

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SNAP INC. and HISENSE USA CORPORATION,
Petitioner,

v.

NOKIA TECHNOLOGIES OY,
Patent Owner.

IPR2025-01014

Patent No. 8,050,321

**PETITIONERS' OPPOSITION TO PATENT OWNER'S
REQUEST FOR DISCRETIONARY DENIAL**

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1001	U.S. Patent No. 8,050,321
1002	U.S. Patent No. 8,050,321 File History
1003	Declaration of Dr. Joseph Havlicek
1004	Curriculum Vitae of Dr. Joseph Havlicek
1005	ISO/IEC 11172-2 (1st ed.) Information technology - Coding of moving pictures and associated audio for digital storage media at up to about 1,5 Mbit/s - Part 2: Video (“MPEG-1”)
1006	U.S. Patent No. 6,912,351 (“Kim”)
1007	C-Cube CL480PC MPEG-1 System Decoder Specification, available at https://web.archive.org/web/19970128081644/http://www.c-cube.com/prdctlst/cl480pc.pdf .
1008	U.S. Patent No. 5,838,265 (“Adolph”)
1009	Ruby B. Lee et al., Real-Time Software MPEG Video Decoder on Multimedia-Enhanced PA 7100LC Processors, Hewlett-Packard J., Apr. 1995, available at https://archive.org/details/Hewlett-Packard_Journal_Vol._46_No._2_1995-04_Hewlett-Packard
1010	Ketan Patel, et al., Performance of a Software MPEG Video Decoder, Multimedia ‘93: Proceedings of the First ACM Int’l Conf. on Multimedia, August 2-6, 1993
1011	Excerpt from Joan L. Mitchell et al., <i>MPEG Video Compression Standard</i> (Chapman & Hall, 1996)
1012	Excerpt from Roy Hoffman, <i>Data Compression in Digital Systems</i> (Chapman & Hall, 1997)
1013	Sony Corporation, Operating Instructions for SVT-S3050P Time Lapse Videocassette Recorder (1997), <i>available at</i> https://pro.sony/s3/cms-static-content/operation-manual/3193023022.pdf
1014	GYJR Inc., GYJR Products Application Guide (1998), <i>available at</i> https://web.archive.org/web/19980628195831/http://www.gyyr.com:80/pdf/appguide.pdf

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1015	C-Cube CLM4111 MPEG-1 Video Encoder data sheet, available at https://web.archive.org/web/19970707143632/http://www.c-cube.com/products/CLM4111.pdf
1016	ISO/IEC 13818-2 (1st ed.) Information Technology – Generic coding of moving pictures and associated audio information: Video (“MPEG-2”)
1017	ISO/IEC TR 11172-5 (1st ed.) Information technology – coding of moving pictures and associated audio for digital storage media at up to about 1,5 Mbit/s – Part 5: Software simulation
1018	Original Complaint, <i>Nokia Techs. Oy v. Hisense Co. Ltd. and Hisense USA Corp.</i> , No. 1:25-cv-01871 (N.D. Ga. April 7, 2025), ECF No. 1.
1019	Complaint Under Section 337 of The Tariff Act of 1930, As Amended, Inv. No. 337-TA-3821 (Apr. 11, 2025)
1020	U.S. Patent No. 7,894,521
1021	IPR2024-00691, Paper No. 10: Decision Granting Institution of Inter Partes Review
1022	Thomas Sikora, <i>MPEG Digital Video-Coding Standards</i> , IEEE SIGNAL PROCESSING MAGAZINE (Sept. 1997)
1023	August 12, 2025 Letter from P. McKeever to N. Tsui regarding stipulation
1024	Memorandum from Coke Morgan Stewart on Interim Processes for PTAB Workload Management (Mar. 26, 2025) (“Director Memo”)
1025	FAQs for Interim Processes for PTAB Workload Management, USPTO, https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management (last visited Sept. 18, 2025)
1026	Nokia Claim Construction Brief in 337-TA-1448
1027	Original Complaint in <i>Nokia Techs. Oy v. Paramount Skydance Corp. et al.</i> , No. 1:25-cv-1054 (D Del)
1028	ISO/IEC 11172-2 (1st ed.) Information technology - Coding of moving pictures and associated audio for digital storage media at up to about 1,5 Mbit/s - Part 2: Video (“MPEG-1”)

