

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HOME DEPOT U.S.A., INC.,
Petitioner,

v.

H2 INTELLECT LLC,
Patent Owner.

IPR2025-00480
U.S. Patent No. 8,433,296

PATENT OWNER'S DISCRETIONARY DENIAL BRIEF

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PATENT OWNER'S EXHIBIT LIST

Exhibit No.	Description
2001	Complaint, <i>H2 Intellect LLC v. The Home Depot, Inc., et al.</i> , No. 2:24-cv-00694 (E.D. Tex. Aug. 22, 2024), ECF No. 1.
2002	Amended Complaint, <i>H2 Intellect LLC v. The Home Depot, Inc., et al.</i> , No. 2:24-cv-00694 (E.D. Tex. Jan. 9, 2025), ECF No. 26.
2003	Amended Docket Control Order, <i>H2 Intellect LLC v. The Home Depot, Inc., et al.</i> , No. 2:24-cv-00694 (E.D. Tex. Dec. 10, 2024), ECF No. 23.
2004	Complaint, <i>H2 Intellect LLC v. The Home Depot, Inc., et al.</i> , No. 2:25-cv-00123 (E.D. Tex. Feb. 3, 2025), ECF No. 1.
2005	Docket Control Order, <i>H2 Intellect LLC v. The Home Depot, Inc., et al.</i> , No. 2:25-cv-00123 (E.D. Tex. June 2, 2025), ECF No. 46.
2006	Defendants' Opposed Motion to Consolidate, <i>H2 Intellect LLC v. The Home Depot, Inc., et al.</i> , No. 2:25-cv-00123 (E.D. Tex. June 18, 2025), ECF No. 53.
2007	Plaintiff's Response in Opposition to Defendant's Motion to Consolidate, <i>H2 Intellect LLC v. The Home Depot, Inc., et al.</i> , No. 2:25-cv-00123 (E.D. Tex. July 16, 2025), ECF No. 72.
2008	U.S. District Court – Judicial Caseload Profile for the Eastern District of Texas, Administrative Office of the U.S. Courts (March 31, 2025).
2009	Declaration of Rex Mann
2010	Defendant's Preliminary Invalidity Contentions, <i>H2 Intellect LLC v. The Home Depot, Inc., et al.</i> , No. 2:24-cv-00694 (E.D. Tex.)
2011	<i>Carolyn W. Hafeman v. Google LLC et al.</i> , Case No. 24-1600, Corrected Brief for Intervenor-Acting Director of the USPTO (Dec. 30, 2024)
2012	Declaration of Ryan Hardin

2013	Home Depot 2024 Annual Report
2014	List of Patents Assigned to “Home Depot”, USPTO Patent Public Search, https://ppubs.uspto.gov/pubwebapp/ (search “USPAT” Database using query text “home depot”.as.) (last visited July 17, 2025)
2015	Complaint, <i>Ryan Hardin et al. v. Samsung Elec. Co., Ltd. et al.</i> , No. 2:21-cv-00290 (E.D. Tex. July 30, 2021), ECF No. 1
2016	Complaint, <i>Ryan Hardin et al. v. Samsung Elec. Co., Ltd. et al.</i> , No. 2:22-cv-00344 (E.D. Tex. Sep. 2, 2022), ECF No. 1
2017	Claim Construction Order, <i>Ryan Hardin et al. v. Samsung Elec. Co., Ltd. et al.</i> , No. 2:21-cv-00290 (E.D. Tex. Aug. 25, 2022), ECF No. 86
2018	U.S. Patent No. 9,779,418
2019	U.S. Patent No. 10,049,387
2020	U.S. Patent No. 10,984,447
2021	Declaration of Andrew Hill
2022	Assignment History for U.S. Patent No. 8,433,296, USPTO, https://assignment.uspto.gov/patent/index.html#/patent/search/resultAbstract?id=8433296&type=patNum (last visited July 15, 2025)
2023	Joint Motion by Plaintiffs Ryan Hardin and Andrew Hill and Defendants LG Electronics, Inc. and LG Electronics Alabama, Inc., <i>Ryan Hardin et al. v. Samsung Elec. Co., Ltd. et al.</i> , No. 2:21-cv-00290 (E.D. Tex. May 31, 2022), ECF No. 46
2024	Plaintiff's Motion For a New Trial and Partial Judgment as a Matter of Law, <i>Carolyn W. Hafeman v. LG Electronics, Inc.</i> , No. 6:21-cv-00696 (W.D. Tex. July 20, 2023), ECF No. 262
2025	Stipulation of Dismissal, <i>H2 Intellect LLC v. Int'l Business Machines Corp.</i> , No. 2:24-cv-00367 (E.D. Tex. Feb. 3, 2025), ECF No. 42

2026	Joint Motion to Stay All Deadlines and Notice of Settlement, <i>Ryan Hardin et al. v. Samsung Elec. Co., Ltd. et al.</i> , No. 2:21-cv-00290 (E.D. Tex. Feb. 2, 2023), ECF No. 224
2027	Termination Due to Settlement Institution of Trial, <i>Samsung Elec. Co., Ltd., et al. v. Ryan Hardin, et al.</i> , IPR2022-01331, Paper 24 (PTAB July 26, 2023)

I. INTRODUCTION

It would be hard to find an IPR that warrants discretionary denial more than this one. Essentially *every factor* that is commonly considered by the Director weighs in favor of discretionary denial here. *See Interim Processes for PTAB Workload Management* (USPTO Acting Director Mar. 26, 2025) (“Interim Processes Memo”). Among other issues, (1) the trial in the parallel litigation involving the challenged patent is scheduled to occur *seven* months before a Final Written Decision in this IPR would be reached, (2) the parties have invested significant resources in the parallel litigation including numerous depositions and tens of thousands of documents produced, and (3) the challenged patent has been in force for over twelve years, creating settled expectations.¹

As explained herein, this proceeding should be discretionarily denied pursuant to the *Fintiv* factors. The 296 Patent is involved in parallel litigation in the

¹ In addition to having settled expectations from “the length of time the claims have been in force,” Interim Processes Memo at 2, the statutory regime in place when the 296 Patent inventions were disclosed and the claims were filed further established settled expectations for Patent Owner under the pre-AIA law. *See* Section IV.A.2 *infra*.

