

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO., LTD.,

Petitioner

v.

HEADWATER RESEARCH LLC,

Patent Owner

Case No. IPR2025-00483

Patent No. 9,609,510

**PATENT OWNER'S RESPONSE TO
PETITIONER'S REQUEST FOR DIRECTOR REVIEW**

TABLE OF CONTENTS

I. Introduction1

II. Argument2

A. Recission of the Vidal Memo was proper, and under Samsung’s own logic necessary to correct an illegally enacted rule.2

B. Recission of the Vidal Memo does not violate the change-in-position doctrine.5

C. The discretionary denial framework is not only proper, but mandated by Congress.7

 1. Discretionary denial does not alter the statutory IPR deadline.8

 2. Discretionary denial does not require any stipulation.9

 3. The Director’s discretionary denial guidelines do not violate due process.10

D. Recission of the Vidal Memo could not have required notice-and-comment rulemaking.12

III. Conclusion.....13

TABLE OF AUTHORITIES

Cases

Cuozzo Speed Techs., LLC v. Lee,
579 U.S. 261 (2016).....7

F.C.C. v. Fox Television Stations, Inc.,
567 U.S. 239 (2012).....11

Landgraf v. USI Film Prods.,
511 U.S. 244 (1994).....2

Microsoft Corp. v. XI Discovery, Inc.,
IPR2025-00253, Paper 13 (P.T.A.B. June 25, 2025).....9

Motorola Solutions, Inc. v. Stellar, LLC,
IPR2024-01205, Paper 19 (“Motorola”) (P.T.A.B. Mar. 28, 2025)10

Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.,
989 F.3d 1375 (Fed. Cir. 2021).....7

Nat’l Ass’n for Advancement of Colored People v. U.S. Dep’t of Educ.,
779 F. Supp. 3d 53 (D.D.C. 2025).....10, 11

Paralyzed Veterans of Am. v. West,
138 F.3d 1434 (Fed. Cir. 1998).....1, 2

Perez v. Mortg. Bankers Ass’n,
575 U.S. 92 (2015).....13

Tesla, Inc. v. Intellectual Ventures II LLC,
IPR2025-00340, Paper 10 (P.T.A.B. July 2, 2025)9

Statutes

35 U.S.C. § 314(a).....7

Other Authorities

157 Cong. Rec. S1377 (daily ed. Mar. 8, 2011) \s8

H.R. Rep. No. 112-98 (2011) (“America Invents Act”).....4

I. Introduction

Samsung asks the Director to find her own decision unlawful because it was based on an allegedly unexplained rescission of the Vidal Memo¹ policy that *Sotera* stipulations prohibit discretionary denial pursuant to *Fintiv*.

Samsung argues that “[t]he Rescission is a substantive rule, subject to the notice and comment requirements of 5 U.S.C. § 533(b), because it effected ‘a change in existing law or policy’ and ‘affect[ed] individual rights and obligations.’” Request at 10 (quoting *Paralyzed Veterans of Am. v. West*, 138 F.3d 1434, 1436 (Fed. Cir. 1998)). According to Samsung, because the Director did not follow the notice and comment requirements in issuing the rescission, the “Rescission is invalid under the APA.” Request at 10.

What Samsung fails to address, however, is that if *rescission* of the Vidal Memo was a substantive rule, then surely the *Vidal Memo itself* was a substantive rule, and was thus subject to notice and comment rulemaking. And if substantive

¹ Consistent with Samsung’s Request for Rehearing (Paper 16, or “Request”), Patent Owner Headwater refers to then-Director Vidal’s June 21, 2022 Memorandum as the “Vidal Memo” (*see* Request at 2). Headwater also uses the term “Director” to refer to the Acting Director and her delegee. *Cf.* Request at 1 n.1.

rules are “invalid under the APA” absent notice and comment procedures (*id.*), then *under Samsung’s own logic the Vidal Memo was invalid under the APA*, because the Vidal Memo did not comply with the notice and rulemaking requirements. Of course, Samsung had no “protected property rights” (Request at 4) or any other due process rights in a policy that, according to Samsung’s own logic, should *never* have been given any legal weight.

