

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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KANGXI COMMUNICATION TECHNOLOGIES (SHANGHAI) CO., LTD.

Petitioner,

v.

SKYWORKS SOLUTIONS, INC.

Patent Owner.

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*Inter Partes* Review 2025-00912

U.S. Patent 7,409,200

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**PETITIONER’S REQUEST FOR DIRECTOR REVIEW OF THE  
DISCRETIONARY DENIAL OF INSTITUTION DECISION  
UNDER 37 C.F.R. § 42.75**

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## I. INTRODUCTION

Petitioner Kangxi Communication Technologies (Shanghai) Co., Ltd. (“Petitioner”) respectfully requests Director Review of the discretionary denial announced in the Decision Denying Institution of Inter Partes Review (Paper 9, September 12, 2025) (“Decision”) of U.S. Patent 7,409,200 (“the ’200 Patent”), and that the Decision be vacated and referred to the Board for institution on the merits in the ordinary course. The Decision was improperly based on a single, extra-statutory issue: a novel framework of “settled expectations” because “the challenged patent has been in force for over 17 years.” Decision at 2. Institution was denied without justification after admitting that the agency’s prior *Fintiv* guidance supported review. Decision at 2-3. Review and vacatur of the Decision is warranted in that the novel “settled expectations” framework is unlawful, at least because it violates the APA, the AIA, and the U.S. Constitution. For the reasons discussed below, the Decision is an unlawful agency action in that it is arbitrary, capricious, an abuse of discretion, and otherwise not in accordance with law, contrary to constitutional rights and in excess of statutory authority, and without observance of procedure required by law. 5 U.S.C. § 706(2); *SAS Inst., Inc. v. Iancu*, 584 U.S. 357, 371 (2018).

## II. ARGUMENT

### A. The New “Settled Expectations” Doctrine Unlawfully Exceeds USPTO Authority

The Decision relies on the new “settled expectations” doctrine, but the doctrine is unlawful, in violation of the APA, the AIA, and the Constitution, including due process and separation of powers. The doctrine was announced in the Stewart Memo, which merely listed that one new “factor” for discretionary denials would be the “settled expectations of the parties” and referencing “the length of time the claims have been in force.” Stewart Memo at 2. As revealed by the Decision (which evaluated nothing but the age of the patents), the Stuart Memo appears to have effectively created a vague rule (law?) that some older patents are *per se* ineligible for *inter partes* review.

The new doctrine goes beyond any statutory authority given to the agency. As reflected in the Decision, the doctrine appears to effectively legislate a new time limit on the availability of *inter partes* reviews. The AIA does not authorize the Director to create institution criteria detached from the statute; does not authorize an “old” age cap on IPR eligibility; and does not permit disturbing the AIA’s relationship to the presumption of validity, already prescribed by statute. In imposing the “settled expectations” doctrine, the USPTO exceeded its statutory authority and usurped Congress’s legislative power. 5 U.S.C. § 706(2).

The doctrine directly conflicts with the statutory presumption of validity that does not change with time (35 U.S.C. § 282), but which has been statutorily limited for IPRs. 35 U.S.C. §§ 316(e), 282; *see Cuozzo Speed Techs. v. Com. for Intell. Prop.*, 579 U.S. 261, 279 (2016). All patent claims, no matter their age, face cancellation in IPR under a lower preponderance-of-the-evidence threshold. *See Cuozzo Speed Techs.*, 579 U.S. at 279. Congress neither created, nor authorized the USPTO to create, an extra presumption of validity for older patents.

The doctrine also directly conflicts with statutes allowing IPRs of patents throughout their life (35 U.S.C. §§ 311(c), 315(b)). After 9 months, and after a PGR terminates, Congress made patents eligible for IPR—with no maximum patent age and despite their presumption of validity. 35 U.S.C. § 311(c).

The agency cannot invent its own rules to frustrate this intentional congressional scheme. 5 U.S.C. § 706(2)(A), (C). While the agency is given some discretion to deny institution, here, the Decision confirms that the doctrine is being used to exclude entire categories of patents from review based on a new time limit. Nowhere does the AIA grant the USPTO power to ignore Congress’s framework and invent new institution criteria or amend its laws on the presumption of validity. “Administrative agencies are creatures of statute”; they “possess only the authority that Congress has provided.” *Nat’l Fed’n of Indep. Bus. v. Dep’t of Lab., Occupational Safety & Health Admin.*, 595 U.S. 109, 117 (2022). The purported

exercise of discretion here extends well beyond any statutory authority grant—as is apparent from the actual statutes reasonably relied upon by Petitioner—violating the APA, the AIA, and Petitioner’s constitutional rights. The new doctrine flouts Congress’s choices, violates the separation of powers, and is an illegitimate basis for denying IPR.

