

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TOUGHBUILT INDUSTRIES, INC.,
Petitioner,
v.
MERIDIAN INTERNATIONAL CO., LTD.,
Patent Owner.

Case IPR2025-01462
Patent 11,192,689

**PATENT OWNER MERIDIAN INTERNATIONAL CO., LTD.'S
DISCRETIONARY DENIAL BRIEF**

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I. INTRODUCTION

Patent Owner Meridian International Co., Ltd. filed a complaint against Petitioner ToughBuilt Industries, Inc. in the Central District of California on August 21, 2024, and served ToughBuilt on August 29, 2024. Following almost a full year of proceedings in the district court, ToughBuilt filed its petition for *inter partes* review on August 28, 2025, one day before the statutory deadline. Although the district court litigation is stayed, the parties have invested considerable resources in that case to date. As of this filing, the parties have taken depositions, completed claim construction briefing, and exchanged infringement and invalidity contentions, while the Court has decided a motion for preliminary injunction and a motion to dismiss and has held a *Markman* hearing and provided preliminary constructions.

Meridian also has well settled expectations that its patent would not be challenged; it has been commercialized for nearly four years, and members of the industry were aware of the technology it teaches.

Finally, the invalidity arguments presented in this petition are weak. Much of the art fails to teach the elements that Petitioner claims it teaches, and thus the vast majority of art cited against the claims are facially problematic.

Patent Owner therefore respectfully requests that the Director exercise his discretion and deny institution of this *inter partes* review under 35 U.S.C. §§

314(a) and 325(d).

II. FACTUAL BACKGROUND AND PROCEDURAL HISTORY

Meridian International Co., Ltd. (“Patent Owner” or “Meridian”) designs and manufactures tools, hardware, and storage and organizational equipment and systems. For more than 30 years, Meridian has served customers around the world in supporting the design, manufacture, and sale of such products. It is an industry-leading designer and manufacturer of modular storage systems, and provides unique and innovative solutions in the realm of modular storage to meet customer demands. In connection with its research and development efforts to improve its modular storage systems, Meridian has developed multiple innovative interlocking and latching solutions, including those protected by the U.S. 11,192,689 (“’689 Patent”), which is directed to a mechanism that allows for attaching modular units, including tool bags, to a storage container.

ToughBuilt Industries, Inc. (“Petitioner” or “ToughBuilt”) designs, manufactures, uses, imports, offers for sale, and/or sells modular storage equipment under the ToughBuilt trade name throughout the United States that directly competes with the offerings from Meridian. In this case, ToughBuilt’s tool bags with CaseStack modular technology infringe the ‘689 Patent and, as a result of ToughBuilt’s infringement, its products are able to integrate with Meridian

products by exploiting Meridian's patented technology.

Following communications with a third party selling the infringing ToughBuilt products, and following communications directly with ToughBuilt regarding a different patent, U.S. Patent No. 11,986,946 (the "'946 Patent"), Meridian filed *Meridian International Co., Ltd. v. ToughBuilt Industries, Inc.*, No. 8:24-cv-01840 (C.D. Cal.) on August 21, 2024 (the "District Court Case"), which is pending before the Hon. John W. Holcomb.

The District Court Case alleges infringement of the '946 Patent and of the '689 Patent. The District Court Case has proceeded according to the Scheduling Order entered in that case (**Ex. 2002**, Docket No. 80); depositions have been taken, a *Markman* hearing has been held, the court has provided preliminary claim constructions, and the parties have exchanged preliminary infringement and invalidity contentions.

ToughBuilt filed its Petition on August 28, 2025, nearly a full year after the District Court Case was filed, and one day before the one-year deadline to file an IPR pursuant to 35 U.S.C. § 315(b). The Petition asserts that a U.S. patent application, either alone or in combination with other art, renders claims 1-20 of the '689 Patent anticipated or obvious, and that another U.S. patent, in combination with other art, renders claims 1-6 and 14-15 obvious. (Petition, Paper 2 at 8-9.)

