

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CAMBRIDGE INDUSTRIES USA, INC.,

Petitioner

v.

APPLIED OPTOELECTRONICS, INC.,

Patent Owners

Case: IPR2025-00433

U.S. Patent No. 9,523,826

**PETITIONER'S OPPOSITION TO PATENT OWNER'S REQUEST FOR
DISCRETIONARY DENIAL OF INSTITUTION**

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Patent Trial and Appeal Board
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Exhibit	Short Name	Description
Ex. 1001	'826 Patent	U.S. Patent No. 9,523,826
Ex. 1002	'826 File History	File History of U.S. Patent No. U.S. Patent No. 9,523,826
Ex. 1003	Kirk Declaration	Declaration of Dr. Kirk
Ex. 1004	Kirk CV	<i>Curriculum Vitae</i> of Dr. Kirk
Ex. 1005	Wu	Chinese Patent No. CN201820017
Ex. 1006	—	Wu English translation
Ex. 1007	Mizue	U.S. Patent No. 7,201,520
Ex. 1008	Scheduling Order	Scheduling Order dated August 7, 2024, in <i>Applied Optoelectronics, Inc. v. Cambridge Industries USA, Inc.</i> , No. 3:24-cv-01010-JD (N.D. Cal.)
Ex. 1009	Pisano Declaration	Declaration of Nicola A. Pisano collecting exemplary Stay Orders entered by Judge Haywood Gilliam and Data Showing Success Rates for Motion to Stay
Ex. 1010	Supplemental Kirk Declaration	Supplemental Declaration of Dr. Kirk
Ex. 1011	Interim Process FAQs	FAQs for Interim Processes for PTAB Workload Management

I. INTRODUCTION

Petitioner Cambridge Industries USA, Inc. (“Petitioner” or “CIG USA”) submits this brief in opposition to Patent Owner’s Request for Discretionary Denial of the instant IPR petition for the ’826 patent. Patent Owner’s brief mentions, but then ignores, that the parallel district court litigation between Patent Owner and Petitioner was indefinitely *stayed* by Judge Donato on April 4, 2025, pending outcome of the PTAB proceedings. That fact, which satisfies *Fintiv* factor 1, weighs heavily against discretionary denial. *Fintiv* factors 2-5, which are subsumed in factor 1, likewise do not support denial. For example, Patent Owner’s claim that the parties have invested substantial resources in the parallel proceeding lacks merit; prior to entry of the stay, the parties did no more than was required by the Patent Local Rules of the U.S. District Court for the Northern District of California, and nothing since entry of the stay.

Patent Owner tries to conflate its later-filed district court case against a *different* and unrelated defendant (Accelight Technologies), pending before a *different* district court judge (Judge Gilliam), as supporting discretionary denial. Yet Judge Gilliam routinely stays litigation for PTAB proceedings and scheduled his *Markman* hearing for October 31, 2025, well after the expected institution decision here. If this IPR is instituted, Judge Gilliam surely will grant Accelight’s expected request to stay that case; that case too is unlikely to reach its *Markman* hearing.

Patent Owner's host of other considerations under *Fintiv* factor 6 and the Director's Memo, Exhibit 2001, are many shades weaker than its "judicial efficiency" claim. For example, Patent Owner derides Petitioner's reliance on expert testimony. Yet that testimony serves the approved purpose of guiding the Board to the relevant portions of the cited references. It does not, as in *Next Caller* (cited by Patent Owner) substitute unbased opinion for claim limitations missing from the cited references. The remaining factors enumerated in Ex. 2001 likewise are either neutral or do not support discretionary denial.

Patent Owner's contention that the Petition lacks merit also fails. Mizue (U.S. Patent No. 7,201,520) was considered by the Office only as a secondary reference in an obviousness combination for certain dependent claims. As demonstrated in the Petition, Mizue *anticipates* the limitations of all claims of the '826 patent, thus proving the Examiner misfocused on his primary reference (Togami) and failed to appreciate the entirety of Mizue. The other reference relied upon in the Petition, Wu (China patent CN 201820017) was never before the Office. Wu also anticipates the '826 patent, and thus necessarily discloses the same elements as the '826 patent. But that similarity cannot possibly disqualify Wu as "substantially the same art" as Mizue when the entirety of Mizue was never fully considered.

The Director (and Board) should institute the instant IPR to effectuate the purposes of the AIA and prevent targeting of legitimate businesses with improvidently granted low-quality patents.

