

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO., LTD.,
SAMSUNG ELECTRONICS AMERICA, INC.,
Petitioner

v.

SLYDE ANALYTICS, LLC
Patent Owner.

Case No. IPR2024-00041
U.S. Patent No. 10,198,085

PETITIONER'S REQUEST FOR DIRECTOR REVIEW

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I. INTRODUCTION

The Federal Circuit held in *Qualcomm* that the Board cannot diverge from an agreed-to construction of a claim term *sua sponte* without affording the parties an opportunity to be heard. And, in March of this year, citing the same *Qualcomm* decision, Director Vidal vacated the *Assa Abloy* decision where a Board panel *sua sponte* switched from plain and ordinary meaning in its institution decision to a construction not advanced by either party in its final written decision. The rule from these and similar decisions is clear. The Board cannot issue a new claim construction, not advanced by either party, without notice and an opportunity to be heard. Yet this is what happened in the institution decision here.

Here, both Samsung and Patent Owner agreed that no claim terms required construction. However, the panel decided that the terms “first power mode” and “second power mode” needed to be expressly construed. But, rather than ordering the parties to brief the issue, the panel engaged in its own claim construction analysis in the first instance, citing large portions of the specification that neither party relied on, resulting in a technical and narrow construction that even the Patent Owner did not seek. The panel further faulted Samsung for failing to proffer an express construction (something it is not required to do) when it was the Patent Owner whose arguments were based on applying a narrow scope to the claims. The panel then compounded its errors by attempting to apply the art to its new

construction without the benefit of briefing on how the art would or would not meet it. In doing so, the panel ignored relevant evidence from the Petition that would satisfy even its narrow construction.

Therefore, the panel’s institution decision is legally wrong and lacking in substantial evidence. But it also presents important questions of law and policy: (1) whether a panel must, or should as a matter of fairness, allow parties to be heard on a *sua sponte* claim construction before a panel renders its institution decision and (2) whether the Board can penalize a petitioner for not proffering an express claim construction at the institution stage when Board guidance states that express constructions are not required.

II. BACKGROUND

The ’085 patent, filed on October 31, 2017, is directed to a wristwatch that can change “power modes” by sensing a “wristturn.” Samsung challenged all 10 claims under multiple grounds based on one § 102(b) primary reference, U.S. Patent Application Publication No. 2009/0164219 (“Yeung”), which teaches the limitations of the sole independent claim at issue here. This is the only reference at issue for purposes of this request.

Claim 1 is representative and recites, in relevant part, “a method for switching a wristwatch from a *first power mode* to a *second power mode* . . . when

a wristturn has been detected.”¹ Ex-1001 (10:59-64). The claimed steps for detecting the wristturn are not at issue here. The dependent claims are also not at issue.

Samsung stated that no terms required construction and argued that Yeung teaches switching from a first power mode to a second power mode (recited in the preamble and element 1[b]), when Yeung’s watch/recorder activates “a voice recorder” and turns on a display “to indicate the status of the recording” after detecting a wrist-turn. Paper 3 at 8, 20, 25-26, 29. Relying on its expert, Dr. Benjamin Bederson, Samsung further explained that switching to audio recording mode (and activating the display) results in “higher power consumption.” Paper 3 at 20; *see also* Ex-1002 ¶¶70-77 (discussing how battery-powered devices have had features to conserve battery power, such as “sleep” or “standby,” since the 1990s). Samsung cited to the ’085 specification’s examples of switching from a “power saving” first mode to a “time display” or other display second mode to support its argument that Yeung teaches switching power modes. Paper 3 at 29 (citing Ex-1001, 6:2-6, 9:40-42).

