

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SINCLAIR PHARMA LIMITED, SINCLAIR PHARMA US, INC., VIORA,
INC., EMA AESTHETICS, LTD., AND AESTHETIC MANAGEMENT
PARTNERS, LLC AND AESTHETIC MANAGEMENT PARTNERS, INC,
Petitioners,

v.

HYDRAFACIAL LLC,
Patent Owner.

Case No. IPR2025-00145
Patent No. 11,865,287

PETITIONERS' REQUEST FOR REHEARING

Pursuant to 37 C.F.R. § 42.71(d) and Director Review Process § 5(C)(ii),¹ Petitioners respectfully request rehearing of the Director's Order Vacating the Decision Granting Institution and Denying Institution of *Inter Partes* Review (Paper 41).

The Director's Order de-instituting this IPR was based entirely on an administrative law judge's (ALJ) initial determination (ID) in an ITC action not involving Petitioners. The Director's Order overlooked that: (1) the ITC action involved different challenges and a different evidentiary record, including strategic decisions of unrelated parties to ***waive certain arguments*** after Petitioners had already made those arguments in their Petition in this IPR; Petitioners had no input or influence regarding the unrelated ITC Respondents' strategic decisions to surrender arguments otherwise available to the American public, and forcing those arguments away from this alternative forum to litigation undermines the entire purpose of the America Invents Act (AIA) and effectively subjects the entirety of the American public to issue preclusion based on a proceeding of another; (2) the ID is likely to be vacated because the Target Date of the ITC action is 6 days before the '287 patent will expire; (3) 35 U.S.C. § 318(a) requires a final written decision after IPR institution, absent limited circumstances not applicable here; and

¹ <https://www.uspto.gov/patents/ptab/decisions/director-review-process>.

(4) if the Director interprets 35 U.S.C. § 314 as delegating discretion to deny institution of an IPR for patent policy reasons nowhere contemplated in the AIA statutes (indeed, rendering them optional), such delegation is unconstitutional because Congress failed to provide any intelligible principle to guide the exercise of such unfettered policy discretion. The USPTO cannot usurp the legislature's role in defining patent policy in the first instance. Further, the Director's Order violated Petitioners' due process rights by summarily denying briefing that the Board had previously awarded to Petitioners to address the impact of the ID.

I. LEGAL STANDARD

A party dissatisfied with a decision may request rehearing. The moving party bears the burden of challenging the decision. The rehearing request must specifically identify all matters the Board misapprehended or overlooked, and the place where each matter was previously addressed. When challenging a decision not to institute a trial, the rehearing request must be filed within 30 days of the decision. 37 C.F.R. § 42.71(d). *See also* Director Review Process § 5(C)(ii).

II. PROCEDURAL HISTORY

Petitioners filed the Petition on November 25, 2024, challenging all 45 claims of the '287 patent other than claims 13, 21, 27 and 38. Paper 1. The Petition included two obviousness grounds (1A-1B) based on the Karasiuk-Palmer combination and two obviousness grounds (2A-2B) based on Greenberg. *Id.*

The Board’s June 2, 2025 institution decision found that the Petition demonstrated a reasonable likelihood of success in demonstrating that every challenged claim is obvious over Grounds 1A-1B. Paper 12, 18, 22. Recognizing a claim construction dispute over the meaning of “treatment material” and “treatment fluid,” which affects the Greenberg-based grounds (*i.e.*, Grounds 2A-2B), the Board invited the parties to further address claim construction during the trial. *Id.* at 28. Having already found that the Karasiuk-Palmer grounds were likely to succeed as to every claim challenged in the Petition, the Board, citing *SAS*, instituted on all Grounds. *Id.*, 28, 32.

On June 16, 2025, Patent Owner filed a Request for Director Review, seeking vacatur of the institution decision and discretionary denial of institution based on a parallel ITC action (Investigation No. 1408). Paper 15. Petitioners opposed, explaining, among other things, that Petitioners were not even involved in Investigation No. 1408. Paper 16. On July 24, 2025, the Acting Director denied Patent Owner’s Request for Director Review. Paper 20.