II. DISCRETIONARY DENIAL IS NOT WARRANTED

A. The *Fintiv* Factors Weigh Heavily Against Discretionary Denial

Neither the factors listed in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper No. 11 at 5-6 (P.T.A.B. Mar. 20, 2020) (precedential) (“*Fintiv*”) nor the Director’s Memorandum (Exhibit 2001) favor discretionary denial of this Petition. Here, *Fintiv* factors 1-5 disfavor a discretionary denial for at least the reason that Patent Owner’s parallel litigation against Petitioner is stayed pending resolution of these PTAB proceedings. Moreover, Patent Owner’s litigation against unrelated entity Accelight, pending before a different judge, likely will be stayed. Patent Owner also misstates the significance of *Fintiv* factor 6 considerations and the additional factors set forth in Ex. 2001, which are either neutral or do not support a discretionary stay.

1. All of the *Fintiv* Factors Disfavor Discretionary Denial

Tacitly admitting that *Fintiv* factor 1 (Stay) militates strongly against a discretionary denial, Patent Owner focuses on other *Fintiv* factors, without ever discussing the first *Fintiv* factor: “whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted.” There is an obvious reason why

Fintiv lists the stay factor first – if a stay has been granted (as here), the rest of the *Fintiv* factors become much less important, if not entirely moot.

Patent Owner addresses *Fintiv* factors 2-6, out of order, to distract as much as possible from the fact that Judge Donato has stayed Patent Owner's parallel litigation against Petitioner pending outcome of the PTAB proceedings. Patent Owner instead suggests that its district court litigation against an unrelated entity (Accellight Technologies) before a different judge (Judge Gilliam) should take precedence in the *Fintiv* analysis. But as explained below, Judge Gilliam routinely stays his litigations when the underlying patents are (or may be) involved in PTAB proceedings. Petitioner addresses *Fintiv* factors 1-6 below in numerical sequence.

a. Factor 1 (Stay) Weighs Heavily Against Discretionary Denial

As Patent Owner acknowledges, Paper No. 8 at 9, the parallel district court proceeding between it and Petitioner was stayed on April 4, 2025. This factor militates strongly against discretionary denial here. *See, e.g., Fintiv*, fn 9: *Precision Planting, LLC v. Deere & Co.*, IPR2019-01052, Paper No. 19 at 10 (P.T.A.B. Jan. 7, 2020) (finding that the district court stay of the parallel district court case ***rendered moot*** the patent owner's argument for discretionary denial of the petition); *Apotex Inc. v. UCB Biopharma Sprl*, IPR2019-00400, Paper No. 17 at 31–32 (P.T.A.B. July 15, 2019) (finding that the district court ***stay of the parallel district court case predicated on the***

inter partes review means that the trial will not occur before the Board renders a final decision). Judge Donato has requested a status report on July 7, 2025; there is no reason to believe he would lift the stay just weeks before the institution decision.

Patent Owner makes much of its district court litigation against Accelight Technologies, pending before Judge Gilliam in the Northern District of California. As shown in Exhibit G to Exhibit 1011, Judges in the Northern District of California typically grant stays after IPR institution, with 76% of all post-institution motions to stay pending *inter partes* review granted or granted in part over the past 12 years. In particular, as shown in Exhibit H to Exhibit 1011, **Judge Gilliam has granted all such motions** since 2016, and there is no reason to suspect he will not do so again here. Exhibits A-F to Exhibit 1009 provide examples of Judge Gilliam's routine orders staying his litigations pending the outcome of PTAB proceedings. The Scheduling Order (Ex. 2003) entered by Judge Gilliam sets the date of his claim construction hearing for October 31, 2025, two months *after* the expected institution date for this IPR, August 28, 2025. Patent Owner and Accelight will not have submitted their claim construction briefs by the institution date, providing ample time for Accelight to request a stay, which Judge Gilliam surely will grant if this IPR proceeds.¹ This factor weighs heavily against discretionary denial.

¹ Patent Owner implies that Judge Gilliam, at a Case Management Conference in

b. Factors 2 (Trial Date) and 3 (Parallel Proceedings) Are Moot

In view of the stay in Petitioner’s case pending resolution of this IPR, and expected stay in *Accelight*, concern about the trial dates in parallel district court proceedings are moot.² Following successful conclusion of this IPR, Judges Donato and Gilliam may set trial dates for any remaining patents. But even if some aspect of the ’826 patent survives, the resulting litigations will be greatly streamlined, resulting in judicial economy and litigation savings to the Petitioner, and probably Accelight as well. *Fintiv* factors 2 and 3 thus weigh against discretionary denial.

