

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TAIWAN SEMICONDUCTOR MANUFACTURING CO. LTD.,

Petitioner

v.

ADVANCED INTEGRATED CIRCUIT PROCESS LLC,

Patent Owner

Case IPR2025-01211

Patent 7,439,623

**PATENT OWNER'S DISCRETIONARY DENIAL BRIEF
PURSUANT TO THE BOARD'S MARCH 26, 2025
INTERIM PROCESSES FOR PTAB WORKLOAD MANAGEMENT**

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Patent Trial and Appeal Board
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EXHIBIT LIST

Exhibit	Description
EX2001	Complaint for Patent Infringement , Dkt. No. 1, <i>Advanced Integrated Circuit Process LLC v. Taiwan Semiconductor Manufacturing Company Limited</i> , Case No. 2:25-cv-00324 (E.D. Tex. Filed April 1, 2025)
EX2002	Docket Sheet , <i>Advanced Integrated Circuit Process LLC v. Taiwan Semiconductor Manufacturing Company Limited</i> , Case No. 2:25-cv-00324 (E.D. Tex.) (Printed September 21, 2025)
EX2003	Second Amended Docket Control Order , Dkt. No. 60, <i>Advanced Integrated Circuit Process LLC v. Taiwan Semiconductor Manufacturing Company Limited</i> , Case No. 2:25-cv-00324 (E.D. Tex. Filed August 14, 2025)
EX2004	Docket Control Order , Dkt. No. 46, <i>Advanced Integrated Circuit Process LLC v. Taiwan Semiconductor Manufacturing Company Limited</i> , Case No. 2:25-cv-00324 (E.D. Tex. Filed July 23, 2025)
EX2005	First Amended Docket Control Order , Dkt. No. 53, <i>Advanced Integrated Circuit Process LLC v. Taiwan Semiconductor Manufacturing Company Limited</i> , Case No. 2:25-cv-00324 (E.D. Tex. August 11, 2025)
EX2006	Notice of Compliance (re: P.R. 3-1 and 3-2 disclosures) , Dkt. No. 45, <i>Advanced Integrated Circuit Process LLC v. Taiwan Semiconductor Manufacturing Company Limited</i> , Case No. 2:25-cv-00324 (E.D. Tex. Filed July 17, 2025)
EX2007	RESERVED
EX2008	Declaration of Kemper Diehl , dated September 24, 2025

Exhibit	Description
EX2009	Protective Order , Dkt. No. 62, <i>Advanced Integrated Circuit Process LLC v. Taiwan Semiconductor Manufacturing Company Limited</i> , Case No. 2:25-cv-00324 (E.D. Tex. Filed August 15, 2025)
EX2010	Defendant Taiwan Semiconductor Manufacturing Company Limited’s Motion to Stay Pending <i>Inter Partes</i> Review , Dkt. No. 47, <i>Advanced Integrated Circuit Process LLC v. Taiwan Semiconductor Manufacturing Company Limited</i> , Case No. 2:25-cv-00324 (E.D. Tex. Filed July 28, 2025)
EX2011	Order Denying Without Prejudice Defendant Taiwan Semiconductor Manufacturing Company Limited’s Motion to Stay Pending <i>Inter Partes</i> Review , Dkt. No. 71, <i>Advanced Integrated Circuit Process LLC v. Taiwan Semiconductor Manufacturing Company Limited</i> , Case No. 2:25-cv-00324 (E.D. Tex. Filed August 29, 2025)
EX2012	Docket Navigator Time-to-Trial Statistics Report for trials before the Honorable Rodney Gilstrap, Federal District Judge in the Eastern District of Texas, during the period from October 8, 2024 to October 8, 2025
EX2013	Lex Machina Time-to-Trial Statistics Report for trials before The Honorable Rodney Gilstrap, Federal District Judge in the Eastern District of Texas, during the period from October 8, 2024 to October 8, 2025
EX2014	Memorandum, Guidance on USPTO’s rescission of the “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation,” from Scott R. Boalick (Chief Administrative Patent Judge) to Members of the Patent Trial and Appeal Board, dated March 24, 2025
EX2015	United States Patent No. 7,632,751
EX2016	Reserved
EX2017	United States Patent No. 8,329,572

