

UNITED STATES PATENT AND TRADEMARK OFFICE

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

SOLAREEDGE TECHNOLOGIES LTD.,
Petitioner,

v.

SMA SOLAR TECHNOLOGY AG,
Patent Owner.

IPR2020-00021
Patent 8,922,048 B2

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

DECISION

Granting *Sua Sponte* Director Review and
Modifying-in-part the Patent Trial and Appeal Board
Decision Granting Rehearing of Final Written Decision

I. INTRODUCTION

On November 23, 2022, SMA Solar Technology AG (“Patent Owner”) filed a Request for Rehearing (Paper 32 (“Rehearing Request” or “Reh’g Req.”)) and a request for Precedential Opinion Panel (“POP”) review (Ex. 3005 (“POP request”)) of the Board’s October 25, 2022 Decision Granting Petitioner’s Request on Rehearing of Final Written Decision (Paper 31 (“Rehearing Decision” or “Reh’g Dec.”)). For the reasons set forth below, I dismiss the POP request and grant *sua sponte* Director Review of the Board’s Rehearing Decision.

On March 19, 2021, the Board issued a Final Written Decision (Paper 23 (“First Final Written Decision” or “First FWD”)) finding SolarEdge Technologies Ltd. (“Petitioner”) had not shown that the challenged claims are unpatentable because the Petition (Paper 2 (“Petition” or “Pet.”)) improperly relied on Applicant Admitted Prior Art (“AAPA”) as the basis for the challenges in the Petition. Applying the guidance of the 2020 USPTO Memorandum titled Treatment of Statements of the Applicant in the Challenged Patent in *Inter Partes* Reviews Under § 311 (“2020 Guidance Memo”),¹ the Board found (1) that the Petition improperly used AAPA as the “basis” for its unpatentability argument because the AAPA formed the “foundation” or “starting point” of the unpatentability argument (First FWD 18–26) and, moreover, (2) that Petitioner failed to establish that the AAPA was “well-known” or “conventional” as required by the 2020 Guidance Memo. *Id.* at 27.

¹ Available at www.uspto.gov/sites/default/files/documents/signed_aapa_guidance_memo.pdf.

On April 19, 2021, Petitioner filed a rehearing request arguing, among other things, that (1) the Board erred in finding that AAPA formed the “basis” of the *inter partes* review (“IPR”), and (2) the Board should not have considered the argument that the AAPA system was not “well-known” because Patent Owner had not made this argument prior to the oral hearing (*id.* at 8).² Paper 24, 1–9.

On October 25, 2022, the Board issued its Rehearing Decision after considering the intervening 2022 USPTO Memorandum titled Updated Guidance on the Treatment of Statements of the Applicant in the Challenged Patent in *Inter Partes* Reviews Under § 311 (“2022 Updated AAPA Guidance Memo”)³ and the intervening Federal Circuit decision in *Qualcomm Inc. v. Apple Inc.*, 24 F.4th 1367 (Fed. Cir. 2022) (“*Qualcomm*”), discussing the use of admissions in IPR proceedings. *See* Reh’g Dec. The Board granted rehearing and found that Petitioner had shown that the Petition’s use of AAPA in combination with prior art patents was not improper in light of the 2022 Updated AAPA Guidance Memo and *Qualcomm*. Reh’g Dec. 21–22. Specifically, the Board found that the prior art patents formed the basis of the IPR, and the AAPA merely was used to provide the missing limitations. *Id.* The Board also agreed that Patent Owner forfeited the ability to argue, in its opposition to Petitioner’s rehearing request, that the AAPA was not “known” and agreed with

² Concurrent with its rehearing request, Petitioner filed a request for POP review (Ex. 3001). The POP denied Petitioner’s request for review (Paper 27) to allow the Board to consider the 2022 Updated AAPA Guidance Memo.

³ Available at www.uspto.gov/sites/default/files/documents/2022060912_updatedAAPAmemo.pdf.

Petitioner that the Board should not have addressed the belatedly-raised argument that the AAPA was not “well-known” in the art. *Id.* at 23–25. The Board additionally found that Petitioner had shown that all of the challenged claims were unpatentable. *Id.* at 51.

