

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ECTO WORLD, LLC and SV3, LLC,
Petitioner

v.

RAI STRATEGIC HOLDINGS, INC.,
Patent Owner

Case IPR2024-01280
U.S. Patent No. 11,925,202

**PETITIONER'S REQUEST FOR DIRECTOR REVIEW OF
INSTITUTION DECISION**

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Patent Trial and Appeal Board
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Pursuant to 37 C.F.R. § 42.75(c), Petitioner, Ecto World, LLC and SV3, LLC, hereby respectfully requests Director Review of the Board’s denial of institution of *inter partes* review under 35 U.S.C. § 325(d) (Paper 10, “Decision”). This request is timely filed within 30 days of the March 6, 2025 Decision and is accompanied by the required fee. 37 C.F.R. §§ 42.15(f), 42.71(d), 42.75(c).

I. INTRODUCTION

The Board’s decision to discretionarily deny institution under § 325(d) should be reversed for two reasons. First, the Board misapplied the two-part framework set forth in *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 8-9 (PTAB Feb. 13, 2020) (precedential). Second, the Board’s Decision is inconsistent with prior Board decisions and irreconcilable with another decision *by this same panel* finding a reasonable likelihood that claims of *the same patent* are anticipated by one of the *same prior art references* presented in the Petition.

First, the Board improperly treats the mere citation of the applied references in an IDS containing over 1,000 references as sufficient consideration by the Examiner to satisfy the first part of the *Advanced Bionics* framework. The Board then compounds its misapplication of part one by introducing a new *ipsis verbis* requirement for analyzing part two of the framework. In essence, the Board’s decision faults the Petition for not reciting the words “material error” verbatim in

the Petition’s analysis of part two of the *Advanced Bionics* framework. The Board’s analysis not only fails to consider the totality of the Petition—and the several instances of material error identified therein—but also elevates form over substance in a manner that is not supported by § 325(d) or *Advanced Bionics*.

The Board’s Decision also raises important issues of law and policy. Indeed, the Board’s application of the facts presented in the Petition to the *Advanced Bionics* framework, and its conclusions resulting therefrom, is inconsistent with numerous other Board decisions. The starkest example of this is in IPR2024-01406, in which *the same panel* as here *instituted review of the same ’202 patent* challenged here based on a ground involving the *same Takeuchi reference* applied in the instant Petition. *Shenzhen Kangvape Tech. Co. Ltd. v. RAI Strategic Holdings, Inc.*, Paper 7, 13, 20, 25-26 (PTAB Mar. 20, 2019). In fact, the Takeuchi ground in IPR2024-01406 was *the only ground* that the Board found persuasive.¹

¹ The IPR2024-01406 petition was filed *after* the instant Petition, and included § 325(d) arguments substantially similar to those made here. IPR2024-01406 Paper 2, 76-77 (arguing that Takeuchi and Susa “were buried within the mammoth IDS filed by the Patent Owner ... As such, those references were never addressed in any claim rejection or office action,” and relying on the strength of the contentions earlier in the petition as evidence of the Examiner’s material error).

The IPR2024-01406 decision illustrates the arbitrariness and capriciousness of the Board's Decision here. These inconsistent determinations further highlight that the Board's Decision, if left standing, will undoubtedly create uncertainty in how § 325(d) and the *Advanced Bionics* framework will be applied to Petitions in the future. And given the sheer number of prior Board decisions reaching different conclusions on these issues, the Decision here will likely affect IPR practice well beyond this case. Therefore, Director Review is necessary here to not only rectify the Board's errors, but to also clarify these issues for future practitioners.

II. BACKGROUND

The Petition, filed on August 13, 2024, presented four grounds based on four prior-art references (Takeuchi, Pienemann, Kim, and Susa). The Petition noted that the applied references “are listed on the face of the patent,” but also included a section explaining that the *Advanced Bionics* two-part framework demonstrates that denial of the Petition is not appropriate. Pet., 110-111. The Petition also identified substantial evidence that, when properly considered, showed that part two of the *Advanced Bionics* framework did not support denial of the Petition under § 325(d). *See, e.g.*, Pet., 7-11, 15-16, 19, 22-23, 25, 39, 73-80, 110-111.

