

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. IPR2025-00317
Patent 11,405,942

PETITIONERS' REQUEST FOR DIRECTOR REVIEW

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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 18, “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.

Worse still, after Patent Owner reviewed the IPR petition, the ’942 Patent was dismissed without prejudice from the Related Litigation. EX1023. While *Fintiv* is not applicable given that there is no parallel litigation involving the same patent challenged in this IPR, PO is still free to assert this patent in the future and, in view of the discretionary denial, can do so without fear of facing an IPR.

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

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).

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).

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 PO dismissing the ’942 Patent from the co-pending litigation and despite 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 ’942 Patent’s validity at the PTAB.

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

In addition to the mishandling of the *Fintiv* factors, the Acting Deputy Chief APJ erred because he 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 beyond the inapplicability of *Fintiv* to the present case (*see* Section II.C. below). *First*, with respect to *Fintiv* Factor 2, even if trial were to proceed on September 8, 2025, which it likely will not³, the first trial would only proceed 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

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.

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 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 12. 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. As discussed in greater detail below, PO has eliminated the overlap between the issues raised in the petition and in the parallel proceeding by dismissing the ’942 Patent from the district court litigation without prejudice. The consideration of Factor 4 should not encourage patent owners to assert a patent to trigger the 1-year statutory deadline for filing an IPR, and then withdraw some or all of the patent claims *without prejudice* so that patent owners can decide to reassert those same patent claims later, without risk of a later-filed IPR.

Instituting an IPR promotes judicial efficiency, fairness, and patent quality. Given the possibility of future litigation involving the ’942 Patent, and the fact that

PO has not granted Petitioners a covenant not to sue, efficiency considerations counsel that the Board should address the validity of the '942 Patent now as part of the overarching dispute between the parties.

B. Efficiency and fairness weigh in favor of institution.

A proper denial of institution focuses on a *Fintiv* analysis, which examines factors relating to “whether efficiency, fairness, and the merits support the exercise of authority to deny institution *in view of an earlier trial date in the parallel proceeding.*” *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5-6 (P.T.A.B. Mar. 20, 2020) (emphasis added). Here, the '942 Patent has been dismissed from the district court litigation without prejudice. EX1023. Therefore, without the present IPR to review the '942 Patent, Petitioners will be subject to heightened uncertainty as to whether PO will decide to later assert the '942 Patent, no matter the outcome in the related district court trials. This fact alone demonstrates that considerations of fairness should weigh in favor of institution. Indeed, the Acting Director has determined that where the challenged patent is no longer at issue in a parallel litigation (and there is no longer any underlying district court trial date with respect to the patent), this is a factor that “counsel[s] against discretionary denial.” *See, e.g., Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12 at page 1 (PTAB Jun. 26, 2025).

PO has no “settled expectations” concerning this patent which was granted less than 2 years prior to its assertion in the parallel litigation. *Zhuhai CosMX Battery Co., Ltd. v. Ningde Ampere 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 ’942 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 pages 69-70, 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.

To the contrary, PO should reasonably expect a challenge of any patent related to an “unimportant” or “bad” patent, as that is the intended design of *inter partes* review. *See, e.g., Thryv, Inc. v. Click-to-Call Tech., LP* 590 U.S. 45, 46 (2020) (“Congress designed *inter partes* review to weed out bad patent claims efficiently.”). *See also Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 272 (2016) (the IPR proceeding was initiated to screen out bad patents). PO—not Petitioners—started this dispute by asserting its patent, but now only after Petitioners have gone to the

time and expense of filing an IPR challenge (and demonstrating a reasonable likelihood of success with respect to similar claims), PO wants a takeback. This gamesmanship cannot be the intent of Section 314(a).

As it stands, with the '942 Patent dismissed from the Related Litigation without prejudice, the most expedient path Petitioners have to address the validity of *all* of the claims of the '942 Patent is to seek the Board's assistance. Moreover, this is the only opportunity that Petitioners will have to challenge the '942 Patent in an IPR proceeding because the one-year statutory bar for challenging the '942 Patent through an IPR has passed, yet PO may still assert the dismissed claims of the '942 Patent against Petitioners in future litigation given that the dismissal was without prejudice (PO has not offered Petitioners a covenant not to sue). The lingering questions concerning patent quality of the '942 Patent also cannot be the intended framework under Section 314(a).

Given the Board's expressed goals of efficiency, fairness and the desire to root out weak patents, the Decision should be vacated.

