

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE  
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE  
UNITED STATES PATENT AND TRADEMARK OFFICE

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SHENZHEN XINZEXING E-COMMERCE CO., LTD.,  
Petitioner,

v.

SHENZHEN CAR KU TECHNOLOGY CO., LTD.,  
Patent Owner.

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IPR2024-00222  
Patent 9,643,506 B2

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Before KATHERINE K. VIDAL, *Under Secretary of Commerce for  
Intellectual Property and Director of the United States Patent and  
Trademark Office.*

DECISION

Vacating Adverse Judgment and Remanding to the  
Patent Trial and Appeal Board for Further Proceedings

## I. INTRODUCTION

On May 21, 2024, the Patent Trial and Appeal Board (“Board”) entered Adverse Judgment against Patent Owner in the above-captioned proceeding. Paper 4 (“Adverse Judgment”).

Having considered the Board’s Adverse Judgment and the circumstances presented, I initiate a *sua sponte* Director Review and remand this proceeding to the Board for further determinations consistent with this Decision. *See Revised Interim Process for Director Review* §§ 4.C, 5.A (providing for *sua sponte* Director Review and explaining that “the parties to the proceeding will be given notice” if Director Review is initiated *sua sponte*).<sup>1</sup>

## II. BACKGROUND

On November 21, 2023, Shenzhen Xinxing E-commerce Co., Ltd. (“Petitioner”) filed a Petition requesting *inter partes* review of certain claims (“the challenged claims”) of U.S. Patent No. 9,643,506 (“the ’506 patent”). Paper 2. The Petition included a Certificate of Service indicating that the Petition, Power of Attorney, and all supporting exhibits were served on Shenzhen Carku Technology Co., Ltd. (“Patent Owner”) at the correspondence address of record for the ’506 patent. *Id.* at 94.

On November 29, 2023, the Board issued a Notice of Filing Date Accorded to Petition and Time for Filing Patent Owner Preliminary Response (“Notice”). Paper 3. The Notice indicated that Patent Owner “may file a preliminary response to the petition no later than three months from the date” of the Notice. *Id.* at 1. The Notice also advised Patent

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<sup>1</sup> Available at [www.uspto.gov/patents/ptab/decisions/revised-interim-director-review-process](http://www.uspto.gov/patents/ptab/decisions/revised-interim-director-review-process).

Owner “of the requirement to submit mandatory notice information under 37 C.F.R. § 42.8(a)(2) within 21 days of service of the petition.” *Id.* at 2. The Board sent a copy of the Notice via email to three email addresses, including an address corresponding to the law firm of record for the ’506 patent and an address corresponding to one of three attorneys of record at that firm. Ex. 3001. Patent Owner did not submit mandatory notice information or file a preliminary response to the Petition within the timeframe stated in the Notice.

On April 18, 2024, the Board again emailed the addresses to which the Notice had previously been sent; the Board also copied Patent Owner’s litigation counsel previously of record in a district court proceeding involving the ’506 patent and Petitioner’s counsel in the IPR. *Id.* The Board’s email stated that “[n]o notices have been filed” and advised that “[n]otices are well past due in this case.” *Id.*

On May 21, 2024, before the statutory due date for the Board to determine whether to institute trial, the Board entered Adverse Judgment *sua sponte* against Patent Owner as to the challenged claims, citing 37 C.F.R. § 42.73(b)(4) (“Actions construed to be a request for adverse judgment include . . . [a]bandonment of the contest.”). Paper 4. The Board stated that it had not received any response to its April 18, 2024 email and found that “Patent Owner’s failure to file mandatory notices and its failure to respond to the Board’s email is consistent with abandonment of the contest.” *Id.*

On July 8, 2024, Patent Owner filed Mandatory Notices and a Power of Attorney. Papers 5–6 (identifying counsel at Perkins Coie LLP as Lead and Backup Counsel).

### III. ANALYSIS

On the present record, I respectfully disagree with the Board and do not consider Patent Owner's failure to timely file mandatory notice information or to respond to the Board's emails to have been an unequivocal abandonment of the contest with respect to this proceeding. *Cf. Apple Inc. v. Zipit Wireless, Inc.*, IPR2021-01124, Paper 14 at 3–4 (Vidal Dec. 21, 2022) (precedential) (vacating adverse judgment where counsel's statements were not "an unequivocal abandonment of the contest of these proceedings"); 37 C.F.R. § 42.8 (setting forth the required time to file such notices). In particular, although the Board's April 18, 2024 email message stated that "[n]otices are well past due," neither that email message nor the earlier Notice articulated sufficiently that failure to file mandatory notices as required under 37 C.F.R. § 42.8 may be considered abandonment of the contest and result in adverse judgment against Patent Owner under 37 C.F.R. § 42.73(b).

In my view, the Board's entry of an adverse judgment was premature.

I am aware that Patent Owner's litigation counsel filed a Motion for Leave to Withdraw in copending district court litigation on June 6, 2024, after the Board's entry of Adverse Judgment, stating, among other things, (1) that Patent Owner instructed counsel at least as early as March 19, 2024, to stop work on copending district court litigation, (2) that Patent Owner instructed counsel not to handle the present *inter partes* review proceeding, and (3) that counsel had been informed that Patent Owner was seeking new counsel to represent it at least in the district court litigation. *See Shenzhen Carku Tech. Co., Ltd. v. Shenzhen Xinzexing E-commerce Co., Ltd.*, Case No. 1-22-cv-03403 (NDIL), ECF 45 (June 6, 2024); Ex. 3002, 1–3. I further

understand that the district court granted the Motion for Leave to Withdraw on June 7, 2024. *Id.*, ECF 46 (June 7, 2024); Ex. 3003. As noted above, I also understand that Patent Owner thereafter obtained new counsel and recently filed its mandatory notices with the Board. Paper 5.

Under the circumstances presented here, I vacate the Board's Adverse Judgment and remand this proceeding to the Board to determine whether the Petition demonstrates that there is a reasonable likelihood that at least one of the claims challenged in the Petition is unpatentable. 37 C.F.R. § 42.108(c).

#### IV. ORDER

Accordingly, based on the foregoing, it is

ORDERED that *sua sponte* Director Review of the Board's Adverse Judgment (Paper 4) is initiated;

FURTHER ORDERED that the Adverse Judgment is vacated; and

FURTHER ORDERED that the case is remanded to the Board for further proceedings consistent with this Decision.

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PETITIONER:

Michael T. Hawkins  
Yong (Eric) Peng  
Terry J. Stalford  
FISH & RICHARDSON P.C.  
hawkins@fr.com  
epeng@fr.com  
stalford@fr.com

PATENT OWNER:

Kevin Patariu  
John D. Esterhay  
Bing Ai  
John Schnurer  
PERKINS COIE LLP  
patariu-ptab@perkinscoie.com  
esterhay-ptab@perkinscoie.com  
ai-ptab@perkinscoie.com  
schnurer-ptab@perkinscoie.com

Jessica Kaiser  
PERKINS COIE LLP  
kaiser-ptab@perkinscoie.com