Paper No. __

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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GEOTAB INC. AND GEOTAB USA, INC.,
Petitioners,

v.

FRACTUS, S.A.,
Patent Owner.

_____

Case No. IPR2025-00929
Patent No. 8,810,458

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PETITIONERS' REQUEST FOR REHEARING OF DECISION GRANTING PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL AND DENYING INSTITUTION OF *INTER PARTES* REVIEW

CONTENTS

I. INTRODUCTION 1

II. THE DECISION RESTS ON FACTUAL ERROR 1

III. FAILING TO FIND THAT CORRECTING THE OFFICE'S MATERIAL ERROR OUTWEIGHED SETTLED EXPECTATIONS WAS ARBITRARY, CAPRICIOUS, AND AN ABUSE OF DISCRETION 2

IV. THE DIRECTOR'S SETTLED EXPECTATIONS ANALYSIS VIOLATES THE APA 4

A. The Director's Settled Expectations Analysis Is Contrary To Law And Exceeds The Director's Authority 4

1. The Federal Circuit Expressly Rejected The Director's "Settled Expectations" Analysis In *Celgene* 4

2. The Director's "Settled Expectations" Analysis Imposes a Timing Restriction on Filing an IPR that Contradicts The AIA And Cases Interpreting Its Provisions 6

3. The Director's Settled Expectations Analysis Is Arbitrary and Capricious 8

B. Judicial Estoppel Precludes The Director's Finding That Fractus Had Settled Expectations That The '458 Patent Was Insulated From Patentability Challenge In IPR 9

C. Enacting A Settled-Expectations Standard Without Notice-And-Comment Rulemaking Violated the APA 13

V. THE DIRECTOR IMPOSING AN OBLIGATION FOR A PETITIONER TO FILE BASED ON NOTICE OF THE PATENT MUST BE RECONSIDERED BECAUSE IT EXCEEDS THE DIRECTOR'S AUTHORITY AND IS CONTRARY TO STATUTE 14

TABLE OF AUTHORITIES

CASES

Anthony Inc. v. ControlTec LLC,
IPR2025-00559, Paper 12 (Dir. July 16, 2025).....2, 3

Apple Inc. v. Gesture Tech. Partners, LLC,
127 F.4th 364 (Fed. Cir. 2025).....7

Celgene Corp. v. Peter,
931 F.3d 1342 (Fed. Cir. 2019)..... passim

Coal. for Common Sense in Gov't Procurement v. Sec'y of Veterans Affs.,
464 F.3d 1306 (Fed. Cir. 2006).....13

Cook v. Principi,
318 F.3d 1334 (Fed. Cir. 2002) (en banc)..... 6, 15

Cuozzo Speed Techs., LLC v. Lee,
579 U.S. 261 (2016).....5, 7

Davis v. Wakelee,
156 U.S. 680 (1895).....9

In re Chestek PLLC,
92 F.4th 1105 (Fed. Cir. 2024).....13

Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.,
463 U.S. 29 (1983).....8

New Hampshire v. Maine,
532 U.S. 742 (2001).....9

NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.,
IPR2018-00752, Paper 8 (Sep. 12, 2018) (precedential).....11

Samsung Elecs. Am., Inc. v. Prisua Eng'g Corp.,
948 F.3d 1342 (Fed. Cir. 2020).....7

SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC,
580 U.S. 328 (2017).....8

United States v. Paulson,
68 F.4th 528 (9th Cir. 2023), *cert. denied*, 144 S. Ct. 1029 (2024) 9

