

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

**PETITIONER'S REHEARING REQUEST
OF THE BOARD'S NON-INSTITUTION DECISION
UNDER 37 C.F.R. § 42.71(d)**

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I. INTRODUCTION

Petitioner respectfully requests rehearing of the Board’s Decision Denying Institution of *inter partes* review of U.S. Patent No. 7,233,305 (“the ’305 Patent”). Paper 10 (“DDI”). The Board’s decision misapprehended or overlooked the substantive merits of Petitioner’s invalidity grounds and the appropriate weight that should be given to *Fintiv* Factors 2, 4, and 6 as part of a holistic analysis, which resulted in an incorrect application of the *Fintiv* factors.

First and foremost, the Board erred in not finding the merits sufficiently strong under *Fintiv* Factor 6 to weigh against discretionary denial by overlooking critical arguments and evidence regarding the proper construction of “multiplexer”, the strength of the Nakata reference, and the significant contributions of Yamazaki to the Petition’s obviousness grounds. Further, the Board misapplied *Fintiv* Factor 2 by giving dispositive effect to a speculative district court trial date, and inadequately considering the substantial weight against discretionary denial provided by Petitioner’s *Sotera* stipulation under Factor 4.

These errors constituted an abuse of discretion and led to an incorrect holistic *Fintiv* assessment. Proper reconsideration of these overlooked and misapprehended matters shows not only that discretionary denial was error, but also that institution should be granted because Petitioner has demonstrated more than a reasonable likelihood of prevailing on at least one challenged claim. 35 U.S.C. § 314(a).

II. STANDARD FOR REHEARING

A request for rehearing of a Board decision must identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was addressed in a motion, opposition, or reply. 37 C.F.R. § 42.71(d). The burden of showing that the Board misapprehended or overlooked a matter is on the requesting party. *Id.* The Board reviews a decision on rehearing for an abuse of discretion. 37 C.F.R. § 42.71(c).

An abuse of discretion occurs if the decision (1) is based on an erroneous interpretation of law or an erroneous factual finding, or (2) represents an unreasonable judgment in weighing relevant factors. *See In re Gartside*, 203 F.3d 1305, 1316 (Fed. Cir. 2000); *Huawei Device Co. v. Optis Cellular Tech., LLC*, IPR2018-00816, Paper 10 at 7 (PTAB Sept. 13, 2019) (precedential as to § III.A). Misapprehending or overlooking a fact or argument presented constitutes an abuse of discretion. *See Merial Ltd. v. Virbac*, IPR2014-01279, Paper 18 at 7-8, 14 (PTAB Apr. 15, 2015).

Petitioner respectfully submits that the Board's Decision Denying Institution (Paper 10) involved such misapprehensions and oversights concerning matters argued in Petitioner's Petition (Paper 1), Patent Owner's Preliminary Response (Paper 6), Reply to Patent Owner's Preliminary Response (Paper 8), and Patent Owner's Sur-Reply (Paper 9).

III. MATTERS PRESENTED FOR REHEARING

Petitioner respectfully submits that the Board's holistic *Fintiv* assessment warrants reconsideration. The Board correctly found that four of the six *Fintiv* factors either weighed against discretionary denial or were neutral: Factor 1 (likelihood of stay) was neutral, Factor 3 (investment in parallel proceeding) weighed against denial, Factor 4 (overlap of issues) weighed against denial due to Petitioner's *Sotera* stipulation, and Factor 5 (party identity) was neutral. DDI at 8-13. Only two factors—Factor 2 (trial date proximity) and Factor 6 (merits)—were found to weigh in favor of denial, neither of which were characterized as "strongly" favoring denial. DDI at 9, 15.

Respectfully, even accepting the Board's assessment of these factors, a holistic analysis where four factors favor institution (or are neutral) and only two favor denial—neither strongly—should not result in discretionary denial. Moreover, as demonstrated below, when the matters misapprehended or overlooked in the Board's analysis of Factors 2 and 6 are properly considered, and the substantial weight of Factor 4 properly weighed, discretionary denial is wholly inappropriate. Rather, a complete assessment of all factors compels the conclusion that a discretionary denial is inappropriate, and that review should be instituted.

A. The Board Erred in its Assessment of the Merits under *Fintiv* Factor 6, Overlooking Key Aspects of Petitioner's Arguments and Evidence, Demonstrating a Reasonable Likelihood of Success.

