

Filed on behalf of: Capital One, N.A. and Capital One Services, LLC

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CAPITAL ONE, N.A. and CAPITAL ONE SERVICES, LLC,
Petitioner,

v.

WAPP TECH CORP.,
Patent Owner.

IPR2025-01325
Patent 8,924,192

PETITIONERS' REQUEST FOR DIRECTOR REVIEW

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I. Introduction

Petitioners Capital One, N.A. and Capital One Services, LLC (“Petitioners” or “Capital One”) request Director Review under 37 C.F.R. § 42.75 of the Director’s “Notice of Decisions on Institution” (Paper 12, “Decision”) denying institution of Capital One’s Petition challenging U.S. Patent No. 8,924,192 (“’192 patent”). The Decision contravenes multiple statutes, Office rules, and policies, overlooked material issues of fact and law, and did not comply with the Administrative Procedure Act (APA).

First, the Decision disregards existing statutes, rules, and policies governing *inter partes* review proceedings. As one example, 35 U.S.C. § 314(a) requires that the Director consider “the information presented in the petition filed under section 311 and any response filed under section 313” when making an institution decision; the related regulation, 37 C.F.R. § 42.108(c), requires consideration of the petition, preliminary response, and any additional authorized briefing. The Decision was issued before authorized briefing was filed, when the pre-institution record was still underdeveloped. The Decision accordingly overlooked issues of fact and law.

As a second example, 35 U.S.C. § 6 requires IPRs to be “heard by at least 3 members of the Patent Trial and Appeal Board,” and the related regulations, 37 C.F.R. §§ 42.4 and 42.108, require “the Board” to decide whether to institute an IPR. The Board did not do so here.

As a third example, Office policy prohibits the Director from being involved in the paneling or repaneling of any PTAB decision prior to the issuance of a decision by a panel. The Decision runs counter to at least these statutes, regulations, and policies, and must be reconsidered in accordance with the proper framework.

Second, the Decision does not comply with the APA. The APA requires, at a minimum, “a brief statement of the grounds for denial” when a petition or other request is made in connection with any agency proceeding. The Decision fails to follow at least this requirement of the APA.

Director Review, vacatur of the Decision, and issuance of a legally-compliant decision is respectfully requested.

II. The Decision Contravenes Statutes, Rules, and Office Policy

The Director’s Decision does not comply with numerous statutes, rules, and Office policies governing IPRs, and accordingly must be vacated and corrected.

A. The Decision Does Not Comply With 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(c) and Misapprehends Issues of Fact and Law

The Decision does not comply with 35 U.S.C. § 314(a), which requires that an institution decision be based on “the information presented in the petition filed under section 311 and any response filed under section 313.” The Office’s implementing regulation, 37 C.F.R. § 42.108, confirms that the “information presented in the petition” and “a patent owner preliminary response” will be considered, and that “a reply to the preliminary response” may be authorized and

considered. Because the Decision did not consider the briefing required by statute and regulation, it misapprehends issues of fact and law, and must be vacated.

Less than a week after Patent Owner Wapp Tech Corp. (“Wapp”) filed its Preliminary Response (Paper 7, “POPR”), Capital One requested authorization under 37 C.F.R. § 42.108(c) to file a Reply to address various misstatements of fact and law in the POPR. *See* Ex.1057, 2.¹ Factually, Capital One sought leave to address Wapp’s arguments about previous litigation proceedings, as the arguments were refuted by evidence in Wapp’s possession. Capital One also sought leave to address Wapp’s arguments that were factually and legally inconsistent with positions it took in district court briefing, and arguments that were incorrect under precedent.

After a week had elapsed, the Director had not responded to Capital One’s request, so Capital One sent a further email to follow up on its request. *See* Ex.1057, 1. The Deputy Chief Clerk thereafter responded, authorizing Capital One to file a 3-page preliminary reply due November 18, 2025, and further authorizing Wapp to file a 3-page preliminary sur-reply due November 21, 2025. *See id.*

¹ The Office did not enter this email in the record. Although this email is not “new evidence,” out of an abundance of caution, concurrent with the filing of this Director Review request (as instructed by § 3.E of the Director Review process webpage), Capital One is submitting an email to request authorization to submit this exhibit.