On August 25, 2025, Patent Owner filed its Patent Owner Response. Paper 23.

On August 26, 2025, an ALJ at the ITC issued an ID in Inv. No. 1408 regarding the ’287 patent. The ID addressed a small subset of the claims addressed herein, in an overlapping but largely different way than at issue in this proceeding.

For example, with respect to Greenberg, the ID focused on whether Greenberg discloses liquid treatment material, while the Petition’s Greenberg-based grounds (2A-2B) argue that Greenberg’s dry particles are the claimed “treatment material.” EX2161, 100-137; Petition, 68. The ID also assesses a different issue—patent validity. It does not assess patentability, which involves different considerations and evidentiary standards.

On September 19, 2025, Patent Owner filed a motion to submit the ID as supplemental information. Paper 26. Over Petitioners’ objections (Paper 29) the Board granted Patent Owner’s motion, but at the same time granted Petitioners additional briefing, following Patent Owner’s Sur-Reply, to address the impact of the ID if Patent Owner put the ID at issue by making arguments based on the ID in its Sur-Reply. Paper 32, 4-5.

On December 17, 2025, Petitioners filed their Reply to the Patent Owner’s Response. Paper 39. Even though Patent Owner had not yet filed its Sur-Reply, and thus had not yet commented on the ID, Petitioners proactively addressed the ID preliminarily in their Reply, explaining the lack of overlap between the IPR and the ITC action. For example, Petitioners explained that the ALJ’s ID rejected the Karasiuk-Palmer obviousness combination because the ALJ concluded that the Palmer reference is “non-analogous art” relative to the ’287 patent—an argument that Patent Owner *did not even make* (and thus waived) in this IPR. Paper 39, 9.

Similarly, while the ID found the “connected to” claim limitation lacking from Karasiuk-Palmer, that conclusion was based primarily on the ITC Respondents’ waiver of the relevant argument (which Petitioners did *not* waive here). *Id.*, 7.

With respect to Greenberg, the ITC action proceeded very differently from this IPR because the ITC Respondents argued that Greenberg satisfies the “treatment material” and “fluid” limitations by virtue of its disclosure of oils mixed with solid particles, rather than arguing (as Petitioners do in this IPR) that the solid particles themselves fall squarely within the proper construction of “treatment material” and “fluid”—based on an express definition in the ’287 patent specification. EX2161, 107-108. As a result, Petitioners explained, the ALJ essentially *assumed* the “treatment material” and “fluid” limitations of the ’287 patent claims require “liquids.” Paper 39, 21. This assumption directly contradicts the ’287 patent specification.

With respect to the ALJ’s conclusion that Patent Owner’s products enjoy “commercial success” with a nexus to the ’287 patent (EX2161, 184), Petitioners explained that the inventors of the ’287 patent, who are also the founders of Patent Owner, both testified under oath in a prior litigation that a completely different feature *not* claimed in the ’287 patent is responsible for driving the success of these products. Paper 39, 26-27. The ALJ, however, was never presented with this critical evidence. EX2161, 174-184.

On December 22, 2025, the Director initiated a *sua sponte* Director Review to consider de-instituting this IPR “in view of the finding in the ID.” Paper 40.

On December 29, 2025, Petitioners apprised the Director, by email, of the above reasons why this IPR should not be de-instituted in view of the ID, and requested that, if the Director was inclined to consider the ID, Petitioners be permitted the briefing they had previously been awarded to fully and fairly address the relevance of the ID to this IPR. EX3101. The Director denied Petitioners’ request for the briefing they had previously been awarded by the Board. *Id.*

On February 12, 2026, the Director issued an Order vacating institution of the IPR and denying institution based on the ID. Paper 41.

This motion is timely filed. 37 C.F.R. §§ 1.7(a), 42.1(a), 42.71(d).

