

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO., LTD., AND
SAMSUNG ELECTRONICS AMERICA, INC.,

Petitioners,

v.

KEYLESS LICENSING LLC,

Patent Owner.

Case No. IPR2025-00528
U.S. Patent No. 11,503,144

PETITIONERS' REQUEST FOR DIRECTOR REVIEW

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I. INTRODUCTION

The Director should vacate the decision denying institution (Paper 13, “DI”) by the Acting Deputy Chief Administrative Patent Judge and refer this IPR for consideration on the merits. The DI discretionarily denied the petition based on the parallel litigation, but the parallel litigation is not nearly as far along as the DI suggested. DI 2. Far from being “nearly closed” as of July 17, 2025, *id.*, fact discovery does not end until mid-November, and the parties have a long way to go before finishing. Neither side has taken a single deposition. The parties have not even started claim construction briefing, and the district court has not issued any substantive orders regarding the challenged patent. Moreover, the DI did not even acknowledge, let alone consider, the broad stipulation that Petitioners provided that is even more comprehensive than the stipulation in *Sotera*. The *Fintiv* factors, when properly weighed, favor referral.

Moreover, the DI should have applied the binding June 21, 2022 Memorandum by Director Vidal about discretionary denials. *See* Katherine K. Vidal, Memorandum, “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation” (June 21, 2022), *available at* https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf. Retroactively applying its rescission to this IPR violates the Administrative Procedure Act

(“APA”) and Petitioners’ due-process rights.

Finally, the PTO withheld Petitioners’ notice of filing date accorded for nearly *eight weeks*. This delay prejudiced Petitioners because the DI relied on litigation progress that would not have occurred, had the PTO timely issued the notice. The PTO’s recent July 18 Memorandum, titled “Notice of Filing Date Accorded for AIA Petitions,” acknowledges the uncertainty the PTO’s procedures for setting deadlines has created. These procedures are arbitrary and capricious and violate the APA.

II. ARGUMENT

A. The DI Relied on Erroneous Findings of Facts and Conclusions of Law When Balancing the *Fintiv* Factors

The DI denied institution based on ongoing parallel litigation between the parties and, in doing so, made multiple errors that led to an improper balancing of the *Fintiv* factors. Contrary to the DI’s finding about the progress of the litigation, a substantial amount of work remains both in claim construction and fact discovery. The parties have yet to take a single deposition. The DI also failed to properly credit Petitioners’ broad stipulation that eliminates all overlap between the district court and the IPR. Properly weighed, the *Fintiv* factors favor referral.

1. The DI’s Factor Three Analysis Was Tainted by an Erroneous Finding Regarding the Progress of the Litigation

To support its determination that “there has been meaningful investment in the parallel proceedings,” the DI cites only that “the parties are engaged in the

Markman process and fact discovery is nearly closed.” DI 2. As to the *Markman* process, the parties had only exchanged claim terms and preliminary constructions at the time of the DI. Ex. 2001 at 5. That is far from “meaningful investment,” as it constitutes only a tiny fraction of the *Markman* process. DI 2; *see* Ex. 2001 at 4-5. As of this Request, the parties have exchanged extrinsic evidence but still have not filed any claim construction briefs or technology tutorials. Ex. 2001 at 4. The *Markman* hearing will not occur until October 17, 2025. *Id.* The subsequent claim construction order, when it issues, will likely be the district court’s first substantive order on the challenged patent. Where, as here, “the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution.” *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 10 (Mar. 20, 2020) (Precedential) (“*Fintiv*”). The DI’s finding is erroneous.

As to the DI’s finding that “fact discovery is nearly closed,” DI 2, this finding is wrong, both in terms of the time until fact discovery closes and the amount of work needed to conclude fact discovery. Fact discovery in the parallel litigation does not close until November 14, 2025, nearly four months after the DI issued. Ex. 2001 at 3. A substantial amount of work remains to finish fact discovery before that mid-November deadline. The parties are still producing documents and must take all of their fact depositions. As of this filing, no depositions have been scheduled.