C. *Fintiv* is Inapplicable and Efficiency and Fairness Weigh in Favor of Institution

PO's Request focuses on a *Fintiv* analysis, which examines factors relating to "whether efficiency, fairness, and the merits support the exercise of authority to deny institution *in view of an earlier trial date in the parallel proceeding.*" *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5-6 (P.T.A.B. Mar. 20, 2020) (emphasis

added). Here, the '942 Patent has been dismissed from the district court litigation without prejudice. EX1023. There is no parallel proceeding and therefore discretionary denial based on *Fintiv* no longer applies. *ETN Capital, LLC d/b/a Beech Lane v. FBA Operating Co.*, IPR2024-01445, Paper 14 at 11 (P.T.A.B. Feb. 28, 2025); *Epic Games, Inc. v. Ingenioshare, LLC*, IPR2022-00295, Paper 11 at 17 (P.T.A.B. Jun. 7, 2022); *The Data Company Technologies Inc. v. Bright Data Ltd.*, IPR2022-00135, Paper 12 at 10-11 (P.T.A.B. Jun. 1, 2022).

The PTAB's precedential *Fintiv*, *NHK*, and *Sotera* decisions addressed judicial efficiency concerns arising from assessing validity of the same patent in both the PTAB and district court. *See, e.g., Apple Inc. v. Fintiv, Inc.*, IPR202000019, Paper 11 at 8-11 (P.T.A.B. Mar. 20, 2020) (analysis focused on "the challenged patent", "the patent at issue in the petition", overlap of the "same or substantially the same claims" of the patent). Indeed, the Consolidated Trial Practice Guide explains that *NHK-Fintiv* denials focus on "events in other proceedings related to the same patent". PTAB Consolidated Trial Practice Guide (Nov. 2019) at p. 58 (emphasis added). Since the parties have agreed to dismiss the '942 Patent from the related litigation, the "same patent" is not at issue in the related litigation and this IPR, and discretionary denial is unwarranted.

Nonetheless, despite the absence of any parallel proceeding, PO's Request urges that discretionary denial is somehow appropriate. To the extent PO suggests

that its decision to dismiss the '942 Patent from the district court litigation indicates the '942 Patent to be of less importance such that resources should not be spent on it, Petitioners are unaware of any Patent Office guidance that the “importance” of a patent should be considered a factor relevant to whether the Board should exercise its discretionary denial authority. Moreover, if the '942 Patent indeed is of less importance, then that fact would weigh against the Board exercising its discretionary denial authority. By exercising its discretion in such a manner, the Board would be shirking its responsibility to Petitioners who are seeking its assistance in cancelling the weak, allegedly less important patent that PO nonetheless asserted and that Petitioners had been forced to defend against. Moreover, PO has not offered Petitioners a covenant not to sue.

Although *Fintiv* does not apply, efficiency and fairness concerns here nonetheless weigh in favor of the Board denying PO's Request. As it stands, with the '942 Patent dismissed from the Related Litigation without prejudice, the most expedient path Petitioners have to address the validity of the asserted claims is to seek the Board's assistance. Moreover, this is the only opportunity that Petitioners will have to challenge the '942 Patent in an IPR proceeding because the one-year statutory bar for challenging the '942 Patent through an IPR has passed. As such, Petitioners will have no other opportunity to call upon the Board's assistance, yet PO may still assert the '942 Patent against Petitioners in future litigation given that

the dismissal was without prejudice (PO has not offered Petitioners a covenant not to sue, as noted above). Discretionary denial would be unfair since PO may once again assert the '942 Patent against Petitioners in future litigation, yet Petitioners are barred from challenging the validity of the '942 Patent in this forum. Discretionary denial would allow patent owners to assert a patent to trigger the statutory bar and move for dismissal without prejudice only to later reassert the patent, leaving petitioners no recourse at the PTAB. This cannot be the intended framework under Section 314(a).

Indeed, instituting an IPR now promotes judicial efficiency, fairness, and patent quality. Given the possibility of future litigation involving the '942 Patent and the fact that PO has not granted Petitioners a covenant not to sue, efficiency considerations counsel that the Board should address the validity of the '942 Patent now as part of the overarching dispute between the parties.

Given the Board's expressed goals of efficiency, fairness and the desire to root out weak patents, the Board should deny PO's Request.

D. 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 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. The Complaints in the cases against the Petitioners 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 and

PO's request for discretionary denial on April 25, 2025, the '942 Patent was dismissed from the Related Litigation. *See* EX1023.

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 rules change is in violation of the Administrative Procedure Act ("APA"). 5 U.S.C. §§ 551–559.⁴

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

⁴ Petitioners reserved the right to challenge the March 26, 2025 Interim Processes for PTAB Workload Management at least because it is legally invalid, including that document's list of "relevant factors," 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, 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.

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.

Date: July 28, 2025

Respectfully submitted,
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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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