

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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ROKU, INC. and VIZIO, INC.,  
Petitioners,

v.

ANCORA TECHNOLOGIES, INC.,  
Patent Owner.

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Case IPR2021-01406  
U.S. Patent No. 6,411,941

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**CORRECTED AUTHORIZED RESPONSE TO  
DIRECTOR REVIEW REQUEST**

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Patent Trial and Appeal Board  
U.S. Patent & Trademark Office  
P.O. Box 1450  
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## I. INTRODUCTION

The Board’s Final Written Decision reflects a faithful execution of the Federal Circuit’s mandate and brings this long-running dispute over an expired patent to its proper conclusion. On remand, the Board evenhandedly applied the court’s nexus standard to all of Patent Owner’s (“PO”) licenses, carefully evaluated their probative value, and correctly weighed that evidence against Petitioners’ strong showing of obviousness. Indeed, the Federal Circuit agreed with the Board’s earlier obviousness findings, which PO does not address.

What PO seeks is not correction of legal error but application of a double standard to its licensing evidence. Mischaracterizing the Federal Circuit’s ruling, PO asserts that its high-value licenses are dispositive of obviousness, while its low-value licenses are irrelevant absent some affirmative evidence tying their value to the strength of the ’941 patent. But the Federal Circuit (at PO’s urging) rejected that nexus standard for licensing evidence, generally, and likewise rejected PO’s assertion that the low-value licenses were “‘of little significance’ in the obviousness analysis.” *Ancora Techs., Inc. v. Roku, Inc.*, 140 F.4th 1351, 1364 (Fed. Cir. 2025). PO’s attempt to resurrect an exacting nexus standard to shield its low-value licenses from scrutiny runs counter to the Federal Circuit’s ruling.

It also conflicts with longstanding patent law. Obviousness can and should account for “both positive *and negative* evidence in the objective indicia.” *Navico*

*Inc. v. ITC*, 696 F. App'x 989, 999 (Fed. Cir. 2017) (emphasis added). PO's contrary position would unfairly and improperly permit a patentee to rely on favorable evidence while shielding unfavorable evidence from consideration. No case endorses such an approach to obviousness, and Director review is not an appropriate vehicle for creating new law.

PO's request for post-FWD termination is equally unavailing. The Federal Circuit's mandate ordered the Board to adjudicate patentability, and discretionary considerations cannot override that directive. Nor are such considerations properly raised at this late stage. The time to seek discretionary denial was during the institution phase, not five years later and after two Final Written Decisions. That ship has sailed.

PO's discretionary arguments also fail on the merits. The '941 patent expired nearly eight years ago—before PO ever asserted it against Petitioners—and Petitioners developed strong settled expectations that the patent would not be enforced. Termination at this juncture would disrupt those expectations and result in substantial inefficiency. The parties spent nearly five years litigating the patent's validity, including in two merits phases before the Board, a Federal Circuit appeal, and a remand (at no fault of Petitioners). Erasing the Board's decision now would squander significant resources and undermine the finality that the AIA is designed to promote. The Director should reject PO's invitation to do so.

## II. BACKGROUND

### A. The Board and Federal Circuit agree that Petitioners presented a strong case of obviousness.

The Federal Circuit agreed with the Board's now-undisputed findings that the prior art renders obvious claims 1-3, 6-14, and 16 of the '941 patent. Paper 74 (FWD), 66. Hellman teaches restricting software access by storing authorization data in non-volatile computer memory (e.g., EEPROM), while Chou teaches storing sensitive data in BIOS memory to prevent tampering. *Id.*, 25-28. Combining them required nothing more than storing Hellman's BIOS in EEPROM as Chou expressly taught, and using familiar prior-art elements for their established purpose. *Id.*, 29-36.

The Federal Circuit rejected PO's numerous claim-construction, motivation-to-combine, and technical arguments. *Ancora*, 140 F.4th at 1360. The only question for remand was whether PO's objective-indicia evidence overcame Petitioners' strong obviousness showing. It did not.

### B. Industry participants took licenses for nominal or [REDACTED], reflecting the patent's limited value.

Despite its best efforts, PO never commercialized a product embodying the claimed invention. EX1034, 37:8-38:10, 45:3-13, 46:18-47:5. Its collaboration with [REDACTED] (a BIOS manufacturer) to develop such a product ended in failure, as the named inventor admitted. *Id.*, 48:13; FWD, 48-51; Paper 32, 25.

