

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SNAP INC. and HISENSE USA CORPORATION,

Petitioners

v.

NOKIA TECHNOLOGIES OY,

Patent Owner.

IPR2025-01345
U.S. Patent No. 9,036,701

**PATENT OWNER'S REQUEST FOR
DISCRETIONARY DENIAL**

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Patent Trial and Appeal Board
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Ex. No.	Title	Previously Submitted
2001	Order No. 23-Granting Joint Unopposed Motion by the Private Parties to Modify the Procedural Schedule to Extend Fact and Expert Discovery in Investigation No. 337-TA-1448, dated September 30, 2025	
2002	Investigation Initiation Letter to The Honorable Lisa R. Barton in Investigation No. 337-TA-1448, dated April 11, 2025	
2003	Respondents Initial Invalidity Contentions in Investigation No. 337-TA-1448, dated July 1, 2025	
2004	Exhibit A-10 Claim Chart Regarding U. S. Patent No. 9,036,701, in Investigation No. 337-TA-1448	
2005	Exhibit A-5 Claim Chart Regarding U. S. Patent No. 9,036,701, in Investigation No. 337-TA-1448	
2006	Exhibit A-9 Claim Chart Regarding U. S. Patent No. 9,036,701, in Investigation No. 337-TA-1448	
2007	Original Complaint in <i>Nokia Technologies Oy v. Hisense Co. Ltd. et al.</i> , Case No. 1:25-cv-01871-TWT (N.D. Cal.), dated April 7, 2025	
2008	USPTO Proposed Revision to Rules of Practice before the Patent Trial and Appeal Board, 37 CFR Part 42, RIN 0651-AD89, Docket No. PTO-P-2025-0025, dated Oct. 17, 2025	

Pursuant to the Director's March 26, 2025, Memorandum concerning "Interim Processes for PTAB Workload Management" ("March 26, 2025, Memorandum"), Patent Owner Nokia Technologies Oy ("Nokia") respectfully requests that the Director exercise his discretion and deny institution of Petitioners' Snap, Inc. and Hisense USA Corporation's (collectively, "Petitioners") Petition for *inter partes* review of U.S. Patent No. 9,036,701 ("the '701 Patent").

This petition presents a clear case in which both the *Fintiv* factors and the Director's March 26, 2025, Memorandum strongly support discretionary denial of institution. The challenged '701 Patent issued on May 19, 2015, and by the time the Board reaches the institution decision in this case, the patent will be almost 11 years old. Accordingly, the settled expectations of the parties weigh heavily in favor of discretionary denial of institution. Moreover, the validity of the '701 Patent is being challenged by Petitioner Hisense in a second, parallel ITC proceeding whose trial is scheduled to take place ***more than one month before any institution decision and over a year before any Final Written Decision ("FWD") that would issue from this case.*** Further, the Final Initial Determination and Final Determination from the parallel ITC proceeding will both issue months before the scheduled FWD.

For these reasons and the reasons identified below, Nokia respectfully requests that the Director exercise discretion under § 314(a) and deny institution.

I. THE DIRECTOR SHOULD EXERCISE DISCRETION UNDER SECTION 314 AND DENY INSTITUTION

35 U.S.C. § 314(a) provides the Director with discretion to deny institution of any *inter partes* review proceeding because of the state of parallel proceedings regarding the same issues and patents. 35 U.S.C. § 314(a); *Harmonic Inc. v. Avid Tech.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”). The Director has applied that discretion where efficiency considerations stemming from parallel proceedings on the same patent warrant denial of institution. *See NHK Spring Co. v. Intri-Plex, Inc.*, IPR2018-00752, Paper 8, 11 (PTAB Sept. 12, 2018) (precedential, designated May 7, 2019) (“*NHK Spring*”).

