

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZHUHAI COSMX BATTERY CO., LTD.,
Petitioner

v.

NINGDE AMPEREX TECHNOLOGY LTD.,
Patent Owner

IPR2025-00524
U.S. Patent No. 12,015,118

PATENT OWNER'S DISCRETIONARY DENIAL BRIEF

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2001	Second Amended Complaint, <i>Ningde Amperex Tech. Ltd. v. Zhuhai CosMX Battery Co.</i> , Case No. 2:24-cv-00728-JRG, ECF No. 23 (E.D. Tex. Jan. 28, 2025)
2002	Scheduling Order, <i>Ningde Amperex Tech. Ltd. v. Zhuhai CosMX Battery Co.</i> , Case No. 2:24-cv-00728-JRG, ECF No. 27 (E.D. Tex. Feb. 6, 2025)
2003	CosMX Invalidity Contentions Cover Pleading, <i>Ningde Amperex Tech. Ltd. v. Zhuhai CosMX Battery Co.</i> , Case No. 2:24-cv-00728-JRG (E.D. Tex. Jan. 7, 2025)
2004	Summons to attend oral proceedings in German Case No. 3 Ni 12/23 (EP) (“Germany Order 1”)
2005	Summons to attend oral proceedings in German Case No. 3 Ni 12/24 (EP) (“Germany Order 2”)
2006	Docket Navigator Time-to-Trial Statistics for Judge Rodney Gilstrap (accessed July 2, 2025)
2007	Docket, <i>Ningde Amperex Tech. Ltd. v. Zhuhai CosMX Battery Co.</i> , Case No. 2:22-cv-00232 (E.D. Tex.)
2008	Joint Motion for Entry of Protective Order, <i>Ningde Amperex Tech. Ltd. v. Zhuhai CosMX Battery Co.</i> , No. 2:24-cv-00728-JRG, ECF No. 30 (E.D. Tex. Feb. 11, 2025)
2009	Amended Final Judgment, <i>Ningde Amperex Tech. Ltd. v. Zhuhai CosMX Battery Co.</i> , Case No. 2:22-cv-00232, ECF No. 427 (E.D. Tex.)
2010	Article, <i>Lithium battery manufacturer ATL won injunction against its Chinese rival COSMX in German Court</i> , China IP Today (April 6, 2024)
2011	Reserved
2012	Reserved
2013	Darts IP Reports: CN109301326, CN104466097, CN206490141, CN108352492 (May 6, 2025)
2014	IDS Filings for U.S. Patent Application No. 17/119,194

I. INTRODUCTION

Ningde Amperex Technology Ltd. (“ATL” or “Patent Owner”) respectfully submits this brief requesting that the Board exercise their discretion to deny institution of the present Petition for *inter partes* review (Paper 1 or “Pet.”) filed by Petitioner Zhuhai CosMX Battery Co., Ltd. (“Petitioner” or “CosMX”). The factors enumerated in the Acting Director’s March 26, 2025 Memorandum titled “Interim Processes for PTAB Workload Management” (hereafter “Director Memo”) weigh strongly against institution.

The Petition, filed in April 2025, seeks *inter partes* review (“IPR”) of claims 1-20 (the “Challenged Claims”) of U.S. Patent No. 12,015,118 (the “’118 Patent,” Ex. 1001). The ’118 Patent is one of six patents that ATL asserted against CosMX in a district court action pending in the Eastern District of Texas (Civil Action No. 2:24-cv-0728, the “Second Texas Litigation”). The Petition was filed 5 months after the ’118 Patent was asserted in an Amended Complaint against Petitioner, and includes 4 proposed invalidity grounds that all suffer from a number of fatal flaws that render the merits of the Petition weak. The Petition should be rejected and institution should be denied for numerous reasons.

First, the Final Written Decision in this matter would be expected over four months after the scheduled jury trial in the underlying district court case. Petitioner

has not put forth evidence that the district court case in front of Judge Gilstrap is likely to be stayed. This factor alone strongly favors discretionary denial.

Second, as will be explained in detail in Patent Owner's Preliminary Response (and as set out in part below), the technical merits of Petitioner's unpatentability challenges are weak. *None* of the references cited by Petitioner describe, teach, or suggest a two-layer cathode having a density greater than 3.2 g/cc. Instead, Petitioner and Dr. Gido rely on flawed logic to form an unsteady cornerstone of all of their invalidity grounds: that a POSITA would desire to maximize the compaction density of a cathode, regardless of the composition or structure of, or manufacturing objectives for, the cathode—even if the resulting cathode would not be functional in a battery because it cannot convey lithium ions. *See* Petition, 17, 31, 36, 61. This foundational assumption is untrue and contrary to the common knowledge of a POSITA, and topples all of Petitioner's invalidity contentions.

Third, the Petition should be denied under § 314(a) based on the *Fintiv* and other discretionary factors identified by the Acting Director because, in the district court case where the '118 Patent is at issue, (1) the parties are the same as in this

IPR,¹ (2) a stay has not been requested and is unlikely to be granted if requested,² (3) trial in the district court is scheduled to occur over four months *before* the statutory final written decision deadlines in this IPR and IPR2025-00524 (which makes the district court even less likely to grant a stay),³ and (4) the same prior art that is asserted in the Petition is asserted by Petitioner at the district court, including in combination with unpublished system prior art.⁴

Petitioner did not file this Petition for five months after being sued for infringement under the '118 Patent, and provides no justification for its delay other than a desire to avoid using the PGR process. Paper No. 1 at 71. Early challenges to patents, including the use of post-grant review, are favored. Yet here, Petitioner appears to have intentionally avoided using the early PGR process, a process that would have allowed the parties to use the Patent Office as a true alternative to district

¹ Ex. 2001 (Second Amended Complaint).

² *See, e.g., Force MOS Tech. Co., Ltd. v. ASUSTeK Computer, Inc.*, Case No. 2:22-cv-000460, ECF No. 74, (E.D. Tex. April 10, 2024) (stating it “has a consistent practice of denying motions to stay when the PTAB has yet to institute post-grant proceedings” as to all patents at issue).

³ Ex. 2002 (Second Texas Litigation Scheduling Order).

⁴ Ex. 2003 (Invalidity Contentions Cover Pleading) at 26-27.

court litigation. This delay should not be rewarded by allowing Petitioner to intentionally avoid the PGR process. This unexplained delay in filing the Petition counteracts any claim that early challenges to patents are favored under the “settled expectations” factor.

