UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Samsung Electronics Co. Ltd. and Samsung Electronics America, Inc.,
Petitioners,

v.

OS New Horizon Personal Computing Solutions Ltd.,
Patent Owner.

Case No. IPR2025-00613
U.S. Patent No. 8,401,875

AUTHORIZED RESPONSE TO DIRECTOR REVIEW REQUEST

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EXHIBIT LIST

Exhibit No.	Description
2001	*OS-New Horizon Personal Computing Solutions Ltd. v. Samsung Electronics Co. Ltd. et al.*, No. 2:24-cv-00634-JRG-RSP (E.D. Tex.), Docket Control Order (Dkt. No. 23) ("Docket Control Order")
2002	*OS-New Horizon Personal Computing Solutions Ltd. v. Samsung Electronics Co. Ltd. et al.*, No. 2:24-cv-00634-JRG-RSP (E.D. Tex.), Complaint (Dkt. No. 1) ("Complaint")
2003	*OS-New Horizon Personal Computing Solutions Ltd. v. Samsung Electronics Co. Ltd. et al.*, No. 2:24-cv-00634-JRG-RSP (E.D. Tex.), Samsung Electronics America, Inc. and Samsung Electronics Co., Ltd.'s Invalidity Contentions dated January 16, 2025 ("Invalidity Contentions")
2004	*OS-New Horizon Personal Computing Solutions Ltd. v. Samsung Electronics Co. Ltd. et al.*, No. 2:24-cv-00634-JRG-RSP (E.D. Tex.), Civil Docket ("Docket")
2005	United States District Courts—National Judicial Caseload Profile for 12-month period ending December 31, 2024; available at https://www.uscourts.gov/data-news/reports/statistical-reports/federal-court-management-statistics ("Federal Court Management Statistics")

I. INTRODUCTION

Institution of IPR is ***discretionary, not mandatory***. 35 U.S.C. § 314(a). The PTAB properly exercised that discretion in granting discretionary denial ("DD") and denying institution of this IPR. Weighing the "totality of the evidence and arguments the parties have presented," the PTAB correctly determined DD was appropriate. Paper 10 ("DD Decision") at 2. Petitioners' Request for Director Review (Paper 11, "DR Request") fails to identify any reversable error in the DD Decision. Rather than identifying any abuse of discretion, erroneous findings of fact or law, or important law or policy issues, Petitioners merely relitigate their DD Opposition (Paper 9) and criticize how the PTAB exercised its discretion.

First, Petitioners wrongly contend that the PTAB erred in relying on "settled expectations" and "time-to-trial." Petitioners' argument overstates the European application's relevance to the '875 Patent. Petitioners admit as much—their own petition in this IPR concedes Fadell cannot anticipate the '875 Patent, belying the notion that Patent Owner ("PO") lost settled expectations in the '875 Patent after learning of the reference. Petitioners' time-to-trial argument likewise fails. The PTAB properly determined it is unlikely a FWD will issue before the scheduled trial in the parallel district court case occurs. The PTAB did not err by relying on the actual trial date, rather than Petitioners' speculative time-to-trial statistics and conjecture. ***Second***, Petitioners' argument that other factors favor institution misses

the mark. None of the factors identified by Petitioners outweigh the strong evidence favoring denial, and the PTAB did not abuse its discretion by simply weighing the factors differently from how Petitioners wanted. ***Third***, Petitioners' Due Process, statutory, and APA arguments are meritless. Petitioners' theories are simply attempts to recast disagreement with the DD Decision as legal violations. None are grounds for reversal.