After the Petition was filed, an Initial Determination Denying Patent Owner's Motion for Temporary Relief was issued in *Certain Disposable Vaporizer Devices* (Inv. No. 337-TA-1410) on November 19, 2024. Paper 8, 1. The motion

was denied, because, among other reasons, the ALJ found that Petitioner had raised a “substantial question of invalidity based on both the Takeuchi reference as well as based on Kim in view of Pinemann.” EDIS Doc. ID No. 838318, p. 88.

Patent Owner’s Preliminary Response argued—in the last section of the paper—that discretionary denial under § 325(d) was warranted. POPR, 34-42. Specifically, Patent Owner argued that “all of the Petition’s references were presented to the Office and considered by the Examiner, and Petitioners failed to address the second prong of *Advanced Bionics*.” *Id.*, 35. In its discussion of § 325(d), Patent Owner admits that it only considered two pages of the entire Petition (pages 110-111), and urged the Board to do the same. *Id.*, 38-40.

On March 6, 2025, the Board discretionarily denied the Petition under § 325(d). In its Decision, the Board acquiesced to Patent Owner’s plea to not “independently review and assess the merits of [the] petition’s grounds to conclude whether and how any material error occurred.” Decision, 11. The Board then concluded that Petitioner had not explained how “the Office materially erred in its decision to allow the application, even though Takeuchi, Kim, Pienemann and Susa were before the Office during examination of the application leading to the ’202 patent.” *Id.* In support of this conclusion, the Board, like Patent Owner, only considered pages 110-111 of the Petition. Based on this overly-narrow application of the *Advanced Bionics* framework, the Board denied institution.

III. LEGAL STANDARD

Director review of a Board decision on institution is warranted when the request presents “(a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law.”

Director Review Process, Section 2.B (available at <https://www.uspto.gov/patents/ptab/decisions/director-review-process>, last accessed March 26, 2025). Each of these bases is present here.

IV. ARGUMENT

A. The Board’s Misapplication of *Advanced Bionics* Warrants Director Review

1. The Board misapplied *Advanced Bionics* part one

The Board begins its analysis by finding that *Advanced Bionics* part one was satisfied because “Takeuchi, Kim, Pienemann, and Susa were submitted on an IDS during prosecution of the ’202 patent and appear on the face of the ’202 patent,” and therefore constitute “[p]reviously presented art.” Decision, 10. The Board’s finding conflicts with numerous prior Board decisions—both pre and post-*Advanced Bionics*—that have held that merely citing a reference in an IDS during prosecution does not establish that the Examiner substantively considered the merits of the reference. This holds even truer when the *combinations* of references in the Petition were not presented or considered during prosecution. At the very least, the Board’s analysis of *Advanced Bionics* part one highlights how the Board

has inconsistently handled this issue since the *Advanced Bionics* decision, thereby illustrating that this case presents an important issue of law and policy.

Before *Advanced Bionics*, the Board “frequently [held] that a reference that ‘was neither applied against the claims nor discussed by the Examiner’ does not weigh in favor of exercising” discretion under § 325(d). *Amazon.com, Inc. v. M2M Solutions LLC*, IPR2019-01205, Paper 14, 16 (PTAB Jan. 27, 2020). The Board also repeatedly held that “mere citation to a reference by the Examiner,” let alone a mere listing of a reference in an IDS, “does not establish that the Examiner substantively considered the merits” of the reference.” *Zip-Top LLC v. Stasher, Inc.*, IPR2018-01216, Paper 14, 35 (PTAB Jan. 17, 2019); *see also Bowtech Inc. v. MCP IP, LLC*, IPR2019-00382, Paper 12, 12 (PTAB Aug. 6, 2019) (same); *Nitto Denko Corp. v. Hutchinson Tech. Inc.*, IPR2018-00955, Paper 7, 15 (PTAB Dec. 4, 2018) (same); *Shenzhen Zhiyi Tech. Co. v. iRobot Corp.*, IPR2017-02137, Paper 9, 10 (PTAB Apr. 2, 2018) (same).

