UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZEPP HEALTH CORPORATION

Petitioner

v.

WORCESTER POLYTECHNIC INSTITUTE;
THE RESEARCH FOUNDATION
FOR THE STATE UNIVERSITY OF NEW YORK

Patent Owner

Case No. IPR2025-00522

U.S. Patent No. 9,713,428

PATENT OWNER'S DISCRETIONARY DENIAL BRIEFING

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Patent Trial and Appeal Board
U.S. Patent and Trademark Office
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Submitted Electronically via PTAB E2E

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2002	First Amended Complaint for Patent Infringement, Dkt. 11 in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex. Sept. 11, 2023)
2003	Waiver of Service of Summons, Dkt. 18 in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex. Feb. 7, 2024)
2004	First Amended Complaint Under Fed. R. Civ. P. 12(b)(2), Dkt. 22 in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex. May 6, 2024)
2005	Defendant Zepp health Corporation's Motion to Dismiss the First Amended Complaint Under Fed. R. Civ. P. 12(b)(6), Dkt. 23 in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex. May 6, 2024)
2006	Defendant Zepp health Corporation's Motion to Dismiss the First Amended Complaint Under Fed. R. Civ. P. 12(b)(7) and 19(a) & (b), Dkt. 24 in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex. May 6, 2024)
2007	Report & Recommendation, Dkt. 73 in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex. Mar. 4, 2025)
2008	Order, Dkt. 74 in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex. Mar.26, 2025)
2009	Docket Control Order, Dkt. 58 in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex. Sept. 23, 2024)
2010	The cover page of Plaintiffs' Disclosure of Asserted Claims and Infringement Contentions to Defendant Zepp Health Corporation, in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex.) served on Aug. 12, 2024

Exhibit	Description
2011	The cover page of Plaintiffs' Disclosure of Asserted Claims and Infringement Contentions to Defendant Xiaomi Corporation, et al, in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex.) served on Aug. 12, 2024
2012	The cover page of Defendants Invalidity Contentions, in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex.) served on Dec. 12, 2024
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2017	A Chart regarding Time to Milestones generated by Docket Navigator on May 14, 2025
2018	A Chart of Case Outcomes for Judge Robert W. Schroeder's cases generated by Docket Navigator on May 14, 2025
2019	Defendant Zepp Health Corporation's Stipulation Regarding Invalidity Challenges, Dkt. 72 in *The Research Foundation for The State University of New York, et al v. Xiaomi Corporation, et al*, Case No. 2:23-cv-353 (E.D. Tex. Jan. 30, 2025)
2020	Appeal Statistics by Patent Trial and Appeal Board dated April 30, 2025

I. INTRODUCTION

Patent Owner Worcester Polytechnic Institute and The Research Foundation For The State University Of New York ("Patent Owner") respectfully requests that the Director exercise discretion under 35 U.S.C. § 314(a) to deny Petitioner Zepp Health Corporation's ("Petitioner") Petition for *inter partes* review of U.S. Patent No. 9,713,428 (the "'428 Patent"). Pursuant to Acting Director Stewart's March 26, 2025 Memorandum titled "Interim Processes for PTAB Workload Management" (the "PTAB Workload Management Memo")[1], this brief is limited in scope to Patent Owner's bases for discretionary denial.[2] As discussed below, both the *Fintiv* factors

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[1] https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf, accessed on May 13, 2025.

[2] In accordance with the Patent Trial and Appeal Board's ("PTAB") FAQs for Interim Processes for PTAB Workload Management ("PTAB Interim Workload FAQs"), Patent Owner does "not repeat [its] merits arguments verbatim" in this brief and instead "briefly explain[s] why the merits are relevant [herein]." *See* https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management, FAQ 12, accessed on May 13, 2025. Patent Owner will separately file a Preliminary Response addressing the merits of the Petition pursuant to 37 C.F.R. § 42.107(a) on the schedule set forth by regulation and consistent with the PTAB Workload

and additional considerations bearing on the Director's discretion strongly support denying the Petition.

II. LEGAL STANDARDS

The Director has discretion to deny institution under 35 U.S.C. § 314(a). *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 136 S. Ct. 2131, 2140 (2016). In determining whether to deny institution, the USPTO considers the presence and status of parallel district court litigation. *See NHK Spring Co. Ltd. v. Intri-Plex Techs. Inc.*, IPR2018-00752, Paper 8 at 20 (P.T.A.B. Sept. 12, 2018) (precedential); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 17 (P.T.A.B. May 13, 2020) (precedential) (hereinafter "*Fintiv*"); *see also Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16-17 (P.T.A.B. Sept. 6, 2017) ("[W]e recognize that an objective of the AIA is to provide an effective and efficient alternative to district court litigation . . . ."). *Fintiv* "sets forth factors that balance considerations of system efficiency, fairness, and patent quality when a patent owner

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Management Memo. *See* 37 C.F.R. 37 C.F.R. § 42.107(b). In accordance with the PTAB Interim Workload FAQs, Patent Owner requests that the Director "consider the merits in the [forthcoming] merits briefing" (i.e., Patent Owner's Preliminary Response) as part of the discretionary denial analysis. *See PTAB Interim Workload FAQs*, FAQ 12.

raises an argument for discretionary denial due to the advanced state of a parallel proceeding." *Fintiv*, Paper 15 at 7-8. The factors the Board considers in determining whether to exercise its discretion are: (1) whether the court granted a stay or evidence exists that a stay may be granted; (2) proximity of the court's trial date to the Board's projected deadline for a FWD; (3) investment in the parallel proceeding by the court and parties; (4) overlap between issues raised in the petition and the parallel proceeding; (5) whether the petitioner and the defendant in the parallel proceeding are the same party; and (6) other considerations that impact the Board's discretion, including the merits. *Fintiv*, IPR2020-00019, Paper 15 at 7-8.