Capital One timely filed its authorized reply. *See* Paper 11. But before the November 21 due date for Wapp's sur-reply (which ostensibly would have tried to justify Wapp's factually-unsupported and legally-incorrect arguments), the Director issued the Decision, on November 20, terminating the proceeding, unjustifiably relieving Wapp of its burden to explain its inconsistent positions. As a result, the Decision necessarily misapprehends or overlooks issues of fact and law, e.g., those related to claim construction, that would have been addressed by Wapp's sur-reply.

In particular, in the Petition, Capital One argued that claim 60 should be construed as a product-by-process claim. *See* Petition (Paper 2), 8-10. Capital One intends to advocate for this same construction in the district court litigation when the claim construction process begins. This construction is consistent with Wapp's district court papers, in which it tacitly **conceded** that claim 60 was subject to a product-by-process interpretation. *See* Paper 11, 1-2. As Capital One's authorized reply explained, Wapp's district court complaint showed Wapp was applying an infringement read that was based on a product-by-process claim interpretation (*see* Ex.2001, ¶ 28), and Wapp's later-served infringement contentions confirmed the same (*see* Ex.1056, 63-64). But before the Board, Wapp took a contradictory claim construction position, in an attempt to escape review and a substantive evaluation of its claims that issued only after Office error: Wapp argued that claim 60 should not be construed as a product-by-process claim. *See* POPR, 23-27 (arguing "Petitioner's

‘product-by-process’ interpretation of Claim 60 ... should be rejected.”), 29-32.

Wapp’s diametrically-opposed positions cannot be reconciled. But the Director has held that the “Board’s claim construction rules are designed ... to minimize inconsistency in claim construction between forums.” *Revvo Techs., Inc. v. Cerebrum Sensor Techs., Inc.*, IPR2025-00632, Paper 20 (PTAB Nov. 3, 2025) (precedential). And the Office, in justifying the amendment to 37 C.F.R. § 42.100(b) to apply the *Phillips* standard in *inter partes* review, relied on the axiomatic principle that claims must be construed the same way for validity and infringement. *See* Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 51,340, 51,350 (Oct. 11, 2018) (citing *Source Search Techs., LLC v. Lending Tree, LLC*, 588 F.3d 1063, 1075 (Fed. Cir. 2009)). Further, the Office has confirmed, in cases that the Director relied on in *Revvo Technologies*, that **any** party, including patent owners like Wapp, who argue “different claim constructions before a district court and the Board ... should explain why different positions are warranted.” *Sun Pharms. Indus. Inc. v. Nivagen Pharms., Inc.*, IPR2025-00893, Paper 18 at 3 (PTAB Sept. 19, 2025).

Contrary to this guidance and precedent, because the Decision was issued before Wapp’s sur-reply was due and before Wapp would have attempted to reconcile its inconsistent positions, Wapp **was not required** to justify the opposite claim constructions it advocated between forums, or its attempt to read the claims

differently for purposes of validity and infringement. *See also* Paper 11, 2 (arguing same). Instead, the Director unjustifiably allowed Wapp to escape doing so.

Thus, because the Decision was issued before Wapp's preliminary sur-reply was filed, and could not have considered the inconsistent positions Wapp took between the district court for infringement and the Board for validity, the Decision does not comply with the statute and regulations, necessarily misapprehends or overlooks issues of fact and law, and must be vacated.

B. The Decision Does Not Comply With 35 U.S.C. § 6 and 37 C.F.R. §§ 42.4 and 42.108

An additional statutory requirement, 35 U.S.C. § 6(c), states that “[e]ach ... inter partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director.” This IPR was not conducted in compliance with this requirement; thus, the Decision must be vacated.

