UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

YANGTZE MEMORY TECHNOLOGIES COMPANY, LTD.

Petitioner,

v.

MICRON TECHNOLOGY, INC.

Patent Owner.

Case IPR2025-00098

U.S. Patent No. 8,945,996

PETITIONER'S RESPONSE TO ORDER TO SHOW CAUSE

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Petitioner Yangtze Memory Technologies Company, Ltd. ("YMTC") respectfully submits this response to the Director's Order to Show Cause why further adjudication of YMTC's instituted petition for *inter partes* review ("IPR") is an appropriate use of the Office's resources. Paper 33.

I. Introduction

There is a well-recognized public interest in a strong patent system. As courts, and Congress in passing the Leahy-Smith America Invents Act ("AIA"), have recognized, weeding out bad patents is critical to improving patent quality and promoting innovation. To help accomplish those goals, Congress authorized the filing of IPRs by any person not the patent owner.

Consistent with these principles and interests, YMTC filed a petition seeking IPR of Micron's '996 patent. Micron had asserted the '996 patent against YMTC in a parallel district court proceeding, thus YMTC had every reason to contest its validity. A panel of APJs voted unanimously to institute YMTC's IPR petition. Paper 15. In instituting, the panel identified no shortcomings and expressed no doubts about the petition's art mapping. *See id*. It is precisely this type of challenge that warrants use of the Office's resources.

The Office should not countenance Micron's attempt to deflect from the merits of the IPR by weaponing the Bureau of Industry and Security's Entity List. YMTC's designation on the Entity List is irrelevant to the patentability of the '996

patent, and has nothing to do with the conduct of the IPR. Similarly, de-instituting this IPR or otherwise barring YMTC from petitioning the PTAB does nothing to advance the interests the Entity List serves to protect. Bringing to light and helping to cancel Micron's illegitimate monopoly benefits everyone. And permitting YMTC equal access to the PTAB likely would result in cancellation of bad patents—an outcome benefitting the public interest. Just as the federal courts time and again have rejected Micron's similar efforts to weaponize the Entity List in district court, the Director should reject such efforts here.

II. The public interest is best served by continued PTAB review of Micron's likely invalid patent

The patent system is designed to "promote the Progress of Science and useful Arts," U.S. Const. art. I, § 8, cl. 8, by granting a limited monopoly to inventors in exchange for the disclosure of new and nonobvious inventions. Ideas that are neither new nor nonobvious should not be protected by the patent system. Doing so would stifle innovation and impede technological advancement. Bad patents, like Micron's infirm '996 patent here, leverage improper monopolies to hinder competition, and increase consumer cost.

There is, accordingly, a well-recognized and "significant public policy interest in removing invalid patents from the public arena." *SmithKline Beecham Corp. v. Apotex Corp.*, 403 F.3d 1331, 1354 (Fed. Cir. 2005) (Gajarsa, J., concurring); *see*

also Lear v. Adkins, 395 U.S. 653, 656 (1969) (recognizing "strong federal policy favoring free competition in ideas which do not merit patent protection"). Cancelling invalid patents enhances innovation and reduces costs to the public. *See Pope Mfg. Co. v. Gormully*, 144 U.S. 224, 234 (1892) ("It is as important to the public that competition should not be repressed by worthless patents."); Federal Trade Commission, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy*, p.7 (Oct. 2003) (concluding that questionable patents "can deter follow-on innovation and unjustifiably raise costs to businesses and, ultimately, to consumers"); John A. Pearce II, *How Companies can Preserve Market Dominance after Patents Expire*, 39 Long Range Planning 71 (2006) ("In the first year alone after the patent on a product expires, an average of 17.2 producers enter the market, according to research on 18 industries."). These public interests do not wane or wax based on ***who*** facilitates removal of a bad patent. After all, the public and patent system both benefit from the weeding out of infirm patents.

Consistent with these principles, Congress enacted the AIA to improve patent quality. Congress did so by encouraging the filing of legitimate patentability challenges by any person. 35 U.S.C. § 311(a); *see In re Cuozzo Speed Techs., LLC*, 793 F.3d 1297, 1300 (Fed. Cir. 2015) (Prost, J., dissenting) ("Congress created IPRs as a 'new post-grant review procedure' that would provide 'a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and

counterproductive litigation costs.'") (quoting H.R. Rep. No. 112–98, pt. 1, at 40, 45 (2011), 2011 U.S.C.C.A.N. 67); 157 Cong. Rec. 9778 (2011) (remarks of Rep. Goodlatte) (noting that IPR "screen[s] out bad patents while bolstering valid ones").

YMTC has done precisely what sound public policy demands and the AIA encourages: it filed an IPR petition against an infirm patent, seeking its cancellation. There can be no genuine dispute that YMTC's IPR petition raises a meritorious challenge to the validity of Micron's '996 patent. The Board unanimously voted to institute based on the strength of the evidence. Paper 15. And in its preliminary filings, Micron was unable to identify any defect in the patentability analysis. Papers 8, 17. It is precisely this type of challenge that warrants use of the Board resources.

In contrast, halting review of YMTC's meritorious challenge serves no legitimate purpose. The only beneficiary would be Micron. Meanwhile, the public would be left shouldering the burden of Micron's continued illegitimate monopoly. *Cf. Cuozzo Speed Techs. v. Com. for Intell. Prop.*, 579 U.S. 261, 279-80 (2016) ("[I]nter partes review helps protect the public's 'paramount interest in seeing that patent monopolies …are kept within their legitimate scope.'") (citation omitted).

