

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

VOLVO PENTA OF THE AMERICAS, LLC,  
Petitioner,

v.

BRUNSWICK CORPORATION,  
Patent Owner.

---

IPR2022-01366  
Patent 7,727,036 B1

---

Before CARL M. DeFRANCO, KARA L. SZPONDOWSKI, and  
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

DeFRANCO, *Administrative Patent Judge*.

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

Brunswick Corporation (“Brunswick”) is the owner of U.S. Patent No. 7,727,036 B1 (Ex. 1001, “the ’036 patent”). Volvo Penta of the Americas, LLC (“Volvo”) filed a Petition requesting *inter partes* review of claims 1–17 of the ’036 patent. Paper 1 (“Pet.”). Brunswick filed a Preliminary Response. Paper 9 (“Prelim. Resp.”). After filing its Preliminary Response, Brunswick filed Updated Mandatory Notices, notifying the Board of an appeal of a decision entered in a related federal district court action. *See* Paper 11. Upon further inquiry, we noted that the district court’s decision granted Volvo’s motion to dismiss under Federal Rule of Civil Procedure 12(b)(6), ruling that claim 1 of the ’036 patent is invalid as directed to patent-ineligible subject matter under 35 U.S.C. § 101. Ex. 3001. The district court action was then dismissed, and Brunswick appealed. *See* Exs. 3002, 3003. That appeal is currently pending. Neither Brunswick nor Volvo requested additional briefing to address the effect of the district court’s decision (or the pending appeal) on the Board’s discretion to institute an *inter partes* review.

After reviewing the record, including the district court’s decision, we determine that the Board lacks authority to institute *inter partes* review of challenged claim 1, as it already has been determined to be invalid under 35 U.S.C. § 101 in a federal district court action. Also, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review of all the challenged claims, i.e., claims 1–17, so as to avoid potential conflict, inefficiency, and gamesmanship.

## I. BACKGROUND

### *A. The Related District Court Action and Pending Appeal*

The related district court action, *Brunswick Corp. v. Volvo Penta of the Americas, LLC*, No. 1:22-cv-00108 (E.D. Va.) (“*Brunswick v. Volvo*”), was filed February 1, 2022, and involved five patents, including the ’036 patent at issue here.<sup>1</sup> Pet. 47; Paper 11 at 1. Brunswick’s Complaint alleged that Volvo infringed only claim 1 of each of the five patents-in-suit. On November 10, 2022, the district court granted Volvo’s Rule 12(b)(6) motion to dismiss the Complaint, ruling that claim 1 in each of the five patents is invalid as directed to patent-ineligible subject matter under 35 U.S.C. § 101.<sup>2</sup> Ex. 3001. The district court action was then dismissed, and Brunswick appealed. Exs. 3002, 3003. That appeal, *Brunswick Corporation v. Volvo Penta of the Americas, LLC*, Appeal No. 2023-1297 (Fed. Cir.), is currently pending. Paper 11 at 1.

### *B. The Asserted Challenges*

Volvo challenges claims 1–17 of the ’036 patent on the following grounds:

<b>Claims Challenged</b>	<b>35 U.S.C. §</b>	<b>Basis</b>
1–5, 8–13, 16, 17	102	Rae <sup>3</sup>
6, 7, 14, 15	103	Rae, <i>Ocean Engineering Handbook</i> <sup>4</sup>

---

<sup>1</sup> The other four patents are also the subject of pending petitions for *inter partes* review. See IPR2022-01367 (US 10,324,468 B2), 01368 (US 7,305,928 B2), 01369 (US 10,095,232 B1), and 01424 (US 10,671,073 B2).

<sup>2</sup> In so ruling, the district court noted, “[a]t this stage, it is unnecessary to consider the validity of the other claims in each of the five patents because the Complaint focuses only on Claim 1 of each patent.” Ex. 3001, at 37.

<sup>3</sup> US 8,145,371 B2, iss. Mar. 27, 2012 (Ex. 1004).

<sup>4</sup> *The Ocean Engineering Handbook*, edited by Ferial El-Hawary, CRC PRESS LLC (2001) (Ex. 1005).