PO's licensing activity is similarly unremarkable. While three companies

[REDACTED] paid PO more than the alleged median cost of litigation (\$4 million) to license the '941 patent, three others ([REDACTED],<sup>1</sup> [REDACTED]) paid “much less than anticipated litigation costs.” *Ancora*, 140 F.4th at 1364. One company ([REDACTED]) paid [REDACTED]. And the only license consummated outside of litigation (with [REDACTED]) likewise required [REDACTED]. EX2029, ¶ 8.1(2). Without the threat of litigation, companies were not lining up to pay for PO’s technology.

Ultimately, the Federal Circuit found that the Board applied an erroneous nexus standard for the high-value licenses. *Ancora*, 140 F.4th at 1361-64. But the court rejected PO’s argument that the three low-value licenses were “‘of little significance’ in the obviousness analysis.” *Id.* at 1364. The court ordered the Board to “consider the nexus issue and the probative value” of the low-value licenses “and weigh that against” the high-value licenses. *Id.*

**C. The Board finds that PO’s licensing activity as a whole is a wash and reaffirms the obviousness of the '941 patent claims.**

The Board did as instructed. Finding that all the licenses were taken under nearly identical circumstances, the Board concluded that they all have a nexus to the '941 patent and that the high-value licenses weigh somewhat significantly in favor of nonobviousness, while the low-value licenses weigh somewhat

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<sup>1</sup> PO does not address [REDACTED] license, notwithstanding the Board’s detailed discussion of that evidence. *See* FWD, 54, 55, 59.

significantly in favor of obviousness. FWD, 62-63. Then, weighing the licensing evidence as a whole, the Board concluded that the evidence does not have “much probative value” and does not outweigh Petitioners’ strong obviousness showing. *Id.*, 63-64. The Board held the claims unpatentable.

### **III. THE BOARD APPROPRIATELY CONSIDERED THE LICENSING EVIDENCE AS ORDERED BY THE FEDERAL CIRCUIT.**

PO’s request rests on a double standard. It asks the Director to subject the low-value licenses to the exacting nexus standard the Federal Circuit already rejected while exempting the high-value licenses from that standard. The Board followed the Federal Circuit’s instructions by applying a consistent framework to *all* licensing evidence and reached a well-supported conclusion. PO disagrees with that conclusion, but that is no basis to disturb the Board’s decision.

#### **A. PO’s attempt to shield the low-value licenses from scrutiny should be rejected.**

##### **1. PO improperly applies a double standard for nexus.**

All of PO’s licenses are part of the same litigation campaign and share the same indicia that the Federal Circuit found supports nexus.

First, each high-value and low-value license was taken by “substantial companies” to settle lawsuits involving “only the ’941 patent.” *Ancora*, 140 F.4th at 1361-62 & n.5; Paper 75 (Req.), 6; FWD, 61-62. Second, each license was taken “late in a litigation.” *Ancora*, 140 F.4th at 1363; FWD, 62. Third, PO entered into each license with full “knowledge of the Hellman-Chou prior art combination.”

FWD, 54-59, 61.<sup>2</sup> The Federal Circuit identified these factors as affirmative evidence supporting nexus for the high-value licenses. *Ancora*, 140 F.4th at 1361-64; *contra* Req., 10. If they support a nexus for the high-value licenses, they necessarily support it for the low-value licenses as well.

In fact, nexus for the low-value licenses is particularly strong. PO gave [REDACTED] license just two days after the Board instituted IPR based on Hellman-Chou, which was the first time anyone had presented that obviousness combination. FWD, 62-63. And PO gave [REDACTED] license after the Board joined [REDACTED] to the [REDACTED] IPR. *Id.*, 63. Both licenses demonstrate that PO “[REDACTED] [REDACTED] to the ’941 patent” to make the Hellman-Chou IPR disappear. *Id.*, 64. PO concedes this is a reasonable inference to draw (Req., 11) and thus cannot fault the Board for drawing that inference.