In its Preliminary Response, Patent Owner “agree[d] that claim construction is not warranted” and argued that Yeung’s “activating” the audio recorder, even if

¹ Emphasis added unless otherwise noted.

it means consuming more power and switching from an “idle” mode, is not switching “power modes,” it is merely activating a “functionality.” Paper 9 at 7, 10-12. Patent Owner argued that the specification discusses that “various ‘functionalities’ can be activated and displayed by the user” without switching power modes. Paper 9 at 10-11. As an example of different functionalities that can occur within the same power mode, Patent Owner pointed to different “display modes” (“current time, date, chrono, reverse counter, calendar, etc. . . . or phases of the moon”). *Id.* (citing Ex-1001, 4:60-5:4).

In its decision, the panel acknowledged that neither party proffered an express construction of “power mode,” but it stated that “on this record, we determine the claim 1 terms ‘first power mode’ and ‘second power mode’ require explicit claim construction *as a principal threshold issue in our institution decision.*” Dec. 16. Although there is no requirement for either party to expressly construe a term during an *inter partes* review, the panel stated multiple times that Samsung failed to proffer a construction. *Id.* at 16, 20-21. The panel went on to engage in a detailed claim construction analysis without input from the parties, spending about five pages on claim construction and block quoting almost 80 lines from the specification—much of which had not been discussed by either party. *Id.* at 17-20. The panel then issued a narrow construction that even Patent Owner did not ask for: “switching between first and second power modes seems to generally

require switching physical components, e.g., electrodes, *on* or *off* as needed to conserve power.” Dec. 20 (emphasis in original). The panel further narrowed the construction, concluding that: “The conservation of power comes from a device being ready or not ready, set or not set, to perform a function, *rather than actually performing or not performing a function.*” *Id.* This claim construction analysis was the basis for the panel’s decision not to institute on any ground. The panel did not reach the arguments on discretionary denial, which are moot. *See* Dec. 23-24; Paper 10 at 1-3.

III. ARGUMENT

A. A panel must, or should as a matter of fairness, allow parties to be heard on a *sua sponte* claim construction before a panel renders its decision whether to institute.

It is well established that “IPR proceedings are formal administrative adjudications subject to the procedural requirements of the Administrative Procedure Act (‘APA’).” *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1351 (Fed. Cir. 2016), *rev’d on other grounds sub nom., SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348 (2018). The APA requires due process in the form of “notice” and a “fair opportunity” to be heard. *See Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015).

As to claim construction issues, the Federal Circuit has held that the Board cannot diverge from an agreed-to construction of a claim term *sua sponte* without

affording the parties an opportunity to be heard. *Qualcomm Inc. v. Intel Corp.*, 6 F.4th 1256, 1265 (Fed. Cir. 2021). As noted above, the Director recently applied *Qualcomm* to vacate the decision in *Assa Abloy*, where a panel *sua sponte* switched from plain and ordinary meaning in its institution decision to a construction not advanced by either party in its final written decision. *Assa Abloy AB v. CPC Patent Techs. Pty., Ltd.*, IPR2022-01006, 2024 WL 1184586 (P.T.A.B. Mar. 15, 2024).

Where the Federal Circuit has found a panel’s new claim construction to be APA compliant, it has relied on the development of the record after institution. *See, e.g., TQ Delta, LLC v. Dish Network LLC*, 929 F.3d 1350, 1354 (Fed. Cir. 2019) (relying on exchange “[d]uring the Oral Hearing”); *Hamilton Beach Brands, Inc. v. freal Foods, LLC*, 908 F.3d 1328 (Fed. Cir. 2018) (relying on “adequate notice in [patent owner’s] post-institution response”); *Intellectual Ventures II LLC v. Ericsson Inc.*, 686 F. App’x 900, 906 (Fed. Cir. 2017) (relying on “continuous focus on [the claim term] before and during oral arguments”).

Here, Samsung had no opportunity to respond to the panel’s construction after institution because the panel’s construction was presented as the reason to deny institution. Moreover, Samsung could not have anticipated that the panel would engage in a detailed claim construction analysis and issue a narrow construction not even requested by Patent Owner.

