Filed: May 19, 2025

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ANALOG DEVICES, INC.,
Petitioner,

v.
NUMBER 14 B.V.,
Patent Owner.

Case IPR2025-00551
Patent 7,812,665

PATENT OWNER'S DISCRETIONARY DENIAL BRIEF

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PATENT OWNER'S EXHIBIT LIST

Exhibit No.	Description
2001	July 2007 License Agreement
2002	Defendants and Counterclaimants Analog Devices, Inc. and Maxim Integrated Products, Inc.'s First Amended Answer to Plaintiff's Complaint with Affirmative Defenses and Counterclaims, *Number 14 B.V. v. Analog Devices, Inc.*, No. 5:24-cv-02435-EKL (N.D. Cal. Apr. 21, 2024), ECF No. 127
2003	Docket Sheet (as of May 19, 2025) for *Number 14 B.V. v. Analog Devices, Inc.*, No. 5:24-cv-02435-EKL (N.D. Cal. filed Apr. 21, 2024)
2004	Second Amended Response to Plaintiff's First Set of Interrogatories to Defendants/Counterclaimants (Excerpt) in *Number 14 B.V. v. Analog Devices, Inc.*, No. 5:24-cv-02435-EKL (N.D. Cal. served May 13, 2025)
2005	Amended Case Management & Scheduling Order, *Number 14 B.V. v. Analog Devices, Inc.*, No. 5:24-cv-02435-EKL (N.D. Cal. May 14, 2025), ECF No. 145
2006	Transcript of Proceedings held on 05/14/25, *Number 14 B.V. v. Analog Devices, Inc.*, No. 5:24-cv-02435-EKL (N.D. Cal. May 14, 2025), ECF No. 147
2007	United States District Courts—National Judicial Caseload Profile for 12-month period ending December 31, 2024; available at https://www.uscourts.gov/sites/default/files/2025-02/fcms_na_distprofile1231.2024.pdf
2008	Transcript of Proceedings held on 10/23/24, *Number 14 B.V. v. Analog Devices, Inc.*, No. 5:24-cv-02435-EKL (N.D. Cal. Jan. 14, 2025), ECF No. 95

I. INTRODUCTION

Pursuant to Acting Director Stewart's March 26, 2025 Memorandum titled "Interim Processes for PTAB Workload Management" (the PTAB Workload Management Memo),[1] Patent Owner Number 14 B.V. (Patent Owner or Number 14) respectfully requests that the Director exercise discretion and deny institution in two *inter partes* review proceedings, IPR2025-00550 (the 550 IPR) and IPR2025-00551 (the 551 IPR), challenging U.S. Patents 7,973,596 and 7,812,665, respectively (the "Patents").[2] This case presents a textbook example of when the Board should exercise its discretion to deny institution under 35 U.S.C. § 314(a) due to the parallel district court litigation asserting the same invalidity grounds and the unique and longstanding relationships between the parties. Institution of these

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[1] https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTAB-WorkloadMgmt-20250326.pdf.

[2] This brief addresses both proceedings, and an identical copy (other than case style and headers) is filed in each proceeding. Papers and exhibits in each proceeding will be referenced by the proceeding number followed by the document. For example, "550 IPR Ex-1002" or "551 IPR Ex-1002." The same Patent Owner's exhibits are filed in both proceedings, so no prefix is used to refer to them.

IPRs would result in the same parties litigating the same prior art validity issues simultaneously in two forums—contrary to the very purpose of the IPR process.

In these cases, the licensee of the challenged Patents controlled and directed the prosecution that resulted in the issuance of the Patents, paid royalties on the Patents for well over a decade, and now challenges the validity of the patents it prosecuted through its corporate parent, the Petitioner Analog Devices, Inc. (Petitioner or Analog). And these challenges come almost a year after Patent Owner, Number 14 B.V. (Number 14), sued the licensee, Maxim Integrated Products, Inc. (Maxim) and Petitioner Analog for breach of that license agreement for changing how they calculate royalties owed under the license. Although there are no claims for infringement asserted, Maxim and Analog recently asserted counterclaims for declaratory judgment of invalidity and noninfringement to terminate their royalty obligations. The district court recently denied Analog and Maxim's motion to stay the litigation pending these IPRs, concluding that they would *not* simplify the issues in the litigation.

