UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO., LTD., and
SAMSUNG ELECTRONICS AMERICA, INC.,
Petitioners,

v.

VASU HOLDINGS, LLC,
Patent Owner.

Case IPR2025-00447
U.S. Patent No. 10,206,154

PATENT OWNER'S AUTHORIZED RESPONSE TO PETITIONERS' DIRECTOR REVIEW REQUEST

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I. INTRODUCTION

Patent Owner, Vasu, respectfully requests that the Director deny Petitioners' ("Samsung's") Director Review Request ("DRR") because Samsung's Due Process and Administrative Procedure Act ("APA") arguments are new, and Samsung did not seek prior authorization to submit new arguments in the DRR, as required. Samsung's arguments also fail on the merits.

The Acting Director's recission of the *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings With Parallel District Court Litigation* ("Vidal Memo") did not violate Samsung's Due Process rights because Samsung had no liberty or property interest in the relevant procedures; it was not reasonable for Samsung to rely on the "interim" Vidal Memo, and Samsung's shifting arguments dispel the conclusion that it detrimentally relied on the *Vidal Memo*; and the Acting Director[1] did not retroactively apply the *Guidance on USPTO's recission of "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation"* ("Boalick Memo").

Samsung's Administrative Procedure Act ("APA") arguments fare no better. Because the guidelines in the Vidal Memo were not passed with Notice-and-

[1] Acting Director Stewart was recused from this matter and delegated her authority to Acting Deputy Chief Administrative Patent Judge, Kalyan K. Deshpande.

Comment Rulemaking, they could be rescinded with the same level of formality. *Perez v. Mortgage Bankers Ass'n*, 575 U.S. 92, 93, 101 (2015). Indeed, to the extent that the Director agrees that Notice-and-Comment Rulemaking is required to establish the types of guidelines established in the Vidal Memo and the Boalick Memo, then reinstatement of the Vidal Memo rules would also violate the APA. Thus, if the Director agrees that binding guidance regarding the application of the *Fintiv* factors requires Notice-and-Comment Rulemaking, the proper course of action would be to return to the *status quo* prior to the Vidal Memo.

Finally, Samsung's argument that the Acting Director did not follow the USPTO's current guidance is meritless because the Acting Director expressly performed the very "holistic analysis" that Samsung argues is necessary under the Boalick Memo. Whether or not the Acting Director specifically mentioned Samsung's stipulation, his "holistic analysis" found that the exceedingly long time between the expected trial and final written decision dates, and the exceedingly low likelihood that the District Court case would be stayed regardless of whether the Board ultimately decided to institute trial, outweighed the effects of Samsung's stipulation.

II. ARGUMENT

A. The Director Should Not Consider Samsung's DRR Because it Contains Unauthorized New Arguments

Absent authorization, "[t]he Director will not consider new evidence or new arguments not part of the official record." *Director Review process*, Section 3.E. (available at https://www.uspto.gov/patents/ptab/decisions/director-review-process). Samsung did not raise its arguments concerning the alleged "improper retroactive recission" of the Vidal Memo in its Opposition to Vasu's Discretionary Denial Request. *Compare* Paper 11 ("Opposition") at 3-16 (arguing against discretionary denial under the *Fintiv* factors but not alleging that the recission of the Vidal Memo was improper in any way or that it was applied retroactively) *with* DRR at 1, 6-10. Nor did Samsung request authorization to submit new arguments in its DRR, as required. The Director should, therefore, decline to consider Samsung's Due Process and APA arguments.

B. Samsung's Due Process Claims Lack Merit

Samsung contends that the Board erred in applying the Rescission Decision retroactively; that it "reasonably acted in reliance on the guidance"; and that, as a result, the Institution Decision violates its Due Process rights. DRR at 6-8. Each argument is meritless.

1. Samsung Had No Property or Liberty Interest in the Vidal Memo

In evaluating whether a party has suffered a due process violation, the question is "whether there exists a liberty or property interest which has been interfered with by the State," and "whether the procedures attendant upon that deprivation were constitutionally sufficient." *Ky. Dep't of Corr. v. Thompson*, 490 U.S. 454, 460 (1989). Samsung's arguments do not mention this threshold test for establishing a due process violation, and the facts do not satisfy either prong.