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1029	Nokia's Patent Owner Response in IPR2024-00691
1030	Excerpt from Joan L. Mitchell et al., MPEG Video Compression Standard (Chapman & Hall, 1996)
1031	ITC web page regarding cease of regular operations, https://www.usitc.gov/press_room/2025_lapse_of_appropriations (last visited Oct. 7, 2025)
1032	Order on Defendants' Unopposed Motion for a Stay Pending ITC Proceeding and Extension of Time to Respond to Complaint, <i>Nokia Techs. Oy, v. Hisense Co. Ltd. et al.</i> , No. 1:25-cv-01871-TWT, Dkt. 26 (N.D. Ga. June 5, 2025)
1033	DocketNavigator.com, Time-to-Trial report for Northern District of Georgia (exported Oct. 6, 2025)
1034	Complainant's Unopposed Motion for Partial Termination of the Investigation, 337-TA-1448 (July 15, 2025)
1035	Order No. 17, Initial Determination Granting Complainants' Unopposed Motion for Partial Termination of This Investigation as to Certain Asserted Claims, 337-TA-1448 (Sept. 5, 2025)
1036	Patent Owner's Preliminary Response in IPR2024-00691
1037	Declaration of Dr. Iain Richardson, Ex. 2001 in IPR2024-00691
1038	Order No. 18, Initial Determination Revising the Target Date Due to Government Shutdown, Inv. No. 337-TA-1118
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I. INTRODUCTION

Petitioners Snap Inc. (“Snap”) and Hisense USA Corp. (“Hisense,” and collectively with Snap, “Petitioners”) request that the Director deny Nokia Technologies Oy’s (“PO” or “Nokia”) request for discretionary denial (Paper No. 11, “DD Request”) and, instead, refer this IPR to a panel of the Board for an institution decision on the merits.

A holistic analysis of the facts particular to this proceeding show that the Office is the appropriate and most efficient forum to review the unpatentability of U.S. Patent No. 8,050,321 (“the ’321 Patent,” EX1001). In particular, the Deputy Director’s decisions in *Mercedes-Benz Group AG v. The Phelan Group, LLC* (IPR2025-00413 and IPR2025-00919 et al.), *Tesla, Inc. v. Intellectual Ventures II LLC* (IPR2025-00217 et al.), and *Arm Ltd. v. Daedalus Prime LLC* (IPR2025-00207) provide clear guidance that supports institution in this case. Accordingly, the Deputy Director should decline to discretionarily deny institution of this IPR.

As an initial matter, the Board previously *instituted* an IPR challenging the ’321 Patent using the same Kim prior art. EX1021, 63-64 (petition demonstrated reasonable likelihood claims 8, 10, and 11 were obvious over Kim). That IPR did not reach a final written decision because the parties settled and terminated the IPR. Thus, these facts are like those in *ARM v. Daedalus Prime*, where the Deputy Director vacated a prior denial and referred the petition to the Board after related

litigation was dismissed, finding persuasive the Board’s previous unpatentability finding in “substantially identical claims.” IPR2025-00207, Paper No. 14 (PTAB Aug. 6, 2025); *see also, e.g., Tesla*, IPR2025-00217, Paper No. 9 at 2 (PTAB June 13, 2025) (noting that the “Board previously determined there was a reasonable likelihood that similar claims of an ancestor patent were unpatentable in three separate proceedings with respect to some of the challenged patents in these proceedings,” which “counsel[s] against discretionary denial.”). Indeed, the case for referral of the present petition is even stronger here than in *Arm* and *Tesla*, because here the Board’s prior decision considered ***the very same claims*** and prior art.

Moreover, the Board will be the first tribunal with binding authority to rule on the ’321 Patent, long before the issue will be taken up in any of the district court litigations. The DD Request ignores that three of the four related district court actions are ***stayed*** and the fourth was only just filed. Assuming the ITC even reaches invalidity, the ITC lacks authority to invalidate a patent and its rulings are not binding on either the Office or district courts. *Tex. Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1568–69 (Fed. Cir. 1996). Thus, the Board would rule on patentability long before any other jurisdiction with binding authority.

