UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MOTOROLA SOLUTIONS, INC.

Petitioner,

v.

STELLAR, LLC

Patent Owner.

Case: IPR2024-01314
U.S. Patent No. 10,965,910

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW

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Pursuant to 37 CFR § 42.75, Patent Owner Stellar, LLC ("Patent Owner") submits this Request for Director Review of the Board's decisions ("Board Decisions") instituting *inter partes* review of claims 1-19 of U.S. Patent No. 8,310,540 (the "'540 Patent"), claims 1-18 of U.S. Patent No. 8,928,752 (the "'752 Patent"), claims 1-25 of U.S. Patent No. 10,523,901 (the "'901 Patent"), and claims 1-20 of U.S. Patent No. 10,965,910 (the "'910 Patent"), collectively referred to herein as the "Second Wave IPRs".[1] As detailed herein, the Board, in each of the Second Wave IPRs, Board failed to properly analyze the *Fintiv* factors. The Board also abused its discretion by erring in its fact-finding as to *Fintiv* factors 3 and 4.

I. LEGAL STANDARD FOR DIRECTOR REVIEW

"Requests for Director Review of the Board's decision whether to institute an AIA trial … shall be limited to decisions presenting (a) an abuse of discretion or (b) important issues of law or policy." *See* USPTO, Revised Interim Director Review Process at 2.B, Availability of Director Review: AIA Trial Proceedings (last modified Feb. 5, 2025). An abuse of discretion is found if a decision: (1) is clearly

[1] Simultaneously with this Request, Patent Owner is submitting identical requests with respect to the institution decisions in the following related IPRs: IPR2024-01285, IPR2024-01313, IPR2024-01314. The Board Decisions are Paper 12 for each respective IPR.

unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly erroneous fact finding; or (4) involves a record that contains no evidence on which the Board could rationally base its decision. *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1367 (Fed. Cir. 2016).

II. THE DIRECTOR'S REVESRAL AND DENIAL OF INSTITUTIONS IN THE FIRST WAIVE IPR PROCEEDINGS

On March 28, 2025, the Director issued an Order concerning four petitions for *inter partes* review (IPR) filed by the same Petitioner, Motorola Solution, Inc. ("Petitioner"). *See Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 ("March 28th Director Order"). The March 28th Director Order concerns requests for Director review filed by Patent Owner regarding IPR petitions filed on four of eight patents asserted against Petitioner in the United States District Court for the Eastern District of Texas, captioned *Stellar, LLC v. Motorola Sols., Inc.*, No. 4:23-cv-00750-SDJ. Those four patents and related IPRs are identified as follows: U.S. Patent No. 7,593,034 (IPR2024-01205), U.S. Patent No. 8,692,882 (IPR2024-01207), U.S. Patent No. 9,485,471 (IPR2024-01206), and U.S. Patent No. 9,912,914 IPR2024-01208), collectively the "First Wave IPRs".

In the March 28th Order, the Director: (i) granted Patent Owner's request for Director review, (ii) vacated the PTAB's decision granting institution of the First Wave IPRs, and (iii) further ordered that each of the First Wave IPRs "is denied, and no trial is instituted." (Ex. 2017 at 4.)

In reaching this determination, the March 28th Director Order explained:

> The Board's analysis of factors 3 and 4, and overall weighing of the *Fintiv* factors was erroneous. . . . The Board did not give enough weight to the investment in the parallel proceeding and gave too much weight to Petitioner's *Sotera*[2] stipulation (i.e., a stipulation that Petitioner will not pursue in district court any ground it raised or reasonably could have raised in the inter partes review (IPR)) and its potential to reduce overlap with the issues raised in the parallel proceeding.

March 28th Director Order at 2. The March 28th Director Order further explained:

> As to investment in the parallel proceeding, although the Board considered the time and effort the parties and the district court had invested preparing for trial, the Board found that "Patent Owner's infringement case alone . . . could present a substantial, if not overwhelming, burden on the district court's resources" and that "[t]rying invalidity issues adds to that burden." . . . That analysis could apply in most, if not all, cases and misapprehends the relevant inquiry.
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> Additionally, by the time Patent Owner filed its Preliminary Response . . . , the parties had served extensive infringement and invalidity contentions, served opening and rebuttal expert reports, filed claim construction briefs, and conducted several depositions. . . . The court also had held a claim construction hearing and construed the disputed claim terms. . . . Thus, at the time of the POPR, the district

2 Internal footnotes and citations omitted from quoted material.

> court and the parties had invested substantial time and resources in the parallel proceeding preparing for a March 10, 2025, trial date—a date eleven months before the Board's projected final written decision date. . . . Given the substantial time and effort the parties and the district court had invested in the parallel proceeding, factor 3 strongly favors discretionary denial.
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> As to the overlap of issues before the Board and in the parallel proceeding, the Board noted Patent Owner's argument that Petitioner's invalidity expert report "repeats all of the assertions in th[e] Petition," and found that Petitioner's stipulation would potentially reduce the issues for trial in the parallel proceeding. . . . But Petitioner's stipulation does not ensure that these IPR proceedings would be a "true alternative" to the district court proceeding. . . . Petitioner's invalidity arguments in the district court are more expansive and include combinations of the prior art asserted in these proceedings with unpublished system prior art, which Petitioner's stipulation is not likely to moot. . . . Accordingly, although Petitioner's *Sotera* stipulation may mitigate some concern of duplication between the parallel proceeding and this proceeding, the stipulation does not outweigh the substantial investment in the district court proceeding or *Fintiv* factors 1, 2, and 5, which the Board found weighed in favor of denial. . . . Considering the *Fintiv* factors as a whole, the efficiency and integrity of the system are best served by denying review.

