

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Klein Tools, Inc.
Petitioner

v.

Milwaukee Electric Tool Corporation
Keter Home and Garden Products Ltd.
Patent Owners

IPR2024-01401
Patent 11,794,952

**PETITIONER'S REPLY TO PATENT OWNERS'
SUPPLEMENTAL BRIEF REGARDING *FINTIV* FOR *INTER PARTES*
REVIEW OF U.S. PATENT NO. 11,794,952**

I. INTRODUCTION

Patent Owner urges discretionary denial based on the rescission of the USPTO's June 2022 memorandum, contending that the advanced stage of the ITC proceeding warrants denial under *Fintiv*.

Since then, the Board has issued a March 24, 2025, guidance memorandum specifying how the Board will weigh the discretionary denial factors.¹ The Board has also recently addressed discretionary denial, and in doing so, ***granted*** institution despite the existence of an advanced stage ITC proceeding, because key prior art raised in the Petition and additional claims would not be adjudicated by the ITC. *POSCO Co. v. Arcelormittal*, IPR2024-01376, Paper 11 (PTAB March 18, 2025).

Weighing the factors in view of the March 24, 2025, guidance and under *POSCO*, discretionary denial is not appropriate here, as (1) there is not complete overlap between the prior art—indeed, Petition relies on Metabowerke, a primary reference ***not*** at issue in the ITC, and (2) the ITC proceeding requests invalidity of ***only four dependent claims***; the IPR challenges ***all*** claims, including the three independent claims. Given the disparity, discretionary denial should not be granted.

¹ *Guidance on USPTO's Rescission of "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation"* (Mar. 24, 2025).

II. THE ITC PROCEEDING WILL NOT FULLY RESOLVE VALIDITY

It is well-settled that ITC determinations do not have preclusive effect in subsequent validity challenges in other forums. *See Texas Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996). More importantly, here, the ITC investigation will not address validity of the challenged claims in view of key prior art raised in the Petition. Notably, Petitioner's invalidity case before the ITC relied on two grounds: (1) the Auer System in view of Bensman and Lifshitz, and (2) Burchia in view of Bensman and Lifshitz. Neither ground is presented here. And every ground in the Petition relies on Metabowerke, which was not presented at the ITC hearing.² The Petition also challenges claims 1-23, whereas the ITC will only reach claims 3, 4, 8, and 16.

III. FINTIV FACTORS DO NOT SUPPORT DISCRETIONARY DENIAL

Proper application of *Fintiv* demonstrates institution remains appropriate.

Factor 1 – Likelihood of a Stay in the ITC. PO's district court action is stayed pending the ITC investigation, which weighs against denial. *See* IPR2020-00502,

² Contrary to PO's refrain that Metabowerke has been "thoroughly considered and rejected," Metabowerke was never meaningfully considered during prosecution. However, the Board did not authorize argument under §325(d), and Petitioner's position has been adequately explained in Petitioner's Preliminary Reply, Paper 12.

Paper 34 at 10. No stay has been requested in the ITC. PO argues this means the factor favors denial. But, in *POSCO*, the Board addressed the same procedural posture and found the factor neutral and that it elevates the importance of factor four (which strongly favors institution). *POSCO*, Paper 11 at 13. Thus, this factor either favors institution or is neutral and elevates the importance of factor four, which strongly favors institution.

Factor 2 – Proximity of the ITC trial date to the PTAB's Written Decision.

The ITC's initial determination is expected by June 20, 2025. The target date is October 20, 2025, before the PTAB's Final Written Decision, which may be expected around April 2026. While the ITC's decision will issue first, this does not diminish the Board's statutory role in reviewing patentability, which has long-term effects, including on future district court litigation and licensing. Moreover, in the context of parallel district court proceedings, the Board has frequently instituted IPR proceedings with a six month or longer difference. *See, e.g.*, IPR2024-01167, Paper 14 (six months); IPR2024-00137, Paper 15 (eight months). This factor only marginally favors discretionary denial but is not dispositive.

Factor 3 – Investment in the ITC Proceeding. The parties have invested substantial resources in both proceedings—with Petitioner diligently preparing and promptly filing the instant Petition on September 17, 2024, only about three months after the filing of PO's complaint. In *POSCO*, the Board noted the diligence and

prompt filing of a Petition within four months as mitigating investment in the ITC. *POSCO*, Paper 11 at 15. This factor only marginally favors denial, as it is mitigated by Petitioner's diligence.

Factor 4 – Overlap of Issues Between the ITC and IPR. Per *POSCO* and other pre-June 2022 memo cases, this factor weighs strongly against denial because Petitioner in the ITC relied on two grounds that are not presented here, one of which relies on system art. *POSCO*, Paper 11 at 15; IPR2020-01094, Paper 9 at 21-23. Moreover, ***all*** grounds of the Petition rely on a reference that is not a part of the ITC grounds, Metabowerke, including as the primary reference in Grounds 6-9. The difference in the scope of challenged claims also weighs against denial—the ITC proceeding seeks to invalidate ***only four dependent claims***, while the IPR challenges ***all 23 claims***, including the three independent claims. IPR2020-00502, Paper 34 at 12; IPR2020-00223, Paper 12 at 34. Accordingly, the ITC will not reach key issues presented in the instant proceedings. PO incorrectly claims that Petitioner is “clearly using this IPR to revive invalidity contentions it abandoned” at the ITC, which is incorrect since the Petition was filed ***before*** invalidity contentions were served. In any case, PO's argument is irrelevant since the ITC will have no occasion to decide the grounds presented here because Metabowerke was not presented at the hearing. This factor strongly favors institution.

Factor 5 – Whether the Parties Are the Same. The parties are the same, which slightly favors denial.

Factor 6 – Other Considerations, Including the Merits. The March memo states that “the strength of the merits” is considered in the exercise of discretion. The Petition presents strong merits for invalidity based on Metabowerke, which was not meaningfully considered during prosecution, alone nor in combination with Burchia and other references. Indeed, PO’s non-obviousness argument turns on whether Metabowerke’s stackable toolboxes have two “sidewalls” or only one in its female coupler—a highly tenuous distinction that does not refute obviousness. This factor strongly favors institution.

IV. CONCLUSION

For the foregoing reasons, Petitioner respectfully requests that the Board grant institution of the instant proceeding.

Date: March 25, 2025

By: /s/ James Glass

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CERTIFICATE OF LENGTH (37 C.F.R. §§ 42.24(D))

The undersigned hereby certifies that this document is 5 pages and thus complies with the applicable page limit.

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CERTIFICATE OF SERVICE (37 C.F.R. §§ 42.6(E), 42.105(A))

The undersigned hereby certifies that on March 25, 2025 this Petition's Reply Brief re *Fintiv* was served on counsel of record at Patent Owner's consented to e-mail service address below, understood to include at least lead counsel Dion M. Bregman, and back-up counsel Jason C. White, Scott D. Sherwin, and David P. Bernstein, Ph.D.:

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