Exhibit	Description
EX2018	United States Patent No. 8,884,373
EX2019	Excerpt of TSMC’s Petition for Inter Partes Review of U.S. Patent No. 7,632,751 , Filed as Paper 1 in IPR2025-01210 (July 15, 2025)
EX2020	Reserved
EX2021	Excerpt of TSMC’s Petition for Inter Partes Review of U.S. Patent No. 7,439,623 , Filed as Paper 2 in IPR2025-01212 (July 25, 2025)
EX2022	Excerpt of TSMC’s Petition for Inter Partes Review of U.S. Patent No. 8,884,373 , Filed as Paper 2 in IPR2025-01302 (July 15, 2025)
EX2023	Excerpt of TSMC’s Petition for Inter Partes Review of U.S. Patent No. 8,329,572 , Filed as Paper 1 in IPR2025-01305 (July 15, 2025)
EX2024	Patent Owner’s Reply to Petitioner’s Opposition to Patent Owner’s Discretionary Denial Brief , Filed as Paper 14 in IPR2025-00682 (July 28, 2025)
EX2025	Patent Owner’s Reply to Petitioner’s Opposition to Patent Owner’s Discretionary Denial Brief , Filed as Paper 13 in IPR2025-00828 (August 19, 2025)
EX2026	Patent Purchase Agreement between Nuvoton Technology Corporation and Advanced Integrated Circuit Process LLC (July 20, 2024) FILED UNDER SEAL
EX2027	Third Amended Docket Control Order , Dkt. No. 73, <i>Advanced Integrated Circuit Process LLC v. Taiwan Semiconductor Manufacturing Company Limited</i> , Case No. 2:25-cv-00324 (E.D. Tex. Filed September 11, 2025)

TSMC seeks to burden the Board and patent owner AICP with duplicative litigation over U.S. Patent No. 7,439,623 (“the ’623 patent”) and three other closely related patents (“the Four Patents”). First, it is difficult to imagine a less efficient use of the Board’s limited resources. Three of the Four Patents (including the ’623 patent) are *expired*. Although AICP asserts only 28 patent claims in the parallel litigation (“the Lawsuit”), TSMC’s five IPR petitions challenge all 89 claims in the Four Patents; only 4 of those 89 challenged claims are *asserted and unexpired*. Most of the challenged claims are both *unasserted and expired*. This IPR petition, in particular, only challenges *unasserted and expired* claims. Second, the Four Patents each issued over ten years ago, giving AICP strong settled expectations. Third, trial in the Lawsuit is set for November 2026, months before the projected dates in 2027 for final written decisions on TSMC’s IPR petitions. TSMC can attempt to prove its theories *in a single lawsuit* without burdening the Board with *five parallel IPR proceedings*. For these and other reasons, AICP respectfully requests that the Director grant discretionary denial pursuant to 35 U.S.C. § 314(a).

I. INTRODUCTION

Congress created IPRs to provide a “*quick and cost effective alternative*” to litigation.” *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1317 (Fed. Cir. 2018) (emphasis added). But there is nothing “cost-effective” about using limited public resources to adjudicate the validity of expired patents, as TSMC

seeks to do. The '623 patent issued almost *seventeen years ago* and is expired. Indeed, three of the Four Patents—accounting for 75 of the 89 challenged claims in the five IPR petitions—are expired. And 51 of these expired challenged claims are *not even asserted* in the Lawsuit and therefore have little relevance. TSMC's request to mire the Board in a laborious validity analysis pertaining to expired, unasserted claims is nonsensical and TSMC lacks “persuasive reasoning why an inter partes review is an appropriate use of Board resources.” *Taiwan Semiconductor Mfg. Co., Ltd. v. Advanced Integrated Circuit Process LLC*, IPR2025-00682, Paper 17, at 2 (U.S. Pat. & Trademark Off. Aug. 14, 2025) (Acting Dir. C.M. Stewart). When (unlike here) patents are challenged early, IPR review benefits the public by resolving the valid scope of patents whose life may impact competition for many years. Board resources are best managed by preserving them for such cases, not by expending them addressing unasserted, expired claims.

Application of the *Fintiv* factors in this case confirms that instituting IPR on TSMC's five IPR petitions would not be “quick” or “cost effective.” *Apple, Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB March 20, 2020) (precedential) (“*Fintiv I*”). Trial is set for November 16, 2026 in the Lawsuit involving the Four

Patents¹ that TSMC challenges in its IPR petitions. The trial court will therefore resolve all validity challenges to these patents—rather than just the small subset raised in the Petition—about *three months before* the Board’s deadline to issue a final written decision on February 10, 2027. When considered alongside the other *Fintiv* factors, the conclusion remains the same. AICP has strong settled expectations, the district court is unlikely to grant a stay, and the parties have invested considerably in the Lawsuit. Discretionary denial is appropriate here.