STATUTES

5 U.S.C. §706(2)(A) ..... passim

5 U.S.C. §706(2)(C) 4, 8, 14, 15

5 U.S.C. §706(2)(D) 14

35 U.S.C. §286 8

35 U.S.C. §311(a) 7

35 U.S.C. §311(b) 5

35 U.S.C. §311(c) 6, 7, 14

35 U.S.C. §315(b) 6, 7, 14

REGULATIONS

37 C.F.R. §42.71(d) 2

OTHER AUTHORITIES

Interim Process for PTAB Workload Management (March 26, 2025) 9

I. INTRODUCTION

The Director's decision to exercise her discretion to deny institution in this proceeding (Paper 11, "Decision") should be reconsidered for multiple reasons. First, the Decision is premised on an erroneous factual finding. Second, the Director overlooked the undisputed evidence that the Examiner materially erred in allowing the challenged claims, or acted arbitrarily and capriciously in finding that this did not outweigh "settled expectations" as the Director has previously found. Third, the Director's "settled expectation" analysis denying Geotab's petition based on the '458 patent's issue date and on patent owner receiving "notice" of the challenged patent is contrary to the timing restrictions that Congress imposed and exceeds her statutory authority. The Director should reconsider the Decision and refer Geotab's petition to the merits panel.

II. THE DECISION RESTS ON FACTUAL ERROR

The Director's Decision makes the erroneous factual finding that "***Petitioner*** appears to have had notice of the challenged patents for a significant period of time and ***was engaged in discussions with Patent Owner about the challenged patent until shortly before Patent Owner asserted the challenged patent***." Decision, 3 (*citing* EX1043-EX1044).[1] The final communication between the parties before

[1] All emphasis is added unless otherwise indicated.

"Patent Owner asserted the challenged patent" was January 25, 2022—almost ***three years*** before Fractus sued Geotab on December 6, 2024. EX1044; EX2005. Geotab's explained this. Paper 9 at 29. Rehearing is required because the Decision misapprehended the communication between Geotab and Fractus and its impact on "settled expectations." 37 C.F.R. §42.71(d). Contrary to the Director's finding, Geotab and Fractus were ***not*** "engaged in discussions… until shortly before" Fractus filed suit. Decision, 3. By misapprehending the facts the Director overlooked that Fractus's decision to walk away from discussions it initiated with Geotab undermines any claim to "settled expectations" that it could file suit three years later without Geotab testing the patentability of the asserted patent in IPR.

III. FAILING TO FIND THAT CORRECTING THE OFFICE'S MATERIAL ERROR OUTWEIGHED SETTLED EXPECTATIONS WAS ARBITRARY, CAPRICIOUS, AND AN ABUSE OF DISCRETION

The Director has found that a petitioner's showing of material error outweighs a patent owner's settled expectations for patents in force much longer than the patent challenged here. Paper 9, 24-25; *Anthony Inc. v. ControlTec, LLC*, IPR2025-00559, Paper 12, 2 (Dir. July 16, 2025) ("Although the challenged patents have been in force for approximately eighteen and seventeen years, Petitioner appears to show a material error by the Office, and it is an appropriate use of Office resources to review the potential error.").

Geotab showed that the Examiner allowed independent claim 1 based on a recited antenna "extends in a direction substantially parallel to the second side" of a ground plane (Paper 9, 7-8). Geotab showed that the Examiner allowed independent claim 8 based on a recited antenna that was "substantially close" to a portable device corner (*id.*, 15-16). Geotab showed that both allowances were material error because the Wong and Gaucher prior art references separately disclosed each limitation (*id*., 8-14, 16-21). Fractus never disputed—in its discretionary denial briefing ***or its POPR***—that Wong and Gaucher meet the claimed antenna placements that the Examiner erroneously deemed allowable. Geotab's material error showing was undisputed. The Director made no contrary finding. Indeed, the Decision never mentions Geotab's material error showing. The Director either overlooked this showing or abused her discretion in failing to find that it outweighed any "settled expectations" Fractus might have.

Rehearing is required to "set aside" the Decision at least because this was "arbitrary," "capricious" and an "abuse of discretion." 5 U.S.C. §706(2)(A). It is arbitrary and capricious to reach different conclusions on the same material facts. The Director found that it was "an appropriate use of Office resources to review the potential [material] error" in *Anthony* despite those patents having been in force far longer than the patent challenged here. *Anthony*, IPR2025-00559, Paper 12 at 2. It was arbitrary and capricious for the Director to reach a different conclusion here

and find that "settled expectations for Patent Owner" outweighed the considerations, including the Examiner's material error, that weigh against discretionary denial. Decision, 2-3.

