

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LIBERTY ENERGY, INC. AND LIBERTY OILFIELD SERVICES LLC,
Petitioners,

v.

U.S. WELL SERVICES, LLC,
Patent Owner.

IPR2025-00139
U.S. Patent No. 11,208,878 B2

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW

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Pursuant to 37 C.F.R. § 42.75, Patent Owner U.S. Well Services, LLC (“Patent Owner”) submits this Request for Director Review of the Board’s Institution Decision (“ID”) concerning claims 1–10 of U.S. Patent No. 11,208,878 (the “’878 Patent”). Patent Owner respectfully submits that the Board did not analyze the facts correctly and misapplied authority and guidance concerning analysis of the *Fintiv* factors.¹ Patent Owner filed a similar request for Director Review in IPR2025-00031, which has been fully briefed and is awaiting a decision.

I. LEGAL STANDARD FOR DIRECTOR REVIEW

Requests for Director Review are permitted to address decisions that, *inter alia*, present (a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law. *See* USPTO, Revised Interim Director Review Process at 2.B, Availability of Director Review: AIA Trial Proceedings (last modified Mar. 18, 2025). Here, the Board made erroneous findings of material fact, as explained below.

¹ *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential).

II. THE NEW *FINTIV* GUIDANCE AND AUTHORITY

Discretionary denial of IPRs occurs pursuant to 35 U.S.C. § 314(a). On February 28, 2025, the USPTO rescinded the Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation, issued June 21, 2022 by the previous Director (“Guidance Memo Rescission Announcement”), and referred parties to prior PTAB precedent for discretionary denial guidance, including *Fintiv* and *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A).

Following the Guidance Memo Rescission Announcement, Chief Administrative Patent Judge Boalick issued a March 24, 2025, memorandum titled “Guidance on USPTO’s Recission of ‘Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation’” (“March 24 Rescission Guidance Memo”). The March 24 Rescission Guidance Memo provided additional direction to parties following the Guidance Memo Rescission Announcement, including, as relevant to this proceeding: (1) the rescinding action applies only on a forward-looking basis for cases pre-institution, or post-institution if a request for Director Review is pending, and timely requests for additional briefing on the application of the recission will be considered; (2) a timely filed *Sotera* stipulation is highly relevant to the discretionary denial analysis, but is no longer dispositive; (3) the *Fintiv* analysis will consider any evidence regarding

when a parallel district court/ITC action is anticipated to resolve, including median time-to-trial statistics; and (4) the Board will continue to evaluate the strength of an IPR petition's merits as part of the *Fintiv* analysis, but that factor alone is not dispositive.

On March 26, 2025, Acting Director Stewart issued an additional guidance memorandum titled "Interim Processes for PTAB Workload Management" ("Stewart Memo"). The Stewart Memo announced a bifurcated approach to decisions on whether to institute IPRs and PGRs, by allowing parties to file separate briefing on requests for discretionary denial of institution. The procedures enacted in the Stewart Memo apply to IPR and PGR proceedings where the deadline for the patent owner to file a preliminary response has not yet passed and thus those procedures do not apply here. Nonetheless, the reasoning behind the newly implemented procedures—to "improve PTAB efficiency, maintain PTAB capacity to conduct AIA proceedings, reduce pendency in *ex parte* appeals, and promote consistent application of discretionary considerations in the institution of AIA proceedings"—points to an increased scrutiny of the discretionary denial analysis in pending IPRs. Stewart Memo at 3.

III. FACTUAL BACKGROUND CONCERNING THE *FINTIV* FACTORS IN THIS PROCEEDING

The relevant parallel proceeding is *U.S. Well Servs., LLC, et al. v. Liberty Energy, Inc., et al.*, No. 4:24-CV-00839 (S.D. Tex.). The current scheduling order governing the case is found at EX-2008.

