

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SIG SAUER INC.,
Petitioner

v.

LONE STAR FUTURE WEAPONS, INC.,
Patent Owner

Case IPR2025-00410
U.S. Patent No. 8,919,238

**PATENT OWNER'S BRIEF ON
DISCRETIONARY DENIAL**

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Patent Trial and Appeal Board
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PATENT OWNER'S EXHIBIT LIST

Exhibit No.	Description
2001	First Amended Complaint [46], <i>True Velocity Ammunition, LLC v. SIG Sauer Inc.</i> , Case No. 2:24-cv-522 (D. Vt. Jan. 13, 2025)
2002	“FAQ For Interim Processes for PTAB Workload Management,” https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management (accessed April 25, 2025)
2003	U.S. Patent No. 4,475,438 to Sullivan
2004	Answer [32], <i>True Velocity Ammunition, LLC v. SIG Sauer Inc.</i> , Case No. 2:24-cv-522 (D. Vt. Nov. 8, 2024)
2005	Motion to Dismiss [38], <i>True Velocity Ammunition, LLC v. SIG Sauer Inc.</i> , Case No. 2:24-cv-522 (D. Vt. Dec. 12, 2024)
2006	“Appeal Statistics: Patent Trial and Appeal Board, March 31, 2025,” https://www.uspto.gov/sites/default/files/documents/fy25_ptab_appeal_statistics_2025march.pdf
2007	“Patent Trial and Appeal Board (PTAB) Dashboards November 2023,” https://www.uspto.gov/dashboard/ptab/ (accessed April 25, 2025)
2008	“U.S. District Court – Judicial Caseload Profile,” https://www.uscourts.gov/sites/default/files/2025-02/fcms_na_distprofile1231.2024.pdf (accessed April 25, 2025)
2009	Discovery Schedule/Order [52], <i>True Velocity Ammunition, LLC v. SIG Sauer Inc.</i> , Case No. 2:24-cv-522 (D. Vt. Mar. 11, 2025)
2010	Redline Comparison of Petition vs. Declaration of John Nixon (EX1003) in IPR2025-00410

The discretionary considerations here overwhelmingly counsel for denial of institution. Indeed, the Board should not waste its resources on this challenge, which relies on: (1) recycled and antiquated prior art that has numerous missing elements; (2) a declaration that copies the Petition *verbatim*; (3) facially flawed obviousness grounds; and (4) paper-thin, carbon-copy motivation to combine and reasonable expectation of success arguments for each obviousness challenge. Moreover, Petitioner is using this and another *inter partes* review petition—both against patents which Patent Owner has not asserted—as a litigation tactic in response to a trade secret misappropriation suit filed against it.

Pursuant to the Acting Director’s March 26, 2025 memorandum titled “Interim Processes for PTAB Workload Management” (the “Workload Management Memo”), Patent Owner submits this brief explaining why discretionary denial of institution is appropriate here. This brief is timely filed within one month of the Notice Extending Deadline for Discretion Briefing dated March 28, 2025. Paper 6.

I. INTRODUCTION

Patent Owner Lone Star Future Weapons, Inc. (“Lone Star” or “Patent Owner”) is a small, Texas-based company. Lone Star’s U.S. Patent No. 8,919,238 (“the ’238 patent) discloses and claims a revolutionary next-generation Lightweight Medium Machine Gun (“LMMG”) that gives soldiers a distinct

advantage in extended- and close-range combat. The LMMG eliminates the gap between the lighter and heavier weapons systems currently fielded by the United States Armed Forces and their allies. At the heart of the LMMG is its revolutionary recoil mitigation system claimed by the '238 patent, called Short Recoil Impulse Averaging ("SRIA"). Previously, machine gun recoil was mitigated by either adding mass to a weapon system or lengthening the receiver. The SRIA technology claimed by the '238 patent, however, reduces recoil without increasing the weapon's weight or length, resulting in a larger caliber, compact, and lightweight weapon that has reduced recoil, enhanced mobility, increased accuracy, and gives soldiers heavy machine gun capability in a medium machine gun package.

Petitioner Sig Sauer Inc. ("SIG Sauer" or "Petitioner"), struggled to develop a medium machine gun capable of mitigating recoil. Then, SIG Sauer recruited and hired engineers that helped develop the SRIA technology, misappropriating intellectual property in the process. *See* EX2001 (First Amended Complaint, *True Velocity Ammunition, LLC and Lone Star Future Weapons, Inc.*¹ v. *SIG Sauer Inc.*, No. 2:24-cv-522 (D. Vt. Jan. 15, 2025), ECF No. 46). SIG Sauer now attempts to

¹ True Velocity Ammunition, LLC is a sister company and licensee of Lone Star Future Weapons, Inc.

clear a path to implement Lone Star's technical achievements without recourse, by challenging Lone Star's intellectual property in the instant, facially flawed Petition.

The Director should exercise discretion and decline to institute *inter partes* review of claims 1-17 of the '238 patent. First, Petitioner relies on recycled and antiquated prior art, so the Petition should be denied under 35 U.S.C. § 325(d). In particular, one of Petitioner's primary references—Rossier, which includes both of the '238 patent inventors—was applied in a rejection and overcome during prosecution. Petitioner's other primary reference (Holek) was filed nearly 90 years ago and has little in common with the '238 patent's revolutionary LMMG other than being an automatic firearm. Petitioner's secondary reference, Chinn, is substantially the same as Rossier in all relevant aspects—and it is not even applied against the independent claims.

Moreover, the additional considerations outlined in the Workload Management Memo further counsel for denial here. Not only has the patent been in force, unchallenged, for over a decade, but it was not even asserted against SIG Sauer in district court. Rather, SIG Sauer is abusing the IPR process, using this IPR and another IPR against an unrelated, unasserted patent as leverage in the district court trade secret misappropriation proceeding.

Additionally, there are significant, facial weaknesses in the merits of Petitioner's contentions, including overtly missing elements and a complete lack of

sufficiency in the motivation to combine and reasonable expectation of success discussions for the obviousness grounds. Further still, Mr. Nixon’s declaration accompanying the Petition parrots the Petition’s attorney argument *verbatim*—without citing a single additional reference for support—and thus should receive little or no weight. Given the significant weaknesses in the Petition, the Director should deny this IPR and focus the Board’s efforts where they will have more impact, such as reducing the *ex parte* appeals backlog.

Considering all of these reasons holistically, the Director should conserve the Board’s limited resources and exercise discretion to deny institution here.

II. THE ’238 PATENT

A. Background

In 2009, General Dynamics Ordnance and Tactical Systems (“GD-OTS”) determined that a gap existed in the weapons capabilities of the U.S. Military. *See* EX2001, ¶25. Specifically, GD-OTS determined that there was a need for a new LMMG that could provide the range of a .50 caliber heavy machine gun, yet would be as light as a 7.62 mm medium machine gun. *Id.* GD-OTS discovered that marrying these two attributes presented a major problem: managing the significant rearward impulse (i.e., recoil). *Id.*, ¶26.

To solve this issue, GD-OTS assembled a design team that would eventually invent the ’238 patent’s SRIA operating group. *Id.*, ¶¶26-31. Notably, this team

included David Steimke, the first-named inventor of the '238 patent. *Id.*, ¶¶41. Over time, members of the GD-OTS design team—as well as the intellectual property arising from the team’s efforts—migrated to Lone Star (a small, Texas-based company) after an agreement with GD-OTS to have Lone Star pursue further design activities. *Id.*, ¶¶38, 56.

Historically, SIG Sauer (a subsidiary of a German international conglomerate with several thousand employees) was not a competitor of GD-OTS in the belt-fed machine gun market. *Id.*, ¶¶39, 40, 48. In 2014, SIG Sauer hired Mr. Steimke and other members of the original GD-OTS design team, even though SIG Sauer manufactured no related products at the time. EX2001, ¶¶39-45. Less than 18 months after the Department of the Army announced an opportunity to submit prototypes for its “Next Generation Squad Automatic Rifle,” SIG Sauer miraculously developed its own, competing medium belt-fed machine gun. *Id.*, ¶¶47, 51.

Now, SIG Sauer has filed this Petition in its quest to continue trampling upon Lone Star’s intellectual property rights.

B. Overview

The '238 patent relates to a weapon system that “includes a receiver and an operating group configured to operate the weapon system through a charged condition, a firing condition, and a recoil condition.” EX1001, 1:44-48. “The

operating group includes a barrel extension at least partially housed within the receiver and arranged to axially translate relative to the receiver; an operating rod (op-rod) assembly at least partially housed and arranged to axially translate within the barrel extension in the charge condition, the firing condition, and the recoil condition; and a bolt assembly coupled to the op-rod assembly and at least partially housed and arranged to axially translate within the barrel extension.” *Id.*, 1:49-56.

