

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SHENZHEN TUOZHU TECHNOLOGY CO., LTD.,

Petitioner

v.

STRATASYS, INC.

Patent Owner.

PETITION FOR *INTER PARTES* REVIEW
OF U.S. PATENT NO. 9,421,713

Case No. IPR2025-00321

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW

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I. INTRODUCTION

Pursuant to 37 C.F.R. § 42.75, Stratasys, Inc. (“Stratasys” or “Patent Owner”) submits this Request for Director Review of the Panel decision instituting *inter partes* review of claims 1, 2, 5-7, 9, 16, and 17 of U.S. Patent No. 9,421,713 (“the ’713 Patent”). *See* Paper 10 (“Panel Decision”).

As detailed below, the Panel did not apply the *Fintiv* factors in accordance with the February 28, 2025 rescission of the June 2022 memorandum, the March 24, 2025 Guidance on the rescission, and recent Director and Federal Circuit decisions. Further, the Panel abused its discretion or erred in its fact finding as to *Fintiv* Factors 1–6. Respectfully, these errors raise important issues of policy that require correction and warrant Director Review.

II. LEGAL STANDARD FOR DIRECTOR REVIEW

“Requests for Director Review of a Board’s decision on institution . . . 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.” USPTO, Director Review Process, Availability of Director Review, Proceedings under part 42 of 37 C.F.R. (Section 2.B), available at <https://www.uspto.gov/patents/ptab/decisions/director-review-process>.

“An abuse of discretion is found if the decision: (1) is clearly unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on

clearly erroneous fact finding; or (4) involves a record that contains no evidence on which the Board could rationally base its decision.” *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1367 (Fed. Cir. 2016).

III. BACKGROUND

A. Parallel District Court Cases

Patent Owner asserted the '713 Patent against Petitioner in U.S. District Court nearly 11 months ago in August 2024. EX2012 (*Stratasys, Inc. v. Shenzhen TuoZhu Technology Co., Ltd. et al.*, No. 2:24-cv-00645-JRG, Dkt. No. 1 (E.D. Tex. Aug. 8, 2024)). The case involving the '713 Patent involves four other asserted patents and was consolidated with a co-filed case with five additional patents involving the same parties and court (collectively, “Related Litigation”), with each asserted patent relating to three-dimensional printing. *See* EX2003 (Case Nos. 2:24-cv-00644-JRG and 2:23-cv-645-JRG). The court set a trial date of June 1, 2026 and stressed to the parties that the date cannot be changed without good cause, which requires more than an agreement between the parties. *See* EX1020 at 1, 6 (placing requirement for good cause in bold).

In the Related Litigation, Patent Owner has asserted infringement of the same claims being challenged in this proceeding. Petitioner has served invalidity contentions with over 20 “exemplary” obviousness combinations that each include system art, such as Dual Extruder System, KISSlicer System, Mixer Extruder

System, RichRap's Multi-Color Extruder, RepRap Software. *See* EX2007 at 132; *see also id.* at 38, 127-40. Also, Petitioner moved to dismiss alleging a failure to join a necessary and indispensable party, but the district court denied the motion. *Stratasys, Inc. v. Shenzhen TuoZhu Technology Co., Ltd. et al.*, No. 2:24-cv-00644-JRG, Dkt. Nos. 38 and 53 (E.D. Tex. Dec. 9, 2024 and May 29, 2025).

B. The Present *Inter Partes* Review

Petitioner also filed the present *inter partes* review petition challenging the '713 Patent and offered a stipulation not to pursue in the district court the same grounds of invalidity raised in the petition if IPR is instituted.

On the same day that Patent Owner filed its Preliminary Response, the USPTO issued a Guidance Memorandum on March 24, 2025 ("Guidance Memorandum"; *see* https://www.uspto.gov/sites/default/files/documents/guidance_memo_on_interim_procedure_recission_20250324.pdf) regarding the USPTO's rescission of the June 21, 2022 memorandum ("rescinded memorandum" or "June 2022 memorandum"; *see* https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621.pdf).

