

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INNOLUX CORPORATION

Petitioner,

v.

PHENIX LONGHORN LLC,

Patent Owner.

Case No. IPR2025-00044

U.S. Patent No. 7,557,788

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 Patent Office. Petitioner now improperly seeks to 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 33-40. 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 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. Celco Partnership et al.*, Co. 2:22-cv-00394 (E.D. Tex. May 22, 2024) (same). There is nothing "speculative" about the 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. EX2005.^{1,2} 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 ("If the court's trial date is earlier than the projected statutory

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 '788 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 2.

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* EX2005. 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 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.

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.

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* EX2006 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 mooting 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 this this factor favors institutions 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 Patent Office or art cumulative of the previously presented art. 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’S VIOLATION OF RULE 104(b)(3) CANNOT BE CURED ON REPLY

The Petition’s failure to identify and provide a construction for a means-plus function term violates the PTAB’s rules and procedures, and Petitioner cannot cure this critical flaw in its Petition via Reply. *See* 37 C.F.R. 42.23(b); *see also* PTAB Correspondence Granting Petitioner Leave to File a Reply (“Neither Petitioner nor Patent Owner may introduce new evidence in their Reply or Sur-reply.”). The Petition did not construe the “means for executing a predetermined algorithm” claim term for independent claims 1 and 5 and cannot do so in its Reply, rendering its Petition in violation of the PTAB’s rules and fatally deficient under 37 C.F.R. § 42.104(b)(3). *See* CTPG at 45 (“A petitioner who chooses not to address construction under § 112(f) risks failing to satisfy the requirement of 37 C.F.R. § 42.104(b)(3).”).

Petitioner’s attempts to deflect from its own fundamental failures based on sparse allegations of how “both parties consistently treated” this term are of no moment.⁴ As of the Petition’s filing, claim construction had not yet begun in the parallel district court proceeding, and thus no record had been developed as to the term’s potential construction. *See* EX2005. Moreover, it is Petitioner’s burden to

⁴ Petitioner’s attempts to shift the blame are also contradicted by the fact that it did provide a proposed means-plus function construction for a term in independent claim 3.

comply with rule 42.104(b)(3) *in its Petition* by presenting the Board with its position on the constructions of means-plus-function limitations.

IV. GREENE AND DA COSTA ARE CUMULATIVE

Petitioner's Reply suffers from the same pitfalls as its Petition. Both in the Petition and Reply, Petitioner cites the *same features* of Greene and Da Costa that were previously considered and rejected by the Examiner during prosecution. *See* EX1002 at 75-79, 94-98. The relevant question is not whether the art and arguments were the same but whether they are *substantially the same* as those previously considered by the Office. *See* POPR at 23-27. Petitioner's focus on Greene and Da Costa's purported remedy to the "specific deficiencies" of the references in prosecution, are of no value where, as here, they contain substantially the same features and lack of motivation to be combined that were previously found defective by the Examiner. *See id.*

V. CONCLUSION

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

Dated: April 16, 2025

Respectfully submitted,

/ Rodney R. Miller /

Rodney R. Miller (Reg. No. 66,073)

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:

Petitioner's Lead Counsel

Jeffrey Johnson
Jeffrey.Johnson@bakerbotts.com

Petitioner's Back-Up Counsel

Parker Hancock
Parker.Hancock@bakerbotts.com

Robert Benson
Robert.Benson @bakerbotts.com

Respectfully submitted,

/ Rodney R. Miller /
Rodney R. Miller (Reg. No. 66,073)

Lead Counsel for Patent Owner