

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HISENSE USA CORPORATION

Petitioner,

v.

PHENIX LONGHORN LLC,

Patent Owner.

Case No. IPR2025-01004

U.S. Patent No. 7,557,788

PATENT OWNER'S DISCRETIONARY DENIAL BRIEF

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2001	https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf (“Acting Director Memo”)
2002	https://www.uspto.gov/patents/ptab/faqs/interim-processesworkload-management (“FAQs”)
2003	Unopposed Motion to Move Trial, <i>Phenix Longhorn LLC v. AU Optronics Corp.</i> , Case No. 2:24-cv-00477, Dkt. 118 (E.D. Tex. April 22, 2025)
2004	DocketNavigator Statistics – Motion Success, accessed on August 15, 2025
2005	LegalMetric Nationwide Report, Stay Pending Inter Partes Review in Patent Cases, August 2012 - October 2024
2006	Order, <i>Phenix Longhorn LLC v. AU Optronics Corp.</i> , Case No. 2:24-cv-00477, Dkt. 129 (E.D. Tex. May 28, 2025)
2007	First Amended Docket Control Order, <i>Phenix Longhorn LLC v. AU Optronics Corp.</i> , Case No. 2:24-cv-00477, Dkt. 132 (E.D. Tex. June 9, 2025)
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2009	Defendants’ P.R. 3-3 and 3-4 Invalidity Contentions, dated November 15, 2024
2010	Exhibit F to Motion to Amend Invalidity Contentions, <i>Phenix Longhorn LLC v. AU Optronics Corp.</i> , Case No. 2:24-cv-00477, Dkt. 145-7 (E.D. Tex. July 30, 2025)
2011	Sotera Stipulation, <i>Phenix Longhorn LLC v. AU Optronics Corp.</i> , Case No. 2:24-cv-00477, Dkt. 153 (E.D. Tex. August 6, 2025)
2012	Fifth Amended Complaint, <i>Phenix Longhorn LLC v. AU Optronics Corp.</i> , Case No. 2:24-cv-00477, Dkt. 125 (E.D. Tex. May 22, 2025)
2013	Waiver of Service, <i>Phenix Longhorn LLC v. AU Optronics Corp.</i> , Case No. 2:24-cv-00477, Dkt. 7 (E.D. Tex. November 20, 2023)
2014	Answer to Fifth Amended Complaint, <i>Phenix Longhorn LLC v. AU Optronics Corp.</i> , Case No. 2:24-cv-00477, Dkt. 130 (E.D. Tex. June 5, 2025)

I. INTRODUCTION

Phenix Longhorn, LLC (“Phenix” or “Patent Owner”) respectfully submits this brief requesting that the Board deny institution of the Petition for *inter partes* review (“Petition”) filed by Petitioner Hisense USA Corporation (“Petitioner” or “Hisense”) pursuant to 35 U.S.C. § 314(a) and the Acting Director’s March 26, 2025 Memorandum¹ titled “Interim Processes for PTAB Workload Management” (attached hereto as EX2001, hereafter “Director Memo”).

The Petition seeks *inter partes* review (“IPR”) of claims 1–3 and 5–6 (the “Challenged Claims”) of U.S. Patent No. 7,557,788 (the “’788 Patent,” EX1001). The ’788 Patent and U.S. Patent No. 7,233,305 (the “’305 Patent”) are the subject of the co-pending patent infringement action that Phenix brought on October 10, 2023 against AU Optronics Corporation (“AUO”) and Hisense Electronica Mexico, S.A. DE C.V. (“Hisense Mexico”) in the Eastern District of Texas as Civil Action No.

¹ See EX2001 (Acting Director Memo) (<https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf>); EX2002 (FAQs) (<https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management>).

2:24-cv-00477 (the “EDTX Litigation”). On October 2, 2024, Phenix filed an amended complaint in the EDTX Litigation to add Petitioner as a defendant.²

All told, there are many reasons to deny institution, as an evaluation of the discretionary denial factors confirms: all the Director Memo factors and *Fintiv*³ factors weigh in favor of denying institution or are at the very least, neutral.

As to the *Fintiv* factors, (1) there is no request for a stay in the EDTX Litigation and even if there were, a stay is unlikely. Instead, AUO recently filed a motion in the EDTX Litigation to move the trial date *sooner in time* from February 17, 2026 to January 20, 2026, which was granted and which Petitioner did not oppose. EX2003 at 1–2. Moreover, (2) the EDTX Litigation is set to go to trial almost two years before the Board’s deadline to issue a final written decision in this proceeding; (3) the parties have already invested significant resources in the EDTX Litigation; (4) Petitioner’s invalidity theories overlap with those presented in the EDTX Litigation and any stipulation does nothing to allay concerns of gamesmanship; (5) the parties in this proceeding are the same as the parties in the EDTX Litigation; and (6) the merits of Petitioner’s case are weak.

² Phenix later amended its complaint in the EDTX Litigation on December 3, 2024 to add Hisense Visual Technology Co., Ltd. (“Hisense Visual”) as a defendant.

³ *Apple Inc. v. Fintiv, Inc.*, No. IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv I*”).

Moreover, as highlighted below, the '788 Patent's confirmation after a recent validity challenge confirms Patent Owner's settled expectations that the '788 Patent is valid and enforceable since it has been in force since its issuance in 2009. As to the remaining Director Memo factors: (1) the validity of the '788 Patent was already adjudicated by the PTAB; (2) the Petition relies extensively on expert testimony to fill gaps in the cited references; and (3) the EDTX Litigation is more efficient because this IPR would only resolve a subset of Hisense's patentability challenges to the '788 Patent in the EDTX Litigation.

Institution should also be denied because it is time-barred under 35 U.S.C. § 315(b). AUO waived service of the EDTX infringement complaint on November 20, 2023; therefore, any petition for *inter partes* review filed by AUO or any party in privity with AUO had to be filed no later than November 20, 2024. AUO, however, is both a real party in interest and in privity with Petitioner. Consequently, the Petition—filed after the one-year deadline—is time barred, and the Director should exercise her discretion to deny institution.

Moreover, over 16 years after the '788 Patent issued in 2009, almost two years after the '788 Patent's expiration, Hisense contests the validity of the '788 Patent in the Petition while also doing so in the EDTX Litigation. These challenges come in spite of the fact that the '788 Patent has already withstood an invalidity challenge

before the PTAB. Indeed, the Board recently denied institution of an IPR petition filed in 2024 by Innolux Corporation to challenge the '788 Patent. (*See Innolux Corporation v. Phenix Longhorn, LLC*, No. IPR2025-00044, Paper 11 (PTAB June 9, 2025), hereinafter the “Innolux IPR”). In view of the settled expectations of the parties given the '788 Patent was granted over 16 years ago and is expired, the considerable resources already spent confirming the validity of the '788 Patent, Petitioner's analogous validity challenges in the EDTX Litigation, the fact that the Petition is time-barred, and the factors discussed below, the Petition should be rejected and institution should be denied.

