

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DELL TECHNOLOGIES INC. AND DELL INC.,
Petitioners,

v.

CLOUD BYTE LLC
Patent Owner.

Case No. IPR2025-01286
U.S. Patent No. 9,482,632

PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL

TABLE OF CONTENTS

I. INTRODUCTION 1

II. PROCEDURAL HISTORY2

III. SETTLED EXPECTATIONS STRONGLY FAVOR DENIAL4

IV. THE *FINTIV* FACTORS HEAVILY WEIGH IN FAVOR OF DENIAL7

 A. *Fintiv* Factor 1: No Indication of a Stay8

 B. *Fintiv* Factor 2: Trial Will Come Nine Months Before A Final Written Decision..... 10

 C. *Fintiv* Factor 3: The Court And Parties Have Invested Considerable Resources In the EDTX Parallel Proceeding..... 13

 D. *Fintiv* Factor 4: There Is Considerable Overlap Between The IPR and the EDTX Litigation..... 15

 E. *Fintiv* Factor 5: Petitioners and Defendants Are The Same Entity. 16

 F. *Fintiv* Factor 6/Director Memo Consideration (3): The IPR’s Merits Are Weak..... 17

V. OTHER FACTORS WEIGH AGAINST DENIAL..... 18

 A. Overreliance on Expert Testimony..... 18

 B. Limited Number of Patent Challenges 18

VI. CONCLUSION 19

TABLE OF AUTHORITIES

	<u>Page</u>
Cases	
<i>Activision Blizzard, Inc. v. Milestone Ent., LLC</i> IPR2025-00708, Paper 13 (P.T.A.B. Aug. 14, 2025)	5
<i>Amazon.com, Inc. v. CustomPlay, LLC</i> IPR2018-01496, Paper 12 (P.T.A.B. Mar. 7, 2019).....	14
<i>Anthony Inc. v. ControlTec, LLC</i> IPR2025-00559, Paper 12 (P.T.A.B. July 16, 2025).....	5
<i>Apple Inc. v. Fintiv, Inc.</i> IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020).....	<i>passim</i>
<i>Cisco Sys., Inc. v. Oyster Optics, LLC</i> IPR2021-00238, Paper 10 (P.T.A.B. Jun. 1, 2021).....	11
<i>Cisco Sys., Inc. v. Ramot at Tel Aviv Univ.,</i> IPR2020-00122, Paper 15 (P.T.A.B. May 15, 2020).....	12, 15
<i>CommScope Techs. LLC v. Dali Wireless, Inc.</i> IPR2022-01242, Paper 23 (P.T.A.B. Feb. 27, 2023)	17
<i>Dabico Airport Sols. Inc. v. AXA Power ApS</i> IPR2025-00408, Paper 21 (P.T.A.B. June 18, 2025).....	4, 5
<i>Edward LifeSciences Corp. v. Evalve, Inc.</i> IPR2019-01479, Paper 7 (P.T.A.B. Feb. 26, 2020)	11, 12
<i>F5 Networks, Inc. v. WSOU Invs., LLC</i> IPR2022-00239, Paper 12 (P.T.A.B. May 19, 2022).....	11
<i>Force MOS Tech. Co., Ltd. v. ASUSTeK Comput., Inc.</i> 2024 WL 1586266 (E.D. Tex. Apr. 11, 2024).....	9
<i>Full-Metal-Power B.V. v. Infocus Downhole Sols. USA LLC</i> IPR2025-00391, Paper 14 (P.T.A.B. June 25, 2025).....	11