Samsung appreciates that the Director requires the Board to resolve disputed claim construction issues. *See Nearmap US, Inc. v. Eagle View Techs. Inc.*, IPR2022-00734, 2024 WL 922247 at *4 n.5 (P.T.A.B. Feb. 20, 2024) (“where [a claim construction] dispute materially affects the Board’s determinations, it is necessary to resolve the dispute.”). But a panel should not engage in a detailed claim construction analysis resulting in a narrow construction not advocated for by either party *without notice to either party*. This is particularly problematic when the construction is the basis not to institute. Had the panel engaged in the same exercise, but instituted first, the parties would have been able to respond during trial phase briefing and oral argument. For this reason, in circumstances like this, panels often institute and advise parties to brief disputed claim construction issues during the trial phase of an IPR.

Even if APA due process is not mandated as to institution decisions, as a matter of fairness, the Office should require due process be afforded. In fact, the fairness and due process concerns are arguably greater at the institution phase given the limited development of the record and the fact that there is effectively no right to judicial review of a decision whether to institute an IPR. The Office acknowledged the importance of Director Review at the institution stage last year, when, in response to comments on the Director Review process, it changed the process to permit review of institution decisions even though such review was not

legally required.² And, just last month, the Office underscored the importance of due process at the institution phase when it proposed rules requiring that both parties be heard before the Board can *sua sponte* deny institution based on discretionary institution factors. 89 Fed. Reg. 28693 (Apr. 19, 2024) (“The proposed amendment also provides that the Board may *sua sponte* raise discretionary denial, in which case the Board will provide the parties with the opportunity for briefing on the relevant factors set forth in this section.”).

B. The panel failed to give the parties notice and opportunity to respond to its claim construction, issued an erroneously narrow construction, and failed to consider Samsung’s evidence even under that construction.

As explained in the background section of this request, notice and opportunity was not provided here. Neither party advanced an express claim construction nor engaged in a claim construction analysis. But the panel issued a

² Revised Interim Director Review Process, UNITED STATES PATENT AND TRADEMARK OFFICE, <https://www.uspto.gov/patents/ptab/decisions/revised-interim-director-review-process> (Accessed Apr. 25, 2024) (“In Arthrex, the Supreme Court exclusively addressed the Director’s ability to review final decisions of the Board in inter partes review proceedings. . . . Nonetheless, for consistency and uniformity, Director Review requests are available for other areas of Board jurisdiction.”).

dispositive construction Patent Owner never requested and based it on portions of the specification neither party cited or discussed. *See* Paper 9 at 10-12.³

Moreover, the construction was too narrow. There is nothing in the claims or specification that limits the meaning of “switching” “power modes” to “switching *physical components*, e.g., electrodes, *on* or *off* as needed to conserve power.” Dec. 20, 14-21 (*on/off* emphasis in original). Nor do the claims or specification require, as the panel found, that: “The conservation of power comes from a device being ready or not ready, set or not set, to perform a function, *rather than actually performing or not performing a function.*” *Id.*

The panel did not consider the language of the claims. “Power mode” is a broad term that is not narrowed by the claim elements around it. Ex-1001 (10:59-64). In fact, the focus of claim 1 and the dependent claims is the method of detecting the wrist-turn to “switch” between power modes. *Id.* (10:59-12:28). No claim other than claim 1 uses any form of the term “power mode.” *Id.*

Turning to the specification, the panel block quoted portions of the specification but ignored the fact that the terms are not defined and are used

³ Had Patent Owner proffered the construction at issue, at least Samsung would have had the opportunity request a preliminary reply brief to respond before the panel adopted it. 37 C.F.R. § 42.108(c) (“A petitioner may seek leave to file a reply to the preliminary response in accordance with §§ 42.23 and 42.24(c). Any such request must make a showing of good cause.”).

broadly. For example, the specification provides numerous non-limiting examples:

“The first power mode *could be* a *sleep mode*, or *standby mode*, in which the power consumption is reduced but no indications are displayed on the display.”