Petitioners' DR Request amounts to nothing more than mere disagreement with the DD Decision. This does not warrant reversal. Petitioners' DR Request should be denied and the DD Decision should be upheld.[1]

II. ARGUMENT

A. The PTAB Correctly Found "Settled Expectations" and "Time to Trial" Strongly Favor Denial of Institution

The DD Decision's determinations on settled expectations and time-to-trial were reasonable and supported by the record. The PTAB correctly found "the challenged patent has been in force for more than 12 years, creating strong settled expectations, and Petitioner does not provide any persuasive reasoning why an *inter partes* review is an appropriate use of Board resources." Paper 10 at 2. Indeed, the '875 Patent issued on March 19, 2013 and is presumed valid. Ex.1001, [45]; 35 U.S.C. § 282(a). Likewise, the PTAB properly found "the projected

[1] This Response was authorized via email on August 19, 2025. *See* Ex.3100.

[FWD] due date in the Board proceeding is September 20, 2026," the "district court's scheduled trial date is June 1, 2026," and "it is unlikely that a [FWD] will issue before the district court trial occurs." Paper 10 at 2. Petitioners do not dispute that trial in the district court case is set for June 1, 2026. Paper 11 at 6 ("The current scheduled trial date is June 1, 2026."); *see also* Ex. 2001 at 1. Nor do Petitioners dispute the scheduled trial date is ***before*** the expected FWD date of September 20, 2026. *See* Paper 11 at 2 ("if not stayed the FWD is likely to precede any trial"). The PTAB appropriately concluded these factors strongly favor denial.

1. The PTAB Did Not Abuse Its Discretion by Relying on "Settled Expectations"

Petitioners contend the PTAB abused its discretion by relying on settled expectations in denying institution. Not so. The crux of Petitioners' argument is that PO abandoned a European patent application with similar claims ***five years after*** the '875 Patent issued and therefore lost any settled expectations in the '875 Patent. Paper 11 at 3. This argument—which mimics Petitioners' DD Opposition (*see* Paper 9 at 5-8, 25)— drastically overstates the European application's relevance to settled expectations in the '875 Patent.

PO did not "concede" invalidity or "acquiesce" to unpatentability of the '875 Patent by abandoning the European application. *See* Paper 11 at 1, 3. There are countless reasons—financial, business, strategic, or otherwise—that a pending application (US or foreign) may be pursued or abandoned. Moreover, European

prosecution, which involves foreign patentability requirements for a foreign application in a foreign jurisdiction, is not dispositive of patentability in the US. *See, e.g., Pfizer, Inc. v. Ranbaxy Labs. Ltd.*, 457 F.3d 1284, 1290 (Fed. Cir. 2006). And the European application's claims differ from those of the '875 Patent. *See, e.g.*, Ex.1005 at 147-48. Simply put, events during prosecution of the European application (particularly, as here, those occurring years after the '875 Patent's issuance) have limited, if any, relevance to settled expectations in the '875 Patent.

Petitioners' "settled expectations" argument is also contradicted by their own IPR petition. Petitioners' DR Request contends (incorrectly) that PO knew the Fadell reference invalidated the European claims and therefore knew the '875 Patent was invalid. Paper 11 at 3-4. Yet Petitioners' own IPR petition does not contend Fadell anticipates the '875 Patent—in fact, Petitioners concede Fadell fails to disclose key claim limitations and therefore combines Fadell with Moran to attempt to meet the claim language. *See, e.g.*, Paper 3 at 11 (Fadell "does not disclose implementation details" of authentication system "such as the component that performs the authentication processing"). Petitioners' admission that Fadell does not anticipate the '875 Patent undercuts its contention that PO lost settled expectations in the '875 Patent after learning of Fadell.

Petitioners further chide PO for not disclosing Fadell or seeking reexamination of the '875 Patent. Paper 11 at 4. Tellingly, Petitioners do not argue

PO was aware of Fadell during the '875 Patent's prosecution or cite any authority obligating PO to disclose art discovered ***after*** issuance. Similarly, the '875 Patent is presumed valid and PO was under no obligation to seek reexamination. 35 U.S.C. § 282(a). Petitioners' reliance on *Celgene Corp. v. Peter*, 931 F.3d 1342, 1361-63 (Fed. Cir. 2019) is also misplaced. Paper 11 at 4-5. The issue is not whether PO has a settled expectation that the '875 Patent will or will not be subject to IPR, but whether PO lost its expectations in the '875 Patent when it became aware of Fadell. *Celgene* is therefore of no help to Petitioners here.

