IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE PATENT TRIAL AND APPEAL BOARD

TCL ELECTRONICS HOLDINGS LTD. (f/k/a TCL MULTIMEDIA TECHNOLOGY HOLDINGS, LTD.)

Petitioner,

v.

MAXELL, LTD.,
Patent Owner

Case: IPR2025-00120

U.S. Patent No. 10,375,341

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW

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Patent Trial and Appeal Board
U.S. Patent and Trademark Office
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TABLE OF CONTENTS

Page

I. INTRODUCTION 1

II. STATEMENT OF RELIEF REQUESTED 3

III. LEGAL STANDARD 3

IV. ARGUMENT 4

A. Application of the *Fintiv* Factors Weighs Heavily in Favor of Vacating the Institution Decision and Denying Institution 5

1. No Stay of the Parallel District Court Litigation 5

2. Trial Will Occur Eight Months Before the FWD 6

3. There is *Significant* Investment in the Parallel Proceeding 6

4. The Board Erred In Its Analysis of Factor 4 7

5. The Parallel District Court Litigation and The Petition Involve the Same Parties 9

6. The Board Erred In Its Analysis of Factor 6 9

V. CONCLUSION 10

CERTIFICATE OF SERVICE 12

PATENT OWNER'S EXHIBIT LIST

Description	Exhibit #
'895 Application File History	2001
Claim Construction Order	2002
Docket Control Order	2003
First Amended Docket Control Order	2004
Invalidity Contentions	2005
Robbins (U.S. Patent Publication No. 2010/0157978)	2006
U.S. Patent No. 9,924,124	2007

I. INTRODUCTION

Patent Owner requests Director Review of the Board's decision on institution because the Board failed to weigh the *Fintiv* factors holistically in light of the parties' imminent September 22, 2025 trial, which will be complete nearly eight months prior to a Final Written Decision ("FWD"). The Board's Institution Decision ("ID") also implicates important issues of law and policy insofar as it improperly weighed Patent Owner's *Fintiv* arguments in light of the Chief Administrative Judge's March 24, 2025 memorandum titled "Guidance on UPSTO's recission of 'Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation." ("CAPJ Memo").

The ID found that four *Fintiv* factors weighed in favor discretionary denial, and two weighed against discretionary denial. Yet, the Board instituted anyway finding "Petitioner's *Sotera* stipulation eliminates the substantial overlap between this proceeding and invalidity in the Texas litigation" and the "Petition presents a particularly strong challenge on the merits, counseling against discretionary denial." ID at 8-9. While the ID purports to consider *Fintiv* holistically, the limited factors it found weighing against discretionary denial evidence a failure to consider the CAPJ Memo's instruction that neither "compelling merits" nor a *Sotera* stipulation are dispositive.

Additionally, the Board overlooked the fact that Petitioner's *Sotera* stipulation fails to bind all real parties-in-interest (and co-defendants in the underlying litigation). Patent Owner Preliminary Response ("POPR") at 15. Petitioner's toothless *Sotera* stipulation means that Petitioner's invalidity case in the district court relying on the same Acharya reference Petitioner presents here, will be decided by a jury about **eight months** before a FWD in this proceeding. Thus, the Board's finding that Petitioner's stipulation "will simplify the issues in the litigation" does not reflect reality. The issues in the district court will not be simplified. Petitioner requested, and the Board granted, a reply to the POPR. Yet, Petitioner failed to clarify the applicability of its *Sotera* stipulation to all defendants in the underlying litigation, nor did Petitioner argue any of the *Fintiv* factors weighed against denial. *See generally* Paper 7.

If institution of this proceeding stands, the district court will adjudicate Petitioner's one-reference invalidity case against the '341 Patent as a part of a much broader dispute among the parties eight months before a FWD. In the district court the parties have completed most of the work except the jury trial. EX2003. Proceeding with this IPR needlessly multiplies the proceedings between the parties, forcing Patent Owner to defend the '341 Patent on two fronts at substantially increased cost. This is the very antithesis of IPR as an "effective and efficient

alternative" to litigation. *Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16-17 (P.T.A.B. Sept. 6, 2017) (precedential).

Patent Owner respectfully requests that Director Review should be granted, the ID granting institution vacated, and institution should be denied.

II. STATEMENT OF RELIEF REQUESTED

The Board misapprehended or overlooked the arguments made by Patent Owner pursuant to 35 U.S.C. §314(a) by issuing erroneous findings of material fact in connection with Patent Owner's request for discretionary denial. This request also implicates important issues of law and policy insofar as the Board failed to properly implement a holistic analysis under *Fintiv* or follow the instructions in the CAPJ Memo.