Denial is also warranted in the interests of efficiency and fairness. Hisense's invalidity arguments in the district court are more expansive and include combinations of the prior art asserted in these proceedings with system prior art, meaning that the EDTX Litigation is the most appropriate venue to evaluate all of Hisense's challenges in view of all the evidence. Denial of this Petition—to allow the parties to focus on Hisense's full validity challenges in the EDTX Litigation—is the most efficient outcome and achieves the AIA's intended efficiency goals better than an IPR proceeding that asks the Board to issue final written decisions almost two years after a jury renders a verdict on the '788 Patent. Indeed, these combinations will be evaluated in the district court far in advance of any final written

decision in these cases. Institution, in short, creates duplicative workloads, adds uncertainty, and risks inconsistent positions.

Accordingly, institution should be denied.

II. LEGAL STANDARDS

It is Petitioner's burden to demonstrate unpatentability by a preponderance of the evidence. The Petition must establish, with particularity, the grounds and evidence that support invalidating the patented claims. 35 U.S.C. § 312(a)(3). Petitioner "must 'specify where each element of the claim is found in the [relied upon] prior art patents.'" *In-Depth Geophysical, Inc. v. ConocoPhillips Co.*, IPR2019-00850, Paper 56 at 27 (PTAB Sept. 3, 2020) (quoting 37 C.F.R. § 42.104(b)(4)). Petitioner must demonstrate that the prior art "discloses within the four corners of the document . . . all of the limitations claimed," and that disclosure must be "arranged or combined in the same way as recited in the claim." *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008).

In addition to the underlying failures of the Petition, the Board should deny institution pursuant to discretionary factors committed to the Board's discretion under 35 U.S.C. § 314(b), including the Director Memo factors and *Fintiv*.

The Director Memo identified a non-exhaustive number of factors that may be considered by the Board when evaluating how to apply the Board's discretion

under 35 U.S.C. § 314(b) (hereafter, the “Memo Factors”) including (but not limited to):

1. Whether the PTAB or another forum has **already adjudicated** the validity or patentability of the challenged patent claims;
2. Whether there have been **changes in the law** or new judicial precedent issued since issuance of the claims that may affect patentability;
3. The **strength** of the unpatentability challenge (related to *Fintiv* Factor 6, above);
4. The extent of the petition’s **reliance on expert testimony**;
5. **Settled expectations** of the parties, such as the length of time the claims have been in force;
6. **Compelling** economic, public health, or national security **interests**; and
7. Any **other considerations** bearing on the Director’s discretion.

EX2001 at 2–3. The Board’s FAQs further indicate that “[t]he Process Memorandum includes a *non-exhaustive* list of issues that may be raised in discretionary briefing. Parties are encouraged to address *any* fact or circumstance they believe bears on the Director’s discretion to institute, including reasons not discussed in current Board precedent or in the Process Memorandum.” EX2002 (FAQs), at Q.12 (emphasis added).

Furthermore, the *Fintiv* factors include:

1. Whether the court has granted a **stay** or evidence exists that one may be granted if an IPR is instituted;
2. The **proximity of the court's trial date** to the PTAB's projected statutory deadline for a final written decision;
3. The **investment** in the parallel proceeding by the court and the parties;
4. The **overlap** between issues raised in the petition and those 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 PTAB's exercise of discretion, **including the merits** of the petition.

Fintiv at 6. The Board takes a “holistic view” of whether efficiency and integrity of the system are best served by denying or instituting review. *Id.*

Moreover, 35 U.S.C. § 315(b) bars institution of *inter partes* review “if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” 35 U.S.C. § 315(b); *see* 37 C.F.R. § 42.101(b). “Whether a party who is not a named participant in a given proceeding

nonetheless constitutes a ‘real party-in-interest’ or ‘privy’ to that proceeding is a highly fact-dependent question.” PTAB Consolidated Trial Practice Guide at 13 (Nov. 2019) (“CTPG”);⁴ *see WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1318 (Fed. Cir. 2018); *Ventex Co. v. Columbia Sportswear N. Am., Inc.*, IPR2017-00651, Paper 152 at 6 (PTAB Jan. 24, 2019) (precedential).

III. THE BOARD SHOULD NOT INSTITUTE *INTER PARTES* REVIEW UNDER 35 U.S.C. § 314(A)

A. The *Fintiv* Factors Weigh Against Institution

1. *Fintiv* Factor 1: The District Court Has Already Stated It Will Not Issue a Stay in Similar Circumstances, Which Favors Denial

Factor 1 weighs in favor of denial. Petitioner has not sought a stay pending an institution decision in the EDTX Litigation, and Phenix will not seek or consent to one. Moreover, even if Petitioner were to seek a stay, that motion would almost certainly be denied. The Eastern District of Texas has an established practice not to stay litigation pending resolution of IPR prior to institution. *See, e.g., Viavi Sols. Inc. v. Zhejiang Crystal-Optech Co.*, No. 2:21-CV-00378-JRG, 2022 WL 16856099, at *5 (E.D. Tex. Nov. 10, 2022) (“It is the Court’s established practice to consider that motions to stay pending IPR proceedings which have not been instituted are

⁴ Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

inherently premature and should be denied as such.”); *Resonant Sys., Inc. v. Sony Grp. Corp.*, No. 2:22-cv-00424-JRG, Dkt. 84 at 4–6 (E.D. Tex. July 9, 2024) (denying stay when defendant delayed filing IPR petitions until 10 months after service of complaint and where IPRs would be decided after district court trial); *DigitalDoors, Inc. v. Int’l Bus. Machines Corp.*, No. 2:22-cv-457-JRG, Dkt. 41 at 4–5 (July 23, 2023) (denying stay when parties had exchanged contentions and discovery had begun).

Instead, the scheduled trial date is now *sooner* in time than originally scheduled thanks to the defendants in the EDTX Litigation, including AUO and Petitioner. Specifically, on April 22, 2025, AUO filed a motion in the EDTX Litigation to move the trial date *sooner in time* from February 17, 2026, to January 20, 2026. EX2003 at 1–2. Petitioner did not oppose AUO’s motion (*id.* at 2), which was ultimately granted. Thus, based on the established practices of the Eastern District of Texas and Petitioner’s own conduct in the EDTX Litigation, any deviation from the trial date currently scheduled is extremely unlikely.

Even post-institution, the district court judge is unlikely to stay the case absent agreement from the parties. EX2004 (showing nearly 68% and 54% of motions to stay pending IPR denied in 2023 and 2024, respectively); EX2005, p. 13 (showing a total win rate of 26.9% and a win rate of 16% in 2024 on contested motions to stay

pending IPRs in the Eastern District of Texas), p. 62 (showing Judge Schroeder granting a total of 27.3% contested motions to stay pending IPRs). The institution decision will issue so late in the EDTX Litigation that it is exceedingly unlikely that the Eastern District of Texas court would grant a contested stay. Thus, because a stay is unlikely, this factor weighs in favor of denial.