Critically, Petitioner Snap is not a party to the 1448 ITC investigation or any other litigation involving the ’321 Patent which strongly counsels against discretionary denial. *See Google LLC et al. v. Mullen Industries LLC*, IPR2025-

00124, Paper No. 14 at 11 (PTAB Nov. 1, 2024) (granting institution despite parallel litigation where, among other reasons, one of the petitioners “is a party in this case but not in the district court litigation”); *see also Azurity Pharmaceuticals v. Helsinn Healthcare*, IPR2025-00945, Paper 11 at 2 (PTAB Sept. 19, 2025) (referring IPRs where “the parties [we]re not engaged in any parallel proceeding involving the challenged patents). At least with respect to Petitioner Snap, this case is like *Mercedes-Benz*, where the Deputy Director found that the absence of a scheduled trial date and minimal investment in the district court proceeding weighed against discretionary denial. IPR2025-00413, Paper No. 13 at 2 (PTAB Jun. 25, 2025). Although Petitioner Hisense is a party to the ITC proceeding, Petitioner Snap should not be penalized for jointly filing with Hisense which avoided a separate petition and reduced the burden on the Deputy Director and Nokia.

Finally, whereas the IPR addresses all eleven claims of the '321 Patent (including the encoder-side claims, claims 1-7), Nokia is presently asserting only two claims (both decoder-side claims) in the ITC case. There is nothing efficient about denying institution here of a proceeding that may efficiently and finally resolve invalidity of all 11 claims to allow the ITC to issue a ***non-binding*** decision on, at most, ***two claims***. The Board is clearly best situated to address the invalidity of ***all claims*** of the '321 Patent, potentially eliminating the need for piecemeal litigation of invalidity of the same patent in ***four different district courts***.

For these reasons, and as explained fully herein, the Deputy Director should deny PO's request for discretionary denial and refer this IPR to the Board for consideration on the merits.

II. NOKIA'S *FINTIV* ANALYSIS IGNORES PETITIONER SNAP WHICH IS NOT A PARTY TO ANY PARALLEL PROCEEDING.

PO fails to even acknowledge, much less address the fact that Snap is not a party to any parallel proceeding. The PTAB has granted institution under similar circumstances. *See, e.g., Google v. Mullen*, IPR2025-00124, Paper No. 14 at 11, 41 (treating *Fintiv* factor 5 as neutral “[b]ecause of the involvement of a non-defendant” and granting institution); *see also, e.g., Charter Commc’ns, Inc. v. Adaptive Spectrum & Signal Alignment, Inc.*, IPR2025-00088, Paper No. 14 at 13 (PTAB Nov. 8, 2024) (reasoning that factor 5 weighed against discretionary denial where one of two petitioner parties was not a party to the parallel litigation).

The PTAB has relied on the absence of a petitioner from parallel litigation even where that petitioner had business relationships with named defendants in the parallel litigation. *See, e.g., Google v. Mullen*, IPR2025-00124, Paper No. 8 at 31–32 (PTAB Feb. 14, 2025) (noting that non-defendant “(1) voluntarily submitted declarations on [named-defendant’s] behalf, (ii) produced documents and source code in response to subpoenas, and (iii) is represented by the same outside counsel that represents the [named-defendant’s] entities); *Charter*, IPR2025-00088, Paper No. 11 at 9 (noting that non-defendant was obligated to indemnify named defendant

in parallel litigation). That Snap is not a party to any of the parallel proceedings should be given more weight here where Snap has no substantial business relationship with Hisense or any of the other parties in the parallel proceedings.

Petitioners, in the interest of efficiency, joined efforts in part to reduce the number of IPR petitions filed at the PTAB. Snap should not be punished for using the IPR process as Congress intended—as an efficient alternative to courtroom litigation. *See* 157 Cong. Rec. S1352 (Mar. 8, 2011) (statement of Sen. Udall) (“Inter partes . . . proceedings are intended to serve as a less-expensive alternative to courtroom litigation and provide additional access to the expertise of the Patent Office on questions of patentability.”); S. Rep. No. 110-259 at 20 (2008) (stating that the purpose of the IPR procedure is to provide “a quick, inexpensive, and reliable alternative to district court litigation to resolve questions of patent validity”).

