

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LIBERTY ENERGY, INC. AND LIBERTY OILFIELD SERVICES LLC,
Petitioners,

v.

U.S. WELL SERVICES, LLC,
Patent Owner.

IPR2025-00031
U.S. Patent No. 10,655,435 B2

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW

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Pursuant to 37 CFR § 42.75, Patent Owner U.S. Well Services, LLC (“Patent Owner”) submits this Request for Director Review of the Board’s decision instituting *inter partes* review (“ID”) of claims 1-19 of U.S. Patent No. 10,655,435 (the “435 Patent”). As detailed herein, Patent Owner respectfully submits that (1) developments since the ID warrant consideration and reversal; and (2) the Board did not analyze the facts correctly and misapplied applicable authority and guidance concerning analysis of the *Fintiv* factors.¹

I. LEGAL STANDARD FOR DIRECTOR REVIEW

Requests for Director Review of an institution decision are permitted to address decisions that, *inter alia*, present (a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law. *See* USPTO, Revised Interim Director Review Process at 2.B, Availability of Director Review: AIA Trial Proceedings (last modified Mar. 18, 2025). One or more of those factors exist here, as explained below.

II. THE NEW *FINTIV* GUIDANCE AND AUTHORITY

The prior Director issued guidance concerning the application of the *Fintiv* factors, including indicating that (1) when a petition “presents a compelling

¹ *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential).

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”). Subsequent Board decisions applied the Guidance Memo when considering discretionary denial arguments under 35 U.S.C. § 314(a).

On February 28, 2025, the USPTO rescinded the Guidance Memo (“Guidance Memo Rescission Announcement”), and referred parties to prior PTAB precedent for guidance, including *Fintiv* and *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A).

Following the Guidance Memo Rescission Announcement, Chief Administrative Patent Judge Boalick issued a memorandum on March 24, 2025 titled “Guidance on USPTO’s Recission of ‘Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation’” (“March 24 Rescission Guidance Memo”). The March 24 Rescission Guidance Memo provided additional direction to parties following the Guidance Memo Rescission Announcement, including, as relevant to this proceeding: (1) the

rescinding action applies only on a forward-looking basis for cases pre-institution, or post-institution if a request for Director Review is pending, and timely requests for additional briefing on the application of the recission will be considered; (2) a timely filed *Sotera* stipulation is highly relevant to the discretionary denial analysis, but is no longer dispositive; (3) the *Fintiv* analysis will consider any evidence regarding when a parallel district court/ITC action is anticipated to resolve, including median time-to-trial statistics; and (4) the Board will continue to evaluate the strength of an IPR petition's merits as part of the *Fintiv* analysis, but that factor alone is not dispositive.

On March 26, 2025, Acting Director Stewart issued an additional guidance memorandum titled "Interim Processes for PTAB Workload Management" ("Stewart Memo"). The Stewart Memo announced a bifurcated approach to decisions on whether to institute IPRs and PGRs, by allowing parties to file separate briefing on requests for discretionary denial of institution. The procedures enacted in the Stewart Memo apply to IPR and PGR proceedings where the deadline for the patent owner to file a preliminary response has not yet passed and thus those procedures do not apply here. Nonetheless, the reasoning behind the newly implemented procedures—to "improve PTAB efficiency, maintain PTAB capacity to conduct AIA proceedings, reduce pendency in *ex parte* appeals, and promote consistent application of discretionary considerations in the institution of

AIA proceedings”—points to an increased scrutiny of the discretionary denial analysis in pending IPRs. Stewart Memo at 3.

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

Petitioners filed the instant petition on October 11, 2024 (Paper 1), and the USPTO issued a Notice of Filing Date Accorded on October 30, 2024 (Paper 3). Patent Owner filed its Patent Owner Preliminary Response (“POPR”) (Paper 6) on January 30, 2025, which argued that the *Fintiv* factors either favored denial of institution or were neutral, thus collectively favoring denial. Petitioners requested additional briefing to address *Fintiv* considerations raised by Patent Owner, which the Board authorized on February 21, 2025. Paper 7 at 1. On February 28, 2025, Petitioners filed their Petitioners’ Reply to Patent Owner’s Preliminary Response (*Id.*) (“Reply”) addressing *Fintiv* factors, but in their Reply, Petitioners relied in part on the policies put in place in the June 21, 2022, Guidance Memo. Those policies were rescinded in the Guidance Memo Rescission Announcement, which issued the same day Petitioners filed their Reply. ID at 11. In their Reply, Petitioners further indicated an intent to file for a stay of the parallel district court case between the parties but declined to speculate whether the district court would grant their motion even if filed. Reply at 1.