IV. THE DIRECTOR'S SETTLED EXPECTATIONS ANALYSIS VIOLATES THE APA

A. The Director's Settled Expectations Analysis Is Contrary To Law And Exceeds The Director's Authority

The Director's denying institution based on "settled expectations" is unlawful and should be reconsidered and set aside. 5 U.S.C. §§706(2)(A), 706(2)(C).

1. The Federal Circuit Expressly Rejected The Director's "Settled Expectations" Analysis In *Celgene*

In *Celgene Corp. v. Peter*, a patent owner claimed an expectation that its pre-AIA patents could not be challenged via IPR proceedings, which did not exist at the time the patents issued. 931 F.3d 1342, 1358 (Fed. Cir. 2019). The two *Celgene* patents issued, respectively, 14 and 15 years prior to being challenged in IPR. *Id.* at 1347-1348, 1359 (discussing institution decisions in 2015 and identifying 2000 and 2001 issue dates for the patents). The Office disagreed, arguing that the patent owner was not entitled to any such expectation. *Id.* at 1358.

Echoing the Patent Office's argument, the Federal Circuit explained that "for the last forty years, patents have [] been subject to reconsideration and possible cancellation by the PTO." *Id.* at 1359. Given the similarities between IPRs and the

reconsideration mechanisms that existed when its patents issued, the *Celgene* patentee obtained the patents ***knowing full well*** that the Patent Office "possessed the authority to reexamine—and perhaps cancel—a patent claim it had previously allowed." *Id.* (quoting *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 267 (2016)).

The *Celgene* patentee's knowledge that its patents were granted subject to potential reconsideration (and cancelation) by the Patent Office defeated the patentee's claim of reasonable expectations that its patent would not be challenged. As the Federal Circuit explained, "the ***expectation*** that patent owners have had for nearly four decades [is] that patents are open to PTO reconsideration and possible cancelation if it is determined, on the grounds specified in [35 U.S.C.] §311(b), that the patents should not have issued in the first place." *Celgene*, 931 F.3d at 1361-62; *see also id.* at 1362-63 ("For forty years, patents owners have [] had the ***expectation*** that the PTO could reconsider the validity of issued patents[.]").

The Director's finding that Fractus had "settled expectations" that its patent would not be subject to IPR because the patent issued over 11 years ago is impossible to reconcile with the Federal Circuit's *Celgene* decision. The Federal Circuit made clear that the ***only*** expectation patent owners have is that their patents are subject to potential reconsideration by the Patent Office, including via IPR challenges. Under the APA, agency findings that are not in accordance with the

law are unlawful and must be set aside. 5 U.S.C. §706(2)(A). Because the Director's "settled expectations" finding is not in accordance with *Celgene*, it is unlawful. The Director must reconsider the Decision and should refer the Petition to a merits panel.

2. The Director's "Settled Expectations" Analysis Imposes a Timing Restriction on Filing an IPR that Contradicts The AIA And Cases Interpreting Its Provisions

Congress addressed timing restrictions on when a challenger must file an IPR petition explicitly in the AIA. There are two timing based restrictions. First, an IPR must be filed after the later of either "the date that is 9 months after the grant of a patent" or the date of termination of any instituted post-grant review of that patent. 35 U.S.C. §311(c). Second, an IPR must be filed within a year of the petitioner (or its privy or an RPI) being served with a complaint alleging infringement. 35 U.S.C. §315(b). These provisions make clear that Congress knew how to impose a deadline on when an IPR must be filed.

The ***only*** restriction Congress elected to impose based on the issue date of the patent is one that limits IPRs to patents that have been issued for at least nine months. Congress's decision to impose an issue-date-based deadline makes clear that other issue-date based deadlines—like the Director's "settled expectations" deadline—were not intended. *See Cook v. Principi*, 318 F.3d 1334, 1339 (Fed. Cir. 2002) (en banc) (superseded by statute) (applying the canon that the expression of

one thing—e.g., barring IPR until 9 months from issuance—is the exclusion of another—e.g., barring IPR after some time from issuance gives rise to "settled expectations"—to conclude that, in listing two statutory exceptions, Congress did not intend to allow other exceptions).

