

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INNOLUX CORPORATION

Petitioner,

v.

PHENIX LONGHORN LLC,

Patent Owner.

Case No. IPR2025-00043

U.S. Patent No. 7,233,305

PATENT OWNER'S SUR-REPLY

I. THE PETITION’S DEFICIENCIES ARE INCURABLE BY REPLY

This Petition (Paper 1) is the exact type of Petition that should be discretionarily denied. Not only is trial in district court going to be concluded long before the conclusion of these proceedings, but the Petition is based on the same cumulative art and arguments already considered and rejected by the Board and the Nakata reference that is not even prior art. Petitioner now improperly seeks introduce new arguments for the first time in its Reply in violation of 37 C.F.R. § 42.23(b). *See also* Consolidated Trial Practice Guide (“CTPG”) (2019) at 73. But even considering Petitioner’s untimely arguments, each of the *Fintiv* factors strongly favors denial. As a result, the Board should deny the Petition for the reasons described in detail in Patent Owner’s Preliminary Response (“POPR”) and further addressed herein. *See* March 26, 2025, Memorandum re “Interim Processes for PTAB Workload Management on behalf of Coke Morgan Stewart”; *see also* March 24, 2025 Memorandum on behalf of Scott R. Boalick (“Boalick Mem.”).

II. THE *FINTIV* FACTORS FAVOR DENIAL

Each *Fintiv* factor strongly favors denial of the Petition. POPR at 56-61. Petitioner’s Reply—addressing these factors for the first time—essentially rests on Petitioner’s *Sotera* stipulation, which fails to override the considerable weight favoring denial.

A. Factor 1 Favors Denial

As detailed in the POPR, it is not EDTX's practice to stay cases pending resolution of parallel PTAB proceedings, especially in situations where the trial date is scheduled to occur prior to the Board's anticipated FWD. *See* POPR at 56-57; Dkt. 341, *Pantech Corp. et al. v. LG Electronics Inc. et al.*, No. 5:22-cv-113 (E.D. Tex. June 10, 2024) (denying stay pending IPR because of late stage of case); Dkt. 225, *General Access Solns. Ltd. v. Cellco Partnership et al.*, Co. 2:22-cv-00394 (E.D. Tex. May 22, 2024) (same). There is nothing "speculative" about EDTX's policies, and Petitioner cites to no case law or evidence to support its position. As such, Factor 1 weighs strongly in favor of denial.

B. Factor 2 Favors Denial

The district court litigation will go to trial on February 17, 2026.^{1,2} EX2008. As such, any potential FWD would occur months after trial, which Petitioner misleadingly characterizes as a "short gap." *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 9 (PTAB Mar. 20, 2020) ("If the court's trial date is earlier than

¹ Rather than acknowledge this set date, Petitioner argues, without support, that the date set in the Court's Scheduling Order is "speculative." Such an argument by Petitioner is improper as it would vitiate the factor altogether as any date set by a court could be considered "speculative."

² In a Related Matter identified by Petitioner involving the '305 Patent, *Phenix Longhorn, LLC v. AU Optronics Corp.*, No. 2:23-cv-00477 (E.D. Tex. Filed Oct. 10, 2023), Defendant AU Optronics Corporation is expected to soon file an unopposed motion to anticipate trial to January 20, 2026. *See* Pet. at xiii.

the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny[.]”). Petitioner also misleadingly characterizes the median time-to-trial statistics based on the complaint service date rather than the filing date that is used to compute that time.³ When measured correctly, the average time to trial would estimate a September 2025 trial. Thus, Factor 2 weighs strongly in favor of denial.

C. Factor 3 Favors Denial

Substantial investment by both parties in the nearly two years of district court litigation—including claim construction—strongly favors denial. *See Fintiv*, IPR2020-00019, Paper 11 at 9-10. By the anticipated date of the Board’s institution decision, the parties will have already conducted claim construction discovery and will be in the process of submitting their claim construction briefing to the district court. *See EX2008*. The parties will also be only one week short of substantially completing document production in fact discovery. *See id.* Also, Petitioner’s argument that it acted “diligently” fails to acknowledge that it was served with the district court complaint on May 17, 2024, and likely was aware of the litigation as

³ “Explanation of Selected Terms” defines the median time interval as “calculated using the period from the date a case was *filed* to the date of its disposition.” *See* <https://www.uscourts.gov/data-news/reports/statistical-reports/federal-court-management-statistics/federal-court-management-statistics-march-2024> at 2.

early as November 1, 2023. *See* Dkts. 10-2 and 13 *Phenix Longhorn LLC v. Innolux Corp.*, No. 2:23-cv-478 (E.D. Tex.). Factor 3 strongly favors denial.