Yet, PO insists that it would have offered low-value licenses to Petitioners had it truly feared Hellman-Chou. *Id.*, 12. But the ’941 patent expired in 2018, and the six-year damages window has now closed, meaning that the patent is now unassertable. Thus, given that PO’s litigation campaign is now over, PO has no

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<sup>2</sup> PO’s contention that the Board relied solely on the fact that the low-value licenses cover the ’941 patent (Req., 7) is wrong. The Board relied on all the factors that the Federal Circuit itself addressed for the high-value licenses.

incentive to license the patent to Petitioners. Regardless, speculation about what PO *could* have done does not negate what it did *not* do: obtain a payout from Roku, VIZIO, Nintendo, or [REDACTED] (or even others still litigating against PO, including Google and HTC). Those companies' holdout reflects their belief that the '941 patent is invalid. Ultimately, they were right.

PO seems to implicitly contend that the low-value licenses are less relevant than the high-value licenses and need not be given equal consideration. But the Federal Circuit rejected that exact argument—that “low-value licenses are of little significance in the obviousness analysis”—and ordered the Board to consider them. *Ancora*, 140 F.4th at 1364 (internal quotations omitted).

PO's argument also runs headlong into basic obviousness law, which permits “both positive *and negative* evidence in the objective indicia” to be considered. *Navico*, 696 F. App'x at 999 (emphasis added); *Ashland Oil, Inc. v. Delta Resins & Ref., Inc.*, 776 F.2d 281, 307 (Fed. Cir. 1985) (discounting nonobviousness evidence based on “countervailing considerations,” including a licensee's decrease in royalty rate). That law is sound as an evidentiary (and logical) matter: a party cannot selectively (and misleadingly) offer evidence while burying countervailing evidence of the same corpus that is “an essential part of its context.” 1 McCormick on Evid. § 56 (9th ed.) (describing rule of completeness).

In the licensing context, negative evidence includes low-value licenses such

as those at issue here. *See Ashland Oil*, 776 F.2d at 307; *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1539 (Fed. Cir. 1983) (discounting licensing evidence where one company licensed the challenged patent on “royalty-free” terms); *Siemens Mobility, Inc. v. Iancu*, 825 F. App’x 867, 874 (Fed. Cir. 2020) (licenses “afforded little weight” as to nonobviousness in part because one was taken “only for a ‘nominal fee’”); *Cole Kepro Int’l, LLC v. VSR Indus., Inc.*, 695 F. App’x 566, 572 (Fed. Cir. 2017) (similar). Such evidence cannot be ignored.

*Iron Grip Barbell Co. v. USA Sports, Inc.*, 392 F.3d 1317, 1324 (Fed. Cir. 2004), does not suggest otherwise. In fact, the Federal Circuit has already distinguished *Iron Grip* and rejected PO’s reliance on it. *Iron Grip* “declined to credit low-value licenses *not because of their value*, but because of the failure of the patentee to provide adequate evidence that the licenses had a nexus to the patents at issue.” *Ancora*, 140 F.4th at 1364 (emphasis added); FWD, 62. The patentee there did “not explain the terms of the licenses nor the circumstances under which they were granted[.]” *Iron Grip*, 392 F.3d at 1324. Here, the Board thoroughly analyzed the terms and circumstances underlying all of PO’s licenses.

In short, PO’s attempt to subject its licensing activity to different legal standards is contrary to the Federal Circuit’s mandate, basic obviousness law, evidentiary rules, and common sense. It should be rejected.

**2. PO improperly resurrects the exacting nexus standard that the Federal Circuit already rejected.**

PO also asks the Director to resurrect a heightened nexus standard that the Federal Circuit has already rejected. According to PO, low-value licenses cannot, as a matter of law, have a nexus to a patent absent “evidence tying the license value to the strength of the patent.” Req., 8. PO even goes so far as to suggest that there cannot be a nexus without “evidence about the parties’ motivations” for entering into the licenses. *Id.*, 6, 11. PO is flatly wrong.

PO cites no case supporting such an exacting standard, and, in fact, the Federal Circuit rejected that standard here. As the court noted, “[u]nlike products, which may incorporate numerous features beyond those claimed or described in a patent and therefore may require careful parsing to establish a nexus, actual licenses to the subject patent do not demand the same, as they are, by their nature, directly tied to the patented technology.” *Ancora*, 140 F.4th at 1362. Having prevailed on that argument for its high-value licenses, PO cannot now run away from it for the low-value licenses. *New Hampshire v. Maine*, 532 U.S. 742, 749 (2001) (“Where a party assumes a certain position in a legal proceeding, and succeeds in maintaining that position, he may not thereafter, simply because his interests have changed, assume a contrary position.”).