The result is that if the Board institutes either of these IPRs, they will proceed essentially in parallel to the district court case until both conclude around

the same time in fall 2026.[3] The district court is also positioned to resolve the parties' disputes more comprehensively, including Petitioner's challenges to other patents not before the Board, other grounds of invalidity not possible before the Board, and numerous claims for noninfringement of numerous claims of four patents (including the two at issue here). Thus, the efficiencies that IPR was designed to promote—streamlining and avoiding duplicative proceedings—would be thwarted, not served, by institution here.

II. FACTUAL BACKGROUND

A. License Agreement leading to patented inventions

In July 2007, the inventors of the Patents entered into a contract—a "License Agreement"—with Maxim. *See generally* Ex-2001. Maxim is (correctly) identified as a real party-in-interest to these proceedings. 550 IPR Paper 1 (Pet.), iv; 551 IPR Paper 1 (Pet.), v. The purpose of the agreement was for the inventors to work for Maxim to develop new amplifier design technology and, if patents resulted from that work, the inventors would retain ownership of the inventions but Maxim obtained a "right of first refusal" to exclusively license the patents. *See* Ex-2001, Recitals, § 2.1.

[3] The Board is expected to issue Final Written Decisions by mid-September, and the district court trial is set for October 19.

Maxim paid all the expenses to file and prosecute the applications. *Id.* § 2.2. Maxim controlled the prosecution of the Patents; it was "entitled to decide on strategy relating to filing, prosecution and maintenance" of the patents, which expressly included the right to decide what outside counsel to use, to decide which countries to pursue protection in ("in its sole an absolute discretion"), and even to decide not to file applications if "Maxim is advised by outside counsel … that the subject matter is not patentable." *Id.*

By 2009, Maxim decided to file patent applications. Maxim's chosen counsel at Blakely Sokoloff Taylor & Zafman LLP (BSTZ) filed the applications that resulted in the '665 and '596 patents within about eleven weeks of each other, on February 23 and May 12, respectively. *See* 550 IPR Ex-1002, 56 (identifying BSTZ as the firm filing the application); 551 IPR Ex-1002, 36 (same).[4] The BSTZ firm prosecuted the applications to issuance and paid the issue fee. 550 IPR Ex-1002, 283; 551 IPR Ex-1002, 304.

The prosecution documents reflect that BSTZ used a USPTO Customer Number, 79124, that was specific to its representation of Maxim. *Id.* (both fee transmittals indicating the customer number for "MAXIM/BSTZ"); *see also*

[4] The inventors assigned their rights to Number 14. *See e.g.*, 550 IPR Ex-1002 at 54 (showing assignee).

550 IPR Ex-1002, 49 (Electronic Acknowledgement Receipt for original application filing showing same customer number). While the BSTZ firm apparently does not exist anymore, attorneys using the same customer number and affiliation with Maxim remain the "correspondence address of record" for both patents, as reflected in Petitioner Analog's Certificates of Service in both proceedings. 550 IPR Pet., Certificate of Service (final, unnumbered page of the PDF identifying service by express mail to "*79124* - Womble Bond Dickinson (US) LLP / *Maxim*." (emphasis added)); 551 IPR Pet., Certificate of Service (same). In other words, when Analog attempted to serve these petitions on Patent Owner Number 14 in accordance with 37 C.F.R § 42.105(a), it did so by serving its subsidiary Maxim's counsel.

In 2010, Maxim exercised its right of first refusal to obtain the licenses to the patents, and it began making royalty payments for products eligible under the License Agreement shortly after. Maxim continued paying royalties for approximately a decade, including after the inventors stopped working for Maxin in 2015. *See* Ex-2002, Answer ¶ 28, Counterclaim ¶¶ 11–14, 32. Petitioner Analog acquired Maxim in 2021, and Analog continued making the royalty payments through January 2024. Ex-2002, Answer ¶ 29, Counterclaim ¶¶ 8, 32.