“The system further includes a barrel coupled to the barrel extension and defining a chamber; a gas accelerator with a first end coupled to the barrel and a second end coupled to the op-rod assembly; and a buffer assembly including a drive spring having a first end coupled to the receiver and a second end coupled to the op-rod assembly.” *Id.*, 1:56-62. “In the charged condition, the op-rod assembly and the bolt assembly are retracted against the drive spring.” *Id.*, 1:62-63. “In the firing condition, the op-rod assembly and bolt assembly are driven by the drive spring such that the round is guided into the chamber and the op-rod assembly and bolt assembly are locked to the barrel extension and a forward momentum of the op-rod assembly is imparted to the operating group and the round is fired.” *Id.*, 1:63-2:2.

“A portion of an impulse of the fired round stops the forward momentum of the operating group.” *Id.*, 2:2-3. “In the recoil condition, the operating group is driven rearward by the remaining portion of the impulse of the fired round, the gas accelerator imparts additional rearward momentum to the op-rod assembly and bolt

assembly and stops rearward momentum of the barrel and barrel extension, and the op-rod assembly and the bolt assembly are stopped by the drive spring.” *Id.*, 2:3-11.

C. Prosecution History

The ’238 patent issued from U.S. Patent App. No. 13/562,078 (“the ’078 Application”), filed on July 30, 2012. EX1001, (21), (22).

The first (and only) Office Action on the merits rejected the originally-filed claims under 35 U.S.C. §§ 102, 103 as allegedly being unpatentable over U.S. Patent No. 6,343,536 to Rossier—the same Rossier reference applied in the Petition. EX1002, 131-33. Notably, Rossier was originally cited by GD-OTS itself. *See id.*, 1, 131. Indeed, GD-OTS was familiar with Rossier—and intimately understood why the ’078 Application was patentable thereover—as Rossier was GD-OTS’s own patent.

Particularly relevant here: in the Office Action, the Examiner alleged, *inter alia*, that Rossier discloses an “op-rod assembly and bolt assembly [being] locked to [a] barrel extension” during the firing condition. EX1002, 132.

In response, GD-OTS explained that in their prior patent (Rossier) “the op-rod assembly and the bolt assembly are not locked to the barrel extension during the firing condition.” EX1002, 171 (emphasis in original). GD-OTS also amended independent claim 13 to similarly recite that “the driving step includes securing the

bolt assembly to the barrel extension during the contact with the barrel extension.”

EX1002, 167-68, 170-72.

Recognizing that Rossier did not disclose, suggest, or render obvious any of the then-pending claims—and, as discussed below, *still* does not for at least the same reasons—the Examiner allowed the ’078 Application, which issued as the ’238 patent on December 30, 2014. EX1002, 179-83, 199.

III. THE DIRECTOR SHOULD DENY INSTITUTION UNDER § 325(D).

The Director has discretion to deny institution where “the same or substantially the same prior art or arguments previously were presented to the Office.” 35 U.S.C. § 325(d). The Board in *Advanced Bionics* “restat[ed] the framework in [§ 325(d)’s] statutory language” as a “two-part framework,” and clarified how the six, non-exhaustive *Becton, Dickinson* factors fit within the two-part framework. *Advanced Bionics v. Med-El Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 7-11 (P.T.A.B. Feb. 13, 2020) (precedential); *see also Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 at 17-18 (P.T.A.B. Dec. 15, 2017) (precedential as to § III.C.5, first paragraph). The policy undergirding the *Advanced Bionics* “framework reflects a commitment to defer to previous Office evaluations of the evidence of record unless material error is shown.” *Advanced Bionics*, IPR2019-01469, Paper 6 at 9.

The first part of the *Advanced Bionics* framework considers “whether the

same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office,” *id.*, 8, which encapsulates *Becton, Dickinson* factors (a), (b), and (d), *id.*, 9-10. *Advanced Bionics* instructs that “[p]reviously presented art includes art made of record by the Examiner, and art provided to the Office by an applicant, such as on an Information Disclosure Statement (IDS), in the prosecution history of the challenged patent.” *Id.*, 7-8.

Under the second part of the *Advanced Bionics* framework, “if either condition of [the] first part of the framework is satisfied, [the Board determines] whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.” *Advanced Bionics*, IPR2019-01469, Paper 6 at 8; *see id.*, 10-11 (explaining that the second part of the test involves *Becton, Dickinson* factors (c), (e), and (f)). Examples of material error include “misapprehending or overlooking specific teachings of the relevant prior art where those teachings impact patentability of the challenged claims” and “an error of law, such as misconstruing a claim term, where the construction impacts patentability of the challenged claims.” *Id.*, 8-9 n.9.

The petitioner carries the burden of demonstrating material error: “[i]f a condition in the first part of the framework is satisfied and the petitioner fails to make a showing of material error, the Director generally will exercise discretion

not to institute *inter partes* review.” *Id.* at 8-9; *see also Becton, Dickinson*, IPR2017-01586, Paper 8 at 17-18 (explaining that factor (e) asks “whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art”); *Microsoft Corp. v. AlmondNet, Inc.*, IPR2022-01319, Paper 9 at 11 (P.T.A.B. Jan. 30, 2023) (denying institution under § 325(d) where Petitioner did not sufficiently address whether the Office materially erred); *Microsoft*, IPR2022-01319, Paper 14 (P.T.A.B. Apr. 23, 2023) (denying Petitioner’s rehearing request of decision denying institution). Notably, “[i]f reasonable minds can disagree regarding the purported treatment of the art or arguments, it cannot be said that the Office erred in a manner material to patentability. At bottom, this framework reflects a commitment to defer to previous Office evaluations of the evidence of record unless material error is shown.” *Advanced Bionics*, IPR2019-01469, Paper 6 at 9.

Applying the *Advanced Bionics* framework here, the Director should deny institution under § 325(d). Under *Advanced Bionics* Part One, Rossier was applied by the Examiner and overcome during prosecution, and neither Holec nor Chinn adds anything new. Under *Advanced Bionics* Part Two, Petitioner has not shown error as to Rossier. The Examiner considered the teaching Petitioner contends the Examiner overlooked, and in any event, that teaching does not disclose the limitation Petitioner contends it does. Petitioner has not alleged error with respect

to Holek or Chinn, nor will any new, hindsight allegation in Petitioner's responsive brief have merit. Key independent claim elements are missing from Holek and Petitioner relies on Chinn only for certain dependent claims.

A. Rossier—one of Lone Star's own patents—was applied by the Examiner in a rejection during prosecution and overcome; and Petitioner has not shown any Examiner error.

1. *Advanced Bionics* Part One is satisfied for Rossier because the Examiner applied Rossier in a rejection during prosecution.

Petitioner contends claims 1-5 and 13-16² of the '238 patent are anticipated by Rossier, which includes both of the '238 patent inventors. Pet., 1. Petitioner further alleges Rossier, in combination with either Holek or Chinn, renders obvious certain claims of the '238 patent. Pet., 1. But the Examiner already considered Rossier during prosecution of the '238 patent, and the Board should not waste its resources reassessing the Examiner's correct determination that the challenged claims are patentable in view of Rossier.

In particular, during prosecution of the '238 patent, the Examiner rejected

² In its listing of grounds, Petitioner includes claims 6, 7, and 11 in Ground 2. Pet., 1, 37. But the Petition does not address claims 6, 7, and 11 in its Ground 2 analysis. Pet., 48-49. Petitioner's challenge under Ground 2 is therefore limited to claims 1-5 and 13-16.

application claims 1-9, 11-13, and 15-19 as allegedly being anticipated by Rossier and application claims 12, 13, 15-19 as allegedly being obvious in view of Rossier. EX1002, 131-133; *see also* Pet., 8 (Petitioner acknowledging that Rossier was considered by the Examiner).

In response, Applicant did not amend independent claim 1 at all and amended independent claim 13 only to incorporate previously presented dependent claims 17-19. EX1002, 165-169. Applicant's arguments focused on the "in the firing condition" and the "in the recoil condition" limitations of claim 1. EX1002, 171. In particular, Applicant explained that in Rossier, "the op-rod assembly and the bolt assembly are not locked to the barrel extension during the firing condition. Rossier fails to disclose any such locking mechanism." EX1002, 171. Similarly, as to claim 13, Applicant explained that Rossier does not disclose the "driving step" limitations added from previously presented dependent claims 17-19. EX1002, 171-172.