The PTAB Workload Management Memo enumerated a number of additional considerations for discretionary denial, including:

- Whether the PTAB or another forum has already adjudicated the validity or patentability of the challenged patent claims;
- Whether there have been changes in the law or new judicial precedent issued since issuance of the claims that may affect patentability;
- The strength of the unpatentability challenge;
- The extent of the petition's reliance on expert testimony;
- Settled expectations of the parties, such as the length of time the claims have been in force;
- Compelling economic, public health, or national security interests; and

- Any other considerations bearing on the Director's discretion.

PTAB Workload Management Memo, 2-3.

III. BACKGROUND ON PARALLEL DISTRICT COURT LITIGATION

Patent Owner filed its Complaint against Petitioner on July 31, 2023, in the Eastern District of Texas, and filed a First Amended Complaint on September 11, 2023. Exs. 2001, 2002. Petitioner waived service on February 7, 2024. Ex. 2003. The Complaint accuses Petitioner of infringing the '428 Patent, as well as U.S. Patent Nos. 10,653,362 and 10,278,647 (which Petitioner challenges in IPR2025-00521, and -00523, respectively) and U.S. Patent Nos. 8,417,326, 9,408,576, 9,986,921, and 10,285,601 (which are not subject to *inter partes* review).

On May 6, 2024, Petitioner filed three motions to dismiss under Fed. R. Civ. P. 12(b)(2), 12(b)(6), and 12(b)(7), 19(a) and 19(b). Exs. 2004, 2005, 2006. Magistrate Judge Roy S. Payne issued a Report and Recommendation to deny Petitioner's motions to dismiss on March 4, 2025. Ex. 2007. District Judge Robert W. Schroeder III subsequently adopted Judge Payne's Report and Recommendation on March 26, 2025, and denied all three of Petitioner's motions to dismiss. Ex. 2008.

The Court entered its Docket Control Order on September 24, 2024. Ex. 2009. Patent Owner served its Preliminary Infringement Contentions on August 12, 2024, and Petitioner served its Preliminary Invalidity Contentions on December 12, 2024. Exs. 2010, 2011, 2012. Fact discovery is ongoing. Patent Owner and Petitioner

have already exchanged numerous interrogatories ("ROGs"), requests for production ("RFPs"), and requests for admissions ("RFAs"). The parties have also submitted their Joint Claim Construction Statement. Ex. 2013. On December 12, 2024, Petitioner served nearly 19,000 pages of invalidity contentions, including allegations that the asserted claims of the '428 Patent are invalid under 35 U.S.C. § 103 in view of various combinations of references. Under the currently operative docket control order, *Markman* briefing will be completed by July 16, 2025, and the Court will conduct the *Markman* hearing on August 6, 2025. Ex. 2009. Fact discovery will close on September 2, 2025, all expert reports will be served by October 21, 2025, and expert discovery will close on November 4, 2025. Ex. 2009. Trial is scheduled to begin on February 17, 2026. Ex. 2009.

Petitioner waited over eighteen months after Patent Owner filed its Complaint to finally file this Petition on February 4, 2025. The Petition does not explain this delay. The institution decision is not expected until September 20, 2025, and a final written decision ("FWD") is not expected until September 20, 2026— seven months after the trial is scheduled to begin in the parallel district court litigation.

IV. ANALYSIS OF THE *FINTIV* FACTORS

A. FACTOR 1: A STAY AT THE DISTRICT COURT IS UNLIKELY

The parties have reached an agreement in principle to settle. Thus, on May 20, 2025, the parties filed a 30-day motion to stay the district court litigation to

finalize the agreement. However, if the parties do not settle, Patent Owner has no intention of seeking or consenting to a further stay. Moreover, even if the Board decided to institute and Petitioner were to move for an additional stay, it is unlikely that the motion would be granted.

District courts typically consider three factors when deciding whether to stay litigation pending IPR of the asserted patent(s): "(1) whether the stay will unduly prejudice the nonmoving party, (2) whether the proceedings before the court have reached an advanced stage, including whether discovery is complete and a trial date has been set, and (3) whether the stay will simplify issues in question in the litigation." *Trover Grp., Inc. v. Dedicated Micros USA*, No. 2:13-CV1047-WCB, 2015 WL 1069179, at *2 (E.D. Tex. Mar. 11, 2015). Whether a stay "will result in simplification of the issues before a court is viewed as the most important factor when evaluating a motion to stay." *Uniloc United States v. Acronis*, No. 6:15-CV-01001-RWS-KNM, 2017 U.S. Dist. LEXIS 173580, at *6 (E.D. Tex. Feb. 9, 2017), (citing *Intellectual Ventures II LLC v. Kemper Corp.*, No. 6:16-cv-0081, 2016 U.S. Dist. LEXIS 181431, at *6 (E.D. Tex. Nov. 7, 2016); *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-1058-WCB, 2015 U.S. Dist. LEXIS 29573, at *12 (E.D. Tex. Mar. 11, 2015). Thus, the "universal practice" in the Eastern District of Texas is to deny a motion for stay when the Board has not yet acted on a petition for IPR. *Trover Grp., Inc.*, 2015 WL 1069179, at *6.

Because a motion to stay is non-dispositive, any such motion filed by Petitioner after institution would be ruled on by magistrate Judge Payne, who has denied a majority of motions to stay post-institution.

1. Issue Simplification

Judge Payne is unlikely to grant a motion to stay here because it would not simplify the issues or decrease the burden on the Court, which is an important factor when evaluating a motion to stay as discussed above.