2. *Fintiv* Factor 2: Any Final Written Decision Will Occur After the District Court’s Scheduled Jury Trial Date in January 2026

Factor 2 weighs heavily in favor of denial. The Notice of Filing Date Accorded to Petition was mailed on June 16, 2025. Paper 3 at 1. A Final Written Decision (“FWD”), therefore, will be due no later than **December 16, 2027**. *See* 35 U.S.C. § 314(b); 35 U.S.C. § 316(a)(11). Jury selection in the EDTX Litigation is scheduled to begin on **January 20, 2026**. EX2006. Thus, trial in the EDTX Litigation will occur **almost two years** before a FWD would be issued. The Board has found **much smaller** gaps between trial date and a FWD date to weigh heavily in favor of discretionary denial. *See Fintiv I* at 9 (“If the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this factor in favor of exercising authority to deny institution under *NHK* [*Spring*, IPR2018-00752].”); *Ericsson Inc. v. Collison Commc’ns, Inc.*, IPR2022-01233, Paper 12 at 12–13 (PTAB Jan. 19, 2023) (holding factor two “weighs in favor of denying institution, given that

we would not expect to issue a final written until at least four months” after trial); *10x Genomics, Inc. v. President & Fellows of Harvard College*, IPR2023-01299, Paper 15 at 17 (PTAB Mar. 7, 2024) (denying institution of IPR when district court trial date was up to five months before FWD deadline); *Samsung Elecs. Co. v. Mojo Mobility Inc.*, IPR2023-01098, Paper 11 at 7–8 (PTAB Feb. 9, 2024) (denying institution of IPR when district court trial date was approximately six months before FWD deadline).

Further, granting institution here would frustrate one of the primary objectives of the AIA, which is “to provide an effective and efficient alternative” to district court litigation. *NHK Spring v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 19–20 (PTAB Sept. 12, 2018) (precedential) (quoting *Gen. Plastic Indus. Co., v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 15–19 (PTAB Sept. 6, 2017) (precedential)). If the Petition were instituted, any potential FWD would issue well after trial concludes. Thus, instituting IPR here cannot be viewed as an “alternative” to litigation. Rather, it would simply create more litigation. Because the trial date in the EDTX Litigation is **almost two years** before the anticipated FWD date here, factor two weighs heavily in favor of denying institution.

3. *Fintiv* Factor 3: The Parties Have Already Invested Significant Effort and Resources in Parallel District Court Proceedings

Factor 3 also favors denial. Petitioner cannot discount the investment the district court and the parties have already made in this dispute in the EDTX Litigation. The parties have completed their Eastern District of Texas P.R. 3-1 and 3-2 disclosures (Infringement Contentions) and P.R. 3-3 and 3-4 disclosures (Invalidity Contentions). EX2007. The parties have also already (i) exchanged proposed claim terms and preliminary claim construction, (ii) prepared a joint claim construction statement, and (iii) completed claim construction briefing and discovery, which included Phenix deposing Petitioner's claim construction expert. *Id.* A *Markman* Hearing was held on August 7, 2025, and a Claim Construction Order is expected to be entered soon.

The institution decision is expected no later than December 16, 2025. *See* 35 U.S.C. § 314(b). By that date, it will be around one month before trial in the EDTX Litigation. At that point, fact and expert discovery will be closed, dispositive motions will be on file, and pretrial disclosures will have been exchanged. EX2007. Phenix has already produced at least 117,838 documents containing 661,706 pages in fact discovery, Phenix is awaiting Petitioner to produce documents in response to its document requests that were served almost two months ago, Phenix has already

served Petitioner with a Notice of Rule 30(b)(6) Deposition of Petitioner, and Petitioner has already conducted a Federal Rule 30(b)(6) deposition of Phenix. Thus, significant substantive work will have already been completed in the EDTX Litigation by the expected time of the institution decision. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, at 14 (PTAB May 13, 2020) (“based on the level of investment and effort already expended on claim construction and invalidity contentions in the District Court, this factor weighs somewhat in favor of discretionary denial in this case”).

Petitioner’s decision to bring this Petition almost four months before trial highlights its lack of diligence in challenging the ’788 Patent in the EDTX Litigation and before the Board. Phenix filed its complaint for patent infringement in the EDTX Litigation on October 10, 2023, naming a company related to Petitioner, Hisense Mexico, as one of the defendants. Hisense Mexico proceeded to evade service for months until Phenix effectuated service through the Hague Convention, which finally occurred on **May 15, 2024**. EX2008. The fact that this Petition was filed on **May 14, 2025** is no coincidence. Petitioner waited until the **last date** Hisense Mexico would not be time-barred in filing an IPR petition to file its own petition. Although the Petition is still time-barred due to Petitioner’s relationship with AUO, this

timeline illustrates Petitioner's knowledge of the '788 Patent and its continuing efforts to drag its feet to challenge its validity.

Accordingly, factor three favors the Board exercising discretion to deny institution.

4. *Fintiv* Factor 4: The Overlap Between the Asserted Art and Petitioner's Invalidity Arguments in the District Court is Significant

Factor 4 also weighs in favor of denying institution. "[I]f the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial." *Fintiv I* at 12. There is substantial overlap between the invalidity positions advanced in the Petition and before the district court. The Petition presents three Grounds of unpatentability, relying on JP H06217239 to Nonomura ("Nonomura"), U.S. 2002/0063666 to Kang ("Kang"), JP H07152347 to Uehara ("Uehara"), and U.S. 2002/0036646 to Tobiya ("Tobiya") as prior art. Petition at ii. In Petitioner's operative invalidity contentions in the EDTX Litigation, Petitioner relies on Uehara as a primary reference in arguing that the '788 Patent is invalid. EX2009 at 17–18. Moreover, Petitioner relies on Kang as a primary reference in arguing that the '305 Patent is invalid. EX2009 at 15. Furthermore, the Court recently granted Petitioner's motion to amend its invalidity contentions to argue that the '788 Patent is unpatentable over Nonomura in view of

Kang. *See, e.g.*, EX2010. Moreover, Petitioner’s recently-filed *Sotera* stipulation is meaningless at least because it does not bind AUO, another defendant in the EDTX Litigation, leaving the door open for art asserted in this proceeding to still be asserted in the EDTX Litigation by AUO. EX2011.

Thus, this factor thus favors denying institution as well.

5. *Fintiv* Factor 5: The Identity of the Parties Weighs Against Institution

Factor 5 also weighs against institution because Hisense is one of the accused infringers and defendants in the EDTX Litigation and Patent Owner is the plaintiff. EX2012. Factor five, therefore, favors discretionary denial of institution.