In response to these arguments—which distinguish the claims from Rossier's teachings—the Examiner allowed the claims.³ EX1002, 179-183. Where, as here, the Examiner applied an asserted reference during prosecution, Part One of

³ Application claims 1-16 and 20 issued as claims 1-17 of the '238 patent. EX1002, 188.

Advanced Bionics is clearly met as to that reference. *Advanced Bionics*, Paper 6 at 7-8; *Puma North America, Inc. v. Nike Inc.*, IPR2019-01042, Paper 10 at 11-14 (P.T.A.B. Oct. 31, 2019) (informative) (denying institution; *Becton, Dickinson* factor (d) favors denial where the Examiner and Petitioner rely on the same reference for the same claim limitations).

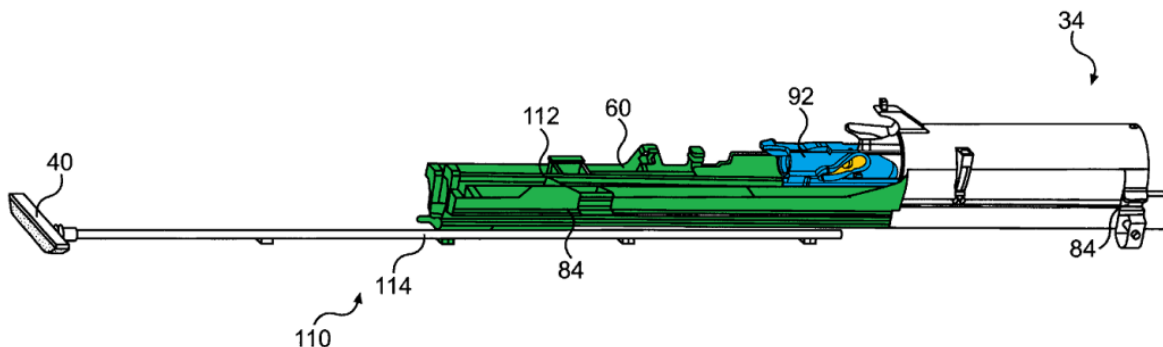
2. Under *Advanced Bionics* Part Two, Petitioner has not shown any “material error” by the Examiner.

Petitioner alleges the Examiner erred by not considering Rossier’s teaching of “a rotating bolt, which is rotated by the axial displacement, and closes the firing chamber before the shot is fired, thereby locking the op-rod assembly and the bold assembly to the barrel extension during the firing condition.” Pet., 8-9 (citing EX1006, 5:31-46); *see also* Pet., 52. But, as discussed above, this is the exact limitation Petitioner explained is not present in Rossier to distinguish the claims during prosecution. And, contrary to Petitioner’s argument that the Examiner did not consider this portion of Rossier, the Examiner actually applied this section of Rossier in his rejections. *See* EX1002, 131 (citing Rossier, 5:20-30), 132 (citing Rossier, 5:39-48). The fact that the Examiner did not cite the exact same lines of Rossier cited by Petitioner, does not discount the fact that the Examiner *did* expressly cite surrounding and overlapping portions of Petitioner’s citation. And the allegedly not considered lines 31-38 describe the elements of Rossier’s Figure 5, which are further discussed starting at line 39, i.e., the section cited by the

Examiner. Accordingly, Petitioner's assertion that the Examiner did not consider the portion of Rossier it relies upon is not credible.

Further, the Examiner did not err in his consideration of Rossier. As will be discussed in further detail in the POPR, contrary to Petitioner’s assertion otherwise, it is clear that Rossier does *not* disclose an “op-rod assembly and bolt assembly [being locked/secured] to the barrel extension” during the “firing condition,” as recited by the claims.⁴

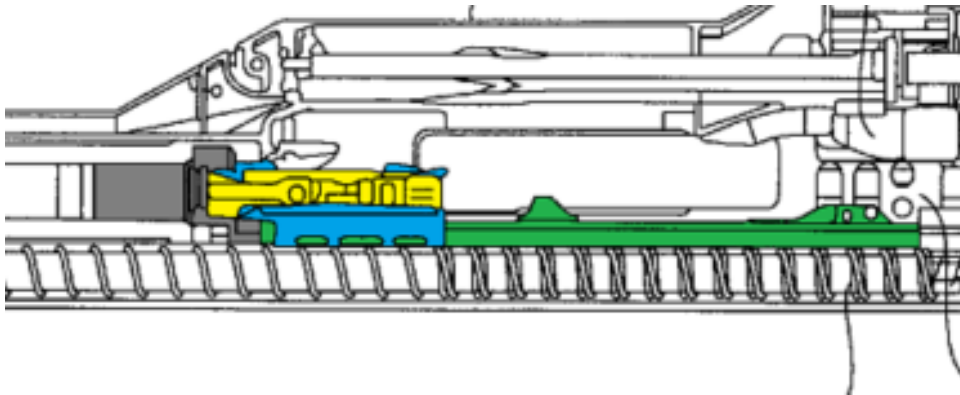
Briefly, as shown in the annotated figures below, Rossier discloses an op-rod assembly (referred to as “bolt carriage 92”) (blue), a bolt assembly (referred to as a “bolt body 96”) (yellow) that is inside the bolt carriage 92, and a barrel extension 60 (green):



EX1006, FIG. 6 (annotated).

⁴ Patent Owner asks the Director to also consider the merits briefing related to Rossier presented in the POPR, which provides more detail on the points presented herein. *See* EX2002, FAQs 12, 25.

As shown, in Rossier the bolt body 96 and barrel extension 60 are *separated* by the bolt carriage 92. Indeed, even in the firing condition, the bolt body 96 still never comes into contact with the barrel extension 60, as shown below in annotated Figure 11 of Rossier:



EX1006, FIG. 11 (annotated).

Instead, the bolt body 96 comes into direct contact with Rossier's barrel 52 (grey). Rossier's specification corroborates this. It specifies that the bolt body 96 engages directly with the barrel lugs 89, which are part of the barrel 52, *not* the barrel extension 60. *Compare* EX1006, 5:13 ("Barrel 52 includes a chamber 88 and breech locking lugs 89") *with id.*, 5:13-14 ("Barrel extension 60 extends rearward from barrel 52 and defines a track 112"); *see also id.*, FIG. 6, 5:45-46 ("to engage the bolt body lugs with barrel lugs 89").

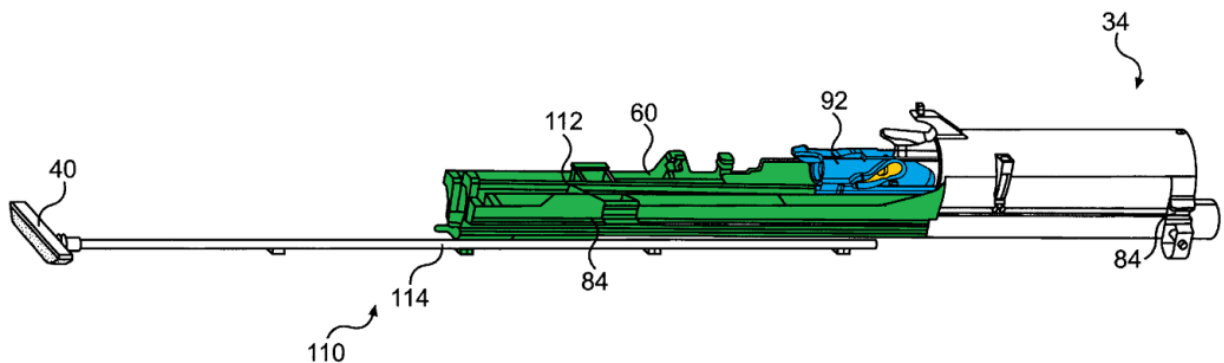
In failing to appreciate this distinction, Petitioner sets forth the same argument made by the Examiner and overcome during the prosecution of the '238 patent:

to col. 9, line 19. However, contrary to the arguments in the Office Action, the op-rod assembly and the bolt assembly are not locked to the barrel extension during the firing condition. Rossier fails to disclose any such locking mechanism.

EX1002, 171 (annotated).

