

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

**AUTHORIZED RESPONSE TO
DIRECTOR REVIEW REQUEST**

Petitioner Klein Tools respectfully submits this response to Patent Owner’s Request for Director Review of the Board’s Institution Decision (Paper 16), as authorized by the Director on April 23, 2025.

There is no question that Patent Owner *disagrees* with the Board’s decision to institute IPR proceedings involving its patents—particularly in light of the Board’s conclusion that “the merits of the Petition are particularly strong.” I.D. at 20. But dissatisfaction with the outcome does not turn a well-reasoned discretionary decision into an *abuse of discretion*.

Here, the Board thoroughly considered the *Fintiv* factors and determined that institution was appropriate. In particular, the Board found (*id.*):

- **Factor 4** “weighs heavily against discretionary denial” because the Petition presents prior art combinations that the ITC will not adjudicate, and 17 of the 23 challenged claims are not before the ITC at all. *The Board cannot be faulted for not considering a post-institution disclaimer—intended solely to create artificial claim overlap.*
- **Factor 6** “weighs against discretionary denial” because the “merits of the Petition are particularly strong.”
- Taking a holistic view, the Board concluded: “we determine that we should not exercise our discretion to deny institution under § 314.” *Id.* at 21.

Patent Owner frames its Request as a principled defense of USPTO policy. But at bottom, it asks for a bright-line rule: that IPRs should be denied whenever an ITC trial concludes before the PTAB’s final written decision—even where key

claims and prior art grounds are not being adjudicated. That is not the law under *Fintiv*, and it is not the standard articulated in the Director’s March 2025 Guidance.

This is precisely the kind of case IPRs were designed to address—to improve patent quality through a focused adjudication of validity. The Board’s decision aligns with precedent and policy. The Request presents no valid basis for Director Review and should be denied.

I. THE BOARD CANNOT BE FAULTED FOR PATENT OWNER’S POST-INSTITUTION ATTEMPT TO MANUFACTURE OVERLAP

Patent Owner claims there is now “complete overlap” between the IPR and ITC claims, citing—for the first time in its Request—its filing of a statutory disclaimer of all non-overlapping claims. But *Fintiv* requires the Board to evaluate overlap *at the time of institution*, not based on post hoc efforts to alter the record. The Board appropriately evaluated overlap based on the record at institution. Indeed, the Board properly found that “17 of the 23 claims” challenged in the Petition would not be addressed in the ITC and determined that *Fintiv* Factor 4 “weighs heavily against discretionary denial.”

Patent Owner also faults the Board for evaluating overlap based on the current status of the ITC proceeding. Instead, it suggests the Board should have assessed overlap based on the claims asserted at the outset of the ITC case—even though those claims were narrowed for trial well before the institution decision. That

suggestion runs contrary to the *Fintiv* framework, which evaluates overlap based on the record at institution—not speculation about prior claim positions.

Patent Owner warns that considering the current status of the proceedings could invite gamesmanship in other cases. But that concern rings hollow in this context, where Patent Owner is itself attempting to manufacture overlap after institution through a statutory disclaimer of all non-overlapping claims. The Board’s decision reflects a faithful application of the law—not an abuse of discretion.

II. PATENT OWNER ALSO MANUFACTURES ITS GAMESMANSHIP NARRATIVE

Patent Owner accuses Petitioner of strategically dropping and then reasserting prior art in a belated effort to evade discretionary denial. But this narrative is manufactured out of whole cloth. Petitioner identified the Metabowerke reference—which the Board cited as contributing to the “particularly strong” merits—in preparing its Petition, and then filed that Petition within four months, before invalidity contentions were even served in the ITC. While Metabowerke was later dropped from the ITC trial during routine case narrowing, Petitioner consistently relied on it in this IPR from the outset. Moreover, the ITC trial concluded on February 15, 2025—before the USPTO rescinded its June 2022 memorandum and reinstated *Fintiv* analysis for ITC proceedings. At the time Petitioner narrowed its

prior art, discretionary denial was not even in view. The suggestion that Petitioner dropped references to game *Fintiv* is not only wrong—it is backwards.

While Patent Owner sees no issue with narrowing its own asserted claims for trial—or statutorily disclaiming others post-institution—it accuses Petitioner of gamesmanship for orderly narrowing of references in the ITC. The inconsistency underscores that Patent Owner is not objecting to process, but to outcome.

Patent Owner urges the Director to ignore the current case posture—including the fact that the Metabowerke-based grounds were not at issue at the ITC trial and will not be adjudicated there—in favor of a backward-looking analysis of contentions that are no longer operative. Its warning about future gamesmanship is undercut by its own effort to reframe the record after the fact.¹

III. THE BOARD PROPERLY CONSIDERED THE OTHER FACTORS

Regarding Factor 6, Patent Owner contends that the Board gave undue weight to the merits. Not so. The Board found a reasonable likelihood that Petitioner would

¹ Patent Owner also faults the Board for not addressing the absence of a *Sotera* stipulation. But at the time the Petition was filed, the USPTO's June 2022 memorandum stated that *Fintiv* did not apply to ITC proceedings. A *Sotera*-type stipulation—promising not to assert the same or substantially the same grounds in a parallel proceeding—would have served no purpose in that context.

prevail on at least one challenged claim and, consistent with *SAS* instituted trial on all challenged claims. The Director's March 2025 memorandum makes clear that the Board may consider the strength of the petition as part of a holistic *Fintiv* analysis—and that strong merits can weigh against discretionary denial even where other factors point in a different direction. That is exactly what the Board did here.

Patent Owner also argues that Factor 1 should have weighed in favor of denial because the ITC trial has concluded and a stay is unavailable. But the Board recognized those facts and reasonably found the factor neutral—following the reasoning of *Fintiv* itself. That standard was properly applied.

IV. CONCLUSION

The Board faithfully applied *Fintiv* and recent USPTO guidance in determining that *Inter Partes* Review should proceed. The Request presents no abuse of discretion or important policy issue warranting Director Review.

Date: April 30, 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 April 30, 2025 this Authorized Response to Director's Review Request 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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