March 28th Director Order at 3-4.

As explained further below, the same rationale applies to each of the Second Wave IPRs for which this same request for Director Review is submitted.

III. THE PRIOR DIRECTOR'S GUIDANCE AND SUBSEQUENT PRECEDENTIAL AUTHORITY

The prior Director issued guidance concerning the application of the *Fintiv* factors, which indicates that (1) when a petition "presents a compelling unpatentability challenge," the Board should not exercise discretion to deny institution, and (2) the Board should likewise not exercise discretion to deny institution "where a petitioner stipulates not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could have reasonably been raised in the petition." *Interim Procedure For Discretionary Denials In AIA Post-Grant Proceedings With Parallel District Court Litigation*, issued June 21, 2022 ("Guidance Memo").

IV. FACTUAL BACKGROUND CONCERNING THE *FINTIV* FACTORS IN THIS PROCEEDING

This proceeding is the result of an eleventh-hour petition seeking to challenge the claims of the '540, '752, '901, and '910 Patents. As Patent Owner explained in its Preliminary Responses ("POPR"),[3] the parties were mere months away from trial at the district court, and any final written decision will not issue until well after trial.[4]

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[3] Paper 8 for each respective IPR.

[4] Since the Board Decisions, Petitioner sought a stay of the district court case. The district court stayed the case pending institution decisions in IPR2024-01284, -

Despite this, in view of the temporary stay that the district court issued after the (now-vacated) institution decisions in the First Wave IPRs, the Board concluded that factors 1-3 weighed against exercising discretion to deny institution under 35 U.S.C. § 314(a). As discussed below, this temporary stay was the ill begotten product of the Board's flawed institution decisions in the First Wave IPRs. The Director has since vacated those institution decisions in the March 28th Director Order.

Setting aside the flawed conclusions based on the district court's temporary stay, the Board makes several additional errors in its analysis of the *Fintiv* factors. As to factor 3, the Board failed to meaningfully consider Patent Owner's arguments regarding the parties' investment in the parallel district court proceedings. Instead, the Board relied on the district court's stay of the deadlines and hearings as an indication of the amount of work still remaining in the district court forum.[5] However, the Board acknowledges that only fourteen claims are asserted in the district court case. *Id.* Also, the parties have already indicated to the district court that they only require seven days for trial. *See Stellar, LLC v. Motorola Sols., Inc.*,

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01285, -01313, and -01314. In addition, the district court removed the July 2025 trial date from the calendar.

[5] *See* Board Decision at 11 for IPR2024-01284; Board Decision at 9 for IPR2024-01285; Board Decision at 6 for IPR2024-01313, -01314.

No. 4:23-cv-00750-SDJ, Dkt. 19 (Dec. 13, 2023 joint case management report). The Board's assumption is therefore not supported by the facts.

As to factor 4, the Board referenced Petitioner's post-petition stipulation that it "will not pursue as to the challenged claims any ground raised or that reasonably could have been raised during the IPR" in the parallel litigation.[6] However, the Board ignored the fact that Petitioner's 1200-page invalidity expert report includes a plethora of invalidity theories, the majority of which relates to several "systems prior art" references, much of which is offered for obviousness based on combinations with the same prior art at issue in this IPR. *See* Ex. 2012. Therefore, Petitioner's post-petition stipulation is essentially meaningless, essentially duplicative of the grounds raised in the IPR, and will not reduce the burden on the court.

V. THE INSTITUTION DECISIONS OF PATENT OWNER'S RELATED PATENTS WERE IMPROPERLY GRANTED AND IMPROPERLY INFLUENCED THE BOARD'S ANALYSIS OF FACTORS 1-3

Patent Owner filed a Request for Director Review in each of First Wave IPRs based on the Board's failure to properly analyze the discretionary denial factors

[6] Board Decision at 12 (quoting Ex. 2015) for IPR2024-01284; Board Decision at 10 for IPR2024-01285; *see also* Board Decision at 6 for IPR2024-01313, and -01314.

established in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019 (May 13, 2020) (collectively, the "Prior Requests"). Patent Owner herein submits this Request for Director Review with respect to each of IPR2024-01284, -01285, -01313, and -01314 ("Second Wave IPRs") for the same reasons articulated in the Prior Requests as detailed below.

On February 13, 2025, the Board issued institution decisions as to the First Wave IPRs.