B. District court action transitions from contract dispute into patent dispute

But when Analog made the annual royalty payment in January 2024, Number 14 discovered that the royalty calculation had been unilaterally "adjusted" by Analog, drastically reducing the royalty payment to Number 14's. *See* Ex-2002, Counterclaim ¶ 72. Number 14 sued both Analog and Maxim in the Northern District of California on April 24, 2024, alleging breach of contract and other claims related to the wrongful change in the royalty calculation. See Docket Sheet, Ex-2003, 1. In June 2024, the defendants answered and raised several contract and tort defenses and counterclaims, *id.* at 2 (ECF No. 22), but none of their affirmative defenses or counterclaims raised patent issues. The case has proceeded in discovery since last year.

Eventually Analog filed these IPR petitions challenging ten claims of the two patents on January 30, 2025, identifying Maxim as a real party-in-interest). The defendants moved to stay the litigation shortly after. *Id.* at 10 (ECF No. 96). Following the district court's grant of a motion to dismiss several of Analog and Maxim's counterclaims in March 2025, the defendants filed an amended answer and counterclaims on April 21. *Id.* at 13 (ECF No. 127); *see generally* Ex-2002. That pleading asserted counterclaims for declaratory judgment of invalidity and noninfringement that together covered all four patents covered by the License Agreement. Ex-2002, Counterclaim ¶¶ 102–174 (Fourth and Sixth Counterclaims).

The invalidity counterclaims, as well as Analog and Maxim's recently served discovery responses, challenge the same claims on the same grounds asserted in the petitions here, plus they assert additional invalidity grounds in the litigation. That is, the challenges before the Board are a *subset* of the challenges before the district court (and a small subset, at that). *Compare* Ex-2002, Counterclaim ¶¶ 102–133*, with* Ex-2004, 35–39. And while the redacted Counterclaims do not publicly identify the claims that the defendants allege are not practiced in the '665 or '596 patents, *see* Ex-2002, Counterclaim ¶¶ 154–171, Number 14 can represent to the Board that none of the noninfringement allegations overlap with claims challenged here.

In a hearing on May 14, 2025, the district court addressed the motion to stay and the effect of defendants' new patent counterclaims on the litigation schedule. The district court denied the motion to stay, without prejudice for the defendants to renew the motion if the Board institutes on either petition. Ex-2006, 11:23–12:7. Even so, Judge Lee concluded that *none* of the three factors the court considers favored a stay. *Id.* at 12:8–13:25.[5] The court specifically found that "even if [the

[5] The district court found (1) the "stage of proceedings" factor was "somewhat neutral," (2) the "simplification of the case" factor "weighs against a stay," and (3)

petitions] are granted … and the patent claims are invalidated, *it would not simplify* the remaining patent issues or the breach of contract issues." *Id.* at 13:3–7 (emphasis added).

Second, the district court amended the schedule to accommodate the new patent counterclaims claims and set specific disclosure dates related to contentions and claim construction for the patents at issue:

- Invalidity contentions and claim construction positions will be completed by June 25, 2025;
- fact discovery will complete in December 2025;
- expert reports and depositions will conclude by April 1, 2026;
- summary judgement motions must be filed by May 6, 2026; and
- trial begins on October 19, 2026.

See generally Am. Case Management & Scheduling Order, Ex-2005. Because the case had already been pending for more than a year, the district court cautioned the parties not to expect and further changes to the schedule: "[E]verything which was said today in terms of deadlines, *those stick*." Ex-2006, 17:15–21 (emphasis added).

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a stay would "unfairly delay resolution of [Number 14]'s claims[] and would provide [Analog and Maxim] an unfair tactical advantage." *Id.*

III. LEGAL FRAMEWORK

The Board's authority to deny institution under 35 U.S.C. § 314(a) is both clear and broad. The six non-exclusive factors identified in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, at 6 (P.T.A.B. Mar. 20, 2020) (precedential), provide a roadmap for when the Board should decline to institute IPRs in favor of parallel district court proceedings. On March 24, 2025, the Office issued new guidance clarifying how the Board will apply the precedential *Fintiv* and *Sotera* decisions to parallel proceedings, including those before the ITC ("2025 *Fintiv* Guidance").[6] Institution of IPRs may be denied when there is related litigation and an IPR would not be "an effective and efficient alternative to district court litigation." *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19, 16–17 (P.T.A.B. Sept. 6, 2017) (precedential).