The Board's determination under *Fintiv* Factor 6 that the merits weighed in

favor of denial was predicated on several misapprehensions and oversights of Petitioner's arguments and the supporting evidence, as discussed below. A proper assessment of the merits under Factor 6 shows that Petitioner has presented compelling merits, or at least, a sufficiently strong likelihood of success on the merits to weigh against discretionary denial.

1. Misapprehension or Oversight Regarding the “Multiplexer” Construction in View of the '305 Patent's Disclosures and Patent Owner's Positions.

Pursuant to 37 C.F.R. § 42.104(b)(3), Petitioner was required to explain how the challenged claims are to be construed. Petitioner proposed a construction for the term “multiplexer” and explained why, in view of the intrinsic record and Patent Owner's agreement to apply a different construction in the district court, the Board's prior construction for “multiplexer” in the *Wistron DDI* should not apply here. Pet., at 20-22. In the DDI, the Board summarily agreed with Patent Owner's prior position, without explaining its reasoning, and then used Petitioner's proposed construction as a basis for denying institution while at the same time concluding that it “need not determine specific claim constructions in this decision.” DDI at 13-14. This reflects an oversight and abuse of discretion because the Board did not engage with Petitioner's substantive arguments, based on the '305 Patent's own disclosure, that its prior *Wistron DDI* construction was too narrow and inconsistent with how the term “multiplexer” is used in the patent, but nevertheless used the construction

to deny institution based on the perceived strength of the merits. Pet., at 20-22.

Petitioner did not merely argue the prior construction was “not suitable,” but that it was *incorrect* based on the intrinsic record. Pet. at 20-22. Petitioner’s arguments highlighted that the Board’s prior *sua sponte* construction of “multiplexer” in the *Wistron DDI* (Ex. 1014 at 13-14) was too narrow and inconsistent with the ’305 Patent’s own disclosures. Pet., at 20-22. The Board’s prior construction defined “multiplexer” as “a device that interleaves signals to a single line, or selects one input and switches its information to the output.” Ex. 1014 at 14-15. However, the ’305 Patent itself uses the term “multiplexer” to refer to devices that switch one input to many outputs (a demultiplexer) or many inputs to one output (a multiplexer), as shown in Figure 6 (Ex. 1001, Fig. 6; Pet., 21).

Petitioner further emphasized that Patent Owner itself agreed to a broader construction of “multiplexer” in the *Wistron Litigation* as “one or more circuits that couple (1) one input (or one set of inputs) to one of many outputs (or one of many sets of outputs) [a de-multiplexer] or (2) one of many inputs (or one set of many sets of inputs) to one output (or one set of outputs) [a multiplexer].” Pet., 22 (citing Ex. 1013 at 13). This agreed-upon construction is consistent with the ’305 Patent’s usage and the understanding of a person of ordinary skill in the art (“POSITA”). Pet., 22.

The Board’s DDI (Paper 10 at 13-14) failed to engage with these substantive arguments. Instead, it summarily agreed with Patent Owner’s assertion that

Petitioner had not demonstrated the prior construction was “not suitable,” without addressing Petitioner’s direct challenge that the prior construction was *incorrect* based on the intrinsic evidence, and then held this fact against Petitioner in deciding the issue of discretionary denial. DDI at 13-14.

Reconsideration is warranted because the Board’s apparent failure to fully engage with Petitioner’s arguments regarding the construction of “multiplexer” (Pet. at 20-22), and its oversight of Patent Owner’s inconsistent positions, seemingly led to an assessment of the merits under Factor 6 based on an incomplete understanding of the claim scope. A correct construction, consistent with the ’305 Patent’s intrinsic evidence and Patent Owner’s own agreed-upon definition in related litigation (Ex. 1013 at 13), is fundamental for accurately assessing the obviousness grounds.

2. Misapprehension or Oversight Regarding the Assessment of Nakata-Based Grounds in Light of a Disputed Priority Date.

The Board misapprehended how to assess Nakata at the institution stage in view of a disputed priority date for the ’305 Patent. By characterizing the Nakata-based grounds as inherently not strong *because* of the priority dispute, rather than evaluating the substantive strength of Nakata’s disclosures, the Board overlooked the strength of Nakata. DDI at 14.

In its Decision, the Board acknowledged the parties’ differing positions on the ’305 Patent’s entitlement to its provisional application’s filing date and Patent Owner’s arguments for an even earlier conception date. DDI at 14. The Board

concluded that “even if Patent Owner’s allegations are incorrect, it still points out the speculative nature of the grounds relying on Nakata and does not indicate that they are strong grounds.” DDI at 14. This reasoning, Petitioner respectfully submits, improperly conflates the existence of a factual priority dispute with the substantive strength of Nakata’s disclosure for institution purposes.