Eastern District of Texas that has a jury trial set for April 20, 2026. In as little as five months before the scheduled jury trial, the Board will decide by November 19, 2025, whether to institute a trial for this petition, meaning that the November 2026 projected statutory deadline for a Final Written Decision will be approximately ***seven months after the jury trial***. Denying institution in this case aligns with the Interim Processes Memorandum and “reduces the inefficiencies and burdens on the parties to maintain two parallel proceedings.” *Shenzhen Tuozhu Tech. Co., Ltd. v. Stratasys, Inc.*, IPR2025-00354, Paper 11 at 2 (Acting Director Stewart June 12, 2025); Interim Processes Memo. at 3.

Settled expectations also favor denial. The 296 Patent has been in force for over twelve years, “creating settled expectations.” *Dabico Airport Solutions Inc. v. AXA Power APS*, IPR2025-00408, Paper 21 at 2 (Acting Director Stewart June 18, 2025) (finding “the challenged patent has been in force almost eight years, creating settled expectations.”). During the patent’s twelve years of enforcement, Home Depot had ample opportunity to challenge its validity. Home Depot is a large company having vast financial resources and is very familiar with the patent process and the PTO’s database. The public interest is best served if parties are incentivized to use this public resource. As explained in *Dabico*, “the longer the patent has been in force, the more settled expectations should be,” and “actual notice of a patent or of possible infringement is not necessary to create settled

expectations.” *Id.*; see also *Samsung Electronics Co., Ltd. v. Cerence Operating Co.*, IPR2025-00458, Paper 14 at 2 (Acting Deputy Chief APJ Deshpande June 25, 2025) (finding “settled expectations weigh toward discretionary denial” where “the challenged patents issued over 11 years ago.”).

Therefore, pursuant to 35 U.S.C. § 314(a) and the Interim Processes Memo, Patent Owner submits this Discretionary Denial Brief requesting that the Acting Director deny institution of inter partes review (“IPR”) of U.S. Patent No. 8,433,296 (“the 296 Patent”).

II. BACKGROUND FACTS

Patent Owner H2 Intellect, LLC is a small entity owned and operated solely by the two listed inventors on the face of the 296 Patent. EX-2012, EX-2021 (Declarations of Ryan Hardin and Andrew Hill). Patent Owner filed suit for a civil trial to decide infringement of the 296 Patent against Petitioner on August 22, 2024, in the case *H2 Intellect LLC v. The Home Depot, Inc.*, Case No. 2:24-cv-

00694 (E.D. Tex.) (“the -694 case”).² EX-2001. The civil trial in this case is scheduled for April 20, 2026. EX-2003 at 1 (Amended Docket Control Order).³

Home Depot has not filed a motion to stay the -694 case, and the case is well advanced. H2 served its preliminary infringement contentions on November 11, 2024, and Home Depot served its preliminary invalidity contentions on January 10, 2025. EX-2009 (Decl. of Mann) at ¶ 4; *see also* EX-2003 (Amended Docket Control Order). Multiple depositions have been taken, and many thousands of

² H2's original Complaint also asserted U.S. Patent No. 11,948,171. EX-2001 at 7. On January 9, 2025, H2 filed an amended complaint that asserted infringement of only the 296 Patent. EX-2002 at 7.

³ The parties are also involved in a related lawsuit, *H2 Intellect LLC v. The Home Depot, Inc.*, Case No. 2:25-cv-00123 (E.D. Tex.) (“the -123 case”). EX-2004 at 1. That case does not involve the 296 Patent, though it involves patents in the same family. *Id.* at ¶ 20. The -123 case is currently in discovery and is scheduled for trial on September 14, 2026. *See* EX-2005. Home Depot has filed a motion to consolidate the two lawsuits. *See* EX-2006. H2 opposes the motion, unless the parties agree to maintain the -694 case's April 20, 2026, trial date. EX-2007 at 6.

documents have been produced. EX-2009 (Decl. of Rex Mann) at ¶¶ 5-7. The parties' Joint Claim Construction Statement will be filed on July 24, 2025, and a *Markman* hearing is scheduled for October 17, 2025. *See* EX-2003 at 4.

About one month after the *Markman* hearing concludes, the Board will be issuing its Institution Decision for this proceeding (due no later than November 19, 2025). Two days after that deadline, the completion of fact discovery in the parallel proceeding is set to close (November 21, 2025). *Id.* Opening expert disclosures are due on December 4, 2025; rebuttal expert disclosures are due on December 23, 2025; and the deadline to complete expert discovery is set for January 10, 2026. *See id.* at 3–4.

As noted, trial is set to begin with jury selection on April 20, 2026. *Id.* The pretrial conference is scheduled for March 30, 2026, and the deadline to file dispositive motions is February 13, 2026. *Id.* The parties are required to file their Joint Pretrial Order and related pretrial submissions by March 16, 2026. *Id.* Should trial in this IPR be instituted, the deadline for the Board's Final Written Decision—November 19, 2026—would be seven months *after* the April 2026 trial.

III. TRIAL IN THIS PROCEEDING SHOULD BE DENIED PURSUANT TO THE *FINTIV* FACTORS.

Institution of this IPR should be denied under 35 U.S.C. § 314 based on the *Fintiv* factors. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 6 (PTAB Mar. 20, 2020) (precedential):

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.

As explained below, a holistic analysis of the factors shows that discretionary denial is appropriate and warranted.

A. Factor 1 Weighs in Favor of Denial Because the Court Has Not Granted Any Stay.

The District Court has not granted a stay of the -694 case, nor has either party moved for a stay. Nor is there any evidence to suggest that a stay would be granted should Home Depot request one. *See, e.g., Ericsson Inc. v. Procomm Int'l Pte. Ltd.*, IPR2024-01455, Paper 15 at 2 (Acting Director Stewart May 16, 2025) (stating that there is “insufficient evidence the district court is likely to stay its proceeding even if the Board were to institute trial”).

