UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC

Petitioner

v.

TJTM TECHNOLOGIES, LLC

(record) Patent Owner

IPR2025-00586
Patent No. 8,958,853

PETITIONER'S REQUEST FOR DIRECTOR REVIEW

37 C.F.R. § 42.75

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TABLE OF ABBREVIATIONS & CONVENTIONS

2022 Guidance	Memorandum from Director Vidal to Board, *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* (June 21, 2022)
2025 Memo	Memorandum from Chief APJ Boalick to Board, *Guidance on USPTO's Rescission of "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation"* (Mar. 24, 2025)
'853 patent	U.S. Patent No. 8,958,853
Decision	*Google LLC v. TJTM Techs., LLC*, IPR2025-00586, Paper 12 (Director Aug. 14, 2025)
Fintiv	*Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential)
Hulu	*Hulu, LLC v. Piranha Media Distribution, LLC*, IPR2024-01252, Paper 27 (Director Apr. 17, 2025) (informative)
Petitioner	Google LLC
Patent Owner	TJTM Technologies, LLC
Rescission	USPTO, *USPTO Rescinds Memorandum Addressing Discretionary Denial Procedures* (Feb. 28, 2025)
Sotera	*Sotera Wireless, Inc. v. Masimo Corporation*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A)
Volvo	*Volvo Penta of the Ams., LLC v. Brunswick Corp.*, IPR2022-01366, Paper 15 (Director May 2, 2023)

I. INTRODUCTION

Petitioner requests Director Review under 37 C.F.R. § 42.75 of the decision denying institution. Paper 12 ("Decision").

II. BACKGROUND

Petitioner was sued for infringement of the '853 patent on March 7, 2024. Ex-1014. Petitioner thus faced a statutory deadline to file its IPR petition by March 7, 2025. *See* 35 U.S.C. § 315(b). Petitioner prepared and filed its IPR petition on March 5, 2025, under a legal regime governed at that time by the Board's *Fintiv* and *Sotera* precedential decisions[1] and the Director's *Volvo* decision[2].

The Director's *Volvo* decision made clear that when the claims of a challenged patent have been held invalid in a district court decision under appeal, "the Board should evaluate *Fintiv* factors 1–5" in determining whether to exercise discretion to deny institution of a parallel IPR petition against the challenged claims. *Volvo*, at 7–9. Under the *Fintiv* framework required by *Volvo*, the Board "will not discretionarily deny institution" based on *Fintiv* grounds if the petitioner has

[1] *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential); *Sotera Wireless, Inc. v. Masimo Corporation*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A).

[2] *Volvo Penta of the Ams., LLC v. Brunswick Corp.*, IPR2022-01366, Paper 15 (Director May 2, 2023).

submitted a *Sotera* stipulation. 2022 Guidance, at 3.[3]

Here, Petitioner faced a situation similar to *Volvo*. As in *Volvo*, the district court held the '853 patent claims invalid under 35 U.S.C. § 101. Ex-1018. Patent Owner chose to continue its litigation against Petitioner by appealing that decision. Ex-1020. With Patent Owner's appeal still pending, Petitioner faced a statutory deadline of March 7, 2025 to file any IPR petition against the '853 patent. To preserve its rights, Petitioner filed its IPR petition on March 5, 2025. The petition included a section explaining why discretionary denial under *Fintiv* was inappropriate. Pet. 71–72 (discussing all *Fintiv* factors). Petitioner further submitted a *Sotera* stipulation. Ex-1031. Under *Volvo* and the 2022 Guidance, any discretionary denial analysis based on the parallel litigation involving the '853 patent would have been governed by *Fintiv*, and Petitioner's *Sotera* stipulation would have precluded discretionary denial on *Fintiv* grounds.

On February 28, 2025—shortly before Petitioner filed its petition—the USPTO posted to its website a three-sentence notice that it had "rescinded" the 2022 Guidance ("the Rescission"). The Rescission offered no explanation for the change in the agency's approach and came without prior notice to the public or bar. *Id.* Notably, the Rescission said nothing about the effect of *Sotera* stipulations. Instead,

[3] *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* (June 21, 2022).

the Rescission explicitly "refer[red]" parties to the *Fintiv* and *Sotera* decisions themselves "for guidance"—decisions the Rescission expressly stated were still "precedential" and which remain listed as precedential to this day.[4]

On March 24, 2025—after Petitioner's petition had been filed—the USPTO issued a guidance memorandum about the Rescission. *Guidance on USPTO's Recission of "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation"* ("the 2025 Memo"). There, the Chief APJ stated for the first time that the Rescission applied retroactively to any petition in which the Board had not yet issued an institution decision. 2025 Memo, at 2. The 2025 Memo also announced for the first time that the effect of *Sotera* stipulations was significantly altered: whereas such stipulations were previously "dispositive," they are now merely "part of [the] holistic analysis" under the Rescission. 2025 Memo, at 2–3 (announcing that "a timely-filed *Sotera* stipulation … will not be dispositive by itself" to avoid *Fintiv* denial).

