UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG DISPLAY CO., LTD.,
Petitioner,

v.

PICTIVA DISPLAYS INTERNATIONAL LTD.,
Patent Owner.

Case No. IPR2024-01093
Patent No. 8,723,164 B2

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW

Pursuant to 37 C.F.R. § 42.75(c), Patent Owner Pictiva Displays International Ltd. ("Patent Owner") respectfully requests Director Review of the Board's Decision (Paper 11, "Institution Decision") Granting Institution of *Inter Partes* Review ("IPR") of claims 1-16 of U.S. Patent No. 8,723,164 B2 (EX1001, "the '164 Patent"). That Institution Decision ***expressly relied upon the recently rescinded, June 21, 2022 memorandum's bright-line Sotera Stipulation rule*** to summarily reject Patent Owner's discretionary denial arguments.[1]

The Board's Institution Decision presents an important issue of law and policy related to the treatment of *Sotera* stipulations. Director Review is necessary to clarify that merely submitting such a stipulation does not preclude the Board's exercise of discretion under 35 U.S.C. § 314(a) to deny a petition for IPR. Director Review also provides an opportunity to emphasize that the Board should not reject discretionary denial arguments out-of-hand based on the "clarifications" in the rescinded Guidance Memo. Instead, the Board should examine all six factors specified in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, at 8 (PTAB Mar. 20, 2020)

[1] *See Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* (USPTO June 21, 2022) ("Guidance Memo") at 3 ("[T]he PTAB will not discretionarily deny institution in view of parallel district court litigation where a petitioner presents a [*Sotera*] stipulation ….").

(precedential), and should take a "holistic view of whether efficiency and integrity of the system are best served by denying or instituting review." *Id.*

I. TIMELINESS

Patent Owner acknowledges that the February 6, 2025 deadline for filing a request for Director Review has passed. *See* 37 C.F.R. §§ 42.75(c)(1), 42.71(d). On February 4, 2025, Patent Owner requested an extension until March 7, 2025, for good cause based on a recent and unexpected change in agency policy. Patent Owner has not yet received a response to that request. Accordingly, Patent Owner submits this Request for Director Review today—March 7, 2025—subject to the Acting Director granting the requested extension.

As explained in Patent Owner's February 4, 2025 email to the Acting Director, on February 28, 2025, the USPTO effected a significant change in policy regarding the Board's exercise of discretion to deny petitions for inter partes review under Section 314(a). Specifically, the agency rescinded the Guidance Memo, which served to depress discretionary denials by providing bright-line rules regarding, among other things, the use of stipulations pertaining to parallel district court litigation. And as further explained below, ***the Board's Institution Decision expressly relied upon the rescinded Guidance Memo*** to shortcut the analysis required by precedential decisions such as *Fintiv* and *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to

§ II.A). *See* Institution Decision at 8-10. That may have been appropriate under the Guidance Memo, but it is not consistent with current agency precedent. Patent Owner again respectfully submits that good cause exists for the requested extension because Patent Owner could not have reasonably foreseen that the Guidance Memo would be rescinded only weeks after the Board's Institution Decision.

II. BACKGROUND

Petitioner Samsung Display Co., Ltd. ("Petitioner") submitted a Petition for IPR of certain claims of the '164 Patent (Paper 1, "Petition") on June 28, 2024. Patent Owner filed a Preliminary Response (Paper 6, "POPR") arguing, among other things, that the Board should exercise its discretion to deny the Petition under § 314(a) and *Fintiv* in view of the co-pending litigation, *Pictiva Displays Int'l Ltd. v. Samsung Elecs. Co.*, No. 2:23-cv-0495 (E.D. Tex.) (Gilstrap, J.). *See* POPR at 61-62; *see also* Paper 8, at 4-5. As Patent Owner explained, Judge Gilstrap has ***scheduled trial for August 4, 2025,*** which is more than five months before the statutory deadline of late January 2026 for a final written decision, which weighs heavily against institution under *Fintiv* Factor 2. POPR at 61 (citing Petition at 75; EX1017). Notably, the Board declined to institute another IPR involving a petition filed by the same Petitioner challenging a different patent involved in the same parallel district-court litigation over two months before the Institution Decision in this proceeding. *See Samsung Display Co. v. Pictiva Displays Int'l Ltd.*, IPR2024-

00855, Paper 12, at 8-9 (PTAB Nov. 19, 2024) (finding that the "second factor favors denial based on the trial date set for the District Court action, as well as the District Court's median time-to-trial data").

Patent Owner also explained—and Petitioner has not contested—that a district-court stay is unlikely (Factor 1); that Petitioner asserted the same references in the district court (Factor 4); and that the named defendants in the parallel litigation are real-parties-in-interest (Factor 5). POPR at 61-62. Patent Owner further explained that—contrary to Petitioner's assertions (*e.g.*, Paper 7, at 4-5), the parties and the district court have invested heavily in the parallel litigation (Factor 3) and no "other circumstances" favor institution (Factor 6). POPR at 61-62; Paper 8, at 4-5. Petitioner disagreed with Patent Owner regarding the degree of investment by the district court and speculated that the court may dismiss the litigation in favor of a later-filed suit. *See* Paper 7, at 4-5. But that did not happen, and the trial date has not been moved. *See Pictiva v. Samsung*, No. 2:23-cv-0495, Dkt. 177 (E.D. Tex. Feb. 3, 2025) (consolidating the later-filed case with the -0495 litigation).