Claims Challenged	35 U.S.C. §	Basis
1–5, 8–13, 16, 17	103 <sup>5</sup>	Borrett, <sup>6</sup> McKenney <sup>7</sup>
6, 7, 14, 15	103	Borrett, McKenney, Heiniger <sup>8</sup>

Three of the challenged claims are independent—claims 1, 9, and 17. Claims 1 and 17 are directed to a “system for controlling movement of a marine vessel,” whereas claim 9 is directed to a “method” for doing the same. *See* Ex. 1001, 5:2, 5:40, 6:29. Claim 1 is illustrative and recites:

1. A system for controlling movement of a marine vessel, the system comprising:
  - a operator controllable device having an output that is representative of a operator-desired rate of position change of the vessel about or along an axis;
  - a sensor having an output that is representative of a sensed actual rate of position change of the vessel about or along the axis;
  - a rate of position change controller outputting a rate of position change command based upon the difference between the desired rate of position change and the sensed actual rate of position change; and
  - a vessel coordination controller controlling movement of the vessel based upon the rate of position change command;wherein the rate of position change controller is configured to interpret a lack of movement of the operator controllable device to be a request for active suppression of position change rather than as a request for no position change.

*Id.* at 5:2–21.

---

<sup>5</sup> The Petition identifies this obviousness challenge as relying on “Borrett in view of McKenney and Heiniger” (Pet. 3), but later clarifies that only on Borrett and McKenney are applicable to this challenge (Pet. 32–40).

<sup>6</sup> US 8,145,370 B2, iss. Mar. 27, 2012 (Ex. 1006).

<sup>7</sup> US 6,230,642 B1, iss May 15, 2001 (Ex. 1007).

<sup>8</sup> US RE41,358 E, iss. May 25, 2010 (Ex. 1008).

The district court, in holding that claim 1 is invalid as directed to patent-ineligible subject matter, found that the '036 patent “makes no claim to any novel device, sensor or controller; instead, it claims only a system that incorporates prior-art devices, sensors, and controllers for the purpose or goal of reducing unwanted movements of the marine vessel.” Ex. 3001, at 4. More specifically, according to the district court,

Claim 1 of the '036 Patent is a system that simply (i) allows a vessel operator to use a joystick to communicate to a control module or other computer the operator's desired rate of position change; (ii) carries out that position change by comparing the vessel's location (as determined by sensors) to the vessel operator's desired location, and moves the vessel accordingly; and (iii) interprets a stationary joystick as a request by the vessel operator to keep the vessel in its current position, rather than a request to let the vessel drift. Put simply, Claim 1 of the '036 Patent is directed to controlling the movement of a marine vessel to remedy unintended movements caused by external effects. The specification of the '036 Patent recognizes that the devices referenced—“a[n] operator controllable device,” a “sensor,” and controllers—are all “known in the art.” [Ex. 1001], col.1, l. 63 - col.4, l. 20. Thus, Claim 1 of the '036 Patent does not claim any *novel* device, sensor, or controller to achieve its purpose of damping unwanted movements of the marine vessel.

*Id.* at 5. The district court did not analyze any other claim of the '036 patent because only claim 1 was asserted in Brunswick's Complaint for infringement. *See id.* at 37.

## II. ANALYSIS

### *A. Statutory Framework*

Congress enacted the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112–29, 125 Stat. 284, in 2011 to “improve patent quality and limit unnecessary and counterproductive litigation costs.” H.R. REP. NO.

112-98, pt. I, at 40 (2011). As provided by the AIA, “a person who is not the owner of a patent may file with the Office a petition to institute an *inter partes* review of the patent.” 35 U.S.C. § 311(a). But, the AIA places certain limits on the scope of the petition. In particular, “[a] petitioner in an *inter partes* review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of patents and printed publications.” 35 U.S.C. § 311(b). And “[t]he Director may not authorize an *inter partes* review to be instituted unless . . . the information presented in the petition filed under section 311 [and any response thereto] shows that there is a reasonable likelihood the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a).

This statutory framework guides the Board’s decision on whether to institute an *inter partes* review (“IPR”) in any given case. Indeed, “§ 314(a) invests the Director with discretion on the question whether to institute review.” *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1356 (2018); *see also 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.”). Thus, although the question of institution is left to the Director’s discretion, we nonetheless must operate within the statutory framework when deciding whether to institute a review.