Petitioners filed the instant petition on November 20, 2024 (Paper 1), and the USPTO issued a Notice of Filing Date Accorded on December 16, 2024 (Paper 5). Patent Owner filed its Patent Owner Preliminary Response (“POPR”) (Paper 6) on March 17, 2025, arguing that the *Fintiv* factors either favored denial of institution or were neutral, thus collectively favoring denial. Petitioners requested additional briefing to address *Fintiv* considerations, which the Board authorized via email on April 8, 2025. EX-3001. On April 14, 2025, Petitioners filed their Petitioners’ Reply to Patent Owner’s Preliminary Response (Paper 7) (“Reply”) addressing *Fintiv* factors. In that Reply, Petitioners argued, *inter alia*, that the parallel case was not in its advanced stages, and the District Court had made “minimal investment” in the case. Reply at 2–3.

On April 21, 2025, Patent Owner filed its Sur-Reply to Petitioners’ Reply (Paper 8) (“Sur-Reply”), explaining, *inter alia*, that “[b]y the time the Board issues an institution decision (estimated no later than June 16), the parties and the Court

will have invested significant resources in briefing and participating in a *Markman* hearing, along with preparing a claim construction order.” Sur-Reply at 2.

On May 16, 2025, Patent Owner's counsel emailed the Board with information concerning recent developments in the parallel case, including (1) that the Magistrate Judge overseeing the case on May 9, 2025, denied Petitioners' motion to stay; (2) the parties had submitted a joint updated schedule for the Court's consideration; and (3) on May 15, 2025, the District Court entered an updated Scheduling Order.

In response to this email, on May 19, 2025, the Board emailed counsel and directed Patent Owner to file three exhibits from the parallel proceeding: (1) order denying motion to stay (EX-2006), (2) joint motion to amend scheduling order (EX-2007), and (3) order amending the scheduling order (EX-2008). In that same email, the Board authorized Petitioner to file an exhibit relating to email correspondence between counsel in the parallel proceeding (EX-1048).

In the parallel case, the claim construction hearing took place on April 30, 2025. EX-1046. On May 30, 2025, the Magistrate Judge issued a Memorandum and Order (“*Markman* Order”) construing the disputed claim terms.²

On June 11, 2025, the Board instituted trial. ID at 2. The Board, however, appears not to have considered the *Markman* Order in its decision:

The Texas court held a *Markman* hearing on April 30, 2025, and “[t]he parties’ claim construction contentions are currently under consideration by the Court.” Ex. 1046; Ex. 2006, 3. However, fact discovery remains ongoing, expert discovery has not yet begun, and motions are not due until November 13, 2025. Ex. 2008, 2–3. Thus,

² The Memorandum and Order regarding claim construction is a public record available on PACER. *U.S. Well Servs.*, No. 4:24-CV-00839, ECF 111 (S.D. Tex. May 30, 2025). On request, Patent Owner will make a copy available. Patent Owner is aware that the Director does not consider new evidence when analyzing a request for Director Review. The Order, however, is not evidence but rather, having issued from a district court, constitutes persuasive authority. The Director may take judicial notice of court decisions. *See Advanced Software Design Corp. v. FRB of St. Louis*, 583 F.3d 1371, 1379 n.3 (Fed. Cir. 2009) (holding that “the decision of another court or agency ... is a proper subject of judicial notice”).

although the parties and court have invested time and resources toward claim construction, significant work still remains to be done.

ID at 12. In rejecting Patent Owner's *Fintiv*-based arguments, the Board determined the *Fintiv* factors weighed as follows (ID at 8–15):

- Three *Fintiv* factors (Factors 1, 3, and 6) were neutral (ID at 11, 13, 14);
- One *Fintiv* factor (Factor 4) weighed “strongly” against denial (ID at 14), primarily because “Petitioner’s stipulation is similar to that provided in *Sotera Wireless, Inc. v. Masimo Corp.*” (ID at 13–14); and
- Two *Fintiv* factors (Factors 2 and 5) weighed “slightly” in favor of denial (ID at 11, 14).

