UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MOTOROLA SOLUTIONS, INC.
Petitioner

v.

STELLAR, LLC
Patent Owner

U.S. Patent No. 8,310,540

Case IPR2024-01284*

PETITIONER'S AUTHORIZED RESPONSE TO PATENT OWNER'S ("PO'S") REQUEST FOR DIRECTOR REVIEW

* Patent Owner filed identical Requests for Director Review in each of IPR2024-01284, -01285, -01313, and -01314. Petitioner is accordingly filing identical responses in each of these proceedings. Citations herein are to IPR2024-01284.

Petitioner designs, develops and manufactures body worn and in-car camera systems used to protect the public and federal, state and local law enforcement officers. These IPRs are thus of compelling national security interest. After PO filed suit asserting eight patents against these vital public safety products, Petitioner identified invalidating prior art not considered during prosecution. Petitioner naturally defended these important products in the litigation itself but also—relying on the USPTO's "binding agency guidance" that the PTAB "**will not** discretionarily deny institution" in view of a *Sotera* stipulation—worked diligently and at great expense to prepare and timely file eight IPR Petitions challenging all 160 patent claims. The Board instituted all eight IPRs on multiple, alternative grounds of unpatentability, rejecting PO's merits arguments. The Board did not err in declining to discretionarily deny institution of the four IPRs here (Petitioner will separately request rehearing of the March 28 Director Review decision in the four related IPRs, expanding on the arguments herein).

Petitioner Played By The Rules In Relying On Binding Agency Guidance To Defend Its Public Safety Products, And The Change To Those Rules Cannot Be Given Retroactive Effect. When Petitioner filed its August 2024 IPR petitions, and for over six months thereafter, the USPTO's "binding agency guidance" was that "the PTAB **will not** discretionarily deny institution of an IPR" if there is a *Sotera* stipulation. June 2022 Memo at 7-8. Yes, the June 2022 Memo was rescinded in a

February 28, 2025 Notice. But in the months of litigation before that, Petitioner relied on the USPTO's "binding agency guidance" in investing significant resources to prepare and file the IPRs (filing fees alone were hundreds of thousands of dollars).

Petitioner acknowledges that the February 28, 2025 Notice expresses a new policy. But for Petitioner here, and for the small number of other similarly-situated parties with previously-filed and still-undecided petitions as of February 28, 2025, the June 2022 Memo should remain the applicable "binding agency guidance" on discretionary denials. Beyond the fundamental unfairness of penalizing Petitioner for relying on the previous binding agency guidance, the March 26, 2025 Workload Memo stated a desire to "promote consistent application of discretionary considerations in the institution of AIA proceedings"; the retroactive application of the changed policy does the opposite. And, retroactively applying the rescission of the "binding agency guidance" not only threatens the cost-competitiveness of these public safety products, it raises due process and Administrative Procedure Act concerns. *See Lincoln v. Vigil*, 508 U.S. 182, 197 (1993) ("general statements of policy" exempt from rulemaking requirements must only "advise the public **prospectively** of the manner in which the agency proposes to exercise a discretionary power") (cleaned up) (emphasis added); *Bowen v. Georgetown Univ. Hosp.*, 488 U.S. 204, 208 (1988) ("Retroactivity is not favored in the law."); *Kirwa v. U.S. Dep't of Def.*, 285 F. Supp. 3d 21, 41 (D.D.C. 2017) (a "new rule" that

"effects a substantive change from the agency's prior regulation or practice" "is impermissibly retroactive") (cleaned up).

Institution Is Consistent With Precedential Board Decisions. The February 28, 2025 Notice says that parties "should refer to [*Fintiv* and *Sotera*]… for guidance." *Fintiv* directs the Board to "fairness," "merits" and "patent quality" considerations in assessing discretionary denial. *Fintiv*, Paper 11 at 5, 6. Regarding "fairness," it is fundamentally unfair to rescind "binding agency guidance" dictating when the Board "will not" discretionarily deny institution, and then retroactively apply a new policy wholly erasing the dispositive significance of a *Sotera* stipulation. As for the "merits" and "patent quality," the Board has already determined that Petitioner's patentability challenges here have merit, raising patent quality concerns that IPRs were purposefully designed to address. And per *Sotera*, Petitioner's stipulation "weighs strongly in favor of not exercising discretion to deny institution" under factor 4 because it "mitigates any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions." *Sotera* at 19.