While Petitioner claims to have executed a *Sotera* stipulation, the effect of this stipulation is significantly reduced (if not eliminated completely) because Petitioner asserts obviousness combinations of unpublished system prior art in the district court proceeding together with both of the primary prior art references relied on in its Petition (Ishigaki and Wang). *See* Ex. 2003 (Invalidity Contentions Cover Pleading) at 26-27. As a result, Petitioner has attempted to retain for themselves the option to try essentially the same invalidity arguments in multiple fora, in contrast to the efficiency sought by the creation of *inter partes* review in the AIA. FAQs at Q.14 (“... The Director will take into account whether the stipulation materially reduces overlap between the proceedings. Where the petitioner is relying on corresponding system art in a co-pending proceeding and/or several other invalidity theories, a stipulation may not be particularly meaningful because the efficiency gained by any AIA proceeding will be limited.”). As the Acting Director recognized in a recent Order Granting Director Review, such stipulations do not ensure that these IPR proceedings would be a “true alternative” to the district court proceeding where unpublished system prior art is asserted in combination with the art used in

the IPR's grounds. *Motorola Sol'ns, Inc. v. Stellar LLC*, IPR No. 2024-01205, Paper 19 (Order Granting Director Review, Vacating the Decision Granting Institution, and Denying Institution of *Inter Partes* Review) at 3-4 (PTAB March 28, 2025) (Stewart, Dir.) (finding that a *Sotera* stipulation was unlikely to moot petitioner's combination of IPR art with unpublished system prior art in district court proceedings, and therefore could not outweigh other factors favoring denial).

Fourth, the “settled expectations” factor cannot outweigh the other factors. Though the '118 Patent issued relatively recently, CosMX was demonstrably aware of the '118 Patent's family and its relevance to CosMX's own products since at least 2021, when CosMX presented multiple members of the '118 Patent family to the USPTO on an IDS submitted in their own application. Yet, CosMX chose not to challenge any of the '118 Patent's U.S. or international family members at that time. And CosMX was also aware of the specific infringement allegations since at least November 2024 when CosMX could have filed a challenge against the '118 Patent using the PGR process. CosMX therefore has skipped multiple opportunities to use more efficient avenues for challenging the '118 patent, and yet CosMX still chose to wait and file an IPR several months after the patent was asserted in district court. This delay by CosMX and intentional avoidance of the available challenges during the pendency of the '118 Patent application and the PGR process favors denial, even if the '118 Patent did not issue until June 2024. Paper No. 1 at 71; *iRhythm*

Technologies v. Welch Allyn Inc., IPR2025-00377, Paper 10 (June 6, 2025) (finding that a party’s early awareness of a patent family via its own submitted IDS favors discretionary denial).

Fifth, the underlying Second Texas Litigation involves six patents in a single unified district court proceeding. Ex. 2001 (Second Amended Complaint) at 1. However, Petitioner has filed seven different IPR petitions⁵ on six patents over the span of three months in an attempt to avoid or delay a single streamlined district court trial, which would frustrate the intended efficiencies of the America Invent Act (“AIA”). In essence, Petitioner is attempting to convert (A) a single district court proceeding into (B) the same district court proceeding, *plus* seven separate IPR trials (involving invalidity determinations by potentially *up to twenty-two* factfinders); this is a classic example of the type of waste and inefficiency (and potential for inconsistent results) that the Director’s new interim guidance suggests avoiding. A single Article III proceeding has the strong potential to be the fastest and most efficient resolution of the Parties’ many disputes, which favors denial of institution.

Sixth, the parties have invested significant effort, resources, and discovery not only in the prior and current U.S. proceedings but in other patent proceedings

⁵ See IPR2025-0405; IPR2025-00432; IPR2025-00385; IPR2025-00431; IPR2025-00389; IPR2025-00722; and IPR2025-00524.

around the world, including patent infringement and validity proceedings in both Germany and China. CosMX has been found to be an infringer of ATL patents in the U.S., Germany, and China and has been ordered to pay a running royalty rate for sales of CosMX products on a different U.S. patent already and its products are already the subject of injunctions in Germany and China. *See e.g.*, Ex. 2007 (First Texas Litigation Docket), Ex. 2009 (Amended Final Judgment in First Texas Litigation), Ex. 2004 (Germany Order 1), Ex. 2005 (Germany Order 2), Ex. 2010 (Press Release), Ex. 2013 (Darts IP Reports). The resolution of this single IPR proceeding and the six other co-pending IPR petitions related to the same district court case is therefore unlikely to effect a final resolution of the parties' worldwide dispute, but would require **significant** investment of resources by the PTAB to reach final written decisions in all seven IPR proceedings. Further, even if the IPR is instituted but ultimately the patent claims are found valid, this significant investment of effort would likely be duplicated in the district court because CosMX asserts invalidity theories of obviousness including the primary prior art references raised in the Petition's Grounds combined with various system prior art references in the district court, meaning the district court will need to conduct an invalidity analysis even if this IPR or the other six co-pending IPRs are completed (but fail to demonstrate unpatentability). Ex. 2003 at 26-27 (Invalidity Contentions Cover Pleading). Efficient stewardship of the PTAB's limited resources requires allowing

the U.S. district court to decide CosMX's validity challenges in a single streamlined district court proceeding, instead of holding seven separate PTAB proceedings *plus* a district court proceeding.

Seventh, one of the co-pending petitions (the Petition for the '910 Patent) fails to even attempt to set forth a *prima facie* ground for claim element 20.7 of independent claim 20 of the '910 Patent. Therefore, even if every argument in this Petition and every other co-pending Petition were successful, trial would still need to proceed in the district court regarding the infringement and validity of claim 20 of the '910 Patent. Because trial cannot be avoided even with Petitioner's numerous IPR petitions, institution should be denied in the interest of efficiency.

Lastly, and perhaps most important to the efficient distribution of PTAB resources, the underlying district court trial is likely to proceed regardless of whether the Board institutes review in this IPR proceeding because (to date) seven IPR petitions have been filed against the six different patents at issue in that district court proceeding, which were spaced out over the course of several months, resulting in final written decision deadlines for this petition and IPR2025-00722 that are likely to be four or more months after the scheduled jury trial in that case. *See, e.g.*, IPR2025-00405, Paper 1 (filed Jan. 3, 2025); IPR2025-00524, Paper 1 (filed Apr. 2, 2025); Ex. 2002 (Second Texas Litigation Scheduling Order). Further, this is after the denial of institution for three IPR petitions previously filed by Petitioner against

ATL patents at issue in the First Texas Litigation. IPR Nos. 2023-00586; 2023-00587; 2023-00585. The significant amount of effort and resources required by the Board to address seven IPR petitions, where the district court is highly likely to proceed to trial anyway (at least because Petitioner has failed to even make a *prima facie* case as to claim 20 of the '910 Patent challenged in IPR2025-00405), counsels against further wasting the Board's resources for these numerous IPR petitions that will be resolved in a single trial before the Final Written Decisions by the Board.

The Board should therefore exercise its discretion to deny institution because Petitioner has put forth a number of weak challenges and has not met its burden of demonstrating that it is more likely than not that any claim of the '118 Patent is unpatentable, and because denial is warranted in the interests of efficiency and fairness. If CosMX has invalidity defenses to raise against the '118 Patent or against the five other patents at issue in the district court proceeding, including defenses it intends to raise combining the asserted prior art references together with the system prior art references, it may raise all of those defenses together in a single consolidated district proceeding. This is the most efficient outcome and achieves the AIA's intended efficiency goals better than multiple, serial IPR proceedings that will trail the underlying district court proceeding and only add additional uncertainty and risk of inconsistent positions to the process.

