

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Taiwan Semiconductor Manufacturing Company Ltd.,

Petitioner,

v.

Advanced Integrated Circuit Process LLC,

Patent Owner.

Patent No. 8,907,425
Filing Date: June 20, 2012
Issue Date: December 9, 2014

Title: SEMICONDUCTOR DEVICE

Inter Partes Review No. IPR2025-00683

**PETITIONER'S SUR-REPLY IN SUPPORT OF ITS OPPOSITION TO
PATENT OWNER'S DISCRETIONARY DENIAL REQUEST**

AICP insisted it needed a Reply to address allegedly new points TSMC raised in its Opposition. But its Reply fails to address the merits of TSMC’s Opposition. Instead, AICP effectively asks the Board to ignore evidence that disfavors AICP.

(1) AICP’s Reply begins with an appeal to purported “due process rights” to seek foreign discovery, hoping for evidence to antedate the prior art. (Paper 14, at 1.) That appeal rings hollow. First, the suggestion that AICP might find evidence, now more than 15 years old, showing Panasonic waited nearly *two years* to seek a patent is unsupported. (Paper 10, at 53.) Second, instituting IPR will not stop AICP from seeking discovery in the district court—a process AICP has refused to begin, despite filing the litigation about a year ago and raising the issue in its discretionary denial request over a month ago. (*Id.* at 52.) Third, it is unclear AICP even needs formal discovery. AICP could presumably obtain the information it seeks directly from prior owners. The original assignment requires the inventors “to cooperate with the Assignee(s) in every way possible in obtaining and producing evidence . . . for any and all litigations regarding . . . this application . . . or Letters Patent(s) therefore.” (Ex-1151, at 2.) This provision applies to Panasonic and all “heirs, successors, . . . and assigns.” (*Id.*) AICP should have requested such information when it purchased the ’425 Patent, intending to enforce it. Fourth, AICP criticizes TSMC for not mentioning its own letters rogatory, but that only shows AICP deliberately declined to seek the discovery it allegedly needs. *TSMC*’s letters rogatory reveal that *AICP*’s

“due process rights” argument lacks merit, especially since TSMC pursues information for different purposes. AICP’s inaction should not be rewarded.

(2) AICP does not deny that TSMC’s and UMC’s broad and reciprocal stipulations, which eliminate all 102/103 defenses in district court, remove all risk of duplicative litigation. Unable to rebut that fact, AICP asks that the stipulations be set aside entirely. (Paper 14, at 1-2.) But the rules of discretionary denial have been rapidly evolving since TSMC filed its petition, including recent cases granting discretionary denial requests despite a *Sotera* stipulation. (*Compare Shenzhen Tuozhu Tech. Co. v. Stratasys, Inc.*, IPR2025-00438, Paper 10, at 3 (July 17, 2025) (referring to the Board, in part due to “a broad stipulation” that went well beyond a *Sotera* stipulation), *with Shenzhen Tuozhu Tech. Co. v. Stratasys, Inc.*, IPR2025-00354, Paper 11, at 2-3 (June 12, 2025) (denying institution despite a *Sotera* stipulation).) TSMC moved quickly to meet the Office’s expectations and offered AICP an opportunity to respond. Moreover, TSMC does not control UMC and could not have stipulated on UMC’s behalf. AICP’s suggestion of bad faith is simply not true.

AICP also speculates that TSMC’s and UMC’s stipulations might not apply to “future litigation involving the ’425 patent.” (Paper 14, at 2.) But AICP’s hypothetical future litigation would either be combined with the existing litigation or barred by claim preclusion. (*See, e.g., In re PersonalWeb Techs. LLC*, 961 F.3d 1365, 1374 (Fed. Cir. 2020) (“[A] judgment on the merits in a prior suit bars a second

suit involving the same parties or their privies based on the same cause of action.” (quoted source omitted).) AICP’s professed fear of future litigation is groundless.