On the record before the Board, Petitioner has clearly shown that the ’305 Patent, filed December 23, 2003, is *not* entitled to the benefit of its June 11, 2003, Provisional Application No. 60/477,680 (the “’680 Application”) because the ’680 Application as filed fails to support the challenged claims. Pet. 13-15. This evidence indicates the ’305 Patent’s effective filing date is December 23, 2003, rendering Nakata (Ex. 1005), filed November 7, 2003, prior art under 35 U.S.C. § 102(e) (pre-AIA). For the purposes of institution, this should be adequate to show that Nakata is clearly prior art. *See, e.g. Wells Fargo & Co. v. Lighthouse Consulting Grp., LLC*, IPR2020-00759, Paper 7, at 10-12 (PTAB Sept. 18, 2020) (where a priority claim was disputed, holding that challenged prior art was prior art for institution purposes, but offering post-institution briefing on the issue); *NRG Energy Inc. v. Midwest Energy Emissions Corp.*, IPR2020-00834, Paper 18, at 29-33 (PTAB Oct. 26, 2020) (same).

If Patent Owner wishes to attempt to show an earlier priority date, this Board permits motions to antedate references *after institution*. *See, e.g., Volkswagen Group*

of America, Inc. v. Emerachem Holdings, Inc., IPR2014-01557, Paper 17 (PTAB May 4, 2015) (authorizing post-institution motion to antedate); *Coalition for Affordable Drugs V LLC v. Biogen MA Inc.*, IPR2015-01993, Paper 34 (PTAB Apr. 19, 2016). In such motions, the Board has required Patent Owner to show a day-by-day log of Patent Owner’s efforts at diligence throughout the diligence period – a standard that evidence currently of record in this proceeding cannot meet.

Nonetheless, the DDI’s approach appears to prematurely diminish the weight of Nakata’s substantive teachings based on the *existence* of this priority dispute. DDI, at 14. At the institution stage, the question is whether Petitioner has shown a “reasonable likelihood” of prevailing. 35 U.S.C. § 314(a). Where Petitioner has presented a substantial, evidence-based challenge to the ’305 Patent’s claimed priority, and Patent Owner would bear the burden to prove entitlement to an earlier date to antedate Nakata, the Board should not resolve such a factual dispute against Petitioner. The strength of Nakata’s disclosure should be evaluated on its own technical merits to determine if it provides a basis for a reasonable likelihood of unpatentability, with the understanding that the priority issue would be fully adjudicated if review is instituted.

Reconsideration is warranted because the Board’s characterization of the Nakata-based grounds as “speculative” or inherently not strong *primarily due to the priority dispute* (DDI at 14) misapprehends how potentially invalidating prior art

with a contested, but plausibly asserted, prior art date should be assessed at the institution phase. To diminish Nakata's substantive contribution at this stage, before full development of the factual record on priority, is an abuse of discretion.

3. Misapprehension or Oversight Regarding Yamazaki's Role in Curing Deficiencies and Strengthening Obviousness Grounds.

The Board misapprehended or overlooked the substantive contribution of U.S. Patent No. 6,335,716 to Yamazaki et al. (Ex. 1008) in the context of Petitioner's obviousness grounds, in curing deficiencies identified in the *Wistron DDI* (Ex. 1014). The Board improperly dismissed Yamazaki's role merely because it was a "secondary reference."

In its Decision, the Board stated that Yamazaki "is relied upon only as a secondary reference, and should not be relied upon to demonstrate a relative strength of the instant grounds." DDI at 15. This reasoning reflects a misapprehension of how secondary references can strengthen obviousness arguments by supplementing potential deficiencies of primary references, and overlooks that the inclusion of Yamazaki not only cures the deficiencies, but demonstrates merits sufficiently strong to weigh against discretionary denial.

Petitioner argued that Yamazaki was included in various combinations (e.g., Grounds 3, 5, 7 in the Petition) because it cured deficiencies identified in the *Wistron DDI* (Ex. 1014). Pet., at 28-29; Pet. Reply at 6-7. The Board's dismissal of Yamazaki's contribution based on its "secondary" label, without assessing its merits

in addressing these specific prior deficiencies, was an oversight. A reference's role as secondary does not diminish its teachings when combined with other art to establish obviousness. Indeed, the purpose of combining references is often to supply missing elements or functionalities. Yamazaki's disclosures directly address the Board's prior concerns regarding "banks of cells" and "means to switch between the banks," thereby strengthening the obviousness grounds. Pet., at 28-29, Pet. Reply at 6-7.