As discussed above, on November 23, 2022, Patent Owner filed a Rehearing Request and a POP request where Patent Owner argues (1) that my 2022 Updated AAPA Guidance Memo misinterpreted and misapplied the holding of *Qualcomm*, Reh’g Req. 4–7; (2) that the Board’s “Rehearing Decision’s [r]eversal of its [f]inding that the AAPA was not an [a]dmission was [a]rbitrary and [c]apricious,” *id.* at 7–9; and (3) that the 2022 Updated AAPA Guidance Memo constituted improper substantive rulemaking. *Id.* at 9–13.

I have reviewed the POP request, the Rehearing Request, the Board’s Decisions, the Papers, and the Exhibits in the above-listed proceeding. I determine that *sua sponte* Director Review of the Board’s Decision is appropriate because this case raises issues of particular importance to the Office and the patent community. *See* Interim process for Director review⁴ § 10 (setting forth issues that may warrant Director review), § 22 (providing for *sua sponte* Director Review of institution decisions in AIA proceedings and explaining that “the parties to the proceeding will be given notice” if Director Review is initiated *sua sponte*). Concurrent with this Order, the POP dismissed the request for POP review. No additional briefing from the parties is authorized or necessary to resolve the issues presented here. *See*

⁴ Available at www.uspto.gov/patents/patent-trial-and-appeal-board/interim-process-director-review.

id. § 22 (explaining that the Director may give the parties to the proceeding an opportunity for briefing).

As explained below, I disagree with the Board’s finding in the Rehearing Decision that Patent Owner forfeited the ability to argue that the AAPA was “known” in its opposition to Petitioner’s rehearing request. *See* Req. Reh’g 7–9. Having considered those arguments, however, I determine that Petitioner’s use of the AAPA in this IPR was appropriate in view of the 2022 Updated AAPA Guidance Memo and *Qualcomm*. Accordingly, I modify the Board’s Rehearing Decision in part, as detailed below.

II. DISCUSSION

A. The Board’s Finding That AAPA Was Not Improperly the Basis of the IPR

As discussed above, the Board found in its Rehearing Decision, pursuant to the 2022 Updated AAPA Guidance Memo and *Qualcomm*, that AAPA was not improperly used as the basis of the petition under 35 U.S.C. § 311. Reh’g Dec. 21–22. The Board’s Rehearing Decision properly applies my 2022 Updated AAPA Guidance Memo with respect to whether AAPA is the “basis” of a ground in an IPR petition.

35 U.S.C. § 311(b) states an IPR petitioner may request to cancel a claim as unpatentable “only on the basis of prior art consisting of patents or printed publications.” The statute does not define, however, what it means to be the “basis.” 35 U.S.C. § 311(b). It also does not specifically address AAPA. *Id.* The 2020 Guidance Memo cited several dictionary definitions of the word “basis” in a footnote when noting that “the generally-understood meaning of ‘basis’ support[ed] reading § 311(b) to require that at least one prior-art patent or printed publication form the ‘foundation or starting point’ of the IPR, but not to foreclose consideration of other pertinent patentability

information.” 2020 Guidance Memo 6 & n.4. The 2020 Guidance Memo did not provide, however, specific guidance on the meaning of “basis” as it relates to the use of AAPA in an IPR petition. *See id.* Given the lack of clear guidance on the precise question of when AAPA may be used in an IPR ground, and the intervening *Qualcomm* case, I issued the 2022 Updated AAPA Guidance Memo. Under the 2022 Updated AAPA Guidance Memo, “[i]f an IPR petition relies on admissions in combination with reliance on one or more prior art patents or printed publications, those admissions do not form ‘the basis’ of the ground.” 2022 Updated AAPA Guidance Memo at 4. This interpretation is consistent with the decision in *Qualcomm*, which did not specifically define “basis,” but stated that because AAPA may not form the basis of an IPR, “it is . . . impermissible for a petition to challenge a patent relying on solely AAPA *without also relying on a prior art patent or printed publication.*” 24 F.4th at 1377 (emphasis added).