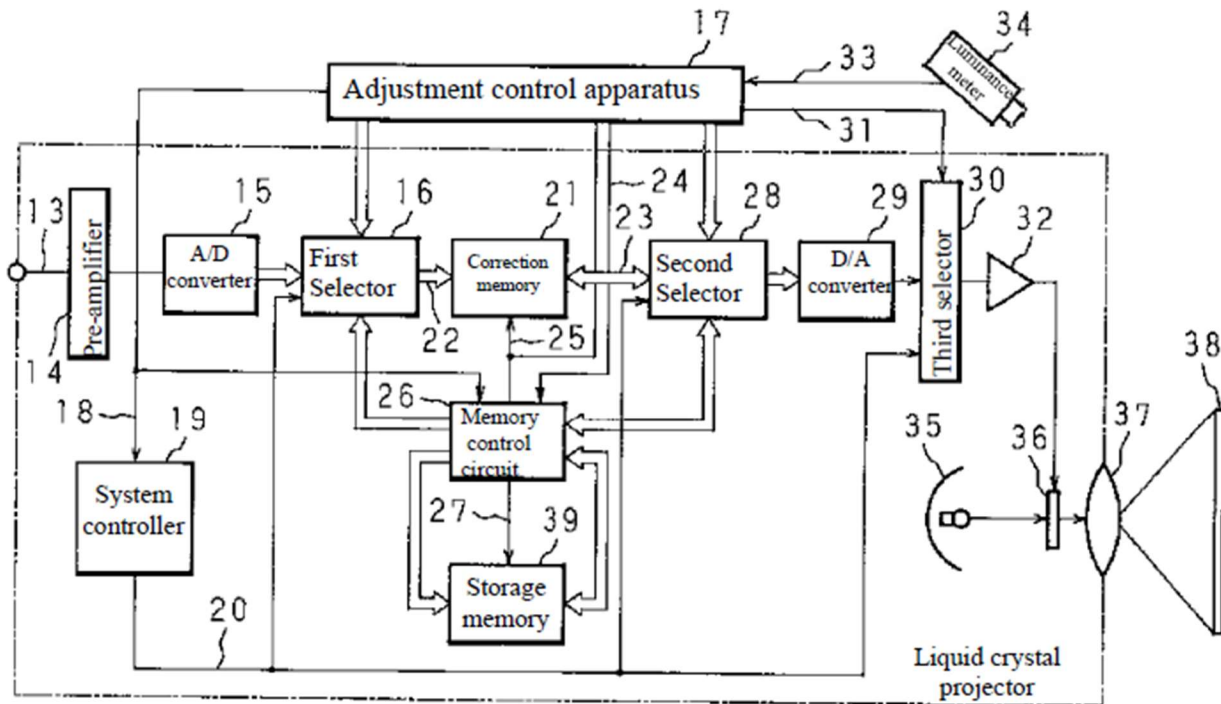
6. *Fintiv* Factor 6: The Merits of the Petition Are Weak

Factor 6 relates to the weakness of the Petition on the merits, which weighs against institution. While the merits will be more fully addressed in Patent Owner’s Preliminary Response (which is incorporated herein by reference pursuant to FAQ Q.25), a few examples are provided below to illustrate the weakness of Petitioner’s arguments.

a. The Nonomura + Kang combination

The Petition asserts that claims 1–3 and 5–6 of the ’788 Patent are obvious under 35 U.S.C. § 103 over Nonomura in view of Kang “and further in view of the

knowledge of a POSITA.” Petition at 10. However, Nonomura in view of Kang fails to disclose or render obvious each and every feature of claims 1–3 and 5–6.



Nonomura, FIG. 1.

Nonomura is directed to a liquid crystal projector having a gamma correction function. EX1006, title. As shown in Figure 1 of Nonomura, above, the image displayed on LCD panel 36 is projected by light source 35 and enlarged by projection lens 37 for projection onto screen 38. *Id.* at [0020]. Adjustment control apparatus 17 may be connected to luminance meter 34, which measures the luminance of the image on screen 38. *Id.* at [0023].

After measuring the characteristics of the LCD panel 36, the adjustment control apparatus 17 then varies the voltage of DC level voltage signal 31 according to a predetermined sequence while luminance meter 34 captures the luminance *of the entire screen* is measured for each voltage, returning measurement data 33. *Id.* at [0037]. The data is multiplied by a panel-specific gamma count to derive the applied voltage - transmittance curve for LCD panel 36. *Id.* The actual adjustment is then performed by adjustment control apparatus 17 performing gamma correction corresponding to measurement data 33 that was obtained from luminance meter 34, which previously measured the luminance *of the entire screen*. *Id.* at [0028].

In this respect, Nonomura fails to disclose or render obvious “varying gamma reference voltage levels on columns of said display,” as required by all independent claims of the ’788 Patent. Instead, the correction process of Nonomura is directed to measuring the luminescence of an entire projection and performing gamma correction of the entire screen (i.e., not by column) based on measurement data. The Petition concedes this fact. Petition at 16 (“To the extent Nonomura fails to disclose ‘on columns of’ said display, Kang does.”). However, even if it is taught by Kang (which Patent Owner does not concede), the Petition fails to articulate a clear motivation that a POSITA would have to make the proposed, specific modification.

Regarding the specific motivation a POSITA would have to look to Kang for varying gamma reference voltage levels on columns of the display, the Petition merely states the following:

A POSITA would be motivated to modify Nonomura's systems to vary the gamma reference voltage levels on its columns of the LCD panel 36 in light of the teachings of Kang. Ex. 1003, ¶82.15. Arranging an LCD into columns and rows for accessing individual pixels was well known to a POSITA as of the earliest claimed priority date. Ex. 1003, ¶82.15.

Petition at 17–18. On top of independent claim 1, this unsupported statement is relied on as the sole, purported motivation to combine Nonomura with Kang for the “column” limitations of independent claims 3 and 5. Petitioner's Declaration of Rafael J. Betancourt (the “Betancourt Declaration”) adds virtually nothing to this point. EX1003 at ¶ 82 (claim chart of [1C]) (“It is common knowledge in the display industry to arrange an LCD panel into columns and rows for accessing individual pixels, and corresponding row drivers and column drivers are in engineers' regular toolbox.”).