The Guidance Memorandum clarifies that the rescission restores policy to the guidance under the Board's precedential decisions, such as *Fintiv*, and applies to any case in which an institution decision has not been issued. Additionally, the

Guidance Memorandum explained that certain facts considered dispositive under the rescinded memorandum, such as a *Sotera*-type stipulation or a showing of compelling merits, are not dispositive by themselves in making a balanced assessment of the relevant circumstances in the case.

After the filing of Patent Owner's Preliminary Response, Petitioner offered a second, *Sotera*-type stipulation not to pursue in district court the same grounds of invalidity raised or that could have been raised in the petition if the IPR is instituted. After the Panel Decision, Petitioner filed a third stipulation not to pursue a combination of system art and the references that form the basis of any ground raised in IPR. The third stipulation was not considered in the Panel Decision.

C. Panel Decision

In its June 18, 2025 decision instituting review, the Panel analyzed all six *Fintiv* factors, finding Factor 1 (stay status) and Factor 5 (party overlap) slightly favoring denial, Factor 2 (trial timing) slightly weighing against denial, Factor 3 (investment) and Factor 4 (issue overlap) weighing against denial, and Factor 6 (other considerations) is neutral. *See* Panel Decision at 8-15.

However, it appears the Panel did not apply the *Fintiv* factors in accordance with the rescission of the June 2022 memorandum, the Guidance Memorandum, and recent Director and Federal Circuit decisions. Indeed, before the Panel's decision, the Director discretionarily denied review in a related IPR proceeding,

IPR2025-00354, based on a holistic assessment, including consideration of an earlier trial date and an assertion of unpublished system art in the same Related Litigation that Petitioner's stipulation is not likely to moot. *Shenzhen Tuozhu Technology Co., Ltd. v. Stratasys, Inc.*, IPR2025-00354, Paper 11 (June 12, 2025).

IV. DIRECTOR REVIEW IS WARRANTED

Patent Owner respectfully requests that the Director grant review of the Panel Decision and reverse, denying institution under 35 U.S.C. § 314. As explained below, the Panel abused its discretion in applying the *Fintiv* factors contrary to the rescission of the June 2022 memorandum, the Guidance Memorandum, and recent Director and Federal Circuit decisions.

A. The Panel abused its discretion by over-reliance on Petitioner's stipulation

Under Factor 1 (stay status) and Factor 4 (overlap), the Panel abused its discretion by over-reliance on Petitioner's second stipulation. *See* Panel Decision at 8-9, 13-14. In doing so, the Panel effectively applied the rescinded memorandum, which categorically refuses discretionary denial when a petitioner files a *Sotera*-type stipulation not to pursue in a parallel district court proceeding the same grounds or any grounds that could have reasonably been raised in the petition. However, the Panel should have applied the Guidance Memorandum, which clarifies that a *Sotera* stipulation "will not be dispositive by itself." As explained below, the Panel's over-reliance on Petitioner's second stipulation led to

incorrect findings as to *Fintiv* Factors 1 and 4. *Infra* §§ IV.B, IV.E.

B. The Panel abused its discretion by finding the lack of a stay neutral or slightly favoring denial without addressing the facts presented (*Fintiv* Factor 1)

Although the Panel acknowledged Patent Owner's argument that the district court is highly unlikely to grant a stay, the Panel placed too much reliance on Petitioner's stipulation and refused to address the facts presented by erroneously concluding that "it is speculative on our part to predict how a district judge will rule in view of the facts at issue and the updated stipulation" and declining to draw inferences "based on actions taken in different cases with different facts." Paper 10 at 9. Contrary to the Panel's conclusion that Factor 1 is "neutral or, at most, only slightly favors discretionary denial," the facts show that Factor 1 favors denial.