*B. Lack of Statutory Authority to Institute on Claim 1*

To begin, we lack statutory authority to entertain Volvo’s request to cancel claim 1, for the simple reason that it is no longer a valid claim that may be canceled. The plain language of the statute makes that point clear. In particular, § 311(b) provides that a petitioner in an IPR “may request to

*cancel* as unpatentable 1 or more *claims of a patent*.” 35 U.S.C. § 311(b) (emphases added). Our reviewing court<sup>9</sup> has explained that “[s]ection 311 is confined to the review of *existing* patent claims.” *Uniloc 2017 LLC v. Hulu, LLC*, 966 F.3d 1295, 1304 (Fed. Cir. 2020) (emphasis added). That is because, in the context of § 311(b), “[t]o ‘cancel’ carries the ordinary meaning to ‘annul or destroy,’” which presupposes that the claim being canceled “is already in effect.” *Id.* (citing *Mac’s Shell Serv., Inc. v. Shell Oil Prods. Co.*, 559 U.S. 175, 183 (2010); Webster’s Third New International Dictionary (1961) (defining “cancel” as the “destr[uction] [of] the force, effectiveness, or validity”). Thus, “[w]hen given its ordinary meaning, § 311(b) provides that only claims that are in effect may be annulled.”<sup>10</sup> *Uniloc*, 966 F.3d at 1304–05.

Per the reasoning in *Uniloc*, institution of an IPR is predicated on the challenged claims having some “force, effectiveness, or validity” that can be canceled. *Id.* at 1305. So, the claims of a patent that have been finally adjudicated to be invalid by a district court prior to the Board’s institution of an IPR cannot subsequently be “cancel[ed] as unpatentable” under § 311(b), as they no longer exist in the patent for which *inter partes* review is being sought. Here, claim 1 of the ’036 patent no longer exists because the district court’s Rule 12(b)(6) dismissal based on § 101 invalidity operates as a final judgment on the merits with respect to claim 1 of the ’036 patent. *See Federated Dept. Stores, Inc. v. Moitie*, 452 U.S. 394, 399 n.3 (1981) (“The

---

<sup>9</sup> The United States Court of Appeals for the Federal Circuit (“the Federal Circuit”).

<sup>10</sup> Although the issue in *Uniloc* was whether the Board has authority to consider patent eligibility when analyzing proposed substitute claims in a motion to amend, *Uniloc* nonetheless interprets § 311(b).

dismissal for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6) is a ‘judgment on the merits.’”) (citations omitted). Moreover, “[t]he law is well settled that the pendency of an appeal has no effect on the finality or binding effect of a trial court’s holding . . . That rule is applicable to holdings of patent invalidity as well.” *Pharmacia & Upjohn Co. v. Mylan Pharma., Inc.*, 170 F.3d 1373, 1381 (Fed. Cir. 1999) (quoting *SSIH Equip. S.A. v. U.S. Int’l Trade Comm’n*, 718 F.2d 365, 370 (Fed. Cir. 1983) (internal citations omitted)).

Indeed, our reviewing court recently cited *Pharmacia* for the general rule that a pending appeal does not suspend the finality of a district’s court preclusive judgment. *See Uniloc USA Inc. v. Motorola Mobility LLC*, 52 F.4th 1340, 1347–48 (Fed. Cir. 2022) (“To be sure, collateral estoppel can be applied based on a district court decision that is still pending on appeal, and we have affirmed the application of issue preclusion even when the preclusive judgment was pending appeal.”) (citing *Pharmacia*, 170 F.3d at 1380–81). Thus, because the district court’s § 101 invalidity ruling is a final judgment on the merits, claim 1 of the ’036 patent no longer exists as a claim that can be canceled under § 311(b).

In sum, the plain language of § 311(b) limits the scope of the Board’s authority to institute an IPR to only those patent claims that are in effect at the time of institution, not claims that have been finally adjudicated to be invalid in a prior district court action.<sup>11</sup> And because that is the case with

---

<sup>11</sup> In contrast, the Board has authority to review claims of an expired patent because an expired patent still carries certain rights, including the right to recover damages for past infringement under 35 U.S.C. § 286. *See, e.g., Sony Corp. v. Iancu*, 924 F.3d 1235, 1238 n.1 (Fed. Cir. 2019).

claim 1 of the '036 patent, we lack statutory authority to institute an IPR on that claim.

