

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HULU, LLC,
Petitioner,

v.

PIRANHA MEDIA DISTRIBUTION, LLC,
Patent Owner.

Case IPR2024-01253
Patent 11,463,768

**PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW
OF DECISION GRANTING INSTITUTION**

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Patent Owner respectfully requests Director Review of the assigned panel decisions to institute *inter partes* review (“IPR”) on the Director’s behalf in IPR2024-01252 and IPR2024-01253.¹ The Panel granted institution in both cases despite the fact that, while the decisions whether to institute were pending, a District Court found every challenged claim invalid. What is more, the Panel instituted **both** cases, despite the fact that they are parallel petitions filed on the same day and challenging the same claims of the same patent, differing only in their raised grounds. The Director should grant review to make clear that *Fintiv* strongly favors discretionary denial when claims have already been held invalid by a court. And the Director should overturn the Panel’s outlier decision to institute parallel petitions, in defiance of clear Office guidance that instituting such parallel petitions is improper in the vast majority of cases, including this one.

The USPTO’s new leadership has swiftly moved to clarify that discretionary denial should be exercised in accordance with binding guidance—rescinding on February 28, 2025 the 2022 interim guidance that had constrained such denials. Decisions by panels of the Board whether to exercise this discretion are made on the Director’s behalf and subject to the Director’s guidance and review. When assigned panels fail to apply binding guidance, and instead exercise the Director’s

¹ Patent Owner is filing substantially identical review requests in both cases.

powers based on their own inclinations, the Director can and should step in.

Otherwise, current policy will not be followed consistently, and parties will be harmed by arbitrary departures from policy. That is what has happened here.

The Panel departed from many well-reasoned Board panel and Director Review decisions when it found that the district court's finding that every claim is invalid under 35 U.S.C. § 101 does not favor non-institution under *Fintiv*. Instead, the Panel sided with a few outlier panel decisions, which have failed to apply what *Fintiv* and the Director actually say. Second, the Panel proceeded to disregard the rule in the Trial Practice Guide that instituting two parallel petitions is unjustified in the "vast majority of cases," and only on "rare" and unusual facts. The Panel found nothing about these parallel petitions that differentiates them from the vast majority of parallel petitions—but instead of applying official guidance that denial of at least one of them is therefore appropriate, decided to institute both anyway.

If any patent owner deserves application of the Director's discretion to deny institution, it is this one. It took nearly two decades, including attempts to speed up prosecution and an appeal, for the Office to issue these claims. Petitioner has now persuaded a district court to find them invalid, and, as is well known, victory on appeal is statistically improbable. There is no need, and no reason, for the Office to *also* reconsider the claims. Institution should have been denied under *Fintiv* and the Trial Practice Guide. Director Review should be granted.

I. Background

The '768 Patent issued in 2022 from a continuation of patent no. 10,986,403, which issued in 2021 after nearly two decades of prosecution—including years of requests to advance prosecution, many rejections, and a Board appeal. POPR, 3.

Patent Owner filed an action to enforce this patent against Petitioner. Petitioner filed parallel IPR petitions on the same day, IPR2024-01252 and 01253, both against the same claims of the patent, differing only in their grounds. See Consol. Trial Prac. Guide, 59 (defining “parallel petitions” as “[t]wo . . . petitions filed against the same patent at . . . the same time,” in particular by the same petitioner). The grounds of both petitions are based on art remarkably similar to the art already considered by the Examiner and the Board. POPR § III. For example, the 01253 Petition’s lead art reference, Eldering-I, is incorporated-by-reference in Eldering-’262, which the Examiner expressly identified as the “closest prior art” to these claims when finding them allowable. *Id.*, 3-4.

Despite filing parallel IPR petitions, Petitioner also continued to press its invalidity challenge against the same patent claims in district court. *Id.*, 1, 26. And on September 24, 2024, the district court granted Petitioner’s motion and found all challenged claims invalid under § 101. *Id.* Patent Owner has appealed. *Id.*

Meanwhile, a request for *ex parte* reexamination has also been filed of the challenged independent claims of the patent, largely relying on the same art as these

IPRs, and the Office has granted that Request. Patent Owner’s Response to Petitioner’s Statement Re Multiple Petitions (“Multiple Petitions Response”), 5.