Ex-1001 (3:15-17). And “[t]he second power mode *could be* an *operating mode* where indications are displayed on the display.” *Id.* (3:17-19). The specification also says that a second power mode *can be* initiated by “a wristturn . . .

activat[ing] the display.” *Id.* (9:38-42). It further states “*more than two power modes can be* provided; for example, the real time clock 22 is preferably always powered on in *power saving mode*, so that the real time is not lost when the display 4 and the touch panel 3b are switched off.” *Id.* (5:58-62). And it states: “Initially, the microcontroller 21 is in a *low power mode*, for example *completely off*.” *Id.* (9:43-44). Thus, a “first power mode” *could be* “sleep,” “standby,” or “low power” mode or “completely off,” and a “second power mode” *could be* as simple as the display turning on. Although disclosures are not limiting, the panel went to great lengths to tease out limitations from them.⁴

⁴ It is not clear that the panel was certain about its construction, as it stated that it “seems” that the terms “generally require” certain limitations. Dec. 20. If the terms are *generally* limited, that does not mean they are *always* limited. *See, e.g., Phillips v. AWH Corp.*, 415 F.3d 1303, 1320 (Fed. Cir. 2005) (describing “reading a limitation from the written description into the claims” as “one of the cardinal sins of patent law”).

But even if these disclosures *were* limiting, which they are not, they are *exactly* what Yeung teaches. As to the sleep/standby/low power/off “mode,” Samsung reproduced figure 1 and described the inactive state of the watch/recorder when it shows only, for example, time of day. Paper 3 at 9-10, 25. And, as to activating the display and/or switching to “operating mode,” Samsung cited to Yeung’s teaching of “activating”/“turning on” the recording function, which in turn activates the recording features of the display:

The wrist-worn audio recorder . . . is **activated** to record audio messages only when it is in a predetermined orientation and/or after it has completed a predetermined movement. . . .

In the first embodiment, the audio recording function of audio recorder 30 **turns on automatically** when the user positions audio recorder 30 in a predetermined orientation . . . and **an indicator** . . . simultaneously **turns on** to inform the user that he or she may begin audio recording.

Ex-1005 ¶¶36, 48 (cited at Paper 3 at 20, 29). Yeung also teaches turning off the audio recorder, in accordance with the panel’s “off” requirement:

. . . In all cases, the audio recording is **stopped** as soon as the user moves audio recorder 30 away from the predetermined orientation, so that recording of irrelevant audio information is minimized without requiring the user to consciously **turn off** the audio recording.

Ex-1005 ¶48 (cited at Paper 3 at 64). Thus, even though Samsung had no notice of the panel’s construction, its fulsome explanation shows that Yeung satisfies that construction. Paper 3 at 11, 25-26, 29. Yet the panel failed to discuss or credit that

evidence. *See* Dec. 14 (describing Samsung’s argument and evidence in two sentences).

Despite the above teachings, the panel stated that it would have had to engage in “speculation” to determine whether “particular subcomponents” in Yeung “are switched *on* or *off*.” Dec. 21 (emphasis in original). To the extent that the panel had to speculate about “subcomponents,” it is because neither Samsung nor Patent Owner had notice that the panel was going to construe the claims to reference the operation of “physical components.” As shown above, the claims and broad descriptions of “power modes” in the specification do not discuss “physical components” or “subcomponents.” Regardless, Petitioner’s expert did point to subcomponents activating during recording. *See* Ex-1002 ¶145 (cited at Paper 3 at 29) (citing Yeung’s “sample-and-hold circuit 62 and an analog-to-digital converter 64” used during recording). This exemplifies why the lack of notice is particularly problematic—Petitioner would have pointed to this evidence that it submitted with and cited in its Petition.