III. LEGAL AUTHORITY

On March 24, 2025, the Chief Administrative Patent Judge of the Patent Trial and Appeal Board (“PTAB”) issued a memorandum rescinding a 2022 interim memorandum and providing guidance on new PTAB procedures for *inter partes* review (“IPR”) proceedings, which clarified the role of *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential) (“*Fintiv*”) and *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (Dec. 1, 2020) (precedential as to § II.A). (**Ex. 2003.**) On March 26, 2025, then-Acting Director Coke Morgan Stewart issued a memorandum providing interim processes for PTAB workload management (the “Interim Processes Memo”), which created a bifurcated process for institution decisions, wherein an optional brief (due two months after the Notice of Filing Date Accorded to Petition) shall set forth discretionary considerations, followed by the Patent Owner’s Preliminary Response brief (“POPR”) (due three months after the Notice of Filing Date Accorded to Petition). (**Ex. 2004.**) The Interim Processes Memo expressly directed the parties to include “all relevant [discretionary] considerations,” including those identified in *Fintiv*; *Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (Sept. 6, 2017) (precedential as to § II.B.4.i); and *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-

01469, Paper 6 (Feb. 13, 2020) (precedential). (*Id.*)

The choice to institute or deny a petition “is a matter committed to the Patent Office’s discretion.” *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016).

The Office “is permitted, but never compelled, to institute an IPR proceeding.”

Harmonic Inc. v. Avid Tech., Inc., 815 F.3d 1356, 1367 (Fed. Cir. 2016). Even when the prerequisites to institution are met, “the statute uses no language commanding institution.” *Apple Inc. v. Vidal*, 63 F.4th 1, 6 (Fed. Cir. 2023).

IV. THE *FINTIV* FACTORS SUPPORT DISCRETIONAL DENIAL OF THIS IPR

A. Factor One: Whether a stay exists or is likely to be granted if a proceeding is instituted.

The District Court Case is currently stayed.

B. Factor Two: Proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision.

The District Court Case has not yet been scheduled for trial, as a trial date will be calculated following the entry of a claim construction order. (**Ex. 2002**, Minutes of Hearing RE: Scheduling Conference.)

C. Factor Three: Investment in the parallel proceeding by the court and the parties.

Investment in the District Court Case is already substantial. The parties have taken depositions; a *Markman* hearing has been held and a final order is expected

once the litigation resumes; the Court has ruled on Meridian's motion for a preliminary injunction, has granted in part Meridian's motion to dismiss Petitioner's counterclaim, and issued preliminary claim constructions; and the parties have exchanged preliminary infringement and invalidity contentions.

Where the parties have invested substantial resources in a parallel proceeding, as is the case here, denial of the petition is appropriate. *See Fintiv* at 10 (“[D]istrict court claim construction orders may indicate that the parties have invested sufficient time in the parallel proceeding to favor denial.”); *Advanced Micro Devices, Inc. v. Concurrent Ventures, LLC*, IPR2025-00223, Paper 9 at 2 (June 12, 2025) (finding “meaningful investment” in district court action where exchange of infringement and invalidity contentions, seven months of discovery, and a *Markman* hearing will take place prior to the deadline for institution); *Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 at 3 (Mar. 28, 2025) (finding this factor “strongly favors discretionary denial” where the parties had served infringement and invalidity contentions, filed claim construction briefs, and the Court had construed the disputed claim terms prior to filing the POPR).

Moreover, the advanced state of the District Court Case is due entirely to Petitioner's delay in filing its petition for *inter partes* review. The District Court Case was filed on August 21, 2024, and ToughBuilt waited nearly a full year after

service of the complaint before filing its petition. “[I]t may impose unfair costs to a patent owner if the petitioner, faced with the prospect of a looming trial date, waits until the district court trial has progressed significantly before filing a petition at the Office.” *Fintiv* at 11.

Because the parties have invested substantial resources in the District Court Case, and because Petitioner's delay in filing the present IPR has contributed to that investment, this factor weighs in favor of granting discretionary denial.