A. The *Fintiv* Factors Weigh Heavily in Favor of Discretionary Denial

The Director should deny institution under 35 U.S.C. § 314 because all six *Fintiv* factors favor discretionary denial. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, 6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv I*”); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, 7-8 (PTAB May 13, 2020) (order denying institution) (informative, designated July 13, 2020) (“*Fintiv IP*”). A parallel ITC investigation (*Certain Video-Capable Laptop, Desktop Computers, Handheld Computers, Tablets, Televisions, Projectors, and Components and Modules Thereof*; Inv. No. 337-TA-1448 (Violation), (“-1448 ITC Investigation”)) involving the same

claims and same prior art will conclude months in advance of any FWD that would issue from this IPR. Moreover, Petitioner Hisense is a named party in the parallel ITC investigation, and efficiency considerations stemming from the parallel proceeding on the same patent warrant denial of institution.

Six factors stemming from the decisions in *Fintiv I* and *Fintiv II* are considered by the Director when determining whether efficiency considerations mandate discretionary denial in view of a parallel proceeding. These factors include: (1) whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted; (2) proximity of the court's trial date to the Board's projected statutory deadline for a final written decision; (3) investment in the parallel proceeding by the court and the parties; (4) overlap between issues raised in the petition and 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 Board's exercise of discretion. *Fintiv I* at 5-6. When deciding whether to exercise discretion in denying institution of *inter partes* review, the Board typically "takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review." *Fintiv II* at 7-8. A holistic view of the current proceedings warrants denial.

B. *Fintiv* Factor 1 – A Stay of the ITC Case is Unlikely

The first *Fintiv* factor concerns “whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted.” *Fintiv* I, 5-6. This factor weighs in favor of denial of institution.

The parallel -1448 ITC Investigation is proceeding toward trial in January 2026, while a FWD in this case would issue in late-February 2027. By the time an institution decision issues in this case, trial in the -1448 ITC Investigation is scheduled to be complete. EX-2001, 5 (Second Amended Adopted Procedural Schedule in the -1148 Investigation) (identifying January 7-15, 2026, as the dates of the ITC Evidentiary Hearing, while the projected date of an institution decision in this proceeding is February 26, 2026). Petitioners have not sought a stay of the ITC proceeding, and any such stay is extremely unlikely given how advanced the case will be before an institution decision issues in this IPR

The March 24, 2025, Memorandum entitled “Guidance on USPTO’s rescission of “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation” (“March 24, 2025, Memo”) explicitly states that “the Board will apply the *Fintiv* factors when there is a parallel proceeding with the International Trade Commission (ITC).” March 24, 2025, Memo, 2. *Fintiv* expressly addresses ITC Investigations. *Hewlett Packard Enter. Co. v. Q3 Networking LLC*, IPR2021-00754, Paper 9, 8-9 (PTAB Oct. 8, 2021)

(citing *Fintiv I*, 8) (“[E]ven though the Office and the district court would not be bound by the ITC’s decision, an earlier ITC trial date may favor exercising authority to deny institution under *NHK* if the ITC is going to decide the same or substantially similar issues to those presented in the petition.”).

C. *Fintiv* Factor 2 – Trial in the ITC Will Take Place Over a Year Before the Deadline for a Final Written Decision in This Proceeding

The second *Fintiv* factor relates to the “proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision.” Factor two weighs strongly in favor of discretionary denial.

The Notice of Filing Date accorded was issued on August 28, 2025. Paper 4. Accordingly, a FWD could issue as late as February 26, 2027. 35 U.S.C. § 314(b); 35 U.S.C. § 316(a)(11). In contrast, a trial is scheduled in the -1448 ITC Investigation for January 7-15, 2026, over a year before any FWD in this IPR. EX-2001, 5. Moreover, the target date for the Initial Determination at the ITC is June 3, 2026, and the target date for the Final Determination is October 3, 2026. *Id.* Accordingly, the ITC proceeding will be completed long before any FWD would issue in this case. For these reasons, this factor weighs heavily in favor of denial of institution. *Caihong Display Devices Co. LTD. v. Corning, Inc.*, IPR2025-00439, Paper 18 (PTAB July 10, 2025) (denying institution where the target date was before the projected final written decision date and the challenged patent was in

force for more than 14 years); *see also RingConn LLC v. Ouraring, Inc.*, IPR2025-00412, Paper 11 (PTAB June 25, 2025).