The facts here regarding *Fintiv* factor three closely resemble those in *Snap*,

Inc. v. SRK Tech. LLC, IPR2020-00820, Paper 15 (Oct. 21, 2020) (Precedential as to § II.A) (“*Snap*”), which determined that “the District Court proceeding was in its early stages” and that the third *Fintiv* factor weighs against discretionary denial. *Id.* at 9-13. In *Snap*, the parties had exchanged contentions and claim construction positions, the court had not yet issued a claim construction order, and discovery was not complete because “neither party had taken any depositions.” *Id.* at 10-11. The Board held that “[w]here the District Court has not issued claim construction orders and the discovery process is not yet complete, the remaining investment of time and effort likely necessary to bring co-pending litigation to trial appears to *far outweigh* that which has already been invested.” *Id.* at 11 (emphasis added). The precedential *Snap* decision compels a finding—contrary to the DI—that the third *Fintiv* factor weighs *against* discretionary denial on these similar facts. *Id.* at 10-11; *see* PTAB Standard Operating Procedure 2 (Revision 11) (“SOP 2”) at 7 (“A precedential decision is binding Board authority in subsequent matters involving similar facts.”).

Much work also remains after fact discovery, including expert discovery (closes January 8, 2026); dispositive motions (due January 12, 2026); pre-trial disclosures, filings, and hearings (ongoing from January 2026 to April 2026); and trial (jury selection currently scheduled to begin April 20, 2026). Ex. 2001 at 1-3. *Snap* correctly surmised that the work remaining far outweighs the work performed to this point in litigation. *Snap* at 11. The DI’s finding that “there has been

meaningful investment in the parallel proceeding by the parties” conflicts with binding precedent and should be reversed. DI 2; *Snap* at 11; *Fintiv* at 10.

2. The DI Failed to Discuss Petitioners’ Broad Stipulation That Eliminates All Overlap Between the District Court and the IPRs

Under binding precedent, *Fintiv* factor four “weighs strongly in favor of not exercising discretion to deny institution” where a petitioner stipulates not to raise any ground raised or that reasonably could have been raised in the parallel proceeding if the Board institutes IPR. *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18-19 (Dec. 1, 2020) (Precedential as to § II.A) (“*Sotera*”). Petitioners provided that stipulation *and more*, also agreeing to give up any invalidity combination that includes patents or printed publications (asserted or otherwise) as a primary or secondary reference, any grounds that include references named in the petition’s grounds, and any use of the patents or printed publications from the petition to demonstrate features in any system art in an invalidity combination. Paper 8. While the DI states that it considered “the parties’ arguments and the record,” it failed to discuss the stipulation that Petitioners provided to eliminate overlap between issues raised in the petition and in the parallel proceeding. DI 2; Paper 8. In view of this stipulation, *Fintiv* factor four weighs even more strongly in favor of institution than it did in *Sotera*. *See Sotera* at 18-19.

3. The *Fintiv* Factors, When Properly Weighed, Warrant Referring the Petition for Consideration of the Merits

Weighing the *Fintiv* factors together, the Director should vacate the DI and decline to discretionarily deny institution. At a minimum, *Fintiv* factors three, four, and six weigh against denial, and factor four weighs *strongly* against denial. Only *Fintiv* factors two and five potentially favor denial, and at most, only slightly. Petitioners' broad stipulation, diligence in filing the petition, and strong merits mean this IPR should be referred for an institution decision.

The DI did not properly explain how it weighed the *Fintiv* factors. Aside from the errors regarding *Fintiv* factor three addressed above, the DI only mentioned that "there is insufficient evidence that the district court is likely to stay its proceeding even if the Board were to institute trial" and that "it is unlikely that a final written decision in these proceedings will issue before district court trial occurs." DI 2. But this is *not* the required "reasoning sufficient to allow the parties to challenge" a finding that the *Fintiv* factors favor denial and "sufficient to allow for review of the Board's decision." *CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 at 5 (Feb. 27, 2023) (Precedential).