D. Factor Four: Overlap between issues raised in the Petition and in the parallel proceeding.

The art raised in the Petition overlaps in part with the art raised in the District Court Case. In the District Court case, Petitioner asserts that U.S. Patent No. 7,739,965 to Heinrichs alone or in combination with other references renders claims 1-6 of the '689 Patent anticipated or obvious. (**Ex. 2005**, Defendant's First Amended Invalidity Contentions at 13.) In the current proceeding, Petitioner also argues that U.S. 2007/0215015 (“Heinrichs”), the publication that matured into U.S. 7,739,965, in combination with other art, render claims 1-6, as well as claims 14-15, of the '689 Patent obvious. (Petition, Paper 2 at 9.) The Petition also asserts that U.S. 2007/0012694 (“Duvigneau”) alone or in combination with other references render claims 1-20 of the '689 Patent anticipated or obvious. (*Id.* at 8-

9.) The secondary references included in the Invalidity Contentions and in the Petition also differ. (*Id.*; **Ex. 2005** at 13.)

“[I]f the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial.” *Fintiv* at 12. Here, the petition includes some of the same or substantially the same claims, grounds, arguments, and evidence as presented in the District Court Case, but both the Petition and the District Court Case include arguments and alleged prior art that are not raised in the other proceeding.

Petitioner has filed a *Sotera* stipulation in this matter, stating that it “stipulates that if the Patent Trial and Appeal Board institutes inter partes review on the grounds presented in ToughBuilt’s petitions, ToughBuilt will not pursue an invalidity defense in this case that the patent claims subject to the instituted inter partes review are invalid based on any ground that ToughBuilt raised or reasonably could have raised in the petitions.” (Ex. 1030.) This is, however, of limited value because the District Court Case includes grounds for invalidity that cannot be raised here, such as invalidity under 35 U.S.C. § 112. *See Shenzen Tuozhu Tech. Co., Ltd. v. Stratasys, Inc.*, IPR2025-00354, Paper 11 at 2-3 (June 12, 2025) (finding that when there are more expansive arguments in the District Court Case that the stipulation “is not likely to moot,” Petitioner’s stipulation reduces, but does

not eliminate, the inefficiencies [of maintaining two parallel proceedings]”). Thus, resolution of the IPR will not resolve all validity issues in the District Court Case because the District Court Case includes allegations that claim 1 of the ‘689 patent is invalid for indefiniteness. (**Ex. 2005**, Defendant’s First Amended Invalidity Contentions at 22-23.)

E. Factor Five: Whether the petitioner and the defendant in the parallel proceeding are the same party.

Petitioner ToughBuilt is also the defendant in the District Court Case. This weighs in favor of granting discretionary denial. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 15 (May 13, 2020) (where “petitioner and the defendant in the parallel proceedings are the same party, this factor weighs in favor of discretionary denial.”)

F. Factor Six: Other circumstances that impact the Board’s exercise of discretion, including the merits.

1. Meridian has well-settled expectations.

Patent Owner Meridian has well-settled expectations that the validity of the ‘689 Patent would not be challenged by ToughBuilt because the patent has been in force for nearly four years and was commercialized in early 2022. (**Ex. 2006**, exemplary Meridian product with reviews dated as early as April 2022) Settled expectations can exist for a patent that has only been in force for three years when

there has been “an extraordinary amount of investment, time, and resources dedicated to research, development, trials, and regulatory approvals” involved in developing the patent. *Amgen Inc. v. Bristol-Myers Squibb Co.*, IPR2025-00601, Paper 9 at 2 (July 24, 2025); *see also Aquestive Therapeutics, Inc. v. Iono Pharma, LLC*, IPR2025-00874, Paper 11 at 2 (Oct. 3, 2025) (granting discretionary denial for four-year-old patent because Petitioner had notice of the patent application and issued patent prior to filing its petition).

Meridian has spent a significant amount of investment, time, and resources dedicated to the development of its products that practice the claims of the ‘689 Patent (the “Meridian Products”), and therefore settled expectations exist. (*See Ex. 2007*, Decl. of Tony Kriz at ¶ 13.) (“Meridian identified needs in the marketplace, devised novel and innovative solutions, invested in patent protections for its inventions,” and continues to develop and sell products that practice its patents).