On March 7, 2025, Patent Owner filed its Sur-Reply to Petitioners' Reply (Paper 8) ("Sur-Reply"), noting Petitioners' reliance on the rescinded Guidance Memo. Sur-Reply at 1. Patent Owner also explained that Petitioners still had not filed for a stay of the parallel proceedings, and further that no change had been made to the district court schedule regarding the February 2, 2026 trial date. *Id.* at 1–2. Patent Owner's Sur-Reply concluded the parties' pre-institution briefing.

On April 29, 2025, the Board instituted *inter partes* review. ID at 2. As part of its *Fintiv* Factor 1 analysis, the Board did its own investigation and cited facts not contained in the parties' briefing, including that the Board was "aware ... that Petitioner[s] moved for a stay of the District Court Litigation on March 19, 2025," and that the "[c]ourt has not yet ruled on that motion." ID at 9. This independent investigation also appeared in the Board's *Fintiv* Factor 2 analysis, as the Board pointed out that the *Markman* hearing in the district court case had been rescheduled from February 20, 2025 to April 30, 2025. ID at 11 (citing IPR2025-00066, Paper 9 & Ex. 2027).

Based on the evidence and argument presented in the parties' briefing and its own investigation into the status of the parallel litigation, the Board determined the *Fintiv* factors weighed as follows (ID at 7-19):

- Two *Fintiv* factors (Factors 1 and 6) were neutral;
- Two *Fintiv* factors (Factors 3 and 4) weighed against denial; and

- Two *Fintiv* factors (Factors 2 and 5) weighed in favor of denial, albeit Factor 2 was only “slightly” (ID at 11) in favor of denial.

Patent Owner respectfully submits that the Board overlooked certain facts when performing its own investigation and misapprehended the new guidance, as indicated by recent Board decisions. When considering these additional facts and new guidance, the Board should have found that the *Fintiv* factors, in totality, weigh in favor of denying institution.

IV. THE DIRECTOR SHOULD CONSIDER THE FACT THAT THE DISTRICT COURT HAS DENIED PETITIONERS' MOTION TO STAY THE PARALLEL LITIGATION.

As the Board noted in conducting its investigation into the parallel litigation, although Petitioner filed a motion to stay on March 19, 2025, as of the date of the ID (April 29, 2025), no ruling had been made on the motion. *See* ID at 9. Thus, the case has been (and continues to be) moving forward apace. On May 9, 2025, the Magistrate Judge overseeing pretrial proceedings denied the motion to stay.²

² The Order denying the motion to stay is a public record available on PACER. *U.S. Well Services, LLC, et al. v. Liberty Energy, Inc., et al.*, No. 4:24-CV-00839, ECF 104 (S.D. Tex. May 9, 2025) (“Order Denying Stay”). On request, Patent Owner can make a copy available. Patent Owner is aware that the Director

The Board obviously did not know how the Court would rule on the motion to stay, which resulted in the Board finding that *Fintiv* Factor One was neutral in the discretionary denial analysis. But the Court's Order denying the stay presents a material change that Patent Owner submits the Director can and should consider in reviewing the Board's decision.

The Federal Circuit has endorsed the view that district courts may properly consider post-motion developments when ruling on the underlying motion. *See VirtualAgility Inc. v. Salesforce.com*, 759 F.3d 1307, 1317, n.6 (Fed. Cir. 2014) (holding that a district court may "consider evidence that develops after the date of the stay motion" when considering whether to grant or deny it). Just as the Board here took notice of the Petitioners' filing of the motion to stay (which occurred after briefing was complete), the Director should also consider post-ID

does not consider new evidence when analyzing a request for Director Review.

The Order, however, is not evidence but rather, having issued from a district court, constitutes persuasive authority. The Director may take judicial notice of court decisions. *See Advanced Software Design Corp. v. FRB of St. Louis*, 583 F.3d 1371, 1379 n.3 (Fed. Cir. 2009) (holding that "the decision of another court or agency ... is a proper subject of judicial notice").

developments that materially impact the *Fintiv* factors. This is particularly so given that (1) there is only a 14-day period between the ID and any request for Director Review, and (2) as explained above, the Federal Circuit has endorsed considering newly developed facts and evidence.³

With the Court's denial of the motion to stay, *Fintiv* Factor One is not neutral but instead supports denial. *Samsung Electronics Co., Ltd. v. California Inst. of Tech.*, IPR2023-00130, Paper 10 at 16 (PTAB May 4, 2023) (finding that the district court's decision to deny a motion to stay "weighs in favor of exercising authority to deny institution").⁴ Patent Owner respectfully requests that the

³ Considering the Order denying the motion to stay as part of Director Review also advances one of the goals of Director Review, which is to "correct errors at the institution stage, for example, to avoid unnecessary trials for patent owners." See <https://www.uspto.gov/patents/ptab/decisions/director-review-process> at 2.B. (Proceedings under part 42 of 37 C.F.R.).