Firstly, the IPR proceedings would only cover four out of the dozens of references relied on by Petitioner in the litigation. Secondly, the IPR proceedings would only cover two out of the hundreds of combinations of obviousness that Petitioner has raised in the litigation. Thirdly, the Petition does not include Petitioner's other challenges of the '428 Patent under § 102. Finally, even if the Board decided to institute all three of Petitioner's IPRs, the litigation involves four other patents that are not subject to *inter partes* review and do not belong to the same patent families as the three patents subject to IPRs. *See*, e.g., *Mojo Mobility, Inc. v. Samsung Elecs. Co., LTD.*, No. 2:22-cv-00398-JRG-RSP, Dkt. 76 (Feb. 26, 2024) (denying stay when there was "very limited simplification gained" when there would be multiple patents left post-institution to conduct a trial on), *Headwater Research LLC v. Samsung Elecs. Co., LTD.*, No. 2:22-cv-00422-JRG-RSP, Dkt. 81 (May 27, 2024) (denying stay based on the simplification factor, noting the other two factors

were neutral, when the PTAB denied institution on three of seven the asserted patents), *Slyde Analytics LLC v. Samsung Elecs. Co., LTD.*, No. 2:23-cv-00083-RWS-RSP, Dkt. 81 (July 31, 2024) (denying stay when only one out of four petitions were instituted). *See generally, Intellectual Ventures II LLC v. FedEx Corp.,* No. 2:16-CV-00980-JRG, 2017 U.S. Dist. LEXIS 176813, at *5 (E.D. Tex. Oct. 24, 2017) (denying institution stating, "the instituted IPRs only cover a narrow slice of the invalidity arguments Defendants have raised in this case.")

Accordingly, it would be unlikely for the Court to hold that a stay would streamline the litigation. Thus, any hypothetical motion would likely be denied based on the lack of simplification a stay would cause.

2. Advanced Stage of the Case Proceedings

Judge Payne has consistently denied motions to stay cases at the same stage the parallel district court litigation will be at the expected institution decision date. *See*, e.g., *Intellectual Ventures II LLC v. Sprint Spectrum, L.P.*, No. 2:17-cv-001662-JRG-RSP, Dkt. 233 (Nov. 19, 2018) (denying stay when *Markman* hearing had already been held and there was less than a month remaining for fact discovery); *Uniloc 2017 LLC v. Samsung Elecs. America, Inc.*, No. 2:19-cv-00259-JRG-RSP, Dkt. 55 (Mar. 24, 2020) (denying stay when a trial date had been set, and there was 8 months remaining for fact discovery); *Personal Audio, LLC v. Togi Entm't.*, *Inc.*, No. 2:13-cv-13-JRG-RSP, Dkt. 235 (Aug. 1, 2014) (denying stay when *Markman*

hearing had already been held, deadline for substantial discovery had expired, fact discovery closed during briefing of the Motion with expert discovery close behind, and a trial date was set).

Moreover, other judges in the Eastern District of Texas have routinely denied motions to stay pending IPR where the party seeking the stay does not request it until a late stage. *See*, e.g., *Resonant Sys., Inc. v. Sony Group Corp.*, No. 2:22-cv-00424-JRG, Dkt. 84 (E.D. Tex. July 9, 2024) (denying stay when defendant delayed filing IPR petitions until 10 months after service of complaint and where IPRs would be decided after district court trial); *Pantech Corp. v. LG Elecs. Inc.*, No. 5:22-cv-113-RWS-JBB, Dkt. 341 (June 10, 2024) (denying stay when *Markman* hearing had already been held and dispositive motion deadline had passed); *General Access Sols. V. Cellco P'ship*, No. 2:22-cv394-JRG, Dkt. 225 (May 22, 2024) (denying stay where parties had already exchanged opening expert reports, trial was five months away, and FWDs were not due until six months after trial), *DigitalDoors, Inc. v. Int'l Bus. Machines Corp.*, No. 2:22-cv-457-JRG, Dkt. 41 (July 23, 2023) (denying stay when parties had exchanged contentions and discovery had begun), *MyPort, Inc. v. Samsung Elecs. Co.*, No. 2:22-cv-114-JRG, Dkt. 73 (June 12, 2023) (denying stay when depositions had already been taken and deadline for FWDs was over two months after trial).

Here, before the expected institution decision, the parties will have fully briefed their *Markman* briefings, the district court will have already held the *Markman* hearing and the parties will have completed fact discovery—including reviewing source code from Petitioner and any necessary third-parties. The parties are set to exchange expert reports just over a week after the expected institution decision, thus the parties will already have substantially completed their reports and planned their travels for expert depositions. Expert discovery will close shortly thereafter.

In the past three years, Judge Payne has denied virtually all motions to stay filed before institution and a majority of motions to stay filed post-institution. Exs. 2015, 2016. In those cases where Judge Payne has granted motions to stay, the facts were very different from those here. For example, in *Stingray Music USA, Inc. v. Music Choice,* No. 2:16-cv-00586-JRG-RSP, Dkt. 171 (Dec. 12, 2017), Judge Payne granted a motion to stay because the *inter partes* review involved the same patents and substantially all of the claims at issue in the litigation and would therefore simplify the issues in the litigation—which is not the case here, in which there are multiple patents being asserted in the parallel litigation that are not subject to *inter partes* review. Furthermore, and as discussed below, Patent Owner would suffer undue prejudice where there would not be a FWD until seven months after the scheduled trial.

Based on the schedule outlined above, an institution decision date of September 20, 2025 (which is presumably the earliest Petitioner would seek a stay) occurs during a sufficiently advanced stage in the litigation, where a trial date has already been set and discovery will have already been completed. Thus, in line with his previous Orders, Judge Payne would likely find the stage of the case proceedings factor to weigh against a stay.

3. Undue Prejudice

Finally, Judge Payne is likely to find that Patent Owner would suffer undue prejudice, as he has recently found in two cases[3], because "a stay would delay its interest in the timely enforcement of its patent rights" and "since the final written decision for the IPR ***could*** issue after the scheduled trial, this factor weighs against a stay". *Cobblestone Wireless, LLC v. Cisco Systems, Inc.,* No. 2:23-cv-00454-JRG-RSP, Dkt. 80 (Dec. 9, 2024) (emphasis added), *see also Cellspin Soft, Inc., v. ByteDance LTD., et al.*, No. 2:23-cv-00496-JRG-RSP, Dkt. 106 (Jan. 26, 2025).

[3] Judge Payne ultimately granted both motions. However, in both cases, the undue prejudice factor weighed against a stay for the reasons discussed above. Additionally, the cases were not in as advantaged stages—as we will be here in the event of Institution— and the issues would have been simplified due to the Board instituting a trial covering all asserted claims in the litigations.

This sentiment is even truer here, where the FWD will issue seven months after the scheduled trial.