<i>Google LLC v. EcoFactor, Inc.</i> IPR2021-00488, Paper 12 (P.T.A.B. Aug. 11, 2021)	11
<i>Google LLC v. SoundClear Techs. LLC</i> IPR2025-00344, Paper 15 (P.T.A.B. Aug. 4, 2025)	4
<i>HS Hyosung Advanced Materials v. Kolon Indus., Inc.</i> IPR2025-00662, Paper 12 (P.T.A.B. Aug. 14, 2025)	4
<i>Luminati Networks Ltd. v. Teso LT, UAB</i> 2020 WL 6803255 (E.D. Tex. Oct. 30, 2020)	8, 9
<i>Motorola Sols., Inc. v. Stellar, LLC</i> IPR2024-01205, Paper 19 (P.T.A.B. Mar. 28, 2025).....	14, 16
<i>Next Caller, Inc. v. TRUSTID, Inc.</i> IPR2019-00961, -00962, Paper 10 (P.T.A.B. Jan. 7, 2020).....	11
<i>Next Caller, Inc. v. TRUSTID, Inc.</i> IPR2019-00963, Paper 8 (P.T.A.B. Oct. 28, 2019)	14
<i>OpenSky Indus., LLC v. VLSI Tech. LLC</i> IPR2021-01064, Paper 102 (P.T.A.B. Oct. 4, 2022).....	17
<i>Samsung Display Co. v. Pictiva Displays Int’l Ltd.</i> IPR2024-00855, Paper 12 (P.T.A.B. Nov. 19, 2024)	15
<i>Samsung Elecs. Am., Inc. v. Uniloc 2017 LLC</i> IPR2019-01218, Paper 7 (P.T.A.B. Apr. 22, 2025)	11
<i>Samsung Elecs. Co. v. Truesight Commc’ns LLC</i> IPR2025-00123, Paper 12 (P.T.A.B. Apr. 22, 2025).....	11
<i>SkullCandy, Inc. v. Earin AB</i> IPR2025-00690, Paper 9 (P.T.A.B. July 31, 2025).....	5
<i>Snap, Inc. v. SRK Tech. LLC</i> IPR2020-00820, Paper 15 (P.T.A.B. Oct. 21, 2020).....	16
<i>Tesla, Inc. v. Intell. Ventures II LLC</i> IPR2025-00217, Paper 9 (P.T.A.B. July 13, 2025).....	18, 19

Tessera Advanced Techs., Inc. v. Samsung Elecs. Co., Ltd.
2018 WL 3472700 (E.D. Tex. July 19, 2018)8

Thermo Fisher Sci., Inc. v. Regents of the Univ. of Cal.
IPR2018-01370, Paper 11 (P.T.A.B. Mar. 28, 2025).....14

Viavi Sols. Inc. v. Zhejiang Crystal-Optech Co.
2022 WL 16856099 (E.D. Tex. Nov. 10, 2022)9

Statutes

35 U.S.C. § 3146

EXHIBITS

EX2001	U.S. Pat. App. Pub. No. 2009/0323277
EX2002	U.S. Pat. App. Pub. No. 2002/0135496
EX2003	Dkt. 94 (Second Amended Scheduling Order)
EX2004	Docket Navigator Statistics
EX2005	U.S. Court's median time-to-trial statistics for the Eastern District of Texas
EX2006	Dkt. 119 (Order Setting Markman Hearing)
EX2007	Hira Invalidity Claim Chart for the '632 Patent (B2)
EX2008	Shiga Invalidity Claim Chart for the '632 Patent (B3)

I. INTRODUCTION

Pursuant to the Director's March 26, 2025, Memorandum Regarding Interim Processes for PTAB Workload Management, Cloud Byte LLC ("Patent Owner") files this Request for Discretionary Denial of Institution.

Dell Technologies Inc. and Dell Inc.'s ("Petitioners") challenges against five of Patent Owner's patents are precisely what the Director has repeatedly found are not an efficient use of Board resources. Each of the five patents were issued between 2016 and 2018—in this case, the '632 Patent issued on November 1, 2016 and has been in force for *almost nine years*. Given the age of the patents, that they were (at least as alleged by Petitioners) licensed to industry participants, and that the original assignee, NEC Corp., is a leader in this technology space, these patents have strong settled expectations of validity.

Moreover, as a result of Petitioners' delay in filing these challenges—over eleven months after service of the complaint—trial in the parallel litigation is scheduled to begin in *over nine months* before the Board's statutory deadline Final Written Decision. By the time of the Board's institution decision, a mere three months before trial, the Court will have already held a claim construction hearing, and all discovery will have been completed.

These factors strongly favor denial under the Director's discretion.

II. PROCEDURAL HISTORY

On August 5, 2024, Patent Owner filed an infringement case in the Eastern District of Texas ("EDTX") alleging that Defendants Dell Technologies Inc. and Dell Inc. infringed seven of Patent Owner's patents: 7,739,544; **9,482,632**; 9,560,177; 9,629,265; 9,651,320; 9,900,249; and 10,628,273.