a. The Vidal Memo does not concern any property or liberty interest, but rather a purported *procedural* right—the right to have a particular, interim rule applied in considering a petitioner's request for institution. Because Samsung "does not identify a deprivation of 'life, liberty, or property,' . . . any procedural due process challenge is foreclosed." *Mylan Lab's Ltd. v. Janssen Pharm., NV*, 989 F.3d 1375, 1383 (Fed. Cir. 2021). Samsung has no property or liberty interest in the procedures that the Patent Office uses when deciding whether to give such a "second look" at its own "earlier administrative grant of a patent" to a third party. *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 279 (2016); *see also Oil States Energy Sers., LLC v. Greene's Energy Grp., LLC*, 584 U.S. 325, 343 n.5 (2018) ("[I]nter partes review is not initiated by private parties" but by "the Director and committed to his unreviewable discretion."). The only party with an *actual* property or liberty interest here is *Vasu*—not Samsung—because Vasu is the owner of the patents and the

property right at stake. *See* 35 U.S.C. § 261 ("[P]atents shall have the attributes of personal property.").

b. Even if Samsung had a due process interest in the procedures applied by the Board, it does not argue that the actual procedure afforded by the Boalick Memo was not "constitutionally sufficient." *Thompson*, 490 U.S. at 460. Instead, Samsung argues only that it *presumed* that a different set of internal procedures would be applied. DRR at 6.

The Vidal Memo provided no such guarantee on the facts of this case, in any event. As Vasu argued, Samsung's stipulation would not, in fact, "mitigate[] any concerns of duplicative efforts between the district court and the Board" or "of potentially conflicting decisions"—as the Vidal Memo expressly contemplated. Paper 8 at 20-21. Nothing in the Vidal Memo required the Board to accept a *deficient* stipulation that, under the circumstances, failed to achieve that goal. Indeed, Vasu made that very point in its preliminary responses to the petitions, explaining Samsung's stipulation would do nothing to minimize duplicative efforts or avoid inconsistent decisions. *Id.* at 21 ("Before the Board is scheduled to issue its institution decision on August 27, 2025, expert reports and summary judgment motions in District Court addressing the same prior art asserted here will have already been completed.") (citing Hannah Decl., ¶¶7, 16).

Samsung suggests that the Board previously found *Sotera* stipulations dispositive a matter of course (DRR at 7), but whether or not the Board accepted deficient *Sotera* stipulations in other cases, it was not *required* to do so here—even under the Vidal Memo's interim guidance. In *Motorola Solutions, Inc. v. Stellar, LLC*, No. IPR2024-01205, Paper 11 (P.T.A.B. Feb. 13, 2025), for example, the Board cited the Vidal Memo's "clarifications" regarding the *Fintiv* factors—but still engaged in a "weighing of [all] the factors" in deciding to institute review, even though the petitioner had submitted a *Sotera* stipulation. *Id.* at 9, 12. And even with respect to Factor 4, the Board did not rely solely on the stipulation, but also considered the "expenditure of time and effort" in preparing for trial. *Id.* at 11. That shows that the Vidal Memo was never a "guarantee" that a *Sotera* stipulation would short-circuit the *Fintiv* analysis in all cases.[2]

2. The Vidal Memo Did Not Create a Reasonable Reliance Interest, and Samsung Did Not Reasonably Rely on It

Samsung's argument that its due process rights were violated because it "reasonably acted in reliance" on the Vidal Memo also lacks merit because it was

[2] The Acting Director subsequently granted review and denied institution. *Motorola*, No. IPR2024-01205, Paper 19 (P.T.A.B. Mar. 28, 2025).

interim guidance that was subject to change at any time, and Samsung has not shown that it relied on the Vidal Memo, reasonably or not. DRR at 6-7.

a. Samsung's expectation that the Vidal Memo would apply to its petition is not a "settled expectation[]" "on which a party might reasonably place reliance." *Qwest Servs. Corp. v. FCC*, 509 F.3d 531, 540 (D.C. Cir. 2007). The Vidal Memo expressly stated that it was "interim guidance" that would remain in effect only "until further notice." Vidal Memo at 9. It further stated that the Patent Office "expects to replace this interim guidance with rules after it has completed formal rulemaking." *Id*. Given those cautionary provisos, any reliance on the Vidal Memo would have been unreasonable. Thus, even without the Vidal Memo's "interim" label, "there was no reasonable assumption that the [Board] would keep its regulations static." *Cox v. Kijakazi*, 77 F.4th 983, 993 (D.C. Cir. 2023).

