

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MOTOROLA SOLUTIONS, INC.

Petitioner,

v.

STELLAR, LLC

Patent Owner.

Case IPR2024-01205

U.S. Patent No. 7,593,034

**PATENT OWNER'S RESPONSE TO
PETITIONER'S REQUEST FOR REHEARING¹**

¹ Petitioner filed identical requests for rehearing in each of IPR2024-01205, -01206, -01207, and -01208. Patent Owner is accordingly filing identical responses in each of these cases. Citations herein are to IPR2024-01205.

Pursuant to the Board’s April 29, 2025 authorization, Patent Owner Stellar, LLC hereby submits this response to Petitioner Motorola Solutions, Inc.’s request for rehearing (Paper 20 (“Req.”)) of the Director’s decision denying institution. “The burden of showing a decision should be modified lies with the party challenging the decision.” 37 CFR § 42.71(d). “The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed” *Id.* The Request fails as to all of these aspects.

For the reasons discussed below, the Director should deny rehearing.

I. THE OFFICE’S REVISED *FINTIV* GUIDANCE DOES NOT VIOLATE THE APA OR DUE PROCESS

A. Petitioner Cannot Show Reliance on the Prior Guidance Memo

Petitioner alleges that the Office’s actions violate the APA and Petitioner’s due process rights because Petitioner relied on the Office’s prior guidance. Req. at 5-6 (citing *DHS v. Regents of the Univ. of Cal.*, 591 U.S. 1, 30-31 (2020)). However, the Petition is silent on the *Fintiv* factors and the Office’s prior guidance. *See* Pet. After Patent Owner raised *Fintiv* arguments in its POPR, Petitioner did not request a reply. Petitioner’s reliance arguments should be dismissed on that basis alone. 37 CFR § 42.71(d) (requiring Petitioner to demonstrate where it raised these issues).

Petitioner also fails to consider that, in *Encino Motorcars, LLC v. Navarro*, the Supreme Court noted that “[a] summary discussion may suffice in other circumstances, but here . . . because of decades of industry reliance on the

Department’s prior policy[,] the explanation fell short of the agency’s duty to explain why it deemed it necessary to overrule its previous position.” 579 U.S. 211, 230 (2016). In contrast, agencies revising policies in a similar fashion to the Office’s recission do *not* induce “serious reliance interests.” *See FDA v. Wages & White Lion Invs., L.L.C.*, 145 S. Ct. 898, 917-18 (2025). In *Wages & White Lion*, the FDA issued a 2020 guidance document that elaborated on “its enforcement priorities based on device type” for e-cigarettes. *Id.* at 906. In August 2021 the FDA rescinded the guidance and denied hundreds of applications. *See id.* at 906-11. The Court held that “[a]t most, the 2020 guidance may have led respondents to *believe* that the FDA was more likely to authorize their open-system products” and that “such a belief . . . is not a ‘serious reliance interes[t].” *Id.* at 927. Similarly here, the 2022 guidance the Office rescinded did not induce decades of reliance.

B. The Prior Guidance Was Simply That—Guidance, Not a Rule

The June 2022 Memo, titled “Interim Procedure for Discretionary Denials in AIA Post-Grant,” was, by definition, interim and subject to change. This was acknowledged in the June 2022 Memo itself, which stated that “the Office is planning to soon explore potential rulemaking on proposed approaches through an Advanced Notice of Proposed Rulemaking. In the meantime . . . interim guidance will remain in place until further notice. The Office expects to replace this interim guidance with rules after it has completed formal rulemaking.” June 2022 Memo at

2-9. Any alleged reliance by Petitioner on the June 2022 Memo is unjustified. *See, e.g.,* 90 Fed. Reg. 10610, 10614 (Feb. 25, 2025) (reliance is not justified when revisions to rules were being considered and regulations were subject to change).

Further, even if the June 2022 Memo had induced Petitioner to rely on it (it did not), the Office is within its rights to rescind prior guidance and need only provide “a summary discussion” of its decision. *Encino*, 579 U.S. at 230. “An agency must ‘display awareness that it is changing position’ and ‘show that there are good reasons for the new policy.’” *Id.* at 221. The Office met this burden by providing its March 24, 2025 Guidance and March 26, 2025 Memo, setting forth sufficient guidance and explanation of the rescission. *See* March 26, 2025 Memo at 3 (stating that “[t]hese processes aim to improve PTAB efficiency . . . and promote consistent application of discretionary considerations in the institution of AIA proceedings.”).

In sum, the June 2022 Memo was not a longstanding practice that would require consideration of any reliance prior to rescission. The June 2022 Memo was merely “interim guidance,” not the rescission of a final rule, and sufficient reasoning for rescission was provided. Any reliance by Petitioner was not justified.