Patent Owner respectfully submits that the Board overlooked the following facts: (1) the Magistrate Judge issued the *Markman* Order before the Institution Decision; and (2) the rationale and explanation underlying the Magistrate Judge’s denial of Petitioner’s motion to stay the parallel case. When these are properly taken into consideration, the Board should have found that the *Fintiv* factors, in totality, weigh in favor of denying institution.

IV. *FINTIV* FACTOR 1: THE BOARD MADE A FACTUAL ERROR IN FINDING THAT THIS FACTOR WAS NEUTRAL

As the Board noted in conducting its investigation into the parallel litigation, Petitioners filed a motion to stay, but “[t]he Texas court denied the motion to stay”

on May 9, 2025. *See* ID at 10; EX-2006. Even though the stay was denied and the parallel case has been (and continues to be) moving forward apace, the Board found *Fintiv* Factor 1 was neutral. ID at 11.

The Board's rationale for doing so appears to be that the Order denying the motion to stay states that Petitioners could "re-urge the[] [m]otion [to] [s]tay" following institution decisions on all asserted patents.³ EX-2006 at 7. But the Order itself shows that it is highly unlikely the result will be different even if Petitioners do so. First, as the Magistrate Judge explained, Patent Owner has brought non-patent claims, and any stay would clearly prejudice Patent Owner's pursuit of those claims. Order at 5. That will be the case regardless of what the Board does in the pending IPRs. Second, the Board has already denied institution as to one asserted

³ There are four asserted patents in the parallel case, which were all the subject of IPR proceedings filed by Petitioners. In IPR2025-00066, the Board denied institution as to U.S. Patent No. 10,598,258. In IPR2025-00031, the Board instituted trial as to U.S. Patent No. 10,655,435. Patent Owner's Request for Director Review of that decision is pending. In IPR2025-00778 addressing U.S. Patent No. 11,959,533, Patent Owner filed its Discretionary Denial Brief on June 16, 2025. The fourth patent (the '878 patent) is the subject of this IPR.

patent, *see Liberty Energy Inc., et al. v. U.S. Well Servs., LLC*, IPR2025-00066, Paper 10 (PTAB Apr. 29, 2025) (denying institution as to U.S. Patent No. 10,598,258). It is therefore likely that the Board will also deny institution in IPR2025-00778, which addresses U.S. Patent No. 11,959,533, a continuation patent of the '258 Patent, where Petitioners raised the same arguments that the Board found unpersuasive in IPR2025-00066. Third, the deadline for the Board's institution decision in IPR2025-00778 is October 16, 2025. By then, fact discovery and expert discovery in the case will be effectively over. *See* EX-2008 (setting the deadlines for completion of fact and expert discovery as August 8 and October 17, 2025, respectively). Thus, the likelihood of a stay being granted at that point is remote at best. EX-2006 at 6 ("The parties have already expended significant resources in the prosecution and defense of this case.").

There is therefore "insufficient evidence that the district court is likely to stay its proceeding even if the Board were to institute trial" in this IPR. *ARM Ltd., et al. v. Daedalus Prime LLC*, IPR2025-00207, Paper 10 (Director Discretionary Denial Decision) at 2 (PTAB May 16, 2025). These facts thus favor discretionary denial. *See id.*; *see also Klein Tools, Inc. v. Milwaukee Elec.Tool Corp., et al.*, IPR2024-01400, Paper 22 (Director Order) at 2 (PTAB June 9, 2025) (holding that the Board's "analysis of factors 1 and 4, and overall weighing of the *Fintiv* factors were erroneous.... The Board ***did not give enough weight*** to the lack of a stay, or

the fact that a stay was unlikely....”) (emphasis added). *Fintiv* Factor 1 is therefore not neutral as the Board found but instead supports discretionary denial.