Based on this guidance, the Board determined that Petitioner’s obviousness ground based on AAPA in combination with prior art patents was not improper. Reh’g Dec. 21–22. I find the Board’s determination consistent with the 2022 Updated AAPA Guidance Memo.

*B. The Board’s Finding that Patent Owner
Forfeited the Argument that the AAPA was not Well-Known*

In its First Final Written Decision, the Board relied upon Patent Owner’s argument and evidence, first explored at the oral hearing, to find that the AAPA was not “well-known.” First FWD 27 (citing Ex. 1019, 50–51; Tr. 34). In Petitioner’s rehearing request of the First Final Written Decision, Petitioner argued that Patent Owner never contested in its Response or Sur-Reply that any element of the AAPA was not generally known. Paper 24, 8. In the Rehearing Decision, the Board agreed with

Petitioner and found that Patent Owner forfeited its argument that the AAPA was not well-known because it did not present the argument in the Patent Owner Response or Sur-reply and, accordingly, improperly raised a new argument for the first time at oral hearing. Reh’g Dec. 23–24, 24 n.17. Accordingly, the Board determined that Patent Owner’s argument that the AAPA was not well-known “cannot be considered on rehearing.” *Id.* at 24.

In its pending Rehearing Request, Patent Owner contends the Board erred in its determination of forfeiture. Reh’g Req. 8–9. Specifically, Patent Owner argues that the Board “revers[ed] a finding of fact in the Decision that was based, not on Patent Owner’s arguments, but rather on what the Board itself had raised and asserted based on the evidence within the record.” *Id.* at 8. Patent Owner argues that, rather than Patent Owner raising new arguments, “[t]he Board raised the issue by asking a question[,]” and then “made its factual determination consistent with Patent Owner’s answer based on evidence already within the record.” *Id.* at 8–9 (emphasis omitted).

“[F]orfeiture is the failure to make the timely assertion of a right.” *In re Google Tech. Holdings LLC*, 980 F.3d 858, 862 (Fed. Cir. 2020) (quoting *United States v. Olano*, 507 U.S. 725, 733 (1993)). Under the doctrine of forfeiture, arguments that are not timely raised generally are not considered. *Carrum Techs., LLC v. Unified Patents, LLC*, No. 2020-2204, 2021 WL 3574209, at *5 (Fed. Cir. Aug. 13, 2021) (citations omitted).

Importantly, however, the Board may make a determination *sua sponte* even if a party fails to timely advance that argument, and such an argument is not forfeited. *See Apple Inc. v. MPH Techs. Oy*, Nos. 2021-1355, 2021-1356, 2022 WL 4103286, at *4 (Fed. Cir. Sept. 8, 2022) (stating

“[w]e decline to find forfeiture where neither party disputed the construction of a [claim] term and the Board nevertheless issued a *sua sponte* construction in its final written decision that diverged from the parties’ understanding of the claim”) (nonprecedential); *United States v. Williams*, 504 U.S. 36, 41 (1992) (holding the traditional rule “permit[s] review of an issue not pressed so long as it has been passed upon”); *Lifestyle Enter., Inc. v. United States*, 751 F.3d 1371, 1377 (Fed. Cir. 2014) (“[M]any decisions . . . recite the general rule that a party may raise on appeal any issue that was raised *or* actually decided below.” (original emphasis) (citing *Williams*, 504 U.S. at 41; *Hollmer v. Harari*, 681 F.3d 1351, 1356 n.3 (Fed. Cir. 2012); *Blackmon-Malloy v. U.S. Capitol Police Bd.*, 575 F.3d 699, 707 (D.C. Cir. 2009))).

Here, the record reflects that the Board *sua sponte* raised the issue of whether the AAPA was well-known through questions posed to counsel in the oral hearing and made determinations on this issue in its First Final Written Decision. *See* First FWD 27; Tr. 34:11–24. Accordingly, because the Board *sua sponte* raised the AAPA issue in its First Final Written Decision, the Board subsequently should not have found that Patent Owner was precluded from making this argument in opposition to Petitioner’s rehearing request.