Settled expectations also exist because Petitioner failed to address the ‘689 Patent for years. ToughBuilt was apparently acting with the intent of – at minimum – creating a product that is compatible with the Meridian Products; in so doing it should have sought to ensure that it was not infringing Meridian’s intellectual property in so doing. By way of background:

Meridian has been manufacturing modular storage system products

that practice the claimed inventions of the '689 patent. Some of these products have been manufactured for a third party ("Company A") for ultimate sale to consumers by another third party ("Company B") under Company B's brand name "Kobalt," which is marketed as having "CaseStack" modular technology. After Meridian began providing modular storage system products for ultimate sale by Company B under the Kobalt brand, ToughBuilt began providing products to Company B, also to be sold under the Kobalt brand and also marketed as having CaseStack modular technology. Those modular products manufactured by ToughBuilt are interconnectable with the modular CaseStack technology manufactured by Meridian and are accused of infringing Meridian's '689 patent in this action. (*Id.* at ¶ 10.) Thus, it appears that ToughBuilt was aware of the Meridian technology when it developed its products. Indeed, ToughBuilt has admitted that it does a full analysis of products that are on the market before proceeding with product development of any new project. (**Ex. 2008**, Panosian Dep. at 40:2-14.) Such analysis should have included a search for relevant patents.

Regardless, "actual knowledge of a patent or of possible infringement is not necessary to create settled expectations," where the patent in question could have been easily found by searching the USPTO website or using other publicly available tools. *Dabico Airport Sols. Inc. v. AXA Power APS*, IPR2025-00408, Paper 21 at 3 (June 18, 2025). Here, Petitioner is familiar with the USPTO and, per

its own accounting, has more than 88 U.S. and international patents and 353 pending applications. (**Ex. 2008**, Panosian Dep. at 16:4-13.) Petitioner, therefore, has the skills, ability, and legal talent to have readily performed a search for, and discovered, the '689 Patent before it began its infringing activity, even if it did not already have knowledge of the '689 Patent.

Despite the fact that the Meridian Products were sold in the marketplace in early 2022, Petitioner did not challenge the validity of the '689 Patent by filing an IPR *before* it began infringing the patent, nor did it otherwise challenge the validity of the '689 Patent. Rather, it made no effort to challenge the validity of the '689 Patent until *after* it infringed the patent, and *after* it was dragged into court.

Because the product was on the marketplace in early 2022, yet Petitioner made no efforts to challenge the validity of the '689 Patent through *inter partes* review for more than three years, Meridian had well-settled expectations that ToughBuilt would not do so. *See Belden Inc. v. Commscope, Inc. of North Carolina*, IPR2025-00833, Paper 13 at 2 (Sept. 12, 2025) (finding that facts, including that the invention was commercialized seven years ago and was still on the market, and that Petitioner was aware of the patent since at least 2022, weigh in favor of discretionary denial). Here, the invention was commercialized more than three years ago and is still on the market. As a result, Petitioner should have been aware

of the product and the associated '689 Patent since at least 2022; therefore, this factor weighs in favor of granting discretionary denial.

2. ToughBuilt's Petition fails to identify "with particularity" the evidence upon which it relies.

A petition must "identif[y], in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim..." 35 U.S.C. § 312(a)(3); *Intelligent Bio-Systems, Inc. v. Illumina Cambridge, Ltd.*, 821 F.3d 1359, 1369 (Fed. Cir. 2016) (stating that compliance with this requirement is "of the utmost importance"). Petitioner repeatedly fails to explain how or where each and every feature of the claims of the '689 Patent is disclosed in the cited references, repeatedly fails to articulate how the cited references would be combined to arrive at the claims of the '689 Patent, and repeatedly relies on improper, conclusory reasoning, unsupported by the declaration of its expert. For this reason, the Director should use his discretion to deny the Petition.

3. ToughBuilt's Petition is weak because the art it relies on fails to teach critical elements of the '689 Patent and because it is overly reliant on its expert to fill the gaps in its invalidity arguments.

Meridian will address the merits of the Petition in more detail in its preliminary response brief ("POPR") and incorporates the arguments therein by reference.

Notwithstanding the prohibition on incorporation by reference in 37 C.F.R. § 42.6(a)(3), when filing a brief for discretionary denial, a patent owner may direct attention to an anticipated POPR and evidence for a discussion of the merits. Similarly, in arguing about the strengths or weaknesses of the merits, a patent owner may refer to arguments made in the petition and cite to record evidence. A patent owner should not repeat its merits arguments verbatim but should briefly explain why the merits are relevant. A patent owner should not treat a discretionary denial brief as an additional opportunity for merits briefing.