Reconsideration is warranted because the Board's failure to evaluate Yamazaki's substantive contribution (Pet., at § XVI, XVII, XVIII; Pet. Reply, Paper 8 at 7) and how it cures deficiencies previously identified by the Board in the *Wistron DDI* (Ex. 1014), appears to have led to an incomplete assessment of the grounds involving Yamazaki. This misapprehension appears to have led to an abuse of discretion in prematurely dismissing the grounds based on Yamazaki.

B. The Board Misapplied *Fintiv* Factor 2 by Giving Undue Weight to the Nominal Trial Date.

Petitioner respectfully submits that the Board misapprehended and misapplied *Fintiv* Factor 2 by affording undue weight to a speculative district court trial date. Chief Judge Boalick has instructed the Board to consider "any evidence the parties make of record" regarding the proximity of the trial date, not merely the median time to trial statistics or the current scheduled trial date. Scott R. Boalick, *Guidance on USPTO's rescission of "Interim Procedure for Discretionary Denials"* (Mar. 24,

2025). The Board’s overreliance on a speculative scheduled trial date in the distant future resulted in an erroneous conclusion that Factor 2 weighed in favor of discretionary denial.

In its Decision, the Board acknowledged the parties’ arguments regarding the trial schedule in *Phenix Longhorn, LLC v. Innolux Corp.*, No. 2:23-cv-00478-RWS-RSP (E.D. Tex.) (“Texas Litigation”). DDI at 8-9. The Board agreed with Patent Owner that the asserted trial date of February 17, 2026, would occur about four months before the latest statutory deadline for a Final Written Decision (“FWD”) in this proceeding (June 12, 2026). DDI at 9. Based on this four-month gap, the Board concluded that “the facts underlying this factor weigh in favor of denial.” DDI at 9.

The Board’s analysis, however, overlooked the unreliability of the trial date. As Petitioner argued in its Reply, the February 17, 2026, trial date is distant and subject to change, with pre-trial milestones, including claim construction briefing (June 2025), the claim construction hearing (August 2025), and expert discovery (November 2025), yet to occur. Pet. Reply, at 2.

Petitioner noted that considering the late service of the complaint in the Texas Litigation and the average time to trial of 23 months in the Eastern District of Texas, an expected trial date in May or June 2026 – contemporaneous with, or after, the FWD – was plausible. Pet. Reply at 2. The Board has held that uncertain trial dates should be afforded diminished weight under Factor 2. *See, e.g., Apple Inc. v. Seven*

Networks, LLC, IPR2020-00707, Paper 11 at 10-11 (PTAB Oct. 22, 2020) (finding uncertainty in trial schedule “diminish[es] the extent to which [Factor 2] weighs in favor of” denial); *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 10-11 (PTAB June 16, 2020) (finding Factor 2 weighed only “marginally” in favor of denial due to multiple extensions of the trial timeline). The Board has now frequently declined to deny institution even where the nominal trial date antedates the FWD by several months, even after the rescission of the prior Vidal memo. *See, e.g. Green Rev. Cooling, Inc. v. Midas Green Tech., LLC*, IPR2025-00196, Paper 7, at 10-14, 18 (PTAB May 23, 20205) (holding that a *Sotera* stipulation outweighed concerns posed by a trial date four months before a FWD date); *Google LLC v. Mullen Indus., LLC*, IPR2025-00019, Paper 14, at 10-14 (PTAB May 12, 2025) (granting institution where trial is six months before FWD date). The Board’s decision to accept the trial date as the sole metric without addressing its speculative nature was an abuse of discretion.

Reconsideration is warranted because the Board’s narrow focus on the nominal trial date represents an unreasonable judgment in weighing the *Fintiv* factors. This oversight of material arguments led to an undue inflation of Factor 2’s weight in favor of denial, thereby tainting the holistic *Fintiv* assessment. A full application of Factor 2 would find this factor neutral or, at most, weighing only slightly in favor of denial.

C. The Board Misapprehended the Significance of its Favorable Factor 4 Finding in View of Petitioner’s Arguments and Established PTAB Practice.

Petitioner respectfully submits that the Board, while correctly finding that *Fintiv* Factor 4 (Overlap of Issues) weighed against discretionary denial due to Petitioner’s *Sotera* stipulation (Paper 7), misapprehended the proper weight and holistic significance this finding should have carried in its overall *Fintiv* analysis. The DDI does not reflect that the Board adequately considered the substantial impact of the *Sotera* stipulation. This oversight in weighing, contrary to established PTAB practice, constitutes a misapprehension warranting rehearing.