Further, instituting trial in this IPR would frustrate one of the primary objectives of the AIA, which is “to provide an effective and efficient alternative” to parallel litigation. *NHK Spring*, 19-20 (quoting *General Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19, 15-19 (PTAB Sept. 6, 2017) (precedential, designated Oct. 18, 2017)). If IPR were instituted in this proceeding, any potential FWD would issue well after trial is completed, clearly showing that institution would not result in the AIA’s true objective of an “alternative” to parallel litigation. Instead, institution would result in serial relitigation of validity issues that had already been decided in the parallel ITC proceeding. Another proceeding addressing the validity of the claims of the ’701 Patent is nothing more than a waste of Board and party resources and a serial attack on the ’701 Patent.

D. *Fintiv* Factor 3 – The Parties Will Have Invested Substantially in the ITC Case Before an Institution Decision

The third *Fintiv* factor addresses “investment in the parallel proceeding by the court and the parties.” Factor three also strongly favors discretionary denial because *the ITC trial will take place over a month before the expected institution date in the IPR*. Significant amounts of work have already been invested in the parallel -1448 ITC Investigation. The parties have already identified expert

witnesses, identified witnesses to testify at the evidentiary hearing, exchanged proposed terms for construction, filed claim construction briefs, and exchanged opening and rebuttal expert reports. EX-2001. By the time an institution decision is scheduled to issue in this IPR proceeding (February 26, 2026), the trial in the -1448 ITC Investigation is scheduled to be complete. *Id.*

Thus, by the expected time of the institution decision in this IPR, the parties will have invested substantial time and resources in the -1448 ITC Investigation addressing service of responses to contention interrogatories; the close of fact discovery; the exchange of initial expert reports; the *Markman* hearing; the exchange of rebuttal expert reports on infringement and validity; the filing of summary determination motions; the close of expert discovery; the exchange of trial exhibit lists; the filing of motions *in limine*; and trial on the merits. EX-2001, 3-5.

Under these circumstances, it would be an extremely inefficient use of the parties' and the Board's time and resources to relitigate issues that will be tried (January 7, 2026) and finally decided by the ITC Final Initial Determination (June 3, 2026) and Final Determination (October 3, 2026) months before any FWD would issue in this proceeding. *Id.*

E. *Fintiv* Factor 4 – There is Substantial Overlap Between This IPR Proceeding and the Parallel ITC Case

Fintiv factor four relates to “overlap between issues raised in the petition and the parallel proceeding.” Factor four also weighs in favor of discretionary denial of institution. Specifically, the Board in *Fintiv* held that “if 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*, 12. Nokia’s ITC complaint asserts claims 1-5, 7-12, 14-19, 21-26, and 28-30 of the ’701 Patent against the Hisense Petitioner in the parallel ITC case. EX-2002, 63 (Complaint in the -1448 ITC Investigation).¹ The Petition challenges claims 1, 6, 8, 13, 15, and 20 (Ground 1), claims 1-20 (Ground 2), and claims 1, 3, 6-8, 10, 13-15, 17, and 20 of the ’701 Patent, so there is complete overlap between the complaint in the -1448 ITC Investigation and this Petition. Petition, 2. Thus, validity of the Challenged Claims in the Petition will be tried and determined by the ITC months before any FWD in this IPR. EX-2001, 5.

The Hisense Petitioner asserted identical grounds for invalidity in the ITC case. EX-2003, 6-7 (Respondents’ Initial Invalidity Contentions); EX-2004

¹ As is common in ITC Investigations, Nokia has narrowed its asserted claims to be able to present its case in the time allotted for trial. Nokia narrowed its case on the ’701 Patent to claims 1, 6, 8, and 13.

