

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE

NINTENDO CO., LTD. and NINTENDO OF AMERICA INC.,
Petitioner,

v.

ANCORA TECHNOLOGIES, INC.,
Patent Owner.

IPR2021-01338
Patent 6,411,941 B1

ROKU, INC. and VIZIO, INC.,
Petitioner,

v.

ANCORA TECHNOLOGIES, INC.,
Patent Owner.

IPR2021-01406
Patent 6,411,941 B1

Before JOHN A. SQUIRES, *Under Secretary of Commerce for Intellectual
Property and Director of the United States Patent and Trademark Office.*

ORDER

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Ancora Technologies, Inc. (“Patent Owner”) filed a request for Director Review of the Final Written Decision on Remand in each of the above-captioned *inter partes* reviews (“IPRs”). See Paper 74 (“Request”)¹; IPR2021-01406, Paper 77. Petitioners in these IPRs each filed authorized responses as follows: Petitioners Nintendo Co., Ltd. and Nintendo of America Inc. filed a response to the request in IPR2021-01338, and Petitioners Roku, Inc. and Vizio, Inc. filed a response to the request in IPR2021-01406. Paper 77 (“Response”); IPR2021-01406, Paper 82.²

The Board initially issued Final Written Decisions in the IPRs finding all challenged claims of the patent unpatentable as obvious. See Paper 49 (public version). On appeal, the United States Court of Appeals for the Federal Circuit vacated and remanded the decisions after determining that the Board erred in applying the court’s precedent on nexus to the licensing evidence that was offered as objective indicia of nonobviousness. *Ancora Techs., Inc. v. Roku, Inc.*, 140 F.4th 1351, 1354 (Fed. Cir. 2025). Before turning to the licensing evidence, the court agreed with the Board’s finding that Petitioners had established a prima facie case of obviousness based on the asserted prior art combination. *Id.* at 1359–60. As to the licenses, the court concluded that the

¹ The request is substantively identical in both IPRs and, therefore, this Order cites the public version of the request filed in IPR2021-01338 for ease of reference. Further, unless otherwise noted, all citations are to the record in IPR2021-01338.

² I refer to all petitioners collectively as “Petitioners.” And for simplicity, I refer to the public versions of Petitioners’ responses collectively as the “Response” when addressing Petitioners’ arguments that significantly overlap across the IPRs.

Board’s findings “constitute[d] legal error and were not supported by substantial evidence.” The court explained that the Board applied an improperly heightened nexus standard when evaluating the licenses and that under the correct standard, the licenses, “taken by substantial parties paying substantial royalties to secure the right to practice the . . . patent, should have been given more, if not controlling, weight” in the obviousness determination. *Id.* at 1364. The court also explained that the Board “noted, but did not evaluate,” Petitioners’ arguments citing Patent Owner’s settlements with other companies that licensed the challenged patent “for much less than anticipated litigation costs.” *Id.* The court concluded that on remand, the Board should “consider the nexus issue and the probative value” of the low-value licenses and weigh that against the high-value licenses. *Id.*

In the Final Written Decisions on Remand, the Board again found that Petitioners established, by a preponderance of the evidence, that the challenged claims are unpatentable as obvious. Paper 71 (“Decision”); IPR2021-01448, Paper 74 (collectively, “Remand Decisions”). As the Federal Circuit instructed, the Board considered the licenses offered as objective indicia of nonobviousness. Decision 47–61. The Board accorded “somewhat significant weight” in favor of nonobviousness to the high-value licenses, and determined that the “low-value licenses,” weighed “somewhat significantly in favor of a conclusion of obviousness.” *Id.* at 58–60. The Board balanced these accorded weights against each other and found that “Patent Owner’s objective evidence does not tip the scales of patentability toward nonobviousness.” *Id.* at 61.

In the Request, Patent Owner argues that although there is nexus for the high-value licenses, no such nexus can be presumed for the low-value licenses. Request 8–9. According to Patent Owner, the Board drew improper inferences from the timeline surrounding the licenses to assume that the low-value of the licenses constituted proof of Patent Owner’s belief that the challenged patent was unpatentable. *Id.* at 10–12. Patent Owner further posits that the Board improperly shifted to Petitioners’ burden to prove that the low-value licenses have a nexus, i.e., that the settlements relate to the strength of the patent, “so as to rule out their being taken for any other business, relationship, or economic reasons.” *Id.* at 10, 12–13. Finally, Patent Owner urges a rebalancing of the evidence in view of the Federal Circuit’s remand instructions that the Board should have given more weight to the high-value licenses. *Id.* at 14 (citing *Ancora*, 140 F.4th at 1364).