We are mindful of prior Board decisions that have considered similar circumstances to those presented here, i.e., where, *before* institution, a federal district court held claims challenged in a petition to be invalid under § 101. Those decisions include, for example:

- *Stripe, Inc. v. Boom! Payments, Inc.*, CBM2020-00002, Paper 22 at 6–10, 2020 WL 2549804 \*3–4 (PTAB May 19, 2020) (instituting review);
- *Snap Inc. v. Blackberry Ltd.*, IPR2020-00392, Paper 8 at 15–16, 2020 WL 3966740 \*5–7 (PTAB July 13, 2020) (denying institution);
- *Wyze Labs, Inc. v. Sensormatic Elecs., LLC*, IPR2020-01490, Paper 13 at 7–19, 2021 WL 1287751 \*2–8 (PTAB Apr. 6, 2021) (“*Wyze*”) (instituting review);
- *Microsoft Corp. v. Worlds Inc.*, IPR2021-00277, Paper 11 at 19–27, 2021 WL 2460652 \*8–11 (PTAB June 16, 2021) (instituting review);
- *Snap, Inc. v. Sanderling Management Ltd.*, IPR2021-00781, Paper 20 at 8–9, 14–18 (PTAB Nov. 9, 2021) (“*Snap*”) (instituting review);
- *Playtika Ltd. v. NexRF Corp.*, IPR2021-00951, Paper 14 at 8 (PTAB Dec. 6, 2021) (addressing whether collateral estoppel bars institution, while drawing analogy to reasoning in *Wyze* and instituting review); and
- *AviaGames Inc. v. Skillz Platform Inc.*, IPR2022-00530, Paper 12 at 7–16, 2022 WL 3219337 \*3–7 (PTAB Aug. 9, 2022) (“*AviaGames*”) (denying institution).<sup>12</sup>

---

<sup>12</sup> The *AviaGames* decision is presently under Director review. See *AviaGames*, Paper 13 (Aug. 26, 2022).

None of those decisions, however, addressed the issue of the Board’s statutory authority to institute review of claims in the face of a prior invalidity ruling from a district court that resulted in dismissal of the district court action. Rather, in each of those Board decisions, the panel applied the factors set forth in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”), when analyzing the question of institution. As discussed below, we find the *Fintiv* analysis inapplicable to the circumstances presented here.

*C. Discretionary Denial Under § 314(a)*

In its Preliminary Response, Brunswick argues that we should exercise our discretion to deny institution under § 314(a) in light of the “parallel” district court litigation. Prelim. Resp. 51–57. According to Brunswick, “all *Fintiv* factors weigh against institution and support the Board’s exercise of discretion.” *Id.* at 57. Volvo contends that the *Fintiv* factors weigh in favor of instituting review. *See* Pet. 42–46.

The present circumstances differ from those when the parties originally presented their arguments regarding *Fintiv*. Only after Brunswick filed its Preliminary Response did the district court grant Volvo’s Rule 12(b)(6) motion to dismiss, and thereby dismiss the action on the basis that claim 1 of the ’036 patent is invalid under 35 U.S.C. § 101. Neither party sought additional briefing to address the present circumstances, i.e., the interplay between the district court’s prior invalidity ruling (and the pending appeal) and the Board’s discretion to institute an *inter partes* review.

As stated above, we acknowledge that other panels have applied the *Fintiv* analysis under similar circumstances, i.e., where, *before* institution, a district court has determined that claims challenged in an *inter partes* review

petition are directed to patent-ineligible subject matter under § 101.

However, we question the applicability of the *Fintiv* analysis under these circumstances, where at least one of the challenged independent claims has already been finally adjudicated by the district court to be invalid. Indeed, the decisions in *Snap* and *AviaGames* expressed the same concern, with the *Snap* decision noting,

[t]he *Fintiv* framework is generally geared toward evaluating the impact of an *ongoing* district court case that is *progressing in parallel* with a Board proceeding. Accordingly, it is an uneasy fit for the situation where, *before the Board's institution decision*, the district court has entered judgment at the pleading stage based on patent-ineligibility.

*Snap*, Paper 20 at 10 (footnotes omitted) (emphases added); *see also AviaGames*, 2022 WL 3219337 \*5 n.10 (noting the same, while stating that “the *Fintiv* analysis and factors are a poor fit” where a district court has “found the challenged patent to be invalid on a basis that that we cannot consider—subject matter eligibility under 35 U.S.C. § 101”).

Despite that concern, the *Snap* and *AviaGames* panels undertook a *Fintiv* analysis, with the *Snap* panel deciding not to discretionarily deny institution, and the *AviaGames* panel deciding to discretionarily deny institution. As exemplified by these Board decisions (as well as those listed above), panels have not uniformly agreed on whether to deny institution after a district court has adjudicated the challenged claims of a patent to be invalid as directed to patent-ineligible subject matter under § 101. In any event, we do not feel compelled to follow any of those non-precedential and non-binding Board decisions.