Likewise, after *Advanced Bionics*, the Board has found on multiple occasions that merely citing a reference in an IDS that is initialed by the Examiner during prosecution is not enough to satisfy *Advanced Bionics* part one. *Sci. Design Co. v. Shell Oil Co.*, IPR2021-01537, Paper 7, 25 (PTAB Mar. 18, 2022) (finding that even when a reference is listed and initialed by an Examiner on an IDS, this fact alone does “not indicate a substantive evaluation of the asserted art”); *see also*

Cisco Sys., Inc. v. NetSocket, Inc., IPR2023-00607, Paper 11, 22 (PTAB Sept. 26, 2023) (finding that “a reference that ‘was neither applied against the claims nor discussed by the Examiner’ does not weigh in favor of exercising discretion under § 325(d)”); *Samsung Elec. Co., Ltd. v. Maxell, Ltd.*, IPR2024-00906, Paper 11, 14-15 (PTAB Dec. 11, 2024) (finding that *Advanced Bionics* part one is not satisfied at least in part because, “[o]ther than being listed on the first page of this IDS [], Patent Owner does not point us to any other evidence of record to show that the Examiner considered [the reference] in any meaningful way during prosecution of the [] patent”); *Samsung Elec. Co., Ltd. v. Ouraring, Inc.*, IPR2024-01077, Paper 8, 19 (PTAB Jan. 28, 2025) (finding that part one is not satisfied at least in part because, despite being “included on an [IDS] ...,” the reference was “neither applied in a rejection nor meaningfully discussed during prosecution”).

Here, Petitioner explained that “[e]ven though Takeuchi, Kim, and Pienemann are listed on the face of the patent, the Examiner was not afforded the opportunity to seriously consider any of these references, as they were buried in a massive IDS dump of over 1,000 references.” Pet., 110. As illustrated above, merely citing a reference on an IDS—even when the IDS included significantly less than 1,000 references—has been deemed insufficient to satisfy *Advanced Bionics* part one. *Samsung Elec.*, IPR2024-00906, Paper 11, 14-15 (114 references included in the IDS); *Sci. Design Co.*, IPR2021-01537, Paper 7, 25 (91 references

included in the IDS). What's more is that here, Petitioner also explained that "Applicant ignored [the Examiner's] request" to "specifically point[] out in response to this Office Action" "any particular reference or portion of a reference in the list which the examiner should take pay [*sic*] particular attention." Pet., 110. The Examiner's plea, coupled with Applicant's refusal to provide the requested information, makes it abundantly clear that the Examiner did not perform "a substantive evaluation of the asserted art." *See Sci. Design Co.*, Paper 7, 25.

The Board's analysis of *Advanced Bionics* part one assumes that the Examiner substantively evaluated Takeuchi, Kim, and Pienemann based solely on these references being cited and not crossed out on an IDS. Decision, 10. But the facts presented in the Petition, the ignored Examiner's plea to identify the key cited references, and the unrealistic amount of time needed to substantively review the 1,000+ references cited by Applicant should have led the Board to conclude that Takeuchi, Kim, and Pienemann are not previously presented prior art under *Advanced Bionics* part one. *Samsung Elec. Co. Ltd.*, IPR2024-01077, Paper 8, 19.

Additionally, the Board ignored Petitioner's additional argument that "none of these references ... *in the combinations presented herein*[]" were applied in any office action during prosecution of the patent." Pet., 110. This fact is undeniable, and the Board's failure to address it represents an abuse of discretion. *Posco Co. Ltd. et al. v. Arcelormittal*, IPR2024-01377, Paper 11, 20 (PTAB Jan. 8, 2025)

(finding that denial under § 325(d) was not warranted because “the Examiner erred by not considering the art in substantially the combination Petitioner proposes”); *Tommy John, Inc. v. Pakage Apparel, Inc.*, IPR2024-01163, Paper 12, 27-28 (PTAB Jan. 8, 2025) (same).

The Board’s misapplication of *Advanced Bionics* part one raises important issues of law and policy, rests on erroneous conclusions of law, and represents an abuse of discretion.