II. FACTUAL BACKGROUND

A. AICP’s Lawsuit Proceeds Toward Trial on November 16, 2026

AICP filed the Lawsuit against TSMC in the Eastern District of Texas on April 1, 2025 asserting the Four Patents relating to IC fabrication. EX2001 ¶¶ 1–2, 35–36. The Lawsuit is assigned to the Honorable Rodney Gilstrap. EX2002 at 1. The claim construction hearing is set for May 14, 2026 and trial is set for November 16, 2026. EX2027 at 1, 4. Although the Docket Control Order has been amended three times, those two dates have not changed. *See* EX2004; EX2005; EX2027.

B. Three of the Four Challenged Patents Are Expired

As shown in the chart below, each of the Four Patents has been in force over

¹ The Four Patents are the ’623 patent as well as U.S. Patent Nos. 7,632,751 (“the ’751 patent”), 8,884,373 (“the ’373 patent”), and 8,329,572 (“the ’572 patent”).

ten years. The '623, '572, and '751 patents are expired, and the '373 patent expires in six years. *See* EX1001 at 1, EX2015 at 1, EX2016 at 1, EX2017 at 1.

Patent	Issuance Date	Years Since Issuance (Rounded)	Expiration Date	Status
'751	12-15-2009	16	12-02-2024	Expired
'623	10-21-2008	17	10-04-2025	Expired
'373	11-11-2014	11	11-09-2031	Unexpired
'572	12-11-2012	13	12-13-2024	Expired

C. TSMC Files IPR Petitions Challenging All Asserted Patents

TSMC has filed five IPR petitions against the Four Patents. Petition at 1; EX2019 at 1; EX2021 at 1; EX2022 at 1; EX2023 at 1. As shown below, the projected final written decision deadline in this IPR (February 10, 2027, indicated by underlining) is about three months *after* the November 16, 2026 trial date.

IPR No.	Patent	Status	Notice of Filing Date	Institution Decision	Final Written Decision
IPR2025-01210	'751	Expired	7-28-2025	1-28-2026	1-28-2027
<u>IPR2025-01211</u>	<u>'623</u>	<u>Expired</u>	<u>8-8-2025</u>	<u>2-10-2026</u>	<u>2-10-2027</u>
IPR2025-01212	'623	Expired	8-8-2025	2-10-2026	2-10-2027
IPR2025-01302	'373	Unexpired	7-28-2025	1-28-2026	1-28-2027
IPR2025-01305	'572	Expired	7-28-2025	1-28-2026	1-28-2027

D. The Majority of Challenged Claims are Expired and Unasserted

Although only 28 patent claims are asserted in the Lawsuit, as shown below TSMC’s five IPR petitions challenge all 89 claims in the Four Patents. Compare EX2010 at 7-8 (listing asserted claims) with Petition at 1; EX2019 at 13; EX2021 at 17; EX2022 at 9; EX2023 at 7. 51 out of the 89 challenged claims (*i.e.*, 57%) in the five IPR petitions are ***both*** expired ***and*** unasserted in the Lawsuit. This Petition challenges claims 5-6, 10, 19-20, 23-24, 27, 29-31, 33-38, 41, 43-44, and 48 of the ’623 patent. Petition at 1. None of these claims is asserted in the Lawsuit. See EX2010 at 7-8.

Patent	Status	# of Asserted Claims (Lawsuit)	# of Challenged Claims (IPRs)	# of Expired, Unasserted Claims In TSMC’s IPRs
’751	Exp.	14	20 (all)	6
<u>’623</u>	Exp.	7	48 (all)	41
’373	Unexp.	4	14 (all)	0
’572	Exp.	3	7 (all)	4
Total		28	89	51

III. LEGAL PRINCIPLES

The USPTO considers the presence and status of parallel district court litigation in determining whether to deny institution. See *NHK Spring Co. Ltd.*,

IPR2018-00752, Paper 8, at 20 (precedential); *Fintiv I*, at 5–6; *see also Gen. Plastic Indus. Co., Ltd.*, IPR2016-01357, Paper 19, at 16–17. *Fintiv I* “sets forth factors that balance considerations of system efficiency, fairness, and patent quality when a patent owner [seeks] discretionary denial due to the advanced state of a parallel proceeding.” *Apple, Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, at 7–8 (PTAB May 13, 2020) (informative) (“*Fintiv II*”). “These factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.” *Id.* “In evaluating the factors, the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* at 8.