“The showing of a motivation to combine must be clear and particular, and it must be supported by actual evidence.” *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1334 (Fed. Cir. 2002) (rejecting an accused infringer's conclusory assertions of a purported motivation to combine two references); *see also Arendi S.A.R.L. v. Apple Inc.*, 832 F.3d 1355, 1362 (Fed. Cir. 2016) (“[O]ur cases repeatedly

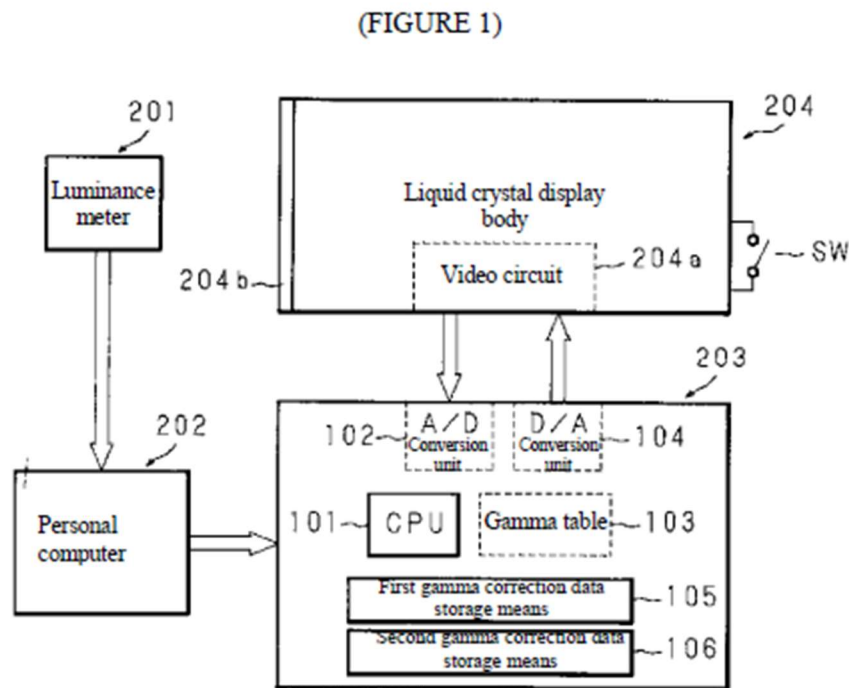
warn that references to ‘common sense’ . . . cannot be used as a wholesale substitute for reasoned analysis and evidentiary support.”).

Phenix submits that the Petition has failed to establish a *prima facie* case of obviousness because it does not explain with clarity and particularity why a POSITA would modify Nonomura with Kang to meet the “column” limitations of independent claims 1, 3, and 5. Outside of conclusory statements, the Petition merely asserts that “[a]rranging an LCD into columns and rows for accessing individual pixels was well known to a POSITA as of the earliest claimed priority date” (Petition at 17–18) and the Betancourt Declaration merely asserts that “[i]t is common knowledge in the display industry to arrange an LCD panel into columns and rows for accessing individual pixels, and corresponding row drivers and column drivers are in engineers’ regular toolbox.” (EX1003 at ¶ 82 (claim chart of [1C])). Essentially, the Petition hinges solely on the purported common sense/common knowledge of its own expert to supply the alleged motivation to modify Nonomura with the teachings of Kang to meet the “column” limitations of independent claims 1, 3, and 5. The Petition fails to point to any advantages identified in the art to make the purported modifications, nor does the Petition identify any teaching, suggestion, or motivation in the prior art that would have led a POSITA to modify the prior art in the way claimed.

Ultimately, the Petitioner's attempt to use common sense/common knowledge as a wholesale substitute for reasoned analysis of a POSITA's motivation to combine for this limitation, which permeates through all independent claims of the '788 Patent, should be rejected. Because this is fatal to the Petition, the Board should exercise discretion to deny institution for this reason alone.

b. The Uehara + Kang combination

In the next Ground, the Petition asserts that claims 1–3 and 5–6 of the '788 Patent are obvious under 35 U.S.C. § 103 over Uehara in view of Kang “and further in view of the knowledge of a POSITA.” Petition at 28. However, this Ground suffers from, among other things, the same fatal flaw as the Petition's combination of Nonomura with Kang.



Uehara, FIG. 1.

Uehara is directed to a gamma correction method for a liquid crystal display. EX1009, title. With reference to Figure 1 of Uehara, above, video circuit 204a is built into liquid crystal display body 204, which is also provided with liquid crystal display panel 204b. *Id.* at [0011]. Liquid crystal display panel 204b faces the light incident side of luminance meter 201, ensuring that the light transmittance of liquid crystal display panel 204b can be measured by luminance meter 201. *Id.* The measured output of luminance meter 201 is inputted into personal computer 202. *Id.* The signal that may be outputted from personal computer 202 is inputted into gamma correction circuit 203. *Id.* at [0012]. The signal that is outputted from gamma

correction circuit 203 is inputted into liquid crystal display body 204, and the signal that is outputted from liquid crystal display body 204 is inputted into gamma correction circuit 203. *Id.*

The gamma correction procedure of Uehara is described in detail in paragraphs [0021]–[0023]. Importantly, as with the gamma correction procedures of Nonomura, the gamma correction procedure teaches adjusting the gamma reference voltages *of the entire screen/display*, as opposed to performing gamma correction by columns as required by the independent claims. *Id.* at [0023] (“As a result, liquid crystal panel 204b will change its *entire surface* to light transmittance according to the applied voltage.”) (emphasis added). The Petition concedes this. Petition at 36 (“To the extent that Uehara fails to disclose ‘on columns of said display,’ Kang discloses that, as articulated supra in §VII.A.[1C].”).

However, as with the previous Ground, the Petition fails to offer any purported motivation to modify the reference as claimed apart from common knowledge/common sense. Petition at 36 (offering the same single-sentence rationale as the Petition did for the previous Ground, that “[a]rranging an LCD into columns and rows for accessing individual pixels was well known to a POSITA as of the earliest claimed priority date.”); EX1003 at ¶ 89 (claim chart of [1C]) (offering the same single-sentence rationale as the Betancourt Declaration did for the previous

Ground, that “[i]t is common knowledge in the display industry to arrange an LCD panel into columns and rows for accessing individual pixels, and corresponding row drivers and column drivers are in engineers’ regular toolbox.”).