PO’s cited cases undermine its position. In *Cole Kepto*, the patent owner submitted evidence showing that “the vast majority” of the market licensed the

patent. 695 F. App'x at 572. But the Board reasoned that “the significance of the licensing evidence” was “weakened by several factors,” including that “one of the license’s royalty rates [was] a ‘de minimis’ amount” and another was “difficult to square with” the patent owner’s assertion that “the total value of each of the licenses exceeded potential litigation costs.” *Id.* The Board thus found that the “licensing evidence, while entitled to weight, did not overcome [the] prima facie case of obviousness.” *Id.* The Federal Circuit affirmed. *Id.*

The court could not have done so unless the low-value licenses had a nexus to the patent, even without evidence about the parties’ motivations. PO’s arguments are thus foreclosed.<sup>3</sup>

### **3. PO’s burden argument is irrelevant and misplaced.**

PO’s burden argument is a red herring. As patentee, PO bore “the burden of production with respect to evidence of secondary considerations of non-

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<sup>3</sup> PO’s proposed rule is also unworkable. Parties’ motivations for entering licenses are uniquely in their possession, and a petitioner’s ability to obtain discovery from those parties is limited in IPR proceedings. This case proves the point. PO initially failed to produce or even reference the low-value licenses in its papers. It was not until the Board ordered PO to produce all licenses that Petitioners first learned of the low-value licenses. Paper 29.

obviousness.” *ZUP, LLC v. Nash Mfg., Inc.*, 896 F.3d 1365, 1373 (Fed. Cir. 2018); *Ancora*, 140 F.4th at 1361 (“The burden is on the patent owner to establish a nexus.”). Even if that burden shifted, Petitioners satisfied it by showing that the low-value licenses were taken under the same circumstances as the high-value ones. PO itself concedes (Req., 13) that the Board “correctly recited” the burden allocation, and PO identifies no portion of the decision where that allocation was misapplied. The record supports the Board’s nexus finding regardless of where the burden rested.

**B. PO’s request for the Director to reweigh the evidence should be rejected.**

PO also asks the Director to reweigh the licensing evidence and substitute its judgment for the Board’s. But that request again rests on a mischaracterization of the Federal Circuit’s ruling. According to PO, the court found that the high-value licenses should receive “controlling” weight and the “Board lacked authority to find” otherwise. Req., 2, 5, 6, 14 (quoting *Ancora*, 140 F.4th at 1364). Not so. The quoted dicta addresses nexus, not weight. The court recognized that the Board may assign whatever weight is warranted to both the high-value *and* low-value licenses after applying the correct nexus standard. Indeed, PO elsewhere concedes that the court remanded precisely so *the Board* could conduct that analysis. *Id.*, 6.

The Board carried out the Federal Circuit’s mandate. Performing (in PO’s words) a “detailed” analysis of PO’s licensing activity (Req., 11), the Board found

that the activity did not carry “much probative value,” particularly given the “broad diversity” in license values (FWD, 59, 63). As discussed above, that conclusion is consistent with Federal Circuit precedent. *Cole Kepto*, 695 F. App’x at 572; *Siemens*, 825 F. App’x at 874.

Weighing all of the *Graham* factors, the Board found that Petitioners carried their burden in establishing obviousness. FWD, 64. The record firmly supports that conclusion: (1) Hellman-Chou describes the purported invention of the ’941 patent’s sole independent claim, FWD, 8-46; *Ancora*, 140 F.4th at 1360; (2) PO attempted—and failed—to commercialize the invention, FWD, 48-51; *Ancora*, 140 F.4th at 1361; (3) PO gave away its patent rights [REDACTED] (to [REDACTED]) or low sums (to [REDACTED] and [REDACTED]), FWD, 51-64; and (4) the only license not procured in litigation likewise resulted in the licensee ([REDACTED]) paying [REDACTED]. A few high-value licenses on the other side of the scale does not tip the balance, particularly when so many sophisticated companies ([REDACTED], Roku, VIZIO, Nintendo, Google, HTC) have refused to pay for a license.

As a fallback, PO argues that even if all the licenses are considered together, the average would still exceed the cost of litigation and therefore support nonobviousness. Req., 14. PO’s premise is wrong: low-value licenses are not simply weak evidence of nonobviousness; they are affirmative evidence of obviousness. *See Cole Kepto*, 695 F. App’x at 572. They cannot be averaged away.