Rather, we think it more appropriate to regard the *Fintiv* analysis as inapplicable when deciding how the Board should proceed in the face of a

*prior* invalidity ruling from a federal district court that results in dismissal of the district court action. The Director’s Memorandum, issued June 21, 2022, and titled “Interim Procedure for Discretionary Denials in AIA-Post Grant Proceedings With Parallel District Court Litigation” (“Interim Procedure”), supports the conclusion that *Fintiv* is limited to exercise of discretion in view of an ongoing parallel district court litigation where a final judgment has not yet been entered. *See, e.g.*, Interim Procedure at 1–2 (“This precedential decision [*Fintiv*] articulates the following set of nonexclusive factors . . . that the PTAB considers on a case-specific basis in determining whether to institute an AIA-post grant proceeding where there is parallel district court litigation.”); 2 (“This memorandum also confirms that the precedential import of *Fintiv* is limited to the facts of that case. Namely, *Fintiv* involved institution of an AIA proceeding with a parallel district court litigation.”); 4 (noting that the Board may proceed with institution of compelling, meritorious challenges “even where district court litigation *is proceeding in parallel*”) (emphasis added). Thus, the Director’s Interim Procedure makes clear that only where the related district court action is proceeding, i.e., ongoing, in parallel with an AIA proceeding do the *Fintiv* factors apply.

Here, the district court has dismissed the action, so there is no parallel district court litigation to which the *Fintiv* factors may be applied. Claim 1 of the ’036 patent has been finally adjudicated to be invalid, and thus the district court dismissed the action under Rule 12(b)(b) for failure to state a claim. As previously discussed, the district court’s Rule 12(b)(6) dismissal is a final judgment on the merits, effectively ending the parallel district court litigation (*see Federated Dept. Stores*, 452 U.S. at 399 n.3), and the

pendency of the appeal has no effect on the finality of the district court's judgment that claim 1 is invalid under § 101 (*see Pharmacia*, 170 F.3d at 1381). And, because the district court rendered a final judgment of invalidity as to the sole claim asserted in the Complaint, thereby effectively ending the infringement action, there is no longer any parallel district court litigation. Thus, the *Fintiv* analysis is inapplicable to the circumstances presented here. *See* Interim Procedure at 2 (“the precedential import of *Fintiv* is limited to the facts of that case”).

Indeed, attempting to apply the *Fintiv* analysis under these circumstances makes its inapplicability apparent. For example, *Fintiv* factor 1 considers whether the district court granted a stay or evidence exists that one may be granted if a proceeding is instituted. *Fintiv*, Paper 11 at 6. Because the parallel district court litigation has been dismissed, there is no district court action to stay. As another example, *Fintiv* factor 2 considers the proximity of the district court's trial date to the Board's projected statutory deadline for a final written decision. *Id.* at 9. However, because the district court dismissed the case, there is no trial date to compare against the Board's projected statutory deadline for a final written decision. In that regard, the prior Board decisions applying and weighing the *Fintiv* factors in view of a district court's prior invalidity ruling under § 101 are inapposite here, and we decline to do so.

Nonetheless, several considerations underlying *Fintiv* are beneficial to our analysis. For instance, the Director's Interim Procedure recognized “the potential for inefficiency and gamesmanship in AIA proceedings, given the existence of parallel proceedings between the Office and district courts” and noted that *Fintiv* was designated precedential “[t]o minimize potential

conflict” between such proceedings. Interim Procedure at 1; *see also id.* at 5 (“competing concerns of conflicting outcomes, avoiding overburdening patent owners, and strengthening the patent system by eliminating patents that are not robust and reliable”); 6 (“avoid duplicative efforts between the PTAB and federal district courts”). We keep these considerations in mind in determining whether to exercise our discretion to deny institution under § 314(a).