II. BACKGROUND

A. Technology Overview

In lithium-ion batteries, lithium ions shuttle back and forth between the negative electrode (anode) and positive electrode (cathode) during cycling. The movement of lithium ions from the anode to the cathode releases energy that powers whatever device is connected to the battery. The anode and the cathode each include an active material layer deposited on a current collector. A separator is positioned between the anode and the cathode to prevent direct contact between the electrodes, while still allowing lithium ions to pass between the electrodes. Direct contact between the anode and cathode, such as due to puncturing of the lithium-ion battery, can cause an electrical short, also referred to as a short circuit. Short circuits can result in a fire or explosion and are therefore a risk to the safety of users. Given the rapid popularization of lithium-ion batteries, and the safety risks associated with puncturing, manufacturers have placed increased attention on improving the safety performance of lithium-ion batteries.

B. The '118 Patent Claims a Two-Layer Electrode Design with Improved Safety Characteristics, Increased Manufacturability, and Higher Energy Density

The '118 Patent describes a two-layer electrode to improve safety when the cell is punctured. *See* Ex. 1001, 2:60-64. A first layer, which is positioned closest to the current collector of the electrode, comprises active material particles having a

small size to promote adhesion of the active material to the current collector. *See id.*, 3:50-57; 4:55-62. The first layer improves safety by reducing the likelihood of the active material delaminating or otherwise separating from the current collector when the battery is punctured, and thereby maintains a barrier between the cathode current collector and the anode to prevent a short circuit. *See id.* 4:3-12. While cathode compositions with smaller particles promote adhesion, they tend to have a lower compaction density and consequently lower energy capacity for the cell. *See id.* 4:62-67; 5:14-18.

To achieve a higher compaction density and increase the overall energy storage in the cell, the '118 Patent teaches the inclusion of a second layer with larger particles laminated onto the first layer, which increases the overall density of the cathode structure of the cell. *Id.*, 6:4-12. This structure provides improved safety, increased manufacturability of the electrode (for instance, to withstand the compacting forces when both layers are simultaneously compacted in a single calendering step) and improved the energy density of the cell. *Id.*, 5:28-36; 6:7-12.

III. LEGAL STANDARDS

It is Petitioner's burden to demonstrate unpatentability by a preponderance of the evidence. The Petition must establish, with particularity, the grounds and evidence that support invalidating the patented claims. 35 U.S.C. §312(a)(3). Petitioner "must 'specify where each element of the claim is found in the [relied

upon] prior art patents.” *In-Depth Geophysical, Inc. v. ConocoPhillips Co.*, IPR2019-00850, Paper 56, *27 (Sept. 3, 2020) (quoting 37 C.F.R. § 42.104(b)(4)). Pursuant to 37 C.F.R. § 42.108(c), Petitioner must demonstrate a reasonable likelihood that “at least one of the claims challenged in the petition is unpatentable” to warrant institution of an inter *partes* review. Petitioner cannot satisfy this burden by reliance on unsupported and unscientific assumptions, an unreliable method, and incorrect calculations that attempt to cover the glaring shortcomings of the prior art references, which simply do not teach or render obvious the claimed Y/Z ratio.

In addition, the Board makes its determination regarding institution based on what the Petition *actually presents* and not what it could have reasonably contained had it been drafted differently. *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1381 (Fed. Cir. 2016) (holding that the Board is *not* “free to adopt arguments on behalf of petitioners that could have been, but were not, raised by the petitioner during [a post-grant proceeding]”). The Board cannot “deviate from the grounds in the petition and raise its own” theories of invalidity. *Sirona Dental Sys. GmbH v. Institut Straumann AG*, 892 F.3d 1349, 1356 (Fed. Cir. 2018).

In addition to the underlying failures of the Petition, the Board should deny institution under *Apple v. Fintiv, Inc.*, No. IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”) and other discretionary factors committed to the Board’s discretion under § 314(b), including the factors identified by the Acting

Director in the March 26 Memorandum and the Board’s latest guidance responding to FAQs for Interim Processes for PTAB Workload Management at <https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management>.

The *Fintiv* factors include:

1. Whether the court has granted a **stay** or evidence exists that one may be granted if an IPR is instituted.
2. The **proximity of the court’s trial date** to the PTAB’s projected statutory deadline for a final written decision.
3. The **investment** in the parallel proceeding by the court and the parties.
4. The **overlap** between issues raised in the petition and those in the parallel proceeding.
5. Whether the petitioner and the defendant in the parallel proceeding are the **same party**.
6. **Other circumstances** that impact the PTAB’s exercise of discretion, **including the merits** of the petition

Fintiv at 6. The Board takes a “holistic view” of whether efficiency and integrity of the system are best served by denying or instituting review. *Id.*

Furthermore, the Director Memo identified a non-exhaustive number of additional factors that may be considered by the Board when evaluating how to apply

the Board's discretion under § 314(b) (hereafter, the "Memo Factors") including (but not limited to):

1. Whether the PTAB or another forum has **already adjudicated** the validity or patentability of the challenged patent claims;
2. Whether there have been **changes in the law** or new judicial precedent issued since issuance of the claims that may affect patentability;
3. The **strength** of the unpatentability challenge (related to *Fintiv* Factor 6, above);
4. The extent of the petition's **reliance on expert testimony**;
5. **Settled expectations** of the parties, such as the length of time the claims have been in force;
6. **Compelling** economic, public health, or national security **interests**; and
7. Any **other considerations** bearing on the Director's discretion.

Director Memo at 2-3. The Board's FAQs further indicate that "The Process Memorandum includes a ***non-exhaustive*** list of issues that may be raised in discretionary briefing. Parties are encouraged to address ***any*** fact or circumstance they believe bears on the Director's discretion to institute, including reasons not discussed in current Board precedent or in the Process Memorandum." FAQs at Q.11 (emphasis added).

**IV. THE BOARD SHOULD DENY INSTITUTION UNDER § 314(A)
BASED ON *FINTIV* AND OTHER DISCRETIONARY FACTORS**

**A. *Fintiv* Factor 1: The District Court Has Already Stated It Will
Not Issue a Stay In Similar Circumstances, Which Favors Denial**

***Fintiv* Factor 1** favors denial of institution. Patent Owner has not requested a stay in the Second Texas Litigation pending institution of this IPR (or the *six other* co-pending IPR petitions), and even if a stay were requested, the evidence shows that it is unlikely to be granted. Petitioner presents no evidence in its Petition that it has requested a stay or that a stay is likely. When Petitioner presents no evidence that a stay is likely in parallel proceedings, the Board has found *Fintiv* Factor 1 to favor discretionary denial. *See Luxshare Precision Industry v. Amphenol Corp.*, IPR2022-00132, Paper 10 at 9 (PTAB May 3, 2022).