As explained above, the Panel abused its discretion by its over-reliance on Petitioner's stipulation. *Supra* § IV.A. Further, the Panel's concern with speculation or inferences fails to address the *Fintiv* factor in view of the facts. As Patent Owner explained, the district court has made it clear that motions to stay will be denied if they are filed before the last of the patents-in-suit are acted upon by the PTAB. *See* Prelim. Resp. (Paper 6) at 6-7 ("Judge Gilstrap [has] explained that [] motions [to stay] will be denied if filed before the 'last of the patents-in-suit to be acted upon by the PTAB.'") (quoting *Acorn Semi, LLC v. Samsung Elecs. Co.*, No. 2:19-CV-00347-JRG, 2020 WL 10284981 at *2 (E.D. Tex. Sept. 14,

2020)). Accordingly, whether the court will grant a stay if IPR is instituted depends on whether the pending IPR petitions challenge every patent asserted in the case and whether they have been instituted. *See id.*

As Patent Owner explained, the Related Litigation involves multiple patents besides the '713 Patent, which have different filing dates or have not been challenged in IPR. *See id.* at 7. Indeed, one of the asserted patents has not been challenged in IPR—a fact that directly indicates that the district court will not grant a stay in the Related Litigation¹. *See id.* (noting that only three of the four asserted patents in the same originally filed case as the '713 Patent are subject to IPR challenges). Also, the denial of institution in IPR2025-00354 further confirms that no motion to stay would be granted as the patent challenged in that proceeding will not be subject to *inter partes* review. Thus, this is not a situation of different facts in different cases with generalized assertions of a likelihood of a stay that previous decisions considered. Rather, the facts specific to this proceeding indicate that the Related Litigation will not be stayed and thus this factor favors discretionary denial. *See Samsung Elecs. Co., Ltd. v. Cerence Operating Co.*, IPR2025-00458, Paper 14 at 2 (PTAB June 25, 2025) (denying institution in part because there was “insufficient evidence” the court would stay the case if trial were instituted).

¹ To date, no party has requested a stay in the Related Litigation.

C. The Panel abused its discretion by replacing the actual trial date with a projected date under *Fintiv* Factor 2

In deciding Factor 2 (trial date), the Panel erred in finding it was neutral to slightly against denial. Panel Decision at 9–10. To support its finding, the Panel over-emphasized “time-to-trial” statistics over the scheduled trial date specific to the Related Litigation. While the Guidance Memorandum permits the Panel to consider median time-to-trial statistics generally, the Panel is not permitted to follow the rescinded memorandum, which states that the court’s scheduled trial date is not a “good indicator” of whether trial will occur on the scheduled date.

Here, the Panel abused its discretion by relying on the median time-to-trial statistics over the scheduled date to find that the “actual trial date will likely be in July 2026.” Panel Decision at 10. In the Related Litigation, the district court scheduled trial to start on June 1, 2026 and stressed to the parties that the date cannot be changed without a showing of good cause, which requires more than an agreement between the parties. EX1020 at 1, 6 (placing requirement for good cause in bold).

The median time-to-trial statistics do not present a clear picture of an expected trial date when a court has already set an actual trial date. Depending on the year and measurement period (e.g., by fiscal year or calendar year), the median time-to-trial statistics vary between a trial date in March 2026 and July 2026. *See* Prelim. Resp. at 9 (citing EX2002 at 1-2; EX2012). And depending on the

measurement period and sample size, median time-to-trial statistics for patent cases before the district court judge vary between a trial date in May 2026 and July 2026. *See* Prelim. Resp. at 9 (citing EX2001 at 3, 5, 7).

Despite all of these variations, the Panel arbitrarily selected the worst-case scenario based on a statistically small sample size of 13 cases to erroneously conclude that the “actual trial date will likely be in July 2026.” *See* Panel Decision at 10 (citing EX2001, 7). In doing so, the Panel erred by applying the rescinded memorandum’s directive to consider scheduled trial dates as not a “good indicator” of the actual trial date and instead considering a worst-case scenario based on a statistically small sample size. To be clear, there has been no showing by Petitioner or otherwise that the actual scheduled trial date of June 1, 2026 is not a good indicator of the actual trial date or that good cause would exist to move the trial date as the Panel implicitly concluded. Rather, all the range indicates is that the actual scheduled trial date is consistent with the range and thus the scheduled trial date is a good indicator of the actual trial date.

Because the trial date in the Related Litigation will occur before the statutory deadline for a final written decision, Factor 2 favors denial.