C. Petitioner’s Reliance on *Kirwa* Is Misplaced

Petitioner cites to *Kirwa v. DOD* as supposedly supporting a claim that the rescission here was applied retroactively in violation of Petitioner’s due process rights. Req. at 8. Petitioner’s assertion is fundamentally flawed. In *Kirwa*, the “DOD

offered no reasoned explanation for [its] change, thereby suggesting that DOD's decision was an arbitrary and capricious one." 285 F. Supp. 3d 21 at 35. Also, as the court noted, prior to DOD's guidance there was "no formal written guidance" on the disputed issue. *Id.* at 38. Here, prior guidance existed, and the Office provided a reasoned explanation for changing its guidance, and therefore the rescission was neither arbitrary nor capricious. Petitioner does not suggest that the March 24, 2025 Guidance and the March 26, 2025 Memo fail to provide a reasoned explanation. Merely upsetting expectations does not render rescission a violation of due process.

II. INSTITUTION IS NOT WARRANTED UNDER THE OFFICE'S CURRENT GUIDANCE

Petitioner argues that institution is still proper under the Office's current guidance. Req. at 10-15. Petitioner is wrong as to each *Fintiv* factor.

As to factors 1-2, the Board already found those factors favor denying institution (Paper 11 at 10-11), and the Director's decision did not disturb that (Paper 19). Petitioner argues the district court's actions since the Board's institution decision dictate otherwise. Req. at 10-11. However, the district court's stay was the ill begotten result of the Board's original decision, and Petitioner cannot dispute that should the Office deny its Request, the district court must lift its stay and proceed.

As to factor 3, the Director's decision rightfully found this factor favors denying institution. Paper 19 at 2-3. Petitioner's disagreement with that fails to meet the rehearing standard. 37 CFR § 42.71(d). Petitioner also distorts facts, pointing to

29 motions pending at the district court. But 22 of those are administrative motions to seal documents. Petitioner itself filed six of the other seven. Petitioner cannot burden the court with motions yet argue its own actions favor denying institution.

As to factor 4, the Office rightfully concluded that Petitioner's invalidity theories (including its non-publication prior art theories) indicate that it is not pursuing IPRs as a true alternative to district court invalidity proceedings. Paper 19 at 3-4. Petitioner's disagreement with that conclusion is not a basis for rehearing.

As to factor 6, the Office similarly and rightfully concluded that the factors, taken as a whole (including factor 6) favored denying institution. Paper 19 at 4. Here too, Petitioner's disagreement with that conclusion is not a basis for rehearing.

III. PETITIONER'S EXPANDED STIPULATION CHANGES NOTHING

Petitioner submits a broadened stipulation in a desperate effort to revive its petitions. Req. at 15; Ex. 1045. Petitioner's stipulation is new evidence that is improper in a request for rehearing absent good cause. *See Huawei Device Co. v. Optis Cellular Tech., LLC*, IPR2018-00816, slip op. at 4 (PTAB Jan. 8, 2019). Also, a stipulation must be submitted "well in advance of the Board's deadline for entering its institution decision." *BMW of N. Am. v. Northstar Sys. LLC*, IPR2023-01017, Paper 12 at 10 n.11. Petitioner cannot wait for the Office's institution decision and then revise its stipulation to attempt to override it. Such an approach is both improper gamesmanship and fails to meet the standard for rehearing under 37 CFR § 42.71(d).

Dated: May 6, 2025

By: /James M. Lennon /

Jason M. Shapiro, Reg. No. 35,354

James M. Lennon, Reg. No. 56,815

DEVLIN LAW FIRM LLC

1526 Gilpin Ave.

Wilmington, DE 19806

Telephone: (302) 449-9010

jshapiro@devlinlawfirm.com

jlennon@devlinlawfirm.com

Attorneys for Patent Owner

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Patent Owner's Notice of Deposition was served on May 6, 2025, to Lead and Back-up Counsel for Petitioner at the service address provided in Petitioner's Mandatory Notices:

<u>Lead Counsel</u>	<u>Back-Up Counsel</u>
Joshua R. Nightingale (Reg. No. 67,865) JONES DAY 500 Grant Street, Suite 4500 Pittsburgh, PA 15219 (412) 394-7950 jrnightingale@jonesday.com	John A. Marlott (Reg. No. 37,031) JONES DAY 110 North Wacker Drive, Suite 4800 Chicago, IL 60606 (312) 269-4236 jamarlott@jonesday.com

/James M. Lennon/
James M. Lennon