

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

POSCO CO., LTD.,
Petitioner,

v.

ARCELORMITTAL,
Patent Owner.

Case IPR2024-01377
Patent 11,326,227

AUTHORIZED RESPONSE TO DIRECTOR REVIEW REQUEST

Patent Owner (“PO”) argues that the Board abused its discretion in granting institution. Not so. After withdrawal of 2022’s Guidance Memo, the Board granted PO the exact briefing it requested and then made a well-reasoned decision as to why institution was appropriate. As discussed in Petitioner’s pre-institution brief (Paper 10), no tribunal will resolve grounds based on Engels and Takagi prior to the Board, Petitioner is not a party to any parallel proceeding, and the merits are strong. With these facts, the Board did not abuse discretion in granting institution. The Board’s analysis of Factor 1 aligns precisely with the precedential *Fintiv* decision, the Board’s analysis of Factor 4 is likewise consistent with Board precedent, and the Board’s decision to grant institution in view of a holistic consideration of all *Fintiv* factors was not unreasonable, arbitrary, or fanciful.

I. Finding Factor 1 to be Neutral was not an Abuse of Discretion

PO argues that the ID’s analysis of Factor 1 was “new and unprecedented.” Paper 13, 9. Yet, the Board’s decision quotes directly from *Fintiv*’s discussion of Factor 1, explaining that “*Fintiv* indicates that the focus should be on ‘whether the patentability disputes before the ITC will resolve all or substantially all of the patentability disputes between the parties, regardless of the stay.’” *Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 11, 9 (PTAB Mar. 20, 2020) (precedential). With this treatment, the Board’s analysis of Factor 1 was not unprecedented—it explicitly followed the precedent established in the *Fintiv* decision.

Following the *Fintiv* precedent, the Board routinely finds Factor 1 neutral and focuses on overlap when evaluating an ITC case where the companion district court case is stayed. In the *Philip Morris* series of IPRs that involved a stayed district court case and a pending ITC proceeding where no stay was requested, the Board found Factor 1 “neither weighs in favor of or against discretionary denial.” *Philip Morris Products*, IPR2020-00919, Paper 9, 8 (PTAB 2020). There, in its Factor 1 analysis, the Board quoted the same section of the *Fintiv* decision as the panel here and noted that “[w]e continue our analysis and consider ... the degree of overlap of the proceedings (*Fintiv* factor 4).” *Id.* In those IPRs, Factor 4 proved dispositive, as the Board granted institution where overlap did not exist (IPR2020-01094, IPR2020-01602) and denied institution where it did (IPR2020-00919).

The Board’s precedent also confirms that, “[i]n the absence of specific evidence,” the Board “will not attempt to predict how the ... court in the related ... litigation will proceed” and finds Factor 1 neutral. *Sand Revolution II*, IPR2019-01393, Paper 24, 7 (PTAB 2020) (informative), *Sotera Wireless*, IPR2020-01019, Paper 12, 14 (PTAB 2020)(precedential), *Ocado*, IPR2021-00311, Paper 11, 11. The Board further noted “that any inefficiency in resolving the grounds the Petition presents is mitigated by the stay of the district court action.” Paper 11, 17.

II. Factor 4 Strongly Favors Institution

PO’s characterization of overlap is incorrect and PO is disingenuous when it

contends that it must still address grounds based on Engels and Takagi before the ITC. In fact, PO's post hearing brief addresses just two primary grounds of invalidity—Volkswagen Passat and Lachmann—and does not address grounds based on Engels or Takagi.¹ Volkswagen Passat is system prior art that could not be raised in this proceeding and Lachmann was not even submitted as an exhibit here. As the Board properly found, no overlap exists because “the record does not support that the Petition’s invalidity grounds were presented to the ITC for consideration on the merits.” Paper 11, 15. To be clear, grounds based on Engels and Takagi are dropped from the ITC’s investigation and will not be considered on the merits. The ITC judge will not have to spend resources resolving grounds based on Engels and Takagi, and there is no risk of inconsistent results.

