From:	Director_PTABDecision_Review
To:	"Price, Jeffrey H."; Roy Chamcharas; andrew.mason@klarquist.com; Todd M. Siegel; Samuel Thacker; Hannah, James; Fuller, Jenna; Kastens, Kris; Keller, Charles
Subject:	RE: IPR2024-01432, -01495, 01496 - Request for Authorization to Submit New Evidence with Director Review Request
Date:	Thursday, April 10, 2025 3:34:00 PM

Counsel,

Petitioner's request is denied as untimely.

Thank you.

From: Price, Jeffrey H. <JPrice@KRAMERLEVIN.com>
Sent: Wednesday, April 9, 2025 9:52 PM
To: Roy Chamcharas <Roy.Chamcharas@klarquist.com>; Director_PTABDecision_Review <Director_PTABDecision_Review@uspto.gov>
Cc: andrew.mason@klarquist.com; Todd M. Siegel <todd.siegel@klarquist.com>; Samuel Thacker <Samuel.Thacker@klarquist.com>; Hannah, James <JHannah@KRAMERLEVIN.com>; Fuller, Jenna <JFuller@KRAMERLEVIN.com>; Kastens, Kris <KKastens@KRAMERLEVIN.com>; Keller, Charles <CKeller@KRAMERLEVIN.com>
Subject: RE: IPR2024-01432, -01495, 01496 - Request for Authorization to Submit New Evidence with Director Review Request

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Dear Director Stewart,

Cyandia respectfully requests that Petitioner's request to file this stipulation be denied as untimely under *NXP USA, Inc. v. Impinj, Inc.*, IPR2021-01556, Paper 13 (September 7, 2022) (precedential). Petitioner had an opportunity to brief the *Finitiv* factors and submit this stipulation post-rescission of the Vidal Memo, but it waited until after the Decision Denying Institution in IPR2024-01432 to make this stipulation.

To the extent that Petitioner's request is granted, Patent Owner respectfully requests the Director to: (1) treat this argumentative email as Petitioner's Request for Director Review and (2) grant Cyandia a five-page response consistent with the Director Review Process guidelines.

Kind regards,
Jeff Price
Counsel for Patent Owner, Cyandia Inc.

Jeffrey H. Price
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From: Roy Chamcharas <Roy.Chamcharas@klarquist.com>
Sent: Wednesday, April 9, 2025 7:34 PM
To: Director_PTABDecision_Review@uspto.gov
Cc: Andrew M. Mason <andrew.mason@klarquist.com>; Todd M. Siegel <todd.siegel@klarquist.com>; Samuel Thacker <Samuel.Thacker@klarquist.com>; Hannah, James <JHannah@KRAMERLEVIN.com>; Price, Jeffrey H. <JPrice@KRAMERLEVIN.com>; Fuller, Jenna <JFuller@KRAMERLEVIN.com>; Kastens, Kris <KKastens@KRAMERLEVIN.com>; Keller, Charles <CKeller@KRAMERLEVIN.com>
Subject: [EXTERNAL] IPR2024-01432, -01495, 01496 - Request for Authorization to Submit New Evidence with Director Review Request

Dear Director Stewart,

In each of IPR2024-01432, -01495, and -01496, Petitioner SAP America, Inc. ("Petitioner") respectfully requests authorization to submit as a new exhibit a copy of the stipulation made by Petitioner on April 7, 2025 ("the *Sotera*-plus stipulation") to support a forthcoming request for Director Review of the decisions denying institution in the three above-noted IPRs. IPR2024-01432, Paper 14; IPR2024-01495, Paper 13; IPR2024-01496, Paper 13. Petitioner makes this request pursuant to Office guidance on the Director Review process. *See* § 3.E at https://www.uspto.gov/patents/ptab/decisions/director-review-process; 37 C.F.R. § 42.75(c)(3).

The *Sotera*-plus stipulation expands upon Petitioner's earlier-filed *Sotera* stipulation (IPR2024-01432, EX1045; IPR2024-01495, EX1045; IPR2024-01496, EX1045) and agrees to drop all IBM WebSphere-based prior art invalidity defenses, including such defenses based on IBM system art, from the district court litigation for each patent for which IPR is instituted.

Petitioner should be allowed to file this stipulation because of intervening changes in USPTO procedures, guidance, and decisions, including changes in how the Board treats *Sotera* stipulations and conducts a *Fintiv* analysis post-rescission of former Director Vidal's June 21, 2022 Memorandum titled *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* ("Vidal memo").