A further significant change occurred on April 17, 2025, when the Acting Director overruled *sub silentio* the *Volvo* decision. Despite *Volvo*'s clear command that "the Board should evaluate *Fintiv* factors 1–5" where claims have been held

[4] https://www.uspto.gov/patents/ptab/precedential-informative-decisions.

invalid but remain on appeal, the Acting Director in *Hulu*[5] changed course and stated "the *Fintiv* framework does not fit neatly with the circumstances of this case, where the district court already had determined that the challenged claims are invalid under § 101." *Hulu*, at 3. Rather than engage in *Fintiv*'s multi-factor analysis as *Volvo* required, the Acting Director instead simply held that "where a district court already has found the challenged claims invalid, the efficiency and integrity of the patent system is best served by denying institution." *Id.* The *Hulu* decision neither mentions *Volvo* nor explains why the Office was deviating from its prior position. *Id.* The *Hulu* decision was designated as "informative" on May 7, 2025.

On August 14, 2025, the Acting Deputy Chief APJ discretionarily denied Petitioner's IPR petition. Paper 12. The Decision's sole reason was: "Because the challenged claims have already been found to be invalid under § 101, it is not an efficient use of Board resources to review them for patentability under other grounds. *See Hulu, LLC v. Piranha Media Distribution*, LLC, IPR2024-01252, Paper 27 (Director Apr. 17, 2025) (informative)." Decision, at 2. The Decision did not address any *Fintiv* factors. Nor did the Decision address Petitioner's arguments that this proceeding was materially different from *Hulu*. Among other differences, unlike in *Hulu,* Petitioner here submitted a *Sotera* stipulation.

[5] *Hulu, LLC v. Piranha Media Distribution, LLC*, IPR2024-01252, Paper 27 (Director Apr. 17, 2025) (informative).

III. ARGUMENT

Petitioner prepared and filed its IPR petition in reliance on expectations established by the Board's precedential *Fintiv* and *Sotera* decisions and the Director's *Volvo* decision. Under "binding" guidance operating before the Rescission, Petitioner had a right for its petition to not be discretionarily denied on parallel-litigation grounds. The 2022 Guidance waived the Director's discretion to deny petitions on parallel-litigation grounds if the petitioner made a *Sotera* stipulation. 2022 Guidance, at 3. That is what Petitioner did. Ex-1031. Applying *Volvo* and the 2022 Guidance to the facts here, any discretionary denial analysis based on the pending appeal of the district court's invalidity ruling would have required evaluation of "*Fintiv* factors 1–5," and under that framework, Petitioner's *Sotera* stipulation would have precluded discretionary denial.

But the Decision's retroactive application of both *Hulu* and the 2025 Memo flipped those expectations without explanation and changed the result here. It effectively replaced the multi-factor *Fintiv* analysis with a rigid rule and rendered Petitioner's *Sotera* stipulation not only non-dispositive but nonsignificant. While the Rescission itself occurred shortly before Petitioner filed its petition, the Rescission's retroactive effect, including the USPTO's new treatment of *Sotera* stipulations (that a "timely-filed *Sotera* stipulation … will not be dispositive"), was only announced in the 2025 Memo, after the petition was filed. 2025 Memo, at 2–

3. And the change to the USPTO's treatment of district court invalidity rulings—going from requiring evaluation of "*Fintiv* factors 1–5" under *Volvo* to automatic denial under *Hulu*—is indisputably retroactive. The *Hulu* decision attached new, adverse legal consequences to actions Petitioner had already taken—specifically, filing an IPR petition in parallel with the ongoing appeal of the district court's § 101 determination. Prior to *Hulu*, and consistent with the Director's *Volvo* decision, it was possible for petitioners to obtain IPR institution even when a district court found the claims invalid under § 101. *See, e.g., Reolink Innovation Inc. v. Throughtek Co., Ltd*., IPR2024-00509, Paper 6 at 2-3 (PTAB Aug. 9, 2024); *Apple Inc. v. Geoscope Techs. PTE. Ltd*., IPR2024-00255, Paper 14 at 9-10 (PTAB May 31, 2024); *BMW of N. Am., LLC v. Michigan Motor Techs., LLC*, IPR2023-01224, Paper 15 at 9-10 (PTAB Feb. 15, 2024); *Meta Platforms, Inc. v. Angel Techs. Grp. LLC*, IPR2023-00059, Paper 16 at 3 (PTAB May 11, 2023).