(Ex. 2009, Interim Director Discretionary Process at II.C.i. (Oct. 3, 2025)).

Pending the proffering of the POPR, however, there are several key points relevant to the strength of the Petition.

- a. Petitioner relies on art that simply does not read on the claims of the '689 Patent because it does not disclose the "support arm" of the '689 Patent.

Petitioner relies upon art that simply cannot invalidate the '689 Patent because the cited art does not teach or suggest the claimed stackable storage system, or because there is no motivation to combine the cited art in the manner suggested.

For example, claim 5 of the patent discloses "a first engaging groove for holding the slider in the unlocked position and a second engaging groove for

holding the slider in the locked position.” (Ex. 1001 at 6:38-42.) Petitioner claims that this is taught by U.S. 4,974,740 (“Niles”) (Petition, Paper 2 at 46-50), but Niles (which is directed to a closure latch for a shipping case, and not a method of using a slider to latch one item to another) discloses the use of a “flexible U-shaped slide having a base portion and first and second outwardly extending flanges,” and does not disclose the invention disclosed in claim 5. (Ex. 1012.) Niles cannot, therefore, invalidate claims 5-7 (as claims 6 and 7 depend from claim 5) and claim 16 (which includes the same limitations), as suggested by Petitioner.

Petitioner also claims that US 2015/0151661 (“Morel”) teaches this mechanism (Petition, Paper 2 at 53-57), but Morel (which is directed to a storage compartment with a movable partition) only – at most – discloses the use of locking notches to hold a sliding element in place. It does not disclose a “first engaging groove for holding the slider in the unlocked position.” (Ex. 1008.) As with Niles, therefore, claims 5-7, and 16 cannot be invalidated by Morel, nor can claim 8 (which depends from claim 7), claim 17, or claim 18 (both of which depend from claim 16).

Claims 9 and 10 require that the support arm and slider act as a “cooperating guide” to constrain lateral movement of the slider with respect to the arm, and claim 11 similarly requires that a guiding groove constrain lateral movement of the

slider with respect to the arm. (Ex. 1001 at 6:57-7:3.) Petitioner contends that U.S. Patent No. 4,576,307 (“Frydenberg”) teaches this element; however, the Petition does not explain how Frydenberg constrains lateral movement of the slider with respect to the arm. (Petition, Paper 2 at 65-68.) As a result, claims 9-11 cannot be invalidated by Frydenberg.

Claims 12, 13, 19, and 20 require that the slot have a certain construction. (Ex. 1001 at 7:4-14, 8:29-39.) In order to support that this claim is present in Duvigneau, Petitioner relies upon a “cropped and annotated” image of Figure 5. But Figure 5, when shown in its entirety, does not also have a slider, as required by claim 4, from which these claims depend:

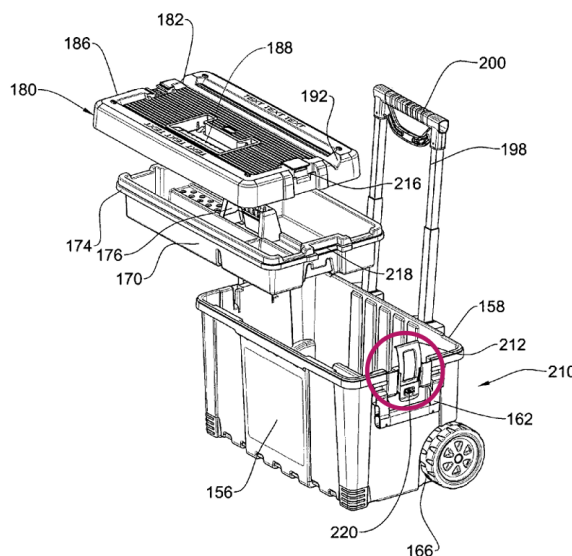


FIG. 5

The other cited art, U.S. 2019/0002004 (“Brunner”) suffers from the same problem; it discloses a container locking mechanism, but the locking mechanism is separate from its slider mechanism, and therefore neither reference teaches that the slot that the slider interacts with would have the disclosed construction. As a result, Petitioner has not cited art sufficient to invalidate claims 12-13 and 19-20.

