UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS, T-MOBILE USA, INC., AT&T SERVICES, INC., NOKIA OF AMERICA, CORP., ERICSSON INC., AND GOOGLE LLC
Petitioners

v.

KT CORPORATION (Patent Owner) and
PEGASUS WIRELESS INNOVATION LLC (Exclusive Licensee)

Case No. IPR2025-00137
Patent 11,540,272

PETITIONERS' REQUEST FOR DIRECTOR REVIEW

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CERTIFICATE OF SERVICE

AT&T Services, Inc., Cellco Partnership d/b/a Verizon Wireless, Google LLC and T-Mobile, USA, Inc., (collectively "Petitioners") submit this Request for Director Review of the Decision Granting Patent's Owner's Request for Discretionary Denial and Denying Institution of *Inter Partes* Review (Paper 17, "Decision"). The Acting Deputy Chief Administrative Patent Judge improperly discretionarily denied the Petition even though factors of fairness, efficiency, and patent quality weigh in favor of institution.

The Decision to deny institution overlooks material facts that weigh strongly in favor of institution. In this case, Petitioners selected the PTAB as the proper and appropriate forum to review bad patent claims that the USPTO originally granted. Considering the relevant discretionary denial factors and legal principles of due process and proper APA notice, the present facts weigh in favor of institution.

Petitioners also relied on a *Sotera* stipulation in this case (Petitioners' Opposition at 8 (Paper 13)). Because the one-year statutory bar applies to most of the Petitioners, who remain interested in the review of the challenged claims in the '272 Patent, the present IPR should be instituted so the USPTO can review the patent in question based on the prior art presented by Petitioners. Indeed, the decision to discretionarily deny institution was based in part on a retroactive reversal of prior Board guidelines that a petitioner could use a *Sotera* stipulation to eliminate overlapping prior art-based issues from parallel litigation. Here, Petitioners did not

receive proper notice of this change in PTAB policy, which was changed after Petitioners filed their IPR Petition but before the PTAB decided to discretionarily deny. Thus, the PTAB should not apply this policy change to the present proceeding, in accordance with due process and APA notice requirements.[1]

Given that the parallel litigation is large and complex covering different technologies and multiple defendants scheduled for separate trials, it would be challenging for any district court to closely review patent validity and maintain

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[1] *See, e.g., Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 275 (2016) (USPTO action outside statutory limits "may be properly reviewable … under the Administrative Procedure Act, which enables reviewing courts to 'set aside agency action' that is 'contrary to constitutional right,' 'in excess of statutory jurisdiction,' or 'arbitrary [and] capricious.'"); *see also id.* ("due process problem" may justify judicial review); *Mexichem Fluor, Inc. v. EPA*, 866 F.3d 451, 462 (D.C. Cir. 2017) ("To satisfy the Due Process Clause, [an agency] must at a minimum 'provide regulated parties fair warning of the conduct a regulation prohibits or requires.'"). Other parties have sought relief at the Federal Circuit. *See* Petition for Writ of Mandamus, *In re SAP America, Inc.*, No. 25-133 (Fed. Cir. June 13, 2025); Petition for Writ of Mandamus, *In re Motorola Solutions, Inc.*, No. 25-134 (Fed. Cir. June 23, 2025).

consistency across the separate trials, making the PTAB the most appropriate forum for assessing validity. *See, e.g.*, *Comcast Cable Communications, LLC d/b/a Xfinity v. Entropic Communications, LLC*, IPR2025-00183, -00184, -00185, Paper 11 at 3 (Director June 25, 2025) ("The presence of multiple parallel proceedings and avoidance of duplicative workloads and inconsistent outcomes favor discretionary denial.").

Finally, PO continues to dismiss patents and claims from the parallel litigation without prejudice (see Exhibit 1100), thus making use of PTAB resources even more important to the efficient resolution of this matter. [2]

I. LEGAL STANDARDS

Director review of a Board decision may be warranted when the decision includes "(a) abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law." USPTO Website, Director Review Process. Requests for Director Review must be filed within thirty days of the entry of a decision not to institute a trial. 37 C.F.R. §42.71(d).

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[2] Given the timing of PO's notice, Petitioner seeks authorization to submit Exhibit 1100.

II. ARGUMENT

On June 26, 2025, institution of IPR2025-00137, IPR2025-00138, IPR2025-00290, IPR2025-00291, IPR2025-00292, IPR2025-00293, and IPR2025-00317 was denied on purely discretionary grounds despite the submission of a *Sotera* stipulation and despite the strength of the merits of the Petition. Decision at 3-4. The Acting Deputy Chief APJ abused his discretion in denying institution, at least because efficiency and fairness considerations weigh strongly in favor of resolving the '272 Patent's validity at the PTAB.

In addition to the mishandling of the *Fintiv* factors, the Acting Deputy Chief APJ erred because the decision did not consider the additional compelling economic interests at play in this case. In particular, by denying institution, the PTAB elected to prioritize the patent rights of a foreign corporation without any domestic presence over America's telecommunications carriers.