While some district courts may routinely grant motions to stay after the Board institutes an IPR, the Eastern District of Texas is not one of them. Although there are instances where the District Court has granted motions to stay after institution, there are many decisions where the Court has in fact denied such motions even after the Board institutes an IPR proceeding. For example, in *Lionra Techs. Ltd. v. Cisco Sys.*, 2025 U.S. Dist. LEXIS 80719 (E.D. Tex. April 29, 2025), the Court denied a motion to stay after the Board instituted IPR against the only patent-in-suit because, *inter alia*, “[g]ranting a stay in this case could delay its resolution, as the PTAB’s final written decision, which could be subject to further appeals, is not due until a date more than five months after the jury trial is set to begin.” *Id.* at *5. As explained herein, that rationale applies to the -694 case also. *See also Polaris PowerLED Techs., LLC v. Samsung Elecs. Am., Inc.*, 2024 U.S.

Dist. LEXIS 218301 at *11 (E.D. Tex. Dec. 3, 2024) (denying motion to sever and stay proceedings as to a patent where all asserted claims were found invalid by the Board in an FWD); *Netlist, Inc. v. Samsung Elecs. Co., Ltd.*, 2024 U.S. Dist. LEXIS 245773 at *6 (E.D. Tex. June 11, 2024) (denying motion to stay when IPRs had been instituted “on all remaining Asserted Patents in this case”).

Given these decisions, there is not sufficient evidence to demonstrate that the District Court is *likely* to stay the -694 case, even if the Board were to institute IPR proceedings. *Ericsson*, IPR2024-01455, Paper 15 at 2. Thus, this factor favors denial of institution. *See Fintiv*, Paper 11 at 7.

B. Factor 2 Weighs in Favor of Denial Because Trial Will Begin Seven Months Before the Final Written Decision Deadline.

Trial in the parallel proceeding is set to begin on April 20, 2026. EX-2003. If the Board issues its institution decision in November 2025, the projected statutory deadline for a Final Written Decision (“FWD”) in this IPR will be November 19, 2026—seven months after the scheduled trial date. The Acting Director has consistently found that when the District Court trial is scheduled to occur well before the Board’s FWD deadline, this factor weighs in favor of denial. *See ARM Ltd. v. Daedalus Prime LLC*, IPR2025-00207, Paper 10 at 2 (Acting Director Stewart May 16, 2025) (denying institution and noting that the projected FWD due date is June 2026, whereas trial in the parallel case was scheduled for January 26,

2026); *Shenzhen Tuozhu Tech. Co., Ltd. v. Stratasys, Inc.*, IPR2025-00354, Paper 11 at 2 (Acting Director Stewart June 12, 2025) (denying institution where the projected final written decision date is July 14, 2026, and the district court's scheduled trial date is June 1, 2026); *SAP America, Inc. v. Valtrus Innovations Ltd.*, IPR2025-00414, Paper 12 at 2 (Acting Director Stewart July 10, 2025) (denying institution and relying in part on trial being scheduled for September 2025 when the FWDs were not due until August 2026). The trial and FWD dates here demonstrate that "it will be inefficient to maintain two parallel proceedings when the district court scheduled trial date and the projected final written decision due date are in close proximity." *Shenzhen Tuozhu Tech. Co.*, Paper 11 at 2; *see also Solus Advanced Materials Co., Ltd. v. SK Nexilis Co., Ltd.*, IPR2024-01463, Paper 20 at 2 (PTAB July 2, 2025) (ordering denial of institution on Director Review when the "trial date in the parallel proceeding is set for approximately six months before the [FWD], and there has been a significant amount of investment in the parallel proceeding").

Even considering median time-to-trial statistics, the analysis for *Fintiv* factor 2 still weighs in favor of denial of institution. U.S. Court statistics show that the median time-to-trial for Judge Gilstrap in the Eastern District of Texas is 25.9 months. *See* EX-2008 (U.S. District Court Judicial Caseload Profile for the Eastern District of Texas for March 2025). Applying these statistics would place the trial

for the -694 case around mid-October 2026.⁴ This would still be a month before the Board's November 19, 2026, FWD deadline here and thus still supports discretionary denial. *See, e.g., Advanced Micro Devices, Inc. v. Concurrent Ventures, LLC*, IPR2025-00223, Paper 9 at 2 (Acting Director Stewart June 12, 2025) (holding that a projected FWD due date of July 15, 2026 was after the scheduled trial date of June 29, 2026, and as such "it is unlikely that a [FWD] in this proceeding will issue before the district court trial occurs"); *Shenzhen Tuozhu Tech. Co.*, Paper 11 at 2 (denying institution even though time-to-trial statistics and projected due date for the Board's FWD both occurred in July 2026).

Therefore, factor 2 weighs in favor of denial.

C. Factor 3 Weighs in Favor of Denial Because the Parties have made Significant Investments in the District Court Proceedings.

By November 19, 2025, the deadline for the Board to decide whether to institute trial here, the parties and the Court in the parallel litigation will have

⁴ H2 notes that, even if Petitioner's motion to consolidate the -694 and -123 cases is granted, the new trial date sought by Home Depot would be "on or about July 15, 2026." EX-2006 at 5-6 (pp. 1-2 of original Motion); *see also* EX-2005 (-123 Case Docket Control Order). This trial date would still be well before the projected FWD in this proceeding.

already expended significant time and resources on the case. The parties have already exchanged invalidity and infringement contentions. H2 has already taken five depositions, and three more depositions have been noticed. EX-2009 at ¶ 5. . The parties have served and responded to multiple sets of interrogatories and have produced nearly 230,000 pages of documents. *Id.* at ¶ 6. Moreover, the parties have also engaged in extensive source code discovery, including multiple days of source code inspections. *Id.* at ¶ 7.

Additionally, before November 2025, the parties will have completed claim construction briefing (by September 26, 2025), and the Court will have conducted a claim construction hearing (scheduled for October 17, 2025). EX-2003 at 4. The parties will also be nearing the end of fact discovery, which closes on November 21, 2025. *Id.* These significant investments by the parties and the Court, all before the institution decision here, means that this factor weighs firmly in favor of discretionary denial. *See Motorola Solutions, Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 at 3 (On Director Review Mar. 28, 2025), *reh'g denied*, Paper 23 (PTAB May 23, 2025) (finding the parties had invested “substantial time and effort” and *Fintiv* factor 3 “strongly favor[ed] discretionary denial” where parties had “served extensive infringement and invalidity contentions,” “filed claim construction briefs,” and the district court had “construed the disputed claim terms.”); *NeoGenomics Labs., Inc. v. Natera, Inc.*, IPR2025-00455, Paper 13 at 2 (Acting

Director Stewart June 12, 2025) (“The substantial time and effort the parties and the district court have invested in the parallel proceeding strongly favors discretionary denial.”).