In *Samsung Elecs. Am., Inc. v. Prisua Eng'g Corp*., the Federal Circuit—citing 35 U.S.C. §§311(c) and 315(b)—explained that "[IPRs] can be requested ***at any time*** during a patent's enforceability period, with certain restrictions." 948 F.3d 1342, 1346 (Fed. Cir. 2020). Consistent with the statute's plain text, citing 35 U.S.C. §§311(a) and (c), Justices Alito and Sotomayor have interpreted the AIA to permit "anyone [to] file a petition challenging the patentability of an issued patent claim ***at almost any time***." *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 287-88 (2016) (Alito and Sotomayor concurring in part and dissenting in part). As the Justices and the Federal Circuit recognized, 35 U.S.C. §311(c) provides the ***only*** issue-date-based restriction on when a patent may be challenged via IPR, and that provision limits how ***early*** in its term a patent can be challenged. It does not limit how ***late*** in its term a patent can be challenged. Indeed, the Federal Circuit recently confirmed that even expired patents can be challenged via IPR. *Apple Inc. v. Gesture Tech. Partners, LLC*, 127 F.4th 364, 368-70 (Fed. Cir. 2025).

In *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, the Supreme Court rejected as a matter of law any attempt to limit actions based on

timing where—as here—Congress expressly articulated the time frame in which such actions are to take place. 580 U.S. 328, 346 (2017) ("Laches cannot be interposed as a defense against damages where the infringement occurred within the period prescribed by §286."). The same result applies to the Director's implication of petitioner "laches" here. The Director's imposition of a new issue-date-based deadline for filing an IPR exceeds her statutory authority under the AIA. By exceeding her statutory authority, the Director violated the APA and her decision must be reconsidered (and should be reversed). 5 U.S.C. §706(2)(C).

3. The Director's Settled Expectations Analysis Is Arbitrary and Capricious

For similar reasons, the Director's reliance on the age of Fractus's patent to deny institution must also be reconsidered because such reliance is arbitrary and capricious. 5 U.S.C. §706(2)(A). Agency action is arbitrary and capricious when "the agency has relied on factors which Congress has not intended it to consider." *Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co*., 463 U.S. 29, 43 (1983). Here, the Director acted in an arbitrary and capricious manner when she took into consideration the age of Fractus's patent despite Congress intending that any patent that has been issued for at least nine months is subject to IPR ***at any point in time***. The Decision should be reconsidered for this reason too.

B. Judicial Estoppel Precludes The Director's Finding That Fractus Had Settled Expectations That The '458 Patent Was Insulated From Patentability Challenge In IPR

"Where a party assumes a certain position in a legal proceeding, and succeeds in maintaining that position, he may not thereafter, simply because his interests have changed, assume a contrary position." *Davis v. Wakelee*, 156 U.S. 680, 689 (1895). In such scenarios, judicial estoppel bars the previously-prevailing party from later advancing a contrary position.

Judicial estoppel is warranted when (1) a party's later position is "clearly inconsistent" with its prior position, (2) the party successfully persuaded a court to accept its prior position, and (3) the party "would derive an unfair advantage or impose an unfair detriment on the opposing party if not estopped." *New Hampshire v. Maine*, 532 U.S. 742, 750-51 (2001). All three factors are present here. Judicial estoppel provides an additional reason why the Director must reconsider her decision. *United States v. Paulson*, 68 F.4th 528, 547 & n.29 (9th Cir. 2023), *cert. denied*, 144 S. Ct. 1029-30 (2024) ("[J]udicial estoppel may be applied to prevent the government from asserting inconsistent legal arguments.").

