

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. IPR2024-01095
Patent No. 11,828,425 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 12, “Institution Decision”) Granting Institution of *Inter Partes* Review (“IPR”) of claims 1-19 of U.S. Patent No. 11,828,425 B2 (EX1001, “the ’425 Patent”). That Institution Decision expressly cited the recently rescinded, June 21, 2022 memorandum,¹ which elevated the role of stipulations regarding parallel litigation and deemphasized the significance of impending trials in such cases.

The Board’s Institution Decision presents important issues of law and policy related the Board’s exercise of discretion under 35 U.S.C. § 314(a) to deny a petition for IPR. Director Review is necessary to clarify the significance of district-court trial dates in parallel litigation scheduled well-before the statutory deadline for a final written decision, as well as to clarify the limited role of so-called *Sotera* or *Sand Revolution* stipulations. Director Review also provides an opportunity to emphasize that the Board should not rely on any “clarifications” in the rescinded Guidance Memo. Instead, the Board should take a “holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, at 8 (PTAB Mar. 20, 2020) (precedential).

¹ *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* (USPTO June 21, 2022) (“Guidance Memo”).

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, among other things, elevating the role of stipulations pertaining to parallel district court litigation and diminishing the significance of impending trial dates in such litigation. As further explained below, the Board’s Institution Decision expressly cited the Guidance Memo. *E.g.*, Institution Decision at 7 n.10. And the Board’s weighing of the *Fintiv* factors appears to reflect undue reliance on a *Sand Revolution* stipulation and insufficient consideration of the trial scheduled to occur over five months before the statutory deadline for a final written decision, as well as the investments in that litigation by

the parties and the district court. *See id.* at 9-12. 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 '425 Patent (Paper 1, "Petition") on July 3, 2024. Patent Owner filed a Preliminary Response (Paper 7, "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 64-65; *see also* Paper 9, at 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 65 (citing Petition at 78; EX1035). 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 64-65. Patent Owner further explained that—contrary to Petitioner’s assertions (*e.g.*, Paper 8, 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 65; Paper 9, at 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 8, 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 9)—to 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 those grounds that were raised in the IPR.” EX1037; *see also* Paper 10 (December 20, 2024 notice of filing). As the Board observed, the “stipulation is similar to that

in *Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC*, IPR2019-01393, Paper 24, at 12 (PTAB June 16, 2020) (informative), and is sometimes called a ‘*Sand Revolution* stipulation.’” Institution Decision at 10-11.

On January 23, 2025, the Board issued its Institution Decision, in which it addressed only a single patent claim under only two of the ten grounds offered in the Petition. *See* Institution Decision at 13, 24-25. The Board weighed the *Fintiv* factors and began by citing the Guidance Memo. *Id.* at 7-12 & n.10. The Board concluded that “*Fintiv* Factors 2 (trial date) and 5 (relatedness of parties) favor discretionary denial,” while “Factors 3 (investment) and 4 (overlap) weigh against discretionary denial,” and “Factors 1 (stay) and 6 (other circumstances) are neutral.” *Id.* at 12. The Board characterized this as “a close issue,” but declined to exercise its discretion to deny institution. *Id.* In weighing the factors, the Board appeared to minimize the importance of the trial date and the investments in that litigation by the parties and the district court, while placing greater emphasis on the *Sand Revolution* stipulation and the timing of the Petition. *See id.* (“Although the trial date and relatedness of parties weigh in favor of discretionary denial, this must be balanced against Petitioner’s diligence, the *Sand Revolution* stipulation, and the relatively modest investment in the district court action.”).

On February 28, 2025, the USPTO rescinded the Guidance Memo and directed parties to prior precedent, including *Fintiv* and *Sotera Wireless, Inc. v.*

Masimo Corp., IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A). 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 Board’s analysis and weighing of the Fintiv factors reflects agency guidance prior to the rescission of the Guidance Memo. Under current policy, the Board should have afforded the status and schedule of the parallel litigation greater weight and should not have relied as heavily on the *Sand Revolution* stipulation.

While the Board found that the trial date (Factor 2) favored discretionary denial, it dismissed the investments of the parties and the district court in the parallel litigation (Factor 3) as “not significant” (Institution Decision at 9-10), despite Patent Owner identifying resources spent on discovery and noting that the *Markman* hearing was only days later. POPR at 65; Paper 9, at 5. The Board also found that

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>.

Factor 4 weighed against denial in view of Petitioner's *Sand Revolution* stipulation and speculation regarding the narrowing of claims for trial in the parallel proceeding. *See* Institution Decision at 10-11. The Board also found Factor 1 neutral, despite Petitioner failure to dispute that a stay is unlikely. *See id.* at 8.

The Board's analysis appears to reflect the spirit of the rescinded Guidance Memo, which elevated the role of stipulations regarding parallel litigation by prohibiting discretionary denial in the fact of a *Sotera* stipulation, and which diminished the importance of the proximity to trial. *See* Guidance Memo at 7-8. The *Sand Revolution* stipulation belatedly submitted by Petitioner should not have tipped the scales. Indeed, the decision cited by the Board as support for its analysis of this factor (*see* Institution Decision at 11), determined that a *Sand Revolution* stipulation was "narrowly scoped" and weighed "only marginally against denying institution." *Nokia of Am. Corp. v. Soto*, IPR2023-00680, Paper 30, at 13 (PTAB Dir. Review Dec. 3, 2024). Prior to the Guidance Memo, the Board has denied institution even in the face of broader *Sotera* stipulations. For example, in *Cisco Systems, Inc. v. Estech Systems, Inc.*, IPR2021-00329, Paper 13 (PTAB July 6, 2021), 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. Moreover, the stipulation at issue here is only the narrowly scoped *Sand Revolution* stipulation, which should have weighed only marginally against discretionary denial in any event.

Accordingly, 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. *Cisco*, IPR2021-00329, Paper

13, at 13. The Board's contrary conclusion here appears at odds with current agency policy in view of the decision to rescind the Guidance Memo.

Permitting the Institution Decision to stand after rejecting the underlying agency guidance 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 12).

Dated: March 7, 2025

Respectfully submitted,

By: /Philip Warrick/

Philip Warrick (Reg. No. 54,707)
IRELL & MANELLA LLP
750 17th Street NW, Ste. 850
Washington, DC 20006
Tel: (202) 777-6500
Email: pwarrick@irell.com

H. Annita Zhong (Reg. No. 65,530)
IRELL & MANELLA LLP
1800 Avenue of the Stars, Suite #900
Los Angeles, CA 90067-4276

Telephone: (310) 203-7183
hzhong@irell.com

Counsel for Patent Owner
Pictiva Displays International Ltd.

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:

COVINGTON & BURLING LLP

Scott C. Weidenfeller (Reg. No. 54,531)
sweidenfeller@cov.com

David A. Garr (Reg. No. 74,932)
dgarr@cov.com

SDC-Pictiva-IPR@cov.com

/Susan M. Langworthy/
Susan M. Langworthy