D. Factor 4 Weighs in Favor of Denial Because Both the PTAB and District Court Will Deal With Identical Issues and Possibly Reach Inconsistent Outcomes.

Both the District Court and the Board will engage in duplicative efforts in addressing the same invalidity challenges unless this proceeding is discretionarily denied. The issues Home Depot raises in this IPR are essentially identical to those it raises in the parallel case. *Compare* Pet. at 1 *with* EX-2010 (Home Depot's Invalidity Contentions) at 19 (showing that Home Depot's invalidity contentions rely on two of the three prior art references (Jacob and Elliott) identified in the Petition's Grounds).

Such overlap of patent claims, invalidity challenges, and evidence favors denial. *See Fintiv*, Paper 11 at 12 (“[I]f the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial.”). This factor protects against duplicative efforts by the Board and the District Court, which raises the possibility of conflicting decisions because Patent Owner will face similar invalidity issues in both proceedings.

In attempting to blunt the impact of this factor, Petitioner offered a *Sotera* stipulation (Pet. 67-68) and a broader stipulation (EX-1029). However, recent guidance confirms that such stipulations are not dispositive, especially when, as here, the parties have made significant investments in parallel proceedings. *See, e.g., Motorola*, IPR2024-01205, Paper 19 at 2-4 (vacating institution and denying institution, and holding that a *Sotera* stipulation did not outweigh the significant investment in parallel proceedings); *Shenzhen Tuozhu Tech. Co.*, Paper 11 at 2 (denying institution even where Petitioner filed a *Sotera* stipulation because “Petitioner’s stipulation reduces, but does not eliminate, the inefficiencies” of maintaining two parallel proceedings.).

Moreover, Petitioner’s stipulations introduce three additional problems that prevent mitigation of duplicative work that would be undertaken by the Board and District Court.

First, any *Sotera* (or broader) stipulation will not take effect⁵ until after institution—November 2025 (or later)—by which point the parties will have

⁵ Furthermore, Petitioner’s additional stipulation (EX-1029) is unclear about when it takes effect: either at institution or after the Director decides to not reverse institution (presumably following a Request for Director Review), which can take

substantially completed claim construction and fact discovery. *See* Pet. at 67 (“Petitioners hereby stipulate that, ***if institution is granted...***”) (emphasis added). Consequently, Petitioner's stipulations do not mitigate the duplicative work required to address Petitioners' same invalidity arguments here and in the parallel case. This raises “concerns of inefficiency,” *Fintiv*, Paper 11 at 12, that can be avoided if Patent Owner's request for discretionary denial is granted.

Second, Petitioner's additional stipulation does not foreclose the District Court from having to address invalidity of the challenged patent over system prior art. *See Ingenio Inc. v. IOENGINE, LLC*, 136 F.4th 1354, 1367 (Fed. Cir. 2025) (holding that “IPR estoppel did not preclude Ingenio from relying on [System art] with related printed publications at trial to prove the claimed invention was known or used by others, on sale, or in public use”); *see also* EX-2010 part 1 at 9-15 (listing at least 94 “Publication References,” many of which relate to system prior art). Petitioner's additional stipulation (EX-1029) only forecloses Petitioner from

additional weeks after the Board decides whether to institute. *See* EX-1029 at 2 (“Petitioner hereby further stipulates that, ***if the IPR is instituted and proceeds without Director reversal of institution....***”) (emphasis added). If the latter, both the District Court and Board will continue to deal with overlapping issues.

asserting any system prior art in combination with the apparent⁶ thirteen prior art references cited in the Petition. *See* EX1004-1005, EX1007, EX1010-1012, EX1021-1027. However, Home Depot's Infringement Contentions list nearly 200 "Patent References" and "Publication References" that could reasonably have been raised in this proceeding. *See* EX-2010 part 1 at 5-15. For its stipulations to truly bar any overlap of issues, Petitioner should have stipulated it will not assert *any* § 103 defense based on a combination of *any* system prior art with *any* prior art that could have reasonably been raised in the Petition.

Third, Petitioner has not filed its stipulations in District Court nor included any statement that it will request to terminate the IPR if it reneges on the stipulation later in the proceedings. *See Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 13 (PTAB Dec. 1, 2020) ("Petitioner filed a stipulation *in the District Court.*") (emphasis added). Under 35 U.S.C. § 314(d),

⁶ Petitioner's additional stipulation (EX-1029) states, "Petitioner will not assert in the related district court proceeding any § 103 defense based on a combination of any system prior art with any prior art raised in the Petition." This statement is unclear as to whether "prior art raised in the Petition" means only those prior art in Grounds 1 or 2 or any prior art identified in the Petition.

the Board may not be required to terminate an IPR, even if (1) the determination by the Board whether to institute an IPR was partially based on a *Sotera* stipulation, and (2) the *Sotera* stipulation is later violated. *See Google LLC v. Hafeman*, IPR2022-01188, Paper 16 at 4-7 (PTAB Jan. 31, 2023) (“*Hafeman*”) (determining not to deny institution “in light of LG’s stipulation regarding the district court litigation”). In that proceeding, the Board instituted trial following guidance from a June 2022 Memorandum (now since rescinded by the Acting Director), rejecting Hafeman’s *Fintiv* arguments because evidence of a *Sotera* stipulation was presented to the Board. *Id.* at 5-7. After the Board found all challenged claims invalid (*see id.*, Paper 32 at 35-36), Hafeman appealed and argued, in part, that the *Sotera* stipulation had been violated in her district court case, and as such, the Board should have terminated the IPR. *Id.*, Paper 33 at 2; *see also* Plaintiff’s Motion for a New Trial and Partial Judgment as a Matter of Law, *Carolyn W. Hafeman v. LG Electronics, Inc.*, No. 6:21-cv-00696 (W.D. Tex. July 20, 2023), ECF No. 262 (EX-2024) at 12-14 (pp. 8-10 of original motion). The PTO intervened in the appeal and asserted that “there is no statutory or regulatory requirement to terminate a proceeding based on an alleged violation of a *Sotera* stipulation.” *See Carolyn W. Hafeman v. Google LLC et al.*, No. 24-1600,

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(EX-2011) at 25 (p. 17 of original brief).⁷

Accordingly, for its stipulations to carry any weight in this proceeding, Petitioner should have, at a minimum, filed the stipulation with the District Court in the parallel proceeding *and* stipulated that it will voluntarily move to terminate the IPR if the District Court determines that any *Sotera* stipulations are violated.