Patent Owner’s Preliminary Response (“POPR”) to the Petition in both cases explained why, for the reasons that cases like *AviaGames* have found, the *Fintiv* factors favor discretionary denial here, because the district court has entered an intervening judgment at Petitioner’s behest that all challenged claims are invalid under § 101. POPR § IV.B-G. Patent Owner also explained that, for the reasons given in the Trial Practice Guide, these cases are among the “vast majority of cases” in which two parallel petitions are unjustified, and clearly do not fall among the “rare” exceptions to the rule. Multiple Petitions Response, 1-5.

The assigned Panel granted institution in both cases. The Panel did not find that the merits of the Petitions were compelling. ID, 16. The Panel followed the reasoning of the few recent panel decisions that have found that *Fintiv* does **not** support denial of institution when a district court has already entered a final appealable judgment of invalidity of all challenged claims under § 101. ID, 12-17.

As to whether to institute multiple parallel petitions, the Panel found that “[t]he record justifies exercising discretion to entertain two petitions,” reasoning that “Petitioner’s approach—using two different petitions to present substantively distinct challenges is [*sic*] reasonable,” and that “two petitions allow Petitioner to present two substantively distinct challenges based on only two different prior-art

references in each petition, while not overly burdening the Board[.]” ID, 7-8. The Panel did not find that any facts presented any rare or even unusual circumstances. Nor did the Panel present any reasoning addressing the Trial Practice Guide’s guidance that “one petition should be necessary to challenge the claims of the patent in most situations,” or that the “burden on” both “the Board and the patent owner” is significant, and “fairness” is also significant, in deciding whether this is one of those “rare” cases where instituting parallel petitions would be justified. CTPG, 59.

II. The Director Should Grant Review To Clarify That A District Court Final Judgment Of Invalidity Favors Denial Of IPR Under *NHK/Fintiv*.

“The Director is permitted, but never compelled, to institute an IPR.” *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021). Together, the Board’s *NHK* and *Fintiv* precedential decisions

address the role, in the decision whether to institute an IPR, of the pendency of district-court infringement litigation involving the same patents. The decisions, designated as precedential, constitute instructions from the Director regarding how the Board is to exercise the Director’s institution discretion.

Apple Inc. v. Vidal, 63 F.4th 1, 8 (Fed. Cir. 2023). “The decisions articulate a discretionary standard for denying IPR petitions based on pending parallel litigation,” which may “rel[y] on the advanced state of the district court proceeding involving the same patent to deny institution, reasoning that, given the projected trial date in the parallel court case, conducting an IPR would be an inefficient use of

agency resources.” *Id.* (internal quotation marks omitted).

A. *The Director Should Resolve The Split In Cases Applying Fintiv.*

As the POPR describes, many IPRs, including a Director Review decision, have addressed the question whether “the state of the district court proceeding involving the same patent” supports denial of institution under *NHK/Fintiv* if, in pending parallel litigation, a district court has already granted final judgment of invalidity under § 101 on the challenged claims. POPR, 27-34; *see, e.g., AviaGames, Inc., v. Skillz Platform Inc.*, IPR2022-00530, Paper 12 (Aug. 9, 2022) (denying institution where district court had found claims invalid under § 101), *remanded*, Paper 14 (Dir. Mar. 2, 2023), *denial reinstated*, Paper 15 (Mar. 22, 2023).

This is a critically important question under *Fintiv*. A core “directive” of *NHK/Fintiv* is that the “concerns of inefficiency and the possibility of conflicting decisions [a]re particularly strong” when “the time to trial in the district court case” will substantially precede the time to trial in an instituted IPR. *Apple*, 63 F.4th at 9; *see Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, 2020 Pat. App. LEXIS 13179, *8, 2020 WL 2126495 (Mar. 20, 2020) (precedential) (“If the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*.”). Logically, if a district court’s trial date earlier than the projected IPR deadline generally weighs in favor of discretionary denial, the same is all the more true if the trial court has already

reached a final judgment on validity. *See, e.g., AviaGames*, Paper 12, 12-13 (“[a]s the District Court has completed its consideration of the [challenged] patent, we determine [*Fintiv* Factor 2] weighs heavily in favor of denying institution”); POPR, 29-30 (collecting cases). As the POPR explains, most panel decisions applying *Fintiv* to this situation, including the *AviaGames* Director Review decision, have found that a prior district court judgment of § 101 invalidity favors denial of institution under *Fintiv*, just as makes sense under *Fintiv*’s reasoning. *Id.* § IV.A.