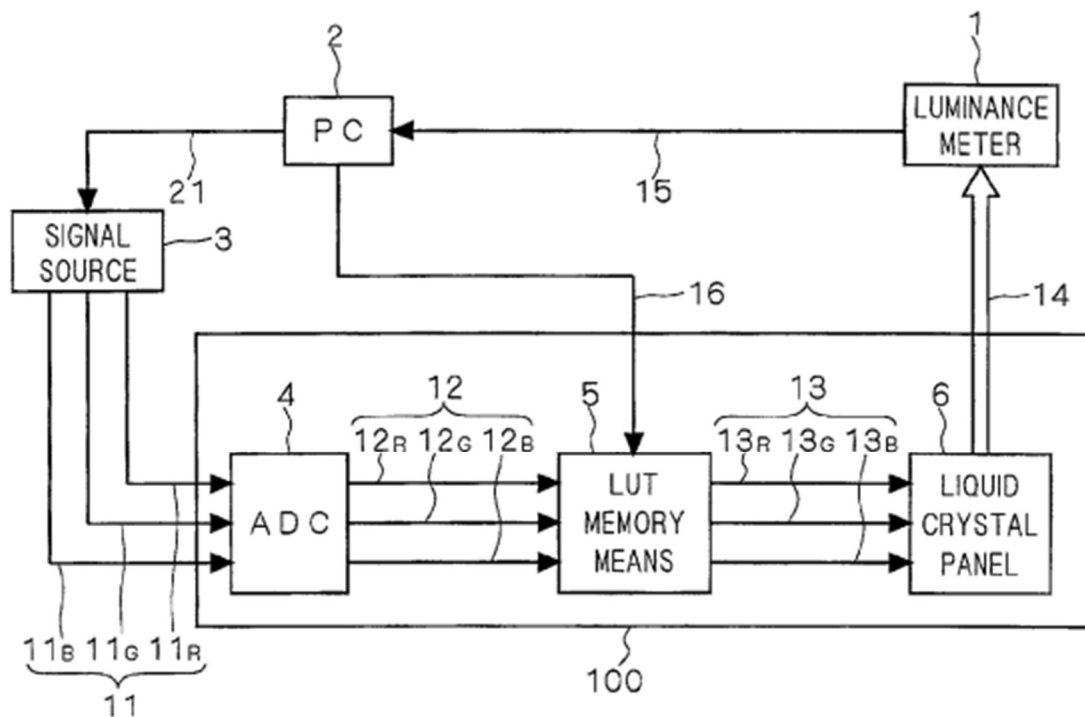
Thus, for the same reasons discussed in Section III.A.6.a, the Petition has failed to establish a *prima facie* case of obviousness because it does not explain with clarity and particularity why a POSITA would modify Uehara with Kang to meet the “column” limitations of independent claims 1, 3, and 5. Solely relying on conclusory allegations from its own expert that it would purportedly be common knowledge, Petitioner fails to point to any advantages identified in the art to make the purported modifications, nor does the Petition identify any teaching, suggestion, or motivation in the prior art that would have led a POSITA to modify the prior art in the way claimed. Because this is fatal to the Petition, the Board should exercise discretion to deny institution for this reason alone.

c. The Tobiya + Kang combination

In the next Ground, the Petition asserts that claims 1–3 and 5–6 of the ’788 Patent are obvious under 35 U.S.C. § 103 over Uehara in view of Kang “and further in view of the knowledge of a POSITA.” Petition at 28. However, this Ground suffers from, among other things, the same fatal flaw as the Petition’s combination of Nonomura with Kang.

In the next Ground, the Petition asserts that claims 1 and 3 of the '788 Patent are obvious under 35 U.S.C. § 103 over Tobiya in view of Kang “and further in view of the knowledge of a POSITA.” Petition at 47. However, this Ground suffers from, among other things, the same fatal flaw as the Petition’s combinations of Nonomura/Uehara with Kang.

FIG. 1



Tobiya, FIG. 1.

Tobiya is directed to a display characteristic correction system. EX1010, [0036]. With reference to Figure 1 of Tobiya above, the display characteristic

correction system is provided with a liquid crystal display 100, and a means for correcting the gray level of the liquid crystal display. In order to correct the gray level of the liquid crystal display 100, a signal source 3 generates a group of analog RGB signals 11 corresponding to various gradients, based upon a control signal 21 from a computer (for example, a personal computer: PC) 2 for setting the LUT in the liquid crystal display 100, and gives them to the analog/digital converter 4. *Id.* at [0039]. Moreover, a luminance meter 1 measures the gray level displayed by the liquid crystal panel 6, for example, the luminance 14. *Id.* Data 15 corresponding to the luminance 14 thus measured by the luminance meter 1 is supplied to the computer 2. *Id.* Importantly, as with the gamma correction procedures of Nonomura and Uehara, the gamma correction procedure teaches adjusting the gamma reference voltages *of the entire screen/display*, as opposed to performing gamma correction by columns as required by the independent claims. The Petition concedes this. Petition at 54 (“To the extent that Tobiya fails to disclose ‘on columns of said display,’ Kang discloses that, as articulated *supra*.”).

However, as with the previous Ground, the Petition fails to offer any purported motivation to modify the reference as claimed apart from common knowledge/common sense. Petition at 54 (offering the same single-sentence rationale as the Petition did for the previous Ground, that “[a]rranging an LCD into

columns and rows for accessing individual pixels was well known to a POSITA as of the earliest claimed priority date.”); EX1003 at ¶ 96 (claim chart of [1C]) (offering the same single-sentence rationale as the Betancourt Declaration did for the previous Ground, that “[i]t is common knowledge in the display industry to arrange an LCD panel into columns and rows for accessing individual pixels, and corresponding row drivers and column drivers are in engineers’ regular toolbox.”).

Thus, for the same reasons discussed in Sections III.A.6.a and b, the Petition has failed to establish a *prima facie* case of obviousness because it does not explain with clarity and particularity why a POSITA would modify Tobiya with Kang to meet the “column” limitations of independent claims 1 and 3. Solely relying on conclusory allegations from its own expert that it would purportedly be common knowledge, Petitioner fails to point to any advantages identified in the art to make the purported modifications, nor does the Petition identify any teaching, suggestion, or motivation in the prior art that would have led a POSITA to modify the prior art in the way claimed. Because this is fatal to the Petition, the Board should exercise discretion to deny institution for this reason alone.

The failures of the Petition identified in Section III.A.6 are fatal and warrant denial on their own. Compounded with the additional discretionary denial factors,

these failures strongly favor denial. Additional details as to the merits will be presented in Patent Owner's Preliminary Response.

B. The Director Memo Factors Weigh Against Institution

1. Other Factors, Including the Fact That the Petition is Time-Barred, Favor Denial

The Acting Director has indicated that she will consider any factors other than those expressly described when evaluating whether to apply discretionary denial. This last factor favors denial because the Petition is time-barred. Specifically, AUO waived service of summons in the EDTX Litigation on November 20, 2023. EX2013. For the reasons discussed below, AUO is a real party in interest and in privity with Petitioner. Thus, because AUO's deadline to request *inter partes* review was November 20, 2024, the Petition is time-barred, and the Director should exercise discretion to decline institution. 35 U.S.C. § 315(b).

a. AUO is a Real Party in Interest

"Congress intended that the term 'real party in interest' have its expansive common-law meaning." *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018) ("AIT"); *see RPX Corp. v. Applications in Internet Time, LLC*, IPR2015-01750, Paper 128 at 2, 7 (PTAB Oct. 2, 2020) (precedential). "Determining whether a non-party is a 'real party in interest' demands a flexible

approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.” *AIT*, 897 F.3d at 1351; *see Ventex*, IPR2017-00651, Paper 152 at 6; *RPX*, IPR2015-01750, Paper 128 at 6.