For this and numerous other reasons, Samsung’s Request for Rehearing should be rejected.

II. Argument

A. Recission of the Vidal Memo was proper, and under Samsung’s own logic necessary to correct an illegally enacted rule.

Samsung begins its argument by alleging that the Vidal Memo “established ‘settled expectations’ by imposing limits on agency discretion so that parties could ‘conform their conduct accordingly.’” Request at 2 (quoting *Landgraf v. USI Film Prods.*, 511 U.S. 244, 265 (1994)). Samsung also concedes that the Vidal Memo created a “binding agency policy” which “affect[ed] individual rights and obligations.” Request at 10 (quoting *Paralyzed Veterans of Am. v. West*, 138 F.3d 1434, 1436 (Fed. Cir. 1998)).

If the Vidal Memo did, in fact, create “binding agency policy” that gave rise to newly “settled expectations,” it is axiomatic that the Vidal Memo “changed

existing law or policy” and “affect[ed] individual rights and obligations” (such as the rights of a Patent Owner to request discretionary denial pursuant to *Fintiv*, and the rights of a Petitioner to be free from discretionary denial considerations under the then-existing *Fintiv* framework). Thus, under the logic Samsung puts forth in its Request, the Vidal Memo was unquestionably “a substantive rule, subject to the notice and comment requirements of 5 U.S.C. § 533(b).” Request at 10.

However, the Vidal Memo did *not* comply with the notice and comment requirements that Samsung contends are necessary. Indeed, the Vidal Memo was styled as an “Interim Procedure,” in effect only “[i]n the meantime” as the “Office... explore[s] *potential* rulemaking on proposed approaches” to “exercising discretion.” See Vidal Memo at 1–2.² This lack of rulemaking was the *explicit basis* for rescission of the Vidal Memo. See Chief Administrative Patent Judge Boalick’s March 24, 2025 Memorandum³ (“Boalick Memo”) at 1 (“The Interim Procedure was intended to provide guidance while the USPTO explored potential rulemaking, but *the USPTO did not subsequently propose a final rule.... In the absence of rulemaking,*

² All emphases in quotations herein are added unless otherwise specified.

³ Available at

https://www.uspto.gov/sites/default/files/documents/guidance_memo_on_interim_procedure_rescission_20250324.pdf.

the USPTO rescinded the Interim Procedure to restore policy in this area to the guidance in place before the Interim Procedure....”).)

Accordingly, under Samsung’s own logic, because the Vidal Memo was a substantive rule but did not comply with notice and comment rulemaking requirements, it was “invalid under the APA” and it would have been “error for the [Director] to apply it.” Request at 13. Accordingly, Samsung’s logic makes clear that rescission of the Vidal Memo was proper because it *rescinded* a rule that was itself “invalid under the APA.” See Request at 10.

Because the Vidal Memo itself was improperly issued according to Samsung’s own logic, Samsung should have had no “settled expectations” that the Board would continue to apply the improperly issued Vidal Memo. See Request at 2. Nor could the Vidal Memo have created any “protected property rights” that would give rise to any due process concerns, because Samsung’s logic shows it was never properly issued in the first place. See Request at 4.⁴

⁴ To the extent that Samsung contends that any law that retroactively affects a parties’ substantive rights under the Patent Act constitutes a due process violation (see Request at 4–5), then the creation of the *inter partes* review process itself necessarily violates due process. Prior to the passage of the America Invents Act, Patent Owners were *not* subject to *inter partes* review of duly issued United States

Samsung also presents no authority suggesting that rescinding a rule that was improperly issued under the APA is itself a violation of the APA. *See* Request at 5–6. To the contrary, rescinding an improperly issued substantive rule would bring the Office into *compliance* with the APA, rather than violate it.

B. Recission of the Vidal Memo does not violate the change-in-position doctrine.

As noted above, the Vidal Memo itself was never properly issued according to Samsung’s own understanding of the law applicable to Office policy. Accordingly, it created no “serious reliance interests” for Samsung that could have been violated. *See* Request at 6. Samsung does not even *attempt* to explain why Samsung believes it was proper for Samsung to rely on a policy that could not have been valid according to Samsung’s arguments in this proceeding.