(Respondents' Exhibit A-10 (Murashita)); EX-2005 (Respondents' Exhibit A-5 (Marpe)); EX-2006 (Respondents' Exhibit A-9 (Yu)). Specifically, the Hisense Petitioners asserted three Grounds for invalidity in the Petition:

Ground		Claims	Prior Art
1	§103	1, 6, 8, 13, 15, 20	Murashita
2	§103	1–20	Murashita, Marpe
3	§103	1, 3, 6–8, 10, 13–15, 17, 20	Yu

Petition, 2. Thus, as with the Challenged Claims, there is also a complete overlap of the grounds, argument, and evidence in the parallel proceedings because Petitioner can present the same evidence to both the Board and to the ITC in the - 1448 ITC Investigation. These facts weigh heavily in favor of denial of institution since resolution of the ITC case will precede any FWD in the case by many months.

Petitioner Hisense filed a *Sotera* stipulation with the Board on October 15, 2025, suggesting that it “will not pursue any invalidity defense that the patent claims subject to the instituted IPR are invalid (1) based on the same grounds presented in the IPR petition or (2) based on any other §§ 102 or 103 ground that includes the Murashita, Marpe, or Yu prior art references used in the IPR petition.” EX-1022. However, this late-filed stipulation is ineffective and cannot overcome the other *Fintiv* factors that weigh in favor of denial of institution. Moreover, ***any stipulation in this case is meaningless since the ITC trial is scheduled for completion before institution.***

First, the ITC has held that prior art stipulations are ineffective because ITC Staff, who are not parties to the IPR proceeding, can assert *any* prior art reference in an ITC proceeding. *In the Matter of Certain Magnetic Tape Cartridges and Components Thereof*, Inv. No. 337-TA-1058 (Violation), USITC Pub. 657436 at 105-106 (Oct. 2, 2018) (Initial) (noting that IPR estoppel does not apply to ITC Staff or “prevent Staff from raising the references in [an ITC] investigation”). Thus, at the outset, Petitioner’s stipulation is ineffective at definitively removing the potential for overlap between this IPR at the -1448 ITC Investigation.

Second, Petitioner’s *Sotera* stipulation likewise fails to effectively eliminate the overlap of the prior art being asserted in the petition and the -1448 ITC Investigation. This was made clear in the PTAB’s March 24 Memorandum, which noted that “a timely-filed *Sotera* stipulation ... will not be dispositive by itself” and will instead be considered as part of the Board’s “holistic analysis under *Fintiv*.” March 24, 2025, Memo, 2-3. Further, as the Director held in *Motorola Solutions, Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 (PTAB March 28, 2025), a *Sotera* stipulation does not ensure that the “IPR proceedings would be a ‘true alternative’ to the district court proceeding.” *Id.*, 3-4. This is especially true where Petitioners’ invalidity arguments rely on “unpublished system art, which [a *Sotera* stipulation] is not likely to moot.” *Id.*, 4. Here, Hisense has not agreed to forego the assertion of system art in its entirety, and the proffered *Sotera* stipulation thus fails for the same

reason as the stipulation offered in *Motorola Solutions*. Further, a *Sotera* stipulation cannot outweigh the remaining *Fintiv* factors, all of which weigh heavily in favor of denial of institution. As the Board held in *Samsung Elecs. Co. Ltd et al. v. Mullen Indus. LLC*, “[u]nder *Fintiv*’s holistic assessment, the merits of the Petition and Petitioner’s *Sotera* stipulation do not outweigh *Fintiv* factors 2 and 3.” IPR2024-01472, Paper 19, 3 (PTAB July 17, 2025). The same is true in this case, where *Fintiv* factors 2 and 3 weigh heavily in favor of denial of institution.