IV. ARGUMENT

First, TSMC’s request that the Board mire itself in five laborious IPR proceedings, four of which relate to expired patents (including the ’623 patent), makes no sense. The **majority** of the eighty-nine patent claims TSMC challenges in the five IPR petitions are ***not only expired, but also unasserted in the Lawsuit***. This Petition, in particular, only challenges ***expired and unasserted*** claims. TSMC has not offered any explanation as to why the Board should be burdened with adjudicating expired patent claims that are not at issue in any lawsuit. Indeed, of the 89 challenged patent claims, only 4 are both asserted in the Lawsuit and unexpired. Institution would waste Board resources. Second, all but one of the *Fintiv* factors

favors denial, several quite heavily, so the holistic consideration of these factors also warrants denial. Trial is scheduled before the projected final written decision deadlines, AICP has strong settled expectations as each of the Four Patents was in force over a decade, the likelihood of a stay in the district court is remote unless the Board institutes proceedings on all Four Patents (including the three expired ones), and the parties have invested significantly in the Lawsuit.

Either of the two foregoing considerations would justify discretionary denial. Their combination makes this a textbook case for the exercise of discretion to deny institution and preserve the Board's resources for more appropriate IPRs.

A. TSMC's Request that the Board Expend Limited Resources on Expired, Unasserted Patent Claims Is Not Reasonable

It makes no sense for TSMC to request that the Board expend its limited resources adjudicating the validity of expired patent claims, particularly expired claims that are not asserted in any patent litigation. Yet that is precisely what TSMC proposes. Three of the Four Patents challenged in TSMC's five IPR petitions (namely, the '623, '751, and '572 patents) are expired, and the fourth (the '373 patent) has just six years of life remaining. Section II.B, *supra*. The three expired patents account for seventy-five of the eighty-nine claims challenged in TSMC's petitions. Section II.D, *supra*. Of the eighty-nine challenged claims, only ***four*** unexpired patent claims are asserted in the Lawsuit. *Id.* This Petition, in particular,

is exceptionally wasteful since it only challenges expired and unasserted claims. Sections II.B and II.D, *supra*. Under these circumstances, TSMC cannot meet its burden of providing “persuasive reasoning why an inter partes review is an appropriate use of Board resources.” *TSMC*, IPR2025-00682, Paper 17, at 2; *Merck Sharp & Dohme LLC v. Halozyme, Inc.*, PGR2025-00006, Paper 29, at 2 (U.S. Pat. & Trademark Off. June 12, 2025) (Acting Dir. C.M. Stewart) (“Early challenges favor robust, predictable patent rights and weigh against discretionary denial.”). Resolving TSMC’s challenges, especially as to expired patents with unasserted claims, would waste limited public resources.

“[T]he Director is free . . . to determine that[,] for reasons of administrative efficiency, an IPR will not be instituted.” *Mylan Laboratories Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021). The Director can therefore decline to institute solely on the basis that the use of Board resources to address unasserted claims in expired patents is inefficient. Moreover, TSMC’s decision to invoke Board resources to challenge unasserted claims in expired patents is bizarre. As a sophisticated litigant like TSMC knows, under *SAS Inst., Inc. v. Iancu*, the Board (if it institutes) must by statute adjudicate every ground with respect to every claim against which it is asserted, including those relating to expired, unasserted claims. 584 U.S. 357, 371 (2018). As a result, even if the Board found some merit in resolving TSMC’s petitions as they relate to *asserted* claims,

TSMC’s IPR petitions force the Board into an all-or-nothing decision wherein institution would require adjudicating dozens of *unasserted, expired* claims.

B. The Fintiv Factors Weigh in Favor of Discretionary Denial

Instituting a proceeding on TSMC’s five IPR petitions would also undermine the policy goals that Congress sought to promote by creating, in IPRs, a “quick and cost effective alternative[] to litigation.” *WesternGeco LLC*, 889 F.3d at 1317. An analysis of the *Fintiv* factors confirms this, as shown in greater detail below. Trial is scheduled three months *before* the projected date for a final written decision, and no record evidence suggests that trial will be delayed. Consistent with the district court’s track record of denying motions to stay pending IPRs, a stay is highly unlikely given the idiosyncratic rules of the district court and the advanced stage of the Lawsuit. The combined weight of the factors favoring denial far outweighs TSMC’s stipulation, the lone factor weighing in the other direction. Accordingly, the Director should grant discretionary denial.