Petitioners' other arguments regarding "settled expectations" fare no better. Contrary to Petitioners' assertion (*see* Paper 11 at 5), PO's DD Request explicitly argued settled expectations favor denial precisely because the patent has been in force for over 12 years. Paper 7 at 24. The PTAB also did not err by allegedly not weighing settled expectations of Petitioners and the public. Paper 11 at 6. Petitioners previously made this argument (Paper 9 at 25) and the PTAB considered it. Paper 10 at 2 ("totality of the circumstances"). In any event, the argument is based on the same flawed logic discussed above—because PO never "acquiesce[d] to the rejection of its European application," neither Petitioners nor the public had any ***reasonable*** expectation that the '875 Patent "would not be enforceable in the U.S." *See* Paper 11 at 6.

2. The DD Decision's Time-to-Trial Determination Was Reasonable and Supported by the Record

Recognizing the scheduled trial date in the parallel litigation strongly supports denial, Petitioners instead criticize the DD Decision for allegedly failing to consider time-to-trial statistics and "assuming that the currently scheduled trial date is likely to hold." Paper 11 at 6. Petitioners' disagreement with the PTAB's reliance on the set, scheduled trial date, rather than attempting to read tea leaves as Petitioners propose, does not constitute reversible error.

The PTAB is entitled to rely on district court scheduling orders and time and time again has refused to speculate over trial dates in parallel proceedings. *See, e.g.*, *Ericsson Inc. v. Pegasus Wireless Innovation LLC*, IPR2025-00084, Paper 17 at 12-13 (PTAB June 6, 2025) ("We are not swayed by Petitioner's speculation as to the trial date…."); *Cipla Ltd. v. Gilead Scis., Inc.*, IPR2025-00033, Paper 22 at 10 (PTAB May 15, 2025) (dismissing argument that district court may move trial date as "merely speculative" and "declin[ing] to guess what the district court might do"); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 13 (PTAB May 13, 2020) ("We generally take courts' trial schedules at face value"). Petitioners' arguments regarding time-to-trial statistics and other scheduled trials before the same judge are just that—pure conjecture. There was nothing erroneous about the PTAB's reliance on the scheduled trial date in the parallel litigation over Petitioners' speculation.

The DD Decision is consistent with numerous other recent PTAB decisions denying institution in which trial in a parallel proceeding was set to occur before the expected date of a FWD. *See, e.g.*, *Samsung Electronics Co., Ltd. v. Headwater Research LLC*, IPR2025-00481, Paper 9 at 2 (PTAB August 4, 2025) (granting discretionary denial where trial scheduled approx. 4 months before projected FWD date); *Taiwan Semiconductor Mfg. Co. Ltd. v. Advanced Integrated Circuit Process LLC*, IPR2025-00682, Paper 17 at 2 (PTAB August 14, 2025) (granting discretionary denial where trial scheduled approx. 4 months before projected FWD date); *NVIDIA Corp. v. Neural AI, LLC*, IPR2025-00606, Paper 18 at 2 (PTAB July 31, 2025) (granting discretionary denial where trial scheduled approx. 1 month before projected FWD date). Simply put, the PTAB's reliance on the official schedule and set trial date in the parallel litigation, rather than Petitioners' speculation, was not erroneous or an abuse of discretion. Discretionary denial was appropriate and fully supported by the record evidence.