For the above reasons, factor 4 thus either weighs in favor of denial or is neutral even with Petitioner's stipulations. Petitioner's stipulations should be given little to no weight in view of the above deficiencies. At a minimum, the stipulations should not be determined to outweigh the other factors that favor denial.

E. Factor 5 Weighs in Favor of Denial Because the Parties are Identical.

The parties in this IPR and in the -694 case are identical. The Board has held that this factor favors denial when the petitioner and the district court defendant are the same, as it increases the risk of duplicative litigation and inconsistent outcomes. *See Fintiv*, Paper 11 at 14.

⁷ The *Hafeman* appeal is pending.

F. Factor 6 Weighs in Favor of Denial Because the Petition Itself is Deficient and There are Settled Expectations.

As discussed in Patent Owner's forthcoming Preliminary Response ("POPR"), due August 19, 2025, the Petition's invalidity analysis is conclusory and contains numerous deficiencies. Therefore, this factor weighs in favor of denying institution. Further, as addressed in more detail below, the inventors (Patent Owner) filed for patent protection in 2009. At that time, both inventors had no expectation that any patent they received would be subject to *inter partes* review. This should be considered as part of *Fintiv* factor 6's "other circumstances" that may weigh on the holistic analysis.

In sum, every *Fintiv* factor either weighs in favor of discretionary denial or is neutral. The parallel case is advanced, with trial set to occur seven months before the PTAB's projected final deadline. The parties have made substantial investments and will have made even more investments by the time of institution, and there is a significant overlap in the issues and the parties. Therefore, to promote efficiency and avoid inconsistent outcomes, Patent Owner respectfully requests that the Acting Director exercise discretion and deny trial here.

IV. TRIAL IN THIS PROCEEDING SHOULD BE DENIED PURSUANT TO FACTORS IDENTIFIED IN THE INTERIM PROCESSES MEMORANDUM.

The Interim Processes Memorandum identifies several additional factors for discretionary denial, including the “[s]ettled expectations of the parties,” the weakness of the unpatentability challenge, and “[c]ompelling economic, public health, or national security interests.” Interim Processes Memo at 2. These additional factors favor denial of institution.

A. The Settled Expectations of the Parties Favors Denial.

As explained in the first section below, Patent Owner had settled expectations of quiet title of their patent rights in the challenged 296 Patent. Further, and as described in the second section below, Patent Owner had settled expectations that any new law, including the AIA, would not retroactively affect such patent rights. These settled expectations weigh in favor of denial, for the reasons below.

1. Settled Expectations of Patent Rights Favors Denial.

The 296 Patent has been publicly available and in force for over twelve years, “creating settled expectations.” *Dabico Airport Solutions Inc. v. AXA Power APS*, IPR2025-00408, Paper 21 at 2 (Acting Director Stewart June 18, 2025) (noting that a “challenged patent has been in force almost eight years, creating settled expectations.”). While “there is no bright-line rule on when expectations

become settled, in general, the longer the patent has been in force, the more settled expectations should be.” *Id.* at 3.

The fact that the 296 Patent has been in force for over twelve years provides the inventors with settled expectations that the patent would not be challenged.

Samsung Electronics Co., Ltd. v. Sinotechnix LLC, IPR2025-00331, Paper 13 at 2 (PTAB July 2, 2025) (“[T]he challenged patents have been in force for more than 10 years, creating strong settled expectations....”); *Kingston Tech. Co., Inc. v. Vervain, LLC*, IPR2025-00614, Paper 13 at 2 (Acting Director Stewart July 16, 2025) (“[T]he challenged patent ... has been in force for more than 10 years, creating strong settled expectations. Accordingly, the circumstances in this case favor discretionary denial.”).

The above rationale applies with equal force here. H2 is not just a second-hand acquirer that merely purchases unrelated patents. Nor did H2 recently acquire the 296 Patent and thus had only expectations associated with the presumption of validity. *See* EX-2012, EX-2021. To the contrary, H2 Intellect LLC is a small business entity owned solely by the two named inventors of the 296 Patent. *See*

EX-2012, EX-2021. Prior to their 2024 assignment⁸ of the 296 Patent to their co-owned small business, the named inventors—Ryan Hardin and Andrew Hill—were the sole owners of the patent since its issue date (April 30, 2013). *See* EX-2012, EX-2021, EX-2022. The inventors are the Patent Owner, and the tenure here establishes firm settled expectations in favor of discretionary denial. *Dabico* at 3 (“There may be persuasive reasons why the Office should review the challenged patent, but, in the absence of any such information, the Office is disinclined to disturb the settled expectations of Patent Owner in this instance.”); *Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12 at 2-3 (Acting Director Stewart June 26, 2025) (“[T]he challenged patents have been in force over nine years, creating settled expectations, and Petitioner does not provide any persuasive reasoning why an *inter partes* review is an appropriate use of Board resources.”).

Moreover, patent rights are alienable, thus settled expectations of Patent Owner exist no matter its identity or composition. *See SAP America, Inc. v. Valtrus Innovations Ltd.*, IPR2025-00414, Paper 12 at 2 (Acting Director Stewart July 10,

⁸ H2's assignment of the 296 Patent had no effect on the inventor's settled expectations given that the inventors were the only owners of H2. *See* EX-2012, EX-2021.

2025) (explaining that the “challenged patents have been in force for over 17 years, creating strong settled expectations” and vetoing the argument made in the petitioner’s reply brief against discretionary denial alleging that patent owner had no settled expectations as a secondhand acquirer of the challenged patent).