III. THE MERITS OF THE PETITION ARE COMPELLING IN VIEW OF THE PRIOR INSTITUTION.

The compelling merits of the Petition weigh strongly against discretionary denial. The Board found the prior petition showed Kim likely rendered all three challenged claims—claims 8, 10, and 11—obvious. EX1021, 63-64. The Deputy Director has repeatedly pointed to past Board decisions addressing the invalidity of similar claims in related patents as a factor that weighs against discretionary denial. For example, in *Arm v. Daedalus*, the Deputy Director granted review and referred an IPR where “the Board ha[d] already determined that ‘substantially identical

claims’ in a related patent are unpatentable based on one of the prior art references in th[e] proceeding.” IPR2025-00207, Paper No. 14, at 3. “Given th[at] fact, and the similarity of the patentability issues,” the Deputy Director reasoned “it [wa]s efficient for the Board to take up th[e] case.” *Id.*; see also, e.g., *Tesla*, IPR2025-00217, Paper No. 9 at 2 (Board’s institution of IPRs on “similar claims in ancestor patent” weighted against discretionary denial); *Mercedes*, Paper No. 8 at 2 (institution of IPR on related patent based on similar prior art weighed against discretionary denial); *Id.*, Paper No. 13 at 2 (invalidation of related patent via EPR weighed against discretionary denial).

To distract from the Board’s prior institution decision, PO argues that ALJ Elliot rejected Amazon’s invalidity argument based on Kim because the identifier value is set by the encoder and not changed by the decoder. See DD Request at 12. PO’s argument does not withstand scrutiny, however. First, the **Board** previously (and correctly) rejected PO’s “resetting” argument, noting that “Kim’s Figure 5A shows that the IAD component of each logical address is reset to zero for each I-picture.” EX1021 at 62-63. Second, even if ALJ Elliot was correct that Kim discloses it is the **encoder** that does the resetting, most of the challenged claims in this case (claims 1-7) require the **encoder** to do the resetting. Paper 3 at v-vii (limitations 1[c], 4[c], 7[c]). ALJ Elliot never addressed those claims because they were not asserted in the prior ITC case. EX2009 at 12 (only claims 8 and 10 were asserted). Tellingly,

in its Preliminary Response, PO disputes Kim's disclosure of the resetting limitations only for the decoder claims, not the encoder claims. *See* Paper 12.

Third, the ALJ's analysis of the resetting limitation was premised on the misconception that the decoder has to *change* the value of the identifier assigned by the encoder. But the Petition explains that the '321 Patent never describes the decoder *changing* any identifier value assigned by the encoder. Paper 3 at 45-47. In the current ITC case *Nokia* is stressing that the resetting limitation in the decoding claims covers setting the identifier value to zero even if that does not change the value assigned by the encoder. *E.g.*, EX1026 (PO's claim construction brief) at 14-15 ("[T]he specification describes resetting of the identifier value for the first image frame as setting this identifier value (for example to zero) rather than describing the resetting as 'changing' the identifier value from one value to another."). The Petition explains that "[s]etting the IAD for the I-picture (e.g., 0000 for the first I-picture in Fig. 5A) in frame memory 101 sets (or resets) the identifier in the same manner described by the '321 patent." Paper 3 at 47. In other words, Kim plainly discloses the resetting limitation as PO contends the limitation should be understood.

The Board's prior order finding that the prior petitions showed that Kim likely renders obvious each of the then-challenged claims confirms the merits of the present Petition are compelling and strongly weighs against discretionary denial.

IV. GIVEN THE PRIOR IPR INSTITUTION, PO HAS NO SETTLED EXPECTATIONS.

PO's claim as to "settled expectations" should be rejected. PO asserted the '321 Patent for the first time against Amazon and HP in late 2023. Amazon responded, in part, by filing the prior IPR based on MPEG-1 and Kim. The prior IPR was instituted because the Board found that the prior petition demonstrated a reasonable likelihood that *both grounds* rendered obvious all the challenged claims. EX2021. Every party PO has ever sued for allegedly infringing the '321 has challenged the validity of the patent and the Board's prior institution decision confirms those challenges had merit. Additionally, Snap and Nokia voluntarily entered into an agreement that imposed contractual obligations on both parties, including a limitation against filing IPRs relating to patents of the other party, between May 15, 2023, and May 15, 2025. Accordingly, PO has no legitimate settled expectations concerning the validity of the '321 Patent.

V. IT IS FAR MORE EFFICIENT FOR THE BOARD TO RESOLVE INVALIDITY OF THE '321 PATENT THAN TO LEAVE IT TO FOUR DIFFERENT DISTRICT COURTS.