D. Factor 4 Favors Denial

Petitioner's eleventh hour *Sotera* stipulation "does not ensure that the[] IPR proceeding[] would be a 'true alternative' to the district court proceeding." *See Motorola Solutions, Inc. v. Stellar, LLC*, IPR2024-01205-08, Paper 19 at 4-5 (PTAB March 28, 2025) (quoting *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020)). As in *Motorola*, Petitioner's invalidity arguments in district court are "more expansive" as they include unpublished system prior art, which Petitioner's stipulation would not moot because the invalidity positions as to the system prior art could still be raised in the district court proceeding. *Motorola*, IPR2024-01205-08, Paper 19 at 4; *see* EX2009 at 8, 13-15. Additionally, Petitioner's joint invalidity contentions were created in cooperation with defendants in other district court cases involving the same patent. *See* EX2009 at 4. These other defendants are not subject to Petitioner's stipulation or bound to this proceeding's results, thereby undercutting the entire purpose of the stipulation itself. As such, Petitioner's stipulation "does not outweigh the substantial investment in the district court proceeding." *Motorola*, IPR2024-01205-08, Paper 19 at 4. Therefore, Factor 4 favors denial.

E. Factor 5 Favors Denial

Petitioner wholly omits any discussion of Factor Five. Phenix’s unrebutted arguments from its POPR strongly favor denial. POPR at 60.

F. Factor 6 Favors Denial

Under the PTAB’s new March 24, 2025 guidance, “compelling merits alone [are] not dispositive in [the Board’s *Fintiv*] assessment.” *See* Boalick Mem. at 3. Petitioner generically argues that this factor favors institution because of its purported “strong invalidity grounds” and “promote[d] efficiency.” Reply at 3-4. Petitioner cites to only conclusory statements, untethered from any relevant circumstances in this case. By contrast, the POPR details how each of the counts relies on either art that was already considered and rejected by the Board, art cumulative to that or art that is not prior to the invention. As a result, there is no “compelling merits” for the Board’s acceptance of the Petition. *See also Commscope Tech. LLC, v. DALI Wireless Inc.*, IPR2022-012242, Paper 23 at 5 (PTAB Feb. 27, 2023) (“Merely pointing to [] analysis under the lower institution standard is insufficient to demonstrate that the Petition presents a compelling unpatentability challenge.”).

As previously described in the POPR, if instituted Phenix would be required to face the Petition’s challenges as well as similar §§ 102 and 103 challenges in the

parallel district court cases. Factor 6 therefore favors denial to prevent the substantial prejudice and burden that Petitioner seeks to inflict on Phenix.

III. PETITIONER DOES NOT DISPUTE OR REBUT PATENT OWNER'S EVIDENCE OF CONCEPTION AND REDUCTION TO PRACTICE

Phenix's demonstration of its earlier conception and reduction to practice of the inventions of the '305 Patent remains unrebutted by Petitioner's Reply. Pre-AIA § 102(g) "allows a patent owner to antedate a reference by proving earlier conception and reasonable diligence in reducing to practice." *Perfect Surgical Techniques, Inc. v. Olympus Am., Inc.*, 841 F.3d 1004, 1007 (Fed. Cir. 2016). Phenix's POPR provides a claim-by-claim demonstration of the documentary evidence supporting conception and reduction to practice of the challenged claims prior to Nakata's November 7, 2003 priority date. POPR at 4-35, 63; *see also REG Synthetic Fuels, LLC v. Neste Oil Oyj*, 841 F.3d 954, 962-65 (Fed. Cir. 2016). Petitioner's failure to rebut Phenix's evidence of prior conception and reduction to practice requires a finding that Nakata is not prior art to the challenged claims of the '305 Patent. *See* 37 C.F.R. § 42.23(a) ("Any material fact not specifically denied may be considered admitted."). Petitioner misleadingly focuses on the USPTO's mistake in the logging of Patent Owner's provisional patent. Reply at 4-5. Petitioner's contention, while incorrect, is a red-herring because the unrebutted evidence of conception and

reduction to practice are independent grounds for the Board to deny institution. *See Perfect Surgical Techniques*, 841 F.3d at 1007.

IV. NAKATA AND YAMAZAKI ARE CUMULATIVE

Petitioner's focus on Nakata and Yamazaki ignores that Grounds 3 and 4 contain *the same references already denied by the Board* in the Wistron Petition, and no other purportedly "new" references. *See* EX1014 at 32-28, 46-48. Because the Board must institute a Petition as a whole, the Petitioner's cumulative challenges alone warrant denial of Innolux's Petition. *See SAS Inst., Inc. v. Iancu*, 584 U.S. 357, 369-70 (2018). Moreover, Petitioner's contention that Nakata and Yamazaki provide new art and arguments is fundamentally tied to its contention that the Board and district court's prior claim constructions of "multiplexer" and "means to switch between the banks" were incorrect, which it fails to show. Reply at 6-7. Petitioner further fails to demonstrate how these references are different or better than Petropoulos or Tsai. *Id.* Therefore, Petitioner presents the same positions raised and rejected by the PTAB in the Wistron Petition. Petitioner's attempted do-over should be rejected.

V. CONCLUSION

For the foregoing reasons, Phenix respectfully requests that the Board deny institution of Innolux's Petition.

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Respectfully submitted,

/ Rodney R. Miller /
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Lead Counsel for Patent Owner

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), I hereby certify that a true and correct copy of the foregoing was served on Counsel for Petitioner via filing through the P-TACTS System, as well as by delivering a copy via electronic mail to the following:

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