1. Fintiv Factor 1 Favors Discretionary Denial

Fintiv Factor 1—namely, “whether a stay exists or is likely to be granted if a proceeding is instituted,” *Fintiv I*, at 6—militates strongly in favor of the Board exercising its discretion to deny institution here. TSMC sought a stay, and the district court denied that request without prejudice. EX2010; EX2011. First, if TSMC renews its request, the district court will not stay the Lawsuit unless the

Board institutes IPR proceedings on ***all four*** patents. *AGIS Software Development LLC v. Google LLC*, No. 19-cv-361-JRG, 2021 U.S. Dist. LEXIS 24195, at *9 (E.D. Tex. Feb. 9, 2021) (“It has been [the district court’s] consistent and long established practice to deny motions to stay pending IPR . . . when the PTAB [has] instituted review on less than all asserted claims of all asserted patents . . .”). But four of the five IPR petitions relate to expired patents and each of those four petitions, if instituted, would require the Board to address the validity of expired, unasserted patent claims. This, in turn, would unnecessarily waste limited Board resources. Thus, a stay can be granted only if the Board institutes proceedings on the ***expired, unasserted*** claims in three of the four patents.

Second, the district court is unlikely to stay proceedings in any event. By February 10, 2026, when the Board is projected to reach decisions on institution for all five IPRs, *see* Section II.B, *supra*, the Lawsuit will be in an advanced state. By then, the claim construction process will be underway, and the deadline for opening claim construction briefs will be approaching. EX2027 at 4–5. That is in addition to the substantial resources the parties have already invested. *See* Section IV.B.3, *infra*. As recognized in *Fintiv I*, significant work “completed by the parties and the court in the parallel proceeding” make a stay generally “less likely.” *Fintiv I*, at 10. Even if the Director finds the likelihood of a stay to be speculative, this factor tends to favor discretionary denial. *See Samsung Elecs. Co. Ltd. v. Vasu Holdings, LLC*,

IPR2025-00446, Paper 12, at 2 (PTAB July 10, 2025) (granting discretionary denial where, *inter alia*, “there is insufficient evidence that the district court is likely to stay its proceeding even if the Board were to institute trial”).

2. ***Fintiv* Factor 2 Favors Discretionary Denial**

Fintiv Factor 2—namely, the “proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision,” *Fintiv I*, at 5–6—militates strongly in favor of the Board exercising its discretion to deny institution. In the Director’s recent decisions under Section 314(a), this factor looms large. *Ericsson Inc. et al. v. Procomm Int’l Pte. Ltd.*, IPR2024-01455, Paper 15, at 2 (U.S. Pat. & Trademark Off. May 16, 2025) (Acting Dir. C.M. Stewart) (discretionarily denying institution when “the related district court trial is set to conclude substantially before a final written decision will issue in this proceeding”); *Samsung Elecs. Co. Ltd. v. Sinotechnix LLC*, IPR2025-00331, Paper 13, at 2 (U.S. Pat. & Trademark Off. July 2, 2025) (same); *Lam Research Corp. v. Inpria Corp.*, IPR2025-00256, Paper 12, at 2 (U.S. Pat. & Trademark Off. July 2, 2025) (Acting Dir. C.M. Stewart) (same).

Trial in the Lawsuit is scheduled for November 16, 2026, EX2027 at 1, about three months ***before*** the projected February 10, 2027 statutory deadline for this IPR proceeding. The Board has found this Factor favored denial when the scheduled trial date precedes a final written decision deadline by similar amounts (or less). *See*

Fintiv II, at 12–13 (informative) (second factor favors denial when “the currently scheduled District Court trial is scheduled to begin two months before our deadline to reach a final decision”); *see also NXP USA, Inc. v. Impinj, Inc.*, PGR2022-00005, Paper 18, at 8–9 (PTAB May 2, 2022) (two-month difference favors discretionary denial); *E-One, Inc. v. Oshkosh Corp.*, IPR2019-00161, Paper 16, at 6–9 (PTAB May 15, 2019) (one-month period between trial date and deadline for final written decision favored discretionary denial); *eClinicalWorks, LLC v. Decapolis LLC*, IPR2022-00229, Paper 10, at 9 (PTAB Apr. 13, 2022) (similar).

Although time-to-trial statistics are helpful in estimating a trial date when one has not yet been scheduled, they logically carry much less weight when a firm trial date has been set and no evidence suggests it will change. Here, nothing in the Lawsuit’s record suggests that the trial date will change. To the contrary, the scheduling order has been amended three times, and the trial date has never shifted. *See* Section II.A, *supra*. Nevertheless, even if time-to-trial statistics are considered, the November 2026 trial date is reasonably consistent with statistical evidence (from Lex Machina) showing that cases pending before the presiding judge (Judge Gilstrap) that went to trial in the previous year have a median time-to-trial of about 22 months. EX2013 at 1. Even if the Lawsuit took 22 months to reach trial, it would proceed to trial on February 1, 2022 before the projected February 10, 2027 date by which FWDs would be reached on all five petitions. Docket Navigator suggests a

slightly longer time to trial, with a median of 24 months, but more than 50% of all cases go to trial within 18-24 months. EX2012.