Finally, a *Sotera* stipulation is ineffective in view of the Federal Circuit’s recent decision in *Ingenico Inc. v. IOENGINE, LLC*, 2025 WL 1318188 (Fed. Cir. 2025). *Ingenico* effectively eliminated, in large part, IPR estoppel by holding that “IPR estoppel does not preclude a petitioner from asserting the same prior art raised in an IPR in district court.” *Id.*, *7. Specifically, in view of the holding in *Ingenico*, a party can assert the same prior art raised in IPR grounds in parallel litigation. For example, *Ingenico* held that “IPR estoppel does not preclude a petitioner from asserting that a claimed invention was known or used by others, on sale, or in public use in district court” based on the same prior art used in the IPR. *Id.*, *7. Thus, according to *Ingenico*, as long as ***the same prior art*** is presented in the parallel proceeding ***under a different basis of invalidity under 35 U.S.C.*** (e.g., “known or used by others” rather than “a printed publication”), a party submitting a *Sotera* stipulation is not estopped from using that same art in the parallel proceeding.

This is true in the -1448 Investigation because, as seen in Petitioner’s invalidity contentions, the same prior art is asserted “under at least 35 U.S.C. § 102(a),” which encompasses multiple “grounds” for invalidity under *Ingenico* and could eliminate any IPR-based estoppel in the ITC case. EX-2004, 1; EX-2005, 1; EX-2006, 1. Further, Petitioner Hisense’s *Sotera* stipulation ***explicitly states*** that “[t]his stipulation and agreement is not intended and ***should not be construed to limit Hisense’s ability to assert invalidity of any claims of the ’701 patent on any other ground,***” (EX-1022), which highlights the insufficiency of a *Sotera* stipulation in view of *Ingenico*. Because a *Sotera* stipulation would have no meaningful effect on the invalidity proceedings in the parallel ITC case, Petitioner’s stipulation cannot overcome the other *Fintiv* factors that strongly weigh in favor of denial of institution.

F. *Fintiv* Factor 5 – Petitioner Hisense is a Respondent in the ITC Proceeding

The fifth factor addresses “whether the petitioner and the defendant in the parallel proceeding are the same party.” Factor five weighs heavily in favor of discretionary denial. Petitioner Hisense is a named party in the -1448 ITC Investigation. EX-2002, 1. “Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.” *Fintiv II*, 15.

G. *Fintiv* Factor 6 – Other Considerations Weigh Heavily in Favor of Discretionary Denial

The final *Fintiv* factor concerns other circumstances that impact the Board’s exercise of discretion, including the merits—weighs strongly in favor of discretionary denial.

For example, Petitioner relies on Murashita, Marpe, and Yu to challenge the validity of the ’701 Patent. The ’701 Patent is distinct from the asserted grounds for at least the same reasons that the ’701 Patent is distinct from Marpe ’806, which was cited in the ’701 Patent’s file history. For example, all references look to the probability of occurrence of symbol values or “the binary makeup of the bin” and not the frequency of occurrence of the syntax element in determining which coding method to use for symbols. EX-1002, 266 (12/2/2014 RQE). In issuing the ’701 Patent in view of Marpe ’806, the Patent Office already found that references pertaining to the probability of occurrence of symbol values does not render obvious the claims of the ’701 Patent.

For example, Murashita considers only symbol values in determining how many times to apply a context update. Murashita at Abstract (Murashita “includes a coding unit 11 for coding the symbols based on frequency of occurrence of the symbols and orders of the symbols according to the frequency of occurrence.”). In

fact, Murashita never mentions syntax elements in the entire publication. *See generally* Murashita (EX-1007).

Marpe is only used in combination with Murashita to satisfy the limitations related to entropy coding and bypass coding. These disclosures add nothing relevant to Murashita.

Yu discloses that “bins encoded by bypass mode only appear in two cases, either as sign or as EXP-Golomb (EG) code ... [and] only those abs_mvd larger than 8 or coeff_abs_level_minus1 larger than 13 can contain EG code as suffix.” EX-1018, 1355. In other words, Yu discloses two cases, based on syntax element *type*, where bypass coding is performed. The decision to use bypass coding is not based on a frequency of occurrence, but rather the type of syntax element to be coded. Further, there is no discussion of a threshold. Petitioner acknowledges this and mischaracterizes Patent Owner’s infringement contentions from a co-pending ITC investigation as the basis for Yu disclosing the ’701 Patent. Petition, 85 n.11 (“At least to the extent PO argues that ‘bin strings’ are ‘syntax elements’ under the Challenged Claims.”).