According to the Federal Circuit, “the heart of the inquiry” concerning a real party in interest should focus on “whether a petition has been filed at a [nonparty’s] ‘behest.’” *Uniloc 2017 LLC v. Facebook Inc.*, 989 F.3d 1018, 1027–28 (Fed. Cir. 2021) (quoting *AIT*, 897 F.3d at 1351). As an example of a real party in interest, an entity that “funds and directs and controls” an inter partes review constitutes a real party in interest even if that entity is not a privy of the petitioner. *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1336 (Fed. Cir. 2018) (quoting Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,760 (Aug. 14, 2012)); *see Uniloc 2017*, 989 F.3d at 1028; CTPG at 17. As another example, an “agent with an ownership interest in the subject matter of the suit, or one who is the trustee of an express trust or a party in whose name a contract has been made for the benefit of another, may qualify as a real party in interest.” *AIT*, 897 F.3d at 1357.

AUO is a real party in interest in this proceeding. Thus, because Petitioner filed the Petition more than one year after the date on which AUO waived service of

a complaint alleging infringement of the '788 Patent, 35 U.S.C. § 315(b) bars institution.

In Petitioner's operative Answer, it admitted that Hisense Visual, another defendant in the EDTX Litigation, "contracts with AUO for the accused LCD panels and purchases, either directly or indirectly through one or more affiliate intermediaries, the accused LCD panels from AUO." EX2014 at ¶ 56. Petitioner goes on to admit that the exact Hisense entity that filed the Petition "is responsible for U.S.-based activities related to the alleged infringing Hisense television products, including importing, pricing, and selling those products in the United States." *Id.* at ¶ 8. Among other things, the pre-existing contractual relationship between AUO and Petitioner directed to the products accused of infringement makes AUO a real party in interest. *See Ventex*, IPR2017-00651, Paper 152 at 8–10 (finding two supply/manufacturing contracts between a petitioner and a non-party evidence of their mutual interests of each other's commercial and financial success, further finding the non-party a real party in interest). In this respect, it is apparent that the Petition was filed at AUO's behest, which is at "the heart of the inquiry." *Uniloc 2017*, 989 F.3d at 1027–28; *see AIT*, 897 F.3d at 1351; CTPG at 14.

Moreover, there is overlap between the invalidity positions advanced in the Petition and in the joint invalidity contentions for the '788 Patent in the EDTX

Litigation, evidencing that AUO “desires review” of the ’788 Patent. *Luminex Int’l Co., Ltd. v. Signify Holdings BV*, IPR2024-00101, Paper 10 at 37 (PTAB May 9, 2024). The Petition presents three Grounds of unpatentability, relying on Nonomura, Kang, Uehara, and Tobiya as prior art. Petition at ii. In Petitioner and AUO’s operative invalidity contentions in the EDTX Litigation, they rely on Uehara as a primary reference in arguing that the ’788 Patent is invalid. EX2009 at 17–18. Moreover, they rely on Kang as a primary reference in arguing that the ’305 Patent is invalid. EX2009 at 15. Furthermore, Petitioner and AUO were recently granted leave in the EDTX Litigation to amend their invalidity contentions and argue that the ’788 Patent is unpatentable over Nonomura in view of Kang. *See, e.g.*, EX2011. Thus, it is clear that AUO “desires review” of the ’788 Patent.

Further, from a “practical and equitable” standpoint, AUO will benefit from the redress that the Board might provide in this proceeding because a decision determining that the challenged claims are unpatentable would relieve AUO from liability for infringing the ’788 Patent. For the same reasons, AUO has an interest in and will benefit from Petitioner’s actions. Petitioner and AUO have a mutual interest in establishing unpatentability/invalidity. For instance, in the EDTX Litigation, Petitioner and AUO each seek to invalidate claims of the ’788 Patent and, as noted above, both the EDTX Litigation and this proceeding include largely overlapping

unpatentability/invalidity contentions for the '788 Patent. Although Petitioner and AUO have a mutual interest in establishing unpatentability/invalidity, Petitioner seeks in this proceeding relief that 35 U.S.C. § 315(b) bars AUO from seeking for itself.

Thus, because Petitioner filed the Petition more than one year after the date of which AUO waived service of a complaint alleging infringement of the '788 Patent, 35 U.S.C. § 315(b) bars institution.

a. AUO is in Privity with Petitioner

Privity “prevent[s] successive challenges to a patent by those who previously have had the opportunity to make such challenges in prior litigation.” *WesternGeco*, 889 F.3d at 1319. In *Taylor v. Sturgell*, the Supreme Court provided a non-exhaustive list for examining whether the legal relationship between two parties establishes that one is the privity of the other:

(1) an agreement between the parties to be bound; (2) pre-existing substantive legal relationships between the parties; (3) adequate representation by the named party; (4) the non-party’s control of the prior litigation; (5) where the non-party acts as a proxy for the named party to relitigate the same issues; and (6) where special statutory schemes foreclose successive litigation by the non-party (e.g., bankruptcy and probate).

553 U.S. 880, 893–95 (2008); *see also Ventex*, IPR2017-00651, Paper 152 at 12 (analyzing the factors in the context of an *inter partes* review proceeding). Analysis

under any one of the factors can support a finding of privity. *Id.* Here, Petitioner and AUO satisfy at least factors two and five.

As discussed above, in Petitioner’s operative Answer, it admitted that Hisense Visual “contracts with AUO for the accused LCD panels and purchases, either directly or indirectly through one or more affiliate intermediaries, the accused LCD panels from AUO.” EX2014 at ¶ 56. Petitioner goes on to admit that the exact Hisense entity that filed the Petition “is responsible for U.S.-based activities related to the alleged infringing Hisense television products, including importing, pricing, and selling those products in the United States.” *Id.* at ¶ 8. Thus, Petitioner admitted that AUO and Petitioner have a pre-existing substantive legal relationship. Further, the contract between AUO and Petitioner “directly relate[s] to the product accused of infringing the patent at issue in this proceeding” because it governed the contract between Hisense Visual and AUO that resulted in Petitioner importing, pricing, and selling those products in the United States. *See Ventex*, IPR2017-00651, Paper 152 at 12. Finding AUO and Petitioner in privity with one another comports with the goal of “taking into account the practical situation, and extending privity to parties, to transactions, and other activities *relating to the property in question*.” CTPG at 15) (cleaned up). In light of the contract between AUO and Petitioner, it is apparent

that Petitioner is acting as a proxy for AUO to litigate issues AUO is timed-barred from litigating itself.

Thus, because Petitioner filed the Petition more than one year after the date of which AUO waived service of a complaint alleging infringement of the '788 Patent, 35 U.S.C. § 315(b) bars institution.