Further, PO’s argument for what grounds are “presented” in a parallel proceeding is inconsistent with Board precedent. PO argues that the Board should evaluate parallel litigation at its broadest scope and find overlap with *any* prior art use. But narrowing of issues is part of every litigation and PO’s contention does not represent what claims, grounds, and evidence will ultimately be presented.

It also does not reflect how the Board has historically considered overlap. In evaluating overlap, the Board has long considered the prior art that is presented for

¹ If helpful, Petitioner would be happy to submit the post hearing briefing at the ITC when public versions of briefs are available.

adjudication in the parallel proceeding. Indeed, the PTAB's precedent has long endorsed conditional stipulations that narrow the litigation upon institution of IPR. *Sotera Wireless*, IPR2020-01019, Paper 12, 18-19 (precedential), *Sand Revolution*, IPR2019-01393, Paper 24, 11-12 (informative). Here, the Board's approach was common and consistent with the precedent established by the PTAB.

In fact, the Board has held that limiting an ITC validity case "mitigates to some degree concerns of duplicative efforts between the ITC and the Board, and mitigates any concerns about potentially conflicting decisions." *Philip Morris Products*, IPR2020-01602, Paper 9, 13. The fact that limiting occurs "during the ITC hearing does not change this conclusion." *Id.*, 13-14.

And none of the cases PO cites states otherwise. In *Roku* (IPR2021-00299), the Board merely stated that dropping one reference did not sufficiently detract from overlap of three other references. *Stanley* (IPR2020-01572) had clear overlap of grounds being adjudicated, *Amazon* (IPR2020-00864) focused on grounds presented at trial, and *Comcast* (IPR2020-00800) evaluated grounds "addressed in the ITC's Initial Determination." Grounds based on Engels and Takagi were not presented at the ITC hearing and will not be addressed in the Initial Determination.

Finally, PO does not address how the petition covers every claim of the '227 patent, including *II* claims not asserted at the ITC. Simply put, the claims, grounds, arguments, and evidence are not the same in the two proceedings.

III. The Board’s Holistic Consideration of All Factors Favors Institution

As the Board found, “the merits of the Petition *are strong*.” Paper 11, 16. PO’s request does not challenge this finding or otherwise explain why the other factors outweigh the strength of the challenge set forth in the Petition.

In fact, this is not Petitioner’s first successful challenge of a patent in this family. In IPR2019-01275, Petitioner successfully canceled all claims of US Pat. No. 9,708,683, which is a parent to the ’227 patent. After that IPR was filed, PO continued prosecution of its family of applications and secured the ’227 patent in 2022 nearly **16** years after its 2006 priority date. In this circumstance, Petitioner should be able to avail itself of the Board’s resources to continue its strong challenge to the ’227 patent and correct the examiner’s error.

Additionally, as explained in Petitioner’s pre-institution brief on *Fintiv*, Factor 5 favors institution because the parties are different. Paper 10, 4-5. PO does not challenge the Board’s finding that Factor 5 is neutral, but, because the parties are different, the Board should have found Factor 5 to favor institution, further suggesting that discretionary denial is inappropriate.

For these reasons, PO’s request for Director Review should be denied. Indeed, “[t]he integrity of the system will benefit from institution because of the strong merits the Petition presents (factor six), and the ITC Investigation will not resolve these merits (factor four).” Paper 11, 17.

Respectfully submitted,

Dated April 9, 2025

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CERTIFICATE OF SERVICE

Pursuant to 37 CFR §§ 42.6(e)(4) and 42.205(b), the undersigned certifies that on April 9, 2025, a complete and entire copy of this AUTHORIZED RESPONSE TO DIRECTOR REVIEW REQUEST was provided by email to the Patent Owner by serving the correspondence address of record as follows:

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