In short, further adjudicating YMTC's deemed-meritorious petition is an appropriate use of the Office's limited resources because it serves the public interest and furthers the purpose of the AIA.

III. Micron's weaponization of the Entity List in litigation, to distract from the merits and seek an unwarranted advantage, should be rejected; the Entity List is irrelevant to the invalidity of Micron's patent

The present dispute is only the latest attempt by Micron to weaponize YMTC's Entity List designation to stoke fear, distract from the merits, and seek an unwarranted litigation advantage. For example, in the district court where Micron is asserting the '996 patent against YMTC, Micron sought to insert provisions into a protective order the parties were negotiating that would have prevented outside counsel from representing YMTC, using the Entity List designation as pretext. Mot. for Protective Order, ECF 55 at 4-5, 7-10, *Yangtze Memory Techs. Co., Ltd. v. Micron Tech., Inc.*, No. 3:23-cv-05792-RFL (N.D. Cal.) ("*Yangtze*"). The Magistrate Judge who heard the dispute over those provisions characterized Micron's position as "probably the most grossly overreaching discovery argument that the undersigned judge has ever seen." *Yangtze*, Discovery Order, ECF 73 at 4. The Magistrate Judge characterized other of Micron's proposed provisions as giving "one litigant control over the other, merely by making an accusation, no matter how meritless, and without obtaining relief from the Court." *Id.* Throughout, the Magistrate Judge noted that Micron's proposals were not "tethered to the export control laws." *Id.* at 6. Accordingly, he rejected Micron's proposals.

Micron also sought to prevent YMTC's outside counsel from having printed just 73 pages of source code material that Micron had made available for inspection, again raising meritless Entity List-based concerns. After Micron's position was rejected by the Magistrate Judge and District Court Judge, Micron sought mandamus relief at the Federal Circuit. The Federal Circuit swiftly rejected Micron's arguments and objections, characterizing Micron's "suspicions" as being "unsupported by anything other than speculation." *In re Micron Tech. Inc.*, No. 2025-117, 2025 WL 615394, at *2 (Fed. Cir. Feb. 26, 2025). Micron's Entity–List tactic knows no limit— Micron even took the remarkable step of filing a mandamus petition at the U.S. Supreme Court, on what should have been a routine discovery dispute. Unsurprisingly, that attempt failed, too; the Supreme Court denied cert. *In re Micron Tech., Inc.*, 145 S. Ct. 2868 (2025). At every turn, Micron's attempts to hinder YMTC's ability to compete fairly in the courtroom, by raising the specter of the Entity List, have been rejected by each of the reviewing courts.

Undeterred, Micron now uses the same tactic in an effort to bar YMTC from petitioning the PTAB to review patents that Micron is asserting against YMTC. And Micron does so despite filing ***over 25*** of its own IPR petitions against YMTC. The Director, like the courts, should reject Micron's stratagem.

Neither the invalidity of Micron's patent nor this IPR has anything to do with the Entity List. And declining to further review YMTC's meritorious IPR also does

nothing to serve the purpose of the Entity List. The Entity List is a licensure regime, prohibiting export of certain items to designated persons unless a license is obtained. *See generally* 15 C.F.R. pts. 730-774. *Inter partes* review, in contrast, is the "reconsideration" of the grant of a "public right[]." *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 584 U.S. 325, 334-45 (2018). IPRs involve no export of items or technology. And the likely end result here, the cancellation of Micron's patent, would result in no transfer of goods or information that is prohibited because of YMTC's Entity List designation.

And there is nothing about YMTC's designation that suggests that YMTC's participation in IPRs, which address the narrow question of whether patent claims are unpatentable, would be against the public interest or contrary to national security. The Federal Register notice indicates that YMTC's addition to the Entity List was not based on any activity undertaken by YMTC, and instead was based on the alleged risk of YMTC "becoming involved" in activities contrary to the interest of the United States. 87 Fed. Reg. at 77506 ("The agencies represented on the ERC determined to add [YMTC] … to the Entity List for posing a significant risk of ***becoming involved*** in activities contrary to the national security or foreign policy interests of the United States. This request is based on information indicating that these companies present a risk of diversion to parties on the Entity List….")

(emphasis added). Even then, however, the Federal Register notice did not cite any actual conduct by YMTC.

Nothing about the Entity List generally, or YMTC's designation specifically, suggests that YMTC's participation in an IPR would be contrary to any national interest, or otherwise an improper use of the Office's resources. To the contrary, YMTC's participation is consistent with the national interest of strengthening the patent system. After all, the national interest will be better served only when true innovations are being rewarded by the patent system and improper monopolies are curtailed.

IV. Conclusion

A proceeding whose primary purpose is the correction of PTO error in granting a public franchise in order to improve patent quality, should not turn on whether the petitioner is on an Entity List maintained for export control purposes. Here, the Office's limited resources are well spent continuing to review a patent that the Office has already determined is likely to be found invalid. Doing so will best serve the public interest.

Respectfully submitted,

Dated: November 24, 2025

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing PETITIONER'S RESPONSE TO ORDER TO SHOW CAUSE was served in its entirety by filing through the Patent Trial and Appeal Case Tracking System (P-TACTS), as well as providing a courtesy copy via e-mail to the following attorneys of record for Patent Owner listed below:

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