Further establishing settled expectations against IPR institution here is the fact that the 296 Patent or other patents in the 296 family have previously been asserted against companies (e.g., Samsung and LG) in District Court, resulting in settlement and license agreements with those companies. *See* EX-2023, EX-2025, EX-2026, EX-2027;⁹ *see also Ancora Technologies, Inc. v. Roku, Inc.*, 140 F.4th 1351 (Fed. Cir. June 16, 2025) (explaining that actual market behavior matters more than theoretical motivations because “licenses, taken by substantial parties paying substantial royalties to secure the right to practice the [] patent, should [be] given more, if not controlling, weight in the Board’s obviousness determination”).

2. Settled Expectations of the (Pre-AIA) Law Favors Denial.

⁹ While Google was not a named defendant in District Court, it joined Samsung in filing IPRs against some of the asserted patents, and as noted in public filings before the PTAB, was included in the confidential settlement and license agreements. *See* EX-2009 at ¶ 8; EX-2027.

In addition to having settled expectations from “the length of time the claims have been in force,” Interim Processes Memo at 2, the parties (in this particular instance, Patent Owner, who are also the inventors) have settled expectations arising from the statutory regime under which the inventors decided, after evaluating the risks, to file a patent application and disclose their inventions to the public in pursuit of patent protection.

Indeed, the patent system is premised on this “patent bargain”—inventors, like Messrs. Hardin and Hill, take a risk; they disclose their invention to the public in exchange for a limited term of exclusivity. If granted, the settled expectations associated with this patent grant include that the validity of the patent will be adjudicated, if at all, in an Article III court with the attendant Seventh Amendment right to a jury trial and the presumption of validity under 35 U.S.C. § 282. *See Amgen Inc. v. Sanofi*, 598 U.S. 594, 605 (2023); *Oil States Energy Servs., LLC v. Green’s Energy Group, LLC*, 584 U.S. 325 (2018); 35 U.S.C. § 282.

This is true for all patents, like the 296 Patent, and this falls within the settled expectations provided under *the patent grant*.

Additionally, and independent from the settled expectations under the patent grant, are the settled expectations under *the statutory regime* when inventors applied for and entered the patent bargain. Here, the 296 Patent claims priority to a

pre-AIA patent application¹⁰—which was under a *different statutory regime* before the AIA became law. Inventors who filed patent applications and disclosed their inventions *before* the creation of the AIA's *inter partes* review could only do so in anticipation of the risk factors and rights afforded under the pre-AIA law, which did not include as part of the “patent bargain” the ability for third parties to challenge their patents via IPR petitions.

Notably, the Supreme Court in *Oil States* expressly declined to address the constitutionality of retroactively applying IPRs to pre-AIA patents, as that issue was not raised. 584 U.S. 325 at 344 (holding “[W]e address only the precise constitutional challenges that *Oil States* raised here... [not] the retroactive application of *inter partes* review, even though that procedure was not in place when its patent issued.”). What is also notable is that the settled expectations under a pre-AIA statutory regime that influenced an inventor's risk analysis and resulting

¹⁰ The application leading to the 296 patent was filed May 1, 2009, and published on November 4, 2010. *See* EX-1001; EX-2012. The *Leahy–Smith America Invents Act* (AIA) became law on September 16, 2011, with *inter partes* review beginning one year later in 2012. *See* Leahy–Smith America Invents Act, Pub. L. No. 112-29, 125 Stat 284, § 6 (2011).

choice to file and disclose—conduct that would be altered if under the AIA regime—has not been squarely addressed by post-*Oil States* challenges to the AIA, focusing, **not** on a presumption against retroactive law affecting the risk and decision to disclose, but rather on whether legislation granting PTO the ability to reconsider and cancel patents is unconstitutional under the Fifth Amendment. *See Celgene Corp. v. Peter*, 931 F.3d 1342, 1345 (Fed. Cir. 2019) (holding that “the retroactive application of IPR proceedings to pre-AIA **patents** is not an unconstitutional **taking** under the Fifth Amendment”) (emphasis added). Achieving resolution in the Courts on the matter of retroactive application is suspect, given that the determination by the Director whether to institute an IPR is non-appealable. 35 U.S.C. § 314(d).

But Congress granted the Director discretion to deny institution, whereby the Director can address shortcomings affecting, among other things, (a) the integrity of (and trust in) the patent system, and (b) the efficient administration of the Office. *See* 35 U.S.C. § 316(b). Thus, this issue—finding that the Patent Owner’s presumption against having retroactive legislation applied to its irreversible pre-AIA disclosures to the public supports denial of institution of this IPR via Director discretion—sits squarely within the Director’s powers and the settled expectations doctrine. *Landgraf v. Usi Film Prods.*, 511 U.S. 244, 265 (1994) (the Supreme Court holding that the “**presumption against retroactive legislation** is deeply

rooted in our jurisprudence, and embodies a legal doctrine centuries older than our Republic. Elementary considerations of fairness dictate that *individuals should have an opportunity to know what the law is and to conform their conduct accordingly; settled expectations should not be lightly disrupted.*" (emphasis added).

As such, aiming to (a) further improve Office efficiency and capacity, (b) reinforce the expected pre-AIA patent bargain of pre-AIA inventors like Patent Owner, and (c) restore the integrity of, and trust in, the patent system, Patent Owner respectfully asks the Director to include this factor—patents having a pre-AIA priority date—in the category of settled expectations and to use her discretion to deny institution on such a patent when the patent owner requests denial and/or does not consent to an IPR challenge to the patent (as explained below).

As noted above, the application leading to the 296 Patent was filed May 1, 2009, and published on November 4, 2010. *See* EX-1001; EX-2012; EX-2021. When filing the application, the inventors irreversibly disclosed their inventions to the public and foreclosed any opportunity to rely on trade secret protection for their inventions, for example. This decision was not made lightly. The inventors did so with no expectation at that time that *inter partes* review would ever exist, much less apply retroactively to any patents which may issue from that application.