2. The Board misapplied *Advanced Bionics* part two

Because the Board should have found that *Advanced Bionics* part one was not satisfied, it should not have needed to address part two. *Advanced Bionics*, Paper 6 at 8. The Board nonetheless did address part two, and in doing so, misapplied it. Moreover, the Board’s conclusion that “Petitioner does not ... even allege that[] the Office materially erred” introduces a new *ipsis verbis* requirement for *Advanced Bionics* part two, in which the words “material error” must be recited verbatim in the Petition. Decision, 11. This elevation of form over substance is not supported by § 325(d) or by *Advanced Bionics*.

Advanced Bionics merely asks the Board to consider “whether the petitioner has *demonstrated* that the Office erred in a manner material to the patentability of the challenged claims.” *Advanced Bionics*, Paper 6 at 8 (emphasis added). There is no requirement on *how* this material-error demonstration must be made, let alone a

requirement that the demonstration must be articulated using the exact words

“material error.” To the contrary, *Advanced Bionics* identifies multiple *Becton, Dickinson* factors that should be considered when determining whether a petitioner has demonstrated a material error by the Office, including:

- (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection;
- (e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and
- (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.

Advanced Bionics, Paper 6 at 9–11; *Becton, Dickinson & Co. v. B. Braun*

Melsungen AG, IPR2017-01586, Paper 8 at 17–18 (PTAB Dec. 15, 2017)

(precedential as to § III.C.5, first paragraph). Although the Board recognized that these factors should be considered, the Board failed to do so. Decision, 9.

Moreover, the Board erred in its *Advanced Bionics* part two analysis by limiting its review to just two of the Petition’s 111 pages. *Id.*, 11. In doing so, the Board appears to have acquiesced to Patent Owner’s plea to “decline[] to independently review and assess the merits of a petition’s grounds” in its analysis of part two of the framework. *Id.*, citing POPR, 39. However, the Board’s choice to not consider anything in the Petition beyond pages 110 and 111 when analyzing

part two of the *Advanced Bionics* framework conflicts with numerous prior Board decisions, and thus constitutes an erroneous legal conclusion.

Different aspects of the Petition, including the strength of Petitioner's contentions, can satisfy a Petitioner's burden under part two, even where the Petitioner did not make arguments specifically addressing § 325(d). *Chemtronics USA, Inc. v. Flatfrog Labs., AB*, IPR2024-00015, Paper 11, 18-20 (PTAB Apr. 22, 2024) (the majority finding that "Petitioner's persuasive *contentions* based on Han *demonstrate* that the Office overlooked Han's disclosure in allowing the claims") (emphasis added); *see also Satco Products, Inc. v. The Regents of the University of California*, IPR2021-00662, Paper 13, 25 (PTAB Nov. 8, 2021) (despite not directly addressing § 325(d), the Board found that "[b]ecause of the close relevance and applicability of the teachings of" the references, "we find it was error to not apply those references against the claims during prosecution"); *Keysight Techs., Inc. v. Centripetal Networks, Inc.*, IPR2022-01421, Paper 14 (PTAB Aug. 24, 2023) (vacating a Board decision denying institution where the examiner considered references but never provided any discussion, analysis, or other findings, and *the petition provided a sufficient argument on the merits*, which the examiner misapprehended or overlooked).

Here, the Petition presents overwhelming evidence demonstrating the strength of Petitioner's challenges. Patent Owner's only attempts to overcome

these challenges was to rehash arguments from the parallel ITC investigation, which the ALJ considered and rejected, finding that the respondents had raised a “substantial question of invalidity based on both the Takeuchi reference as well as based on Kim in view of Pinemann.” *Certain Disposable Vaporizer Devices*, Inv. No. 337-TA-1410, EDIS Doc. ID No. 838318, p. 88. The Board has held that “the fact that [another tribunal] found that [the applied reference] presents a substantial new question of patentability *undercuts exercising discretion under § 325(d) on that basis.*” *Juniper Networks, Inc. v. Monarch Networking Solutions LLC*, IPR2024-00175, Paper 12, 29 n.9 (PTAB May 8, 2024) (emphasis added). Additionally, in IPR2024-01406, *this same panel* found that there is “a reasonable likelihood that Takeuchi discloses all of the limitations of claim 1” of the same ’202 patent challenged here. *Shenzhen Kangvape*, Paper 7, 25-26.