While six patents have been asserted in the underlying district court case, CosMX only filed this latest IPR petition on the final one of the six patents on April 2, 2025, and this Petition was accorded a filing date via notice on May 5, 2025. *See* IPR2025-00524, Papers 1, 6. Accordingly, the institution decision in this Petition proceeding will be November 5, 2025—which is after the parties provide the Court with a joint claim construction statement and in the middle of claim construction discovery, and less than four weeks from the deadline to substantially complete document production. Ex. 2002 (Second Texas Litigation Scheduling Order). The Court in the Eastern District of Texas is on record that it “has a consistent practice

of denying motions to stay when the PTAB has yet to institute post-grant proceedings” as to all patents at issue. *Force MOS Tech. Co., Ltd. v. ASUSTeK Computer, Inc.*, Case No. 2:22-cv-000460, ECF No. 74, (E.D. Tex. April 10, 2024) (citations omitted). The district court will, therefore, be unlikely to stay the underlying action while no institution decision has been entered in that last (or any other pending) IPR proceeding. Furthermore, CosMX would need to prevail on institution of at least six independent IPR petitions for there to be any chance of a stay in the district court proceeding—an unlikely outcome, particularly where CosMX failed to achieve institution on any of the three IPR petitions it filed against patents at issue in the First Texas Litigation. *See* IPR Nos. 2023-00586; 2023-00587; 2023-00585. Furthermore, because CosMX has failed to even attempt to set forth a *prima facie* case of invalidity as to independent claim 20 of the ’910 Patent,⁶ at least one claim from these six patents will necessarily have to proceed to a jury trial even if CosMX were successful on every argument it has raised in its seven Petitions. The certainty of an eventual district court trial on at least one patent claim weighs against the likelihood of a stay ever entering in the underlying district court proceeding and therefore strongly favors denial. *See, e.g., MyPort, Inc. v. Samsung Electronics Co., Ltd.*, Case No. 2:22-cv-00114, ECF No. 73 (June 13, 2023) (denying request for stay

⁶ *See* IPR2025-00405, Papers 3, 8, and 9.

when final written decision in pending IPRs were scheduled to issue two months after trial, even though the Court had not yet held a Markman hearing, in view of the parties substantial investment in the case and the plaintiff's interest in timely vindication of its patent rights).

In other oppositions to requests for discretionary denial, Petitioner suggests that the Court commonly enters stays or severs patents where the IPRs have been instituted into their own cases. The cases cited by Petitioner for such a proposition do not support its averments.

For example, Petitioner claims the court “has stayed *entire cases* where only *some* of the asserted patents had instituted IPRs,” citing *OnPoint Sys., LLC v. Protect Animals With Satellites, LLC*, No. 4:20-cv-657, 2022 WL 2704166 (E.D. Tex. July 12, 2022) (Mazzant, J.). *See, e.g.*, IPR2025-00431, Paper No. 13 at 4 (PTAB June 9, 2025) (emphasis in original). But that case was in front of Judge Mazzant, not Judge Gilstrap, and Petitioner provides no evidence that Judge Gilstrap is likely to stay a case unless, at a minimum, IPRs are instituted as to all asserted patents and claims. *Cf. MyPort, Inc. v. Samsung Electronics Co., Ltd.*, Case No. 2:22-cv-00114, ECF No. 73 (June 13, 2023) (denying request for stay when final written decision in pending IPRs were scheduled to issue two months after trial, even though IPRs had been instituted as to *all* asserted patents, and even though the Court had not yet held

a Markman hearing, in view of the parties substantial investment in the case and the plaintiff's interest in timely vindication of its patent rights).

Similarly, Petitioner has claimed that the district court has bifurcated cases to stay the patents for which IPR was instituted, allowing other patents to proceed to trial. *Id.* at 4-5 (citing IPR2025-00431 Ex. 1029). But Petitioner cites only an *unopposed* motion to sever and stay was agreed to by the parties, and CosMX provides no evidence that ATL would agree to a similar severance and stay in the underlying district court case. *Id.*

Accordingly, this factor weighs in favor of discretionary denial. *See Cisco Systems, Inc. v. WSOU Investments LLC*, IPR2025-00429, Paper No. 15 at 2 (PTAB June 25, 2025) (Stewart, Dir.) (granting request for discretionary denial of institution and finding insufficient evidence that the E.D. Tex. court was likely to stay proceedings even if the Board were to institute trial); IPR2025-00431, Paper No. 14 at 2 (July 2, 2025) (Stewart, Dir.) (finding this factor and time to trial favor discretionary denial even for decisions due earlier than those in the instant Petition).

B. *Fintiv* Factor 2: Any Final Written Decision Will Occur Roughly Four Months After the District Court's Scheduled Jury Trial Date

Fintiv Factor 2 weighs heavily against institution because jury selection and trial is already scheduled to occur in the district court on July 6, 2026, roughly four months before the November 5, 2026 statutory deadline for the Board to issue a final

written decision in this IPR (assuming that the Board issues an institution decision on November 5, 2025, three months after Patent Owner's Preliminary Response). Ex. 2002 (Second Texas Litigation Scheduling Order). The median time to jury trial in trials held before Judge Gilstrap after January 1, 2020 (which includes a number of cases that were delayed as a result of the Covid-19 epidemic, and is therefore a conservative estimate), excluding cases that were themselves subject to a stay, is just 19 months after the filing of the original district court complaint. Ex. 2006 (Docket Navigator Time-to-Trial Statistics). Applying that median time to trial to the date of the complaint in the underlying district court case at issue here (September 2024) would result in an expected district court trial date in April 2026 applying the median time-to-trial, or May 2026 applying the mean time-to-trial, indicating that the currently scheduled district court trial date of July 6, 2026—four months before the expected FWD in this Petition—is both conservative and achievable.

Petitioner claims, in response to Patent Owner's other discretionary denial briefs, that the Director should rely on mean (rather than median) time-to-trial statistics, and has attached statistics that include both mean and median time-to-trial statistics from 2008 to 2025 (rather than more recent statistics) which are misleading because they include cases that are themselves the subject of judicial stays, and also because they include cases dating back to 2008. *See, e.g.*, IPR2025-00385, Paper No. 7 at 9 (citing IPR2025-00385 Ex. 1026); IPR2025-00389, Paper No. 7 at 8-9

(same). As described above, excluding those cases that were themselves the subject of judicial stays, and limiting the cases to more recent cases from 2020 to the present, the mean number of months from filing to jury trial is 20 months for Judge Gilstrap, while the median is just 19 months—both of which are even sooner than the scheduled trial date. Ex. 2006. That other trials are currently scheduled on the same date is of no moment and has never been considered by the Director as an important factor, which makes sense since roughly 95-97% of civil cases settle before trial.⁷

Thus, when considering either the scheduled jury trial date or the district court judge's median time-to-trial statistics, this Petition will not have a final written decisions until November 2026 (assuming it is instituted), more than four months after the scheduled jury trial in the district court action and six months after the median time-to-trial in Judge Gilstrap's non-stayed cases from 2020 to the present.

The Board has denied institution in view of even smaller gaps between the final written decisions and trial. *See, e.g., Cisco Systems, Inc. v. WSOU Investments LLC*, IPR2025-00429, Paper No. 15 at 2 (PTAB June 25, 2025) (Stewart, Dir.)

⁷ One of the cases relied on by Petitioner, *GDC Industrial Inc., v. Prysmian Cables & Sys USA LLC*, 2:25-cv-00028-RSP, later consented to proceed to trial before Magistrate Judge Roy Payne, providing just one example of the fact that cases can and do fall off Judge Gilstrap's schedule.