B. The PTAB Did Not Abuse Its Discretion in Weighing the *Fintiv* Factors

Nor did the PTAB err by allegedly "fail[ing] to consider" other *Fintiv* factors. Paper 11 at 8. The DD Decision, which was based on "the totality of the evidence and arguments the parties have presented" and "a holistic assessment of all of the evidence and arguments presented," considered Petitioners' arguments on the other factors and determined none outweighed the strong evidence favoring

denial. Paper 10 at 2. The PTAB did not abuse its discretion by simply weighing the evidence differently than Petitioners wanted.

1. Purported Examiner Error Does Not Favor Institution

Petitioners' contentions that the Examiner erred in allowing the '875 Patent over Fadell and the PTAB abused its discretion by not instituting IPR to correct the Examiner's alleged mistake are wrong for several reasons. *See* Paper 11 at 8-9.

First, the Examiner did not err in allowing the '875 Patent. Petitioners' argument rests on flawed assumptions—that PO's claim amendments during prosecution of the '875 Patent somehow conceded Moran discloses elements of the claims and that the abandonment of the European application somehow conceded Fadell invalidates the claims and/or discloses a "life signs detector." Petitioners' contentions are based on the same flawed logic discussed above and should be rejected for the same reasons. *See supra*, § III.A.1.

Second, Petitioners ignore that institution of IPR is ***discretionary***. *See* 35 U.S.C. § 314(a) ("[t]he Director may not authorize an *inter partes* review to be instituted unless…"); *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) ("[T]he agency's decision to deny a petition is a matter committed to the Patent Office's discretion."). Indeed, "[t]he Director is permitted, but never compelled, to institute an IPR" and "no petitioner has a right to . . . institution." *Mylan Laboratories Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir.

2021). Contrary to Petitioners' argument, there is no requirement to institute IPR in any case, particularly here where the balance of factors weighs heavily in favor of denial. The PTAB did not abuse its discretion by exercising its discretion to deny institution and refusing to address Petitioners' merits-based arguments.

2. Petitioners' *Sotera* Stipulation Does Not Outweigh Factors Favoring Denial

Petitioners next argue the PTAB abused its discretion by failing to consider Petitioner's *Sotera* stipulation. Paper 11 at 11-12. Not only *did* the PTAB consider Petitioners' stipulation (*see* Paper 10 at 2 ("totality of the circumstances")), but the PTAB was not required to treat Petitioners' stipulation as dispositive as Petitioners' apparently contend.

Stipulations are one factor among many that the PTAB considers in determining whether to exercise discretion to deny institution. While a *Sotera* stipulation may in some cases be relevant, it "will not be dispositive by itself" and must be considered "as part of [the] holistic analysis under *Fintiv*." *See* March 24, 2025 "Guidance on USPTO's recission of 'Interim Procedure for Discretionary Denials in AIA Post Grant Proceedings with Parallel District Court Litigation'" ("March 2025 Memo") at 2-3. The PTAB did not abuse its discretion here by finding other factors favoring denial outweighed Petitioners' stipulation.

PTAB precedent also supports denial despite stipulations where the overall balance of factors favors that outcome. *See, e.g.*, *Ericsson Inc. et al. v. Procomm*

Int'l Pte. Ltd., IPR2024-01455, Paper 15 at 2 (PTAB May 16, 2025) (granting discretionary denial despite stipulation); *Cisco Sys., Inc. v. Estech Sys., Inc.*, IPR2021-00333, Paper 12 at 12 (PTAB July 7, 2021) (denying institution despite stipulation). In fact, the *Google* case cited by Petitioners also supports denial. Paper 11 at 11. There, although the Board initially declined to exercise its discretion to deny institution, the Board's decision was vacated. On Director Review, the PTAB denied institution, finding that "[u]nder *Fintiv's* holistic assessment, the merits of the Petition and Petitioner's *Sotera* stipulation do not outweigh *Fintiv* factors 2 and 3." *Samsung Electronics Co., Ltd. et al. v. Mullen Indus. LLC*, IPR2025-00021, Paper 20 at 3 (PTAB July 17, 2025). Petitioners' *Sotera* stipulation in this IPR likewise does not compel institution and does not outweigh the factors favoring denial.