Samsung also suggests that the Office did not provide a “reasoned explanation” for its recission. Request at 6–7. But Samsung’s argument ignores the

Patents. The America Invents Act, however, applied to retroactively deprive patent owners of “settled expectations” that their patent rights would not be subject to IPR review. Headwater takes no position at this time on the constitutionality of the *inter partes* review process, but merely notes that Samsung’s own due process arguments, if adopted, would logically imply the illegality of that process.

Boalick Memo's *explicit statement* that the reasoning behind rescission of the Vidal Memo was "to restore policy in this area to the guidance in place before the [Vidal Memo]" due to "the absence in rulemaking" supporting the Vidal Memo. *See* Boalick Memo at 1.

Counsel for Samsung cannot even plausibly contend otherwise, as lead counsel for Samsung authored an article analyzing the effect of the Boalick Memo which came to this *exact conclusion*. *See* W. Karl Renner et. al, *What to Know About the PTAB's Discretionary Denial Shakeups*, <https://www.fr.com/insights/thought-leadership/blogs/what-to-know-about-the-ptabs-discretionary-denial-shakeups/> ("Renner Blog Post") (Mar. 31, 2025) ("On March 24, PTAB Chief Administrative Patent Judge Boalick issued a memo concerning the effect of the USPTO's rescission of the *Fintiv* memo. While the *Fintiv* memo was intended to provide guidance while the USPTO explored rulemaking, *the Office never issued such rulemaking, so the rescission of the memo restores PTAB policy to that in place before the Fintiv memo issued.*").

Thus, the Office *did* explain why it rescinded the Vidal Memo, and counsel for Samsung was fully aware of this explanation. Nevertheless, Samsung does not even *address* this explanation, much less establish that the Office's explanation was not "reasoned" as Samsung now alleges.

C. The discretionary denial framework is not only proper, but mandated by Congress.

Samsung additionally challenges the constitutionality of the discretionary denial process, largely focusing on inconsistency with the statutory framework. Discretionary denial, however, is a fundamental aspect of the statutory framework.

In enacting the America Invents Act, Congress invested the Director with discretion as to whether to institute *inter partes* review. *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021) (“*The Director is permitted, but never compelled, to institute an IPR*[, a]nd no petitioner has a right to such institution.”); *see also Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (citing 35 U.S.C. § 314(a) and stating: “no mandate to institute review”).

In exercising this discretion, Congress expressly expected that the Director may decide to deny petitions for reasons unrelated to their merits. Senator Kyl, a co-sponsor of the bill, explained:

It is expected that the Office will include in the threshold regulations a *safety valve* that allows the Office to decline to institute further proceedings if a high volume of pending proceedings threatens the Office's ability to timely complete all proceedings. The present bill's inclusion of this regulations consideration in [section 316(b)] reflects *a legislative judgment that it is better that the Office turn away some petitions that otherwise satisfy the threshold for instituting an inter partes or post-grant review than it is to allow the Office to develop a*

backlog of instituted reviews that precludes the Office from timely completing all proceedings.

157 Cong. Rec. S1377 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

As explained in more detail below, the Director's exercise of discretion is fully consistent with this statutory scheme.

1. Discretionary denial does not alter the statutory IPR deadline.

Consideration of a patent's age is fully within the Director's discretion and supported by the policy underlying the America Invents Act. Specifically, Congress recognized the benefits of favoring challenges that are brought early in the life of a patent over those brought later. In explaining the new Post-Grant Review process, the House Judiciary Committee stated:

The intent of the post-grant review process is to enable early challenges to patents, while still protecting the rights of inventors and patent owners against new patent challenges unbounded in time and scope. The Committee believes that this new, *early-stage process for challenging patent validity and its clear procedures for submission of art will make the patent system more efficient and improve the quality of patents and the patent system....* The Committee recognizes *the importance of quiet title to patent owners* to ensure continued investment resources.

H.R. Rep. No. 112-98, at 48 (2011) ("America Invents Act").