(granting request for discretionary denial of institution where district court’s scheduled trial date was roughly three months before the FWD due date, and time-to-trial statistics suggested trial would be four months before the FWD due date); *EClinicalWorks, LLC v. Decapolis LLC*, IPR2022-00229, Paper No. 10 at 9 (PTAB Apr. 13, 2022) (finding this factor weighed in favor of discretionary denial and denying institution where “the beginning of the jury trial in the WDTX Cases is roughly one or two months before any final decision would have been due had *inter partes* review been instituted”); *see also, e.g., Resmed Corp. v. Cleveland Med. Devices Inc.*, IPR2023-00565, Paper 13 at 11 (PTAB September 25, 2023) (finding that a court’s trial date scheduled one month prior to the deadline for a final written decisions weighed in favor of denial, and that the Board “*take[s] courts’ trial schedules at face value absent sufficient evidence to the contrary*”).

In its oppositions to other requests for discretionary denial, Petitioner suggests the Director should not compare the date of the scheduled Final Written Decision deadline to the district court trial date, but instead should compare the FWD date (without considering requests for reconsideration or Director review) to the conclusion of all post-trial briefing and rulings at the district court, which it asserts take an average of 4 months. *See, e.g.,* IPR2025-00431, Paper No. 13 at 9 (P.T.A.B. June 9, 2025) (citing IPR2025-00431 Ex. 1039). Petitioner cites no authority for this suggestion and the Director and Board have never relied on such a comparison for

this factor. In any event, even resolution of all post-trial briefing at the district court would still occur at roughly the same date as the anticipated FWD in this case, which strongly favors denial.

Accordingly, this factor weighs heavily against institution.

C. *Fintiv* Factor 3: The Parties Have Already Invested Significant Effort and Resources in Parallel District Court Proceedings, Including Related Proceedings in the U.S. and Worldwide on Related Patents and Related Accused Products

***Fintiv* Factor 3** weighs heavily against institution. The Second Texas Litigation is only the latest investment of effort and resources by the Parties in a long and continuing series of worldwide litigation involving family members of the patents asserted in district court, as well as many other patents. *See e.g.*, Ex. 2007 (First Texas Litigation Docket Control Order); Ex. 2004 (Germany Order 1); Ex. 2005 (Germany Order 2). This extensive investment of global resources differs significantly from the more common “one-off” US district court litigation posture and weighs heavily against institution of this IPR. The chance that this single IPR proceeding on a single patent is likely to resolve the parties’ global patent dispute is low, and therefore weighs strongly against institution.

As a result of the First Texas Litigation, the collection of documents and depositions regarding the composition of many CosMX’s accused products was already substantially completed, and so the Parties begin with a ***significant*** head

start on collecting and producing relevant discovery in the second district court case. *See* Ex. 2008 (Joint Motion for Entry of Protective Order) at 3 (CosMX arguing that “[g]iven the related patents and overlap in technical subject matter and accused products, a substantial amount of the discovery that will need to be conducted in this case was likely already conducted in the 232 Action.”).⁸ In the first district court litigation (addressing similar accused products and similar technologies), the parties and the Court previously invested substantial efforts and resources, including:

- Completing all fact witness and expert witness depositions (33 fact witness depositions and 13 expert witness depositions);
- Completing the collection and production of documents regarding the same types of CosMX battery products accused of infringement in the second case;
- Conducting a Markman hearing on August 15, 2023, with an order construing patent claims entered on October 18, 2023;

⁸ While the Court denied CosMX’s request to not allow blanket cross-use of all evidence from the First Texas Litigation, CosMX itself admits that much of the relevant information has already been collected for the First Texas Litigation and simply needed to be reproduced in the Second Texas Litigation. Ex. 2008 (Joint Motion for Entry of Protective Order) at 3.

- Completing expert reports and expert discovery;
- A hearing on various discovery issues and a motion to correct inventorship on October 13, 2023;
- A pretrial conference on January 17, 2024 addressing multiple issues;
- Completing a jury trial in February 2024; and
- Holding a hearing on August 23, 2024 granting ATL's motion for an ongoing royalty.

Ex. 2007 (First Texas Litigation Docket). The extensive investment of party resources in the First Texas Litigation (which involved similar accused products and technology) should also be considered as investments in this follow-on lawsuit, and therefore strongly favors denial of this Petition.

As to the Second Texas Litigation, by the institution deadline in this IPR, the parties will already have completed exchanging initial infringement and invalidity contentions, and the parties will have made extensive document productions. Ex. 2002 (Second Texas Litigation Scheduling Order). ATL has already produced tens of thousands of documents and will continue to make ongoing supplemental productions regarding its hundreds of patent-practicing products. CosMX has likewise committed to producing technical documents for the hundreds of accused products implicated by ATL's infringement contentions. Further, ATL has served

third-party subpoenas on twelve of CosMX's customers seeking documents and testimony related to the sales of downstream products incorporating CosMX's accused batteries. The return dates on all third-party subpoenas pre-date the institution deadline in this IPR. In addition, the *Markman* process will be well underway by the date of institution, as the parties will have already exchanged claim terms, proposed claim constructions, and submitted a joint claim construction to the Court and will be just four weeks from the substantial completion of document production. *Id.*

In addition to the U.S. district court litigations, one of the other asserted patents has many related counterparts across the world that have been litigated in Germany and China. *See e.g.*, Ex. 2004 (Germany Order 1); Ex. 2005 (Germany Order 2); Ex. 2010 (News article regarding German injunction and Chinese validity proceeding). The extensive investment of party resources in foreign proceedings is just further evidence that deciding this one IPR petition on the merits will not solve the global patent dispute between ATL and CosMX.

D. *Fintiv* Factor 4: The Overlap Between the Asserted Art and Petitioner's Invalidity Arguments in the District Court is Significant, and Petitioner's *Sotera* Stipulation Is Ineffective Because of Its System Art Combinations With The Prior Art in this Petition

***Fintiv* Factor 4** also weighs heavily against institution because Petitioner also asserts every prior art reference relied on in this Petition (Ishigaki, Kim, Wang, Saka,

and Li) in the Second Texas Litigation. Ex. 2003 (Invalidity Contentions Cover Pleading) at 26-27. Furthermore, Petitioner's Invalidity Contentions in the Eastern District of Texas also raise obviousness grounds combining various unpublished system art references (which it cannot raise in this IPR proceeding) with both Ishigaki and Wang (the two primary references relied on in the instant Petition).

Id. (raising, as invalidity grounds 118-13 through 118-19, multiple obviousness combinations of Ishigaki and Wang with unpublished system prior art references CA245065HV Cell/Electrode, CA3270C4G Cell/Electrode, CA3952A4 Cell/Electrode, and ATL 265066 Cell/Electrode).