In addition to the investigation, PO is presently asserting the '321 Patent in district court cases in four different courts: (1) in N.D. Ga. against Hisense, (2) in C.D. Cal. against ASUSTek, (3) in W.D. Tex. against Acer, and (4) in Delaware against Paramount. Paper 3 at 64; EX1027. The first three cases are stayed pending resolution of the ITC case, but, as noted, the ITC's conclusion on invalidity—

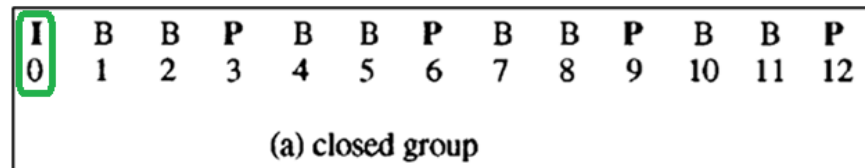
assuming a conclusion is even reached—will not be binding on *any* of these courts. It would be far more efficient for the Board to address the present invalidity challenge than for the prior art to be litigated in four different district court cases.

Recently, in *Harbor Freight v. Champion Power Equipment*, the Deputy Director reasoned that “[b]ecause the litigation between the parties would proceed to several district court trials in different jurisdictions, resolving the dispute between the parties at the Office would be more efficient.” IPR2025-00805, Paper 20 at 2 (PTAB Sept. 19, 2025). Similarly, in *Berkshire Hathaway v. Birthtech*, the Deputy Director referred IPRs to the Board for efficiency reasons where the patent owner had “sued a large number of parties in a multitude of districts.” IPR2025-00274, Paper 23 at 2 (PTAB July 2, 2025). Likewise, here, resolving the present dispute at the Office would be more efficient than leaving at least four district courts to address invalidity in separate proceedings.

VI. THE EXAMINATION OF THE ’321 PATENT WAS FLAWED FOR FAILING TO CONSIDER THE MPEG VIDEO STANDARDS.

The ’321 patent never should have issued. The examiner allowed claim 1, for example, because the purported “closest prior art . . . fail[ed] to disclose [i] encoding identifier values for the image frames according to a numbering scheme; and [ii] resetting the identifier value for the indicated first image frame of the independent sequence.” EX1002 at 793. But the MPEG standards—probably the best-known prior art record of already-known video coding techniques—disclosed both features.

MPEG provided for “closed” groups of pictures (GOPs) that could be independently decoded. EX1028 at 54 (“A GOP is a random access point, i.e., it is the smallest coding unit that can be independently decoded within a sequence.”). Each frame in a GOP was given a “temporal reference” number which was “reset” for the first frame in each GOP. *Id.* at 27 (“For the earliest picture (in display order) in each [GOP], the temporal_reference is *reset to zero*.”). The figure below shows “[a] typical example of a closed [GOP]” which, starts with an I frame numbered 0:



EX1028, 69 (Fig. D.18(a)) (annotation added); *see also id.* at 68 (explaining that “encoders can construct groups of pictures which are independent of one another” by “omit[ting] any B-pictures preceding the first I-picture”).

In IPR2024-00691, the Board instituted IPR based on these features of the 1993 MPEG-1 standard. EX1021 at 12-36. While PO has tried to dispute whether MPEG *decoders* performed the resetting step, PO has effectively conceded that MPEG *encoders* do reset that temporal reference value (as encoder claims 1-7 require). *See* EX1029 at 1, 30, 50, 51 (repeatedly emphasizing that in MPEG-1, the *encoder* sets the Temporal Reference value for the first picture in the GOP). *See also* Paper 12 (not disputing “resetting” limitations for encoder-side claims).

In *Eunsung Glob. Corp. v. HydraFacial LLC*, the Deputy Director referred IPRs to the Board where the petitioner showed that the features the examiner stated were not taught in the prior art were in fact disclosed in a cited reference. IPR2025-00445, Paper No. 14 at 2-3 (PTAB July 10, 2025). For similar reasons, the present IPR should be referred. The MPEG standards should have been of record during prosecution of the '321 Patent. Further, the MPEG documents were repeatedly referenced in the prior art of record. *E.g.*, EX1002 at 203 (“MPEG standards . . . are the most widely accepted international standards in the field of the multimedia applications.”); *id.* at 345 (1:10-11). And at least one reference PO disclosed in an IDS even incorporated-by-reference the relevant MPEG-2 document. *Id.* at 364 (IDS), 402 (2:20-26). The examiner seemingly appreciated the significance of the standards, even repeatedly using “MPEG” as a search term (*id.* at 799-803), but, for whatever reason, never cited the MPEG standards documents themselves.¹ Had those documents been cited, the '321 Patent never would have issued.