II. THE FACTORS IDENTIFIED IN THE DIRECTOR’S MARCH 26, 2025, MEMORANDUM WEIGH HEAVILY IN FAVOR OF DISCRETIONARY DENIAL

The Director’s March 26, 2025, Memorandum, notes that “consistent with the discretionary considerations enumerated in existing Board precedent (including

Fintiv, *General Plastic*, and *Advanced Bionics*) and the Consolidated Trial Practice Guide (Nov. 2019), the parties are permitted to address all relevant considerations” that weigh in favor of discretionary denial.” March 26, 2025, Memo, 2 (citations omitted). These factors include: (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; (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. *Id.* at 2-3. As discussed in detail below, these factors weigh heavily in favor of discretionary denial, and Nokia respectfully requests that the Director deny institution.

A. The Claims of the '701 Patent Will be Adjudicated in an ITC Proceeding Far Before Any Final Written Decision in This IPR

Trial in the currently pending, parallel -1448 ITC Investigation will take place more than a year before any FWD that would arise from this IPR. Moreover, the ITC will issue an Initial Determination and Final Determination in the -1448 ITC Investigation months in advance of any FWD in this proceeding. EX-2001, 5.

Petitioner Hisense's Invalidity Contentions in the -1448 ITC Investigation overlap with the Grounds presented in this IPR proceeding. Accordingly, if this IPR is instituted, the prior art asserted in Grounds 1-3 of this Petition will be litigated *first* in the parallel -1448 ITC Investigation and then *again* in an inefficient, serial attack in this IPR, which would only institute *after the Evidentiary Hearing in the -1448 ITC Investigation is already complete*.

In summary, this Petition is nothing more than a serial and repetitive challenge of the '701 Patent based on the same prior art asserted in the parallel -1448 ITC Investigation, and Institution of this IPR would be highly inefficient and a waste of both Board and party resources. *NHK Spring*, Paper 8, 11. These factors all weigh heavily in favor of discretionary denial.

B. Settled Expectations Weigh in Favor of Denial

The '701 Patent issued on May 19, 2015. By the time the Board issues an Institution Decision in this case (February 26, 2026), almost 11 years will have passed since issuance, giving rise to settled expectations. *Dabico Airport Solutions Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21 (Director June 18, 2025). Because there are no legitimate reasons to use Board resources to disturb these settled expectations, this factor weighs in favor of discretionary denial. *Id.* Petitioner Hisense makes and sells many products, including smart televisions, which rely on the complexity-balanced entropy coding techniques disclosed in the '701 Patent that

allow superior coding efficiency without undue computational demands. These products are identified in detail in the -1448 ITC Investigation. EX-2002, 54-57. Moreover, Petitioner Hisense has been in licensing negotiations with Patent Owner since at least 2018 in connection with H.264 and H.265 related video technology (EX-2007, ¶41), and Petitioner Snap has been aware of Patent Owner's patents in the same video coding technology space since at least the filing of the -1380 ITC Investigation in 2023. Because Petitioners without question make and sell products that operate in the same video coding technology space encompassed by the '701 Patent, Petitioners were or should have been on notice of the '701 Patent and anticipated Patent Owner's assertion of its intellectual property rights. Moreover, Patent Owner has a well-established patent licensing program relating to the video coding technology space, of which Petitioners are aware, and has negotiated well over 50 license agreements for video coding technology patents. EX-2007, ¶41.

C. Petitioners Reliance on Expert Testimony Favors Denial

The Director of the USPTO considers the "extent of the petition's reliance on expert testimony" when evaluating discretionary denial.

FAQs for Interim Processes for PTAB Workload Management (available at <https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management>) at Q.22. This factor favors denial because Petitioner relies heavily on expert

argument and inferences to fill the gaps of the prior art and allegedly arrive at the claimed invention.