Additionally, while the panel cited the specification’s disclosure of taking steps to avoid accidental switches from one power mode to another (Dec. 18-19 (citing Ex-1001 (6:23-29))), it ignored the almost identical corresponding teaching in Yeung, cited by Samsung, that states: “*To minimize accidental activation of these audio-recorder functions by normal daily activities, recorder controller 48*

can be designed to activate an audio-recorder function such as recording or playback only after audio recorder 30 remains in a static position for a predetermined period of time after a predetermined wrist and arm movement pattern has been detected.” Ex-1005 ¶52 (cited at Paper 3 at 20). The Board may not ignore relevant evidence. *See Axonics, Inc. v. Medtronic, Inc.*, 75 F.4th 1374 (Fed. Cir. 2023) (finding an APA violation when the panel “considered Axonics’ arguments against the new claim construction” but “refused to consider Axonics’ evidence and argument under that construction”).

Finally, it is important to note that Yeung is not teaching switching between various display features in the same power mode, as Patent Owner argued in its Preliminary Response (Paper 9 at 11), or between “selective usage of applications,” as the panel stated in its Decision (Dec. 20). Yeung is teaching turning its core functionality on and off. This satisfies both the broad meaning of “power mode” and the panel’s narrow construction.

C. The panel abused its discretion or committed an error of law by penalizing Samsung for not proffering an express claim construction at the institution stage.

As noted above, the panel stated multiple times that Samsung was required to proffer an express construction to show unpatentability but failed to do so, suggesting an independent reason not to institute. *See* Dec. 16 (“[i]n an [*inter partes* review], the *petitioner has the burden* from the onset to show with

particularity why the patent it challenge is unpatentable. Here, . . . neither Petitioner nor Dr. Bederson has proposed any claim construction for claim terms ‘first power mode’ and ‘second power mode’” (emphasis in original)), 20-21 (“*Given Petitioner’s lack of any proposed construction for the first and second power modes of claim 1 . . . we are in general agreement with Patent Owner that ‘[t]he fact that a function may cause a device to consume more power than when the device is idle does not demonstrate that the device has also changed power modes.’*”). But Samsung was not required to proffer an express construction.

The panel cited 37 C.F.R. § 42.104(b)(3) for the proposition that “the petition must set forth ‘how the challenged claim is to be construed.’” Dec. 16. But the Board’s Trial Practice Guide clarifies that: “a petitioner may include a statement [in the petition] that the claim terms *require no express construction.*” TPG 44. The TPG further clarifies that “the petitioner must include a statement identifying a proposed construction of the particular term and where the intrinsic and/or extrinsic evidence supports that meaning,” only “[i]f a petitioner *believes* that a claim term requires an express construction.” *Id.*

Samsung, as countless other petitioners do, complied with the Board’s guidance. In its Petition, it stated that: “To resolve this Petition, Petitioner does not believe that any term requires construction.” Paper 3 at 8. Patent Owner agreed. By penalizing Samsung for failing to provide an express construction, even though

Board guidance explicitly states express constructions are not required, and even though Patent Owner agreed that no construction was needed, the panel abused its discretion if not erred as a matter of law. Failure to correct this aspect of the decision has the potential to impact many AIA proceedings before the Office because it could result in other institution denials or adverse final written decisions based on a petitioner's failure to carry an initial burden it does not have.

IV. CONCLUSION

For the reasons herein, Samsung respectfully requests that the Director review the panel's decision and reverse or vacate the panel's conclusions and findings so that the *inter partes* review proceeding can be instituted.

Respectfully Submitted,

/s/ William M. Fink

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CERTIFICATION OF WORD COUNT

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that this Request for Director Review complies with the 15-page limit exclusive of the parts exempted as provided in 37 C.F.R. § 42.24(a).

Respectfully Submitted,

/s/ William M. Fink

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CERTIFICATE OF SERVICE

The undersigned certifies pursuant to 37 C.F.R. §§ 42.6(e) and 42.105 that on May 8, 2024, a true and correct copy of REQUEST FOR DIRECTOR REVIEW was served in its entirety by filing this document through the PTAB P-TACTS System, as well as by email to counsel of record for the Patent Owner. Concurrently, notification is being provided to the Director of the USPTO at Director_PTABDecision_Review@uspto.gov.

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