That case has progressed considerably. In the intervening thirteen months, the parties have exchanged infringement and invalidity contentions, completed Rule 12 briefing, started claim construction discovery, and made considerable progress towards completing all other discovery: the parties have taken eight depositions; produced roughly 57,500 documents (377.66 gigabytes of data); produced more than 200,000 files of source code; reviewed productions from six third-parties; and negotiated hundreds of discovery requests. The parties will complete all claim construction briefing in less than two weeks, before Petitioners' response to this Request for Discretionary Denial is even due. The Court will hold its claim construction hearing shortly thereafter on October 31.

Before the honorable Director even decides whether to institute by January 22, 2026, expert and fact discovery will close, expert reports will be

served, and motions to strike and *Daubert* motions will be filed. And this makes sense: trial is set for *less than six months away on April 6, 2026*. By the time a decision on institution is due on January 22, 2026, trial will be *less than three months away*.

Rather than efficiently choose the PTAB to determine validity early in the parties' dispute, at the eleventh hour on July 14, 2025, Petitioners filed IPR2025-01284 challenging the '632 Patent based on *two of the five same prior art* Petitioners still allege in the EDTX litigation: Hira and Shiga. Petitioners waited *five-and-a-half months after serving its invalidity contentions* to file this Petition based on the same art. Petitioners have not moved for a stay in the EDTX litigation.

Non-party Unified Patents filed an EPR challenging one patent-in-suit, U.S. Pat. No. 7,739,544. Petitioners also filed IPRs challenging four of the six other patents-in-suit (IPR2025-01284; IPR2025-01285; IPR2025-01287; IPR2025-01288). There is no pending challenge on the seventh patent-in-suit: U.S. Pat. No. 10,628,273.

The statutory deadline for institution is Thursday January 22, 2026. The projected statutory deadline for a Final Written Decision of this Petition is January 22, 2027, *nine months after the EDTX trial*.

III. SETTLED EXPECTATIONS STRONGLY FAVOR DENIAL

As the Director has explained, “in general, the longer the patent has been in force, the more settled expectations should be. This approach aligns with other approaches to settled expectations and incentives, for example, for filing infringement lawsuits.” *Dabico Airport Sols. Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21, at 3 (P.T.A.B. June 18, 2025). Accordingly, the Director has consistently denied challenges to patents that have been in force for at least six years. *See, e.g., id.* at 2 (“[T]he challenged patent has been in force almost eight years, creating settled expectations.”); *HS Hyosung Advanced Materials v. Kolon Indus., Inc.*, IPR2025-00662, Paper 12, at 2 (P.T.A.B. Aug. 14, 2025) (“[T]he challenged patents have been in force for more than seven, six, and nine years, respectively, creating strong settled expectations for Patent Owner”).

There are settled expectations that the '632 Patent will remain valid and undisturbed. The '632 Patent issued on November 1, 2016. It therefore has been in force for ***almost nine years***. Nor can Petitioners argue that the patent was not “commercialized, asserted, marked, licensed, or otherwise applied in a petitioner’s particular technology space.” *Google LLC v. SoundClear Techs. LLC*, IPR2025-00344, Paper 15, at 2 (P.T.A.B. Aug. 4, 2025). Petitioners have asserted in the parallel litigation that the '632 Patent was licensed and

commercialized in products sold by at least NEC. Although Petitioners allege they did not have knowledge¹ of the '632 Patent prior to Patent Owner's lawsuit, several others in the same industry did. The '632 Patent and related patent applications have been cited over a dozen times during prosecution of patents filed by companies such as Canon and Toshiba. EX2001 (U.S. Pat. App. Pub. No. 2009/0323277), EX2002 (U.S. Pat. No. 2002/0135496). The '632 Patent was not unknown, and the lack of any previous challenges cemented the settled expectations.

The Director has on occasion found that settled expectations can be outweighed by material examiner error. *See, e.g., SkullCandy, Inc. v. Earin AB*, IPR2025-00690, Paper 9, at 2-3 (P.T.A.B. July 31, 2025) (finding examiner error where limitation that was the basis of allowance was not found in some independent claims); *Activision Blizzard, Inc. v. Milestone Ent., LLC*, IPR2025-00708, Paper 13, at 2-3 (P.T.A.B. Aug. 14, 2025) (finding examiner error where limitation that was basis of allowance for parent application was removed from child application); *Anthony Inc. v. ControlTec, LLC*, IPR2025-00559, Paper 12, at 2-3 (P.T.A.B. July 16, 2025) (finding examiner error

¹ Knowledge of the patent by Petitioners is not required to create settled expectations. *Dabico Airport Sols.*, Paper 21, at 3.

where prior art persuasively discloses limitation that was the basis for allowance).