3. *Fintiv* Factor 3 Favors Discretionary Denial

Fintiv Factor 3 relates to the “investment in the parallel proceeding by the court and the parties,” *Fintiv I*, at 5–6, “at the time of the institution decision,” *id.* at 9. This factor weighs in favor of the Director exercising discretion to deny institution because of the significant investment the parties have already made, as well as the work that will be done before the institution decision. *See* Section II.A, *supra*. More investment by the parties “tends to support the arguments that the parallel proceeding is more advanced, a stay may be less likely, and instituting would lead to duplicative costs.” *Fintiv I*, at 10.

The parties have already expended significant time and resources, including developing their claims and defenses. AICP served preliminary infringement contentions on July 16, 2025. EX2006. TSMC served its preliminary invalidity contentions on September 24, 2025. EX2008 ¶ 3. TSMC’s invalidity contentions are 158 pages long, not including the appended invalidity claim charts. *See id.* There are fifteen such claim charts for the ’623 patent, and forty-five more for the other three asserted patents combined. *Id.* ¶¶ 5-8. In total, TSMC’s invalidity contentions are 4,886 pages long. *Id.* ¶ 9. The parties’ investment in developing their contentions would, on its own, make Factor 3 at least neutral. *See Int’l Business*

Machines Corp. v. Digital Doors, Inc., IPR2023-00968, Paper 7, at 10–11 (PTAB Dec. 1, 2023); *Sand Revolution II LLC v. Cont’l Intermodal Grp.-Trucking LLC*, IPR2019-01393, Paper 24, at 10 (noting that investment in invalidity contentions is relevant to this factor) (informative).

By the Board’s February 10, 2025 deadline for institution decisions on the last two of TSMC’s five petitions (including the ’623 patent), *see* Section II.B, *supra*, the parties will have exchanged claim construction disclosures, and will be just one week away from submitting their joint claim construction statement. EX2027 at 5. Moreover, the claim construction schedule in the Lawsuit is compressed; the hearing will occur only six weeks after the opening briefs. *Id.* at 4. The investment by the parties in fact discovery (including developing their contentions) and claim construction supports finding that Factor 3 favors discretionary denial. *See Arthrex, Inc. v. Medshape, Inc.*, IPR2025-00053, Paper 11, at 10–11 (PTAB Apr. 25, 2025) (noting relevance of work on fact discovery and claim construction); *Fintiv II*, at 14 (“Based on the level of investment and effort already expended on claim construction and invalidity contentions in the District Court, this factor weighs somewhat in favor of discretionary denial in this case.”).

4. *Fintiv* Factor 4 Does Not Outweigh the Other Factors

Although TSMC has submitted a stipulation, EX1040, it is “not [] dispositive by itself” and will be considered “as part of [the Board’s] holistic analysis under

Fintiv.” EX2014 at 3. This stipulation cannot overcome the overwhelming weight of all of the other factors favoring discretionary denial.

5. *Fintiv* Factor 5 Favors Discretionary Denial

Fintiv Factor 5—namely, “whether the petitioner and the defendant in the parallel proceeding are the same party,” *Fintiv I*, at 6—clearly weighs in favor of the Board exercising its discretion to deny institution. TSMC is the defendant named in the Lawsuit. EX2001 ¶ 2. Trial in the Lawsuit is scheduled to occur two-and-a-half months before the projected deadline for a final written decision in this proceeding. EX2027 at 1. Under these circumstances, “factor 5 generally follows factor 2, such that this factor ‘favors denial if trial precedes the Board’s Final Written Decision.’” *Nikon Corp. v. Optimum Imaging Tech., LLC*, IPR2024-01374, Paper 19, at 23 (PTAB April 29, 2025) (quoting *Huawei Tech. Co. v. WSOU Inv., LLC*, IPR2021-00225, Paper 11, at 14 (PTAB June 14, 2021) (internal quotation marks omitted)); see *Fintiv II*, at 15; *Samsung Elecs. Co. v. Clear Imaging Research, LLC*, IPR2020-01401, Paper 12, at 21–22 (PTAB Feb. 17, 2021) (same).