D. The Panel erred in its analysis of *Fintiv* Factor 3

Under Factor 3, the Panel erred by over reliance on the close of fact discovery, expert discovery, and the *Markman* hearing. *See* Panel Decision at 12–

14. As the *Fintiv* decision recognizes, the weight given to a particular milestone in the district court, such as the issuance of a *Markman* order, varies depending on the particular district court's practices. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 10, n.17. (PTAB "Precedential" Mar. 20, 2020). In contrast to some district courts that postpone significant discovery until after *Markman*, discovery in the Related Litigation began in November 2024—seven months before the Panel's decision. By Patent Owner's Preliminary Response in March 2025, discovery had included over 100 document requests, responses to over 30 interrogatories, over 52,000 pages of documents produced, and third party discovery. The investment in discovery has only increased since then, including source code review and amended contentions as anticipated. *See Prelim. Resp.* at 12.

The parties also prepared and exchanged thousands of pages of contentions—including contentions as to the '713 patent—and briefed issues related to party joinder. In addition to the parties' efforts, the court has issued numerous orders, including orders specific to the '713 Patent such as the docket control order setting forth the deadlines for infringement and invalidity contentions for the challenged patent. *See id.* at 11–12 (citing EX1020 at 5–6). Thus, there has been substantial investment by the parties and court as a result of the parties' voluminous contentions, expansive efforts with respect to fact discovery, and briefing on Petitioner's motion to dismiss that was denied by the court. Given the

amount and type of work already completed, Factor 3 favors discretionary denial.

E. The Panel erred in its analysis of *Fintiv* Factor 4

In addition to its over-reliance on Petitioner's second stipulation, the Panel erred by failing to consider whether Petitioner's stipulation would moot Petitioner's contentions in the Related Litigation. *Supra* § IV.A; *see* Panel Decision at 12–14. Namely, the Panel ignored the fact that each of the references asserted in the IPR is also included in Petitioner's Invalidity Contentions in the district court along with many other references, including unpublished system art. *See* EX2007 at 38, 127-40 (cited by Prelim. Resp. at 13). In fact, all of Petitioner's "exemplary" obviousness combinations include system art such as Dual Extruder System, KISSlicer System, Mixer Extruder System, RichRap's Multi-Color Extruder, RepRap Software. *See, e.g., id.* at 136.

In accordance with the Guidance Memorandum that clarifies a *Sotera*-type stipulation "will not be dispositive by itself," the Director issued a decision shortly thereafter explaining that a *Sotera*-type stipulation "does not ensure" that an IPR proceeding will be a "true alternative" to a district court proceeding because it "is not likely to moot" arguments involving unpublished system art. *See Motorola Sols. v. Stellar, LLC*, IPR2024-01205, Paper 19 at 3–4 (PTAB Mar. 28, 2025).

Indeed, stipulations like Petitioner's are not a bar to asserting system art in district court, irrespective of any similarities between such art and printed

publications that were raised or could have been raised during IPR. Recently, the Federal Circuit clarified that IPR estoppel, which is similar to Petitioner's stipulation, "does not preclude" an assertion that "a claimed invention was known or used by others, on sale, or in public use in district court." *Ingenico Inc. v. IOENGINE, LLC*, 136 F.4th 1354, 1367 (Fed. Cir. May 7, 2025). As a result, Petitioner remains free to game the system with variations of its IPR grounds that repackage the same substantive arguments with system art known, used by others, on sale, or in public use.

The Panel erred in failing to consider the Guidance Memorandum, the Director's intervening decision in *Motorola Solutions v. Stellar, LLC*, the Federal Circuit's recent decision in *Ingenico Inc. v. IOENGINE, LLC*, and the fact that Petitioner has asserted numerous obviousness grounds in the district court including the exemplary combinations that all include unpublished system art. As such, Petitioner's second stipulation is not likely to moot their invalidity arguments in the district court, which provides it with an opportunity to game the system and devise an unfair second bite at the apple, a concern shared by the USPTO and the court in the Related Litigation. *See* Prelim. Resp. at 13-14. Under the proper standard, Petitioner's stipulation is insufficient to represent a "true alternative" to the district court proceeding. Thus, discretionary denial is still favored when Factor 4 is considered as part of a holistic assessment under *Fintiv*.