Thus, while Patent Owner recognizes that the Board ordinarily "will not attempt to predict" how a district court will proceed if a stay has not been granted (*see Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC,* IPR2019-01393, Paper 24 at 7 (June 16, 2020) (informative)), the present facts indicate both that: 1) even if Petitioner were to request a stay, any stay request will likely be denied because it is the Eastern District of Texas's practice to not grant stays prior to institution; and 2) even if the Board institutes IPR proceedings, it is still extremely unlikely that the presiding judge will grant a stay.

As such, Factor 1 weighs in favor of discretionary denial.

B. FACTOR 2: THE DISTRICT COURT'S TRIAL DATE IS SEVEN MONTHS BEFORE THE EXPECTED FINAL WRITTEN DECISION DATE

The precedential *Fintiv* decision, IPR2020-00019 at Paper 11, in discussing the earlier NHK decision, expressly noted that:

> [U]nder § 314(a) the Board considered the fact that the parallel district court proceeding was scheduled to finish before the Board reached a final decision as a factor favoring denial. The Board found that the earlier district court trial date presented efficiency considerations that provided an additional basis, separate from the independent concerns under 35 U.S.C. § 325(d), for denying institution. Thus, NHK applies to the situation where the district court has set a trial date to occur earlier than the Board's deadline to issue a final written decision in an instituted proceeding.

Fintiv, IPR2020-00019, Paper 11 at 3. The rationale for discretionary denial in *NHK* also applies here, where the trial date is scheduled to occur seven months before the expected FWD date. This earlier trial date presents efficiency considerations that are an independent basis for the Board to discretionarily deny institution. In the later *Fintiv* decision, IPR2020-00019, Paper 15, the Board expressly found that even a trial occurring two months before the expected FWD favored discretionary denial. IPR2020-00019, Paper 15 at 13. A trial date over seven months before the expected FWD weighs more heavily in favor of discretionary denial. *See, e.g.*, *10X Genomics v. Pres. And Fellows of Harvard College*, IPR2023-01299, Paper No. 15 at 17 (Mar. 7, 2024) (denying institution of IPR when district court trial date was up to five months before FWD deadline); *Samsung Elecs. Co. v. Mojo Mobility Inc.*, IPR2023-01098, Paper No. 11 at 8 (Feb. 9, 2024) (denying institution of IPR when district court trial date was six months before FWD deadline); *Samsung Elecs. Co. v. Truesight Communications LLC*, IPR2024-01477, Paper No. 12 at 11 (Apr. 21, 2025) (denying institution of IPR when district court trial date was less than seven months before FWD deadline).

Petitioner argues that the trial date will likely be much later than February 17, 2026, because Judge Schroeder allegedly has seven other patent trials scheduled to begin on February 17, 2026, 135 active patent cases and a median time-to-trial of 50.6 months. (Pet. at 57.) However, Petitioner's alleged median time-to-trial is not

correct because Petitioner's search improperly included the "active" case filter at the time of retrieval. Since the majority of Judge Schroeder's cases since January 1, 2015 (Petitioner's selected date range) are no longer active, and cases that have gone to trial do not remain active for long, Petitioner's search excluded the majority of Judge Schroeder's cases that have gone to trial since January 1, 2015. As such, Petitioner's alleged median time-to-trial is not based on a statistically relevant sample of Judge Schroeder's historical median time-to-trial data.

Judge Schroeder's actual historical median time-to-trial from January 1, 2015, is 27 months with an average of 29.2 months. Ex. 2017. Here, with the parties' trial date already being approximately 30 months after the filing of the Complaint, the statistics show that it is ***unlikely*** that the trial date will be much later than February 17, 2026. Yet again, this demonstrates that any District Court trial is likely to occur well in advance of the projected September 2026 final written decision deadline.

Moreover, it is the standard practice of Judge Schroeder and other judges in this District, including Judge Gilstrap, that multiple cases be set for the same trial date with the expectation that most cases will resolve before the trial. There simply would not be enough weeks on the calendar for each case if they all received their own trial date. Thus, as trial approaches, the cases that are still live are put in an order of precedence for trial, such that the first case listed will go to trial on the

scheduled date. The second case will begin on the scheduled date if the first case settles before trial, and so on[4].

Thus, Factor 2 weighs heavily in favor of discretionary denial.

C. FACTOR 3: BOTH PARTIES AND THE COURT HAVE INVESTED SUBSTANTIAL EFFORT IN THE PARALLEL LITIGATION AND WILL INVEST EVEN MORE BEFORE AN INSTITUTION DECISION

Petitioner argues that the parallel district court litigation is in its early stages, the Court has not issued any substantive orders, and the parties have not invested substantial time in the litigation. (Petition at 65.) This is untrue. The PTAB "consider[s] the amount and type of work already completed in the parallel litigation by the court and the parties at the time of the institution decision." *Fintiv, Inc.*, IPR2020-00019, Paper 11 at 9. By the expected institution decision date, fact discovery in the parallel district court litigation will be closed, *Markman* briefing will be completed, and the *Markman* hearing will have already taken place. Ex. 2009. The parties will also be working on opening expert reports, which are due only ten days after the expected institution decision date. Ex. 2009. Thus, it cannot be said that the parallel district court litigation is or will be in its early stages as of the expected institution decision date.

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[4] Judge Schroeder's cases are settled or voluntarily dismissed 86.5% of the time. EX2018.

Moreover, on May 6, 2024, Petitioner filed three motions to dismiss under Fed. R. Civ. P. 12(b)(2), 12(b)(6), and 12(b)(7), 19(a) and 19(b). Exs. 2004, 2005, 2006. Patent Owner responded to these motions on July 1, 2024. Petitioner then replied to the responses on August 5, 2024, and Patent Owner submitted its sur-replies on September 3, 2024. Subsequently, Magistrate Judge Roy S. Payne issued a Report and Recommendation on March 4, 2025, denying all three of Petitioner's Motions to Dismiss. Ex. 2007. District Judge Schroeder III adopted Judge Payne's Report and Recommendation on March 26, 2025, denying all three of Petitioner's Motions to Dismiss. Ex. 2008. Motions to dismiss under at least Fed. R. Civ. P. 12(b)(6) (failure to state a claim) are clearly substantive. Thus, contrary to Petitioner's assertion, the court has in fact already issued one or more substantive orders.