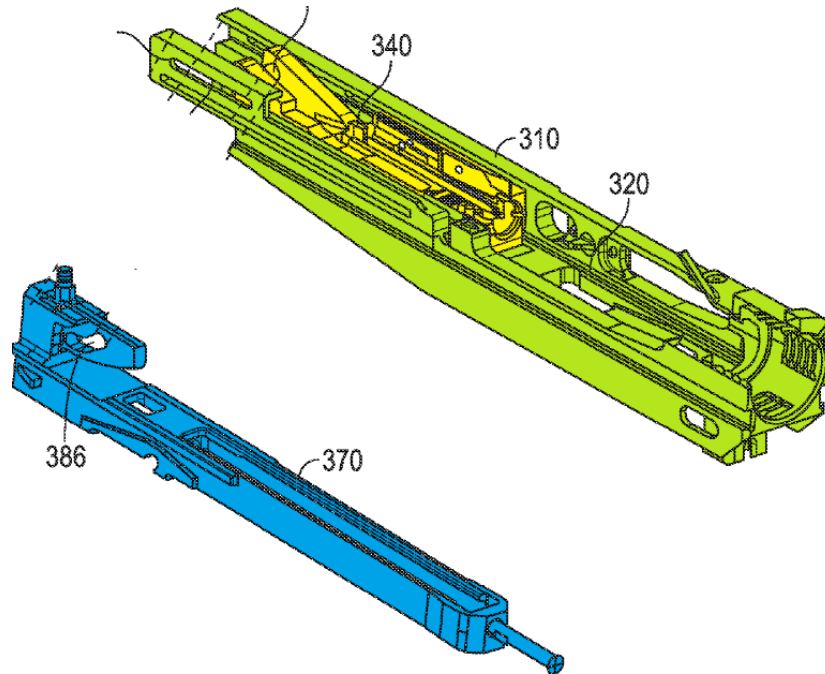
Rossier also does *not* disclose a bolt assembly “at least partially housed . . . within [a] barrel extension,” as recited in claim 1.

Once again, Rossier’s Figure 6 is illustrative here. It shows that the bolt assembly (referred to as a “bolt body 96”) (yellow) is not housed within a barrel extension 60 (green). Instead, bolt body 96 is housed within an op-rod assembly (referred to as a “bolt carrier 92”) (blue). And, no portion of bolt body 96 is housed within barrel extension 60 or its track 112:



EX1006, FIG. 6 (annotated).

When compared with Figure 14 of the claimed element (reproduced and annotated below), it is even clearer that Rossier's bolt body 96 has no part housed within the barrel extension 60:



EX1001, FIG. 14 (annotated, excerpted).

More specifically, unlike the bolt assembly (yellow) shown in Figure 14 of the '238 patent, which rests within and is bounded by the barrel extension (green), Rossier's bolt body 96 has no part bounded or encompassed by its barrel extension 60.

Accordingly, Petitioner has not shown the Examiner erred. Petitioner's recycling of the Rossier reference in multiple grounds⁵ counsels for denial under

⁵ In the Holec/Rossier obviousness ground, Petitioner does not rely on Rossier

§ 325(d). *Puma North America, Inc. v. Nike Inc.*, IPR2019-01042, Paper 10 at 11

for *any* limitation of the independent claims. Pet., 57-58. And in the Rossier/Chinn obviousness ground, Petitioner relies *only* on Rossier for the independent claims in the same manner as in the Rossier anticipation ground. Pet., 68-71. Petitioner does not allege obviousness of the independent claims in view of Rossier alone. Regardless, conclusory statements are insufficient to shown obviousness. *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1380 (Fed. Cir. 2016) (“To satisfy its burden of proving obviousness, a petitioner cannot employ mere conclusory statements. The petitioner must instead articulate specific reasoning, based on evidence of record, to support the legal conclusion of obviousness”); *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (“[O]bviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” (quoting *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006))). Even in cases involving single-reference obviousness, petitioners must demonstrate both a motivation to combine elements and reasonable expectation of success. *In re Stepan Co.*, 868 F.3d 1342, 1346 n.1 (Fed. Cir. 2017). Petitioner has not even attempted to do so here. Thus, there is no reason to consider Petitioner’s obviousness grounds as adding anything to the Examiner’s prior consideration of Rossier.

(denying institution; *Becton, Dickinson* factor (c) favors denial where the Examiner previously rejected the claims over the asserted art).

B. Holek adds nothing to the art considered by the Examiner during prosecution; and Petitioner does not allege any Examiner error.

1. *Advanced Bionics* Part One is satisfied for Holek because it adds nothing new to the art already considered by the Examiner.

Petitioner contends claims 1, 5-7, 13, and 14 of the '238 patent are anticipated by Holek. Pet., 1. Petitioner further alleges Holek, in combination with either Rossier or Chinn, renders obvious certain claims of the '238 patent. Pet., 1.

Holek is directed to a long-antiquated, pre-World War II firearm. Holek was filed nearly 90 years ago and has little in common with the '238 patent's revolutionary LMMG other than being an automatic firearm. Holek is older and less relevant than the seven other 20th century patents cited by the Examiner during prosecution, including: U.S. Patent No. 2,718,390; U.S. Patent No. 2,950,653; U.S. Patent No. 4,291,611; U.S. Patent No. 4,358,986; U.S. Patent No. 4,505,182; U.S. Patent No. 4,587,879; and U.S. Patent No. 5,351,598. EX1001, (56).

Holek is also older and less relevant than, for example, U.S. Patent No. 4,475,438 to Sullivan—another 20th century patent related to automatic firearms cited to the Office and considered by the Examiner during prosecution of the '238 patent. EX2003, Abstract. Holek's firearm predates Sullivan by more than 45

years. And Holek expressly states that an impulse of its fired round *does not* “stop[] the forward momentum of its operating group,” as recited by the claims—whereas Sullivan is at least somewhat directed to rudimentary “recoil cancellation” technology. *Compare* Section III.B.2 (discussing Holek’s deficiencies), *with* EX2003, 18:17-53. Thus, by relying on Holek, Petitioner inexplicably contends that Holek’s facially deficient firearm adds something new to a firearm developed nearly half-a-century later that was considered during prosecution.

Petitioner’s unexplained, unsupported argument that a “POSITA would not consider Holek to be cumulative of . . . other references cited during prosecution” does not establish that Holek adds anything new. Pet., 7. Indeed, Holek’s antiquity all but guaranteed the immediately apparent deficiencies discussed below. Petitioner’s application of a reference from nearly a century ago that is irrelevant to the modern advancement recited in the claims is merely a transparent attempt to avoid denial under § 325(d).

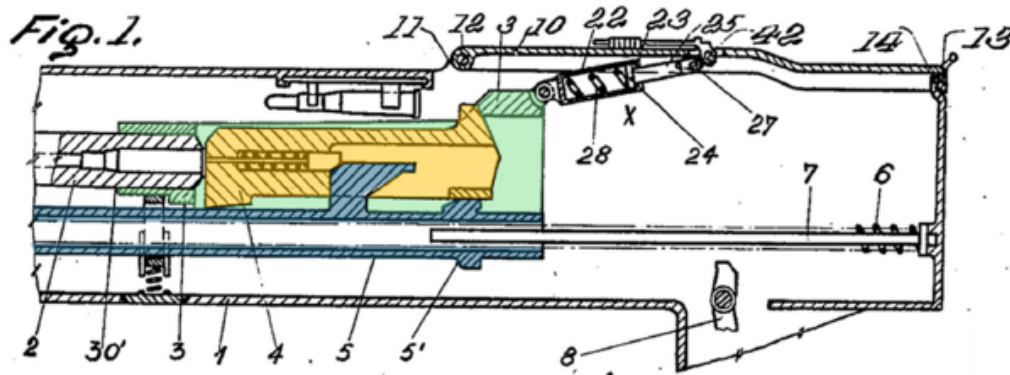
2. Under *Advanced Bionics* Part Two, Petitioner has not shown, or even alleged, any “material error” by the Examiner.

Petitioner *does not allege any error* in the Examiner’s consideration of the substantially similar references during prosecution. Petitioner bears the burden of demonstrating error. *Advanced Bionics*, Paper 6 at 8.

In any event, Petitioner cannot show error because the Examiner *did not err* in allowing the claims in view of Holek. As will be discussed in further detail in

the POPR, contrary to Petitioner's assertion otherwise, it is clear that Holek does *not* disclose that an "impulse of the fired round stops the forward momentum of the operating group," as recited by the claims.⁶

Briefly, for example, Petitioner alleges that Holek's casing 3 (green), breech block 4 (yellow), and breech-block carrier 5 (blue) form the claimed operating group, as shown in Petitioner's annotations of Figure 1:



EX1005, FIG. 1 (Petitioner's annotations).

Pet., 12-17, 30-31.