Specifically, in the roughly one-and-half-month period since Petitioner filed its *Sotera* stipulation (from February 11 to March 28), the USPTO went from treating *Sotera* stipulations as *Fintiv*-dispositive (Vidal memo at 3) to only "mitigat[ing] some concern of duplication." *Motorola Sol.'s*, *Inc. v. Stellar*, *LLC*, IPR2024-01205 to -01208, Paper 19 at 4 (Mar. 28, 2025). Thus, where the Board before would end its *Fintiv* analysis at the *Sotera* stipulation, the intervening change in guidance not only reverted to a full-blown *Fintiv* analysis, but also seemingly adopted a new "true alternative" test that gives a *Sotera* stipulation significantly less weight when corresponding system art may be at issue in the district court litigation. *Id*. at 3-4. This marked change in USPTO guidance unfairly prejudices Petitioner, and warrants allowing Petitioner to file its *Sotera*-plus stipulation with its request for Director review of the institution decisions.

Factual Background

On February 12, 2024, Patent Owner Cyandia ("Patent Owner") sued Petitioner in the Eastern District of Texas for alleged infringement of four patents: U.S. 8,499,250 ("the '250 patent"), 8,595,641 ("the '641 patent"), 8,578,285 ("the '285 patent") and 8,751,948 ("the '948 patent").

Roughly four months after being served the infringement contentions, Petitioner diligently filed four IPR petitions (IPR2024-01432, -01433, -01495, -01496) challenging the '641, '285, and '948 patents (two challenging the '948 patent). Notices according filing dates to the petitions were filed on October 9, 2024. *See* IPR2024-01432, Paper 4; IPR2024-01433, Paper 4; IPR2024-01495, Paper 3; IPR2024-01496, Paper 3. Three of the four petitions (IPR2024-01432, -01495, and -01496) rely on the same printed publications describing the IBM WebSphere system. The fourth petition, IPR2024-01433 (the second petition challenging the '948 patent), makes a priority-break argument and relies on one of Patent Owner's own intervening patent publications.

In response to Patent Owner raising *Fintiv* arguments in its POPRs, Petitioner served a *Sotera* stipulation on Cyandia's counsel on January 14, 2025, and filed this stipulation as exhibits with the PTAB on February 11, 2025. IPR2024-01432, EX1045; IPR2024-01433, EX1131; IPR2024-01495, EX1045; IPR2024-01496, EX1045. The *Sotera* stipulations stated "should IPR be instituted … SAP will not pursue in the E.D. Tex. district court litigation any ground of unpatentability that is raised or reasonably could have been raised in any instituted IPR." *Id.*

Soon after the USPTO rescinded the Vidal memo on February 28, 2025, the Board granted additional briefing addressing the impact of this rescission on the *Fintiv* issues. These supplemental *Fintiv* briefs were filed on March 12, 2025. IPR2024-01432, Papers 10, 11; IPR2024-01433, Papers 9, 10; IPR2024-01495, Papers 9, 10; IPR2024-01496, Papers 9, 10.

On April 7, 2025, the Board issued institution decisions in all four IPRs. The Board instituted the IPR2024-01433 (based on a priority break) but denied the three IBM WebSphere IPRs (IPR2024-01432, -01495, and -01496) because, unlike the priority-break defense in district court—which does not rely on any system art—"Petitioner would remain free to pursue a system-based invalidity challenge in the district court based on essentially the same prior art relied upon" in the IBM WebSphere IPRs. IPR2024-01432, Paper 14 at 11; IPR2024-01495, Paper 13 at 11; IPR2024-01496, Paper 13 at 11. Ultimately, the Board found that factor 4 weighed in favor of denial despite Petitioner's *Sotera* stipulation because it found the stipulation had "limited practical effect." IPR2024-01432, Paper 14 at 9; IPR2024-01495, Paper 13 at 8; IPR2024-01496, Paper 13 at 8.

On April 7, 2025, Petitioner served its *Sotera*-plus stipulation on Cyandia's counsel. This stipulation states that "should IPR be instituted in IPR2024-01432, IPR2024-01495, or IPR2024-01496, SAP will not pursue in any district court litigation the IBM WebSphere-based prior art invalidity defenses, including all IBM WebSphere system art and printed publications describing this system."

Intervening Changes in USPTO Procedures and Guidance

When Petitioner filed its *Sotera* stipulation on February 11, 2025, that stipulation was *Fintiv*-dispositive—the Board could not deny under *Fintiv* even if all the other *Fintiv* factors favored denial. *See* Vidal memo at 7.

On February 28, 2025, the USPTO issued a Notice rescinding the Vidal memo and directed parties to refer to PTAB precedent for guidance, including *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A). Though no longer *Fintiv*-dispositive, *Sotera* stipulations still strongly weighed against discretionary denial under PTAB precedent, as Petitioner noted in its supplemental *Fintiv* briefs. *E.g.*, *Samsung Elecs. Co. v. Acorn Semi, LLC*, IPR2020-01183, Paper 17 at 40-45 (PTAB Feb. 10, 2021).