Factor 4 also favors institution because Petitioner has challenged "all" the patent claims in these IPRs (as opposed to the subset asserted in district court). *See, e.g., 3Shape A/S v. Align Tech.*, IPR2019-00160, Paper 9 at 39 (June 11, 2019) ("[D]iffering claim sets is a factor that weighs against [discretionary denial]."). This was Petitioner's one chance to challenge all claims of the asserted patents in an IPR,

which weighs against discretionary denial. *See Kroy IP Holdings v. Groupon, Inc.*, 127 F.4th 1376, 1381 (Fed. Cir. 2025) (patentee not estopped from asserting in litigation claims omitted from IPR petition); *Illumina, Inc. v. Natera, Inc*., IPR2019-01201, Paper 19 at 6-7 (PTAB Dec. 18, 2019) (no discretionary denial where district court "would address only a subset of the claims challenged in [IPR] Petition" and "denial of the Petition could cause Petitioner harm").

The Board also properly concluded that factors 1 and 2 weighed against discretionary denial. PO acknowledges there is **no trial date** and "the district court removed the July 2025 trial date from the calendar." Paper 14 FN 4. And the district court temporarily **stayed the case** when the Board instituted the four related IPRs. At the very least, Judge Jordan's entry of a temporary stay upon institution of the first four IPRs was strong "evidence" per *Fintiv* that the case would be permanently stayed when the second four IPRs were instituted. The temporary stay showed that the district court was willing to pause the litigation pending IPR decisions that "could dispose of the entire litigation" which is "the ultimate simplification of issues." *VirtualAgility v. Salesforce.com*, 759 F.3d 1307, 1314 (Fed. Cir. 2014).

Regarding factor 3, the Board considered the investment in the district court, but rightly concluded that significant work remained. *See Smartflash v. Apple Inc.*, 621 F. App'x 995, 1005 (Fed. Cir. 2015) ("Despite the substantial time and effort already spent in this case, the most burdensome task"—the trial—"is yet to come.");

CyWee Grp. Ltd. v. Samsung Elecs., No. 17-CV-00140, 2019 WL 11023976, at *6 (E.D. Tex. Feb. 14, 2019) ("even after the completion of claim construction and most of the discovery in the case, the most burdensome part of the case, for both the parties and the court, is the period immediately before, during, and after trial."). Furthermore, the district court has **not**, to this day, issued a claim construction ruling; the court gave only "preliminary constructions" at the hearing, stressing that "[t]he Court's not made any final decisions" on claim construction, and stating the court would be issuing a claim construction order in the future (but still has not done so). E.D. Tex. No. 23-cv-00750, Dkt. 68 at 3, 84. Nor has the court issued orders ruling on multiple, pending motions (Dkt. 54, 77, 79, 112, 114, 116), which weighs against discretionary denial. *Fintiv*, Paper 11 at 9-10 (if "district court has not issued orders relating to the [challenged patent], this fact weighs against" discretionary denial).

The Board found merit in Petitioner's multiple, alternative unpatentability grounds. Petitioner's challenges did not reflect "eleventh-hour petitions" timed to gain some unfair tactical advantage—there are 160 claims, and it took time to prepare the comprehensive petitions. As for the March 26, 2025 Workload Memo's identification of "compelling national security interests" as a factor, the result of discretionary denial here would be increased litigation costs and uncertainty to Petitioner, unfairly burdening further design, development and production of critical public safety equipment for state, local and U.S. federal law enforcement.

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By: */Joshua R. Nightingale/*

Joshua R. Nightingale, Reg. No. 67,865
JONES DAY
500 Grant Street, Suite 4500
Pittsburgh, PA 15219
(412) 394-7950

John A. Marlott, Reg. No. 37,031
JONES DAY
110 North Wacker Drive, Suite 4800
Chicago, IL 60606
(312) 269-4236

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing PETITIONER'S AUTHORIZED RESPONSE TO PATENT OWNER'S ("PO'S") REQUEST FOR DIRECTOR REVIEW was served via email at the following email addresses for counsel of record:

Stellar-DLF_Intl@devlinlawfirm.com
dlflitparas@devlinlawfirm.com

Dated: April 8, 2025

/ Joshua R. Nightingale /
Counsel for Petitioner