

IN THE 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. IPR2024-01187
U.S. Patent No. 9,257,492

PETITIONER'S RESPONSE TO DIRECTOR REVIEW REQUEST

Patent Owner’s request for Director Review should be denied. The Board’s institution decision (Paper 10) correctly applied pertinent precedent and guidance, and was well within the Board’s discretion under 35 U.S.C. § 314(a). Contrary to Patent Owner’s argument, the Office’s rescission of a prior guidance memorandum on discretionary denial under *Fintiv* should not require the Board to retroactively reconsider any *Fintiv* determinations that either “relied upon” or may have been “influenced by” the memorandum.¹ To do so would be particularly unwarranted for the present IPR. First, the Board has already conducted holistic *Fintiv* analyses for the same parallel Texas litigation in three related IPRs, both before and after the guidance was rescinded, and determined *not* to issue *Fintiv* denials in those related IPRs—even though they involved narrower, non-*Sotera* stipulations. Second, under *Sotera*’s precedent, Petitioner’s *Sotera* stipulation in this IPR “weighs strongly in

¹ Paper 10 at 4 (arguing for Director Review “because the Board expressly relied upon the rescinded Guidance Memo”); IPR2024-01095, Paper 14 and Ex. 3101 (arguing for extension for seeking Director Review “because the Board’s Institution Decision expressly cited and was no doubt influenced by the rescinded Guidance Memo”); *see also* IPR2024-01093, Paper 13; IPR2024-01094, Paper 13. The Office declined to consider the latter set of requests. *See* IPR2024-01093, Ex. 3101; IPR2024-01094, Ex. 3101; IPR2024-01095, Ex. 3101.

favor of not exercising discretion to deny institution.” *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020) (precedential as to section II.A). Third, Patent Owner did not maintain a *Fintiv* argument.

On December 12, 2024, after Patent Owner had argued for discretionary denial under *Fintiv* in light of parallel litigation in Texas (*see* Paper 6), Petitioner filed a preliminary reply (Paper 7) along with a *Sotera* stipulation (Ex. 1026) not to pursue an invalidity defense in the Texas litigation based on grounds that were raised or reasonably could have been raised in the IPR. The preliminary reply argued that the stipulation was dispositive under the guidance then applicable (Paper 7 at 1). Patent Owner subsequently dropped its *Fintiv* argument in its preliminary sur-reply (Paper 8). On February 18, 2025, the Board appropriately determined not to exercise its discretion to deny under *Fintiv*, explaining “Patent Owner has not disputed the [dispositive] effect of this stipulation.” (Paper 10 at 12.)

Contrary to Patent Owner’s assertions, it is not “arbitrary and fundamentally unfair” (Paper 12 at 6) for the Board to have applied a Guidance Memo that constituted “binding agency guidance to govern the PTAB’s implementation of” the Director’s discretion under 35 U.S.C. § 314(a) at the time of the decision.² The

² *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* (USPTO June 21, 2022) (“Guidance Memo”) at 3.

Guidance Memo (at 9) stated it “applies to all proceedings pending before the Office” and “will remain in place until further notice.” Notwithstanding Patent Owner’s assertions, it would have been arbitrary for the Board *not* to follow such “binding agency guidance.” The Office’s web page rescinding the memorandum did not purport to undo or vacate any previous Board decisions made under the memorandum (such as the institution decision here); it simply stated that those decisions “*shall* not be binding or persuasive on the PTAB” going forward.³

Moreover, Patent Owner’s theory is prejudicial and would be problematic in introducing significant uncertainty into the related district court proceeding regarding the effect of the *Sotera* stipulation. If the institution decision were undone, the stipulation would no longer apply because it was conditioned upon institution. The defendants in the district court proceeding may not know whether they should continue to make certain arguments that they attempted to stipulate not to make in that proceeding—including in expert reports on invalidity due in less than two weeks.

In any event, exercising Director Review to vacate the institution ruling would be particularly unwarranted under the circumstances of this IPR for at least three

³ *USPTO Rescinds Memorandum Addressing Discretionary Denial Procedures* (USPTO Feb. 28, 2025) (“Web Page”), at <https://www.uspto.gov/about-us/news-updates/uspto-rescinds-memorandum-addressing-discretionary-denial-procedures>.

reasons. First, as noted above, Patent Owner declined to maintain an argument for discretionary denial under *Fintiv* after Petitioner submitted its *Sotera* stipulation. As the Board explained, “Petitioner argues that such stipulation is dispositive regarding discretionary denial . . . [and] Patent Owner has not disputed the effect of this stipulation” under the applicable guidance (Paper 10 at 12). Patent Owner initially raised *Fintiv* arguments in its preliminary response (Paper 6 at 43–46), but did not include any *Fintiv* arguments in its preliminary sur-reply (Paper 9).

Second, *Sotera* stipulations remain important to the *Fintiv* analysis—as underscored in the Office’s web page rescinding the memorandum, which directs parties to refer to the precedential *Sotera* decision for guidance.⁴ A *Sotera* stipulation “mitigates any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions.” *Sotera*, IPR2020-01019, Paper 12, at 19. A *Sotera* stipulation thus “ensures that an inter partes review is a ‘true alternative’ to the district court proceeding.” *Id.* Accordingly, such a

⁴ See Web Page, *supra* note 3 (“Parties to post-grant proceedings should refer to Patent Trial and Appeal Board (PTAB) precedent for guidance, including *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) and *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A).”).

stipulation—as Petitioner has provided here—“weighs strongly in favor of not exercising discretion to deny institution under 35 U.S.C. § 314(a).” *Id.*

Third, if the institution decision were to be vacated, the case should be remanded to the Board to apply *Fintiv*. However, the Board has already held in the related cases of IPR2024-01095 (Paper 12), IPR2024-01222 (Paper 12), and IPR2024-01233 (Paper 11), that even narrower stipulations were sufficient, under the facts of the same parallel Texas litigation, for the Board to refrain from exercising discretion to deny institution under *Fintiv*. Indeed, the latter two IPRs were instituted *after* the rescission of the memorandum, undermining Pictiva’s argument that the Board’s prior *Fintiv* analyses were “no doubt influenced by the rescinded Guidance Memo” (IPR2024-01095, Ex. 3101). The *Sotera* stipulation here only strengthens the case against discretionary denial.

Finally, Patent Owner is wrong to insinuate that it is “not contested—that the remaining *Fintiv* factors favor denial” (Paper 12 at 6). Neither Petitioner nor Patent Owner addressed those factors after the *Sotera* stipulation was provided. At a minimum, if the institution decision were vacated, Petitioner should be permitted to submit briefing on the proper application of the *Fintiv* factors in this IPR.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6 and 42.105, I hereby certify that the foregoing Petitioner's Response to Director Review Request was served by electronic mail on the following counsel of record for Patent Owner:

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Date: March 12, 2025

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