When deciding to exercise such discretion, the Board should consider six so-called *Fintiv* factors: (1) "whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted"; (2) "proximity of the court's trial date to the Board's projected statutory deadline for a final written decision"; (3) "investment in the parallel proceeding by the court and the parties"; (4) "overlap

[6] https://www.uspto.gov/sites/default/files/documents/guidance_-memo_on_interim_procedure_recission_20250324.pdf.

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." *Fintiv* at 5–6.

Additionally, the March 26 PTAB Workload Management Memo identified several other "relevant circumstances" that may be considered toward the "aim to improve PTAB efficiency, maintain PTAB capacity to conduct AIA proceedings, reduce pendency in *ex parte* appeals, and promote consistent application of discretionary considerations in the institution of AIA proceedings." PTAB Workload Management Memo, 2–3. Those include the "[s]ettled expectations of the parties, such as the length of time the claims have been in force," and "[a]ny other considerations bearing on the Director's discretion." *Id.*

Taken together, these factors support a single conclusion here: institution would be unjustified and inefficient.

IV. *FINTIV*-BASED AND PTAB WORKLOAD MANAGMENET MEMO DISCRETIONARY DENIAL FACTORS

The Board should exercise its discretion to deny institution based on the parallel district court proceeding. As an initial matter, Petitioner's argument in the Petitions gets pretty much everything flat wrong, at least as the case has played out. First, Petitioner argues that *Fintiv* doesn't apply because the parallel district court litigation "is not a patent infringement action." That is partly true but

irrelevant: The question is whether "the same issues" of invalidity have been raised. At the time the petitions were filed, it was correct that invalidity had not been technically raised as a claim.[7] But now it has. Second, Petitioner argued that the district court litigation was "highly likely to be stayed." 550 IPR Pet., 44; 551 IPR Pet., 80. That was wrong too; the district court denied the stay.[8]

Now that Petitioner and Maxim have asserted invalidity counterclaims and noninfringement counterclaims in the district court (a fact Petitioner knew would occur when it made those arguments), *Fintiv* plainly applies. The parties are engaged in a parallel action before the district court that will complete around the same time as these IPRs, if instituted. The efficiency considerations underlying *Fintiv* and exercise of discretion under § 314(a) therefore weigh in favor of the Board's discretion to deny institution weigh in favor of denying the petitions.

C. Factor 1: The court denied Petitioner's motion to stay

Factor 1 concerns "whether a stay exists or is likely to be granted if a proceeding is instituted." *Fintiv* at 6. Petitioner Analog and real party-in-interest Maxim moved for a stay of the litigation after filing these petitions. Ex-2003, 10

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[7] Although, as explained below, Petitioner's counsel in the district court disclosed they were "considering" a validity challenge in October 2024. Ex-2008, 40:15–19.

[8] And as discussed in Factor 1 below, it didn't appear to be a close question.

(Feb. 5, 2025 filing at ECF No. 96). On May 14, the district court denied the motion to stay. Ex-2003, 16; Ex-2006, 11:23–12:1. And although the court denied the stay "without prejudice to renewal" if the IPRs are instituted, the court concluded that the *none* of the factors favored a stay. *See generally* Ex-2006, 11:23–14:2. Critically, the district court found that *even if* instituted, the IPRs would not be likely to simplify the litigation because there would still be a substantial number of issues (including patent issues) remaining. *Id.* at 12:21–13:7 ("[E]ven if [the petitions] are granted … and the patent claims are invalidated, *it would not simplify* the remaining patent issues or the breach of contract issues." (emphasis added)). The court also expressed its reason for ruling on the motion in the hearing was "to ensure that we *don't slow down the progress* of this case." *Id.* at 12:1–7 (emphasis added).

Thus, it is unlikely that a renewed motion to stay (if defendants choose to try) would be granted because an institution decision would not materially change the district court's analysis. By that point, the litigation will be even farther along (pushing the first factor more against a stay), while the other two factors will

remain unchanged.[9] Thus, the denial of the stay weighs in favor of exercising discretion to deny institution.