In the district court, Volvo prioritized its allegations that claim 1 of the ’036 patent constitutes ineligible subject matter under § 101. The district court addressed patent eligibility in a Rule 12(b)(6) motion to dismiss, prior to Volvo answering the Complaint, an approach that holds the promise of efficiently ending the infringement action and avoiding many of the expenses and burdens of district court litigation. The district court received briefing, heard oral argument, ordered and received supplemental briefing, heard supplemental oral argument, and issued a comprehensive decision granting Volvo’s motion to dismiss. *See Brunswick v. Volvo*, No. 1:22-cv-00108 (E.D. Va.), at Dkt. Nos. 16, 17, 20, 22, 29, 30, 31, 35, 39, 41, 42, 45, 46. In other words, Volvo’s strategy succeeded. Now that Volvo has moved the district court litigation down this path, we confront the propriety of instituting an IPR, in view of the further burdens that doing so would impose on Brunswick (while the district court’s invalidity decision is on appeal to the Federal Circuit) and the impact of an IPR on the overall process of evaluating the ’036 patent across multiple tribunals. *See Interim Procedure* at 5 (recognizing that exercise of § 314(a) discretion “strikes a balance among the competing concerns of avoiding potentially conflicting outcomes,

avoiding overburdening patent owners, and strengthening the patent system by eliminating patents that are not robust and reliable”).

Although the parallel district court litigation may have terminated at an objectively early stage (i.e., at the motion to dismiss stage), the district court nonetheless decided a substantive issue relating to the invalidity of the ’036 patent—and which the Federal Circuit is now poised to review on appeal. We recognize that the issue before the district court was patent ineligibility under § 101, whereas the issue presented by the IPR petition is unpatentability under §§ 102 and 103. *See Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) (“[A] claim for a new abstract idea is still an abstract idea. The search for a § 101 inventive concept is thus distinct from demonstrating novelty.”). However, although the district court ruled on a § 101 theory, it nonetheless made findings reflecting on the novelty of the claimed invention, stating, for example, “[c]laim 1 of the ’036 Patent does not claim any *novel* device, sensor, or controller to achieve its purpose of damping unwanted movements of the marine vessel,” and, instead, claims a system that “uses prior art technology—controllers, sensors, and a joystick-like device—to carry out steps previously performed by humans.” Ex. 3001, at 5, 20, respectively. Also, according to the district court, “the difference between Claim 1 of the ’036 patent and the way vessels have been controlled for millenia is simply that a computer rather than a mate is controlling movement of the vessel,” but “autopilot systems already exist in the prior art which allow a vessel captain to release a joystick and relinquish control to a computer.” *Id.* at 22–23.

These findings by the district court reflecting on the novelty of claim 1 directly impact a determination of unpatentability under §§ 102 and 103, as does the district court's determination that claim 1 of the '036 patent is unpatentable under § 101. *See Mayo Collab. Servs. v. Prometheus Labs, Inc.*, 566 U.S. 66, 90 (2012) (“We recognize that, in evaluating the significance of additional steps, the § 101 patent-eligibility inquiry and, say, the § 102 novelty inquiry might sometimes overlap.”); *Bilski v. Kappos*, 561 U.S. 593, 602 (2010) (describing the § 101 patent-eligibility inquiry as a “threshold test”). Thus, were we to analyze Volvo's challenge on its merits, the possibility looms that we may make findings that could be viewed as inconsistent with the district court's findings and/or their evaluation by the Federal Circuit. And, given our express objective of “strengthening the patent system by eliminating patents that are not robust and reliable” (Interim Procedure at 5), it seems odd to entertain the possibility of breathing life into a patent claim that a federal district court has already declared dead, i.e., neither robust nor reliable. Were we to institute under these circumstances, we would be inviting potential conflicts with the district court's prior § 101 invalidity ruling, not to mention inefficiency and gamesmanship, which the Director expressly wishes to avoid. Interim Procedure at 1, 5, 7.

To that end, we note that independent claims 1, 9, and 17 recite essentially the same subject matter. Although independent claims 1 and 17 recite a “system for controlling movement of a marine vessel, whereas independent claim 9 recites a “method” for doing the same, we discern no meaningful differences between these independent claims, as they recite essentially the same limitations. *Compare* Ex. 1001, 5:2–21, *with id.*

at 5:40–6:7. And while the district court only held claim 1 invalid, as that was the sole claim of the '036 patent asserted in the Complaint, the district court nonetheless espoused that “[t]he difference between a system claim and a method claim is one of framing. Thus, here, as is the case frequently, ‘the system claim[] [is] no different from [a] method claim[] in substance.’” Ex. 3001, at 4 n.2 (quoting *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 226 (2014)). Indeed, both Volvo and Brunswick treat independent claims 1, 9, and 17 of the '036 patent together in their respective arguments, further indicating the substantial overlap of the independent claims. *See* Pet. 27–30; Prelim. Resp. 30, 34–35, 38–39, 41.