A few Board panel decisions have taken a different view. These decisions, two of which were authored by the same administrative patent judge, reach the opposite conclusion: that *Fintiv*’s factors almost all favor ***institution*** when the district court has already concluded with a § 101 invalidity judgment. *Id.* But in almost all of these institution-favoring cases, only a subset of the claims challenged in the IPR were invalidated by the court under § 101. POPR, 33. And unlike the well-reasoned decisions applying *Fintiv*, like *AviaGames*, these cases fail to analyze the efficiency implications of the low statistical chance of success patent owners face on appeal—and the fact that, if the district court’s invalidity judgment is affirmed, the work in the instituted IPR will have been wasted, just as has happened in many cases that have refused to deny institution under *Fintiv* in this situation. *Id.*, 31-34.

The Panel below suggests that the *AviaGames* case—the only case in which the Director has addressed the implications of a prior § 101 invalidity judgment on

Fintiv—actually **supports** its decision, so a fuller discussion of *AviaGames* is given below. ID, 12-13. In *AviaGames*, like in this case, “before the Patent Owner filed its Preliminary Response, the United States District Court . . . issued a decision determining that most of the challenged claims of the [challenged] patent were invalid as directed to patent-ineligible subject matter under 35 U.S.C. § 101.” *AviaGames*, Paper 14, 2. Unlike this case, where all challenged claims have been held invalid, in *AviaGames* only **most** of the claims-at-issue had been held invalid. Compare *id.*, with Exs. 2010 [Sep. 11, 2024 judgment], and 2011 [Petitioner’s Ct. App. dktg. stmt.] 1. The *AviaGames* Board panel conducted an analysis of the *Fintiv* factors in light of that district court § 101 judgment, and determined that all favored denial of institution. *AviaGames*, Paper 12, 11-15. Weighing the factors, the panel found that “because a district court determined that the challenged claims were invalid under § 101, ‘the interests of efficiency and integrity of the system would be best served by invoking to deny institution.’” Paper 14, 2.

The Director granted review, vacated the panel’s denial of institution, and remanded. Critically, the Director did not disturb any of the existing findings of the panel under the express *Fintiv* factors. *Id.*, 5-6. The Director’s only criticism of the panel’s analysis was that it had not applied the new “compelling merits” test, which Director Vidal thought needed to be balanced against the risk of inefficiency from instituting review of claims that had already been held invalid by the district

court. *Id.*, 3, 5-6. The Director did not otherwise disturb the panel’s determination that the *Fintiv* factors all disfavored institution; indeed, she expressly directed that “[i]f the Board finds the record does not rise to th[e] high standard” of compelling merits the Board should “deny institution,” as it had before Director Review had been granted. *Id.* On remand, the Board found “the compelling merits standard” to be not met, and reinstated its denial of review under *Fintiv*. *Id.*, Paper 15, 27.

The Panel misinterpreted *AviaGames*, plucking out-of-context snippets from its Director review order and ignoring what that order actually held. The Panel quotes the Director’s remarks that ““the district court’s judgment of invalidity under 35 U.S.C. § 101, i.e., a statutory ground that could not have been raised before the Board, does not raise concerns of inefficient duplication of efforts or potentially inconsistent results between the Board and the district court,”” that ““the challenged claims have not yet been cancelled and remain in force until the opportunity to appeal has been exhausted,”” and that ““[b]y the time an appeal [of the court’s § 101 final judgment] will have concluded, Petitioner will be barred under 35 U.S.C. § 315(b) from bringing a new challenge in an IPR petition.”” *Id.*, 12-13 (quoting *AviaGames*, Paper 14, 3-4). The Panel reasoned that these statements support finding *Fintiv* Factor 1 “favors exercising discretion not to deny institution.” *Id.*, 13.