The Decision names only Director Squires, which creates two, related statutory issues. First, there is no indication that “at least 3 members of the Patent Trial and Appeal Board” reviewed any papers in the record of the proceeding or participated to any extent that could meet the statutory requirement that the proceeding be “heard” by those Board members. 35 U.S.C. § 6. Second, there is no evidence the Director “designated” the legally-required “3 members of the Patent Trial and Appeal Board” (*id.*) to hear this proceeding: unlike the thousands of institution decision previously issued by the Office, which explicitly listed the three

Board members making the institution decision, the Decision lists only the Director.

Although the Director's October 17, 2025 Memorandum titled "Director Institution of AIA Trial Proceedings" (https://www.uspto.gov/sites/default/files/documents/Director_Institution_of_AIA_Trial_Proceedings.pdf) states that the "Director, in consultation with at least three PTAB judges, will determine whether to institute trials" (Director Institution Memo, 1-2), the Director's Institution Memo cannot waive the statute, and there is nothing to support that "consultation" meets the statutory requirement that 3 Board members "heard" this proceeding.

Indeed, the rules specifically delegate institution authority from the Director to the Board, as 37 C.F.R. § 42.4 states that the "Board institutes the trial on behalf of the Director" and § 42.108, governing IPR institution, states that the "Board will authorize the review." The Director himself therefore cannot perform the act of institution; that task is left to a Board panel, as Congress envisioned. *Ethicon Endo-Surgery, Inc. v. Covidien LP*, 812 F.3d 1023, 1031-32 (Fed. Cir. 2016) ("Congress assigned the Director the decision to institute, necessarily assuming that the popularity of [IPR] and the short time frame to decide whether to institute [IPR] would mean that the Director could not herself review every petition.").

Rule 42.4(a) "specifically delegates the determination to institute a trial to the Board." Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612,

48,616 (Aug. 14, 2012). The Director has not waived the rule. While the Open Letter (https://www.uspto.gov/sites/default/files/documents/open-letter-and-memo_20251017.pdf) accompanying the Director's Institution Memo asserts that the rule's delegation "is non-exclusive," neither the rule nor the Federal Register notice announcing Rule 42.4 can be read that way. Instead, the rule "specifically delegates ... to the Board" the authority to institute an IPR "on behalf of the Director" (77 Fed. Reg. at 48,616; 37 C.F.R. § 42.4(a)), without exclusion or indication that the Director retains separate "full and concurrent authority."

Additionally, in interpreting and reviewing 35 U.S.C. § 6, the Supreme Court has held that the "Director ... may review final PTAB decisions and, upon review, may issue decisions himself on behalf of the Board." *United States v. Arthrex*, 594 U.S. 1, 25 (2021). The Office thus created the Director Review process, and extended availability of Director Review to institution decisions. See <https://www.uspto.gov/patents/ptab/decisions/director-review-process>, §§ 1, 2.A. But the Supreme Court's holding in *Arthrex* confirms that the statute requires the **Board** to issue decisions, and then those decisions might be subject to review by the Director. The statute, and the Supreme Court, do not condone the Director issuing decisions in the first place.

Accordingly, only the Board had the authority to "determine whether to institute trials in all IPR and PGR proceedings" (Director Institution Memo, 1) and

the Decision therefore contravenes 35 U.S.C. § 6 and Rules 42.4 and 42.108. The Decision is legally improper and must be vacated so that a proper institution decision in compliance with 35 U.S.C. § 6(c) and Rules 42.4 and 42.108 can be issued.

C. The Decision Does Not Comply With Other Office Rules

In addition to the statutory and regulatory aspects detailed above, the Decision contravenes countless other regulations in Parts 42 and 43 of 37 C.F.R. that were duly adopted by notice-and-comment rulemaking.

First, to the extent that the Decision itself qualifies as a Director Review decision under 37 C.F.R. § 42.75, it fails to comply with this regulation, which requires “issuance of a decision or order that provides the reasons for the Director’s disposition of the case.” 37 C.F.R. § 42.75(e)(2). The Decision does not provide any “reasons for the Director’s disposition” of this proceeding; it merely states that discretionary considerations were reviewed, not that the discretionary considerations, to the extent lawful, justified the Director’s Decision. Moreover, the Decision **cannot** qualify as a Director Review decision: the statute and Supreme Court require the Board to issue a decision that the Director then reviews within the Director Review process, but no original decision was issued, and thus nothing could have been “reviewed” by the Director, unless an unwritten decision exists (which would create its own conflict with, for example, 37 C.F.R. § 1.2).