By the expected institution decision date, the parties will have expended significant effort, including, among other things, preparing and serving thousands of pages of infringement and invalidity contentions, propounding and responding to numerous ROGs, RFPs and RFAs, producing and reviewing thousands of pages of discovery, conducting depositions of fact witnesses and any third-party witnesses, going through the *Markman* briefing/hearing process, and preparing expert reports. Petitioner's invalidity contentions alone span almost 19,000 pages, and Patent Owner's infringement contentions span over 820 pages.

By the expected institution decision date, the district court will also have invested substantial resources in the litigation, including ruling on three motions to dismiss, appointing a technical advisor, considering extensive *Markman* briefing (including any necessary expert declarations and depositions thereof), conducting a *Markman* hearing, and issuing preliminary *Markman* rulings.

Under similar circumstances, the PTAB has declined to institute IPR. *See, e.g.*, *Charter Communications, Inc. v. Adaptive Spectrum and Signal Alignment, Inc.*, IPR2024-01379, Paper 16 at 11-13 (P.T.A.B. April 17, 2025) (finding *Fintiv* factor 3 favors the exercise of discretionary denial because the parties had already exchanged infringement and invalidity contentions, engaged in fact discovery, exchanged proposed claim terms and preliminary claim constructions, attended a claim construction hearing, and the fact discovery deadline would have passed before the statutory deadline for issuing an institution decision); *10X Genomics*, Paper No. 15 at 18 (Mar. 7, 2024) (denying institution of IPR when district court case had proceeded through *Markman* hearing and parties had exchanged contentions and completed substantial fact discovery); and *Samsung Elecs*., Paper No. 11 at 8-9 (Feb. 9, 2024) (denying institution of IPR when district court case had proceeded through fact discovery and the *Markman* hearing) .

Therefore, Factor 3 also weighs heavily in favor of discretionary denial.

D. FACTOR 4: OVERLAP OF ISSUES RAISED IN THE PETITION AND THE PARALLEL DISTRICT COURT LITIGATION

The references and invalidity arguments relied on in the Petition substantially overlap with those in Petitioner's invalidity contentions in the parallel district court litigation. Specifically, the primary references Asada, Chon-570, and Chon-2008 in the Petition are the same primary references as those identified in Petitioner's invalidity contentions in the parallel district court litigation. Furthermore, primary reference Delorme in the Petition is the same as the secondary reference identified in Petitioner's Invalidity Contentions.

Additionally, nearly all of the claims of the '428 Patent asserted in the underlying litigation are challenged in the Petition, absent claims 12-14, 28, 31, 38 and 41. *See* Exs. 2001, 2002; Pet. at 1. Thus, there is substantial overlap with the references and arguments relied on in the Petition and the parallel district court litigation. Therefore, the IPR would be duplicative of the parallel district court litigation and an inefficient use of the Board's and the court's resources. *See, e.g.*, *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, IPR2020-00122, Paper 15 at 10 (P.T.A.B. May 15, 2020) ("In at least these ways, the parallel proceedings would duplicate effort. This is an inefficient use of Board, party, and judicial resources and raises the possibility of conflicting decisions.").

Petitioner's *Sotera* stipulation does not sufficiently mitigate any concerns of duplicative efforts between the district court and the Board. *See Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18-19 (Dec. 1, 2020) (precedential as to §II.A). First, Petitioner's reliance on the Director's June 2022 memorandum for its assertion that a *Sotera* stipulation is dispositive is misplaced because the June 2022 memorandum was rescinded by the Director's March 24, 2025 memorandum titled "Guidance on USPTO's recission of 'Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation.'"[5] Second, Petitioner's stipulation in the Petition differs from the *Sotera* stipulation and its stipulation in the parallel district court litigation. In the Petition, Petitioner stipulates: "If the Board institutes review, Petitioner will not pursue in the Related Litigation the grounds raised or that reasonably could have been raised in this Petition with respect to the claims for which review is instituted." (Pet. at 58.) In the corresponding stipulation filed in the parallel district court litigation, Petitioner added the following language: "This stipulation is not intended, and should not be construed, to limit Petitioner's ability to assert invalidity of the

[5] https://www.uspto.gov/sites/default/files/documents/guidance_memo_on_interim_procedure_recission_20250324.pdf, accessed on May 14, 2025.

asserted claims of any of the patents asserted in instant district court case ***based on any other ground***, regardless of whether any IPR is instituted." Ex. 2019 at 2. (emphasis added). As discussed supra, Petitioner relies on dozens of references with hundreds of combinations in its invalidity contentions. Petitioner's disclaimer that the stipulation is not meant to limit its ability to assert invalidity based on ***any*** other ground renders the stipulation meaningless because it can pick and choose different primary and secondary references with similar teachings to create new grounds.

Factor 4 thus weighs in favor of denying institution.

E. FACTOR 5: PETITIONER IS A DEFENDANT IN THE PARALLEL DISTRICT COURT LITIGATION

"Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial." *Fintiv*, IPR2020-00019, Paper 15 at 15.

Petitioner does not dispute that it is a defendant in the district court litigation. Factor 5 therefore weighs in favor of discretionary denial.

F. FACTOR 6: FATAL FLAWS IN THE PETITION FAVOR DISCRETIONARY DENIAL

Under the sixth *Fintiv* factor, the Board may consider other circumstances that impact the Board's exercise of discretion, including the merits. *Fintiv*, IPR2020-0019, Paper 11 at 14-15; *see also PTAB Workload Management Memorandum* at 2 (stating that "consistent with the discretionary considerations enumerated in existing

Board precedent . . . and the Consolidated Trial Practice Guide (Nov. 2019)," the parties may address all relevant considerations, including "[t]he strength of the unpatentability challenge" and "[t]he extent of the petition's reliance on expert testimony.").