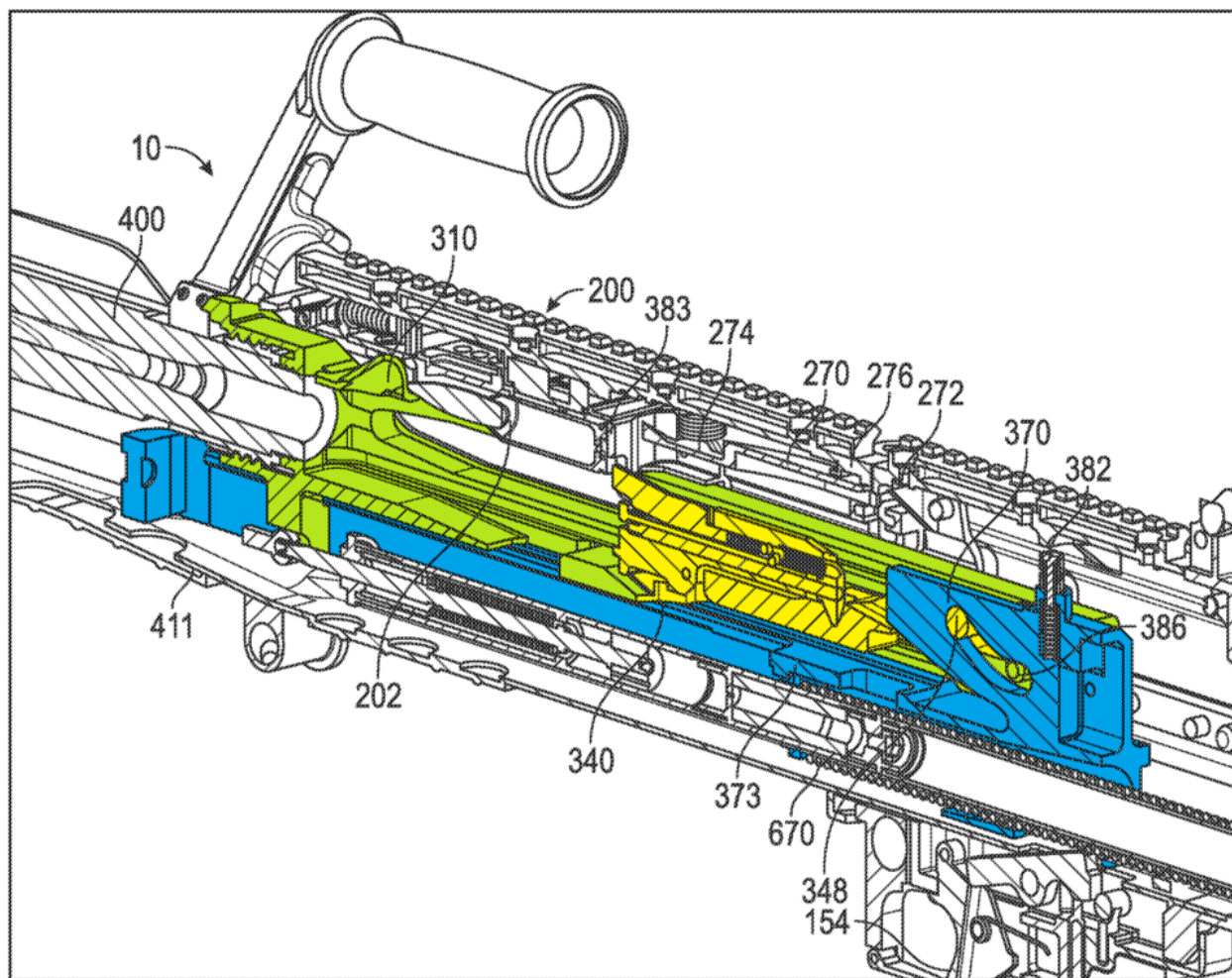
But Holek unambiguously discloses that an impulse of a fired round *does not* stop a forward momentum of its casing 3, breech block 4, and breech-block carrier 5. Instead, after Holek's trigger is pulled, the breech-block carrier 5,

⁶ Patent Owner asks the Director to also consider the merits briefing related to Holek presented in the POPR, which provides more detail on the points presented herein. *See* EX2002, FAQs 12, 25.

together with breech block 4, is moved forward within the firearm under the action of return spring 6. EX1005, p. 2, col. 2, lines 31-35. As breech-block carrier 5 is moving forward, “protrusion 5’ thereon strikes frame 30 and depresses it,” allowing casing 3 to move forward within the firearm as well. *Id.*, p. 2, col. 2, lines 36-41. “During this forward movement,” Holek explains that “firing takes place with the breech block locked *and the energy of the parts which are moving forward overcomes the energy of the recoil resulting from the firing.*” *Id.*, p. 2, col. 2, ll. 42-45 (emphasis added). Simply put, casing 3, breech block 4, and breech-block carrier 5 overcome “the energy of the recoil resulting from the firing” and, accordingly, are *not* stopped by an impulse of the fired round.

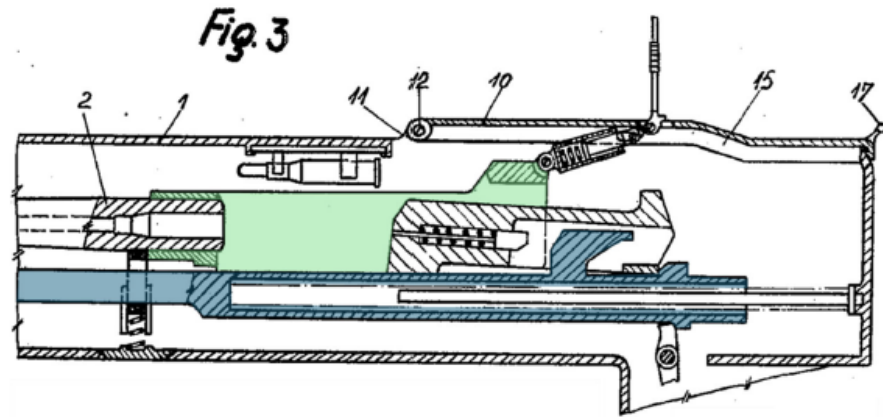
Holek also does not disclose “an operating rod (op-rod) assembly at least partially housed and arranged to axially translate within the barrel extension in the charged condition,” as recited by independent claim 1.

Figure 18B of the ’238 patent provides a useful illustration, demonstrating how the claimed op-rod assembly (highlighted in blue) is at least partially housed and arranged to axially translate within the barrel extension (highlighted in green) when in the charged condition:



EX1001, FIG. 18B (annotated).

Tellingly, Petitioner references multiple figures from Holek to address this element, yet *only* Figure 3 depicts the charged condition. Pet., 14-16. And Figure 3 clearly demonstrates that Holek does *not* disclose this element:



EX1005, FIG. 3 (Petitioner's annotations).

In the above figure, depicting Holek's charged condition, the op-rod is in blue and the barrel extension is green. Pet., 16. As is apparent, the op-rod (blue) is *not* "at least partially housed...within the barrel extension" (green) in the charged condition.

Accordingly, Petitioner has not shown the Examiner erred. The Holek grounds⁷ add nothing to the art previously considered by the Examiner and thus

⁷ In the Holek/Rossier obviousness ground, Petitioner relies *only* on Holek for the independent claims in the same manner as in the Holek anticipation ground. Pet., 57-58. And in the Holek/Chinn obviousness ground, Petitioner does not rely on Chinn for *any* element of the independent claims. Pet., 60-66. Petitioner does not allege obviousness of the independent claims in view of Holek alone. Regardless, conclusory statements are insufficient to shown obviousness. *In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d at 1380; *KSR Int'l*, 550 U.S. at 418. Even in cases

counsel for denial under § 325(d).

C. Chinn is substantially the same as Rossier in all relevant aspects.

1. *Advanced Bionics* Part One is satisfied for Chinn because it is entirely cumulative to Rossier in all relevant respects.

Petitioner relies on Chinn in combination with each of Rossier and Holek for teaching “rotatable locking bolts,” which according to Petitioner were “well-known generally before Chinn and the critical date of the ’238 patent.” Pet., 59, 67. In fact, Chinn is cumulative of Rossier in this regard—as evidenced by the Petition’s reliance on Chinn for the same elements allegedly disclosed by Rossier. Pet., 48, 60, 68; *see also Kayak Software Corp. v. Int’l Bus. Mach. Corp.*, CBM2016-00075, Paper 16 at 10 (P.T.A.B. Dec. 15, 2016) (informative) (“[F]or the grounds that do not include Wilson, Petitioner cites Simon for the additional subject matter recited in each of [the relevant] dependent claims ..., providing at least circumstantial evidence that the cited portions of Wilson are substantially similar to certain cited disclosures of Simon for that additional subject matter.”).

involving single-reference obviousness, petitioners must demonstrate both a motivation to combine elements and reasonable expectation of success. *In re Stepan*, 868 F.3d at 1346 n.1. Petitioner has not even attempted to do so here. Thus, there is no reason to consider Petitioner’s obviousness grounds separately from the Holek anticipation ground for purposes of § 325(d).