Second, though the Director’s Institution Memo was issued to “[e]nhance

transparency and public trust” (Open Letter, 2) the Decision instead runs counter to rules the Office adopted in response to a Government Accountability Office report that recommended **increased transparency**. Specifically, Part 43 of 37 C.F.R. was issued in response to GAO 23-105336, Increased Transparency Needed in Oversight of Judicial Decision-Making (2022), available at <https://www.gao.gov/assets/gao-23-105336.pdf> (“Transparency Report”), which recommended that the Office adopt policies detailing the Director’s oversight of the Board. Those rules followed interim oversight procedures that “clarified that the USPTO Director would not be involved in decision-making prior to issuance” (Transparency Report, Highlights) and include, for example, 37 C.F.R. § 43.3(a), which states, “Prior to issuance of a decision by a panel, the Director ... shall not communicate, directly or through intermediaries, with any member of the panel regarding the decision.” Because the Director’s Institution Memo states the Director will consult with three Board judges (i.e., a panel), the Decision facially does not follow this rule.

Third, in addition to the issues regarding written Office policies detailed below, the Decision and the Director’s Institution Memo suggest the existence of unwritten Office policies, in conflict with 37 C.F.R. § 43.6. Rule 43.6 prohibits “unwritten Office or Board policy or guidance that is binding on any panel of the Board” and mandates that “[a]ll written policy and guidance binding on panels of the Board shall be made public.” 37 C.F.R. § 43.6. Contrary to the GAO report,

which previewed the previous interim nature of this rule (Transparency Report, 43) and recommended adoption of this rule because of impacts to “stakeholder trust in the fairness ... of PTAB proceedings” (Transparency Report, 41), the Director’s Institution Memo does not provide the public with written policies on how the Director selected the consulting judges, or any other aspect of the policies underlying the decision-making. Accordingly, the Decision does not comply with Rule 43.6, and cannot be sustained.

The Decision’s contravention of the Office’s rules requires vacatur.

D. The Decision Does Not Comply With Office Policies

The Decision is also contrary to written Office policies. The Board’s Standard Operating Procedure 1, Revision 16, titled “Assignment of Judges to Panels,” available at https://www.uspto.gov/sites/default/files/documents/sop1_r16_final.pdf (“SOP 1”) states, *inter alia*, “The Director will not be involved in directing or otherwise influencing the paneling or repaneling of any specific proceeding before the PTAB prior to the issuance of the panel decision.” Because the Director himself convened the “three PTAB judges” he consulted in making the Decision, the Decision does not comport with SOP 1 and must be vacated.

SOP 1 also states the “Director’s authority under 35 U.S.C. § 6(c) to designate panels has been delegated to the Chief Judge.” But the Director’s Institution Memo “[r]eturn[s]” the institution “function to the Director.” Open Letter, 2. Thus, the

Director did not, as SOP 1 requires, delegate his authority to the Chief Judge to designate the three Board judges consulted in rendering the Decision—the Director designated those judges himself. This second aspect of SOP 1 also requires vacatur.

III. The Decision Fails to Comply with the Administrative Procedure Act

Notwithstanding the Decision's failures detailed above, the Decision does not comply with the APA, making the Decision legally improper.

The APA requires setting aside any Office actions, including preliminary actions, if they are “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.” 5 U.S.C. §§ 706, 704. Agency action is an abuse of discretion when it “(1) is clearly unreasonable, arbitrary, or fanciful; ... (3) rests on clearly erroneous fact findings; or (4) involves a record that contains no evidence on which the [agency] could rationally base its decision.” *Honeywell Int’l Inc. v. Arkema Inc.*, 939 F.3d 1345, 1348 (Fed. Cir. 2019). The APA also requires that when an agency denies “a written ... petition, or other request of an interested person,” it must provide prompt notice “accompanied by a brief statement of the grounds for denial,” unless the denial is self-explanatory or affirms a prior denial. 5 U.S.C. § 555(e).