The Decision's retroactive application of both *Hulu* and the 2025 Memo to this case violated Petitioner's procedural rights in two ways: as a violation of due process and as a violation of the APA.

A. The Decision Violated Petitioner's Due Process Rights

"[T]he Due Process Clause provides that certain substantive rights—life, liberty, and property—cannot be deprived except pursuant to constitutionally adequate procedures." *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 541

(1985). Here, the agency violated Petitioner's due process rights by retroactively applying the *Hulu* rule and 2025 Memo to its IPR petition.

Both the Director's *Volvo* decision and 2022 Guidance created a protected interest for petitioners in reaching an institution decision on the merits when they made the stipulation based on the agency's having "restrict[ed] the exercise of official discretion." *Tarpeh-Doe v. United States*, 904 F.2d 719, 722 (D.C. Cir. 1990); *see Olim v. Wakinekona*, 461 U.S. 238, 249 (1983) (protected interest is created "by placing substantive limitations on official discretion"). Even where the government possesses significant discretion, a protectable interest exists if the government "plac[es] substantive limitations" on that discretion. *Ky. Dep't of Corrections v. Thompson*, 490 U.S. 454, 462 (1989) (citation omitted).

The Director's *Volvo* decision made clear that any discretionary denial analysis based on a district court's § 101 invalidity ruling must be evaluated under the *Fintiv* framework—specifically "*Fintiv* factors 1–5." Under that framework, a *Sotera* stipulation was sufficient to avoid discretionary denial on *Fintiv* grounds. The unequivocal command in the 2022 Guidance invoked the Director's "authority to issue binding agency guidance" governing the Board. The 2022 Guidance thus "restrict[ed] the exercise of official discretion" with "'explicitly mandatory language.'" *Tarpeh-Doe*, 904 F.2d at 722-23 (quoting *Thompson*, 490 U.S. at 463). That guidance dictated that the Board "will not" deny institution on *Fintiv* grounds

if the petition was supported by a *Sotera* stipulation. *See Thompson*, 490 U.S. at 463 (collecting cases holding that "shall" language limits discretion). Regardless of any flaws in the guidance's enactment, Petitioner was entitled to rely on it as an existing, and deemed "binding," agency rule.

That voluntary restriction of agency discretion gave *Sotera*-stipulating petitioners a "legitimate entitlement" to have their petitions considered on the merits. *See Tarpeh-Doe*, 904 F.2d at 722-23. It was a protected interest for due-process purposes. *See Thompson*, 490 U.S. at 463 ("use of 'explicitly mandatory language,' in connection with the establishment of 'specified substantive predicates' to limit discretion," created protected interest (citations omitted)); *Perry v. Sindermann*, 408 U.S. 593, 601 (1972) ("A person's interest in a benefit is a 'property' interest for due process purposes if there are such rules or mutually explicit understandings that support his claim of entitlement to the benefit…"); *Furlong v. Shalala*, 156 F.3d 384, 395 (2d Cir. 1998) ("[P]roperty interests may be established through such diverse sources as unwritten common law and informal institutional policies and practices."). The Supreme Court has contrasted "completely unfettered" discretion, on the one hand, with expressly limited discretion as set out under the 2022 Guidance, on the other. *See Thompson*, 490 U.S. at 462 (citation omitted) (collecting cases).

Petitioner also had a protected interest in the fees and costs it expended

preparing and filing its petition—including the IPR request fees, *see* 37 C.F.R. §42.15(a)(1)—under the reasonable expectation that pairing the IPR petition with a *Sotera* stipulation would lead to a decision on the merits at institution under the agency's guidance. The USPTO collects the request fee for that very reason. There are two sets of fees paid to the USPTO upon filing an IPR petition: a non-refundable request fee and a post-institution fee that can be refunded if institution is denied. *See* 37 C.F.R. §§42.15(a)(1) (*Inter Partes* Review request fee ($23,750), 42.15(a)(2) (*Inter Partes* Review Post-Institution fee ($28,125)). The agency calculates those fees based on an estimate of the number of needed APJ hours. *See, e.g.*, *Rules for Practice for Trials Before the Patent Trial & Appeal Board*, 77 Fed. Reg. 6879, 6897 (Feb. 9, 2012) (estimating "98.7 hours of judge time" required for an IPR petition challenging up to 20 claims). After all, the statute requires a decision "in writing, of the Director's determination under subsection (a)," 35 U.S.C. § 314(c), and the only determination set forth in subsection (a) is the "determin[ation] … [whether] there is a reasonable likelihood that the petitioner would prevail," *id.* § 314(a). But none of that work took place because the USPTO denied the petition without it ever getting to a panel of APJs. No such determination is being made under the Director's new procedures, despite the requisite fee paid for this review.