Regarding the stay, the district court invited Petitioners to renew their motion to stay after institution, which typically weighs against denial. *Fintiv* at 6-7. The lack of evidence that the court would stay the parallel litigation, at most, means that this

factor is neutral. *Sand Revolution II LLC v. Cont'l Intermodal Grp. – Trucking LLC*, IPR2019-01393, Paper 24 at 7 (PTAB June 16, 2020) (Informative). Factor one does not weigh in favor of denial.

That leaves only the DI's finding about trial. The DI references the scheduled trial date but does not address the evidence that Judge Gilstrap has several matters scheduled to start trial on the *same day* (ten different matters as of July 2025). Ex. 1083. This evidence, as well as trial statistics, indicates that the trial date is unlikely to hold. That diminishes the weight given to factor two.

Weighed together, the *Fintiv* factors weigh against discretionary denial. The evidence shows uncertainty about whether the district court would grant a renewed motion to stay and uncertainty about whether trial will move forward as scheduled. In contrast, the litigation has a long way to go and a lot of work remaining before the parties reach trial, and Petitioners' broad stipulation confirms that institution *will* eliminate overlap. The Director should let the petition proceed to a determination on the merits. Indeed, denying institution in the face of a comprehensive stipulation like the one entered creates *more* work for the PTO and risk of overlapping decisions in the long run because it incentivizes parties to request *ex parte* reexamination, where the PTO often *must address* the same or overlapping prior-art grounds taken to trial in district court *both* at the examining level *and* at the PTAB level.

B. The Retroactive Application of the New Discretionary Denial Policies Violates Petitioners' Due Process Rights

The 2022 Vidal Memo adopted an absolute, “binding” rule preventing discretionary denial of IPR proceedings based on parallel district-court litigation when the petitioner submits a *Sotera*-style stipulation. 2022 Vidal Memo 3, 7. Relying on this binding rule, Petitioners undertook the significant burden and expense of preparing this IPR petition and provided the requisite *Sotera* stipulation at filing. The PTO’s rules that existed when Petitioners filed their petition preclude the type of denial applied in this case. *See United States v. Nixon*, 418 U.S. 683, 694-95 (1974) (holding that “the Executive Branch is bound by” a regulation that limited the officer’s statutory authority “[s]o long as this regulation remain[ed] in force”); *Align Tech., Inc. v. Int’l Trade Comm’n*, 771 F.3d 1317, 1325 (Fed. Cir. 2014) (holding that an agency “must follow” its “binding” rules). Rescinding the 2022 Vidal Memo violated the APA. And even if the PTO *could* rescind the 2022 Vidal Memo, retroactively applying the rescission to this IPR violated both the APA and the Fifth Amendment’s due-process clause. For the same reasons, applying the newly listed discretionary denial factors in the March 26 Memorandum would violate the APA and the due-process clause.

Changing a rule requires notice-and-comment rulemaking if that rule is one that “effect[s] a change in existing law or policy or . . . affect[s] individual rights and