(3) AICP’s third argument criticizes TSMC for presenting *average*, instead of *median*, time-to-trial data. (Paper 14, at 2-3.) The median (25.5 months) is actually longer than the average (25.4 months). (Ex-1152, at 3-4). AICP’s data—37 cases it alleges “went to trial between 2024-07-01 and 2025-07-01”—is wrong. (Ex-2035, at 1.) For 31 of those 37 cases, AICP’s median calculation uses *canceled* trial dates, not actual or even rescheduled trial dates. Of AICP’s 37 cases, 21 did not even hold trial during the specified time (more than half settled, 1 stayed for IPR, and 6 still delayed). (Ex-1152, at 1-2.) Of the 16 cases that actually held trial, 4 are non-patent cases, and 10 appear in TSMC’s Ex-1056. Moreover, AICP’s data is underinclusive, missing two cases from Ex-1056. The true time-to-trial data accords with TSMC’s opposition. After including two patent cases that Docket Navigator missed (and even the 4 non-patent cases), the median time-to-trial is 25.5 months, with 3- to 4-month delays or more being the norm. (Ex-1152, at 3-4; Paper 10, at 16-19.) The median is *not* 22 months, as AICP alleges. (See Paper 14, at 3.) The fact remains: the Board’s FWD will issue before the district court’s final judgment, likely before trial.

(4) Contrary to AICP’s argument, TSMC identified material error: the examiner erroneously concluded the prior art lacked what was, in reality, a commonly used feature. (Paper 14, at 3-4.) Notably, AICP does not dispute that the

eight prior-art references cited by TSMC, including one (Murthy556, Ex-1030) that was before the examiner but overlooked, disclose this feature. (Paper 10, at 43-44, 46-49.) That was a material error. (*See Anthony*, IPR2025-00559, Paper 12, at 2.) AICP only argues about reasons for combining references (Paper 14, at 3-4), ignoring the Petition's explanations. This is the kind of dispute the Board is equipped to evaluate through IPR.

(5) AICP's argument regarding "settled expectations" (Paper 14, at 4-5) primarily relies on a misreading of *Intel Corp. v. Proxsense LLC*, IPR2025-00327, Paper 12 (June 26, 2025). First, the accused TSMC technology does not infringe the '425 patent. And AICP has not proffered any evidence of commercialization by *patent owners*. AICP thus fabricates a theory that commercialization of the '425 Patent can be shown by *others'* technology based solely on AICP's self-serving allegations that have not been verified in any legal proceeding. If a mere allegation were enough, every patent ever asserted has been "commercialized"—an absurd result. AICP also contends that TSMC has argued AICP's business model should deny it "the benefit of its predecessors' settled expectations." TSMC's argument is different: inaction by the patent's prior owners as to the accused TSMC technology, which has existed throughout the entire life of the '425 patent, led to the settled expectations of TSMC and others. (Paper 10, at 37-40.) AICP, which did not even exist until June 2024, purchased the '425 patent subject to all equitable

considerations—including the settled expectation that TSMC’s technology would not be accused of infringement—that had accrued under the prior owners. (*Id.* at 38.)

(6) AICP attacks TSMC’s public interest arguments as irrelevant because it allegedly will not seek injunctive relief. (Paper 14, at 5.) But that position contradicts AICP’s complaint, which requests an injunction. (Ex-2001, at 51.) AICP then argues TSMC’s position is irrelevant to the accused 28nm technologies. But the public, including TSMC, has important interests in those technologies. (Paper 10, at 58-61.) Multiple customers use them in widespread national security/defense applications, including defense-grade FPGA chips from AMD/Xilinx for military avionics, missiles & munitions, and electronic warfare. (*See* Ex-1153, at 4.) AICP asserts the ’425 patent against such chips. Such public interests underly TSMC’s massive investments in the United States and its manifest importance to the United States’ economy, high-tech sector, and national security. (Paper 10, at 55-61.) It is important to maintain a competitive edge over China in such technology. (*See* Ex-1154, at 4; Ex-1155, at 2, 5.) AICP also asserts U.S. Pat. No. 8,796,779 (co-pending IPR2025-00832) against TSMC’s technologies ranging from 28nm down to 4nm and 3nm (like the ones used in TSMC’s Arizona facilities), which enable cutting-edge AI applications on which U.S. customers, like NVIDIA, rely. (*See* Paper 10, at 55-61.)

For these reasons and those in TSMC’s Opposition (Paper 10), TSMC’s Petition should be referred to the Board panel to consider the merits.

Dated: July 31, 2025

Respectfully submitted,

/ J. Preston Long /

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing **Petitioner's Sur-Reply in Support of Its Opposition to Patent Owner's Discretionary Denial Request** was served on July 31, 2025, via e-mail directed to counsel of record for Patent Owner at the following:

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