Here, the Petition's unpatentability challenge is exceedingly weak, and its reliance on expert testimony is extensive and lacks evidentiary support. Various claim limitations are plainly absent from the asserted prior art. The Petition offers little more than uncorroborated and conclusory expert assertions to fill those gaps. This overreliance on expert opinion to bridge gaps in the cited prior art relative to the claimed features underscores both the Petition's substantive weakness and its unsuitability for resolution in an *inter partes* review.

A first group of independent claims (1, 21, and 37) of the '428 patent recite interrelated signal processing steps, including (1) bandpass filtering and detrending a segment, referred to as a preprocessed segment, from the measurement of one physiological parameter, and (2) obtaining a value of at least one indicator of volatility, used in determining whether motion artifacts are present for the preprocessed segment, the at least one indicator of volatility being at least Shannon entropy (SE) for the preprocessed segment.

A second group of independent claims (16, 32, and 42) of the '428 patent also recite interrelated signal processing steps, including (A) obtaining a time-varying

coherence function by multiplying two time-varying transfer functions (TVFTs) obtained using two adjacent data segments from the physiological indicator signal, one of the two adjacent data segment as an input signal and another of the two adjacent data segment as an output signal to produce a first TVTF, and (B) a second TVTF is produced by reversing the input and the output signals, using the one of the two adjacent data segment as the output signal and the another of the two adjacent data segment as the input signal.

As briefly summarized below, and as will be discussed in greater detail in Patent Owner's forthcoming Patent Owner Preliminary Response ("POPR"), the Petition fails to show a reasonable likelihood that the challenged claims are obvious. Patent Owner requests that the Director consider the arguments below and in the forthcoming POPR when determining whether to exercise its discretion to deny institution under 35 U.S.C. § 314(a). See *PTAB Interim Workload FAQs*, FAQ8 ("The Director will receive each . . . POPR"), and FAQ12 ("the Director will consider the merits in the merits briefing if the parties ask the Director to do so.").

As noted above, various claim elements are missing from the Petition's cited prior art. For example, Asada[6] and Chon-570[7], cited against independent claims 1, 21, and 37 in Ground I, fail to disclose or suggest bandpass filtering and detrending a segment, referred to as a preprocessed segment, from the measurement of one physiological parameter as claimed.

The Petition asserts that "[a] POSITA would have understood that, in order to perform accurate calculations and analyze data in a meaningful way, it is often necessary to eliminate outliers and noise…Thus, it would be obvious to incorporate or substitute the adaptive filters and noise cancelling filters in Asada with commonly known techniques such as bandpass filters and detrending to achieve the same result, to reduce noises and outliers" (Petition, pp. 20-21, Citing Yanulis Decl., ¶¶82, 84, which cites Hyde[8]).

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[6] Ex-1005 (Asada, H. Harry, Phillip Shaltis, Andrew Reisner, Sokwoo Rhee, and Reginald C. Hutchinson. "Mobile Monitoring with Wearable Photoplethysmographic Biosensors." IEEE Engineering in Medicine and Biology Magazine, vol. 22, no. 3 (July 1, 2003): 28-40)("Asada").

[7] Ex-1006 (International Patent Publication No. WO2009/018570 to Chon)("Chon-570").

8 Ex-1011 (U.S. Patent Application Publication No. 2007/0100246, filed on

While Asada generally mentions bandpass filtering to remove DC components, it also discloses that such filtering is ineffective to remove motion artifacts in wearable PPG devices (Asada, p. 30), stating that a "simple noise filter based on frequency separation does not work for PPG ring sensors to eliminate motion artifact." Asada contains no mention of detrending, and Chon-570 does not disclose bandpass filtering or detrending a segment from the measurement of a physiological parameter. Hyde proposes detrending before performing a fast Fourier transform (FFT), but not bandpass filtering (see paragraph [0063] of Hyde). Additionally, Hyde is directed to obtaining a clean heart rate signal, not to removing motion/motion artifacts. Moreover, making such combinations could impermissibly change the principle of operation of the references, and render the art unsatisfactory for the intended purpose.

Thus, Petitioner has not shown that one skilled in the art would have combined bandpass filtering and detrending as none of the cited prior art discloses or suggests this combination of features, let alone in the context of determining whether motion artifacts are present.

Ground I of the Petition also asserts that Asada and Chon-570 disclose obtaining a value of at least one indicator of volatility, used in determining whether

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October 31, 2006 and published on May 3, 2007) ("Hyde").

motion artifacts are present for the preprocessed segment, the at least one indicator of volatility being at least Shannon entropy (SE) for the preprocessed segment. Petitioner asserts that Asada teaches detecting and reducing motion artifacts in physiological signals," and that "[i]t is obvious to a person of ordinary skill in the art to combine Asada with other known methods to detect motion artifacts, such as Shannon Entropy." Petitioner admits that Chon-570 "does not explicitly apply this Shannon Entropy formula to detecting motion artifacts, but it would be obvious to do so in light of the art at the time" because "Shannon Entropy essentially measures the probability that a segment contains an outliner (e.g., a noise or a motion artifact)." (Petition, 21-22, citing Yanulis Decl., ¶¶ 87, 89.)

Neither Asada nor Chon-570 discloses or suggests obtaining Shannon entropy as at least one indicator of volatility for determining whether motion artifacts are present in a preprocessed signal segment. Asada does not disclose or apply Shannon entropy in any context. Instead, Asada relies on adaptive filtering and various mechanical design improvements (Asada, p. 30), not statistical analysis of signal segments.

While Chon-570 does disclose a Shannon entropy equation, it applies the equation to detecting atrial fibrillation using heart rate interval variability, not assessing motion artifact in raw physiological signals or signal segments, let alone preprocessing signals via bandpass filtering or detrending as discussed above with

respect to features (1). Thus, Petitioner has not shown that Asada and Chon-570 disclose the features (2) as claimed.

In Ground 2, Petitioner cites Delorme[9] in conjunction with Asada and Chon-570, and asserts that "a POSITA would be motivated to combine Asada with Delorme" (Petition, pp. 34-37). Delorme, which was considered during prosecution and is cited on the face of the '428 patent, does not remedy the deficiencies of Asada and Chon-570 with respect to features (1)-(2) discussed above with respect to independent claims 1, 21, and 37.