Further, as Petitioner admits, Pet., 59, a person of ordinary skill in the art (POSA) would have been aware of such “rotatable locking bolts,” and as such *the Examiner* would have been well-aware of their existence when examining the ’238 claims. In fact, Rossier includes such a teaching, cited by Petitioner in the Rossier anticipation ground, and also considered by the Examiner during prosecution, as discussed above. Pet., 48; EX1002, 131 (citing Rossier, 5:20-30), 132 (citing Rossier, 5:39-48). Chinn, therefore, does not add anything new that was not previously considered by the Examiner. So *Advanced Bionics* Part One is met.

2. Under *Advanced Bionics* Part Two, Petitioner has not shown, or even alleged, any “material error” by the Examiner.

Petitioner *does not allege any error* in the Examiner’s consideration of the substantially similar references during prosecution. Petitioner bears the burden of demonstrating error. *Advanced Bionics*, Paper 6 at 8. In any event, Petitioner cannot show error with respect to Chinn as to the independent claims because despite including the independent claims in the listing of claims challenged under Grounds 4 and 5, Petitioner does not actually rely on Chinn for any features of the independent claims. *See* Pet., 60, 65, 68, 70. Rather, Petitioner relies on Chinn *solely for dependent claims. Id.*, 58-71. Even if Chinn were considered to be a “new” reference, relying a secondary reference for a handful of dependent claims does not outweigh the clear relevance of § 325(d) for the references asserted against the independent claims. *See, e.g., Kayak Software*, CBM2016-00075, Paper

16 at 10 (informative) (“Petitioner’s additional citation of Wilson in certain grounds, for the additional subject matter of certain dependent claims [where Simon—which was previously considered by the Examiner—also is relied upon for those claims in other grounds], is insufficient to persuade us that exercising our discretion under 35 U.S.C. § 325(d) is inappropriate.”).

* * *

For these reasons, § 325(d) is strongly implicated for all of Petitioner’s asserted references and the Director should deny institution.

IV. THE BOARD SHOULD NOT WASTE ITS LIMITED RESOURCES INSTITUTING TRIAL IN THIS PROCEEDING BECAUSE MULTIPLE ADDITIONAL DISCRETIONARY CONSIDERATIONS FAVOR DENIAL.

In addition to considerations under the Board’s discretionary denial precedent (including *Advanced Bionics*), the Workload Management Memo includes additional considerations for the Director’s exercise of discretion to institute trial. Workload Management Memo, 2-3. Several of these considerations are relevant here. The ’238 patent has been in force for over a decade and it has not even been asserted against SIG Sauer in district court. SIG Sauer (part of a large German-based international conglomerate) is clearly engaging in gamesmanship and using abusive litigation tactics to intimidate Lone Star (a small, Texas-based company) and to prevent Lone Star from benefitting from its investment in U.S. innovation.

Further, as discussed above, Petitioner's challenges are based on recycled and antiquated prior art that fails to disclose key elements of the challenged independent claims. These deficiencies are further highlighted by the fact that Mr. Nixon's testimony adds nothing because his declaration is a *verbatim* copy of the Petition itself and should be given little or no weight. These additional considerations further counsel for denial of institution. Particularly in view of the Office's stated goal of reducing the *ex parte* appeals pendency and backlog, Board resources should not be wasted on a clearly deficient Petition. *See* Workload Management Memo, 2.

A. Settled expectations of the parties counsel for denial here because the '238 patent issued over a decade ago and was not even asserted by Patent Owner in the district court.

The Workload Management Memo includes the “[s]ettled expectations of the parties, such as the length of time the claims have been in force” as a consideration relevant to the discretionary denial determination. Workload Management Memo, 2.

Here, the '238 patent issued on December 30, 2014, *over a decade ago*. The lead inventor of the '238 patent, David Steimke, has been an employee of Petitioner SIG Sauer since “about January 2014.” EX2004, 7. Thus, SIG Sauer has been—or at least should have been—aware of the '238 patent since its issuance. SIG Sauer could have challenged the patent at any other time during the past

decade, for example in a reexamination or an IPR. However, SIG Sauer has only chosen to challenge the '238 patent now, after being charged with misappropriating Patent Owner's trade secrets in the District of Vermont. *See* EX2001.

To that point, this is not even a case where Petitioner filed an IPR in response to being charged with infringement of the challenged patent in district court. Indeed, the related district court complaint did not assert the '238 patent against SIG Sauer. Rather, the '238 patent was raised in that proceeding by SIG Sauer's counterclaim for declaratory judgment of non-infringement of the '238 patent.⁸ EX2004, 16. In fact, the '238 patent has never been asserted against *any* party.

Moreover, the timing of SIG Sauer's IPR here is clearly gamesmanship. SIG

⁸ Worse still, the '238 patent should not be at issue *at all* in the district court litigation. As explained in the Motion to Dismiss, the district court does not even have jurisdiction to decide SIG Sauer's declaratory judgment counterclaim because (1) "There is No 'Actual Controversy' Between The Parties Related To Any Of [Lone Star's] U.S. patents," EX2005, 4-6; and (2) "SIG's [alleged] Appre[he]n[sion [Sic] of Suit on Plaintiffs' U.S. Patent Is Not Objectively Reasonable," *id.*, 6-9. The counterclaim is just another of SIG Sauer's abusive litigation tactics.

Sauer is abusing the system in an attempt to intimidate and apply pressure on Lone Star prior to the upcoming mediation between the parties. This is particularly apparent when the present IPR is considered in conjunction with a second IPR recently filed by SIG Sauer against one of True Velocity's (Lone Star's sister company) patents—IPR2025-00861, challenging U.S. Patent No. 8,561,543. Not only has the '543 patent not been asserted against SIG Sauer, but its claimed polymeric ammunition cartridge technology is different from the '238 patent. In fact, the '543 patent also has never been asserted against *any* party.

Accordingly, SIG Sauer's readily apparent gamesmanship and the fact that the '238 patent was not even asserted against Petitioner favors denying institution.

B. Petitioner's patentability challenges are so fundamentally flawed that the Director should deny institution under § 314 instead of wasting the resources of the merits panel.

Patent Owner will present a more fulsome analysis of the merits in its POPR. However, for purposes of the Director's consideration of "[t]he strength of the unpatentability challenge" in determining whether to exercise discretion, Patent Owner highlights particular weaknesses in the asserted grounds here.⁹ *See*

⁹ Patent Owner asks the Director to consider the full merits briefing presented in the POPR, which evinces the significant overall weakness of the Petition. *See* EX2002, FAQs 12, 25.

Workload Management Memo, 2.

In particular, as will be discussed in further detail in the POPR, each of the Petition's asserted challenges includes fundamental flaws for independent claims 1 and 13. Petitioner challenges the independent claims based on five grounds: anticipation by Holek, anticipation by Rosser, obviousness in view of Holek and Rossier, obviousness in view of Holek and Chinn, and obviousness in view of Rossier and Chinn. However as relevant to the elements discussed herein, Petitioner relies only on its asserted anticipation grounds, which are missing key elements of each of the independent claims.

The readily apparent weaknesses in Petitioner's asserted grounds counsel for discretionary denial.

1. Holek does not anticipate the independent claims.

Petitioner asserts the independent claims, among others, are *anticipated* by Holek. Pet., 1, 11-37. "A claim is anticipated only if *each and every element* as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, (Fed. Cir. 1987) (emphasis added). Petitioner failed to make that showing here. This is unsurprising because, as noted above, Holek is directed to a long-antiquated, pre-World War II firearm. Petitioner's contention that Holek anticipates a revolutionary design developed nearly a century later simply is not

credible. In particular, and as discussed above in Section III.B, Holek does not disclose that an “impulse of the fired round stops the forward momentum of the operating group,” as recited by the claims. Holek also does not disclose “an operating rod (op-rod) assembly at least partially housed and arranged to axially translate within the barrel extension in the charge[d] condition,” as recited by independent claim 1.

2. Rossier does not anticipate the independent claims.

Petitioner also asserts the independent claims, among others, are anticipated by Rossier. Pet., 1, 37-55. Again, a “claim is anticipated only if *each and every element* as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros.*, 814 F.2d at 631 (emphasis added). Petitioner failed to make that showing here. Again, as discussed above, the Examiner already (correctly) determined that the claims were patentable over Rossier (Lone Star’s own patent) during prosecution. In particular, and as discussed above in Section III.A, Rossier does not disclose an “op-rod assembly and bolt assembly [being locked/secured] to the barrel extension” during the “firing condition,” as recited by the claims. Rossier also does not disclose a bolt assembly “at least partially housed . . . within [a] barrel extension,” as recited in claim 1.