D. Factor 2: The district court trial and Board's Final Decision will be within about a month of each other

Factor 2 concerns "proximity of the court's trial date to the Board's projected statutory deadline for a final written decision." *Fintiv* at 6. The trial in the district court will begin on October 19, 2026 (Ex-2005, 2), which is only about *one month* after the expected statutory deadline for the Board's Final Written Decisions in September 2026 (September 17 at the latest).

Further, this trial date is unlikely to change. In the initial case management and scheduling order issued last fall, *see* Ex-2003 (ECF No. 76), the court set a trial date of April 20, 2026. After defendants added their counterclaims for patent invalidity and noninfringement last month (Ex-2002), the district court extended

[9] The district court explained its reasoning "so that those concerns" it had identified "were addressed" in any possible renewed motion to stay. But defendants will not be able to improve their showing on any of the three factors, short of dropping numerous other counterclaims so that the case could actually be simplified by the challenges to only ten claims total (across both petitions) before the Board.

the discovery schedule by six months, which consequently pushed out the trial date by about the same amount. Ex-2005, 2; Ex-2006, 17:11–15.

The court cautioned the parties that the schedule change was "only to accommodate the counterclaims" and that those deadlines would "stick." *Id.* at 17:15–22 (emphasis added) ("All the rest of discovery still needs to be happening on the track it should have been happening. This is merely to make sure that we have created space for the patent counterclaims."); *see also id.* at 17:2–3 ("You heard my admonition. These are deadlines. These are last days."). The October 2026 trial date also is within a few months of the median time 34.5 months from filing to civil trial of in the Northern District of California, which would project a "median" trial date this case about three months later, around February or March 2027. Ex-2007, 66. Thus, the district court's admonitions that the dates will "stick" and the chosen trial date being within the median time to trial indicate the court will not move the trial date again.

Proximity matters. When the PTAB's decision will trail the district court's resolution by just weeks or perhaps a month, the risks of conflicting decisions and wasted effort multiply.

E. Factor 3: The district court and parties are already well invested in the parallel action and will be substantially more so by the time of any Final Written Decision

Additionally, the district court litigation will have been pending for almost a year and half by the time of the institution decision. The parties will have completed patent contention and claim construction exchanges by that point as well, not to mention the substantial discovery the parties have engaged in. Ex-2005, 1:16–21; Ex-2006, 15:24–16:11. To be sure, the district court has not yet issued any substantive orders *related to* the Patents,[10] and none are presently contemplated to occur before the expected institution decisions in September 2025. But that is only because the defendants added the counterclaims after a year of litigation already.

By the time any final written decisions come around, the parties will have completed all fact and expert discovery and filed summary judgment and *Daubert* motions, and the court will have held any hearings to address those motions (and potentially *ruled* on those motions). *See generally* Ex-2005. And to the extent the parties raise any claim construction issues, the court will have likely addressed those long before these IPRs conclude. *See* Ex-2006, 16:4–18 (deferring

[10] The district court did grant Number 14's motion to dismiss many of Analog and Maxim's original tort and contract counterclaims. *See* Ex-2003, 12 (ECF No. 118).

scheduling of an *Markman* hearing until after the parties file joint statement on proposed terms for construction until after the June 2025 submission).[11] Thus the investment in the parallel district court action even as to the patent issues that overlap these IPRs will be substantial by summer 2026, before the Board's statutory deadline. Institution under such circumstances would reward strategic delay and undermine the policy of promoting efficient resolution of patent disputes.

F. Factor 4: There is substantial overlap between the issues in the petitions and validity challenges in the district court

Factor 4, the overlap between the issues raised in the petition and the District Court, also supports discretionary denial because *every challenge* presented in the two petitions is also presented in the district court litigation. As shown by Analog's recently filed Counterclaim and the excerpt of responses to an interrogatory requesting the bases for denying the royalty obligation, the prior art invalidity challenges raised in the district court litigation are *identical to* the ones presented to the Board. *See* Ex-2002, Counterclaim ¶¶ 106–111 (alleging obviousness of '665 patent claims over Krum, Munoz, and Yan), 126–128 (alleging obviousness of

[11] In any case, to the extent that there are claim construction disputes, the district court and parties contemplate resolving them no later than the summary judgment stage, which would still be before the district court trial date. Ex-2006, 16:12–18.

