB’s six-factor *Fintiv* analysis. Director Vidal found three of the six factors neutral, that one favored denial, and two favored institution. In light of taking a “holistic view of whether efficiency and integrity of the system are best served by denying or instituting review,” Director Vidal declined to invoke her authority under § 314(a) to deny institution and remanded to the Board for further consideration on the merits.

Historically, requests for Director Review were very seldom successful, and it was rare to see a USPTO Director disagree with a panel’s findings. This case presents a highly unusual situation in which the USPTO Director has vacated denial of institution not once, but twice in the same case. This might signal a shift in USPTO practices towards more Director involvement in institution denials, particularly where the Board has failed to closely scrutinize the arguments. This potentially offers a path for petitioners to overcome otherwise non-appealable initial denials.

Tags: PTAB, Patent Office Validity Challenges, Invalidity- Prior Art, Technology