III. ARGUMENT

A. The Director Overlooked the Substantial Differences Between this IPR and the ITC Action and the Impropriety of Effectively Subjecting Petitioners to Issue Preclusion

As explained above, there are substantial differences between this IPR and the issues addressed in the ID. The record on commercial success is a glaring example. While the Director’s Order was based in part on the idea that “the ITC has determined that Patent Owner established commercial success” (Paper 41, 2), in fact the ALJ was totally unaware of the critical evidence from the inventors themselves that their alleged commercial success was due to a feature that is: (1)

completely different from the one Patent Owner's expert relied upon in this IPR, (2) unclaimed in the '287 patent claims, and (3) embodied in patents that Patent Owner was asserting in the prior proceeding, which are *prior art* to the '287 patent, thus preventing them from supporting commercial success as a matter of law. The Director's Order completely overlooked this critical fact, which conclusively establishes that the ID's commercial success conclusion could not stand in this proceeding.

Similarly, as explained above, other critical aspects of the ALJ's conclusions in the ID are unsupported in this proceeding—including findings based on arguments that Patent Owner *waived* in this proceeding, and findings that would not stand in view of Petitioner's arguments, which the ITC Respondents waived.

It would be unfair and a gross violation of due process to hold Petitioners to the ALJ's conclusions in the ID, when Petitioners did not even participate in the ITC action. *Parklane Hosiery Co. v. Shore*, 439 U.S. 332, 327 n.7 (1979) ("It is a violation of due process for a judgment to be binding on a litigant who was not a party or a privy and therefore has never had an opportunity to be heard.").

It was also a violation of due process for the Director to retroactively deprive Petitioners of briefing that the Board previously granted them regarding the ID.

B. The Director Must Reconsider the Order if the ID is Vacated by the Commission

On January 23, 2026, Petitioners explained to the Director that the ITC (“Commission”) is likely to vacate the ID after extending the investigation’s target date to March 23, 2026, which is only 6 days before the ’287 patent expires, thus mooting any possibility of relief. EX3102. Petitioners explained that the Commission’s typical practice in this circumstance is to vacate the ALJ’s ID under *United States v. Munsingwear* to avoid the ID spawning legal consequences. *E.g.*, *Certain Intraoral Scanners and Related Hardware and Software*, Inv. No. 337-TA-1090, Notice of Commission Determination to Vacate the Final Initial Determination (Aug. 20, 2019) (vacating ALJ’s ID and terminating the investigation where, because “[t]he ’901 patent will expire on August 30, 2019, four days after the target date for completion of the investigation ... [Complainant] cannot obtain effective relief as to the ’901 patent prior to its expiration.”).

Nevertheless, the Director de-instituted the IPR prior to the Commission’s decision, which is expected in mere days. Should the Commission vacate the ID, reconsideration will plainly be required, as the Director’s Order was based entirely on the ID, which would cease to exist. *Hewitt v. United States*, 606 U.S. 419, 431 (2025) (“[V]acated court orders are void *ab initio* and thus lack any prospective legal effect ... the law acts as though the vacated order never occurred.”).

C. The Director’s Order Overlooked and Violated the Requirement, Under 35 U.S.C. § 318(a), to Issue a Final Written Decision After Instituting this IPR

35 U.S.C. § 318(a) clearly states that “[i]f an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board *shall* issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.” By vacating and de-instituting the IPR, the Director violated Section 318(a) because no “final written decision with respect to the patentability” of the challenged claims will issue.

The only exception to the requirement that the Board “shall” issue a final written decision is if an IPR is “dismissed under this chapter,” *i.e.*, Chapter 31. For example, under Chapter 31 the Director has authority to terminate an instituted IPR in view of settlement (§ 317(a)) or to enforce the estoppel provision of § 315(e)(1) or other statutory bars (*e.g.*, § 315(b)).

The Federal Circuit’s prior decisions allowing the USPTO to terminate an IPR post-institution consistently involved terminations based on factors expressly set forth by Congress in Chapter 31, as § 318(a) requires. *E.g.*, *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, 839 F.3d 1382, 1383-84 & n.1 (Fed. Cir. 2016) (IPR properly dismissed after institution where petitioner failed to identify a real party in interest that was time-barred under § 315(b)); *GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1310-11 (Fed. Cir. 2015) (covered business method review

dismissed a few months after institution based on § 325(a)(1) civil-action bar, which acts as a “jurisdictional limit”); *Sling TV, L.L.C. v. Realtime Adaptive Streaming LLC*, 840 F. App’x 598, 598-99 (Fed. Cir. 2021) (§ 315(b) time bar).