3. Petitioner's obviousness combinations do not fix the flawed anticipation grounds.

Petitioner presents three obviousness grounds, but they do not remedy the above-described deficiencies of the anticipation grounds. Pet., 1, 55-71. And Petitioner does not contend otherwise. In fact, in the combination of Holek and Rossier (Ground 3), Petitioner relies *solely* on a cross-reference to its flawed anticipation contentions based on Holek, *without Rossier*, for its challenges to independent claims 1 and 13.

2. Claim 1

Holek discloses the limitations of independent claim 1. *Supra* at VIII.A.1.

6. Claim 13

Holek discloses the limitations of independent claim 13. *Supra* at VIII.A.2.

See Pet., 57.

Again, in the combination of Holek and Chinn (Ground 4), Petitioner relies *solely* on a cross-reference to its flawed anticipation contentions based on Holek, *without Chinn*, for its challenges to independent claims 1 and 13.

2. Claim 1

Holek discloses the limitations of independent claim 1. *Supra* at VIII.A.1.

11. Claim 13

Holek discloses the limitations of independent claim 13. *Supra* at VIII.A.2.

See Pet., 60, 65.

And, in the combination of Rossier and Chinn (Ground 5), Petitioner relies *solely* on a cross-reference to its flawed anticipation contentions based on Rossier, *without Chinn*, for its challenges to independent claims 1 and 13.

2. Claim 1

Rossier discloses the limitations of independent claim 1. *Supra* at VIII.B.1.

11. Claim 13

Rossier discloses the limitations of independent claim 13. *Supra* at VIII.B.6.

See Pet., 68, 70.

Thus, Petitioner's obviousness challenges are facially flawed for at least the same reasons as its anticipation challenges. The Director should deny institution so as not to waste Board resources on this fundamentally deficient Petition.

4. Petitioner also fails to demonstrate a motivation with a reasonable expectation of success in combining the asserted references for any of the obviousness grounds.

As will be discussed in further detail in the POPR, given that firearms employ the use of controlled explosions—generally near the user's face and extremities—Petitioner (and Mr. Nixon) should have articulated a reasonable expectation of success, explaining how the combinations would actually work such that the resulting firearm would not explode in its user's hands. Instead, Petitioner—and Mr. Nixon's verbatim declaration—merely provide vague, unsupported assertions that a POSA would anticipate success when integrating dissimilar, incompatible machine gun components to create a firearm capable of

automatic fire with minimal recoil. Pet., 56, 59-60, 67-68; EX1003, ¶¶123, 136, 152.

In other words, Petitioner and Mr. Nixon broadly claim without any explanation that a POSA could take a part from one firearm, adapt it to another despite their incompatibility, and expect to produce a new weapon able to endure the repeated, explosive forces of automatic firing. Petitioner’s argument is comparable to installing a Model T engine into a 1990 Toyota Camry and expecting it to perform like a brand-new Ferrari. Through this fitting analogy, it is unsurprising why Petitioner and Mr. Nixon present no credible, reasoned, or supported motivation for any combinations—there simply isn’t one.

C. Mr. Nixon’s declaration is a *verbatim* copy of the arguments in the Petition.

The Workload Management Memo also includes “[t]he extent of the petition’s reliance on expert testimony,” as a relevant consideration. Workload Management Memo, 2. When the declaration “merely repeats, *verbatim*, the conclusory assertion for which it is offered to support” and “does not cite to any additional supporting evidence or provide any technical reasoning to support [the] statement,” the testimony is entitled to little or no weight. *Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 9 at 15 (P.T.A.B. Aug. 24, 2022) (precedential); *see also* 37 C.F.R. § 42.65(a) (“Expert testimony that does not disclose the underlying facts or data on which the opinion is based is entitled to

little or no weight.”). Further, “[t]he failure to provide focused expert testimony may weigh against institution.” EX2002, FAQ 21.

Here, Petitioner’s declarant Mr. Nixon does not provide any testimony beyond a copy-paste verbatim regurgitation of the attorney arguments presented in the Petition. *See* EX2010 (redline comparison of Petition and declaration). Like the Petition, his testimony is conclusory. He does not provide any explanation for his opinions, nor does he provide citations to any additional supporting evidence. Accordingly, Mr. Nixon’s testimony is entitled to little or no weight. *See* 37 C.F.R. § 42.65(a); *Xerox Corp.*, IPR2022-00624, Paper 9, at 15-16; *Upjohn Co. v. Mova Pharm. Corp.*, 225 F.3d 1306, 1311 (Fed. Cir. 2000) (“Lack of factual support for expert opinion going to factual determinations, however, may render the testimony of little probative value in a validity determination”) (quoting *Ashland Oil, Inc. v. Delta Resins & Refractories, Inc.*, 776 F.2d 281, 294 (Fed. Cir. 1985)). Without supporting testimony, the Petition is purely attorney argument. *Johnston v. IVAC Corp.*, 885 F.2d 1574, 1581 (Fed. Cir. 1989) (“Attorneys’ argument is no substitute for evidence”); *Enzo Biochem, Inc. v. Gen-Probe, Inc.*, 424 F.3d 1276, 1284 (Fed. Cir. 2005) (same).

This lack of support for Petitioner’s positions further underscores the weaknesses in the Petition. Indeed, the declaration should not merely copy, word-for-word, Petitioner’s conclusory assertions. *Xerox*, Paper 9 at 15. When it does,

the Director should deny institution.

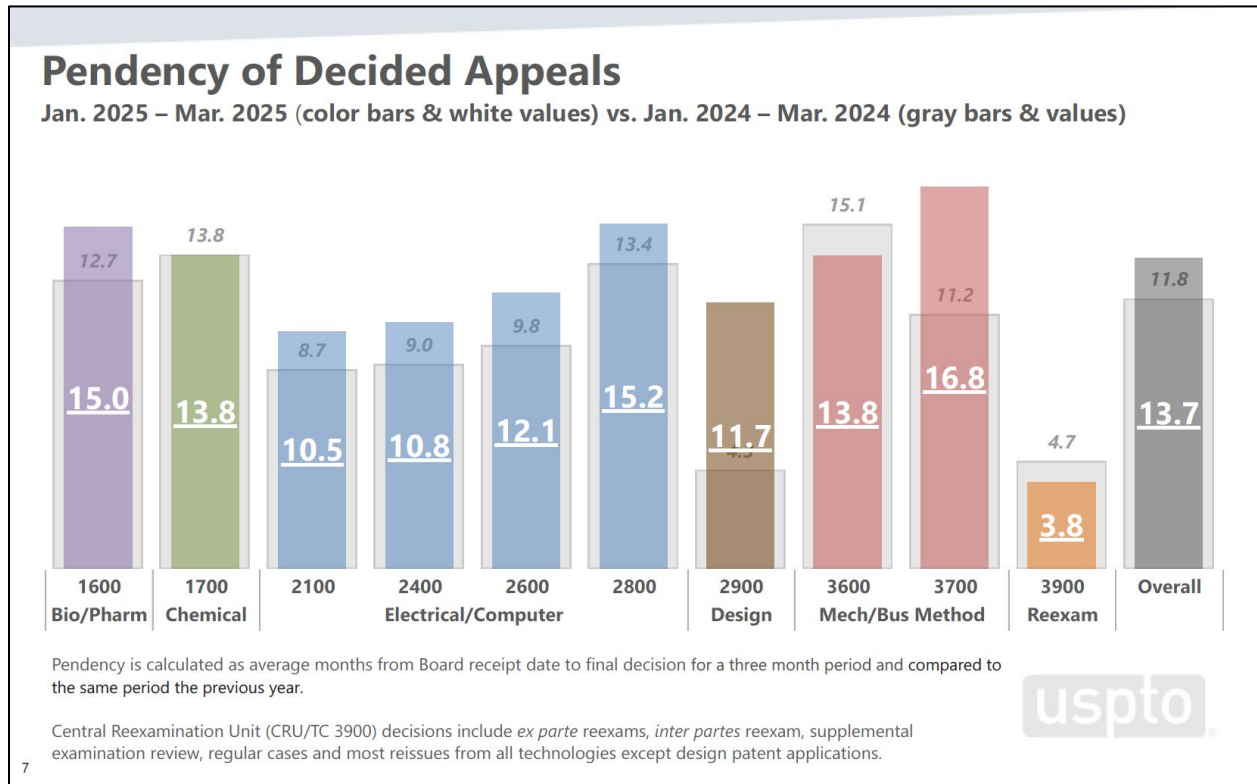
D. The Board’s resources are better spent on *ex parte* appeals than this facially flawed challenge.