Prior to entry of the stay, the parties did no more in the parallel litigation than the exchanges required to comply with the Patent Local Rules for the United States District Court for the Northern District of California. Neither party identified an expert for their claim construction briefing, few documents were produced in response to discovery requests, and no depositions were scheduled or taken prior to entry of the stay. Contemporaneous with entry of the stay, Judge Donato vacated the scheduled *Markman* hearing. Contrary to Patent Owner’s assertion, the parties invested little

Accelight, decided to “move forward” after submission of a Notice reporting filing of the instant IPRs by Petitioner. However, neither the Notice nor any aspect of the IPRs was mentioned at that 8-minute conference. *See* Exhibit 1009, ¶¶ 3-4.

² The entire analysis set forth in *Next Caller, Inc. v. TrustID, Inc.*, IPR2019-00963, Paper No. 8 (P.T.A.B. Oct. 28, 2019), was based on the advanced state of the parallel litigation, and absence of a stay of that litigation.

effort in the parallel litigation prior to the stay (and none since).³ No greater effort should be expected in the *Accelight* case, as it is very likely to be stayed once the defendant there requests a stay.

In similar situations as here, non-identity of the Defendant in an on-going parallel proceeding and the Petitioner weighed against discretionary denial. *See Fintiv* at fn. 26, citing to *Nalox-1 Pharms., LLC. v. Opiant Pharms., Inc.*, IPR2019-00685, Paper No. 11 at 6 (P.T.A.B. Aug. 27, 2019) (distinguishing *NHK* because in *NHK*, “the Board considered ‘the status of the district court proceeding between the parties’” and, in the *Nalox-1* case, the petitioner was not a party to the parallel district court litigations). Here, Petitioner’s district court litigation is stayed and Petitioner is not a party to the on-going district court litigation with Accelight, which is likely also to be stayed.

c. Factor 4 (Issue Overlap) Disfavors Discretionary Denial

Stay of Petitioner’s parallel proceeding, together with Petitioner’s stipulation, discussed below, obviates any concern about the issue overlap of *Fintiv* factor 4, even

³ Patent Owner faults Petitioner for waiting eleven months to file its IPR petition, notwithstanding the one-year provision of 35 U.S.C. § 314(a) and the guidance previously in effect. Further, Petitioner had no reason to file sooner as Patent Owner’s settlement demand amounted to a fraction of Petitioner’s cost to challenge the asserted patents via IPRs. Only after Patent Owner’s settlement demands grew exponentially, at a court-ordered mediation conducted in late August 2024, did it become evident that the parallel litigation could not be resolved.

if Petitioner's parallel litigation someday, post-IPR, resumes.

Judge Donato evidently stayed Patent Owner's litigation against Petitioner to defer to the Board's technical expertise. Petitioner also stipulated in its Petition, pursuant to guidance in effect when the Petition was filed, that it would not pursue invalidity against the asserted claims in the district court using the specific combination of prior art references presented in this Petition. *See* Paper No. 2 at 37-38. Patent Owner's contention that the litigation, if ever resumed, will address the same issues as the Petition is illusory. If this IPR proceeds, either there will be no further litigation on the '826 patent or it will be highly streamlined.

Patent Owner further contends, without evidence, that there may be substantial issue overlap in its *Accelight* case. Petitioner has no knowledge of the prior art relied upon by Accelight in that case, nor has Patent Owner presented evidence to the Board that Accelight is relying on the same prior art as Petitioner proffered in its now-stayed litigation. As *Accelight* is likely to be stayed upon request, this factor is neutral.

d. Factor 5 (Same Party) Does Not Support Discretionary Denial

Petitioner is the defendant in the *now-stayed* case before Judge Donato, rendering this factor neutral, if not entirely moot. Petitioner is not remotely related to the defendant in Patent Owner's *Accelight* case. And as discussed above, that case too is very likely destined to be stayed.

e. Factor 6 (Other Considerations) Disfavors Discretionary Denial

All other factors discussed in *Fintiv* or the Director's Memo, Exhibit 2001, are neutral or favor denial of Patent Owner's request for discretionary denial, including those related to the Petition's merits, discussed separately below.