‘’596 patent claims over Tang and Pertijs); Excerpt of Interrogatory Responses, Ex-2004, 35–40 (asserting same challenges to same claims as 551 IPR Petition and 550 IPR Petitions, respectively); *cf.* 550 IPR Pet., 15 and 551 IPR Pet., 9 (charts showing identification of IPR challenges). So the IPRs completely duplicate the challenges in the district court.

Even more, however, is that the district court litigation also addresses other patents and contains claims for declaratory judgment of noninfringement of *other* claims than those that are challenged here. Ex-2002, Counterclaim ¶¶ 151–170. Thus, the outcome of the IPRs will resolve *hardly any* of the issues in the dispute before the district court—every counterclaim will remain. The district court concluded this fact weighed in favor of not staying the litigation because there would be no (or little) simplification of the issues “even if … the patent claims are invalidated” by the Board. *See* Ex-2006, 12:21–13:7. It would be a waste of the Board’s and the parties’ resources to proceed in parallel; the district court will have to assess numerous patent issues regardless of the outcome of these IPRs.

G. Factor 5: Identical parties in the parallel proceedings

Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial. And not only is Petitioner Analog a party in the district court litigation, so is its real party-in-interest, Maxim. Institution of these IPRs would result in the same parties litigating

the same prior art validity issues simultaneously in two forums. This factor therefore favors exercise of discretion to deny institution.

H. Factor 6: Other circumstances such as Maxim's role in prosecuting the patents and the long history of royalty payments favor denial.

In Factor 6, the Board considers any other "relevant circumstances in the case" as part of its "holistic analysis." *See Fintiv* at 14–16; 2025 *Fintiv* Guidance at 3. Additionally, the Acting Director recently identified several other "relevant considerations" that the parties are permitted to address as part of the Board's discretionary denial considerations. PTAB Workload Management Memo, 2–3. Number 14 addresses these circumstances within the "other circumstances" *Fintiv* factor 6.

The unique and long history of these patents and parties favors exercising discretion to deny institution. PTAB Workload Management Memo, 2 (the "[s]ettled expectations of the parties, such as the length of time the claims have been in force" is a factor to consider). First and most simply, the challenged claims have been in force since 2010 and 2011—about three-fourths of their entire term. *See* 550 IPR Ex-1001; 551 IPR Ex-1001.

Second, real party-in-interest Maxim had the right to control the prosecution and direct all "strategy" to obtain the claims that it (in the district court litigation) and Analog (in both proceedings) now challenge. Ex-2001 § 2.2. And Maxim in

fact did select and control the prosecution and maintenance of the patents, as shown by the file history and Certificates of Service showing its selected counsel remains the correspondence address of record to this day. *E.g.*, 550 IPR Ex-1002, 48 (identifying correspondence address associated with customer number as "MAXIM/BSTZ [Blakely Sokoloff Taylor & Zafman LLP]]"), 198 (same on Filing Receipt), 277 (same on Notice of Allowance), 283 (same on Transmittal form for issue fee payment by BSTZ firm); *see also* 551 IPR Ex-1002, 142, 304 (same on Fee Transmittal); 550 IPR Pet., PDF page 53 (showing service made to "79124 - Womble Bond Dickinson (US) LLP / *Maxim*." (emphasis added)).

Further, as the district court correctly observed in denying the motion to stay, "Defendants [Analog and Maxim] are seeking to [in]validate patents that they've been *profitably commercializing for more than a decade*, and these questions regarding patent invalidity *have not been raised until Plaintiff filed this action*, claiming that Defendants are underpaying royalties." Ex-2006, 13:16–20 (emphasis added).