Accordingly, even with the limited *Sotera* stipulation proffered by Petitioner if this Petition is instituted, CosMX would still claim to retain the ability to present to a jury similar invalidity arguments based on both of the primary references discussed in this Petition *in combination* with unpublished system prior art that they have identified. Petitioner's *Sotera* stipulation therefore does little to mitigate against redundant efforts to explain the primary references raised in this IPR and against potentially inconsistent results from the district court and the Board.

As the Acting Director recognized in a recent Order Granting Director Review, such stipulations do not ensure that these IPR proceedings would be a "true alternative" to the district court proceeding where unpublished system prior art is asserted in combination with the art used in the IPR's grounds. *Motorola Sol'ns, Inc.*

v Stellar LLC, IPR No. IPR2024-01205, Paper 19 (Order Granting Director Review, Vacating the Decision Granting Institution, and Denying Institution of *Inter Partes* Review) at 3-4 (PTAB March 28, 2025) (Stewart, A.D.) (finding that a *Sotera* stipulation was unlikely to moot petitioner’s combination of IPR art with unpublished system prior art in district court proceedings, and therefore could not outweigh other factors favoring denial); *see also* FAQs at Q.14 (“ . . . The Director will take into account whether the stipulation materially reduces overlap between the proceedings. Where the petitioner is relying on corresponding system art in a co-pending proceeding and/or several other invalidity theories, a stipulation may not be particularly meaningful because the efficiency gained by any AIA proceeding will be limited.”).

Because there is substantial overlap between the art raised in these proceedings and asserted in the underlying district court proceedings, and because inefficiencies created by multiple validity proceedings is not materially diminished by Petitioner’s *Sotera* stipulation in view of Petitioner’s combination of the prior art used in this Petition with unpublished system art in the district court proceeding, this factor heavily favors denial.

E. *Fintiv* Factor 5: The Identity of the Parties Weighs Against Institution

***Fintiv* Factor 5** also weighs against institution because the Petitioner is the accused infringer and defendant, while Patent Owner is the plaintiff in the underlying Second Texas Litigation. Ex. 2001 (Second Amended Complaint).

F. *Fintiv* Factor 6 and Memo Factor 3: The Merits of the Petition Are Weak

***Fintiv* Factor 6** and **Memo Factor 3** weigh against institution because the merits of the Petition are weak. While the merits will be more fully addressed in Patent Owner's Preliminary Response (which is incorporated herein by reference pursuant to FAQ Q.25), a few examples are provided below to illustrate the weakness of Petitioner's arguments. These examples apply to all the grounds asserted in the Petition. These examples are not meant to be exhaustive but simply illustrative.

Each of the Challenged Claims of the '118 Patent requires, *inter alia*, a first layer and a second layer, and wherein a total compaction density of the first layer and the second layer is greater than 3.2 g/cc.

Most notably, *none* of the references cited by Petitioner describe a two-layer cathode having a density greater than 3.2 g/cc. Thus, Petitioner and Dr. Gido rely on flawed logic to form all of their invalidity grounds: that a POSITA would desire to use a high cathode density, regardless of the composition or structure of the cathode.

See Petition, 17, 31, 36, 61. This foundational assumption is untrue, conflicts with the common knowledge of a POSITA.

First, Ishigaki does not discuss a workable density range for a two-layer cathode structure. *See* Ishigaki, ¶[0153]. Ishigaki discusses overall densities of a cathode structure in paragraphs [0025] and [0151]—each of which state that the maximum density of the cathode structure must include space “to hold the electrolyte.” Neither Petitioner nor Dr. Guido explain why a two-layer structure and a one-layer structure would include the same space to “hold the electrolyte” in the cathode, such that a POSITA would interpret the entirety of the disclosed density ranges as being applicable to both one-layer *and* two-layer cathode structures. To the contrary, Ishigaki’s own examples suggest otherwise—all of Ishigaki’s examples have densities that fall between 2.4-2.6 g/cc. Ishigaki, ¶¶[0349], [0356]-[0357], [0361], [0363], [0366]. The only two-layer example disclosed in Ishigaki has the *lowest* density of all of the disclosed cathode structures (2.4 g/cc), suggesting that two-layer cathode structures should be provided with lower densities as compared with single-layer cathode structures—and with a density below the ’118 Patent’s claimed 3.2 g/cc. Ishigaki, ¶[0366]. Because Petitioners do not explain how or why the upper end of Ishigaki’s broad density ranges would have been applicable to a two-layer cathode structure, Petitioner’s proposed anticipation rejection based on

Ishigaki fails to meet the threshold requirements for a *prima facie* showing of anticipation.

Second, Petitioners' proposed motivations to combine Ishigaki and Kim are technically flawed. Even when looking to maximize the energy density of a battery, cell designers do not determine a target cathode density without carefully considering other characteristics of the cathode. Choosing appropriate characteristics for a cathode is complicated, and requires careful consideration of a host of interdependent cathode characteristics including, for example, particle size distribution, active material type, active material proportion and density, conductive particle (or other additive) proportion and density, polymeric binder proportion and density, thickness of the cathode, and many other characteristics. With a density that is too high for a given cathode composition, lithium ions will not move freely through the cathode, as required for efficient discharge of the battery. Moreover, Petitioner has not shown that a density value that can be achieved for a cathode after aggressive "shearing" as disclosed in Ishigaki would be relevant for cathode materials that are not mixed in the same manner. Therefore, a POSITA would have understood that a cathode density is not a characteristic that can be cherry-picked from one reference and used in another, particularly where those references discuss differences in cathode composition.

Specifically in reference to Petitioner's proposed combination of Ishigaki and Kim, these references discuss different active material particle sizes (Kim specifically discusses particles that are mixed such that small particles are interspersed between large particles); different cathode structures (Kim does not discuss two-layer cathodes at all); and different active materials. *See e.g.*, Kim ¶ [0037]. Petitioner has not explained why a POSITA would have understood that Kim's density ranges which are relevant only to the two-material cathode structures discussed in Kim, would have been desirable, or even attainable, for Ishigaki's two-layer cathode structure. *See Pet.* at 30-31. Petitioner's conclusory statement that "Kim's ranges are compatible with Ishigaki" is unsupported by the references. Therefore, Petitioner has not presented a strong obviousness ground on the combination of Ishigaki and Kim.

Third, Petitioner's generalization that a POSITA would have had a density "in mind" when implementing Wang is unsupported by the disclosure of the reference. *Pet.* at 43-44. Wang demonstrates the above-mentioned inter-dependency of many characteristics of a cathode composition, including "porosity," which is indirectly correlated with electrode density. Even without focusing on the density of a cathode, Wang demonstrates that the performance of a battery can be manipulated by varying other characteristics of the cathode structure.

Fourth, Petitioner's proposed motivations to combine Wang and Saka or Wang and Li are technically flawed for at least the same reasons discussed above in reference to Ishigaki and Kim.