A. The Board erred in its evaluation of the *Fintiv* factors.

The Acting Deputy Chief APJ erred in the evaluation of the *Fintiv* factors for several reasons. *First*, with respect to *Fintiv* Factor 2, even if trial were to proceed on September 8, 2025, which it likely will not[3], the first trial would only proceed

[3] The court recently moved the pre-trial conference from August 4, 2025 to September 4, 2025, signaling a likely delay to the trial date.

with respect to one of the three Petitioners. The trials involving the other Petitioners have not yet been scheduled. *See HP Inc., et al. v. Neodron Ltd.*, IPR2020-00459, Paper 17 at 36, 38 (P.T.A.B. Sept. 14, 2020) *see also Google LLC v. Uniloc 2017 LLC*, IPR2020-00441, Paper 13 at 35 (PTAB July 17, 2020) (Institution Decision) ("The fact that no trial date has been set weighs significantly against exercising our discretion to deny institution of the proceeding."); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 13-14 (PTAB Mar. 20, 2020) (precedential) ("If a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion to deny institution under *NHK*."). That the majority of Petitioners do not have a scheduled trial date—and one is not even a party to the underlying litigation—demonstrates that the Board erred when evaluating *Fintiv* factor 2. As such, *Fintiv* factor 2 weighs in favor of institution.

Second, with respect to Factor 4, Petitioners submitted a *Sotera* stipulation in this case. *See* Paper 13. The *Sotera* stipulation mitigates any concerns regarding duplicative invalidity arguments relating to anticipation and/or obviousness based on patents and printed publications. Defendants have not proffered any invalidity contentions based on unpublished system prior art. *Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 at 4 (P.T.A.B. Mar. 28, 2025); *see also* Ex. 2004.

The parallel litigation is large and complex, initially involving 11 patents, covering different technologies and multiple defendants scheduled for separate

trials.[4] *See e.g.,* Ex. 2004 *see also Tesla v. Intellectual Ventures,* IPR2025-00217, Paper 9 at 3 (Director June 13, 2025) ("the Board is better suited to review a large number of patents involving diverse subject matter"); *Berkshire Hathaway Energy Co. v. Birchtech Corp.*, IPR2025-00274, Paper 23 at 2 (Director July 2, 2025) ("Because the litigation between the parties would proceed to several district court trials in different jurisdictions, resolving the dispute between the parties at the Office would be more efficient."). Given these complexities, it would be challenging for any district court to closely review the validity of the asserted patents and maintain consistency across the separate trials.

As such, given that the '272 Patent is asserted and still at issue between the Parties, the PTAB is in the best position to resolve the serious questions regarding its validity. Instituting an IPR promotes judicial efficiency, fairness, and patent quality.

B. Compelling economic interests require institution.

While the co-pending litigation has been brought by Pegasus Wireless Innovation LLC, the patent at issue is owned by KT Corp. ("KT")—a Korean telecommunications carrier—that does not have employees or operations in the

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[4] PO has dropped 4 asserted patents from the related litigation, and has dropped several patent claims from other patents involved in the litigation.

United States and is actively resisting the ability of the United States District Court for the Eastern District of Texas to exercise jurisdiction over it. *Pegasus Wireless Innovation LLC v. Cellco Partnership d/b/a Verizon Wireless et al.*, No. 2:23-cv-00640-JRG Dkt. 206 (E.D. Tex. Jan. 17, 2025). Rather than bringing suit itself, KT granted Pegasus Wireless Innovation LLC an exclusive license that would allow Pegasus to try and extract massive licensing fees from the Petitioners while KT remained out of reach of the United States legal system.

This is the wrong fact pattern for a discretionary denial: it is a clear-cut case of a foreign company targeting domestic companies using the US patent and legal systems. If successful, the efforts of KT and Pegasus will impact jobs and salaries in the United States. The carrier Petitioners employ hundreds of thousands of Americans across the country and provide network and connectivity solutions to hundreds of millions of Americans as well as the Federal Government. The carrier Petitioners operate in all 50 states and pay billions of dollars in taxes every single year to the Federal Government.

In addition, the timing of the discretionary denial is not equitable. Complaints in the cases were served on January 3, 2024. After sifting through voluminous infringement contentions that were not received until March 18, 2024, and performing prior art searching, the Petitioners filed an IPR challenge on December

24, 2024. After receiving PO's POPR on April 17, 2025, Petitioners filed a *Sotera* stipulation on May 27, 2025. *See* Paper 13, at 8.