For example, citing *Next Caller* and Ex. 2001, Patent Owner argues, Paper No. 8 at 28, that Petitioner's expert declaration by Dr. Andrew Kirk, Ex. 1003, is a basis for discretionary denial. In contradistinction to the expert declaration in *Next Caller*, Dr. Kirk's declaration performs the ***approved*** function of directing the Board to relevant passages of the cited references. *See, e.g.*, FAQs for Interim Processes for PTAB Workload Management, Ex. 1011 at ¶ 21. Dr. Kirk does not, unlike the expert in *Next Caller*, proffer opinions to supply critical limitations without disclosing the facts or data on which his opinion is based. *See Next Caller*, IPR2019-00963, Paper No. 8 at 31-32. Proper use of expert testimony here does not support discretionary denial.

Whereas Petitioner had not invested substantial effort in the parallel litigation prior to entry of the stay, Petitioner made a significant investment of time and resources to prepare and file this IPR. Patent Owner should not be permitted to frustrate that effort by relying on its later case against an unrelated party. If instituted, this IPR will enhance judicial economy by saving ***two*** courts from repeating the same work of

construing the claims and holding trials, while also reducing the likelihood of inconsistent jury verdicts. Institution of this IPR likely will save Petitioner CIG USA (and probably also Accelight) millions of dollars litigating their respective district court cases, and may obviate the need for the trials on the '826 patent.

Patent Owner's further contention, Paper No. 8 at 29-30, that litigation between Patent Owner and Petitioner may one day resume on Patent Owner's **other** patents, following conclusion of this IPR, does not support discretionary denial. As Patent Owner points out, Petitioner has challenged all of the claims of five of the eight patents asserted in the now-stayed parallel litigation. If Petitioner's IPRs proceed, the litigation workload of the court and the parties will be substantially reduced, if not completely obviated, thereby effectuating the purpose of IPR proceedings.

Patent Owner further asserts, Paper No. 8 at 21, that "there are settled expectations of the parties that the '826 patent is valid and enforceable." While this factor, enumerated in the Director's memo, is not explained in detail, it only makes sense in the context of an implicit or explicit understanding that **both** parties regarded the claims as valid, e.g., as reflected in a license agreement. It cannot be the case that a never-asserted patent achieves a patina of validity simply by the passage of time. Moreover, Petitioner had no expectation or belief that the '826 patent was or is valid.

Apart from Patent Owner's letter sent to a different entity just prior to suit, Petitioner was unaware of the '826 patent until the parallel proceeding was filed.

Finally, Patent Owner contends that the absence of a change in the law affecting patentability supports discretionary denial. Yet withdrawal of the previous *Fintiv* guidance constitutes a significant change in the relevant law, potentially greatly reducing the utility of the IPR procedure by elevating timing considerations over the importance of previously unseen prior art that supports a compelling ground for invalidity. In view of the strong merits of this challenge, this factor is neutral.

B. The Merits of the Petition Are Compelling

1. The Prior Art Was Not Previously Considered

Patent Owner argues, under *Fintiv* factor 6 and 35 U.S.C. § 325(d), that the Petition is "based in part" on art considered during prosecution of the '826 patent. Paper No. 8 at 14-17. Wu was not before the Office during prosecution of the '826 patent, and alone provides a compelling basis to institute the requested IPR. Mizue was considered only as a secondary reference in an obviousness combination rejection of dependent claims 5-8. As explained in the Petition, the teachings of Mizue were never fully evaluated during prosecution of the '826 patent.

Unlike in *Advanced Bionics*, where the Zimmerling reference was exhaustively considered by the Examiner multiple times, Mizue was cited only once during

prosecution of the '826 patent, and only as a secondary reference in an obviousness combination. *See* Ex. 1002 at 88, 136. Specifically, Mizue was cited as supplying the limitations of *dependent* claims 5-8 that were missing in primary reference Togami. *Id.* at 88. There is no record that the Examiner ever considered ***anticipation*** by Mizue as set forth in the Petition. *Cf.* Ex. 1002 at 88 to Paper No. 2 at 24-30.