Petitioner waited until December 2024—after Patent Owner filed both its POPR and preliminary Sur-Reply (Paper 8)—to belatedly submit a stipulation stating that, if the Board institutes this IPR, "then Defendants will not pursue an invalidity defense in this case that the patent claims subject to the instituted IPR are invalid based on grounds that were raised or reasonably could have been raised in

the IPR." EX1027; *see also* Paper 9 (December 20, 2024 notice of filing).

On January 23, 2025, the Board issued its Institution Decision, in which it addressed only a single patent claim under only one of the four grounds offered in the Petition. *See* Institution Decision at 6, 33. The Board declined to engage in a full *Fintiv* analysis, determining instead that the stipulation was dispositive. *See id.* at 9-10 ("***Consistent with the Guidance Memo, therefore, we decline to exercise our discretion to deny institution*** under *Fintiv* in view of the District Court action." (emphasis added).

On February 28, 2025, the USPTO rescinded the Guidance Memo and directed parties to prior precedent, including *Fintiv* and *Sotera*. The USPTO's announcement not only rescinded the Guidance Memo, but also clarified that "[t]o the extent any other PTAB or Director Review decisions rely on the Memorandum, the portions of those decisions relying on the Memorandum shall not be binding or persuasive on the PTAB."[2]

III. ARGUMENT

Director Review is necessary to vacate the Institution Decision because the

[2] *USPTO Rescinds Memorandum Addressing Discretionary Denial Procedures* (Feb. 28, 2025), https://www.uspto.gov/about-us/news-updates/uspto-rescinds-memorandum-addressing-discretionary-denial-procedures.

Board expressly relied upon the rescinded Guidance Memo as the sole reason not to exercise its discretion to deny the Petition. The Board failed to perform a full *Fintiv* analysis, despite Judge Gilstrap having scheduled trial over five months before the statutory deadline for a final written decision in this proceeding. And it did so ***based solely on the bright-line Sotera Stipulation rule established in the rescinded Guidance Memo***. *See* Institution Decision at 9-10. At minimum, the Board should have considered the full range of factors required by *Fintiv*.

Sotera provides that certain stipulations may tip *Fintiv* Factor 4 "strongly in favor of not exercising discretion to deny institution." IPR2020-01019, Paper 12, at 19. On this record, however, discretionary denial was appropriate. While the language of the belatedly submitted stipulation here is similar to the one at issue in *Sotera*, there are important differences between the cases. Indeed, a better analogue is *Cisco Systems, Inc. v. Estech Systems, Inc.*, IPR2021-00329, Paper 13 (PTAB July 6, 2021). In *Cisco*, the Board denied institution despite the submission of multiple Sotera stipulations due in part to the close proximity of the trial date. For example, the Board noted that in *Sotera*, "the Board found there was 'relatively limited investment in the parallel proceeding to date.'" *Id.* at 13 (quoting *Sotera*, IPR2020-01019, Paper 12, at 17). The Board further noted "that in *Sotera*, the trial in the district court was scheduled to begin 'around the same time as [the] deadline' for the Board's final written decision." *Id.* (quoting *Sotera*, IPR2020-01019, Paper 12, at

15). In *Cisco*, by contrast, there was "an eleven-month time gap between the two events," which the Board found "strongly favors exercising our discretion to deny institution." *Id.*

Similarly, in this IPR, the scheduled district-court ***trial date is over five months before the anticipated final written decision***, and duplicative efforts already have been expended. For example, the parties have engaged in extensive discovery and have fully briefed and argued claim construction. *See, e.g.*, *Pictiva v. Samsung*, No. 2:23-cv-0495, Dkt. No. 180 (E.D. Tex. Feb. 4, 2025) (Markman Hearing Minutes). Thus, unlike *Sotera*, where the stipulation "mitigates any concerns of duplicative efforts between the district court and the Board," IPR2020-01019, Paper 12, at 19, here the parties and the district court already had made significant investments at the time of the Institution Decision. Thus, Factors 2 and 3 favor denial. And because Patent Owner has explained—and Petitioner has not contested—that Factors 1 and 5 likewise favor denial, those "other factors, weighed against the proffered stipulations" should compel the exercise of discretion to deny institution.[3] *Cisco*, IPR2021-00329, Paper 13, at 13.

Moreover, permitting the Institution Decision to stand based on agency

[3] Factor 6 is neutral. Both parties addressed only the "compelling merits" standard provided in the now-rescinded Guidance Memo. *See* POPR at 62; Paper 7, at 5.

guidance rejected only weeks later would be arbitrary and fundamentally unfair. Director Review provides an opportunity to vacate the Institution Decision and reconcile this proceeding with the agency's decision to rescind the Guidance Memo. It also provides an important opportunity to underscore the importance going forward of not relying on any purported "clarifications" offered in the rescinded Guidance Memo or reflected in subsequent decisions.

IV. CONCLUSION

For these reasons, Patent Owner respectfully requests that the Director grant review and vacate the Board's Institution Decision (Paper 11).

Dated: March 7, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify, pursuant to 37 C.F.R. § 42.6, that on March 7, 2025, a complete copy of the foregoing document, **PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW**, was served by ELECTRONIC MAIL, as agreed to by the parties, upon the following:

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