**B. The USPTO Unlawfully Created a New Limitation on Institution Without Notice-And-Comment Rulemaking**

To the extent the “settled expectations” doctrine is within the USPTO’s authority to create—it clearly is not (*supra* § II(A))—it would still be unlawful here at least because the sweeping doctrine was implemented without the required notice-and-comment rulemaking. This violates a fundamental administrative-law requirement. Notice and comment “assure[s] fairness and mature consideration of rules of general application.” *NLRB v. Wyman-Gordon Co.*, 394 U.S. 759, 764 (1969). Agency action disregarding that procedural requirement must be set aside. *See, e.g., Coal. for Common Sense in Gov’t Procurement v. Sec’y of Veterans Affs.*, 464 F.3d 1306, 1317 (Fed. Cir. 2006). The “settled expectations” doctrine, imposed without notice-and-comment procedures, violates the APA, the AIA, and Constitutional due process.

The doctrine was announced informally by memorandum, without the notice-and-comment rulemaking that would have given Petitioner (i) notice of the

new policy, (ii) allowed Petitioner an opportunity to have been heard, and (iii) allowed Petitioner an opportunity to conduct itself accordingly. Implementing such a sweeping new doctrine in this manner by way of a memorandum amounts to unlawful, arbitrary action.

The APA requires notice-and-comment rulemaking for substantive rules. 5 U.S.C. § 553. A “rule” is any “agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy.” 5 U.S.C. § 551(4). Substantive rules require notice and comment. 5 U.S.C. § 553(b). Rules are “substantive” if they “effect a change in existing law or policy” or “affect individual rights and obligations.” *Paralyzed Veterans of Am. v. West*, 138 F.3d 1434, 1436 (Fed. Cir. 1998). The USPTO’s “settled expectations” doctrine is unquestionably a rule. It applies generally and prospectively to any IPR petition, and it implements and prescribes a concrete (albeit vague and arbitrary) limit on IPR availability. Consequently, notice-and-comment rulemaking was required.

There is a second reason why formal rulemaking is required here. The AIA itself separately requires it. The AIA directs that in “setting forth the standards for the showing of sufficient grounds to institute” IPR, the agency “shall prescribe regulations.” 35 U.S.C. § 316(a)(2); *see also id.* § 312(a)(4) (requiring that requirements for IPR petitions, beyond those already enumerated in § 312(a), be

established “by regulation”). “[W]hen a statute defines a duty in terms of agency regulations, those regulations are considered legislative rules,” which must be issued “pursuant to the [APA’s] notice-and-comment requirements.” *U.S. Telecom Ass’n v. FCC*, 400 F.3d 29, 38, 40 (D.C. Cir. 2005). Thus, to the extent the agency contends that the AIA gave it authority to create the new “settled expectations” doctrine, that argument falls flat—the agency did not even undergo the rulemaking that would, at minimum, be required under the AIA.

Thus the “settled expectations” doctrine is also unlawful at least because there was no notice-and-comment rulemaking.

**C. The New “Settled Expectations” Doctrine Is Unlawful as Arbitrary and Capricious**

The USPTO acted arbitrarily and capriciously, ignoring its basic “mandate to engage in reasoned decision-making under the APA.” *In re Brunetti*, 151 F.4th 1367, 1378-80 (Fed. Cir. 2025). Agencies must “develop coherent and rational rules” and “articulate a satisfactory explanation for [an] action including a ‘rational connection between the facts found and the choice made.’” *Id.* (citation omitted). Changing policy requires “provid[ing] a reasoned explanation for the change,” “display[ing] awareness that [they are] changing position,” and “consider[ing] serious reliance interests.” *FDA v. Wages & White Lion Invs., L.L.C.*, 604 U.S. 542, 568 (2025) (third alteration in original) (citation omitted).

Instead, the doctrine was announced without, and continues to lack, guidance as to what it means. What “length of time” is too long? Whose expectations? Subjective or objective? What circumstances would lead to exercise of discretion? Under what circumstances should an expectation of validity insulate a patent from review over strong evidence of invalidity? The Stewart Memo did not provide any standards to be used by the agency in determining what constitutes the “settled expectations of the parties,” briefly positing the open-ended statement referencing “the length of time the claims have been in force.” Stewart Memo at 2. The memo cites no law, case, or legislative history to fill in the gap. *Id.*; *see also In re Brunetti*, 151 F.4th at 1379 (agencies may not take “an ‘I know it when I see it’ approach”).