6. *Fintiv* Factor 6 Favors Discretionary Denial

Fintiv Factor 6—namely, “other circumstances that impact the Board’s exercise of discretion, including the merits,” *Fintiv I*, at 6—weighs in favor of the Board exercising its discretion to deny institution. First, settled expectations favor denying institution because each of the Four Patents has been in force for over ten

years. Section II.B, *supra*. Indeed, the '623 patent, in particular, issued on October 21, 2008—almost *seventeen years ago*. EX1001 at (45). In granting discretionary denial with respect to two other AICP patents involved in unrelated litigation against TSMC, the Director recently noted that those “patents have been in force for thirteen and eleven years, respectively, creating strong settled expectations for [AICP].” *TSMC*, IPR2025-00682, Paper 17 at 2–3 (rejecting TSMC’s argument that AICP “does not have settled expectations because [AICP] did not previously assert the challenged patent against [TSMC]”). Indeed, time periods as short as eight years have been found to create settled expectations. *Dabico Airport Solutions Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21, at 2–3 (U.S. Pat. & Trademark Off. June 18, 2025) (Acting Dir. C.M. Stewart).

When settled expectations are present, they have been given considerable weight. Indeed, settled expectations have been found to justify discretionary denial even when “there is [] no trial date set for the parallel district court proceeding.” *Google LLC v. VirtaMove, Corp.*, IPR2025-00487, Paper 11, at 2 (U.S. Pat. & Trademark Off. July 11, 2025). In another instance, settled expectations were found to outweigh multiple other factors that weighed against discretionary denial. *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10, at 2–3 (U.S. Pat. & Trademark Off. June 6, 2025) (Acting Dir. C.M. Stewart) (denying institution despite *Fintiv* Factors 1–3 all weighing against denial).

Second, the relevance of foreign third-party discovery in Japan weighs in favor of discretionary denial. Several of TSMC's five IPR petitions rely on references that TSMC admits are not prior art under pre-AIA 35 U.S.C. § 102(b). For example, the Petition *sub judice* relies on three references that TSMC concedes are prior art, if at all, only under § 102(e). Petition at 9. These references are only presumptively prior art because they can potentially be "antedated" using evidence to "swear behind" the date of the reference. *In re Zletz*, 893 F.2d 319, 323 (Fed. Cir. 1989) (recognizing that a reference "under 35 U.S.C. § 102(e) [pre-AIA] . . . can be antedated"). Thus, if the Board institutes proceedings, AICP should be afforded an opportunity to investigate whether the '623 patent's invention date precedes these references' filing dates, thereby eliminating one or more grounds of invalidity.

The Board's subpoena power is inadequate to secure this discovery. As reflected on the face of the '623 patent, the named inventors and former assignee reside in Japan. EX1001 at (73), (75). Although the Board can oversee the issuance of a subpoena by a district court, *see* 35 U.S.C. § 24, the pursuit of discovery in Japan can only occur by letters rogatory or through consular officials. *Fujikura Ltd. v. Finisar Corp.*, 2015 U.S. Dist. LEXIS 135871, at *21 (N.D. Cal. May 14, 2015). The Board's subpoena power is not useful for this type of discovery because a subpoena issued to a Japanese person or company will be quashed as being "in direct contravention of the evidentiary treaty between the United States and Japan."

Id. Because the district court can oversee this type of third-party discovery, it is a better forum in which to adjudicate the present invalidity disputes.

Third, rather than seeking a “‘true alternative’ to the district court proceeding,” *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12, at 19 (PTAB Dec. 1, 2020) (precedential), TSMC appears to be exploiting the IPR process as a tactical stalking horse to learn AICP’s rebuttals to its validity challenges prior to the due date for its expert reports in the Lawsuit. Accordingly, AICP is not addressing here the flaws in TSMC’s petitions. If proceedings are instituted, AICP reserves the right to identify and litigate each of those flaws.

C. *TSMC’s Anticipated Rebuttal Arguments Lack Merit*

TSMC’s rebuttal arguments will be unmerited. First, TSMC may assert that national security favors institution. The Director has already soundly rejected this argument. *Taiwan Semiconductor Mfg. Co., Ltd. v. Advanced Integrated Circuit Process LLC*, IPR2025-00828, Paper 17, at 2-3 (U.S. Pat. & Trademark Off. Sept. 3, 2025) (Acting Dir. C.M. Stewart). TSMC cannot explain how the Four Patents or AICP’s infringement theories specifically target military products, and TSMC’s arguments will yet again not be “narrowly-tailored towards particular products or manufacturing methods” or explain how national security interests warrant review of these particular patents. *Id.* Further, TSMC’s arguments rest on alleged harm to national security if AICP secured an injunction. But just as AICP has previously

represented, “AICP will not seek injunctive relief.” EX2024 at 11; EX2025 at 11.