Petitioner may nonetheless argue that the inventors knew that their patents may become subject to *inter partes* reexamination proceedings, which existed at the time. But unlike in *Celgene*, Patent Owner is not currently advancing a public rights/takings-type argument, e.g. (i) that patent owners have a vested right in a mode of procedure; (ii) that patents are not open to PTO reconsideration and possible cancelation if it is determined, on the grounds specified in 35 U.S.C. § 311(b), that the patents have a mistake; (iii) that patent owners have an expectation that the validity of their patents cannot be challenged anywhere except district court; or (iv) that the differences between IPRs and their reexamination predecessors outweigh the similarities of purpose and substance and effectuate a taking. *See Celgene Corp.*, 931 F.3d at 1362 (holding that applying the AIA retroactively to pre-AIA patents passes muster under the Takings Clause).

Rather, Patent Owner advances that, after an inventor has made an irreversible decision under a particular statutory regime having certain risk factors to disclose an otherwise secret invention to the public in pursuit of a patent grant, it is unjust to enact and apply a *different* statutory regime under which newly introduced risk factors imposed on the patent grant would have otherwise altered or halted the inventor's initial decision to disclose, had that different statutory regime been in effect in the first instance. *See Eastern Enterprises v. Apfel*, 524 U.S. 498, 538-39 (1998) (Thomas, J. concurring) (writing separately to emphasize

that “the *Ex Post Facto* Clause of the Constitution, Art. I, § 9, cl. 3, even more clearly reflects the principle that retrospective laws are, indeed, generally unjust” and that although the Court since *Calder* (1798) has considered the *Ex Post Facto* Clause to apply only in the criminal context, Justice Thomas has “never been convinced of the soundness of this limitation” and “would be willing to reconsider *Calder* and its progeny to determine whether a retroactive civil law that passes muster under our current Takings Clause jurisprudence is nonetheless unconstitutional under the *Ex Post Facto* Clause”).

Applying the AIA retroactively to pre-AIA patent disclosures did this very thing, and as such, not only puts at risk inventors losing their faith in the integrity of the patent system and confidence in the patent bargain, but discourages inventor participation in the patent ecosystem overall, resulting in the public not enjoying the fruits of innovation, which goes against the progress of science and useful arts under the Patent Clause, Constitution Art. I, § 8, cl. 8.

Moreover, any reference to the *inter partes* reexamination proceeding does not change this. *Inter partes* reexamination proceedings were more limited and less expensive than IPRs, at least because discovery was not a part of *inter partes* reexamination proceedings, and multiple *inter partes* reexamination requests by the same party were not allowed. *See* 35 U.S.C. § 317(a) (pre-AIA, now abrogated); 37 C.F.R. §§ 1.902 *et seq.* (regulations governing *inter partes*

reexamination). Also, the Director had discretion to suspend *inter partes* reexamination proceedings considering pending litigation involving the patent. *See* 37 C.F.R. § 1.987. IPR, on the other hand, presents very different risk factors, something the H2 inventors did not sign up for when they filed their application in 2009 and allowed it to be published in 2010.

Furthermore, it is significant that *inter partes* reexamination was created and applied only *prospectively*, not retroactively. That is, *inter partes* reexamination could only be requested on patents issuing from an original application filed on or after November 29, 1999. *See* 37 C.F.R. Part 1 – Subpart H; Pub. L. No. 106-113, § 4608(a). Thus, inventors reasonably expected that any future law meant to replace *inter partes* reexamination would also be applied only prospectively. However, when Congress repealed and replaced *inter partes* reexamination with *inter partes* review, it has been applied retroactively, allowing challenges to proceed against patents filed and/or issued years before the American Invents Act became law.

Patent Owner asserts that such *ex post facto* application of IPRs to patents filed before the enactment of the AIA is unconstitutional. As explained above, the Supreme Court has held that the “presumption against retroactive legislation is deeply rooted in our jurisprudence, and embodies a legal doctrine centuries older than our Republic. Elementary considerations of fairness dictate that individuals

should have an opportunity to know what the law is and to conform their conduct accordingly; *settled expectations should not be lightly disrupted.*” *Landgraf*, 511 U.S. at 265 (emphasis added).⁹

Such is the case here. The H2 inventors did not contemplate that a law enacted after they filed their original patent application and disclosed their idea to the public would be retroactively applicable to patents that issue from that original disclosure, unsettling the expectations and calculated risks the inventors took under the pre-AIA patent code when electing to file for patent protection. As such, Patent

⁹ Further, the Constitution Art. I, § 9, cl. 3 unequivocally states that “No Bill of Attainder or ex post facto Law shall be passed.” While the Supreme Court has limited this Clause to penal laws (*see Calder v. Bull*, 3 U.S. 386 (1798)), not only is there no support in FEDERALIST NO. 44 (James Madison) for such a limitation, but also, at least one current sitting jurist, Justice Thomas, has expressed interest in reconsidering it. *See Eastern Enterprises*, 524 U.S. at 538-39 (Thomas, J. concurring). Notably, it was Justice Thomas who authored the majority opinion in *Oil States*, and remained consistent—the Court intentionally withheld providing its blessing on the matter of retroactive application of an IPR to a pre-AIA patent. 584 U.S. at 344.

Owner does not consent to any *inter partes* review of the 296 Patent (EX-2012, EX-2021).

Accordingly, to help restore confidence in the integrity of the Office with respect to the pre-AIA patent bargain in which Patent Owner entered, Patent Owner respectfully requests that the Director exercise discretion and deny institution pursuant to Patent Owner's settled expectations under the pre-AIA Patent Code and Patent Owner's declaration of withheld consent.

3. Settled Expectations under the Public's Access Favors Denial.

Next, Home Depot, a large company with vast resources,¹¹ should not be heard to argue that H2 has no claim to settled expectations regarding the 296 Patent. In the twelve years that the 296 Patent has been in force, Home Depot—an experienced and sophisticated participant in the U.S. patent system—had every opportunity to identify and challenge the 296 Patent. *See, e.g.* EX-2014 (listing patents assigned to Home Depot). The USPTO patent database is a public resource, and it is in the public interest that parties who make, use, sell, or import products in the United States be expected to search the database for potentially relevant

¹⁰ In Fiscal Year 2024, Home Depot reported **\$159.5 billion** in revenue. *See* EX-2013 at 2 (Home Depot 2024 Annual Report).

patents. *Dabico* at 2-3 (“[I]ssued patents are almost always publicly available to provide notice to the public, other inventors, competitors, and commercial interests... Interested parties [like Home Depot here] may find published patents and patent applications using the Office’s automated search systems as well as publicly available resources on the Internet.”).