Consistent with the congressional goal of an “early-stage process for challenging patent validity,” the Director’s rescission of the Vidal Memo properly recognized, as one of several factors that may be relevant to discretionary denial, “the length of time the claims have been in force.” *See* Acting Director Coke Morgan Stewart’s March 26, 2025 Memorandum Regarding Interim Processes for PTAB Workload Management (“Workload Management Memo”)⁵ at 2.

The Workload Management Memo makes clear that patent age is just one of many factors, and it is not necessarily a dispositive factor. Indeed, the Director has denied requests for discretionary denial in cases involving patents even older than the one at issue here, where other factors weighed sufficiently against discretionary denial. *E.g.*, *Microsoft Corp. v. XI Discovery, Inc.*, IPR2025-00253, Paper 13 (P.T.A.B. June 25, 2025) (patent more than 16 years old); *Tesla, Inc. v. Intellectual Ventures II LLC*, IPR2025-00340, Paper 10 (P.T.A.B. July 2, 2025) (patent more than 19 years old). Accordingly, there has been no “Alter[ation of] the Statutory IPR Deadline” as Samsung incorrectly suggests. *See* Request at 7–8.

2. Discretionary denial does not require any stipulation.

⁵ Available at

<https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf>.

Samsung suggests that “the office’s discretionary denial practice *requires* petitioners to stipulate not to pursue even invalidity grounds that could not be raised in an IPR *and to do so as a prerequisite to institution.*” See Request at 8–9 (citing *Motorola Solutions, Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 (“Motorola”), at 3–4 (P.T.A.B. Mar. 28, 2025)). But Samsung does not (and cannot) provide any justification for its assertion that a stipulation is a prerequisite for institution. The *only* case Samsung cites in support of this proposition (*Motorola*) says no such thing; instead, that case *explicitly* considered “the *Fintiv* factors *as a whole*,” finding that *several* of those factors weighed against institution. *Motorola* at 4.

Thus, there is no requirement for any stipulation, much less “rewriting [of] the statutory estoppel provision” as Samsung baselessly suggests. See Request at 8–9.

3. The Director’s discretionary denial guidelines do not violate due process.

Samsung’s void-for-vagueness argument is based on the premise that if discretion is “exercised wholly arbitrarily,” then petitioners’ reasonable expectations are violated under the void-for-vagueness jurisprudence. Request at 9–10. This argument fails on at least two levels.

First, the void-for-vagueness principle that Samsung relies upon is limited to instances where the government seeks to *prohibit* or *require* certain actions, with

criminal or civil penalties attached. *See Nat'l Ass'n for Advancement of Colored People v. U.S. Dep't of Educ.*, 779 F. Supp. 3d 53, 65–66 (D.D.C. 2025) (“*NAACP*”) (“The Supreme Court has held that an ‘enactment is void for vagueness *if its prohibitions are not clearly defined*’ and the enactment fails to ‘give [a] person of ordinary intelligence a reasonable opportunity to know what is *prohibited*.’”); *F.C.C. v. Fox Television Stations, Inc.*, 567 U.S. 239, 253 (2012) (“A fundamental principle in our legal system is that *laws which regulate persons or entities must give fair notice of conduct that is forbidden or required*.”).

Samsung’s only two authorities are consistent with this understanding. *NAACP* involved a “certification requirement” under which schools had to certify they were not engaging in DEI initiatives, and which imposed “*liability* under the False Claim Act on non-compliant schools.” 779 F. Supp. 3d at 60. And *Fox* involved a “regulat[ion of] broadcast indecency” (567 U.S. at 243) under which regulated entities were subject to “forfeiture penalt[ies]” for non-compliance (*id.* at 255).

Here, the Office’s discretionary denial practices do not subject Samsung to any regulation that involves any civil or criminal penalty. Samsung requested that the Office invalidate Headwater’s patent, and the Office declined to do so under its discretionary denial framework. Samsung did not receive the relief it requested, but that is not a civil or criminal penalty that implicates void-for-vagueness, and Samsung presents no authority that is even plausibly on point.