Indeed, it cannot do so with respect to expired patents. Also, TSMC cannot explain how AICP could establish entitlement to an injunction under existing precedent. *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006). The Lawsuit concerns whether TSMC ought to compensate others monetarily for using their intellectual property; TSMC’s payment of a reasonable royalty does not undermine national security.

Second, TSMC may assert that, although the Four Patents issued over ten years ago, AICP lacks settled expectations. The Director has rejected this argument as to other, similarly situated patents. *TSMC*, IPR2025-00682, Paper 17, at 2 (rejecting “[TSMC’s] argument that [AICP] does not have settled expectations”). Moreover, TSMC’s argument is illogical. No doubt exists that, if the original assignee had retained the Four Patents, it would have strong settled expectations. The gravamen of TSMC’s argument is that when an original assignee with strong settled expectations assigns a patent, it resets the settled expectations clock to zero. But this would mean that each assignment reduces a patent’s value, which would in turn undermine the value of patents generally. Not surprisingly, the Director has rejected this type of argument. *Datadome S.A. v. Arkose Labs Holdings, Inc.*, IPR2025-00693, Paper 14, at 1-2, n.2 (U.S. Pat. & Trademark Off. Aug. 14, 2025) (Acting Dir. C.M. Stewart) (finding strong settled expectations even when the new

assignee had only recently acquired the patents). In addition, AICP was entitled, in deciding to purchase the Four Patents, to rely on the fact that no party had ever challenged them. Indeed, AICP's Patent Purchase Agreement reflects that it bargained for similar representations. EX2026 § 5(a)(v)(2)-(3). TSMC has no factual basis for arguing otherwise.

Third, TSMC may assert “examiner error.” As an initial matter, TSMC’s petition does not assert any form of examiner error. *See* Petition. Further, whatever new arguments TSMC fabricates, they will be “insufficient to overcome the considerations favoring discretionary denial.” *TSMC*, IPR2025-00682, Paper 17, at 2. Moreover, even if TSMC gins up new arguments with some merit—and it will not—there is no value in correcting an examiner error in an *expired* patent. TSMC may rely upon *Taiwan Semiconductor Mfg. Co., Ltd. v. Marlin Semiconductor Ltd.*, IPR2025-00847, Paper 15, at 3-4 (U.S. Pat. & Trademark Off. Sept. 3, 2025) (Acting Dir. C.M. Stewart). That was a special case because the applicant narrowed the claims based on a specific prior art reference rejection and that reference taught the very “claimed features that the patent examiner indicated were not taught. . . .” *Id.* Any new arguments will not meet this exacting standard.

V. CONCLUSION

For the foregoing reasons, AICP respectfully requests that the Board exercise its discretion to deny institution of the Petition pursuant to Section 314(a).

Dated: October 8, 2025

Respectfully submitted,

By: /Russell A. Chorush /
Russell A. Chorush (Reg. No. 55,869)
Attorney for Patent Owner
Advanced Integrated Circuit Process,
LLC

CERTIFICATE OF SERVICE

The undersigned certifies that pursuant to 37 C.F.R. § 42.6(e), a copy of the foregoing **Patent Owner’s Discretionary Denial Brief Pursuant to the Board’s March 26, 2025 Interim Processes for PTAB Workload Management, and accompanying Exhibits 2001–2027**, were served to the following counsel of record for Petitioners addressed as follows:

Lead Counsel for Petitioners	Back-up Counsel for Petitioners
Michael Houston Reg. No. 58,486 FOLEY & LARDNER LLP 321 North Clark Street, Suite 3000 Chicago, Illinois 60654 312-832-4500 mhouston@foley.com	Pavan Agarwal Reg. No. 40,888 FOLEY & LARDNER LLP 3000 K Street N.W., Suite 600 Washington, DC 20008 202-672-5300 pagarwal@foley.com Nicholas Lagerwall Reg. No. 63,272 FOLEY & LARDNER LLP 150 East Gilman Street, Suite 5000 Madison, Wisconsin 53703 608-257-5035 nlagerwall@foley.com

Dated: October 8, 2025

By: /Russell A. Chorush /
Russell A. Chorush (Reg. No. 55,869)
Attorney for Patent Owner
Advanced Integrated Circuit Process,
LLC

CERTIFICATE OF COMPLIANCE

Pursuant to the Interim Director Discretionary Process, the undersigned hereby certifies that this brief complies with the type-volume limitation of Section II.C.iii because this brief contains 20 pages.

Dated: October 8, 2025

Respectfully submitted,

By: /Russell A. Chorush /
Russell A. Chorush (Reg. No. 55,869)
Attorney for Patent Owner
Advanced Integrated Circuit Process,
LLC