Petitioners respond that the Board drew proper inferences from the circumstances surrounding the low-value licenses to find a strong nexus and, therefore, the Board properly assessed their probative value. *See* Response 5–8. Petitioners also argue the licensing evidence collectively has little probative value on obviousness, with the low-value licenses constituting affirmative evidence of obviousness. *See id.* at 8–11. Petitioners oppose the request to rebalance the evidence, arguing that the Board correctly weighed the licensing evidence against a “strong” prima facie case of obviousness to find the claims obvious. *See id.* at 12–14.

Having considered each request and response, the Remand Decisions warrant further review by a Delegated Rehearing Panel (“DRP”). The Federal

Circuit instructed the Board to “consider the nexus issue and the probative value of the [low-value] licenses and weigh that against the licenses produced by [Patent Owner] in support of its argument of commercial success as objective indicia of nonobviousness.” *Ancora*, 140 F.4th at 1364. The Board concluded nexus was shown because “the low value licenses convey rights to the [challenged patent], just as their high value counterparts” and gave “somewhat significant weight to these low-value licenses.” Decision 59–60. In doing so, the Board found that the low-value licenses evidence obviousness “because Patent Owner was essentially willing to give away rights to the [challenged patent] in exchange for settling patentability/validity challenges.” *Id.* at 60. The Board, however, did not consider any other reasonable inference that could be drawn from the circumstances surrounding the low-value licenses or discuss any evidence demonstrating that Patent Owner entered into the licenses because of the merits of the claimed invention, as opposed to business decisions to avoid litigation, prior business relationships, or for other economic reasons. *Cf. Cole Kepron Int’l, LLC v. VSR Indus., Inc.*, 695 Fed. Appx. 566, 572 (Fed. Cir. 2017); *Bosch Auto. Serv. Sols., LLC v. Matal*, 878 F.3d 1027, 1038 (Fed. Cir. 2017) (“There is no evidence in the record that these agreements arose out of a recognition and acceptance of the merits of the claimed invention, rather than solely to avoid the costs of defending against further litigation.”).

Indeed, licenses may be entered for various reasons, “because they are mutually beneficial,” “because of business judgments that it is cheaper to take licenses than to defend infringement suits, or for other reasons unrelated to the

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[validity or patentability] of the licensed subject matter.” *EWP Corp. v. Reliance Universal Inc.*, 755 F.2d 898, 907–908 (Fed. Cir. 1985). Although the Federal Circuit determined the high-value licenses had a nexus to the challenged patent based, in part, on the substantial royalties to secure the right to practice the patent, a finding of nexus for the low-value licenses was not mandated merely because the low-value licenses also encompassed that patent. *See Ancora*, 140 F.4th at 1363–64 (stating also in connection with the nexus requirement that “when it comes to licenses, clear evidence that substantial license fees were paid for licenses to a specific patent late in a litigation should be given the significance that their magnitude deserves.”).

The Board’s methodology of effectively “netting” the high-value licenses struck before litigation against the lower value licenses as an amount that did “not tip the scales of patentability toward nonobviousness” seemingly misunderstands how markets work and what real-world licensing negotiations actually signal. The purpose of providing “objective indicia” is to ideally provide a window into market receptivity of specific intellectual property. *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1391 (Fed. Cir. 1988) (“The rationale for giving weight to the so-called ‘secondary considerations’ is that they provide objective indicia of how the patented device is viewed in the marketplace, by those directly interested in the product.”). And providing specific marketplace evidence, such as pricing, terms, duration, and the like, tethers the “rights-world” of patents to the real-world of the products and services they cover. Thus, the netting function and “no movement” outcome resulting from the Board’s analysis alone warrants scrutiny.

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Accordingly, Director Review is delegated to a DRP to review the Remand Decisions and to determine whether, as instructed by the court, the Board correctly decided nexus for the low-value licenses and properly weighed the probative value of the high- and low-value licenses, as objective indicia of nonobviousness.

Absent good cause, the DRP shall issue a decision within 60 days of this Order.

Accordingly, it is:

ORDERED that the request for Director Review is delegated to a DRP;
and

FURTHER ORDERED that the parties' motions to seal (IPR2021-01338, Papers 73, 75; IPR2021-01406, Papers 76, 83) are granted.

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