The vague and arbitrary nature of the new doctrine precluded Petitioner from understanding the doctrine and ordering its affairs accordingly. Guidance is particularly critical here where the “expectation” of a party is a subjective inquiry being decided as a matter of agency “discretion.” That leads very quickly to an arbitrary application of facts due to the absence of clear guidelines establishing objective considerations, as is apparent in the Decision, violating the APA, the AIA, and Petitioner’s constitutional rights to due process.

**D. The Decision Itself Is Further Unlawful in That It Lacks Any Reasoning and Evidence in Applying the New Doctrine of “Settled Expectations”**

In this case, the Decision’s lack of reasoning, findings of fact, and evidence in applying discretion under the new doctrine violates the APA, the AIA, and Petitioner’s constitutional rights, including due process. Again, the USPTO acted arbitrarily and capriciously, ignoring its basic “mandate to engage in reasoned decision-making under the APA.” *In re Brunetti*, 151 F.4th at 1378-80. Agencies must “develop coherent and rational rules” and “articulate a satisfactory explanation for [an] action including a ‘rational connection between the facts found and the choice made.’” *Id.* at 7 (citation omitted).

Here, the Decision only references the age of the Challenged Patent. It does not discuss any of the factors that might pertain to a “settled expectations” doctrine or why that is a reasoned basis for denying review. Petitioner has no ability to effectively seek review of the Decision, as Petitioner does not understand the basis for it.

The Decision did not address or discuss any of the facts pertaining to “settled expectations” set forth in the parties’ briefing on the issue. The Decision does not discuss or explain under the facts of this case why the age of the ’200 Patent would reasonably establish Patent Owner’s or Petitioner’s “settled expectation” as to its validity. The Decision does not substantiate the purported

“expectation” with any evidence or careful reasoning. Absent any guidelines, rationale, or evidence, the mere length of time that the ’200 Patent was pending when the IPR was filed cannot reasonably be relied upon to establish the expectation of any party, completely failing to demonstrate reasoned decision making.

The Decision does not discuss or explain how it is consistent with laws issued by Congress. *See* 35 U.S.C. §§ 282, 311(c), and 315(b). The expectations of the parties, as indicated by the time-limits proscribed by statutes discussed above, is that there is no “old” patent age restriction on IPRs. Discretionary denial is thus the opposite of the settled expectations of the parties, and is arbitrary agency action in violation of statutes and the Constitution.

The lack of a decision showing reasoning substantiated with evidence is especially problematic given the *retroactive* application of the new doctrine, which purports to penalize a petitioner today for conduct that it supposedly should have taken a decade ago. But there was no “settled expectations” doctrine to have guided Petitioner’s conduct at the relevant time. Specifically, the Decision is based on the ’200 Patent having been in force for 17 years, suggesting that Petitioner needed to have brought its challenge long ago. But the AIA was not available 17 years ago, and Petitioner was only formed in 2014. Moreover, the “settled expectations” doctrine was only announced in 2025, and thus could not

have guided Petitioner's conduct even in 2024.

The Decision also did not discuss, as noted in the Petition (Paper 2, April 22, 2025) and in Petitioner's Opposition to Patent Owner's Request for Discretionary Denial of Institution (Paper 8, August 22, 2025), that the Petition demonstrates (i) a strong case of invalidity on the merits and (ii) that the grounds and references of the Petition were not before the agency during prosecution. There is no articulated rationale or evidence to support a finding that the parties had an "expectation" concerning validity that had become "settled," nor whether any such "settled" expectation was, in fact, correct or well-founded, nor why it is reasonable here, or as a general proposition, for the agency to decide that a patent being old insulates it from the scrutiny of IPR that Congress provided under the AIA.

The Decision's utter failure to set forward any reasoning or basis for its Decision beyond the age of the patent constitutes arbitrary agency action that is unlawful under the APA, the AIA, and the Constitution.

### **III. CONCLUSION**

For the foregoing reasons, Petitioner respectfully requests that the Director grant this request for Director Review.

Date: October 14, 2025

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

Pursuant to 37 C.F.R. §§ 42.6(e) and 42.105(a), the undersigned certifies that a copy of the foregoing Petitioner's Request for Director Review of the Decision Denying Institution of *Inter Partes* Review of U.S. Patent 7,409,200 was served by electronic means to counsel of record in the present IPR.

Date: October 14, 2025

By: /Diana M. Sangalli/  
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