Samsung, therefore, misses the mark when it argues that an agency must "provide regulated parties fair warning of the conduct a regulation prohibits or requires." DRR at 8 (quoting *Mexichem Fluor, Inc. v. EPA*, 866 F.3d 451, 462 (D.C. Cir. 2017)). For one thing, Samsung is not a "regulated part[y]," like a manufacturer of hydrofluorocarbons subject to EPA regulations. *See Mexichem Fluor*, 866 F.3d at 457. The rescission of the Vidal Memo therefore did not affect Samsung's primary conduct—its decisions to infringe and refuse to license Vasu's patents—or its legal obligations for its actions. And Samsung did have "fair warning" here—

namely, the Vidal Memo's own statement that it was "interim guidance" to "remain in place until further notice." DRR at 8; Vidal Memo at 9.

b. Even if it would have been reasonable to rely on the Vidal Memo's guidance, Samsung has not shown that it detrimentally relied on the guidance here. In its three communications to the Board concerning the timing of its filings (right before the statutory filing window closed under 35 U.S.C. § 315(b)), Samsung has had three very different explanations regarding its delay.

Samsung's Petition did not cite the Vidal Memo or include a *Sotera* stipulation. Pet. at 15. Instead, Samsung claimed that it "diligently prepared and filed these IPRs" and argued under the *Fintiv* framework that the Board should not deny review. *Id*. In its Opposition to Vasu's Request for Discretionary Denial, Samsung blamed its delay on Vasu. Opposition at 4-6. Samsung does not repeat either of those arguments in its DRR. Instead, Samsung now claims that it delayed its filing to "tak[e] the time to investigate and fully develop its Petitions on the basis that any potential delay did not risk discretionary denial due to Samsung's *Sotera* stipulations." DRR at 6.

Aside from Samsung's new argument being untimely, it is merely attorney argument giving a *post-hoc* rationalization of its behavior to suit its untimely Due Process argument. *See* Section II.A.

3. The Boalick Memo Was Not Retroactively Applied To Samsung

Samsung contends that the rescission of the Vidal Memo was impermissibly "retroactive." DRR at 6. It wasn't. "Changes in procedural rules may often be applied in suits arising before their enactment without raising concerns about retroactivity." *Landgraf v. USI Film Prods.*, 511 U.S. 244, 275 (1994). "Because rules of procedure regulate secondary rather than primary conduct, the fact that a new procedural rule was instituted after the conduct giving rise to the suit does not make application of the rule at trial retroactive." *Id.* And the Boalick Memo is, at most, an internal rule of procedure guiding the Board's exercise of the Director's absolute discretion, delegated by Congress, regarding institution.

Samsung's reliance on *Landgraf* is thus misplaced for two reasons: (1) the Boalick Memo is a procedural rule, not a substantive rule; and (2) the relevant primary conduct at issue is Samsung's alleged *infringing conduct*—not the decisions that Samsung claims that it made in seeking *inter partes* review. DRR at 8 ("The Boalick Memo is retroactive because it applies a new rule to past acts—namely, Samsung's timing and decision to bring these Petitions based on its reliance on the Vidal Memo.") (citing *Landgraf*, 511 U.S. at 269-70).

But the Boalick Memo was not impermissibly applied retroactively here in any event. Even with respect to substantive regulations, "the general rule is that new law is applied to *pending* cases." *Cox*, 77 F.4th at 991. And Samsung's petitions

for *inter partes* review were still pending when the Board issued the Boalick Memo. Indeed, Samsung had the opportunity both to argue against application of the Boalick Memo (which it declined to do) and to address how the *Fintiv* factors should be applied here (which it did do). Boalick Memo at 2 ("The Board will consider timely requests for additional briefing on the application of the Interim Procedure's recission on a case-by-case basis."); Opposition at 3-16. There was nothing "retroactive" about the application of the Boalick Memo (or the *Fintiv* factors) here.

The only exception to the general rule that new substantive law applies to pending cases is where such application "would impair rights a party possessed when he acted, increase a party's liability for past conduct, or impose new duties with respect to transactions already completed." *Cox*, 77 F.4th at 991 (quoting *Landgraf*, 511 U.S. at 280). However, the Rescission did not impair Samsung's "rights," because no one has a right to institution at all, let alone the right to particular procedures that guide the Director's discretion concerning institution decisions. *Id.*; *see also Mylan*, 989 F.3d at 1382 ("The Director is permitted, but never compelled, to institute an IPR. And no petitioner has a right to such institution."). And that principle is particularly relevant here because the Vidal Memo was expressly designated as "interim guidance" that would only apply "until further notice." Vidal Memo at 9.

* * *

Vasu respectfully requests that the Director deny the DRR because Samsung has not made out a colorable Due Process violation.

C. Samsung's APA Arguments Lack Merit, But If Samsung's Theory is Correct the Vidal Memo Also Violates the APA

Director Review is also inappropriate because the Acting Director's recission of the Vidal Memo did not violate the APA. However, if the Acting Director agrees that the Boalick Memo violated the APA, then the Vidal Memo also violated the APA.