Delorme's purported use of Shannon entropy is for identifying outlier independent components or trials in EEG studies and is not applied to a preprocessed physiological signal segment or used to calculate an indicator of volatility for that segment. Instead, Delorme uses this entropy measure at the component level in EEG processing. It is also notable that the principal reference (Asada) states that the

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[9] Ex-1007 (Delorme, Arnaud, Scott Makeig, and Terrence Sejnowski. "Automatic Artifact Rejection for EEG Data Using High-Order Statistics and Independent Component Analysis." *Proceedings of the 3rd International Independent Component Analysis and Blind Source Decomposition Conference* (pp. 9-12). San Diego, CA: Institute for Neural Computation, University of California (April 4, 2003)) ("Delorme").

details of its adaptive filtering are "beyond the scope of the article" (Asada, p. 34), underscoring that it neither teaches nor enables artifact rejection based on statistical thresholds or entropy. The Petition's attempt to combine Delorme with Asada and Chon-570 is hindsight-driven, and fails to explain why a person of ordinary skill would modify Delorme's ICA-based EEG analysis to produce physiological segment screening.

Delorme thus fails to remedy the deficiencies of Asada and Chon-570 discussed above with respect to at least features (1)-(2) of independent claims 1, 21, and 37 of the '428 patent, and thus does not individually or collectively with Asada and Chon-570 disclose or suggest these features.

In Ground III, the Petition further asserts that Asada, Chon-570, and Chon-2008[10] disclose features (A)-(B) noted above of independent claims 16, 32, and 42. Petitioner asserts that Chon-2008 "teaches obtaining TVCF from two TVTFs where the input and output signals are reversed." (Petition, 50-51).

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[10] Ex-1008 (Chon, Ki H., Yuru Zhong, Leon C. Moore, Niels H. Holstein-Rathlou, and William A. Cupples. "Analysis of Nonstationarity in Renal Autoregulation Mechanisms Using Time-Varying Transfer and Coherence Functions." *American Journal of Physiology. Regulatory, Integrative and Comparative Physiology,* vol. 295, issue 3 (May 21, 2008): R821–R828.) ("Chon-2008").

While Chon-2008 discusses two signals, x(n) and y(n), respectively representing arterial blood pressure and renal blood flow, these are distinct physiological signals, not adjacent data segments from the same physiological indicator signal as recited in features (A) and (B) of independent claims 16, 32, and 42. Chon-2008 does not treat two adjacent data segments of a single physiological signal as separate signals from which two time-varying transfer functions are obtained and multiplied together to obtain a time-varying coherence function. Nor does it disclose using one segment as the input and the adjacent one as the output, and reversing the input and the output signals to produce the second time-varying transfer function as claimed.

Asada and Chon-570 do not disclose or suggest these features either, and are not alleged by Petitioner to do so. Thus, Asada, Chon-570, and Chon-2008 do not individually or collectively disclose or suggest features (A) and (B) of independent claim 16 of the '428 patent, or of independent claims 32 and 42 of the '428 patent.

Petitioner relies heavily on numerous conclusory statements made in its expert's declaration to bridge gaps between the features of both sets of independent claims (1, 21, and 37) and (16, 32, and 42) of the '428 patent. By way of example, Petitioner states "a POSITA would be motivated to combine Asada with Chon-570 to detect or reduce motion artifacts," "because they are in the same field of monitoring and analyzing," and would "achieve a predictable result" (Petition, 13-

14, citing Yanulis Decl., ¶ 59). Petitioner further states that "[w]hile Chon-570 does not explicitly apply this Shannon Entropy formula to detecting motion artifacts, it would be obvious to do so in light of the art at the time" (Petition, 22, citing Yanulis Decl., ¶ 89). Petitioner also states that "[a] POSITA would further recognize that Delorme's entropy-based method could be improved by using the Shannon Entropy formula as discussed in in Chon-570." (Petition, 37, citing Yanulis Decl., ¶124). Such conclusory statements are not supported by the cited references for the reasons discussed above, and are merely made with the benefit of hindsight in an attempt to reconstruct the claims of the '428 patent.

Given the weakness of Petitioner's unpatentability challenge, Factor 6 weighs in favor of discretionary denial.

G. OTHER CONSIDERATIONS FAVORING DENIAL

In addition to the *Fintiv* factors discussed above, several additional considerations support discretionary denial.

First, instituting an IPR would not provide a true alterative to the parallel district court litigation, because Patent Owner has asserted four other patents that are not subject to *inter partes* review. Exs. 2001, 2002. Petitioner alleges in the district court litigation that the asserted claims of these other patents are invalid, but it did not file Petitions seeking *inter partes* review of these other patents. Petitioner's failure to file Petitions for *inter partes* review of these other patents supports

discretionary denial, because instituting an IPR would not resolve all invalidity issues in the parallel district court litigation and therefore not serve as a "true alternative" to the district court proceeding. *See Motorola Solutions, Inc. v. Stellar, LLC,* IPR2024-01205, Paper 19 at 3-4 (P.T.A.B. March 28, 2025).

Second, Petitioner's failure to follow USPTO rules supports the exercise of discretionary denial. For example, Petitioner was obligated to disclose, for each challenged claim, "[h]ow the challenged claim is to be construed." In this IPR proceeding, Petitioner has asserted that the plain and ordinary meaning applies to each claim term. Pet. at 7. However, in the parallel district court litigation, Petitioner has taken the position that plain and ordinary meaning does <u>not</u> apply to two claim terms:

- "one of an image acquisition component, a photoplethysmographic (PPG) sensor and an electrocardiogram sensor," and
- "using only the measurements of one or more physiological parameters."