2. Settled Expectations Favor Denial

“Settled expectations” is generally directed to the length of time the claims have been in force. This factor weighs heavily in favor of denying institution.

At the time of filing this Brief, the '788 Patent was granted over 16 years ago on July 7, 2009 and is now expired. Since its issuance, there has already been a challenge to its validity at the PTAB, which failed (the Innolux IPR), confirming Patent Owner's belief and reliance on the fact that the '788 Patent is valid and enforceable. This creates settled expectations. *See, e.g., Dabico Airport Sols. Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21 at 2–3 (Director June 18, 2025) (“[T]he challenged patent has been in force almost eight years, creating settled expectations.”); *Samsung Elecs. Am., Inc. v. Cerence Operating Co.*, IPR2025-00458, -00459, -00460, Paper 14 at 2 (Director June 25, 2025) (“[T]he challenged patents issued over 11 years ago. . . . Patent Owner's settled expectations also weigh toward discretionary denial.”); *iRhythm Techs., Inc. v. Welch Allyn*, IPR2025-00363,

-00374, -00376, -00377, -00378, Paper 10 at 3 (Director June 6, 2025) (denying institution where “one of the patents has been in force since as early as 2012”); *Apotex Inc. v. Alkermes Pharma Ireland Ltd.*, IPR2025-00514, Paper 10 at 2 (Director July 2, 2025) (“[T]he challenged patent has been in force for more than 14 years, creating strong settled expectations.”).

Moreover, demonstrating that a petitioner has long been aware of a challenged patent but delayed challenging its validity further supports settled expectations. *iRhythm*, IPR2025-00363, -00374, -00376, - 00377, -00378, Paper 10 at 3. AUO, who is a real party in interest and in privity with Petitioner, has had knowledge of the ’788 Patent for over ten years and is willfully infringing the ’788 Patent, as discussed in Patent Owner’s Complaint in the EDTX Litigation. EX2012 at ¶¶ 37–44. Specifically, on or around June 12, 2012, AUO received product data sheets from the previous owner of the ’788 Patent that contained technical information and a list of patents that included the ’305 Patent and the ’788 Patent. *Id.* Because AUO— a real party in interest and in privity with Petitioner—has had knowledge of the ’788 Patent since at least June 12, 2012 but has inexplicably delayed challenging its validity (through itself or Petitioner), there are settled expectations of the ’788 Patent’s validity.

In light of these settled expectations, the Board should decline institution.

3. Prior Adjudications of the '788 Patent by the PTAB

The prior adjudication factor is directed to “whether the PTAB or another forum has already adjudicated the validity or patentability of the challenged patent claims.” EX2001 at 2–3. Here, the PTAB has previously considered the '788 Patent. Specifically, in June 2025, the PTAB denied institution of the Innolux IPR challenging claims 1–3, 5, and 6 of the '788 Patent, the exact same claims challenged by Hisense here. Thus, prior adjudication weighs strongly against institution. *See Celltrion, Inc. v. Regeneron Pharms., Inc.*, IPR2025-00456, Paper 14 at 2 (Director June 25, 2025) (exercising discretion to deny institution when other forums have already adjudicated the validity of the challenged patent claims).

4. Heavy Reliance on Expert Testimony Favors Denial

The Acting Director also considers the “extent of the petition’s reliance on expert testimony.” EX2001 at 2–3. The FAQs further explain:

While the Board may consider expert testimony, as a matter of efficiency, extensive reliance on expert testimony and/or reasonable disputes between experts on dispositive issues may suggest that the questions are better resolved in an Article III court. The statute and our reviewing court require that petitions be based on prior art patents and printed publications. As the judges have technical and legal expertise, it is not necessary for an expert to explain every aspect of the prior art. It is most helpful if an expert is providing focused testimony, for example to provide helpful context or to explain terms of art. The failure to provide focused expert testimony may weigh against institution.

This factor favors denial because the expert testimony relied on by Petitioner is not focused. Specifically, the Petition relies on the Betancourt Declaration, which is substantively 95 pages long. EX1003. Indeed, the Petition relies on the Betancourt Declaration extensively, citing to it throughout the Petition well over one-hundred times.⁵ The Petition relies heavily on expert argument, assumptions, and inferences to fill in the gaps of the prior art and allegedly arrive at the claimed invention. Further, the Petition relies on cursory (though lengthy) expert testimony for almost every cited claim limitation and every Ground, rather than providing a focused expert declaration addressing the limitations for which expert testimony is necessary. *See generally*, EX1003. As a non-limiting example, the Betancourt Declaration is used as a gap-filler in the Petition to allegedly explain why it would be obvious to a POSITA to modify *each primary reference* with the teachings of Kang, as earlier explained in Section III.A.6.

The declaration lacks focus because, for example, it provides only a cursory analysis of the prior art using language that tracks the Petition. *Compare* EX1003 ¶ 82 (claim chart of [1 Preamble]) *with* Petition at 12; *compare* EX1003 ¶ 82 (claim

⁵ This was determined by keyword searching “Ex. 1003” in the Petition, resulting in 127 hits.

chart of [1C]) *with* Petition at 14–18. Patent Owner, in its POPR, will explain why Petitioner’s arguments, assumptions, and inferences are incorrect and do not meet the claim limitations. Regardless, and because of the extensiveness of the Petition’s reliance on the extensive testimony of its expert to establish the claimed invention, this dispute is better suited for resolution in an Article III district court. EX2002 (FAQs), at Q.21. Thus, this factor favors denial of institution.

IV. CONCLUSION

Taken together, the Director Memo factors and the *Fintiv* factors weigh strongly in favor of discretionary denial—all factors either favor denial or are neutral.

For the reasons noted above, Patent Owner respectfully submits that the Board should deny institution of all Grounds of the Petition.

Dated: August 15, 2025

Respectfully submitted,

By: / Rodney R. Miller /
Rodney R. Miller (Reg. No. 66,073)

Lead Counsel for Patent Owner

CERTIFICATION UNDER 37 C.F.R. § 42.24

Pursuant to 37 C.F.R. § 42.24(d), I certify that this brief complies with the type-volume limits of 37 C.F.R. § 42.24 and the Director Memo because it contains 7,788 words, according to the word-processing system used to prepare this brief, excluding the parts that are exempted by 37 C.F.R. § 42.24 (including the table of contents, a table of authorities, a listing of facts which are admitted, a certificate of service or this certificate word count, and appendix of exhibits).

Dated: August 15, 2025

Respectfully submitted,

By: / Rodney R. Miller /
Rodney R. Miller (Reg. No. 66,073)

Lead Counsel for Patent Owner

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R § 42.6(e), I hereby certify that a true and correct copy of the foregoing was served on Counsel for Petitioner via filing through the P-TACTS System, as well as by delivering a copy via electronic mail to the following:

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