Home Depot may argue that it had no reason to expect that the 296 Patent would be asserted against it. That argument fails. First, “actual notice of a patent or or possible infringement *is not necessary* to create settled expectations.” *Dabico* at 3 (emphasis added). Second, in July 2021, the inventors filed a lawsuit against Samsung Electronics Co., Ltd. and Samsung Electronics America (collectively, “Samsung”) for infringement of three patents that are direct descendants of the 296 patent. *See* EX-2015 (-290 Samsung Complaint).¹² Then, in September 2022, the inventors filed a second lawsuit against Samsung, asserting the 296 Patent. *See* EX-2016 (-344 Samsung Complaint). Both lawsuits targeted Samsung’s methods

¹² The asserted patents in this case were U.S. Patent Nos. 9,779,418; 10,049,387; and 10,984,447. Each of these patents claims priority to the application that led to the 296 Patent and all three identify the 296 Patent in the “Related U.S. Application Data” on the cover pages. *See* EX-2018, EX-2019, EX-2020.

and systems for delivering content, for example advertising, on mobile devices based on the geographic locations of the devices (sometimes referred to as “geofencing”). *See* EX-2015, EX-2016; EX-2017 (-290 Samsung Case Claim Construction Order).¹³ Accordingly, this is ***not*** a case where the 296 Patent had not been “commercialized, asserted, marked, licensed, or otherwise applied in a petitioner’s particular technology space.” *Intel Corp.*, Paper 12 at 2-3.

Thus, even if notice of infringement of the 296 Patent was necessary, these facts were enough to put Home Depot on notice that its own methods and systems for geofencing and using location information in providing content or advertising to customers and potential customers were at risk of infringing the 296 Patent. Home Depot, under the AIA, needed no standing to challenge the 296 Patent, but for years failed to do so, waiting until after H2 asserted the 296 Patent. Home

¹³ The Samsung cases resulted in the two confidential settlement agreements and license agreements involving Samsung and Google. EX-2009 at ¶ 8; *see also* EX-2026, EX-2027.

Depot therefore cannot “provide any persuasive reasoning why an *inter partes* review is an appropriate use of Board resources” as is the case¹⁴ here. *Id.*

Home Depot's own expectations, along with its belated challenge to the 296 Patent, should thus not upset the inventors' settled expectations. *See iRhythm Techs., Inc. v. CardioNet, LLC*, IPR2025-00363, Paper 10 at 3 (Acting Director Stewart June 6, 2025) (“failure to seek early review of the patents favors denial.”). Congress intended for the America Invents Act to “limit unnecessary and counterproductive litigation costs,” especially for small businesses and independent inventors. 77 F. Reg. 48680-01 (Aug. 14, 2012). Section 30 of the America Invents Act explains that Congress was especially concerned about our patent system's costs for small businesses and independent inventors:

It is the sense of Congress that the patent system should promote industries to continue to develop new technologies that spur growth and create jobs across the country which includes protecting the rights of small

¹⁴ Home Depot has not provided any reasoning why consuming the Office's resources is more efficient than not consuming the Office's resources, especially given the duplicative efforts that will be undertaken by the Board and the District Court before institution. *See supra* Section III.D.

businesses and inventors from predatory behavior that could result in the cutting off of innovation.

Leahy–Smith America Invents Act, Pub. L. No. 112-29, 125 Stat 284 (2011); *see also* 157 Cong. Rec. H4480-01, 157 Cong. Rec. H4480-01, H4485 (explaining that this sense of Congress “reinforces that we do not wish to engage in any undue taking of property because we indicate that we want to see the innovativeness of American businesses continue. I believe this is an important statement, because the bill is about innovation, genius, creation, job creation, and it should be about small businesses.”). Indeed, the purpose behind the America Invents Act was to lower counterproductive and unnecessary litigation costs. H.R. Rep. 112-98, 40, U.S.C.C.A.N. 67, 69 (2011) (“The legislation is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”).

H2 is the type of business that Congress sought to protect with the AIA. H2 is not a “patent troll” that merely buys and asserts unrelated patents it had no role in developing—H2 and the named inventors are positive contributors to the U.S. technology ecosystem—they innovated and disclosed to the public their inventions in the geofencing and mobile content delivery space.

The AIA should not be used, contrary to Congressional intent, to take patent rights away from the very inventors and small businesses that it was designed to

protect. This should weigh in favor of discretionary denial of institution under at least the “[c]ompelling economic [or other] interests” factors identified by the Interim Processes Memo. Patent Owner respectfully requests that the Acting Director exercise discretion and deny institution, based on these compelling economic interests, because it is not a good use of the PTAB’s resources to institute proceedings where the petitioner is apparently using the PTAB in a manner that runs contrary to the purpose behind the AIA. In doing so, the Acting Director will prevent other petitioners from misusing the PTAB as a resource to put pressure on small businesses or independent inventors.

Accordingly, the Director should find that these additional factors weigh in favor of denial.

B. The Weakness of the Unpatentability Challenge Favors Denial.

The weakness of the unpatentability challenge weighs heavily in favor of denial. As will be discussed in Patent Owner’s forthcoming Preliminary Response, due August 19, 2025, the Petition fails to present a compelling case for unpatentability. Instead, and as will be explained in H2’s POPR, the Petition’s analysis is conclusory and contains numerous deficiencies.

V. CONCLUSION

For the above reasons, Patent Owner respectfully requests that the Acting Director grant Patent Owner's request for discretionary denial, and order that the Petition be denied and no trial instituted.

Dated: July 18, 2025

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CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of July, 2025, I caused to be served a true and correct copy of the foregoing "Patent Owner's Discretionary Denial Brief" and accompanying exhibits by electronic mail on the following:

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CERTIFICATE OF COMPLIANCE

This Discretionary Denial Brief complies with the type-volume limitation of 14,000 words as it contains 7,770 words, excluding the parts exempted by 37 C.F.R. § 42.24(a).

This Discretionary Denial Brief complies with the general format requirements of 37 C.F.R. § 42.24(a) and has been prepared using Microsoft Word in 14-point Times New Roman font.

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