The examiner did not err in granting the '632 Patent. The examiner thoroughly searched for prior art and examined the '632 Patent's application. EX1002. In the notice of allowance, the examiner found that no single reference met all of the limitations of the claims of the '632 Patent, and there was a lack of motivation to combine prior art references. EX1002 at 153-54 ("The best prior art of record Urita (US 2007/0215341) and Yamaoka et al. (US 2011/0057803), fail to specifically teach the invention as claimed. See applicant's reasoning in amendment/response of 04/14/2016 pp.7-9. Hence the prior art of record fails to teach the invention as set forth in claims 1-9. The examiner cannot find specific teaching of the invention, nor reasons within the cited art to combine the elements of these references other than applicant's own reasoning to fully encompass the current pending claims."); *see also id.* at 128-30. As Patent Owner will explain in its preliminary response, the Petition suffers from the same flaws where the prior art does not disclose the limitations of the '632 Patent either alone or combined.

IV. THE *FINTIV* FACTORS HEAVILY WEIGH IN FAVOR OF DENIAL

The Petition should be denied pursuant to 35 U.S.C. § 314. Section 314(a) states that the “Director *may not* authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition ... shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a) (emphasis added).

In determining whether to exercise discretionary power under § 314(a), the Director balances the six factors set forth in *Apple Inc. v. Fintiv, Inc.* and may consider the non-exhaustive considerations enumerated in the Director Memo.

The *Fintiv* factors contemplate:

1. whether the court granted a **stay** or evidence exists that one may be granted if a proceeding is instituted;
2. **proximity of the court's trial date** to the Board's projected statutory deadline for a final written decision;
3. **investment** in the parallel proceeding by the court and the parties;
4. **overlap** between issues raised in the petition and in the parallel proceeding;

5. whether the petition and the defendant in the parallel proceeding are the **same party**; and

6. **other circumstances** that impact the Board's exercise of discretion, **including the merits**.

IPR2020-00019, Paper 11 at 6 (P.T.A.B. Mar. 20, 2020) (precedential) ("*Fintiv*") (emphasis added). The Board takes a "holistic view" of whether efficiency and integrity of the system are best served by denying or instituting review. *Id.*

All six *Fintiv* factors favor discretionary denial in this proceeding. This is because Petitioners waited *over eleven months* after being served with the EDTX complaint to file these challenges. As a result, the parties have expended significant resources litigating and preparing for trial. Trial is currently scheduled for April 6, 2026, over *nine months* before the Board's statutory deadline for its Final Written Decision. And worse still, as Patent Owner explains below, Petitioners' challenge is likely to fail on the merits.

A. *Fintiv* Factor 1: No Indication of a Stay

The first *Fintiv* factor favors denial because the likelihood of a stay is nearly non-existent. Petitioners have not moved for a stay; even if they did, no evidence exists that Judge Gilstrap in EDTX would grant a stay if a proceeding were instituted. In fact, it is "well established that [EDTX] will

not, barring exceptional circumstances, grant a stay of proceedings for the mere filing of an IPR.” *Tessera Advanced Techs., Inc. v. Samsung Elecs. Co., Ltd.*, 2018 WL 3472700, at *10-11 (E.D. Tex. July 19, 2018); *see also Luminati Networks Ltd. v. Teso LT, UAB*, 2020 WL 6803255, at *1 (E.D. Tex. Oct. 30, 2020) (“[T]his Court has a consistent practice of denying motions to stay when the PTAB has yet to institute post-grant proceedings.”).