⁴ While the Court stated that Petitioners could "re-urge the[] motion [to] stay" following institution decisions on all asserted patents, Order at 7, it is highly unlikely the result will be different. First, as the Court explained, Patent Owner has brought non-patent claims, and any stay would clearly prejudice Patent Owner's

Director take this into consideration in performing an analysis of the *Fintiv* Factors.

V. THE BOARD ERRED IN ITS ANALYSIS OF *FINTIV* FACTORS 2, 3, AND 6, RESULTING IN AN ERRONEOUS HOLISTIC VIEW OF THE FACTORS

Regarding *Fintiv* Factor Two (the proximity of the trial date to any FWD), the Board found that the trial in the parallel case was set to begin on February 2, 2026, and any FWD here would be nearly three months later (“late April 2026”). ID at 10. This should have resulted in the Board finding that Factor Two favored denial of institution. *See Charter Communications, Inc. v. Adaptive Spectrum and Signal Alignment, Inc.*, IPR2024-01379, Paper 16 at 11 (PTAB Apr. 17, 2025)

pursuit of those claims. Order at 5. Second, the Board has already denied institution as to one asserted patent, *see Liberty Energy, Inc., et al. v. Well Services, LLC, et al.*, IPR2025-00066, Paper 10 (PTAB Apr. 29, 2025) (denying institution as to U.S. Patent No. 10,598,258) and will therefore likely deny institution in IPR2025-00778, which addresses U.S. Patent No. 11,959,533, a continuation patent of the '258 Patent, and contains the same arguments that the Board found unpersuasive in the IPR2025-00066.

(finding that a trial would take place at least two months before any FWD, which “favors discretionary denial”).

The Board instead found this factor only “slightly” favored denial of institution, based on speculation that it was “very likely” that the trial date would move. ID at 12. This speculation was because the *Markman* hearing in the case was moved from February 20, 2025, to April 30, 2025. ID at 11. The *Markman* hearing has now taken place, and the parties have submitted a revised proposed scheduling order that keeps the same February 2, 2026, trial date.⁵ Thus, this development warrants reconsideration of *Fintiv* Factor Two. *VirtualAgility*, 759 F.3d at 1317, n.6. Instead of merely “slightly” favoring discretionary denial, Factor Two weighs firmly in favor thereof.

Further, even assuming a worst-case day-for-day 69-day delay in trial date due to the rescheduled *Markman* hearing, the new trial date would be April 13,

⁵ The revised scheduling order is a public document filed on PACER. *U.S. Well Services, LLC, et al. v. Liberty Energy, Inc., et al.*, No. 4:24-CV-00839, ECF 106-1 (S.D. Tex. May 13, 2025). Patent Owner can make a copy available on request.

2026,⁶ which is over two weeks before the Board's one-year statutory deadline for issuing a FWD. Thus, this factor still weighs in favor—not merely slightly in favor—of the denial of institution. *Fintiv*, Paper No. 11 at 9 (“If the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this factor in favor of authority to deny institution under *NHK*.”).

Turning to *Fintiv* Factor Three (investment in the underlying case), the Board erred in its analysis. The Board appeared to rely on the *Markman* hearing not having been held and “no claim construction rulings [being] issued” as of its April 29, 2025, ID issue date—one day before the scheduled *Markman* hearing on April 30, 2025. ID at 14. The Board failed to properly account for the investment by the District Court in its pre-*Markman* hearing analysis and the investment the parties made in briefing claim construction and preparing for the hearing. In other instances, the Board has recognized and credited the substantial investment of the court and litigants in parallel district court cases where the *Markman* hearing has

⁶ The *Markman* hearing was rescheduled from February 20, 2025, to April 30, 2025 (69 days). A corresponding 69-day delay of the trial from February 2, 2026 would be Sunday April 12, 2026, so the District Court trial would start on Monday, April 13, 2026.

not been held but was imminent. *See Solus Advanced Materials Co, LTD. v. SK Nexilis Co., LTD.*, IPR2024-01460, Paper 14 at 17-18 (PTAB Apr. 22, 2025) (denying institution and finding *Fintiv* factor 3 neutral where there were “no court-issued substantive orders,” discovery remained open, and the *Markman* hearing was imminent because the parties had “expended a non-trivial level of effort in the district court proceeding, exchanging invalidity contentions and completing claim construction briefing.”).