Unfortunately for the Petitioners, the USPTO rescinded the prior guidance regarding *Fintiv* and the impact of a *Sotera* stipulation on February 28, 2025. ***This changed the rules in the midst of the Petitioners' IPR***, and allowed the PTAB to effectively ignore the *Sotera* stipulation and decline to institute. Such a retroactive rule change is in violation of the Administrative Procedure Act ("APA"). 5 U.S.C. §§ 551–559.[5]

The Office violated Petitioners' constitutional due process rights by retroactively applying its rescission of the Director Vidal's June 21, 2022, Memorandum ("Vidal Memo") to this IPR. Petitioners filed their petition on December 24, 2024. Later, on March 24, 2025, the Patent Office decided to retroactively apply the rescission of the Vidal Memo to IPRs pending before the

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[5] Petitioners reserved the right to challenge the March 26, 2025 Interim Processes for PTAB Workload Management, including that document's list of "relevant factors," at least because it is legally invalid as (1) exceeding the Director's authority, (2) arbitrary and capricious, and (3) adopted without notice-and-comment rulemaking. *See* Paper 13, FN1.

February 28, 2025 recission date, which changed the process and harmed petitioners based on their reliance on the Vidal Memo's binding agency guidance. Prior to this retroactive change, the Board consistently followed the Vidal Memo's binding agency guidance, such that filing a timely *Sotera* stipulation was a guarantee that an IPR petition would not be denied based on a parallel district court action. *See, e.g., BMW of North Am., LLC v. NorthStar Sys. LLC*, IPR2023-01049, 2024 WL 967815, Paper 11 at 4 (P.T.A.B. Mar. 6, 2024) ("Under the mandatory *Fintiv* guidance, this [Sotera] stipulation is dispositive.") Petitioners' reliance on the Vidal Memo informed not only the timing of their IPR challenges but the decision to file IPRs themselves. As such, Petitioners' reliance interest in the agency's binding guidance is the kind of reliance interest deemed property for due process purposes because it is a legitimate claim to entitlement, not a mere unilateral expectation. *Cf. The Bd. of Regents of State Colleges v. Roth*, 408 U.S. 564, 577 (1972). Indeed, Petitioners were entitled to not have its reasonable reliance on the binding agency guidance arbitrarily undermined by the Patent Office.

C. Any settled expectations weigh in favor of institution.

PO has no "settled expectations" concerning this patent which it had never previously asserted. Indeed, it was granted roughly 2 years prior to its assertion in the parallel litigation. *Zhuhai CosMX Battery Co., Ltd. v. Ningde Amperex Tech. Ltd.*, IPR2025-00385, Paper 9, at *2 (PTAB July 2, 2025) (Director holding that

patents issued in 2021, 2023, and 2024 "have not been in force for a significant period of time, and, accordingly, Patent Owner has not developed strong settled expectations that favor discretionary denial."). Here, "the early challenge" to the '272 patent "tip[s] the balance against discretionary denial." *Id*. at 2-3; *see also Ajinomoto Co., Inc. v. AbTis Co., Ltd.*, IPR2025-00283, Paper 13, at 2 (Director Jul. 2, 2025) ("Early challenges favor robust, predictable patent rights and weigh against discretionary denial."); *GD Energy Products, LLC v. Kerr Machine Company*, PGR2025-00031, Paper 11 at 2 (Director, Jun. 25, 2025) ("Contrary to Patent Owner's arguments that 'institution should be discretionarily denied so that the Board may prioritize proceedings involving patents that have either been asserted or clearly alleged to be infringed' (DD Req. 44–5, 6–9), early challenges to patents favor robust, predictable patent rights and weigh against discretionary denial.").

As explained in the Petition at page 77, the USPTO materially erred during examination when it overlooked and/or misapprehended material disclosures and teachings of the prior art cited in the Petition which, as explained above, clearly demonstrates unpatentability of the challenged claims. Paper 7; *see Advanced Bionics, LLC v. Med-El Elektromedizinische Geräte GmbH,* IPR2019-01469, Paper 6 at page 8 (PTAB Feb. 13, 2020) ("material error may include misapprehending or overlooking specific teachings of the relevant prior art where those teachings impact patentability of the challenged claims"). The Director has determined that USPTO

material error during examination can outweigh "strong settled expectations". *See, e.g., Xencor, Inc. v. Merus N.V.,* IPR2025-00604, Paper 12 at pages 2-3 (PTAB Jul. 17, 2025) (Director referred petition to the Board where "the challenged patent has been in force for approximately nine years (issued in 2016), creating strong settled expectations for Patent Owner" but where "Petitioner provides persuasive reasoning, supported by evidence, that discretionary denial under 35 U.S.C. § 325(d) is not appropriate because the Office materially erred during prosecution of the challenged patent."). Thus, settled expectations do not exist here because they are outweighed by material error that occurred during initial PTO examination.

III. CONCLUSION

Because the Acting Deputy Chief Administrative Patent Judge committed error, the Director should review and vacate the Decision Granting Patent's Owner's Request for Discretionary Denial and Denying Institution of *Inter Partes* Review.

Respectfully submitted,

Date: July 28, 2025

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 28th day of July, 2025, a true and correct copy of the foregoing **PETITIONERS' REQUEST FOR DIRECTOR REVIEW** is being served via electronic mail upon counsel for Patent Owner as follows:

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