But even putting aside the Petition’s merits, the Petition still presents evidence that goes directly to *Becton, Dickinson* factors (c), (e), and (f), and that should have been considered by the Board. For example, the Petition presents evidence directed to *Becton, Dickinson* factor (c) (“the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection”) by explaining that “none of [the applied] references (let alone in the combinations presented herein) were applied in any office action during prosecution of the patent” and that “the Examiner was not afforded the opportunity

to seriously consider any of these references, as they were buried in a massive IDS dump of over 1,000 references.” Pet., 110.

The Petition also presented evidence directed to *Becton, Dickinson* factor (f) (“the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments”). Pet., 9-10 (discussing a claim construction issued in a prior IPR that was not available to the Examiner during prosecution), 15-16, 19, 22-23, 25, 39 (discussing Patent Owner’s admissions in prior IPRs—which were not available to the Examiner during prosecution—that at least the Takeuchi reference discloses several claim features), 73-80 (discussing combinability of Kim and Pienemann based on expert testimony that was not available to the Examiner during prosecution). Petitioner also emailed the Board on December 17, 2024 requesting authorization to file a reply to the POPR to address the Initial Determination Denying Patent Owner’s Motion for Temporary Relief that issued in the co-pending ITC investigation after the Petition was filed—another piece of evidence directly relevant to *Becton, Dickinson* factor (f). The Board, however, denied Petitioner’s request.

Finally, the Petition also presented evidence directed to *Becton, Dickinson* factor (e) (“whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art”). Again, Petitioner explained that “Applicant ignored [the Examiner’s] request” to “specifically point[] out in

response to this Office Action” “any particular reference or portion of a reference in the list which the examiner should take pay [*sic*] particular attention,” and “[a]s a result, none of these references (let alone in the combinations presented herein) were applied in any office action during prosecution of the patent.” Pet., 110. With the Examiner neither discussing nor applying the references to the claims, the material errors should be self-evident—i.e., the failure to apply the references, or the proposed combinations thereof, and the Examiner’s failure to appreciate the materiality of these disclosures are the errors. Nonetheless, Petitioner also explained that “the ’202 patent issued after very limited examination,” but “the claimed concepts were well-known before the ’202 patent, and as such [the patent] *should not have been allowed.*” Pet., 7-8 (emphasis added); *see Sci. Design Co.*, Paper 7, 25 (relying on Petitioner’s arguments regarding the prosecution history in concluding that “Petitioner sufficiently demonstrates that the Examiner erred”). Contrary to the Board’s decision, Petitioner’s statements, combined with the aforementioned evidence related to *Becton*, *Dickinson* factors (c), (e), and (f), show that Petitioner did indeed “address ... [and] allege that[] the Office materially erred in its decision to allow the application.” *See* Decision, 11.

In finding otherwise, the Board either overlooked these statements in the Petition (which constitutes erroneous findings of material fact), or chose to introduce a new *ipsis verbis* requirement for *Advanced Bionics* part two, in which

the words “material error” must be recited verbatim in the Petition. The Board’s finding that “Petitioner does not ... allege that[] the Office materially erred”—despite the aforementioned statements and evidence presented in the Petition—begs the question whether the Board’s conclusion would have been different had Petitioner’s statements been revised to say: (i) “As a result, the Examiner materially erred because none of these references (let alone in the combinations presented herein) were applied in any office action during prosecution of the patent;” and (ii) “the claimed concepts were well-known before the ’202 patent, and as such Examiner materially erred because [the patent] should not have been allowed.” Pet., 7-8, 110. This elevation of form over substance is not supported by § 325(d) or *Advanced Bionics*, and is not a valid basis for essentially barring a challenger from presenting demonstrably pertinent prior art via the IPR process. Doing so is counter to the purpose of IPRs.

The Board’s misapplication of *Advanced Bionics* part two therefore also raises important issues of law and policy, rests on erroneous findings of material facts and conclusions of law, and represents an abuse of discretion.

V. CONCLUSION

For the foregoing reasons, Petitioner respectfully requests that the Director grant this request for Director Review and reverse the Board’s denial of institution under § 325(d).

Respectfully submitted,

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CERTIFICATE OF SERVICE (37 C.F.R. § 42.6(e))

I certify that the above-captioned **PETITIONER'S REQUEST FOR
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