The License Agreement has governed the relationship between the inventors (and then Number 14) and Maxim (eventually Analog, too) for over a decade. As explained in the License, Maxim had the choice to exercise its "right of first refusal" if any patents issued from the inventors' work. Ex-2001 §§ 2.1, 2.3. Further, Maxim would only pay the "fee" to exercise that right "upon confirmation

that the [patents] have conceptual and economic value in the market." *Id.* §§ 2.5–2.7. And the parties agree that Maxim *did* exercise those rights and *did* pay the fee. Ex-2002 Answer ¶ 4 ("Defendants admit that Inventors were issued multiple Patents and Maxim exercised its right of first refusal to license a number of these patents."), Counterclaim ¶¶ 29–32 (Analog and Maxim alleging their payment of the fee and royalties). Thus, at least at some point in the past, Maxim must have "confirm[ed]" that the patents were valuable. Years later, and only after Number 14 contended Analog and Maxim underpaid the royalties in 2024, they now want to invalidate the patents they previously determined had value.

Petitioner may argue, as it has alleged in the counterclaims, that the defendants only paid Number 14 because the inventors made "bad faith" requests for payment of royalties even though they (allegedly) knew the products did not meet the requirements of the License that entitled them to payment. *E.g.*, Ex-2002, 19:8–16 (narrative introduction to counterclaims). Number 14 denies those allegations, which will be determined in the district court litigation.[12] But it

[12] The district court has already granted Number 14's motion to dismiss Analog and Maxim's original counterclaims sounding in fraud and misrepresentation (against both Number 14 and the individual inventors) for failure to state a claim. *See* Ex-2009, 4, 12 (ECF Nos. 43, 118).

suffices to say here that it belies belief that *two* sophisticated companies like Analog and Maxim—who claim themselves to be "a global semiconductor company, specializing in innovative analog, digital, and software solutions" and a "worldwide leader in the design, development, and manufacture of linear and mixed-signal integration circuits"—would pay "millions of dollars" of royalties over a period of more than a dozen years (over half of that after the inventors were no longer employed by Maxim in 2015) *without question* or without otherwise acquiescing to Number 14's entitlement to those royalties. *Id.* at Counterclaim ¶¶ 7–8, 33, 88.

Maxim controlled prosecution of the patents, paid for a right of first refusal to license the patents, manufactured and sold the products, paid a royalty to Number 14 for sales of those products, and commercially benefitted from the exclusive rights under the patents for years. To now claim unpatentability smacks of bad faith. At the very least, Maxim's involvement and investment to obtain the patents and its acquiescence for over a dozen years counsels against institution.

The first suggestion (to Number 14) that any claims might be invalid came during an October 2024 hearing, during a discussion of the case schedule, where Analog and Maxim's counsel indicated they were "evaluating and considering" raising a challenge to "the validity of the patents themselves." Ex-2008, 40:9–18. That comment came over 13 years after the '596 patent issued and 14 years after

the ’665 patent issued—at Maxim’s direction—9 months after the contract dispute began in January, and 6 months after Number 14 sued in April 2024. The expectations of the parties were indeed *well settled* until, as the district court put it, Number 14 filed the civil action claiming Analog and Maxim had underpaid on the royalties.

Finally, it would simply a better and more efficient use of the Board’s resources to decline institution and allow the district court to resolve these validity challenges along with the number of *other* patent issues it must address. *That* forum will determine whether royalties are owed and whether the license was breached, and what effect the validity and infringement questions bear on the contract—regardless of how these IPRs are resolved. Because the district court is poised to resolve all relevant disputes, and these IPRs will address only peripheral issues with limited impact, the Board’s time and attention are better spent elsewhere.

V. CONCLUSION

For the reasons set forth above, and consistent with both *Fintiv* and the USPTO’s updated guidance, the Board should exercise its discretion to deny institution under 35 U.S.C. § 314(a).

Respectfully submitted,

/Warren Thomas/
Warren J. Thomas (Reg. No. 70,581)

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6(e) and agreement of the parties, I certify that on May 19, 2025, a copy of this paper and all accompanying exhibits were served on counsel for the Patent Owner by email to:

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CERTIFICATION OF WORD COUNT

Pursuant to 37 C.F.R. § 42.24(d) and the PTAB Workload Management Memo, Petitioner certifies that the foregoing Patent Owner's Discretionary Denial Brief contains 5,296 words (even *including* the exempted portions).

/Warren Thomas/
Warren J. Thomas (Reg. No. 70,581)