On February 24, 2025, the U.S. District Court for the Eastern District of Texas issued a temporary stay of the civil action between Petitioner and Patent Owner, *Stellar, LLC v. Motorola Solutions, Inc., et al.*, 23-CV-750-SDJ (E.D. TX), in view of the institutions decisions in the First Wave IPRs. See Ex. 1066.

The district court's stay was the ill begotten result of the flawed institution decisions in the First Wave IPRs, all of which failed to properly analyze the *Fintiv* factors. The stay would not have issued but for those erroneous institution decisions in the First Wave IPRs. Absent the stay, the same analysis under *Fintiv* applies to the Second Wave IPRs. Director Review of the Prior Requests was granted on March 28, 2025.[7] In particular, the Director found that "[t]he Board's analysis of factors 3 and 4, and overall weighing of the *Fintiv* factors was erroneous" and that "[t]he Board did not give enough weight to the investment in the parallel proceeding

[7] Paper 19 at 2 in IPR2024-01205, 01205, 01206, 01207.

and gave too much weight to Petitioner's *Sotera* stipulation . . . and its potential to reduce overlap with the issues raised in the parallel proceeding."[8] As a result, the Director vacated the Board's decision granting institution of *inter partes* review and denied the petitions outright.[9] The same result should apply to Petitioner's Second Wave IPRs, which suffer from the same deficiencies as Petitioners' First Wave IPRs that the Director has already terminated.

Further, the district court's stay improperly influenced to Board's analysis of factors 1-3. Absent the district court's stay, the Board should have properly concluded that factors 1-3 weigh in favor of discretionary denial.

VI. THE BOARD ERRED IN ITS ANALYSIS OF *FINTIV* FACTORS 3 AND 4.

Not only did the Board fail to analyze the *Fintiv* factors under the framework described in the Guidance Memo and *CommScope*, but the Board's factual findings as to factors 3 and 4 are fundamentally flawed and warrant Director review.

As to factor 3, the Board relied on the district court's issuance of a stay to conclude that significant work remained to be done.[10] However, as the Board

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[8] *Id.*

[9] *Id.* at 4.

[10] *See* Board Decision at 11 for IPR2024-01284; Board Decision at 9 for IPR2024-01285; Board Decision at 6 for IPR2024-01313, -01314.

acknowledged, only fourteen claims across eight patents are asserted in the district court case.[11] Further, the parties have already indicated to the district court that they only require seven days for trial. *See Stellar, LLC v. Motorola Sols., Inc.*, No. 4:23-cv-00750-SDJ, Dkt. 19 (Dec. 13, 2023 joint case management report).[12]

Given these facts, the Board's failure to meaningfully consider Patent Owner's arguments and instead rely on the district court's wrongfully issued stay was an erroneous factual finding that warrants Director review and reversal.

As to factor 4, the Board referenced Petitioner's post-petition stipulation that it "will not pursue as to the challenged claims any ground raised or that reasonably could have been raised during the IPR" in the district court.[13] However, the Board ignored that Petitioner has offered a 1200-page invalidity expert report in the district court case, the majority of which will not be mooted by Petitioner's *Sotera*

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[11] *Id*.

[12] Patent Owner is mindful of the Director Review process's prohibition on submission of new evidence. To the extent the Director wishes for Patent Owner to submit the materials mentioned herein to verify Patent Owner's assertions, Patent Owner will do so at the Director's request.

[13] Board Decision at 12 (quoting Ex. 2015) for IPR2024-01284; Board Decision at 10 for IPR2024-01285; Board Decision at 6 for IPR2024-01313 and -01314.

stipulation despite clear overlap in subject matter because of obviousness assertions combing art asserted in this IPR with unpublished "systems prior art" theories. *See* Ex. 2012. Thus, Petitioner subverts the very purpose of the stipulation proposed by the Board in *Sotera Wireless*, *i.e.*, to "ensure[] that an *inter partes* review is a 'true alternative' to the district court proceeding." *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (Dec. 1, 2020); *see also* March 28th Director Order at 3-4 ("Petitioner's stipulation does not ensure that these IPR proceedings would be a 'true alternative' to the district court proceeding.").

The idea that Petitioner's stipulation here would significantly reduce the issues before the district court (or that this proceeding is a "true alternative" to the district court proceeding) is not credible. Petitioner is simply seeking to have two independent bites at the invalidity apple, one here and one at the district court. Under the facts here, the Board's apparent conclusion that factor 4 does not favor exercising discretion to deny institution also was a clearly erroneous factual finding that warrants Director review and reversal.

VII. CONCLUSION

Under a proper analysis of the *Fintiv* factors, each of factors 1-5 favor exercising discretion to deny institution. Thus, Director review is warranted, and on review the Director should reverse the Board Decisions and deny institution under 35 U.S.C. § 314(a) to maintain consistency with the March 28th Director Order.

Dated: March 31, 2025

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Patent Owner's Request for Director Review was served on March 31, 2025, to Lead and Back-up Counsel for Petitioner at the service address provided in Petitioner's Mandatory Notices:

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