¹ PO disclosed one MPEG-2 document in an IDS but that “Part 1: Systems” document focuses on combining video and audio streams whereas the video compression details are found in the far more relevant “Part 2: Video” document. EX1030, 1 (“Part 1 deals with systems aspects, Part 2 with video compression, and Part 3 with audio compression.”).

VII. TO THE EXTENT *FINTIV* DOES APPLY INSTITUTION IS STILL FAVORED.

PO's *Fintiv* analysis ignores Petitioner Snap and the already-stayed district court case against Hisense. When those facts are accounted for, discretionary denial is clearly inappropriate.

A. Factor 1: The ITC is Closed and the *Hisense* Case is Stayed

PO's discussion of this factor only considers the ITC case which, as discussed, will at most produce in a non-binding invalidity determination as to two claims. Moreover, the ITC case is effectively stayed right now because the Commission has "ceased regular operations" due to the government shutdown. EX1031.

PO also ignores the *Hisense* district court case that was stayed on June 5, 2025, and will remain stayed until the 1448 investigation becomes final. EX1032. Accordingly, this factor weighs strongly against discretionary denial. *Snap, Inc. v. SRK Tech. LLC*, IPR2020-00820, Paper No. 15 at 9 (PTAB Oct. 21, 2020) (precedential in relevant part).

B. Factor 2: A FWD Would Precede Any District Court Trial

Given the ITC is closed and will remain closed for an uncertain period of time due to the government shutdown, it is unclear when the 1448 investigation will reach any determination as to invalidity and whether that will happen before a FWD would be reached in this case. Notably, in past ITC investigations impacted by a government shutdown of 35 days, ALJ McNamara extended schedules by *three-to-*

four months. Exs. 1038, 1039. A similar extension of the schedule in the 1448 investigation by ALJ McNamara would likely bump the Target Date deadline beyond the January 7, 2027 deadline for the final written decision in this IPR.

As for the *Hisense* district court case, DocketNavigator reports the median time to trial in the Northern District of Georgia is 43 months. EX1033. Given that timing, a FWD in this case would be reached well in advance of any district court trial. Additionally, there is no parallel proceeding involving Snap. This factor thus also strongly weighs against discretionary denial. *See, e.g., Amazon.com v. NL Giken*, IPR2025-00250, Paper 14 at 2 (PTAB May 16, 2025).

C. Factor 3: There Has Been No Investment in the District Court Proceeding, and Petitioner Was Diligent in Filing this IPR

There is no parallel proceeding involving Snap. The ITC closed before the claim construction hearing in the 1448 investigation. And nothing has happened in the *Hisense* district court case which was stayed before Hisense responded to the complaint. Further, Petitioners were diligent in filing this IPR less than two months after Nokia sued Hisense. Accordingly, this factor should weigh strongly against discretionary denial. *See Savant Techs LLC v. Feit Elec. Co.*, IPR2025-00260, Paper No. 16 at 3 (PTAB June 12, 2025) (declining to discretionarily deny petition where “[p]etitioners acted diligently in filing this Petition less than three months after Patent Owner asserted claims 11 and 12 in district court”); *All. Laundry Sys., LLC, v. Payrange LLC*, PGR2025-00027, Paper No. 11 at 2 (PTAB July 17, 2025)

(declining discretionary denial and noting that “relatively little investment in that proceeding” favors institution).

D. Factor 4: There Is Limited Overlap Between This IPR and the Parallel Proceedings

The only claims PO is still asserting in the 1448 investigation are claims 8 and 10 which are decoder-side claims. EX1019 at 2 (asserting claims 8-11); EX1034 (dropping claim 9), EX1035 (dropping claim 11). In contrast, the Petition challenges all 11 claims of the patent including the 7 encoder-side claims (claims 1-7). The encoder-side claims are significant given PO’s position that encoder-side claims are not standard-essential and PO thus has no obligation to license them on RAND terms. *See* EX1036, ¶45. Notably, PO recently began asserting encoder-side claims. *Id.*, ¶ 215 (claim charts focus on ’321 claim 1). In *Samsung Display v. Pictiva Displays*, the Board reasoned that the petitioner’s challenge to “additional . . . claims not at issue in the district court” weighed against discretionary denial. IPR2024-01222, Paper No. 12 at 8 (PTAB Mar. 6, 2025).