V. *FINTIV* FACTORS 2 AND 3: THE BOARD MADE FACTUAL ERRORS IN OVERLOOKING THE *MARKMAN* ORDER AND REVISED SCHEDULING ORDER

Regarding *Fintiv* Factor 2 (the proximity of the trial date to any FWD), the Board found that the trial in the parallel case was set to begin on March 30, 2026, which is nearly “two and a half months prior to the projected due date for a final written decision in this proceeding (June 17, 2026).” ID at 11. This should have resulted in the Board finding that Factor 2 favored discretionary denial. *See Charter Commc’ns, Inc. v. Adaptive Spectrum and Signal Alignment, Inc.*, IPR2024-01379, Paper 16 at 11 (PTAB Apr. 17, 2025) (finding that a trial would take place at least two months before any FWD, which “favors discretionary denial”); *Advanced Micro Devices, Inc., et al. v. Concurrent Ventures, LLC*, IPR2025-00223, Paper 9 (Director Discretionary Denial Decision) at 2 (PTAB June 12, 2025) (holding that a projected FWD due date of July 15, 2026 was after the scheduled trial date of June 29, 2026, and as such “it is unlikely that a [FWD] in this proceeding will issue before the district court trial occurs”).

The Board instead found this factor only “slightly” favored denial, based on speculation that the trial date may move based on time-to-trial statistics. ID at 11. This speculation is unfounded. Even though the *Markman* hearing was delayed, the

Magistrate Judge promptly issued the *Markman* Order weeks ahead of its estimated June 11 date. See EX-2008 at 2. Further, the Court has already compensated for the delayed *Markman* hearing by moving the trial date to March 30, 2026. EX-2008 at 4.⁴ And regardless, should the trial date be again moved (even though there is no evidence it will be), “[e]ven though a district court trial date that occurs after a projected [FWD] date reduces the possibility of conflicting decisions, that benefit does not outweigh the efficiencies gained by avoiding parallel proceedings in this instance because of the parties’ meaningful investment in the district court proceeding....” *AMD*, IPR2025-00223 Paper 9 at 2. That applies here as well, as discussed next. Thus, instead of merely “slightly” favoring discretionary denial, *Fintiv* Factor 2 weighs firmly in favor thereof.

Turning to *Fintiv* Factor 3 (investment in the underlying case), the Board erred by overlooking the fact that the *Markman* Order issued. See ID at 11–13. The Board acknowledged that “[i]f, at the time of the institution decision, the district court has issued substantive orders related to the challenged patent, such as a claim construction order, ***this fact weighs in favor of denial.***” ID at 11 (citing *Fintiv*) (emphasis added). Patent Owner’s *Fintiv* briefing noted that the Court’s decision would happen before the institution decision. Sur-Reply at 2 (noting that

⁴ The original trial date was February 2, 2026. EX-2003 at 4.

“the Court anticipates issuing a ruling by June 11” from its *Markman* hearing).

When the Court issued the *Markman* Order on May 30, the Board should have found that *Fintiv* factor 3 favored denial instead of being neutral. The *Fintiv* decision confirms that “district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.” *Fintiv* at 10; *see also Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 at 3 (PTAB Mar. 28, 2025), *reh’g denied*, Paper 23 (PTAB May 23, 2025) (finding the parties had invested “substantial time and effort” and *Fintiv* Factor 3 “strongly favor[ed] discretionary denial” where parties had “served extensive infringement and invalidity contentions,” “filed claim construction briefs,” and the district court had “construed the disputed claim terms.”).

That is precisely the case here as well. The parties have served final infringement and invalidity contentions, filed claim construction briefs, and the Court has construed the disputed claim terms. *See* EX-2008 at 2 and *Markman* Order. *See also NeoGenomics Lab’ys, Inc. v. Natera, Inc.*, IPR2025-00455, Paper 13 (Director Discretionary Denial Decision) at 2 (PTAB June 12, 2025) (“The substantial time and effort the parties and the district court have invested in the parallel proceeding strongly favors discretionary denial.”).