obligations.” 5 U.S.C. § 553(b); *Coal. for Common Sense in Gov'l Procurement v. Sec'y of Veterans Affs.*, 464 F.3d 1306, 1317 (Fed. Cir. 2006). The rescission of the 2022 Vidal Memo and the implementation of additional factors to be addressed through a bifurcated procedure did both because it eliminated the binding rule that an IPR petition would not be denied in view of parallel litigation if the petitioner submitted a *Sotera* stipulation and alters the substantive standards the Director considers when exercising discretion to deny a petition. *See In re Chestek PLLC*, 92 F.4th 1105, 1110 (Fed. Cir. 2024) (describing a substantive rule as one that “alter[s] the substantive standards by which the USPTO evaluates” an application). This IPR demonstrates the change in existing law and policy and the effects on Petitioners’ rights and obligations. Before the rescission, the petition would not have been denied based on the parallel litigation because the 2022 Vidal Memo contained a binding rule that created individual rights for petitioners. 2022 Vidal Memo 7; *see Gen. Elec. Co. v. EPA*, 290 F.3d 377, 382-85 (D.C. Cir. 2002). After the rescission, Petitioners broadened their stipulation, and the petition was still denied. Changing the substantive rules governing discretionary denial violated the APA because the PTO did not undergo notice-and-comment rulemaking, despite being required to do so under 5 U.S.C. § 553(b) and 35 U.S.C. § 316(a)(2) and (4).

Even if the PTO contends that rescinding the 2022 Vidal Memo and implementing additional discretionary denial guidance constitutes a general

statement of policy exempt from the notice-and-comment rulemaking, the DI is still improper because general statements of policy can only be applied *prospectively*. *Lincoln v. Vigil*, 508 U.S. 182, 197 (1993) (describing “general statements of policy” as “statements issued by an agency to advise the public prospectively of the manner in which the agency proposes to exercise a discretionary power” (internal quotations omitted)); *see* 5 U.S.C. § 552(a)(2)(E)(ii) (requiring “notice of the terms” of a statement of policy for an agency to rely on that statement of policy against a party). Thus, even if the PTO is allowed to rescind the binding 2022 Vidal Memo and implement new discretionary denial standards, it cannot apply those new rules to this IPR petition because Petitioners lacked notice of the new rules when filing.

Petitioners’ reliance on the binding 2022 Vidal Memo when filing constitutes a property interest for due-process purposes because it entitled Petitioners to avoid a discretionary denial based on parallel litigation by submitting a *Sotera* stipulation. *See Perry v. Sindermann*, 408 U.S. 593, 601 (1972) (“‘[P]roperty’ denotes a broad range of interests that are secured by ‘existing rules or understandings.’”). Retroactively rescinding the 2022 Vidal Memo and applying new rules to Petitioners’ petition prejudices Petitioners and violates their due-process rights created by the 2022 Vidal Memo that was in force when Petitioners filed.

C. The PTO's Arbitrary and Capricious Procedure for Setting IPR Deadlines According to the Notice of Filing Date Accorded Violates the APA

The PTO rules set pre-institution IPR deadlines based on when the notice of filing date accorded issues. *See, e.g.*, 37 C.F.R. § 42.107. This is supposed to simply be an administrative check that the petition complies with statutory and regulatory requirements. *See* Memorandum, Notice of Filing Date Accorded for AIA Petitions (July 18, 2018). The PTO has now acknowledged that this administrative check has led to inconsistent delays across IPRs and created uncertainty for petitioners. *Id.* Here, Petitioners had to wait nearly *eight weeks* for the PTO to complete its administrative check. *Compare* Paper 1 (filed Feb. 14, 2025), *with* Paper 7 (issued Apr. 9, 2025). This delay prejudiced Petitioners because the DI then relied on the progress of the litigation vis-à-vis the timeline resulting from the PTO's own delay to discretionarily deny the petition. DI 2. Had Petitioners timely been accorded their filing date, the projected final written decision deadline would have been months closer to the scheduled trial date, the parties would not have started the *Markman* process, and even less progress in fact discovery would have been made. *See Id.* The PTO's arbitrary and capricious process for linking deadlines to an administrative check, rather than Petitioners' filing, violated the APA.

III. CONCLUSION

For the foregoing reasons, Petitioners respectfully request that the Director vacate the DI and refer the petition for consideration on the merits.

Date: August 18, 2025

Respectfully submitted,

/ Joshua L. Goldberg /

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **Petitioners' Request for Director Review** was served on August 18, 2025, via email directed to counsel of record for the Patent Owner at the following:

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