One day before the Panel Decision, Petitioner sent Patent Owner an untimely, third stipulation not to pursue any ground based on a combination of system art and the references that form the basis of any ground raised in IPR. The Panel did not address the third stipulation, which was entered as an exhibit *after* the decision. *See* Panel Decision at 12-14; EX1022. As with Petitioner's second stipulation, the third stipulation, which should not be considered given its untimeliness, is not likely to moot their invalidity arguments in the district court that include many combinations of system art with references not asserted in IPR but that could have been asserted, system art with references that substitute for reference(s) asserted in IPR that are part of Petitioner's common illustrative categories (e.g., Support Structure, Purge Tower with Reduced Cross-Section, Purge Tower Stopped at Last Material Change References), or system art with only *some* references forming an IPR ground (i.e., substituting art for one or more references used in IPR). *See* EX2007 at 137-40. As a result, Petitioner remains free to game the system with variations of its IPR grounds that repackage the same substantive arguments with system art and thus denial remains favored under Factor 4.

F. The Panel abused its direction by finding identical parties only slightly favors denial (*Fintiv* Factor 5)

The Panel erred when considering Factor 5 by concluding that it merely “weighs slightly in favor of discretionary denial” despite acknowledging that the

parties in the Related Litigation are identical. Paper 9 at 14. Under *Fintiv* and other decisions, Factor 5 weighs in favor of discretionary denial, and not just “slightly” in favor, where the parties are identical as they are here. *See, e.g., Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 15 (PTAB “Informative” May 13, 2020).

G. The Panel erred in its analysis of *Fintiv* Factor 6

While the Panel acknowledged Patent Owner's argument based on the testimony of the Commerce Secretary in consideration of Factor 6, it did not address the issue directly. As Patent Owner indicated, the Commerce Secretary's testimony indicates that foreign entities, like Petitioner, are not permitted to use the PTAB, a tribunal of the USPTO, to challenge a duly issued U.S. patent that was invented by inventors in the U.S. and assigned to companies in the U.S. *See* Prelim. Resp. at 16–17. As Patent Owner explained, Petitioner will receive due process on the validity of the '713 Patent in the U.S. federal court system.

Additionally, recent developments in the Related Litigation weigh on the Panel's consideration of Factor 6. In particular, the court in the Related Litigation denied Petitioner's Motion to Dismiss. *Stratasys, Inc. v. Shenzhen Tuozhu Technology Co., Ltd. et al.*, No. 2:24-cv-00644-JRG, Dkt. No. 53 (May 29, 2025). As such, Petitioner's sole argument under Factor 6 is mooted. *See* Pet. 79.

Further, the Panel's decision of no compelling merits further weighs in favor of discretionary denial. Paper 10 at 15. The Panel only addressed one ground in its

decision and that ground is solely based on a reference whose prior art status was assumed despite Patent Owner's evidence of prior actual reduction to practice. *See id.* at 20-21; Prelim. Resp. 38-49 (challenging each ground as including references that are not prior art). Also, the Panel repeatedly stressed that the record needs to be developed further, which further indicates that the related questions, including prior actual reduction to practice, are better resolved in an Article III court. *See* Paper 10, 20-21 (assuming challenged reference is prior art); *see also id.* at 23, 26.

V. CONCLUSION

Under a proper analysis of the *Fintiv* factors and facts, in accordance with the recission of the June 21, 2022 memorandum, the Guidance Memorandum, and recent Director and Federal Circuit decisions, the circumstances favor exercising discretion to deny institution. Thus, Director review is warranted, and on review the Director should reverse the Panel decision and deny institution under § 314(a), as the Director did in related IPR proceeding, IPR2025-00354.

Dated: July 2, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

Pursuant to 37 CFR § 42.6(e)(4), the undersigned certifies that on July 2, 2025, a complete copy of the foregoing Patent Owner's Request for Director Review was served on Lead and Back-up Counsel for Petitioner at the service address provided in Petitioner's Mandatory Notices:

Email: IPR56224-0005IP1@fr.com

Dated: July 2, 2025

/s/ Brian W. Oaks

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