This is especially true where all asserted patents are not under review. Here, Petitioners have only challenged *five* of the seven patents-in-suit. Third-party Unified Patents filed an EPR challenge against one of the remaining patents. Still, one of the seven patents-in-suit (*i.e.*, U.S. Pat. No. 10,628,273) remains unchallenged. Thus, even if all five IPRs and the EPR are instituted, the Court is unlikely to stay the proceeding. This is particularly relevant where EDTX “has a consistent practice of denying motions to stay when the PTAB has yet to institute post-grant proceedings” as to all patents at issue. *Force MOS Tech. Co., Ltd. v. ASUSTeK Comput., Inc.*, 2024 WL 1586266, at *4 (E.D. Tex. Apr. 11, 2024) (citations omitted). This is because EDTX recognizes that “IPRs cannot simplify the issues to the extent necessary to justify a stay” when fewer than all of the patents at issue are subject to IPRs. *Id.*

In sum, EDTX is extremely unlikely to stay the underlying action, particularly in view of the Court's "established practice" of denying a stay while institution decisions remain pending in an IPR proceeding. *Viavi Sols. Inc. v. Zhejiang Crystal-Optech Co.*, 2022 WL 16856099, at *5 (E.D. Tex. Nov. 10, 2022). Thus, this factor weighs against institution.

B. Fintiv Factor 2: Trial Will Come Nine Months Before A Final Written Decision.

That the district court trial will precede the Board's projected statutory deadline for a final written decision by *more than nine months* heavily favors denial. Trial is scheduled just six months away for April 6, 2026. EX2003. The Board's Final Written Decision, on the other hand, is due January 19, 2027.

The scheduled trial date is consistent with median time-to-trial statistics. The median time to jury trial in patent cases filed before Judge Gilstrap after January 1, 2020 is 20 months after the filing of the complaint. EX2004 (Docket Navigator Statistics from 1/1/20-9/18/25). Applying that median time to Patent Owner's complaint filed August 5, 2024, aligns with the set trial date in April 2026, which precedes the Board's statutory deadline by over nine months.

Similarly, the U.S. Courts' Court Management Statistics show a median time-to-trial for the Eastern District of Texas ranging from 17 to 25 months, depending on the year. EX2005. Thus, even the most pessimistic projection would place trial in September 2026, still over four months before the Board's statutory deadline.

This delta greatly favors denial, and the Director has denied institution for much smaller gaps. *See, e.g., Full-Metal-Power B.V. v. Infocus Downhole Sols. USA LLC*, IPR2025-00391, Paper 14, at 2 (P.T.A.B. June 25, 2025) (denying institution where trial would precede any final written decision by one month); *Next Caller Inc. v. TRUSTID, Inc.*, IPR2019-00961, -00962, Paper 10, at 8-16 (P.T.A.B. Oct. 16, 2019) (denying institution where trial was scheduled to conclude "several months" before a final decision would be due); *Samsung Elecs. Am., Inc. v. Uniloc 2017 LLC*, IPR2019-01218, Paper 7, at 7-10 (P.T.A.B. Jan. 7, 2020) (denying institution where jury selection was scheduled for approximately six months before trial in the Board proceeding would conclude); *Samsung Elecs. Co. v. Truesight Commc'ns LLC*, IPR2025-00123, Paper 12, at 6-7 (P.T.A.B. Apr. 22, 2025) (denying institution where trial would precede FWD by six months); *F5 Networks, Inc. v. WSOU Invs., LLC*, IPR2022-00239, Paper 12, at 7-8 (P.T.A.B. May 19, 2022) (same); *Google LLC v. EcoFactor, Inc.*, IPR2021-00488, Paper 12, at 11-12 (P.T.A.B.

Aug. 11, 2021) (same); *Cisco Sys., Inc. v. Oyster Optics, LLC*, IPR2021-00238, Paper 10, at 11-13 (P.T.A.B. Jun. 1, 2021) (denying institution where trial would precede FWD by seven months); *Edward LifeSciences Corp. v. Evalve, Inc.*, IPR2019-01479, Paper 7, at 7 (P.T.A.B. Feb. 26, 2020) (denying institution where jury trial would conclude more than nine months before FWD).

“Because the trial date is substantially earlier than the projected statutory deadline for the Board’s final decision, this factor weighs in favor of discretionary denial.” *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, IPR2020-00122, Paper 15, at 8 (P.T.A.B. May 15, 2020).