Moreover, during prosecution of the '826 patent, the Patent Owner misrepresented that even if Mizue could be combined with Togami, the elastic components would not be confined by the extending arm of Mizue. Ex. 1002 at 70-71, Paper No. 2 at 35. As explained in the Petition, however, it is plain “from the relative lengths of the spring 30 and the opening in arm 20a created to form the limited part (flange 20g) that the spring in Mizue could not exit the limiting space (26p).” Paper No. 2 at 29, Ex. 1003, ¶ 57. The Petition explains that the Examiner materially erred by failing to consider what Mizue would have taught to a person of ordinary skill in the art.⁴ Accordingly, the Petition passes muster under *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper No. 6 (P.T.A.B.

⁴ In addition to refuting Patent Owner’s argument that the extending arm in Mizue confines the elastic component, Dr. Kirk also explains that if the claim term “confine” must be construed to mean “entirely cover,” a POSITA would have considered such a modification an obvious expedient. Patent Owner misstates the record by pointing *only* to this alternative explanation in its Paper No. 8 at 16-17, and ignoring the explanation of the material error noted above. *See* Paper No. 2 at 29. The Petition therefore offers ample explanation of the Examiner errors.

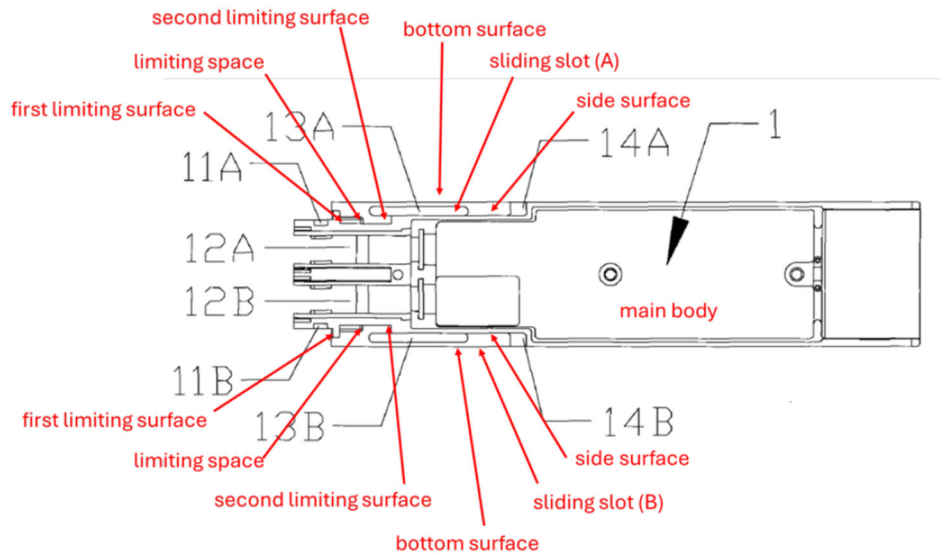
Feb. 13, 2020) (precedential), at least because there is no overlap between the arguments made during examination (supplementing Togami) and the Petition (anticipation by Mizue of all elements) (*Advanced Bionics* factor d), and it explains how the Examiner erred by crediting Patent Owner's misrepresentation regarding Mizue's disclosure (*Advanced Bionics* factor e).

Patent Owner further contends that "Petitioner uses Wu to make the same argument is it making with Mizue." Paper No. 8 at 17. Wu separately anticipates the challenged claims and teaches all of the elements of the '826 patent claims. Patent Owner's contention that multiple unrelated anticipatory references should not be considered because they are used "to make the same argument," i.e., demonstrate invalidity, is non-sensical, and plainly cannot favor discretionary denial.

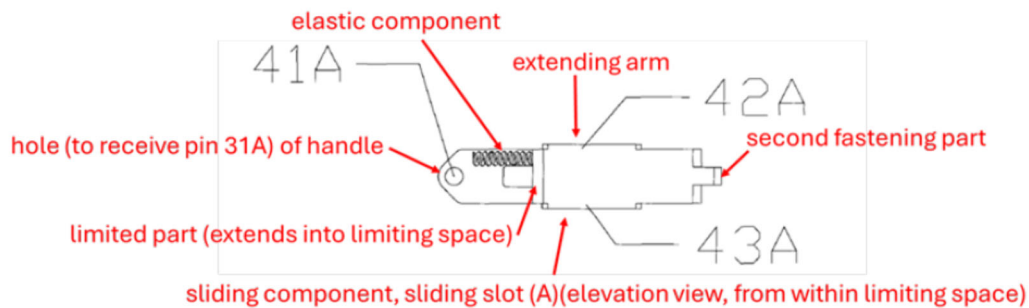
2. Wu Anticipates All Claims Of The '826 Patent