The agency's deprivation of those interests was procedurally inadequate. The *Hulu* decision issued after Petitioner filed its petition, with no acknowledgment or

explanation for why it was changing USPTO policy from the former Director's *Volvo* decision. Likewise, the effect of the Rescission on *Sotera* stipulations was not explained until the 2025 Memo, after Petitioner filed its petition. It too contained no justification for the about-face. The Acting Director solicited no input from the public. Petitioner was caught unawares, with no opportunity to conform its previously filed petition to the new and radically different standard, or to instead choose not to expend the resources in preparing the petition in the first place.

Moreover, the agency deprived Petitioner of its request fee without the requisite process—consideration of the petition on the merits for institution purposes. That was the required process because it was the premise of the agency's fee collection in the first place.

Here, Petitioner prepared and filed its IPR petition under the expectation that the rules in effect at the time—including the Director's *Volvo* decision requiring an analysis under "*Fintiv* factors 1–5"—would apply, and Petitioner further relied on the 2022 Guidance's assurances that its *Sotera* stipulation would foreclose discretionary denial on *Fintiv* grounds.

B. The Decision Violated the APA

1. The Rescission and *Hulu* were both rule changes effected without notice-and-comment rulemaking

The APA requires agencies to promulgate rules through notice and comment, aside from "interpretative rules, general statements of policy, or rules of agency

organization, procedure, or practice." 5 U.S.C. § 553(b)(A). And the AIA required that the Director "shall prescribe" regulations governing IPR. 35 U.S.C. § 316(a).

The Rescission is a substantive rule. It both effected a change in existing law or policy and affected individual rights and obligations because it rescinded Petitioner's right to avoid *Fintiv*-based denial by making a *Sotera* stipulation. Before the Rescission, *Sotera* stipulations triggered that right under a bright-line rule that the Director issued as "binding" agency policy. The Rescission withdrew that right, and the agency has acknowledged that withdrawal resulted in a change in law or policy. Moreover, the Rescission altered the "substantive standards by which the USPTO evaluates" petitions. *In re Chestek*, 92 F.4th 1105, 1110 (Fed. Cir. 2024).

The *Hulu* decision is also a substantive rule. It both effected a change in existing law or policy and affected individual rights and obligations because it changed the USPTO's prior practice of requiring consideration of *Fintiv* factors 1–5, under which institution was possible when claims stood invalid under § 101,[6] and replaced it with a rigid rule that bars institution under those same circumstances. *Hulu* unequivocally restricts the right of infringement defendants to access IPR and its benefits—an opportunity Congress intended them to have. In the event of an

[6] *See, e.g., Reolink*, IPR2024-00509, Paper 6 at 2–3; *Apple*, IPR2024-00255, Paper 14 at 9–18; *BMW*, IPR2023-01224, Paper 15 at 8–12; *Meta Platforms*, IPR2023-00059, Paper 16 at 3.

appellate reversal of the district court's § 101 invalidity determination, a denial of a petitioner's IPR under the *Hulu* rule will deprive that petitioner from filing a new IPR petition against the patent by operation of the one-year bar. *See* 35 U.S.C. § 315(b).

As applied in the Decision here, the analysis under *Hulu* is rigid and binary: *Hulu* apparently only cares whether the challenged claims have already been found to be invalid under § 101. Indeed, the Decision did not address any of Petitioner's arguments under *Fintiv* factors 1–6 or any of Petitioner's arguments why this proceeding does not present the same situation as in *Hulu*. Among other distinctions Petitioners pointed to was that a *Sotera* stipulation was offered in this case but not in *Hulu*. Paper 8, 15. Moreover, as Petitioner explained using median time-to-trial statistics, the time it would take for any district court trial to occur in this case (even assuming Patent Owner's appeal succeeds and the § 101 decision is reversed) makes it impossible for any trial to take place before a final written decision in this IPR. Paper 8, 18. Despite these arguments, however, the Decision's sole focus was on the fact that "the challenged claims have already been found to be invalid under § 101." Decision, at 2 (citing *Hulu* to deny institution). The rule articulated in *Hulu* is thus entirely outcome-determinative, leaving no discretion in its application.