First, the Director's current position is that Fractus had settled expectations that its patent would not be subject to IPR because it issued over 11 years ago. Decision at 2; *see* Interim Process for PTAB Workload Management (March 26, 2025). That position is inconsistent with the position the Director, on behalf of the

Patent Office, advanced in the *Celgene* case. In that earlier proceeding, the Office ***repeatedly*** advanced the position that the *Celgene* patentee lacked ***any*** expectation that its patents—which had issued 14 and 15 years earlier—would not be subject to post-issuance reconsideration, including IPRs.

For example, in its Intervenor Brief in the *Celgene* case, the Patent Office argued that IPRs did not constitute a taking of a private property right because "patents have been subject to reconsideration and cancellation by the USPTO in administrative proceedings for nearly four decades," thereby precluding patentees from having any reasonable expectation that their patents would not be subject to such proceedings, including IPRs. Brief for Intervenor at 42-43, *Celgene*, No. 2018-1167, Brief for Intervenor, (Fed. Cir. Aug. 30, 2018), Dkt. No. 41.

Likewise, in responding to Celgene's petition for rehearing, the Patent Office argued that no regulatory taking had occurred because "patent owners have long known that any unpatentable patent claims may be invalidated through judicial or administrative avenues." Intervenor's Response to Petition for Rehearing *En Banc* at 12, *Celgene*, No. 2018-1167 (Fed. Cir. Nov. 19, 2019), Dkt. No. 92. The Patent Office stated in no uncertain terms that "There is also ***no reasonable expectation that a patent will be shielded from scrutiny***, or that invalid patents will be sheltered from procedural changes that bring their defects to light." *Id.* at 14.

And, in opposing Celgene's petition for a writ of certiorari from the Supreme Court, the Patent Office approvingly quoted the Federal Circuit's *Celgene* decision and argued that "The differences between inter partes review and its reexamination predecessors did 'not disrupt the ***expectation*** that patent owners have had for nearly four decades' that the USPTO may cancel patent claims that the agency reconsiders and finds unpatentable." Brief for Respondent in Opposition to *Certiorari* at 16, *Celgene*, No. 19-1074, (Sup. Ct. May 2020) (quoting *Celgene*, 931 F.3d at 1361-62).

The Patent Office thus repeatedly took the position throughout the course of the *Celgene* case that a patentee has no reasonable expectation that its patent could be free from post-issuance reconsideration, including in the form of IPR. Indeed, prior to the Director's recent "settled expectations" doctrine, the Patent Office's position had been that the ***only*** expectation that patentees have had for forty years is that their patents ***are subject*** to post-issuance reconsideration and cancellation. *See also NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 19 (Sep. 12, 2018) (precedential) (rejecting patentee's contention that ten-year delay in challenging patent warranted discretionary denial).

Second, there can be no dispute that the Patent Office successfully persuaded the Federal Circuit that patentees should expect that their patents are subject to IPRs and thus patentees have no expectation that their patents could be

immune from such challenges. As discussed *supra* §IV.A.1, that is *Celgene*'s holding. Advancing that same argument, the Patent Office also successfully persuaded the Federal Circuit to deny Celgene's rehearing petition and the Supreme Court to deny Celgene's petition for a writ of certiorari.

Third, allowing the Patent Office to reverse course and now declare that some patentees have settled expectations that their patents will not be subject to IPRs imposes an unfair detriment on Geotab. The detriment is clear. But for the Patent Office's abrupt change in position, the Director would not have denied the IPR as she did. Worse yet, under the Director's reasoning, to avoid discretionary denial based on "settled expectations" based upon the age of Fractus's patent, Geotab would have had to file its IPR petition when the patent was younger despite the fact that the existing Office policy during the patent's youth was that an IPR would not be denied based upon "settled expectations." Thus, under then-existing Office policy, Geotab had every reasonable expectation that irrespective of the age of Fractus's patent Geotab could file an IPR within a year of Fractus filing suit if Fractus every asserted the challenged patent against Geotab. If the Director had not changed positions, her cited reason to discretionarily deny Geotab's petition would not have existed.