Therefore, without even addressing claims 1-4 and 14-15, this Petition fails to create a question of invalidity as to claims 5-13 and 16-20 (14 of the 20 claims) of the '689 Patent.¹ In an IPR, “[t]he Patent Office must ‘issue a final written decision with respect to the patentability of *any* patent claim challenged by the petitioner.’ 35 U.S.C. §318(a) (emphasis added). In this context, as in so many others, ‘any’ means ‘every.’ The agency cannot curate the claims at issue but must decide them all.” *SAS Inst., Inc. v. Iancu*, 584 U.S. 357, 359-60 (2018). Even if the Petitioner were able to raise a sufficient case against the patentability of the remaining claims, which Meridian does not concede, at best, those grounds would apply to only 30% of the claims. When only a small percentage of claims might be

¹ Patent Owner does not concede that Petitioner has met its burden of proving that Claims 1-4 and 14-15 are invalid. For the purposes of presenting a brief argument herein, Patent Owner is deferring those arguments to its POPR.

invalid, discretionary denial is appropriate. *See Biofrontera Inc. v. DUSA Pharms., Inc.*, IPR2018-01585, Paper 10 at 14-16 (Feb. 26, 2019) (finding that where Petitioner has only shown a reasonable likelihood of success as to three of the nineteen claims, “full institution would not serve the just, speedy, and efficient administration of this proceeding or of the Office.”).

b. ToughBuilt's Petition is overly reliant on expert testimony to try and create a case for invalidity where none exists.

The Petition is also overly reliant on expert testimony to make its obviousness arguments. Petitioner relies on a **316-paragraph, 168-page** expert report, which Petitioner cites **207 times** in its 93-page Petition (more than two cites per page). More problematic is that the Petition frequently fails to cite directly to any of the alleged art that it claims invalidates the '689 Patent; rather, it instead cites to the expert report to provide its interpretation of the cited art, as opposed to letting the art speak for itself. (*See, e.g.*, Petition, Paper 2 at p. 26 (citing to the expert report three times and to the allegedly invalidating reference itself only once).) “[E]xtensive reliance on expert testimony ... may suggest that the questions are better resolved in an Article III Court.” (**Ex. 2010**, FAQs for Interim Processes for PTAB Workload Management at 22.)

Because Petitioner fails to specifically identify the art on which it relies,

because the cited art does not teach all of the elements of the '689 Patent claims, and because Petitioner leans heavily upon expert testimony to cobble together its invalidity arguments, the Petition is weak, and this factor favors discretionary denial.

V. CONCLUSION

The Office is charged with making a “holistic assessment” of the evidence and arguments presented. Here, there are several compelling factors in support of granting discretionary denial. Despite the present stay in the case, District Court Case is fairly far along, and the parties have made significant investments in this parallel proceeding. There is some overlap between the art asserted in the Petition and the District Court Case, and Petitioner's *Sotera* stipulation cannot mitigate against the duplication of efforts because of the § 112 allegations made in the District Court Case, which cannot be addressed here. And the same parties are involved in both proceedings.

Most important, however, are the “other circumstances” that comprise the sixth *Fintiv* factor. Due to its commercialization of its patented technology and the visibility of that patented technology in the marketplace, Meridian has settled expectations with regard to the '689 Patent. Moreover, the Petition is flawed; the Petition fails to specifically assert the purported bases for its assertions of

invalidity, and is overly reliant on expert testimony to the point that Petitioner regularly cites its expert opinion over the language of the actual reference. Nor does much of the cited art actually teach the claim elements as asserted by Petitioner. As a result, Petitioner has not shown that there is a reasonable likelihood that institution of an IPR would result in the invalidation of the majority of the claims of the '689 Patent, and thus institution of this IPR is not warranted. Where only a limited number of claims are at issue, "full institution would not serve the just, speedy, and efficient administration of this proceeding or of the Office," and therefore discretionary denial is appropriate. *Biofrontera* at 16.

Based on the foregoing, a holistic assessment of the evidence and arguments presented will necessarily conclude that the majority of the critical factors favors discretionary denial.

Dated: November 10, 2025

Respectfully Submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing *Patent Owner Meridian International Co., Ltd.'s Discretionary Denial Brief* was served via electronic mail, per agreement of the parties, in its entirety, on Petitioner's attorneys of record in IPR2025-01462 on the date indicated below.

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