3. The District Court Case Is Not Stayed

Petitioners "stay" argument is purely speculative. Paper 11 at 12-13. There is no dispute that the district court case is ***not*** stayed. *See id.* Nor do Petitioners contend a stay of the district court case is imminent. Rather, Petitioners argue a stay is "more likely than not if IPR is instituted." *Id*. This is pure conjecture.

Petitioners offer no evidence that a stay is likely in the parallel district court case, even if IPR is instituted. *See, e.g.*, *Samsung Electronics Co., Ltd. v. Sionyx, LLC*, IPR2025-00064, Paper 16 at 10 (PTAB June 6, 2025) (denying institution

under *Fintiv* and noting "[w]e decline to speculate on the likelihood of a stay in the future"). That Judge Gilstrap has in certain instances previously stayed cases following IPR institution says nothing about whether a stay is likely ***in this specific case***. And, contrary to Petitioners' suggestions otherwise, Judge Gilstrap has previously denied stays following IPR institution. *See, e.g.*, *Lionra Techs. Ltd. v. Cisco Sys.*, No. 2:24-CV-00097-JRG, 2025 U.S. Dist. LEXIS 80719, *11 (E.D. Tex. Apr. 28, 2025) (Gilstrap, J.) (denying stay despite institution of IPR on asserted patent). The Board did not err by finding the factors favoring denial outweighed the mere ***possibility*** of a stay in the district court.

C. Petitioners' Constitutional, Statutory, and APA Arguments Lack Merit

Contrary to Petitioners' apparent belief, ***institution of IPR is discretionary***. *See* 35 U.S.C. § 314(a); *Cuozzo*, 579 U.S. at 273; *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) ("the PTO is permitted, but never compelled, to institute an IPR proceeding"). This includes the discretion to deny institution based on efficiency considerations that stem from parallel proceedings on the same patent. *See NHK Spring Co. v. Intri-Plex., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5-6 (PTAB Mar. 20, 2020) (precedential). Petitioners' attempt to recast the PTAB's proper exercise of its discretion as a Constitutional, statutory, or APA violation should be rejected.

1. No Due Process Violation

Petitioners' claim that the DD Decision violates the Due Process Clause of the Fifth Amendment has no merit. Paper 11 at 13-14. Notably, the USPTO addressed similar arguments in response to petitions for writs of mandamus to the Federal Circuit and contended such Constitutional challenges are meritless. *See* Acting Director's Response to Petitions for Mandamus at 14-21, *In re SAP America, Inc.*, No. 2025-132, -133 (Fed. Cir. July 18, 2025) (Doc. 39). Petitioners' Due Process arguments here fail for the same reasons.

First, Petitioners do not identify any interest that could support a due process challenge. The threshold "inquiry in every due process challenge is whether the [claimant] has been deprived of a protected interest" in liberty or property. *American Mfrs. Mut. Ins. Co. v. Sullivan*, 526 U.S. 40, 59 (1999). Petitioners identify none, nor could they. For example, Petitioners have no protected property interest in the guidance the USPTO employs in making institution decisions because both granting IPR and articulating guidance about institution criteria are entirely discretionary matters. *See* 35 U.S.C. § 314(a); *Mylan*, 989 F.3d at 1382 ("[t]he Director is permitted, but never compelled, to institute an IPR" and "no petitioner has a right to . . . institution.").

Second, even if Petitioners had a property or liberty interest here, they still could not make out a due process violation. "Once a property interest is shown, all

due process requires is notice and an opportunity to be heard." *Alberico v. United States*, 783 F.2d 1024, 1027 (Fed. Cir. 1986) (citing *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 546 (1985)). Petitioners here had both notice (via the USPTO's publication of the change to its discretionary criteria) and multiple opportunities to be heard (*see* Paper 9 (DD Opposition); Paper 11 (DR Request)).