Capital One's Petition is a written “petition” within the meaning of § 555(e), and the Director's decision whether to institute review constitutes an agency action denying that petition. Because the Decision provides no explanation, reasoning, or record citation, the Director has failed to provide the “brief statement of the grounds”

required by law. This failure to give reasons for its denial runs counter to § 555(e) and constitutes agency action taken “without observance of procedure required by law” within the meaning of 5 U.S.C. § 706(2)(D). It also renders the decision “arbitrary, capricious, [and] an abuse of discretion” under § 706(2)(A). Accordingly, the Decision must be reversed.

The AIA provides that “[t]he Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a). Section 314(c) further provides that “[t]he Director shall notify the petitioner and patent owner, in writing, of the Director’s determination under subsection (a).” 35 U.S.C. § 314(c). Section 314(c) is mandatory: the Director must make the merits determination required by § 314(a) and must communicate that determination in writing.

Because the Decision contains no reasoning, it does not articulate the basis for the statutory determination required by § 314(a), and no indication of whether, or how, the Director applied the statutory standard, making it an abuse of discretion within the meaning of the APA. A written communication that does not convey the substance of the § 314(a) determination, including whether the Director found the reasonable-likelihood standard satisfied, and why, does not satisfy § 314(c). Merely

listing the petition number and its outcome does not notify the parties “in writing ... of the Director’s determination under subsection (a)” as statute requires.

Knowing the basis for the Director’s determination under § 314(a) is essential, especially in this case, when the Director denies institution only “after review of discretionary considerations.” Decision, 1. For example, under the Office’s own *Fintiv* framework, as well as the framework pursuant to the Interim Processes for PTAB Workload Management (March 26, 2025) (to the extent lawful), the strength of the merits is a relevant factor in discretionary denials. Without disclosure of the Director’s § 314(a) determination, including the Director’s assessment of the merits, it is impossible for this request to satisfy the requirement to identify additional potential matters the agency “misapprehended or overlooked,” aside from the issues detailed above, frustrating the very purpose of the request. 37 C.F.R. § 42.71(d).

Accordingly, by issuing a summary-notice document that contains no articulation of the required § 314(a) determination and the underlying considerations, the Decision fails to comply with the requirements of § 314(c) and the APA. The Decision effectively renders unimportant the statute’s requirement that the Director both make and communicate the § 314-mandated determination.

Because the Director’s action does not follow a clear statutory command, it is in excess of statutory authority and must be set aside under 5 U.S.C. § 706(2)(C). It is also arbitrary, capricious, and contrary to law under § 706(2)(A), because the

agency cannot disregard an explicit procedural requirement imposed by Congress.

The Decision must be vacated.

IV. Reservation of Rights

In the event the Decision is vacated and reissued, Capital One reserves the right to challenge any reissued decision that relies upon the March 26, 2025 Interim Processes for PTAB Workload Management, including that document's list of "relevant considerations," at least because that document is legally invalid as: (1) exceeding the Director's authority, (2) arbitrary and capricious, and (3) adopted without notice-and-comment rulemaking. Additionally, to the extent any reissued decision relies upon the "settled expectations" of Patent Owner, Capital One reserves the right to challenge the Director's application of "settled expectations" as exceeding his authority under the law and being barred by judicial estoppel based on the Office repeatedly advancing the position that a patentee lacked an expectation that its patents would not be challenged. *See Celgene Corp. v. Peter*, 931 F.3d 1342, 1361-62 (Fed. Cir. 2019); *see also* 5 U.S.C. § 706(2)(A).

V. Conclusion

The Director should vacate the Decision for the reasons above and the Board should issue an institution decision compliant with all applicable statutes, regulations, and Office policies.

Respectfully submitted,

Dated: December 22, 2025

By: / Raghav Bajaj /

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), I certify that on this 22nd day of December, 2025, a true and correct copy of the foregoing **Petitioners' Request for Director Review and Exhibit 1057** were served by electronic mail on Patent Owner's lead and backup counsel at the following email addresses:

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