The Board acknowledged Petitioner’s *Sotera* stipulation (Paper 7), wherein Petitioner committed, if IPR is instituted, not to pursue in the Texas Litigation “any ground raised or that reasonably could have been raised in an IPR” against the challenged claims. DDI at 11. Consequently, the Board correctly found that “Factor 4 weighs against exercising discretion to deny institution.” DDI at 12. As petitioner argued in its Reply, this *Sotera* stipulation “critically undermines PO’s overlap arguments” and ensures that the IPR is a “true alternative” to district court litigation, thereby addressing the core efficiency concerns of the *Fintiv* framework. Pet’r Reply, at 3 (citing *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18–19 (PTAB Dec. 1, 2020) (precedential)).

Where a *Sotera* stipulation effectively nullifies any risk of overlap, the

rationale for denying institution based on other factors, such as the trial schedule (Factor 2), is substantially weakened. The Board itself has repeatedly recognized this interplay. For instance, in *Tianma Microelectronics Co. Ltd. v. Japan Display Inc.*, IPR2021-01028, Paper 14 at 15-17 (PTAB Dec. 14, 2021), the Board instituted review despite a trial date ten months before the FWD, finding the petitioner’s diligence and *Sotera*-type stipulation “outweighed the trial date.” Similarly, in *CoolIT Systems, Inc. v. Asetek Danmark A/S*, IPR2021-01995, Paper 10 at 11-13 (PTAB Dec. 28, 2021), a stipulation contributed to outweighing Factor 2 concerns even with a trial five months before the FWD. The Board’s apparent failure to give its favorable Factor 4 finding the substantial weight urged by Petitioner constitutes a misapprehension of the stipulation’s holistic impact.

D. A Holistic Reassessment of the *Fintiv* Factors, Correcting for the Above Misapprehensions and Oversights, Demonstrates that Discretionary Denial Was an Abuse of Discretion and Institution is Warranted.

A holistic reassessment of the *Fintiv* factors compels the conclusion that discretionary denial was an abuse of discretion and that institution of *inter partes* review is warranted. The Board previously found the likelihood of a stay (Factor 1) to be neutral, the investment in the parallel proceeding (Factor 3) to weigh against denial, the overlap of issues (Factor 4) to weigh against denial due to the *Sotera* stipulation, and the identity of parties (Factor 5) to be neutral (DDI at 10-13). As argued above, *Fintiv* Factor 2 (proximity of the trial date) should not weigh heavily

against denial in view of the speculative trial date, and Factor 4 (overlap of issues) should weigh heavily against denial in view of Petitioner's *Sotera* stipulation,

Furthermore, a proper assessment of the merits under *Fintiv* Factor 6 regarding the "multiplexer" construction (as argued in Section III.B.1 *supra*), the prior art status of Nakata (as argued in Section III.B.2 *supra*), and the substantive contributions of Yamazaki (as argued in Section III.B.3 *supra*), demonstrates particularly strong, even compelling, merits under Factor 6. Consequently, Factor 6 weighs against discretionary denial, contrary to the Board's finding (DDI at 13-15).

When these factors are correctly assessed, the balance tips decisively against discretionary denial. The Board's denial, predicated on misapprehensions of *Fintiv* Factor 2 and Factor 6, and underweighting of Factor 4, therefore constituted an abuse of discretion. The corrected analysis, giving due weight to Petitioner's evidence and arguments, demonstrates that a discretionary denial is inappropriate, and that Petitioner has shown *at least* a reasonable likelihood that Petitioner would prevail with respect to at least one of the claims challenged. 35 U.S.C. § 314(a).

IV. CONCLUSION

For the foregoing reasons, Petitioner respectfully requests that the Board grant this Request for Rehearing and, upon reconsideration, institute *inter partes* review of U.S. Patent No. 7,233,305 on the basis of the grounds set forth in the Petition.

Dated: June 6, 2025

Respectfully submitted,

/Jeffrey Johnson/

Jeffrey Johnson

Reg. No. 53,078

Lead Attorney for Petitioner

CERTIFICATE OF SERVICE

In accordance with 37 C.F.R. § 42.6(e), the undersigned certifies that on the 6th day of June 2025, a complete and entire copy of this **PETITIONER'S REHEARING REQUEST OF THE BOARD'S NON-INSTITUTION DECISION UNDER 37 C.F.R. § 42.71(d)** was served on Patent Owner via electronic mail at the following addresses:

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Date: June 6, 2025