Significantly, the Magistrate Judge, in denying Petitioners’ motion to stay, explained that “claim construction discovery and the *Markman* hearing have been

completed” and the “parties have *already expended significant resources* in the prosecution and defense of this case.” EX-2006 at 5–6 (emphasis added). The Board did not acknowledge this in the ID, and Patent Owner respectfully submits that the Judge overseeing the litigation best knows the investment the parties and Court have made in the case. Further, the Magistrate Judge also expended significant resources by issuing its 42-page *Markman* Order before the Board decided to institute trial here. Thus, *Fintiv* Factor 3 strongly favors denial of institution.

VI. THE BOARD IMPROPERLY DISCOUNTED *FINTIV* FACTOR 5

Regarding *Fintiv* Factor 5 (the identity of the parties), the Board found that “[t]here is no dispute that the parties in this proceeding are identical to the parties in the Texas litigation, and the parties agree that the facts underlying this factor weigh in favor of denying institution.” ID at 14. Yet, the Board ultimately determined that this factor only “weigh[s] slightly in favor of den[ial],” *id.*, despite well-established precedent to the contrary. *Fintiv*, Paper 15 at 15 (PTAB May 13, 2020) (“Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.”); *SAP Am., Inc. v. Cyandia, Inc.*, IPR2024-01432, Paper 14 at 10 (PTAB Apr. 7, 2025). Moreover, the same panel as here, when evaluating *Fintiv* arguments for another patent involving the same parallel litigation, determined that *Fintiv* factor 5 weighs in

“favor of denying institution” without any discount. *See Liberty Energy, Inc., et al. v. U.S. Well Servs., LLC*, IPR2025-000031, Paper No. 9 at 16 (PTAB Apr. 29, 2025). The Board thus erred by discounting *Fintiv* factor 5 without a sufficient reason.

When the *Fintiv* Factors, as explained above, are considered holistically, this IPR warrants discretionary denial. Factor 1 is not neutral but favors denial. Factors 2 and 5 favor denial, not merely slightly favoring it. Factor 3 strongly favors denial; it is not neutral as the Board found.

Regarding Factor 4, the Board found that Petitioner's *Sotera* stipulation weighs strongly in favor of not denying institution. ID at 4. But a *Sotera* stipulation does not outweigh the inefficiencies of maintaining two parallel proceedings when, as here, the district court trial date is before the projected FWD deadline. *See Shenzhen Tuozhu Tech. Co.. Stratasys, Inc.*, IPR2025-00354, Paper 11 (Director Discretionary Review Decision) at 2–3 (PTAB June 12, 2025). The Board thus committed the same error as in *Motorola Solutions* by giving excessive weight to Petitioner's *Sotera* stipulation in *Fintiv* Factor 4 over the other factors which support discretionary denial as discussed above. *Motorola*, Paper 19 at 4 (noting that “Petitioner's *Sotera* stipulation may mitigate some concern of duplication between the parallel proceeding and this proceeding, [but] the stipulation does not

outweigh the substantial investment in the district court proceeding or *Fintiv* factors 1, 2, and 5, which the Board found weighed in favor of denial.”).

Given that under a proper analysis at least four (1, 2, 3, and 5) of the six factors favor discretionary denial, a holistic analysis leads to only one conclusion: trial in this IPR should have been discretionarily denied.

VII. THE DIRECTOR SHOULD REVERSE THE BOARD'S DECISION

As discussed above, the facts here warrant Director Review and reversal of the Board's decision instituting *inter partes* review of claims 1-10 of the '878 Patent.

Dated: June 25, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of June, 2025, I caused to be served a true and correct copy of the foregoing "Patent Owner's Request for Director Review" and any accompanying exhibits by electronic mail on the following:

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