Fifth, the proposed combination of Wang and Saka provides even more technical challenges, as Saka discusses cathode structures including *multiple active materials in one layer*. Saka at FIG. 7-8, *Abstract*. Petitioner does not discuss how these multiple active materials may interact with one another, for example, at different densities. Pet. at 44-46. Petitioner does not explain how or why a POSITA would have understood that the cathode density values provided for cathodes encompassing multiple active materials, as discussed in Saka, would have been applicable to the cathode structure of Wang. *Id.* Moreover, Petitioner admits that none of Saka's examples have a density value meeting the claimed 3.2 g/cc limitation. *Id.* at 52. Petitioner does not explain why a POSITA would have chosen to use a density value outside of the range provided by Saka's examples with Wang's cathode structure. Therefore, Petitioner is forced to lean heavily on Dr. Gido's opinions about why a POSITA would choose one density value (e.g., that disclosed in Saka) over another for Wang's cathode structure. Pet., 36; Ex. 1010, ¶¶ 254-255. Dr. Gido's opinions are not based on the disclosure of the references themselves, and are instead based on a general, flawed suggestion that a POSTIA would desire a density value above the claimed 3.2 g/cc threshold. *Id.*

Sixth, Petitioner’s proposed combination of Wang and Li is similarly deficient. By suggesting that Li “discloses a battery that can be manufactured by Wang’s method, with compaction densities within the ranges recited in the ’118 patent” (Pet. at 59), Petitioner ignores the details important in battery manufacture, including that the respective references have divergent objectives and materials, both of which inextricably drive battery design decisions. Instead, Petitioner relies extensively on Dr. Gido’s opinions to fill in the wide gaps between these two references. Pet., 60-61; Ex. 1010, ¶¶ 406-408. Li states that “[t]here are no special requirements for the positive electrode active material.” Li ¶ [0026]. Li focuses on the *thickness* of the resulting cathode (no matter the density), which can be adjusted at certain locations of the cathode by “gap coating” to facilitate bending the battery winding into a prismatic battery shape. *See* Li ¶ [0038]. Indeed, Li’s examples demonstrate that the disclosure does not focus on the composition of the cathode. The examples mention density values for the LCO-type cathode, but does not describe the particle size distribution or the amount of solvent used to form the cathode slurry during manufacturing. *Id.* In short, Li does not provide enough detail that a POSITA could use to construct the example batteries with the recited density values. Considered in combination with Wang, Li would not have provided a POSITA with enough information to determine whether Li’s density values would be compatible with Wang. Petitioner and Dr. Gido provides only conclusory and

unsupported statements that these references describe “the same overall structure” (Pet., 63-64; Ex. 1010, ¶¶431-435) and that “Li expressly teaches particular densities that work in the battery that results from [Wang’s] process.” Pet., 64; Ex. 1010, ¶434.

These example defects demonstrate substantial weakness in Petitioner’s unpatentability challenges. Additional details as to the merits will be presented in Patent Owner’s Preliminary Response and accompanying expert declaration.

G. Memo Factor 1: The District Court Will Have Already Considered the Validity of the ’118 Patent by the Date of Any Final Written Decision in this Proceeding

Memo Factor 1 asks “whether the PTAB or another forum has already adjudicated the validity or patentability of the challenged patent claims.”

While the ’118 Patent has not been previously adjudicated, it is currently at issue in the Second Texas Litigation and its validity will have likely been finally adjudicated by the time a final written decision is expected to issue in this proceeding if instituted. Ex. 2002 (Second Texas Litigation Scheduling Order); *see also supra* discussion of Fintiv Factors 1 and 2. Thus, this factor favors discretionary denial.

H. Memo Factor 2: No Material Changes In The Law Since The Claims Were Allowed By The Examiner Favors Denial.

Memo Factor 2 favors denial of institution because there have been no material changes in the law since the Examiner evaluated the challenged claims and

ordered their allowance after finding them patentable in February 2024. Ex. 1002 at 143-144. This lack of a change in the law favors denial, or is at least neutral.

I. Memo Factor 4: Heavy Reliance on Expert Testimony, Including to Fill Gaps in the Prior Art’s Teachings, Favors Denial

Memo Factor 4 relates to the “extent of the petition’s reliance on expert testimony.” The FAQs further explain:

While the Board may consider expert testimony, as a matter of efficiency, extensive reliance on expert testimony and/or reasonable disputes between experts on dispositive issues may suggest that the questions are better resolved in an Article III court. The statute and our reviewing court require that petitions be based on prior art patents and printed publications. As the judges have technical and legal expertise, it is not necessary for an expert to explain every aspect of the prior art. It is most helpful if an expert is providing focused testimony, for example to provide helpful context or to explain terms of art. The failure to provide focused expert testimony may weigh against institution.

FAQs at Q.21.

This factor favors denial because, as explained above with respect to *Fintiv* Factor 6 and Memo Factor 3, Petitioner relies heavily on expert argument,

assumptions, and inferences to fill in the gaps of the prior art. None of the prior art references disclose a two-layer cathode structure with a total compaction density greater than 3.2 g/cc, a key limitation of the challenged claims. Instead of identifying explicit teachings or suggestions in the prior art that would have led a POSITA to create a two-layer cathode structure having a compaction density greater than 3.2 g/cc, the Petition and CosMX's expert assume—without substantiation—that a POSITA would universally seek to maximize cathode density, regardless of the structural or compositional differences between single-layer and multi-layer cathodes. This assumption is not supported by the references and is contrary to the common knowledge of a POSTIA, who would consider the composition of the cathode structure before determining an appropriate density. The Petition's proposed combinations each rely on conclusory assertions that cathode densities and structural features from disparate references are compatible, despite significant differences in particle size, active materials, and manufacturing methods between the different prior art references.

For example, in Grounds 1 and 2, the Petition argues "Ishigaki instructs a POSA to choose the highest density possible in order to maximize energy capacity, constrained by the space needed to allow the flow of ions." Pet. at 17, 31. Petitioner relies only on the testimony of their expert, Dr. Gido, for this statement, and cannot point to any disclosure in Ishigaki (or Kim, with respect to Ground 2) explaining that

density values greater than 3.2 g/cc were usable with a two-layer cathode structure. *Id.*; Ex. 1010, ¶¶87-94. With respect to Grounds 3 and 4, Petitioner argues that although the primary reference, Wang, does not explicitly disclose a density value, a POSA would look to either of the secondary references, Saka (Ground 3) or Li (Ground 4) for example density values. Pet. at 44, 62, Ex. 1010 ¶¶277, 429-430. Petitioner only relies on the testimony of Dr. Guido to explain why the teachings of these references are compatible, but Dr. Guido never provides an explanation about whether Wang's disclosed porosity values and two-layer cathode structure with specified active materials would be compatible with the density values discussed in either Saka or Li. *Id.* These gaps in the prior art are not filled by the references themselves but by speculative reasoning and hindsight reconstruction offered by Dr. Guido, which are insufficient to establish a prima facie case of anticipation or obviousness.

Because Patent Owner's own expert will provide testimony explaining why these assumptions about the prior art are incorrect and how Dr. Guido is simply "filling in gaps" in the prior art, this dispute is better suited to resolution in an Article III district court, and this factor favors denial of institution.

J. Memo Factor 5: Settled Expectations Favor Denial or Are At Least Neutral

Memo Factor 5 is directed to the “settled expectations of the parties, such as the length of time the claims have been in force.” The date of the issued patent cannot alone outweigh other factors compelling discretionary denial, and—in any event—this factors favors denial.