Third, Petitioners' contention that the decision "retroactively appl[ied] new rules that did not exist at the time Petitioners filed their petition" fails. A "retroactive" rule is one that "would impair rights a party possessed when he acted, increase a party's liability for past conduct, or impose new duties with respect to transactions already completed." *Landgraf v. USI Film Prods.*, 511 U.S. 244, 280 (1994). Application of the Acting Director's guidance to Petitioners' IPR petition did not affect any of Petitioners' rights, because Petitioners never had a right to institution or to a particular set of discretionary criteria regarding institution in the first place. *See Mylan*, 989 F.3d at 1382. Moreover, Petitioners had no reasonable basis for relying on the June 21, 2022 Memorandum ("June 2022 Memo"). The June 2022 Memo was not binding; it was an interpretive statement of policy that may be altered at any time. *See Ass'n of Flight Attendants-CWA, AFL-CIO v. Huerta*, 785 F.3d 710, 716 (D.C. Cir. 2015) ("Policy statements 'are binding on neither the public nor the agency,' and the agency 'retains the discretion and the authority to change its position . . . in any specific case'").

2. No Statutory Violation

Petitioners next erroneously argue that the DD Decision's reliance on "settled expectations" conflicts with the one-year filing deadline for IPR petitions under 35 U.S.C. § 311(c). Paper 11 at 14. While Section 311(c) sets an outer time limit for filing an IPR petition, it does not ***mandate*** institution of every timely petition. Indeed, Congress vested the Director with broad discretion to deny IPR. 35 U.S.C. § 314(a). The Supreme Court confirmed "the agency's decision to deny a petition is a matter committed to the Patent Office's discretion." *Cuozzo*, 579 U.S. at 273; *see also Mylan*, 989 F.3d at 1382. Thus, the PTAB's exercise of discretion to deny institution based on "settled expectations" does not conflict with 35 U.S.C. § 311(c). Petitioners' reliance on *SCA Hygiene* is likewise misplaced. *SCA Hygiene* addresses laches in the context of damages, not PTAB institution discretion. *See SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 580 U.S. 328, 346 (2017).

3. No APA Violation

Finally, Petitioners assert the DD Decision violates the APA because the February 28, 2025 Memorandum ("Feb. 2025 Memo") and March 2025 Memo should have gone through notice-and-comment rulemaking, were retroactively applied, and changed existing policy. *See* Paper 11 at 15. Petitioners are wrong again. The Federal Circuit has already considered and rejected similar statutory

and arbitrary-and-capriciousness challenges against *Fintiv* and the June 2022 Memo. *See Apple Inc. v. Vidal*, 63 F.4th 1, 12–14 (Fed. Cir. 2023) (affirming dismissal of challenges to *Fintiv* and June 2022 Memo as being contrary to statute or arbitrary and capricious under 5 U.S.C. § 701(a)(1)). Certainly, if *Fintiv* and the June 2022 Memo did not violate the APA, then the Feb. 2025 Memo and March 2025 Memo do not violate the APA either.

Further, both the Feb. 2025 Memo and March 2025 Memo are interpretive and procedural, not substantive. Both explain how the Director will exercise discretion but do not alter the substantive criteria for patentability. *C.f. Apple Inc. v. Vidal*, No. 20-cv-06128-EJD, 2024 U.S. Dist. LEXIS 58998, *40 (N.D. Cal. Mar. 31, 2024) (finding *NHK-Fintiv* standard "is a general statement of policy, rather than a substantive or legislative rule" and "the Director was not required to conduct notice-and-comment rule making prior to designating the *NHK* and *Fintiv* decisions as precedential"). Because both the Feb. 2025 Memo and March 2025 Memo are general statements of policy, they are therefore exempt from notice-and-comment requirements.

III. CONCLUSION

For foregoing reasons, Petitioners' DR Request should respectfully be denied and the DD Decision should be upheld.

Dated: August 26, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

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