C. The Board’s Original Finding That the AAPA Was Not Valid Prior Art

1. AAPA Under the 2022 Updated AAPA Guidance Memo

Valid prior art relied upon in a conclusion of obviousness “may be created by the admissions of the parties.” *Riverwood Intern. Corp. v. R.A. Jones & Co., Inc.*, 324 F.3d 1346, 1354 (Fed. Cir. 2003) (citing *In re Fout*, 675 F.2d 297, 300 (CCPA 1982)). Admissions of prior art may include

statements made by an applicant during prosecution or in the specification identifying a reference as “prior art.” *Id.*; *In re Nomiya*, 509 F.2d 566, 570–571 (CCPA 1975). Admissions may further include “statements in the specification of the challenged patent such as ‘It is well known that . . . ,’ ‘It is well understood that . . . ,’ or ‘One of skill in the art would readily understand that . . . ,’ or may describe technology as ‘prior art,’ ‘conventional,’ or ‘well-known.’” 2022 Updated AAPA Guidance Memo 2 (citing *McCoy v. Heal Sys., LLC*, 850 F. App’x 785, 789 (Fed. Cir. 2021)).

The Petition asserted that “the [challenged patent] expressly identifies prior-art [photovoltaic (‘PV’)] system 100 . . . as prior art.” Pet. 9. Petitioner supported its assertion with citations to portions of the challenged patent describing “a prior-art PV system 100” illustrated to include, in part, various “typical[]” components and arrangements of components. *See id.* (citing Ex. 1001, Figs. 1–2, 2:64–3:52, 7:7–8:52).

In its First Final Written Decision, the Board applied the 2020 Guidance Memo and determined that Petitioner did not demonstrate that “systems similar to the AAPA were . . . ‘well-known.’” First FWD 27 (citing 2020 Guidance Memo 5–6). However, as the 2022 Updated AAPA Guidance Memo and *Qualcomm* make clear, the use of the phrase “prior art” in connection with AAPA is sufficient to support its use in an AIA petition. 2022 Updated AAPA Guidance Memo 4; *Qualcomm*, 24 F.4th at 1376; *see also In re Nomiya*, 509 F.2d at 571 (finding that figures “labeled prior art, ipsissimis verbis, and statements explanatory thereof,” amount to a concession of valid prior art (footnote omitted)). Moreover, while the “parties may dispute the significance or meaning of statements in the specification or other evidence, including disputing whether specification

statements constitute admissions or evidence of the background knowledge possessed by a person of ordinary skill in the art,” the 2022 Updated AAPA Guidance Memo does not require that the admission reflect what is well-known, conventional, or general knowledge. 2022 Updated AAPA Guidance Memo 4–5.

2. *Whether the AAPA Was “Known” in the Prior Art*

Because I disagree with the Board’s finding that Patent Owner forfeited its AAPA argument in opposition to Petitioner’s rehearing request, I address Patent Owner’s arguments in its opposition below.

Patent Owner argues that “Patent Owner’s expert had testified that the AAPA appeared to be known *to the applicant*, but no evidence existed in his review of the prior art of record that a system as shown in Fig. 1 [of the challenged patent] was known to be *in the prior art*.” Paper 29, 8–9 (original emphasis). Patent Owner contends, “[t]hus, there is no evidence that the asserted AAPA was generally known in the prior art or was within the knowledge of an ordinarily-skilled artisan at the time of the invention.” *Id.* at 9.

As an initial matter and as discussed above, pursuant to the 2022 Updated AAPA Guidance Memo and *Qualcomm*, the challenged patent’s reference to the “prior-art” system thereby qualifies that system as AAPA available for Petitioner’s use in the Petition, including to supply a missing claim element. *See* 2022 Updated AAPA Guidance Memo 4. Patent Owner did not dispute that the statements in its patent were an admission. Thus, whether the substance of the admission was “known” in the art is an inquiry that does not impact the use of this admission as AAPA.

See In re Nomiya, 509 F.2d at 570–71 (finding applicants conceded what was considered prior art by labeling a figure as prior art).

However, I also find that the arguments and evidence the Board relied upon in its First Final Written Decision are insufficient to support a determination that the AAPA was not “known” in the art.