Though the ’118 Patent issued relatively recently, CosMX has been aware of the 118 Patent’s family and its relevance to CosMX’s products since at least April 2021, when a Chinese patent examiner cited ATL’s related Chinese Patent CN109004170 (which matured from the Chinese priority application of the ’118 Patent, CN201810162494.1A) against CosMX’s patent application. *See* <https://patents.google.com/patent/CN111900328A/en?q=CN111900328A> (indicating CN109004170A was a patent cited by the Chinese examiner against CosMX’s patent issued in April 2021), <https://patents.google.com/patent/CN109004170A/en>; Ex. 1001 at 1 (claiming foreign priority to CN201810162494.1, which is the application number of Chinese Patent CN109004170). CosMX recognized that the ’118 patent’s family was relevant to their own products and patent applications, as demonstrated by CosMX presenting both the Chinese priority application (CN201810162494.1) of the ’118 patent family *and* the earliest-filed US application (Publ. No. 20190267664) in the

'118 patent family on IDS's presented to the USPTO on May 19, 2021 and August 19, 2021 during prosecution of CosMX's own patent application, U.S. Appl. No. 17/119,194, which published as U.S. Publ. No. 2021/0399286. Ex. 2014.⁹ Yet, CosMX chose not to challenge any of the '118 patent's U.S. or international family members at that time. CosMX has also been aware of the specific allegations of infringement brought by ATL since November 2024, and still deliberately avoided using the PGR process. Pet. at 71. CosMX has therefore been aware of the '118 Patent's family for several years, but delayed filing any challenges against the '118 Patent: CosMX chose not to file third party submissions before the '118 Patent issued and chose not to file a PGR against the '118 Patent after it issued, even for months after it was sued for infringement. *Id.*

⁹ In fact, between April 2021 and October 2023, family members or parent applications of the '118 Patent have been cited during prosecution of CosMX patents by U.S., European, and Chinese patent examiners *at least ten times*, during prosecution of at least the following CosMX patent applications: US20210399286A1, EP3930044A1, CN111900328A, CN111900392A, CN111916663A, CN111916664A, CN112234247A, CN112751002A, CN114464770A, CN114447280A.

This intentional delay should not be rewarded with institution of the present IPR—the Director should hold that parties demonstrably aware of a patent before its issue date should be encouraged to use early challenges to these patents, including challenges while the patents remain pending, or at least to use the PGR process shortly after the patent issues. *See iRhythm Technologies v. Welch Allyn Inc.*, IPR2025-00377, Paper 10 (June 6, 2025). This delay by CosMX for four years after being aware of the '118 Patent's family and intentional avoidance of the PGR process favors denial, even if the '118 Patent did not issue until June 2024. Paper No. 1 at 71.

K. Memo Factor 6: Compelling Interests are Neutral

Memo Factor 6 is directed to “compelling economic, public health, or national security interests.” While ATL (which is a subsidiary of Japanese company TDK) provides a large percentage of the lithium-ion batteries used in smartphones, portable computers, and other portable electronics in the United States, and has an interest in protecting its U.S.-granted intellectual property from an adjudicated infringer (CosMX), this factor is neutral.

In its oppositions to other requests for discretionary denial, CosMX contends that a desire for battery safety counsels in favor of denial. *See, e.g.*, IPR2025-00431, Paper No. 13 at 36-37 (P.T.A.B. June 9, 2025). However, CosMX identifies no reason that it cannot continue to provide safe batteries if it is found to infringe the

asserted patents, or why ATL or other licensed manufacturers cannot continue to provide safe batteries to the market if CosMX elects to discontinue the production of batteries.

L. Memo Factor 7: Other Factors Favor Denial of Institution

Memo Factor 7 is directed to any other factors the Director should consider when evaluating whether to apply discretionary denial.

Even if CosMX were completely successful on all grounds in the current Petition, one of the co-pending petitions (the Petition for the '910 Patent) fails to even attempt to set forth a *prima facie* ground for claim element 20.7 of independent claim 20 of the '910 Patent. Therefore, if this Petition were instituted, the Board would be required to address all grounds, but even if every argument in this Petition and every other co-pending Petition were successful, a district court trial would still have to proceed regarding the infringement and validity of at least claim 20 of the '910 Patent, and there would be no stay of the litigation before *all six patents* were tried in the district court. The significant investment of effort by the court and the Board only for seven final written decisions to each issue months *after* a jury trial addressing the validity of all six patents is exactly the kind of wasted effort the Director's Memo counsels avoiding to maximize the efficient use of the Board's limited resources and minimize waste of taxpayer dollars.

V. CONCLUSION

Taken together, the *Fintiv* factors and Memo factors weigh strongly in favor of discretionary denial:

Factor	Outcome
<i>Fintiv</i> 1: Stay	No stay; favors denying institution
<i>Fintiv</i> 2: Proximity of Trial Date	<u>Four months before</u> FWD; strongly favors denying institution
<i>Fintiv</i> 3: Investment in District Court	Extensive; favors denying institution
<i>Fintiv</i> 4: Overlap in Issues	Significant; favors denying institution
<i>Fintiv</i> 5: Same Parties	Same parties; favors denying institution
<i>Fintiv</i> 6 /Memo 3: Strength of the Merits	Weak; favors denying institution
Memo 1: Already Adjudicated	Neutral or favors denying institution
Memo 2: Changes in the Law	None; favors denying institution
Memo 4: Reliance on Expert Testimony	Extensive; favors denying institution
Memo 5: Settled Expectations	Intentional avoidance of PGR favors denying institution
Memo 6: Compelling Interests	Neutral
Memo 7: Any other Considerations	Favors denying institution

For the reasons noted above, Patent Owner respectfully submits that the Board should deny institution of all Grounds of the Petition.

Dated: July 7, 2025

Respectfully submitted,

By: / Christopher TL Douglas /
Christopher TL Douglas, Reg. No. 56,950

CERTIFICATION UNDER 37 C.F.R. §42.24

Pursuant to 37 C.F.R. §42.24(d), I certify that this brief complies with the type-volume limits of 37 C.F.R. §42.24 and the Director Memo because it contains 9,481 words, according to the word-processing system used to prepare this brief, excluding the parts that are exempted by 37 C.F.R. §42.24 (including the table of contents, a table of authorities, mandatory notices under §42.8, a certificate of service or this certificate word count, and appendix of exhibits or claim listing).

Dated: July 7, 2025

By: / Christopher TL Douglas /
Christopher TL Douglas

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §42.6(e), the undersigned hereby certifies that true and correct copies of the foregoing **PATENT OWNER'S DISCRETIONARY DENIAL BRIEF and NINGDE AMPEREX TECH. EXHIBITS 2001-2010 and 2013-2014** were served in its entirety on July 7, 2025 by filing this document through the PTAB's P-TACTS Filing System as well as delivering a true and correct copy by electronic mail on Petitioner's lead and backup counsel at the following email addresses (as agreed by counsel for Petitioner):

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Dated: July 7, 2025

By: / Christopher TL Douglas /
Christopher TL Douglas