#### **IV. DISCRETIONARY DENIAL IS IMPROPER.**

PO's passing request for termination based on settled expectations should also be rejected. The PTAB is required to issue a final written decision once an IPR is instituted, absent statutory exceptions not present here. 35 U.S.C. § 318(a). Terminating this IPR after institution (especially based on a retroactive application of "settled expectations") would contravene the statute and violate due process.

In any event, PO's request fails for additional reasons: it is contrary to the Federal Circuit's mandate, procedurally improper, and flawed on its own terms.

##### **A. Termination conflicts with the Federal Circuit's mandate.**

The Federal Circuit remanded for the Board to reconsider nexus and weigh objective indicia against the already-affirmed obviousness case. *Ancora*, 140 F.4th at 1358, 1363-64. PO's request that the Director erase the Board's decision effectively prevents the Board from fulfilling the court's mandate.

Compliance with an appellate mandate is not discretionary: once a case is remanded, the lower tribunal must execute the mandate and "cannot vary it, or examine it for any other purpose than execution." *In re Sanford Fork & Tool Co.*, 160 U.S. 247, 255-56 (1895); *Engel Indus., Inc. v. The Lockformer Co.*, 166 F.3d 1379, 1382-83 (Fed. Cir. 1999). Granting termination here would not be an exercise of discretion; it would be an impermissible refusal to execute a binding judicial mandate. PO's termination request should be denied for this reason alone.

**B. PO's discretionary-denial arguments are procedurally improper and waived.**

The AIA “establishes a two-step procedure for *inter partes* review: the Director’s decision whether to institute a proceeding, followed (if the proceeding is instituted) by the Board’s conduct of the proceeding and decision with respect to patentability.” *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375-76 (Fed. Cir. 2014). Once instituted, the “petition, not the Director’s discretion, is supposed to guide the life of the litigation.” *SAS Inst., Inc. v. Iancu*, 584 U.S. 357, 366 (2018).

The appropriate time to raise discretionary-denial arguments was nearly five years ago, before institution. PO failed to do so. *See* Paper 8. Likewise, the appropriate time for PO to have requested Director review on discretionary grounds was immediately after institution. 37 C.F.R. §§ 42.75(c)(1), 42.74(d). PO cannot now shoehorn discretionary arguments into its Director-review request. Those arguments are waived several times over.

**C. Discretionary-denial considerations support final adjudication on the merits.**

Even if discretionary termination were available, the equities weigh decisively against it. Discretionary denial aims to conserve Board resources before they are expended. Here, however, the Board and parties have *already* devoted substantial resources adjudicating the case for nearly five years. Terminating now

would be inefficient and would only invite future invalidity challenges elsewhere.

PO's invocation of "settled expectations" fares no better. Req., 14-15. To the extent such expectations are even appropriate to consider here, they favor Petitioners. Although the '941 patent issued in 2002, PO did not assert it against Petitioners until 2021, after the patent had expired. During nearly two decades of non-enforcement against Petitioners, they designed, built, and sold products without ever expecting to be sued for infringement. This "expected non-enforcement," grounded in the patent's expiration and PO's prolonged delay, weighs strongly against discretionary denial. *Google Inc. v. Sandpiper CDN, LLC*, IPR2025-00826, Paper 14 at 2-3 (P.T.A.B. Sept. 12, 2025); *Shenzhen Tuozhu Tech. Co. v. Stratasys, Inc.*, IPR2025-00531, Paper 10 at 3 (P.T.A.B. July 17, 2025).

PO's "enough is enough" argument likewise fails. Req., 14. PO's prior proceedings did not involve Petitioners, did not adjudicate obviousness on the merits, and certainly did not address Hellman-Chou. Most of those proceedings did not even involve prior-art grounds that Petitioners could have raised here. The first and only time any tribunal has substantively considered the grounds in this case resulted in a finding of unpatentability. The only settled merits determination that warrants protection is the Board's decision here.

## **V. CONCLUSION**

The Director should deny review and decline to terminate the proceeding.

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**CERTIFICATION OF SERVICE (37 C.F.R. § 42.6(e))**

I certify that the above-captioned **CORRECTED AUTHORIZED  
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