2. Regardless if the Rescission and *Hulu* are rules or policy changes, their retroactive application violated the APA

Whether *Hulu* and the Rescission are deemed a rule or a "statement[] of

policy," 5 U.S.C. § 552(a)(2)(B), the agency violated the APA by applying them retroactively. The retroactive application was "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law," *id.* § 706(2)(A).

Policy statements "advise the public *prospectively* of the manner in which the agency proposes to exercise a discretionary power." *Lincoln v. Vigil*, 508 U.S. 182, 197 (1993) (citation omitted) (emphasis added). On the other hand, rules "are presumed not to have retroactive effect," *Durr v. Nicholson*, 400 F.3d 1375, 1380 (Fed. Cir. 2005), and "will not be construed to have retroactive effect unless their language requires this result." *Bowen v. Georgetown Univ. Hosp.*, 488 U.S. 204, 208 (1988).

Here, the USPTO rescinded the 2022 Guidance with a short statement stating only that it was rescinded. The USPTO's subsequent statements, issued after the petition was filed, articulated the USPTO's new position and its intention to apply that position retroactively. However, neither fact flows from the Rescission's language. Similarly, nothing in *Hulu* required its application to petitions filed *before* the issuance of or the "informative" designation of the Acting Director's decision. Further, the USPTO lacks "the power to promulgate retroactive rules" because that power was not "conveyed by Congress in express terms." *Bowen*, 488 U.S. at 208. *Cf.* 35 U.S.C. §§ 2(b)(2), 316(a); *see also, e.g.*, *Tafas v. Dudas*, 511 F. Supp. 2d 652, 666 (E.D. Va. 2007) ("Congress did not expressly grant the PTO" "the power to

promulgate retroactive rules.").

As set forth above, the retroactivity question is not whether the rule applied to *future decisions* but whether it applied to *past acts*—"whether the new provision attaches new legal consequences to events completed before its enactment." *Landgraf v. USI Film Products*, 511 U.S. 244, 270 (1994). Here, at the time Petitioner filed its petition, the USPTO had a practice of applying the *Fintiv* framework and permitting institution despite a prior district court determination of invalidity under § 101. Also, at that time, the USPTO had not yet articulated a rule that a *Sotera* stipulation "will not be dispositive." 2025 Memo, at 2–3. Petitioner's action of filing the petition was undertaken based on the law governing at the time, and the application of that law would have avoided discretionary denial based on any parallel litigation involving the patent.

The 2022 Guidance and the USPTO's pre-*Hulu* practice should therefore have applied to Google's petition. *See Durr*, 400 F.3d at 1380 (error to apply procedural rule promulgated after filing but before decision).

3. The Decision also violates the APA under the change-in-position doctrine

The USPTO "told [petitioners] in guidance documents that it would do one thing" when it promised that it would not deny petitions on *Fintiv* grounds if accompanied by a *Sotera* stipulation, and it "then turned around and did something different" by applying the Rescission and *Hulu* during the pendency of the IPR

petition. *See FDA v. Wages & White Lion Invs., L.L.C.*, 145 S. Ct. 898, 917 (2025). That violated the change-in-position doctrine, which prohibits an agency from changing policies without "provid[ing] a reasoned explanation for the change, display[ing] awareness that [it is] changing position, and consider[ing] serious reliance interests." *Id.* (cleaned up).

Here, the USPTO changed existing policy when it rescinded its prior "binding" policy of not denying institution based on parallel litigation if the petitioner made a *Sotera* stipulation. Likewise, *Hulu* changed existing policy by abandoning consideration of "*Fintiv* factors 1–5" under *Volvo* and adopting a rigid, binary test. Now, post-*Hulu*, a district court determination of invalidity under § 101 operates to bar institution, regardless of what other factors may be present.

The USPTO also failed to offer good reasons for the new policy despite explicitly acknowledging the policy change. The agency offered *no* explanation for the change—it merely announced its effect. And there is nothing in the record suggesting the USPTO accounted for the serious reliance interests of parties like Petitioner who developed district-court and IPR strategies based on the agency's promises.

IV. CONCLUSION

Petitioner respectfully requests that the Director vacate the Decision and refer the petition to the Board.

Date: September 12, 2025

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing paper, together with all exhibits and other documents filed therewith, was served on September 12, 2025, on the Patent Owner's counsel of record at the United States Patent & Trademark Office having the following address:

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