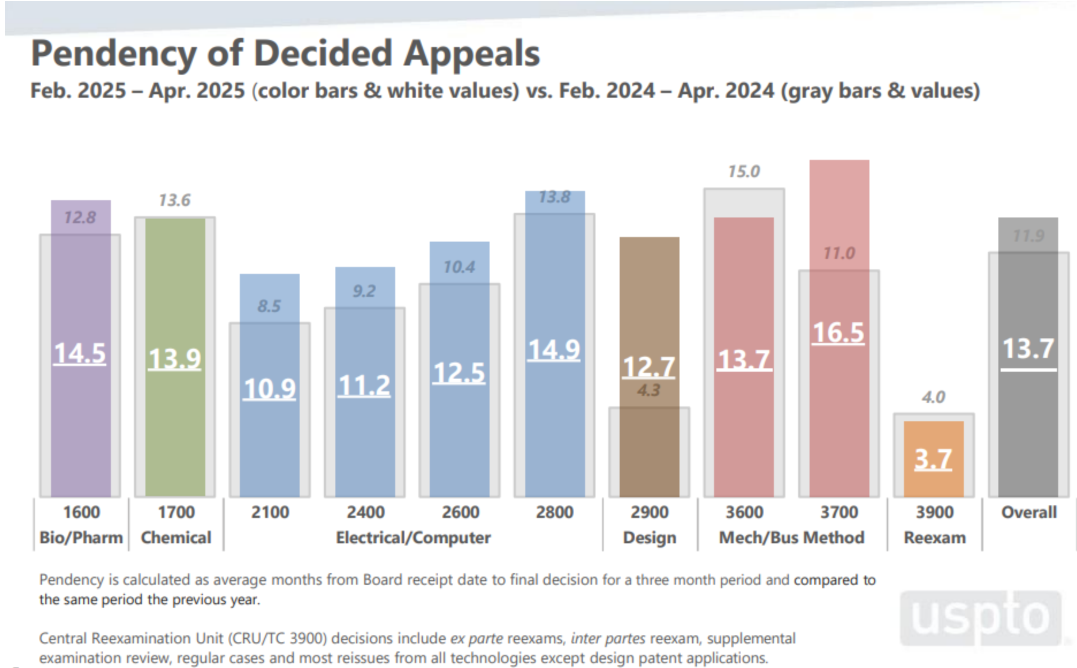
EX2013 at 1-2. Petitioner's conflicting positions between the forums and failure to follow USPTO rules supports discretionary denial. *See Cambridge Mobile Telematics, Inc. v. Sfara, Inc.*, IPR2024-00952, Paper 12 at 6-9 (December 13, 2024) (holding a "fail[ure] to satisfy the requirements of 37 C.F.R. § 42.104(b)(3)" merits denial of a petition) (informative).

Third, Petitioner's extensive reliance on an expert declaration supports discretionary denial. As discussed in the PTAB Interim Workload FAQs, "[w]hile the Board may consider expert testimony, as a matter of efficiency, extensive reliance on expert testimony and/or reasonable disputes between experts on dispositive issues may suggest that the questions are better resolved in an Article III court." Here, as noted above, the Petition relies on 77 pages of expert testimony, (EX1002), citing to it 78 times over the course of the Petition. *See generally* Petition. Yet its declarant added little (if any) value to its analysis, frequently providing conclusory statements without evidentiary support and merely repeating/rewording the contents of the legal brief verbatim. Such conclusory analysis is not helpful to the trier of fact, and Petitioner's heavy reliance on it is another reason that the Petition should be discretionarily denied. Yet another reason for discretionary denial under this consideration is that Patent Owner will be presenting expert testimony with its POPR that disputes Petitioner's expert opinion on dispositive issues.

Fourth, the Board should deny institution because its limited resources are better spent on the growing backlog of *ex parte* appeals. In 35 U.S.C. § 6(b)(1), the Board is tasked with "review[ing] adverse decisions of examiners upon applications for patent pursuant to section 134(a)." Congress also tasked the Board with reviewing appeals of reexaminations, derivation proceedings, IPRs, and PGRs. 35 U.S.C. § 6(b)(2)-(4). But current Office policy is to focus on *ex parte* appeals: "To

ensure that the PTAB continues to meet its statutory obligations as to *ex parte* appeals, while continuing to maintain its capacity to conduct AIA proceedings, the Director will exercise her discretion on institution of AIA proceedings . . . .” Interim Processes for PTAB Workload Management at 1 (Mar. 26, 2025).

In 2025, the pendency for *ex parte* reexams has increased in almost every technical center. Shown below, the time (in months) to a final decision has increased in 2025 (shown with the color bars and white values) compared to the same data from 2024 (shown with the gray bars and gray values). For the technology center of the ’428 Patent—3700—the pendency has increased from 11 months to 16.5 months, a 50% increase.



Ex. 2020, 7.

Finally, under the interim process, the Director can consider "[s]ettled expectations of the parties, such as the length of time the claims have been in force" when deciding whether to exercise discretion to deny institution. Interim Processes for PTAB Workload Management at 2 (Mar. 26, 2025). Here, the '428 Patent issued on July 25, 2017—almost eight years ago. Had Petitioners objected to the issuance of the '428 Patent, they could have raised challenges years ago. 35 U.S.C. §§ 302 (permitting any person at any time to file a request for reexamination), 311 (permitting *inter partes* review 9-months or more after issuance), and 321 (permitting post-grant review challenges up to 9-months after issuance). Instead, Petitioner waited over eighteen months after the filing of the complaint to file its Petition, all but ensuring that the validity of the '428 Patent claims would be decided in the parallel district court litigation before a FWD in this proceeding.

These additional considerations also weigh in favor of discretionary denial.

V. CONCLUSION

All six *Fintiv* factors and the other considerations outlined in this brief favor discretionary denial. The Board should therefore exercise its discretion to deny institution under § 314(a).

Respectfully submitted,

Dated: May 20, 2025

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CERTIFICATE OF WORD COUNT

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that there are 7,267 words in this paper, excluding any table of contents, table of authorities, mandatory notices under 37 C.F.R. § 42.8, certificate of word count, certificate of service, or appendix of exhibits. This certification relies on the word count of the word-processing system used to prepare this paper.

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CERTIFICATE OF SERVICE

I hereby certify that on May 20, 2025, I caused a true and correct copy of **PATENT OWNER'S DISCRETIONARY DENIAL BRIEFING** to be served via electronic mail on the following counsel for Petitioner:

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