The three factors for judicial estoppel are met in this case. In *Celgene*, the Patent Office explicitly took the position that the patentee had ***no*** expectation that

its patents—which, like Fractus's patent, had issued over 11 years earlier—would not be subject to IPR. The Director's decision in this proceeding is directly contrary to that prior position, a position the Director successfully advanced before the Federal Circuit and Supreme Court. Accordingly, the Director's decision must be reconsidered because judicial estoppel bars the Director from finding that a patent owner, like Fractus, has settled expectations that its patent will not be subject to an IPR at some point in the patent's term.

C. Enacting A Settled-Expectations Standard Without Notice-And-Comment Rulemaking Violated the APA

Under the APA, agencies must promulgate substantive rules (e.g., those that "effect a change in existing law or policy or… affect individual rights and obligations") through notice-and-comment rulemaking, and agency action that fails to comport with this requirement must be set aside. *Coal. for Common Sense in Gov't Procurement v. Sec'y of Veterans Affs.*, 464 F.3d 1306, 1317 (Fed. Cir. 2006) (vacating VA letter for failing to follow notice-and-comment procedures). The new settled-expectations standard is such a substantive rule because it imposes a presumptive obligation on petitioners to challenge patents early in their life. Moreover, the new approach to settled expectations has altered the "substantive standards by which the USPTO evaluates" IPR petitions and thus is subject to notice-and-comment rulemaking. *In re Chestek PLLC*, 92 F.4th 1105, 1110 (Fed. Cir. 2024). Because the PTO failed to enact the settled-expectations policy through

notice-and-comment rulemaking, its application here must be set aside. 5 U.S.C. §§706(2)(A), (C), (D).

V. THE DIRECTOR IMPOSING AN OBLIGATION FOR A PETITIONER TO FILE BASED ON NOTICE OF THE PATENT MUST BE RECONSIDERED BECAUSE IT EXCEEDS THE DIRECTOR'S AUTHORITY AND IS CONTRARY TO STATUTE

The Decision found that Geotab "had notice of the challenged patent for a significant period of time," suggesting that if Geotab wanted to have its petition considered it the merits Geotab needed to file the petition earlier. Decision, 2-3.

Congress addressed timing restrictions on when a challenger must file an IPR petition explicitly in the AIA. There are two timing based restrictions. First, an IPR must be filed after the later of either "the date that is 9 months after the grant of a patent" or the date of termination of any instituted post-grant review of that patent. 35 U.S.C. §311(c). Second, an IPR must be filed within a year of the petitioner (or its privy or an RPI) being served with a complaint alleging infringement. 35 U.S.C. §315(b). These provisions make clear that Congress knew how to impose a deadline on when an IPR must be filed.

The ***only*** deadline on filing an IPR that Congress elected to impose based on some action taken by the patent owner is that a petitioner must file an IPR within a year of the patent owner serving an infringement complaint on the petitioner (or its privy or an RPI). 35 U.S.C. §315(b); *supra* §IV.A.2. The Director denied Geotab's petition based on Fractus allegedly having "settled expectations" in part because

Geotab "had notice of the challenged patents for a significant period of time" following Fractus sending a demand letter in 2021, over three years before Fractus filed suit. Decision, 2-3.

The Director's imposition of a new timing restriction on the filing of an IPR based on a patent owner giving "notice" of a challenged patent conflicts with Congress's year-from-service deadline. Congress's express recital of a year-from-service-deadline means that Congress intended to exclude any other deadline imposed on a petitioner based on the patent owner's actions. *Supra* §IV.A.2; *Cook*, 318 F.3d at 1339. Thus, denying Geotab's petition based on a patent owner-notice-based deadline exceeded the Director's statutory authority. By exceeding her statutory authority on this additional basis, the Director violated the APA and her decision must be reconsidered (and should be reversed). 5 U.S.C. §706(2)(C).

Respectfully submitted,
Geotab Inc. and Geotab USA, Inc.

Date: October 14, 2025 By: /Adam R. Wichman/
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CERTIFICATE OF SERVICE UNDER 37 C.F.R. § 42.6 (E)(4)

I certify that on October 14, 2025, a copy of the foregoing document, including any exhibits or appendices filed therewith, is being served via electronic mail, as previously consented to by Patent Owner, upon the following:

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