III. LEGAL STANDARD

"Requests for Director Review of a Board's decision on institution under 35 U.S.C. §§ 135, 314, or 324, or decisions granting rehearing of such a decision, shall be limited to decisions presenting (a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law. Both discretionary and merits-based issues may be raised, subject to limitations (a)–(d) above. The Director Review process provides a mechanism to correct errors at the institution stage, for example, to avoid unnecessary trials for patent owners." USPTO, Director Review Process, Sec. 2.B.,

https://www.uspto.gov/patents/ptab/decisions/director-review-process#RIDRP (updated March 5, 2025).

IV. ARGUMENT

The Board rejected Patent Owner's arguments under 35 U.S.C. §314(a) despite finding that *Fintiv* Factors 1, 2, 3, and 5 all weigh in favor of discretionary denial. In so doing, the Board placed undue emphasis on Factors 4 and 6, finding "Petitioner's *Sotera* stipulation eliminates the substantial overlap between this proceeding and invalidity in the Texas litigation" and the "Petition presents a particularly strong challenge on the merits, counseling against discretionary denial." ID at 8-9.

As set forth in the POPR, all factors weigh heavily in favor of discretionary denial. Factor 4 also weighs heavily in favor of denial because substantial overlap of issues *still* exist even after Petitioner's *Sotera* Stipulation. *See* EX2005; POPR at 15. The Board erred in its analysis of *Fintiv* Factors 4 and 6 and improperly weighed those factors relative to the other factors that it found weighed in favor of denial, thus failing to weigh the *Fintiv* factors holistically in line with the CAPJ Memo and Board precedent.

A. Application of the *Fintiv* Factors Weighs Heavily in Favor of Vacating the Institution Decision and Denying Institution

One of the purposes of IPRs is to be an "effective and efficient alternative" to litigation. *Gen. Plastic Indus.,* IPR2016-01357, Paper 19 at 16-17. Here, proceeding on a one ground petition that is duplicative of a ground in the District Court litigation is not an effective or efficient alternative to litigation, particularly given the stage of the co-pending District Court case *Maxell, Ltd. v. TCL Electronics Holdings, Ltd.. et al.,* Case No. 5:23-cv-00108-RWS-JBB (E.D.Tex.) ("District Court Litigation") and the finite resources of the Board.

As set forth below and in the POPR, the *Fintiv* factors weigh in favor of discretionary denial.

1. No Stay of the Parallel District Court Litigation

The ID found this factor "weighs slightly in favor of discretionary denial." ID at 6. There is no stay of the parallel District Court Litigation. The statutory deadline for institution was after the close of fact discovery and after the Court conducted a *Markman* hearing and trial is less than four months away. EX2003. Such facts make it unlikely that the District Court Litigation will be stayed. *See Intell. Ventures II v. FedEx Corp.,* No. 2:16-cv-00980-JRG, Dkt. 141 at 5 (E.D. Tex. Oct. 24, 2017).

Factor 1 weighs in favor of denying institution.

2. Trial Will Occur Eight Months Before the FWD

The ID found this factor "strongly favors discretionary denial." ID at 6-7. The proximity of the District Court Litigation's trial date to the Board's projected FWD statutory deadline. The parties' trial is scheduled for September 22, 2025. EX2003 (Original Docket Control Order). Pursuant to 35 U.S.C. §§ 314(b)(1) and 316(a)(11), the projected statutory deadline for a FWD of this Petition is May 20, 2026, **eight months after trial**. 35 U.S.C. §314(b)(1).

Factor 2 weighs heavily in favor of denying institution.

3. There is *Significant* Investment in the Parallel Proceeding

The ID found this factor "weighs in favor of exercising discretion to deny institution." ID at 7-8. As set forth in the POPR, the parties have already completed most of the work getting prepared for trial, such as fact and expert discovery and dispositive motion briefing. *See* EX2003; EX2004. Fact discovery closed March 3, 2025 and expert discovery closed May 5, 2025. *See* EX2003; EX2004. The Court has also conducted a *Markman* Hearing (Dkt. 117) and issued a claim construction order. *See* EX2003; EX2004.

The parties have already exchanged infringement contentions pursuant to P.R. 3-1, and invalidity contentions pursuant to P.R. 3-3, and a trial date is set for September 22, 2025, less than four months from now. *See* EX2003; EX2004. Thus, the parties' and Court's substantial investment in this proceeding weighs in favor of

denial of institution. *10X Genomics, Inc. v. President and Fellows of Harvard College*, IPR2023-01299, Paper 15, at 17-18 (P.T.A.B. March 7, 2024) (finding, under similar facts, that the parties have made a substantial investment in the parallel proceeding as of the time of the Institution Decision).