In its First Final Written Decision, the Board cited statements made by Patent Owner’s counsel at the oral hearing:

[Patent Owner’s] position has been[] [that] . . . the patent inventor had . . . knowledge of [the AAPA][.] [O]ur expert, who did an extensive searching of the prior art, could find no architecture that was consistent with [the AAPA]. . . . And so, . . . we do not concede that [the AAPA] w[as] known to the public.

Tr. 34:17–24. However, arguments of counsel cannot take the place of objective evidence. *In re Geisler*, 116 F.3d 1465, 1470 (Fed. Cir. 1997); *In re Pearson*, 494 F.2d 1399, 1405 (CCPA 1974).

Patent Owner and the Board also relied upon the cross-examination testimony of Patent Owner’s expert to support the determination that the cited AAPA was not within the knowledge of the skilled artisan. *See* First FWD 27.⁵ Patent Owner’s expert testified that he believed the AAPA had been “drawn by the patent owners in their view of what a PV system would look like[] . . . as related to their system” because “if you look at . . . all of the prior art systems that [he] reviewed, there is not one of those that show

⁵ The Board also relied upon other prior art references cited by Petitioner. *See* First FWD 27 (citing Exs. 1004, 1005, 1015). However, the differences between these references and the AAPA are not particularly probative because they were not offered by Petitioner to show that the AAPA was “known” in the prior art. Importantly, Petitioner had no reason to offer such evidence because Patent Owner never made that argument in its briefs.

[the AAPA].” Ex. 1019, 49:16–50:17; *see also id.* at 51:9–12 (asserting that the AAPA is “[the inventor’s] view of a prior art PV system. But like I say, if you look at all the prior art documents that I looked at, not one of them show this exact [AAPA] system”).

However, the testimony cited by the Board does not indicate that Patent Owner’s expert conducted any extensive prior art search, as Patent Owner’s counsel alleged. Patent Owner’s expert provides no specific details of the documents reviewed or the evidence supporting his testimony. As I explained recently, conclusory expert testimony is entitled to little weight. *See Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 12 at 5 (PTAB Feb. 10, 2022) (Decision by the Director) (precedential). At best, Patent Owner’s expert’s testimony represents speculation about the status of the AAPA based on the limited universe of prior art submitted with the Petition, and some unknown and unspecified additional art the expert reviewed.

Thus, Patent Owner’s expert’s speculation about the AAPA is insufficient to contradict other evidence in the record. *See* 37 C.F.R. § 42.65(a) (“Expert testimony that does not disclose the underlying facts or data on which the opinion is based is entitled to little or no weight.”). Giving little weight to the conclusory testimony relied upon by the Board, I find that there is insufficient evidence to support Patent Owner’s contention that the AAPA was not “known” in the art. *See* 37 C.F.R. § 42.65. Conclusory speculation is not sufficient to overcome that “the [challenged patent] expressly identifies prior-art [photovoltaic (‘PV’)] system 100 . . . as prior art.” Pet. 9 (citing Ex. 1001, 2:64–3:52, 7:7–8:52); *see also* 2022 Updated AAPA Guidance Memo 5 (“[A] patent owner can choose to dispute whether the petitioner has accurately characterized the evidence it

cites (e.g., offer evidence or argument that a statement in the specification . . . is not an admission).”).

Accordingly, I disagree with the Board’s determination, and I find that the AAPA described as “prior-art” in the specification of the challenged patent was an admission regarding what was “known” in the art.

III. CONCLUSION

For the above reasons, I *modify-in-part* the Board’s Decision Granting Rehearing of Final Written Decision. Specifically, I modify the Board’s determination in Section E.a.3. that Patent Owner forfeited the ability to argue that the AAPA was not “known” in the art, and I determine that, regardless, the AAPA was available for use in this IPR. I do not modify the remaining portions of the Board’s Decision Granting Rehearing of Final Written Decision, nor its ultimate conclusion.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that *sua sponte* Director review of the Board’s Decision Granting Rehearing of Final Written Decision is initiated; and

FURTHER ORDERED that the Board’s Decision Granting Rehearing of Final Written Decision is *modified-in-part* as described above.

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