Significantly, the Magistrate Judge overseeing the parallel litigation has reached the opposite conclusion as the Board here when addressing the advanced stage of the litigation. In denying Petitioners' motion to stay, the Magistrate Judge explained that “claim construction discovery and the *Markman* hearing have been completed” and the “parties have ***already expended significant resources*** in the prosecution and defense of this case.” Order Denying Stay at 5-6 (emphasis added). Patent Owner respectfully submits that the Judge overseeing the litigation best knows the investment the parties and Court have made in the case. Instead of favoring not denying institution, Factor Three strongly favors it.

As to *Fintiv* Factor Six and its assessment of the merits, the Board acknowledged that while “[t]here are strengths and weaknesses in both parties' arguments on the merits,” the Board concluded that there was “nothing so material so as to impact the *Fintiv* analysis” and found this factor was neutral. ID at 17.

The Board's conclusion as to Factor Six was also erroneous. The Guidance Memo Rescission Announcement instructs the Board to refer to PTAB precedent for guidance, including the precedential *Fintiv* decision. Board decisions applying *Fintiv* have held that Factor Six weighs in favor of discretionary denial when the Patent Owner shows Petitioner's case on the merits is a "close call." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 15-16 (PTAB May 13, 2020) ("*Fintiv II*"); *see also Fintiv* at 15 ("By contrast, if the merits of the grounds raised in the petition are a closer call, then that fact has favored denying institution when other factors favoring denial are present."). Here, the Board's analysis confirms that none of Petitioners' grounds were "particularly strong," *Fintiv* at 14, and were certainly not "compelling." *See CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 at 3 (PTAB Feb. 27, 2023) (clarifying that the "compelling merits standard is a higher standard than the standard for institution set by statute."). Rather, the Board found that the Petition presented Grounds with enough evidence only to justify institution—nothing more. *See ID* at 31 ("We conclude the evidence of record supports, sufficiently to justify institution of review, Petitioner's contention that Norris discloses detecting a first parameter. . . ."). Thus, this IPR is much closer to *Fintiv II*, where the "merits, taken as a whole, do not tip the balance in favor of Petitioner and instead . . . weigh in favor of discretionary denial." *Fintiv II* at 17. The Board's apparent assessment that the

merits were a close call—and not compelling—means that Factor Six is not neutral but weighs in favor of denial.

When the *Fintiv* Factors, as explained above, are considered holistically, this IPR warrants discretionary denial. Factor One is not neutral but favors denial. Factor Two favors denial, not merely slightly favoring it. Factor Three favors denial; it does not weigh in favor of not denying institution as the Board found. Regarding Factor Four, the Board found that Petitioner's *Sotera* stipulation weighs in favor of not denying institution, but even that is now questionable in light of the Federal Circuit's decision in *Ingenico Inc. v. IOENGINE, LLC*, Case No. 23-1367, Slip. Op. (Fed. Cir. May 7, 2025).⁷ The Board correctly found that Factor Five

⁷ In *Ingenico*, the Federal Circuit held that the estoppel provisions of 35 U.S.C. § 315(e)(2) do not prevent a defendant in a district court or ITC trial from relying on patents and printed publications that were the subject of grounds considered in an IPR FWD if those patents and printed publications are used at trial to support a public use, known or used by others, or on-sale bar invalidity defense. Slip Op. at 14. Here, as the Board found, "Petitioner's invalidity contentions in the District Court also appear to rely in part on non-public system

favors discretionary denial. And as explained herein, Factor Six also favors discretionary denial; it is not merely neutral.

Given that under a proper analysis at least five of the six factors favor discretionary denial, a holistic analysis leads to only one conclusion: trial in this IPR should have been discretionarily denied.

VI. THE DIRECTOR SHOULD REVERSE THE BOARD'S DECISION

As discussed above, the facts here warrant Director Review and reversal of the Board's decision instituting *inter partes* review of claims 1-19 of the '435 Patent.

Dated: May 13, 2025

Respectfully submitted,

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art,” which increases the possibility that the District Court will need to grapple with the same patents and printed publications relied on by Petitioner in this IPR. ID at 19.

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CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of May, 2025, I caused to be served a true and correct copy of the foregoing "Patent Owner's Request for Director Review" and any accompanying exhibits by electronic mail on the following:

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