As to the *Hisense* district court case, the case was stayed before PO served infringement contentions so it is unclear which claims will be litigated. But given the stay, there is no overlap at this time. Further, Hisense has stipulated not to advance the same prior art from the IPR (or system art based on that prior art) in either parallel proceeding. EX1023.

Because there is minimal overlap between the IPR and either parallel proceeding, this factor also weighs strongly against discretionary denial.

E. Factor 5: Snap Is Not a Defendant in the Parallel Proceedings

That Petitioner Snap is not a party to any parallel proceeding weighs against discretionary denial. *See Azurity v. Helsinn*, IPR2025-00945, Paper 11 at 2 (referring petitions where “the parties [we]re not engaged in any parallel proceeding involving the challenged patents). As to Hisense, as discussed, this IPR would reach a FWD well before any trial in the district court case. Where a final written decision “is likely to issue before the district court trial,” the Board has “weigh[ed] this factor against exercising discretion.” *BMW of N. Am., LLC v. Mich. Motor Techs. LLC*, IPR2023-01234, Paper No. 11 at 14-15 (PTAB Jan. 26, 2024) (collecting cases).

F. Factor 6: Other Factors Favor Referral of this IPR to the Board

Other circumstances favoring referral of this IPR were discussed above. The Petition’s compelling merits—confirmed by the Board’s prior institution based on the same prior art—warrant referral to the Board. Petitioner Snap is not a party to any parallel proceeding but nevertheless chose to proactively challenge the ’321 Patent rather than wait to be sued by PO. Additionally, it would be highly inefficient to deny institution, particularly based on an ITC investigation that at best will issue a non-binding decision on just two claims of the ’321 Patent and leave it to four different district courts to address invalidity of the patent down the road.

VIII. PETITIONERS APPROPRIATELY RELY ON EXPERT TESTIMONY THAT IS ENTITLED TO WEIGHT.

PO argues that Petitioners' reliance on expert testimony supports discretionary denial. PO contends that "Petitioners rely on the 81-page declaration of Dr. Joseph P. Havlicek" to support their petition. But length of an expert declaration alone does not support discretionary denial. *See, e.g., Cambridge Indus. USA, Inc. v. Applied Optoelectronics, Inc.*, IPR2025-00434, -436, -437, Paper No. 11 at 2 (PTAB June 26, 2025) ("Although Patent Owner argues that ...Petitioner is over-reliant on expert testimony, Patent Owner does not identify any portions of the expert testimony that suggest Petitioner is using its expert to fill gaps in the prior art."); *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, -374, -376, -377, -378, Paper No. 10 at 2-3 (PTAB June 6, 2025) (similar); *Razdog Holdings LLC v. Twitch Interactive, Inc.*, IPR2025-00307, Paper No. 18 at 3 (PTAB May 16, 2025) (denying request for discretionary denial despite the petition "cit[ing] its expert's 269-page declaration at least 260 times").

That an expert would be frequently cited throughout the petition is not surprising as the '321 Patent relates to video coding technology, which is a highly specialized technical field. Indeed, in PO's Preliminary Response to the Amazon Petition, Nokia referenced a 47-page declaration of its own expert, Dr. Ian Richardson, 70 times in its Preliminary Response to the Amazon Petition, despite only disputing a handful of the arguments in the Amazon Petition. EX1036; EX1037.

Moreover, PO can only cite to *one* example where it contends that Dr. Havlicek “fill[s] in the gaps” in the prior art. DD Request at 17. PO contends that to satisfy the “independent sequence” limitations, the Petition relies on conclusory statements made by Dr. Havlicek. DD Request at 17-19. This is insufficient. *See, e.g., Cambridge v. CIT*, IPR2025-00433, -435, Paper No. 12 at 2. Moreover, despite there being a declaration from its own expert, Dr. Richardson, in the Amazon IPR, Nokia cites no expert testimony to demonstrate that Dr. Havlicek’s assertions are incorrect or conclusory but instead makes attorney arguments which lack merit and should be rejected. DD Request at 18-19.

In summary, Petitioners’ citations to Dr. Havlicek were appropriate given the complex technology discussed. Thus, this factor weighs against discretionary denial.

IX. THE NEW INTERIM PROCESS SHOULD NOT GOVERN THE DECISION TO INSTITUTE.

Petitioners also respectfully submit that the standards articulated in the June 2022 Procedures should apply to this Petition, until the Board issues new regulations in accordance with 35 U.S.C. § 316 and the Administrative Procedure Act (“APA”).