For example, Petitioner repeatedly relies on Dr. Saber to equate syntax elements with symbol values, even where the reference does not use the term “syntax elements.” In discussing Murashita, Petitioner claims that “Murashita teaches receiving data symbols (*‘syntax elements’*) that are represented in an input data stream (*‘in a bit stream’*). Petition, 13 (citing Saber Declaration (EX-1003), ¶¶ 87-93); *See also* Petition, 18 (citing EX-1003, ¶¶ 88-91) (“Murashita teaches identifying a frequency of occurrence (*‘expected frequency of occurrence’*) of symbols (*‘of syntax elements’*) in an input data stream (*‘in a bit stream’*).”).

Further, Petitioner relies on Dr. Saber to equate the distinction between LPS and MPS to a threshold frequency of occurrence in Yu. Petition, 88 (citing EX-1003, ¶¶ 251-253. Petitioner’s only support that the decision between bypass mode and regular mode is based on a frequency of occurrence comes from expert testimony. Yu even describes the two situations where bypass mode is used in coding and explains that this is tied to syntax element type, rather than frequency of occurrence. *See* Yu (EX-1018), 1355.

III. POLICY CONSIDERATIONS SUPPORT DISCRETIONARY DENIAL OF INSTITUTION

On October 17, 2025, the PTO issued a Notice of Proposed Rulemaking (“NPRM”) setting forth the PTO’s vision for the efficient management of IPR proceedings before the PTAB and to “promote fairness, efficiency, and predictability in patent disputes.” EX-2008, 2. The PTO explicitly acknowledged that “[s]erial and parallel validity challenges remain a significant problem for the patent system.” *Id.*, 4. The NPRM notes that “more than 80% of IPRs have co-pending district court litigation where the petitioner is also challenging validity” and that “even when a patent is challenged by only one IPR petition, it will usually be challenged twice—once in the IPR and once in district court or at the ITC.” *Id.*, 4-5. That is clearly the case in this proceeding, where the validity of the ’701 Patent is being challenged in this IPR proceeding as well as the parallel -1448 ITC Investigation.

Recognizing the high cost and unfairness to Patent Owners faced with serial challenges to their patent rights, the PTO proposed rules changes to “increase the reliability of patent rights and the predictability of patent disputes” to “enhance fairness, efficiency, and predictability.” EX-2008, 7-9. The proposed rule changes in the NPRM would mandate that a petitioner stipulate that, if trial is instituted in the IPR, “the petitioner and any real party in interest or privy of the petitioner will not raise grounds of invalidity or unpatentability with respect to the challenged

patent under 35 U.S.C. 102 or 103 in any other proceeding.” EX-2008, 22 (proposed rule 37 C.F.R. § 42.108(d), entitled “Required stipulation for efficiency”). Such a stipulation does not exist in this case and goes far beyond the *Sotera* stipulation offered by petitioner Hisense.

Another proposed rule change would mandate that “*Inter partes* review shall not be instituted or maintained if, more likely than not,” a challenged claim or an independent claim from which the challenged claim depends will be adjudicated “in an initial or final determination of the U.S. International Trade Commission with respect to 35 U.S.C. §§ 102 or 103” “before the due date for the final written decision pursuant to 35 U.S.C. § 316(a)(11).” *Id.*, 23 (proposed rule 37 C.F.R. § 42.108(f)(2), entitled “Parallel Litigation”). This proposed rule directly addresses the present case where the initial determination (June 3, 2026) and final determination (October 3, 2026) predate any FWD (February 26, 2027) in this IPR by 7- and 5-months, respectively.

For these reasons, policy considerations related to fairness, cost, efficiency, and quiet title to Patent Owner’s intellectual property rights in the ’701 Patent warrant denial of institution.

IV. CONCLUSION

For the foregoing reasons, Patent Owner respectfully requests that the Director exercise his discretion and deny institution.

Dated: October 28, 2025

Respectfully submitted,

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CERTIFICATION OF SERVICE

The undersigned hereby certifies that the foregoing **PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL** has been served on Petitioner via email on the following counsel of record for Petitioner:

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