Factor 3 weighs heavily in favor of denying institution.

4. The Board Erred In Its Analysis of Factor 4

The ID found this factor "weighs strongly against discretionary denial" based on Petitioner's *Sotera* stipulation. ID at 8. But the ID failed to account for Petitioner's weak *Sotera* stipulation, and overlooked Patent Owner's arguments regarding the same. POPR at 9-11. Even where a Petitioner files a *Sotera* stipulation, it is not dispositive by itself. CAPJ Memo at 3. Here, Petitioner's stipulation does not overcome the strong evidence that institution should be vacated and no trial instituted.

For example, the Board failed to consider that Petitioner's *Sotera* stipulation does not simplify the issues because it does not bind the real parties-in-interest (the remaining defendants in the district court litigation). Petitioner could have clarified its position on the scope of its stipulation in its reply, but it did not. Paper 7. As such, because significant overlap will still occur, as further set forth below, the Board erred in weighing Factor 4 in favor of denying institution.

The issues here are substantially the same as in the District Court Litigation. Here, Petitioner asserts that Claims 1-4 of the '341 Patent are unpatentable. Pet. at 1. These claims include the asserted claims against Petitioner in the District Court Litigation. Not only will the District Court Litigation conclude long before this proceeding, but it will also resolve the invalidity arguments that Petitioner raises in the instant Petition. The prior art reference—Acharya—relied on in this proceeding is the same reference at issue in the District Court Litigation. Indeed, Petitioner disclosed the Acharya reference in its contentions five months before filing its Petition. EX2005 at 9.

Given that the Petition is directed toward the same grounds, arguments, and significantly overlapping evidence at issue in the parallel District Court Litigation, this factor favors denial of institution even if Petitioner had made a proper *Sotera* stipulation. *See e.g., Motorola Solutions, Inc. v. Stellar, LLC,* IPR2024-01205, Paper 19 at 2 (P.T.A.B. March 28, 2025) (overall weighing of the *Fintiv* factors was erroneous because the Board did not give enough weight to the investment in the parallel proceeding and gave too much weight to Petitioner's *Sotera* stipulation); *Cisco Systems, Inc. v. Estech Systems, Inc.*, IPR2021-00333, Paper No. 12 at 12-13 (P.T.A.B. July 7, 2021) (denying institution under *Fintiv* based on holistic analysis of all factors even when petitioner filed a *Sotera* stipulation because the Board was

"not persuaded … the stipulations proffered here are sufficient when weighed against the other factors").

5. The Parallel District Court Litigation and The Petition Involve the Same Parties

The ID found this factor "weighs in favor of discretionary denial." ID at 15. Petitioners are parties to the District Court Litigation.

Factor 5 weighs in favor of discretionary denial.

6. The Board Erred In Its Analysis of Factor 6

The ID found "based on the strength of Petitioner's challenge, we conclude that this factor strongly supports institution." ID at 9. This finding placed undue weight on the merits of the petition in light of the majority of factors favoring denial. Patent Owner argued in the POPR that the petition failed to show a reasonable likelihood of prevailing with respect to any challenged claim. POPR at 23-39. With respect to its analysis of Factor 6, the ID disagreed, finding the petition "presents a particularly strong challenge," and that Patent Owner's arguments "do not show a material weakness in Petitioner's challenge. ID at 8-9.

Even assuming, *arguendo*, the Petition's merits are sufficient, the ID erred because the CAPJ Memo counsels that "compelling merits alone is not dispositive in making the [*Fintiv*] assessment." CAPJ Memo at 3. Other than stating that the Petition "presents a particularly strong challenge," the ID fails to elucidate why the

challenge was so strong as to outweigh four other *Fintiv* factors favoring discretionary denial including an imminent trial date. The ID provides no reasoning in the context of Factor 6. Even if the ID's discussion on the merits (ID at 12-16) is considered in the context of Factor 6, none of this discussion merits overriding the balance of factors favoring denial.

Instead, it appears the ID's reasoning with respect to Factor 6 is an artifact of the "compelling merits" standard set forth in the abrogated "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation," rather than a holistic balancing of the *Fintiv* factors. The ID erred in assessing Factor 6.

V. CONCLUSION

The majority of the *Fintiv* factors favor discretionary denial and it was error for the Board not to deny institution. Patent Owner respectfully requests that the Director grant review, vacate the institution decision, and deny institution.

Dated: June 3, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of June, 2025, a copy of the attached **REQUEST FOR DIRECTOR REVIEW**, was served by electronic mail to the attorneys of record, at the following addresses:

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Respectfully submitted,

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