The Office announced significant changes to applicable standards beginning March 2025, e.g., with the March 24, 2025 Memorandum of Chief Administrative Patent Judge Scott Boalick (the “Boalick Memo”) and the March 26, 2025 Memorandum of Acting Director Stewart (the “Director Memo”). The Director Memo introduced an entirely new “interim process” that bifurcates institution

between “(i) discretionary considerations and (ii) merits and other non-discretionary statutory considerations.” Director Memo at 1 (EX1024). Under this new procedure, “the Director, [with] at least three PTAB judges,” will determine whether discretionary denial is appropriate based on “all relevant considerations,” including several newly enumerated factors. *Id.* Three weeks later, a USPTO oral webcast set forth additional substantive details of the new interim procedure. Then, eight days after the webcast, the USPTO posted on its website “FAQs for Interim Processes for PTAB Workload Management” (EX1025) with more substantive details, some potentially in conflict with details provided during the oral webcast.

Petitioners respectfully submit that these new procedures—as announced in the Boalick Memo, the Director Memo, the oral webcast, and the FAQs (collectively, the “Announcements”)—fall short of satisfying the requisite statutory and due-process obligations of the USPTO.

By way of example, 35 U.S.C. § 316(a) mandates that “[t]he Director shall prescribe regulations” including regulations “(2) setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a).” The Announcements fall short of 35 U.S.C. § 316(a) by:

1. Making changes without going through notice-and-comment rulemaking, particularly given the agency’s representation that it will make any further changes to the institution process through notice-and-comment rulemaking.

See 88 Fed. Reg. 24,503 (Apr. 21, 2023). The Announcements violate the notice-and-comment requirements under the APA and are arbitrary and capricious.

2. Proposing considerations that lack clarity so that they fail to set “forth the standards for the showing of sufficient grounds to institute review.” 35 U.S.C. § 316(a).

3. Lacking a sufficiently reasoned explanation for the changes in the factors relevant to institution, including changes that directly contradict the agency’s prior guidance in the June 2022 Procedures—such as the controlling effect of a *Sotera* stipulation and the relevance of compelling merits. The passing reference to “efficiency” in the Announcements does not explain how the changes will aid that goal. *See Food & Drug Admin. v. Wages & White Lion Invs., L.L.C.*, 145 S. Ct. 898, 906 (2025) (an agency must “offer ‘good reasons for the new policy’”); *see also F.C.C. v. Fox Television Stations, Inc.*, 556 U.S. 502, 515 (2009) (same).

4. Creating at least a perception of a lack of transparency in the discretionary stage of the new bifurcated process. *See* EX1025 at 1 (encouraging stakeholders to “check back frequently for updates” to the FAQs webpage). Further, there is no way for the parties to know who is designated to advise the Director and, thus, whether there are any conflicts of interest or other procedural concerns.

5. Creating new extra-statutory institution criteria—“settled expectations”—that finds no support in the IPR statute (35 U.S.C. §§ 311 *et seq.*)

or in the Congressional record. The PTO “possess[es] 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 America Invents Act did not authorize the Director to create new institution criteria. These new institution criteria exceed the USPTO’s statutory authority and should be struck down under.

In the face of this nonexclusive list of deficiencies, Petitioners respectfully request: (1) the Board and Director institute based on the standards articulated in the June 2022 Procedures until the Board issues new regulations in accordance with 35 U.S.C. § 316 and the rulemaking procedures of the APA; and (2) refrain from crediting Nokia with “settled expectations” based on the age of the ’321 Patent.

X. CONCLUSION

On balance, the Deputy Director should deny PO’s request for discretionary denial and refer this IPR to a merits panel as discussed above: (1) the Examiner erred during prosecution; (2) the Fintiv factors favor institution; (3) PO’s lack of settled expectations, and (4) Petitioners properly rely on the testimony of its expert Dr. Joseph Havlicek.

Respectfully submitted,

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CERTIFICATION OF COMPLIANCE

Pursuant to 37 C.F.R. §42.24 and the Interim Process for PTAB Workload Management, the undersigned hereby certifies that the word count for the foregoing PETITIONER'S OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL totals 20 pages. Accordingly, this Opposition meets the Boards limitation of 20 pages.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing PETITIONER'S OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL and Exhibits 1024-1039 were served via electronic mail upon the following counsel of record for PO:

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