Second, even assuming counterfactually that void-for-vagueness *were* applicable to discretionary agency action that did not impose civil or criminal penalties,⁶ here the Office *has* issued significant detail regarding application of discretionary denial. Far from being vague, the Office has made clear, including via *Fintiv* itself and clarifications such as the Boalick Memo, which factors are relevant. The Board’s recent rescission of the Vidal Memo, as counsel for Samsung acknowledges, simply “restores PTAB policy to that in place before the [Vidal] [M]emo issued.” *See* Renner Blog Post. Even though the Director still retains some level of discretion, Samsung presents no coherent argument as to why the discretionary denial factors are so hopelessly ambiguous as to be allegedly unconstitutional.

D. Recission of the Vidal Memo could not have required notice-and-comment rulemaking.

As explained herein, under Samsung’s theory, the Vidal Memo created “binding agency policy” that gave rise to newly “settled expectations” in

⁶ Such application would be unworkable, because agency employees are not automatons and necessarily exercise discretion in deciding when and how to implement policy, and not all possible fact patterns can be comprehensively addressed in a forward-looking manner by any set of guidelines.

“petitioners’ right... to avoid *Fintiv*-based discretionary denial,” such that rescinding that “binding agency policy” effected “a change in existing law or policy” and “affect[ed] individual rights and obligations.” Request at 4–5, 10. But if *rescinding* the Vidal Memo constituted a substantive change in policy affecting substantive rights purportedly granted by the Vidal Memo, then clearly the Vidal Memo *itself* affected substantive individual rights and obligations. And as discussed above, the Vidal Memo was unsupported by notice-and-comment rulemaking. Accordingly, rescission of that Memo was not only *proper* under Samsung’s logic, but was actually *required* in order to correct the improper promulgation of a substantive rule.

And even assuming that the Vidal Memo *was* somehow an interpretive rule (rather than a substantive rule) under Samsung’s theory, no notice-and-comment rulemaking was required to rescind it. *See Perez v. Mortg. Bankers Ass’n*, 575 U.S. 92, 101 (2015) (“Because an agency is not required to use notice-and-comment procedures to issue an initial interpretive rule, it is also not required to use those procedures when it amends or repeals that interpretive rule.”).

III. Conclusion

Samsung presents no plausible explanation as to why the Director’s decision denying institution is improper. The arguments presented in Samsung’s Request are not only internally inconsistent, but also inconsistent with the facts recognized by Samsung’s own lead counsel outside of this proceeding.

For the reasons discussed herein, Headwater respectfully requests that the Director uphold her well-reasoned decision denying institution.

Date: September 11, 2025

Respectfully submitted,

/James A. Milkey/

James A. Milkey, Reg. No. 79,503

Reza Mirzaie, Reg. No. 69,138

Marc A. Fenster, *pro hac vice* forthcoming

Dale Chang, Reg. No. 61,476

Neil A. Rubin, Reg. No. 67,030

Philip X. Wang, Reg. No. 74,621

RUSS, AUGUST & KABAT

12424 Wilshire Blvd., 12th Floor

Los Angeles, CA 90025

Counsel for Patent Owner

CERTIFICATE OF SERVICE (37 C.F.R. § 42.6(e)(1))

The undersigned hereby certifies that the above document was served on September 11, 2025, by filing this document through the Patent Trial and Appeal Case Tracking System as well as delivering a copy via electronic mail upon the following attorneys of record for the Petitioner:

W. Karl Renner (Reg. No. 41,265)
Jeremy J. Monaldo (Reg. No. 58,680)
Nicholas Stephens (Reg. No. 74,320)
Cameron A. Ubel (Reg. No. 77,081)
FISH & RICHARDSON PC
60 South Sixth Street, Suite 3200
Minneapolis, MN 55402
monaldo@fr.com
nstephens@fr.com
ubel@fr.com
axf-ptab@fr.com
IPR39843-0183IP1@fr.com
PTABInbound@fr.com

Date: September 11, 2025

/James A. Milkey/
James A. Milkey, Reg. No. 79,503
Reza Mirzaie, Reg. No. 69,138
Marc A. Fenster, *pro hac vice* forthcoming
Dale Chang, Reg. No. 61,476
Neil A. Rubin, Reg. No. 67,030
Philip X. Wang, Reg. No. 74,621
RUSS, AUGUST & KABAT
12424 Wilshire Blvd., 12th Floor
Los Angeles, CA 90025

Counsel for Patent Owner