Given the near identity of claims 9 and 17 to invalid claim 1 in terms of claimed subject matter, it is quite possible that, under the doctrine of collateral estoppel, Brunswick is precluded from now arguing that independent claims 9 and 17 are not also invalid under § 101. The issue of collateral estoppel, however, is not for us to decide; it is an issue for the district court to decide should Volvo prevail in the pending appeal and should Brunswick decide, despite claim 1’s invalidity, to assert other claims of the '036 patent.<sup>13</sup> Because the district court’s § 101 ruling against claim 1 appears to implicate independent claims 9 and 17 as well, instituting review of the independent claims creates a potential for conflicting outcomes with the district court’s prior invalidity ruling as to independent claim 1 and any

---

<sup>13</sup> And should Brunswick prevail in the appeal, Volvo will still have the opportunity to present its positions on §§ 102 and 103, along with any other invalidity arguments, in the district court. Indeed, the district court routinely considers invalidity arguments under §§ 102 and 103, and has done so for decades, albeit under a different standard of proof than the Board employs. *See* 35 U.S.C. §§ 145, 281, 282.

forthcoming collateral estoppel ruling by the district court as to independent claims 9 and 17.

Moreover, we consider how instituting the IPR would affect the pending Federal Circuit appeal—a concern that countenances the interplay among activities of the Board, the district court, and the Federal Circuit. Notably, the ability of Brunswick, as patent owner, to amend the claims of the '036 patent during the IPR<sup>14</sup> invokes the Board's authority to review any proposed substitute claims for subject matter eligibility under § 101. *See Uniloc*, 966 F.3d at 1303–08. Instituting the IPR could result in proposed substitute claims that avoid (or would be alleged to avoid) the patent eligibility frailties addressed by the district court.<sup>15</sup> Thus, instituting an IPR portends the Board evaluating subject matter eligibility issues for proposed substitute claims that could mirror matters being considered simultaneously, by the Federal Circuit, in the ongoing appeal. The possibility of both original and proposed substitute claims of the '036 patent undergoing separate paths of evaluation and/or review by different tribunals, regarding

---

<sup>14</sup> Although we may not institute a trial in an *inter partes* review to determine whether claims are directed to ineligible subject matter under § 101 (*see* 35 U.S.C. § 311(b)), after institution, a patent owner may file a motion to amend the patent (*see* 35 U.S.C. § 316(d); 37 C.F.R. § 42.121).

<sup>15</sup> Allowing such amendments has been recognized as providing certain policy benefits. *See Lectrosonics, Inc. v. Zaxcom, Inc.*, IPR2018-01129, 01130, Paper 15 at 6 (PTAB February 25, 2019) (precedential) (“Allowing an amendment to address [§ 101] issues, when a given claim is being amended already in view of a 35 U.S.C. § 102 or 103 ground, serves the public interest by helping to ensure the patentability of amended claims . . . . In addition, allowing such amendments helps ensure a ‘just’ resolution of the proceeding and fairness to all parties.”). However, we note that in *Lectrosonics*, there was no issue of a prior district court ruling on subject matter eligibility under § 101, nor a pending appeal on the issue.

questions of subject matter eligibility, would be more than simply unwieldy—such circumstances could impair the integrity of the pending appeal. Thus, instituting an IPR on the '036 patent risks a new redundancy, whereby simultaneous proceedings before the Board and the Federal Circuit could address substantially similar issues and confound the resolution of matters currently on appeal in the Federal Circuit.

For all the above reasons, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review of independent claims 1, 9, and 17, as well as the challenged claims depending therefrom, i.e., claims 2–8 and 10–16.

### III. CONCLUSION

We decline to institute *inter partes* review of any of the challenged claims of the '036 patent.

### IV. ORDER

Accordingly, it is:

ORDERED that the Petition is *denied*.

IPR2022-01366  
Patent 7,727,036 B1

For PETITIONER:

John C. Alemanni  
N. Dean Powell, Jr.  
KILPATRICK TOWNSEND & STOCKTON LLP  
jalemanni@kilpatricktownsend.com  
dpowell@kilpatricktownsend.com

For PATENT OWNER:

George C. Beck  
FOLEY & LARDNER LLP  
gbeck@foley.com