Under the APA, notice-and-comment rulemaking is only required for "substantive" rules. 5 U.S.C. § 553(b). Except where otherwise required by statute, "interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice" do not require notice-and-comment rulemaking. 5 U.S.C. § 553(b)(A). And because the USPTO was "not required to use notice-and-comment procedures to issue" the Vidal Memo, it was "also not required to use those procedures when it" repealed the rule. *Perez*, 575 U.S. at 101.

Samsung's reliance on *Common Sense in Gov't Procurement v. Sec'y of Veterans Affs.*, 464 F.3d 1306 (Fed. Cir. 2006) is misplaced because unlike the "Dear Manufacturer letter" at issue in that case, the Boalick Memo is not "binding on tribunals outside the agency." *Id.* at 1317. Instead, like the regulation at issue in *Splane v. West*, 216 F.3d 1058 (Fed. Cir. 2000), the Vidal Memo and the Boalick Memo are binding on the USPTO, "as any directive by an agency head must be

followed by agency employees," but Samsung does not argue that either of these rules "has any binding effect whatsoever outside the agency." *Id.* at 1064. Nor could they: how the Director chooses to exercise her discretion is final and non-appealable. *Mylan*, 989 F.3d at 1378 (quoting 35 U.S.C. § 314(d)).

In re Chestek PLLC, 92 F.4th 1105 (Fed. Cir. 2024), also fails to support Samsung's argument, because it explains that the "critical feature of the procedural exception [of § 553(b)(A)] is that it covers agency actions that do not themselves alter the rights or interests of parties, although it may alter the manner in which the parties present themselves or their viewpoints to the agency." *Id.* at 1109. The rules established in *Apple v. Fintiv*, the Vidal Memo, and the Boalick Memo do not "alter the rights or interest of parties," but they "may alter the manner in which the parties present themselves." *Id*. At bottom, Samsung argues that it would have presented itself differently under the Boalick Memo, presumably by filing its Petitions earlier, but that argument only confirms that the Vidal Memo and the Boalick Memo are procedural rules, not substantive ones.

Samsung is not entitled to the relief it seeks even if the Recission of the Vidal Memo is considered a "substantive" rule because then the Vidal Memo itself would have to be considered a "substantive" rule that could only be implemented via notice-and-comment rulemaking (which it wasn't). Thus, it would violate the APA for the

Director to grant Samsung's request to revisit the institution decision under a rule that violates the same statute.

D. The Acting Director Followed Current USPTO Guidance

Samsung's argument that the Acting Director did not follow the USPTO's current guidance is meritless because the Acting Director expressly performed the required "holistic analysis." Boalick Memo at 3 ("[T]he Board will consider . . . a stipulation as part of its holistic analysis under *Fintiv*."); DRR at 11.

The Acting Director determined it "unlikely that a final written decision in these proceedings will issue before the district court trial occurs. Additionally, there is insufficient evidence that the district court is likely to stay its proceeding even if the Board were to institute trial, and there has been meaningful investment in the parallel proceeding by the parties." Institution Decision at 2. He then found that these findings outweighed other evidence and arguments "based on a holistic assessment of all of the evidence and arguments presented." *Id.* at 3. Whether or not the Acting Director specifically mentioned Samsung's stipulation, his "holistic assessment" found that the exceedingly long time between the expected trial and final written decision dates, and the exceedingly low likelihood that the District Court case would be stayed regardless of whether the Board ultimately decided to institute trial, outweighed the effects of Samsung's stipulation. *Id*. at 2-3.

This decision is, therefore, fully consistent with the Boalick Memo, *Fintiv*, and Vasu's arguments concerning the inadequacy of Samsung's stipulation to achieve an efficient process:

> And while Petitioners' statement may lessen the chance of inconsistent decisions between the PTAB and District Court, Petitioners' delay in filing the Petition and the contingent nature of its proposed statement means that the parties will be litigating essentially the same issues in the IPR and District Court ***at least*** until the institution decision deadline, and potentially longer (in the event that institution is denied but Petitioners file a Request for Rehearing or Director Review).

Paper 8, Request for Discretionary Denial at 16-17 (footnote omitted).

To the extent that the Acting Director is, himself, bound by current Office guidance, Vasu respectfully submits that the Institution Decision was nonetheless consistent with current office guidance.

III. CONCLUSION

Vasu respectfully requests that the Director deny Samsung's DRR.

Dated: August 18, 2025

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CERTIFICATE OF SERVICE

The undersigned certifies, in accordance with 37 C.F.R. § 42.6(e), and pursuant to agreement by the parties that filing with the Board through the Patent Trial and Appeal Case Tracking System (P-TACTS) constitutes electronic service, service was made on Petitioners as detailed below.

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