And these circumstances are of Petitioners’ own making. Petitioners waited ***more than eleven months*** after Patent Owner initiated litigation to file this Petition. If Petitioners had been diligent, they could perhaps have avoided the ***nine month gap*** between trial and Final Written Decision. Inexplicably, Petitioners waited ***five-and-a-half months after serving its invalidity contentions*** based on the very same art asserted here to file this Petition. It is because of Petitioners’ delay, and nothing else, that patentability will be resolved before Judge Gilstrap nine months prior to any Final Written Decision here.

C. Fintiv Factor 3: The Court And Parties Have Invested

Considerable Resources In the EDTX Parallel Proceeding.

Fintiv Factor 3 looks to 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*, Paper 11, at 9. For example, “district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.” *Id.* at 10.

This factor heavily weighs in favor of denial because by the time the Board considers institution, all discovery will have completed, the Court will have held a claim construction hearing, and the parties will have filed pre-trial and dispositive motions.

Petitioners burned eleven months before filing their Petition. Because they were dilatory, the litigation has progressed considerably. At present, dispositive dismissal briefing and invalidity contention briefing is complete. Claim construction discovery completed on August 22, 2025. All other discovery has progressed substantially: the parties have taken eight depositions; produced more than 200,000 source code files; negotiated hundreds of discovery requests; and the parties and third-parties have produced 763,673 pages of documents.

Before the decision on institution is due on January 22, 2026, expert and fact discovery will close, expert reports will be served, and motions to strike and *Daubert* motions will be filed. EX2003. The Court will have completed its claim construction hearing scheduled on October 31 and very likely will have issued a claim construction order by then. *Id.*; EX2006. And this makes sense: trial is set for *less than six months* away on April 6, 2026. *Id.* The parties are vigorously preparing for trial.

Denial is appropriate where, as here, there is an advanced parallel litigation. *See, e.g., Next Caller, Inc. v. TRUSTID, Inc.*, IPR2019-00963, Paper 8, at 13 (P.T.A.B. Oct. 28, 2019) (denying referral where district court issued claim construction order); *Thermo Fisher Sci., Inc. v. Regents of the Univ. of Cal.*, IPR2018-01370, Paper 11, at 26-27 (P.T.A.B. Feb. 7, 2019) (denying where district court issued claim construction order); *Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19, at 3-4 (P.T.A.B. Mar. 28, 2025) (finding it was erroneous to deny institution where “the parties had served extensive infringement and invalidity contentions...filed claim construction briefs, and conducted several depositions...[and] [t]he court also had held a claim construction hearing and construed the disputed claim terms”); *cf. Amazon.com, Inc. v. CustomPlay, LLC*, IPR2018-01496, Paper 12, at 8-9 (P.T.A.B. Mar. 7, 2019) (referring where district court proceeding

in its early stages, with no claim construction hearing held and district court having granted extensions of various deadlines in the schedule).

This factor also considers Petitioners' lack of diligence in filing its Petition. Petitioners waited over *eleven months* from the service of the complaint, and over five months after serving its invalidity contentions based on the very same prior art it asserts here to file its Petition. There is no reasonable argument Petitioners were diligent.

D. *Fintiv* Factor 4: There Is Considerable Overlap Between The IPR and the EDTX Litigation.

Significant overlap exists between this Petition and the district court litigation because Petitioners recycle “the same or substantially the same claims, grounds, arguments, and evidence” here that they presented in EDTX. *Fintiv*, Paper 11, at 12.

In the district court, Petitioners-Defendants' invalidity contentions allege both anticipation and obviousness based on the same references relied upon in their Petition: Hira and Shiga. *See* EX2007; EX2008. This “rais[es] the specter of significant overlap and duplication of efforts.” *Samsung Display Co. v. Pictiva Displays Int'l Ltd.*, IPR2024-00855, Paper 12, at 11 (P.T.A.B. Nov. 19, 2024) (“factor four favors denial”). “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.”
Cisco Sys., IPR2020-00122, Paper 15, at 10.

Additionally, Petitioners' stipulation (Paper 7) is not dispositive. PTAB Memorandum, “Guidance on USPTO’s rescission of ‘Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation’” (Mar. 24, 2025) (“Boalick Memo”); *Motorola Sols.*, Paper 19, at 4. This is because, like in *Motorola*, Petitioners' stipulation “does not outweigh the substantial investment in the district court proceeding [*Fintiv* factor 3] or *Fintiv* factors 1, 2, and 5” where trial was to occur eleven months before the Board’s projected final written decision date and the parties, *inter alia*, “had served extensive infringement and invalidity contentions, served opening and rebuttal expert reports, filed claim construction briefs, and conducted several depositions.” *Id.* at 3-4. In other words, even if Petitioners' stipulation was availing—and it is not—it is still not enough to outweigh the other considerations which heavily favor denial.