The Director should also deny institution because the Board’s limited resources are better spent on the backlog of *ex parte* appeals. In 35 U.S.C. § 6(b)(1), the Board is tasked with “review[ing] adverse decisions of examiners upon applications for patent pursuant to section 134(a).” Congress also tasked the Board with reviewing appeals of reexaminations, derivation proceedings, IPRs, and PGRs. 35 U.S.C. § 6(b)(2)-(4). But current Office policy is to focus on *ex parte* appeals: “[t]o ensure that the PTAB continues to meet its statutory obligations as to *ex parte* appeals, while continuing to maintain its capacity to conduct AIA proceedings, the Director will exercise her discretion on institution of AIA proceedings” Workload Management Memo, 2. The Director should exercise that discretion here because the pendency of *ex parte* appeals has increased, EX2006, 7, nearly a quarter of *ex parte* appeals have been pending more than eleven months, EX2007¹⁰, and the backlog is growing month-over-month in almost all technology centers. EX2006, 4.

¹⁰ The latest data on the PTAB Dashboard is from November 2023.

However, the data from FY24 and FY25 also indicates that a substantial number of cases have been pending for over eleven months.

In 2025, the pendency has increased in almost every technical center. Shown below, the time (in months) to a final decision has increased in 2025 (shown with the color bars and white values) compared to the same data from 2024 (shown with the gray bars and gray values).



EX2006, 7.

To balance the Board’s competing duties, while working to reduce the average time to final decision in individual *ex parte* appeals and the 4,592¹¹ currently outstanding *ex parte* appeals overall, the PTAB should focus its efforts

¹¹ According to USPTO data, current as of March 31, 2025. EX2006, 4.

where they will have the most impact. To be sure, in some instances the greatest impact will be in instituting trial in a particular IPR. But where the merits of a petition are so fundamentally flawed—as they are here—resources should not be diverted from the Office’s current focus on reducing the backlog of pending *ex parte* appeals.

* * *

In total, these other considerations also favor discretionary denial.

V. *FINTIV* CONSIDERATIONS WILL STRONGLY FAVOR DENIAL IF THE ’238 PATENT IS ASSERTED IN THE DISTRICT COURT.

As of the filing of this brief, the ’238 patent is not asserted against SIG Sauer in the Vermont district court action. Currently, there is a motion to dismiss SIG Sauer’s improper declaratory judgment counterclaim for non-infringement of the ’238 patent. A ruling on the pending motion to dismiss is expected in the near future. Should the judge deny the motion to dismiss, infringement of the ’238 patent will likely be asserted against SIG Sauer. Presumably, SIG Sauer will respond by challenging the validity of the asserted claims. And this could all occur prior to the Director deciding whether to exercise discretion to deny institution here. As such, validity of the ’238 patent could become an issue in the district court, depending how the case proceeds, and the *Fintiv* factors would become relevant to the exercise of the Director’s discretion. Patent Owner thus presents arguments related to *Fintiv* so they may be considered by the Director should

validity of the '238 patent become an issue in the district court.

When the patent owner raises an argument for discretionary denial under § 314 due to co-pending litigation, the Board weighs the following factors:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 5-6. (Mar. 20, 2020)

(precedential). Here, these six factors, when considered as a whole, support *denying* institution. Factors 1 and 3 are neutral, factors 2 and 4-6 weigh in favor of denial (factors 2 and 6 strongly so), and no factor weighs against exercising discretion to deny institution.

Fintiv factor one: If the district court stays a case or provides guidance that it will stay the case and await the Board's final resolution of the patentability issues, this factor usually weighs against exercising authority to deny institution. *Fintiv*, Paper 11 at 7. No motion to stay has been filed in the district court case.

Factor one, therefore, is neutral. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (P.T.A.B. May 13, 2020) (informative) (holding the Board should “decline to infer ... how the District Court would rule should a stay be requested by the parties.”).

Fintiv factor two: The second factor strongly weighs in favor of denying institution because the district court’s scheduled trial date is well before the Board’s projected statutory deadline. *See Fintiv*, Paper 11 at 9. The projected statutory deadline for issuing a Final Written Decision (FWD) in this IPR would be July 29, 2026.¹² The district court has issued a scheduling order indicating the “case shall be ready for trial by” February 4, 2026,¹³ nearly 6 months prior to the projected FWD deadline. EX2009, 4.

“If the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution” *Fintiv*, Paper 11 at 9. In *Fintiv*, a scheduled district court trial date two months before the projected FWD weighed in favor of discretionary denial. *Fintiv*, Paper 15 at 13. Here, with a trial date nearly six months before the FWD,

¹² The POPR is due April 29, 2025.

¹³ The Federal Court Management Statistics do not include a median time to trial for the District of Vermont. EX2008, 13.

factor two strongly favors discretionary denial. *See Solus Advanced Materials Co. v. SK nexilis Co.*, IPR2024-01460, Paper 14, 15-16 (P.T.A.B. April 22, 2025).

Fintiv factor three: Factor three is neutral. Here, the Board “consider[s] the amount and type of work already completed in the parallel litigation by the court and the parties at the time of the institution decision.” *Fintiv*, Paper 11 at 9. The deadline for issuing a Decision on Institution (DI) in this IPR is July 29, 2025. Fact discovery will be nearly complete by that date. All interrogatories and requests for production are due by June 1, 2025, and all non-expert witness depositions and requests for admission must be completed by August 1, 2025 (only 3 days later than the DI). EX2009, 3. Therefore, substantial work will have been completed in the district court.

Because the validity of the ’238 patent is not yet at issue in the district court, the parties have not yet exchanged any validity contentions, nor is there a *Markman* hearing scheduled. Thus, some work also will remain to be done at the time of institution. However, Vermont has no special patent rules, and there is no indication that the schedule would change if patent invalidity claims are added to the proceeding. Nor should the Director speculate as to whether there would be a schedule change.

Fintiv factor four: Factor four favors denial. Here, the Board looks at the overlap between the issues raised in the IPR petition and in the parallel proceeding

in order to evaluate “concerns of inefficiency and the possibility of conflicting decisions.” *Fintiv*, Paper 11 at 12. The Petition challenges all 17 claims of the ’238 patent, Pet., 1, and SIG Sauer presumably will do the same in district court. Further, given the early trial date, should co-pending validity challenges be raised in the district court, there is a high likelihood of inefficiencies and concerns regarding the potential for conflicting decisions should the PTAB proceed to institution here. Moreover, it is unknown whether Petitioner would provide a *Sotera* stipulation, or any stipulation at all—whether broader or narrower. *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (P.T.A.B. Dec. 1, 2020) (precedential as to § II.A).

Fintiv factor five: Factor five weighs in favor of denying institution because the parties in the parallel litigation are the same. *Fintiv*, Paper 15 at 15 (“Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.”); *see also Ericsson Inc. v. Active Wireless Techs. LLC*, IPR2024-00886, Paper 8 at 13-14 (P.T.A.B. Nov. 12, 2024) (factor five weighs in favor of denial where the district court is likely to precede the FWD).

Fintiv factor six: Under *Fintiv* factor six, the Director may consider other circumstances that impact the exercise of discretion, including the merits. *Fintiv*, Paper 11 at 14-15. As highlighted herein, and will be explained in further detail in

the POPR,¹⁴ the asserted grounds fall well short of meeting even the reasonable likelihood standard for institution. Thus, factor 6 strongly favors denial. That Petitioner had to resort to art *previously considered by the Office* further demonstrates that factor 6 favors denial.

VI. CONCLUSION

For the foregoing reasons, the Director should exercise discretion and decline to institute *inter partes* review of the '238 patent.

Respectfully submitted,

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¹⁴ Patent Owner also asks the Director to consider the full merits briefing presented in the POPR when considering *Fintiv* factor 6. *See* EX2002, FAQs 12, 25.

CERTIFICATE OF WORD COUNT (37 C.F.R. § 42.24(d))

1. This Patent Owner's Brief on Discretionary Denial complies with the type-volume limitation of 14,000 words, comprising 8,809 words, excluding the parts exempted by 37 C.F.R. § 42.24(a)(1).

2. This Patent Owner's Brief on Discretionary Denial complies with the general format requirements of 37 C.F.R. § 42.6(a) and has been prepared using Microsoft® Word 2016 in 14-point Times New Roman font.

Respectfully submitted,

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

I certify that the above-captioned **PATENT OWNER'S BRIEF ON
DISCRETIONARY DENIAL** and associated **Exhibits 2001-2010** were served in
their entireties on April 28, 2025, upon the following parties via electronic mail:

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