On March 28, 2025, roughly one week before the Board issued the institution decisions in these IPRs, the Director review decision in *Motorola* was issued, which provided guidance on how the PTAB should weigh a *Sotera* stipulation and conduct a *Fintiv* analysis subsequent to the recission of the Vidal memo. *Motorola v. Stellar*, Paper 19.

Unlike prior Board decisions indicating that a *Sotera* stipulation weighs against discretionary denial even where Petitioner relies on overlapping system art in the parallel district court litigation (*see*, *e.g.*, *PNC Bank*, *NA v. United Serv. Auto. Ass'n*, IPR2021-01073, Paper 25 at 27-29 (PTAB Feb. 7, 2022); *Meta Platforms*, *Inc. v. Eight KHZ*, *LLC*, IPR2023-01022, Paper 10 at 6-7 (PTAB Jan. 9, 2024)), the Director review decision in *Motorola* stated that a *Sotera* stipulation may only "mitigate some concern of duplication" where the corresponding defense in district court also relies on unpublished system prior art. *Motorola v. Stellar*, Paper 19 at 4. The decision also noted that in such an instance, a *Sotera* stipulation "does not ensure that the[] IPR proceedings would be a 'true alternative' to the district court proceeding" and found that the *Sotera* stipulation was not enough to outweigh the other *Fintiv* factors (1-3 and 5). *Id.* at 3-4 (quoting *Sotera Wireless*, *Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020)).

Before the Director review decision in *Motorola*, USPTO guidance and decisions indicated that a *Sotera* stipulation should make factor 4 weigh in favor of institution, especially in view of later Board decisions confirming that this is what the *Sotera* decision stood for. *See*, *e.g.*, *PNC Bank*, Paper 25 at 27-29; *Meta Platforms*, Paper 10 at 6-7. The "true alternative" language from the *Motorola* decision comes from a footnote in the *Sand Revolution* decision that speaks to a *Sotera* stipulation's strength, not its weakness. Specifically,

this footnote discusses how Petitioner's narrower *Sand* stipulation, though still marginally weighing against discretionary denial, would have weighed more conclusively in Petitioner's favor had Petitioner filed a broader *Sotera* stipulation because such a stipulation would "help ensure that an IPR functions as a true alternative to litigation in relation to grounds that could be at issue *in an IPR*." *Sand Revolution II*, *LLC v. Cont'l Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 12 n.5 (PTAB June 16, 2020) (emphasis added). This "in an IPR" language is key. *Id.* It does not say that a *Sotera* stipulation is effective because it ensures that the IPR is a true alternative to *all* corresponding grounds in district court (including system art). Nor does it impose any requirement that, to weigh in favor of Petitioner, a stipulation *must* provide such a "true alternative" to *all* corresponding district court grounds.

The Institution Decisions, however, adopt this "true alternative" language from the *Motorola* Director review decision, and materially differ from prior Office guidance, finding that Petitioner's *Sotera* stipulation had "limited practical effect" and that factor 4 weighed in favor of denial because the stipulation "would not ensure that *inter partes* review would be a 'true alternative' to the [district court] litigation". *E.g.*, IPR2024-01432, Paper 14 at 10; *see also* IPR2024-01495, Paper 13 at 9; IPR2024-01496, Paper 13 at 9. Where prior guidance would have afforded Petitioner's *Sotera* stipulation at least some weight (*see*, *e.g.*, *PNC Bank*, Paper 25 at 27-29; *Meta Platforms*, Paper 10 at 6-7), the institution decisions appeared to give it essentially no weight. *E.g.*, IPR2024-01432, Paper 14 at 10-11; *see also* IPR2024-01495, Paper 13 at 9, 11; IPR2024-01496, Paper 13 at 9, 11. Further, where prior guidance would have weighed factor 4 in favor of Petitioner because of the *Sotera* stipulation (*see*, *e.g.*, *PNC Bank*, Paper 25 at 27-29; *Meta Platforms*, Paper 10 at 6-7), the institution decisions found this factor weighed against Petitioner (in favor of denial). *E.g.*, IPR2024-01432, Paper 14 at 10; IPR2024-01495, Paper 13 at 9; IPR2024-01496, Paper 13 at 9.

Given this intervening shift in how the Board treats *Sotera* stipulations, Petitioner should be allowed to file its *Sotera*-plus stipulation with its request for Director review of the decisions denying institution in IPR2024-01432, -01495, and -01496. Petitioner is willing to present its IBM WebSphere invalidity grounds at the PTAB, not district court. It should not be prevented from doing so because of intervening changes in PTO decisions that were out of Petitioner's control. Finding otherwise unfairly prejudices Petitioner and runs counter to the purpose of the AIA.

Respectfully submitted,

Roy Chamcharas
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