E. *Fintiv* Factor 5: Petitioners and Defendants Are The Same Entity.

Both defendants in the parallel proceeding, Dell Technologies Inc. and Dell Inc., are joint Petitioners here. Because “the petitioner[s] and the defendant[s] in the parallel proceeding are the same party,” *Fintiv*, Paper 11,

at 13-14, this factor “weigh[s] slightly in favor of exercising discretion to deny institution.” *Snap, Inc. v. SRK Tech. LLC*, IPR2020-00820, Paper 15, at 16 (P.T.A.B. Oct. 21, 2020).

F. *Fintiv* Factor 6/Director Memo Consideration (3): The IPR's Merits Are Weak.

Fintiv Factor 6 and Director Memo consideration (3) consider other circumstances that impact the Board's exercise of discretion, including the merits.

The standard is whether the challenge is one of “compelling merits” which “is a higher standard than the standard for institution set by statute.” *Commscope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23, at 3 (P.T.A.B. Feb. 27, 2023) (citing *OpenSky Indus., LLC v. VLSI Tech. LLC*, IPR2021-01064, Paper 102, at 49-50 (P.T.A.B. Oct. 4, 2022) (precedential); USPTO Memorandum, “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation” (June 21, 2022)); *see also* Boalick Memo at 3 (“as stated in *Fintiv*, the factors considered in the exercise of discretion are part of a balanced assessment of all the relevant circumstances in the case, including the strength of the merits. However, compelling merits alone is not dispositive in making the assessment.”).

Patent Owner incorporates by reference its forthcoming Preliminary Response. U.S. Pat. & Trademark Off., *FAQs for Interim Processes for PTAB Workload Management*, Q.25 (Apr. 25, 2025). As Patent Owner will explain there in fuller detail, the Petition lacks merit because Shiga and Hira do not disclose each limitation.

V. OTHER FACTORS WEIGH AGAINST DENIAL

A. Overreliance on Expert Testimony

The petitions should also be denied because of Petitioners' overreliance on expert testimony. As the Director recently made clear in her memorandum of July 31, 2025, Petitioners are no longer allowed to rely solely on expert testimony to supply a claim limitation missing from the prior art. July 31, 2025 Memorandum on Enforcement of 37 C.F.R. § 42.104(b)(4). Yet that is precisely what Petitioners have done, frequently relying on expert testimony to "interpret" the prior art where it does not expressly disclose a limitation.

B. Limited Number of Patent Challenges

Petitioners have only filed IPR challenges against five of the seven asserted patents. In addition, third-party Unified Patents has filed an *ex parte* reexamination against a sixth asserted patent. Thus, even assuming all six proceedings are instituted, and the patents are found invalid, that would not

resolve the litigation dispute between Petitioners and Patent Owner. The Board therefore does not provide an adequate alternative to the District Court.

In addition, even though the five challenged patents are not related to each other, the challenges do not present a “large number and vast scope” such that “the Board is better suited to review a large number of patents involving diverse subject matter.” *Tesla, Inc. v. Intell. Ventures II LLC*, IPR2025-00217, Paper 9, at 3 (P.T.A.B. July 13, 2025). Five patents is not a significant number. Moreover, two of the patents (the '249 and '177 Patents) relate to network packet flows while the other three (the '632, '265, and '320 Patents) relate to thermal management of servers. The subject matter of the patents is similar enough for review by a District Court jury—which will include *all* seven asserted patents and conclude *nine months* before the Board reaches its decision.

VI. CONCLUSION

For the foregoing reasons, Patent Owner respectfully requests that the Director exercise discretion to deny institution of the Petition in its entirety.

IPR2025-01286
Patent Owner's Request for Discretionary Denial

Date: September 22, 2025

/s/ James M. Glass

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CERTIFICATE OF SERVICE (37 C.F.R. §§ 42.6(E), 42.105(A))

The undersigned hereby certifies that the foregoing document was served in its entirety on September 22, 2025 upon the following parties via

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