The Panel’s view of these statements of the Director in *AviaGames* is clearly wrong. It ignores the fact that the Director *left in place* the panel’s determination

that *Fintiv* Factor 1—in fact, all the *Fintiv* factors—favored denial of institution. As already noted, the Director did not disturb those *Fintiv* findings, and indeed ordered the panel to *reinstate* its discretionary denial if “compelling merits” were absent. *AviaGames*, Paper 14, 5-6. If the Panel’s view of *AviaGames* were correct, the Director would have *rejected* the panel’s *Fintiv* findings, rather than uphold denial of institution based on them, subject only to the “compelling merits” test—a test that the Acting Director has since rescinded. Instead, the Director’s comments should be understood to merely point out the obvious: the fact that the district court’s ruling was based on § 101 instead of prior art could lessen some of the efficiency gains of discretionary denial, and a theoretical possibility existed that reversal of the district court on appeal could lead to the district court restarting proceedings too late for the petitioner to file another IPR. But the Director *still* did not conclude that these facts were sufficient to tilt the *Fintiv* factors away from denial of institution, when the district court had invalidated some of the claims. *Id.* Thus, the Director’s comments only lend more *support* to finding that *Fintiv* favors denial on these facts.

B. *The § 101 Invalidity Judgment Strongly Supports Fintiv Denial.*

The *Fintiv* analysis in *AviaGames* (followed by many other cases) clearly supports denial based on the § 101 judgment. POPR, 30-34 (collecting cases).

Factor 1: “the district court case cannot be stayed because it has concluded.”

E.g., *AviaGames*, Paper 12, 12.

Factor 2: “the District Court has completed its consideration of the [’768] patent,” so “this factor weighs heavily in favor of denying institution.” *Id.*, 12-13.

Factor 3: favors denial “if, at the time of the institution decision, the District Court has issued substantive orders related to the patent.” *Fintiv*, 9-10. The § 101 “invalidity determination is a substantive order related to the [’768] patent,” so “this factor weighs in favor of denying institution.” *AviaGames*, Paper 12, 13.

Factor 4: Here, “all... of the claims challenged in the petition are also at issue in district court,” *Fintiv*, 12-13—so here, even more than in *AviaGames*, where only *some* challenged claims were invalidated by the district court, “this factor favors discretionarily denying institution,” *AviaGames*, Paper 12, 14.

Factor 5: The petitioner and the defendant in the parallel proceeding are the same party. So this factor, too, weighs in favor of discretionary denial. *Id.*

Factor 6: As for other facts, the Petition was not found to have compelling merit. Moreover, a canvass of the cases that have *declined* to deny institution in this situation reveals that granting institution has time and again led to waste and inefficiency—because when the court’s § 101 judgment has been affirmed after the IPR was instituted, it moots and terminates the IPR, wasting months of toil. *See AviaGames*, Paper 12, 9-10 & n.9; POPR, 31-34 (noting “[s]uch wasteful instituted cases have continued to accumulate” since *AviaGames*) (collecting cases).

* * *

To sum up, the Director should grant review and provide clear “instructions from the Director regarding how the Board is to exercise the Director’s institution discretion” under *Fintiv* (*Apple*, 63 F.4th at 8) when parallel court proceedings have already reached an appealable final judgment that the claims are invalid.

III. The Director Should Grant Review To Reinstate The Strong Guidance Against Multiple Attacks In Parallel Petitions Except In “Rare” Cases.

Second, and separately, Director Review should be granted because the Panel granted institution of parallel petitions, which differ solely in that they present different grounds against the same claims, without properly addressing the official guidance that in “the vast majority” of cases instituting parallel petitions is improper.

As the Trial Practice Guide explains, “multiple petitions by a petitioner are not necessary in the vast majority of cases,” and, when “filed against the same patent at . . . the same time . . . may place a substantial and unnecessary burden on the Board *and the patent owner* and could raise fairness, timing, and efficiency concerns.” CTPG, 59-60 (emphasis added). While, the Guide explains, in “rare” circumstances “more than one petition may be necessary,” petitioners should provide the panel and patent owner an explanation of “the differences between [its parallel] petitions, why the issues addressed by the differences are material, and why the Board should exercise its discretion to institute additional petitions if it identifies one petition that satisfies petitioner’s burden under 35 U.S.C. § 314(a).” *Id.*, 59-60.