While the Director’s Order cited 37 C.F.R. § 42.72 as a basis for termination, that agency regulation cannot override Congress’s requirement in § 318(a) that the Board “shall” issue a final written decision. *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1381-82 (Fed. Cir. 2016) (“[T]he PTO’s regulatory authority does not permit it to adopt regulations that expand its authority beyond that granted by Congress.”).

While the Director’s Order also cited *BioDelivery Scis. Int’l, Inc. v. Aquestive Therapeutics, Inc.*, 935 F.3d 1362 (Fed. Cir. 2019), that case presented a unique fact pattern and does not support ignoring the mandate set forth in § 318(a).

BioDelivery hinged on an intervening change in the law that rendered the prior institution analysis unlawful. *SAS Institute, Inc. v. Iancu*, 584 U.S. 357, 371 (2018). Accordingly, when *BioDelivery* stated that “there is no requirement that once instituted, IPRs must proceed through final written decision,” the Federal Circuit was not facing the circumstances here, nor was the court addressing the mandatory statutory language in § 318(a). Rather, the decision simply reflected a common principle that reconsideration of a decision is appropriate where an intervening change in the law materially affects the decision.

In summary, the USPTO violated the clear mandate of § 318(a) by de-instituting this IPR and failing to issue a final written decision. The Director lacked authority for the Order, and should vacate it, re-institute the IPR, and ensure that the Board issues a final written decision on the merits.

D. The Director’s Implied Interpretation that the Patent Statute Provides Unlimited Discretion to Deny Institution of IPRs for Any Reason Is Unconstitutional

The Director’s Order relied on an unrelated ITC action not involving Petitioners to deny institution of an IPR that the Board and the Acting Director both already concluded deserved institution. However, nowhere does the Patent Statute authorize denial of institution based on a case not involving Petitioners.

The Order cites 35 U.S.C. § 314(a), impliedly suggesting that this section delegates to the Director unbridled discretion regarding institution. However, under that theory, the delegation of authority by Congress to the Director would be unconstitutional because it would be so broad as to lack any “intelligible principle” guiding administration of IPRs. *Whitman v. Am. Trucking Ass’ns*, 531 U.S. 457, 472 (2001) (requiring Congress to provide an intelligible principle when it “confers decisionmaking authority upon agencies”). Indeed, if the authority delegated to the Director by Congress was as broad as the Director’s Order impliedly suggests, it would allow the Director to deny every IPR petition for any reason or no reason at all, thus enabling the Director to end the IPR system created by Congress by fiat.

The Constitution prohibits that sort of uncontrolled and unreviewable delegation of power from the legislative branch to the executive branch. *E.g., A.L.A. Schechter Poultry Corp. v. United States*, 295 U.S. 495, 541-42 (1935) (statute that delegated to the President “virtually unfettered” discretion “in approving or prescribing codes, and thus enacting laws for the government of trade and industry throughout the country” was unconstitutional); *Panama Refining Co. v. Ryan*, 293 U.S. 388, 430 (1935) (statute that allowed prohibition of petroleum transportation without establishing any standard regarding the circumstances in which such prohibition would be allowed was unconstitutional).

Accordingly, to the extent the Director’s Order is premised on the idea that the Director enjoys unbridled authority to deny institution of IPRs for reasons not set forth in the Patent Statute, it should be rejected because it would render the entire IPR system unconstitutional.

IV. CONCLUSION

Petitioners respectfully request that the Director reconsider and vacate the Order, and re-institute this IPR so that the Board can issue a final written decision on the merits.

Date: March 16, 2026

Respectfully submitted,

/Scott A. McKeown/

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CERTIFICATE OF SERVICE UNDER 37 C.F.R. § 42.6(e)(4)

I certify that on March 16, 2026, a copy of the foregoing document, including any exhibits filed therewith, is being served via electronic mail, as previously consented to by Patent Owner, upon the following:

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