The Panel did not apply this guidance. The Panel found that *both* of

Petitioner's parallel petitions satisfied petitioner's burden under 35 U.S.C. § 314(a). 01252 ID, 14 (finding that "Petitioner shows that there is a reasonable likelihood of prevailing on the merits with respect to at least one challenged claim"); 01253 ID, 17 (same). But the Panel's analysis of whether it should institute both parallel petitions bore no resemblance to the instructions to the Board in the Trial Practice Guide. The basis of the Panel's analysis whether to institute the parallel Petitions is:

Petitioner's approach—using two different petitions to present substantively distinct challenges is [*sic*] reasonable. In particular, two petitions allow Petitioner to present two substantively distinct challenges based on only two different prior-art references in each petition, while not overly burdening the Board because there are overlaps and similarities, including claim construction and discretionary denial issues, for example. In addition, the different issues and prosecution history serve to create a full record and lend insight into claim construction.

ID, 8. This clearly contradicts the required analysis under the Guide. For example:

- The Guide says the test is "whether more than one petition is *necessary*"—repeating this "necessary" or needed" criterion at least three times in two pages. CTPG, 59-60 (emphasis added). The Panel's analysis, however, never even addresses whether it is "necessary," and instead asked only whether Petitioner's filing of multiple petitions was "reasonable." ID, 8.
- The Panel expressly analyzes only the "burden on the Board," without

even mentioning, let alone analyzing, the burden on *Patent Owner*. *Id.*

- The sole difference found by the Panel between the two parallel petitions is that they “present substantively distinct challenges”—apparently meaning simply that they rely on different references. *Id.* That is true of *any* two petitions with different grounds. The Guide makes clear that multiple petitions are only justified by “rare” circumstances. Mere “substantively distinct” grounds therefore cannot justify parallel petitions.

The Panel faults Patent Owner for “not ‘clearly proffer[ing] any necessary stipulations’ as the CTPG stresses.” *Id.*, 7. But that is clearly wrong. The Guide says patent owners should offer stipulations if useful to show that “the differences identified by the petitioner [between its petitions] are directed to an issue that is not material or not in dispute”—such as when the petitioner claims that there is “a dispute about priority date requiring arguments under multiple prior art references,” or many different disputed limitations. CTPG, 59-61. But here, Patent Owner had no call to offer any stipulations, because there were *no* such “differences identified by the petitioner.” CTPG, 61. Patent Owner is hardly required to stipulate to the absence of differences no one has identified. And if the only difference between the Petitions is that they rely on different art, then there is nothing to which to stipulate.

IV. This Case Is An Ideal Vehicle For Clarifying The Director’s Guidance.

This case presents an ideal vehicle for clarifying how *Fintiv* should apply

when parallel district court proceedings have already reached a final judgment, and when multiple parallel petitions should be instituted. On both issues, the parties have briefed the questions and collected cases on both sides of a Board split. No unusual facts or posture cloud the issues. And the Panel's institution decision clearly departs from the official guidance on both subjects, and decides the issue on a basis that does not take precedent or binding guidance properly into account.

V. The Wrongly Instituted IPR Should Be Stayed Pending Director Review.

The decisions of which review is sought granted institution of review, so these cases are progressing at full speed, despite the filing of these meritorious requests for Director Review. To avert the waste of effort being mooted by the grant of Review, it is respectfully requested that, in the interests of justice, the Director should stay the instituted proceedings for which institution is under review.

If the Director is inclined to grant review, but is of the view that Patent Owner is likely to succeed on rehearing in only part of its challenge, a stay of that part of the instituted proceeding is respectfully requested. For example, if it is determined that Director Review is likely to reverse the decision to grant review of both parallel petitions, it is respectfully requested that the IPR that is likely to be found to have been improperly instituted, such as 01253, should be stayed.

VI. Conclusion

Director Review should be granted, and the instituted proceedings stayed.

Respectfully submitted,

/ Kenneth J. Weatherwax /

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Date: March 18, 2025

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the following documents were served by electronic service, by consent between the parties (Pet. at 70), on the date signed below:

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW OF DECISION GRANTING INSTITUTION

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