Patent Owner asserts that Wu fails to anticipate the challenged claims because Petitioner misapprehends Wu. To support this assertion, Patent Owner relies on the annotated version of FIG. 2 of Wu at page 15 of the Petition, alleging "Petitioner points to a *single* surface in the *X-Y plane* as allegedly corresponding to the *two* claimed bottom surfaces 141." Paper No. 8 at 24. Patent Owner's argument is demonstrably incorrect based on the further explanation in the Petition. Specifically, element 1[b] of the Wu claim comparison on page 15 of the Petition refers to an annotated FIG. 3

of Wu (page 16 of the Petition, reproduced below), which points to *two coplanar bottom surfaces* of the main body, one on each side parallel to the side surfaces.



The Petition states: “The main body has two side surfaces that are opposite to each other, each having a respective sliding slot located thereon. *Id.* The main body also *has two bottom surfaces that are parallel to the two side surfaces* and a limiting space located on each of the two side surfaces. *See* Ex. 1005, FIG. 3 (annotated on following page); Ex. 1006, ¶¶ [0007], [0030]-[0031], [0033]; Ex. 1003, ¶ 61.” *See* Exhibit 1010, ¶¶ 5-8. It is the sliding slots of the main body that include the limiting spaces and in which the extending arms depicted in FIGS. 5a and 5b of Wu slide (*see* Paper No. 2 at 17, FIG. 5a reproduced below), as required by the claim language.



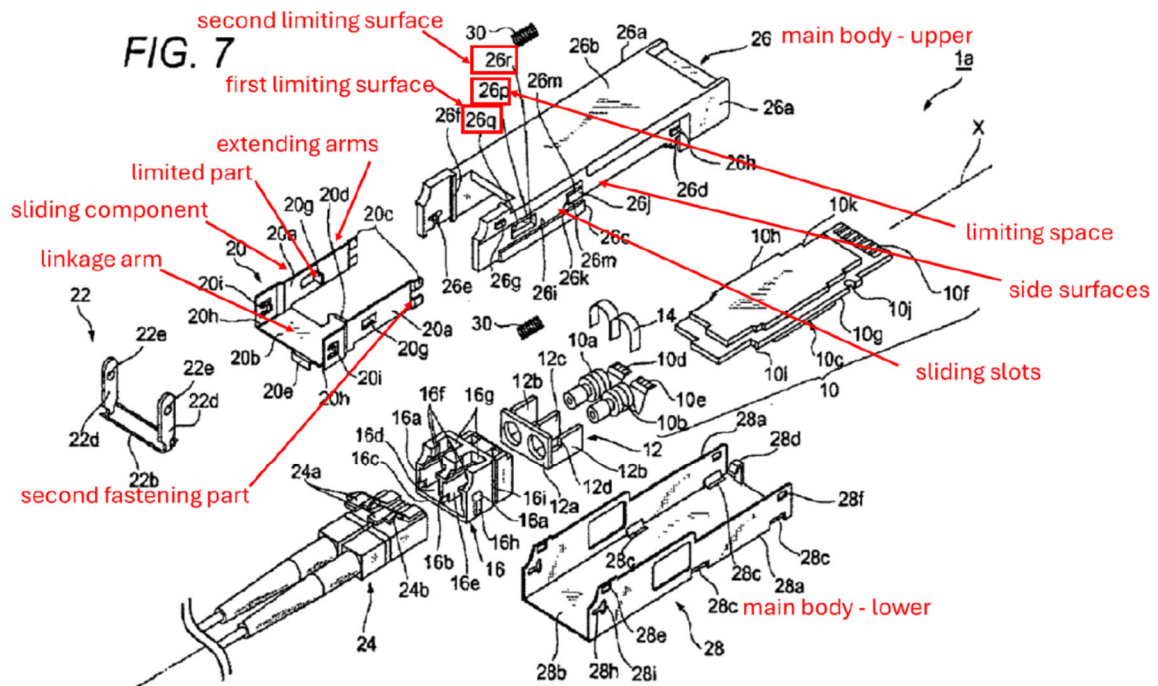
Contrary to Patent Owner’s contention, Wu discloses structure having *precisely* the same orientation and function as the corresponding components 141 (“bottom surfaces”), 140 (“sliding slots”) and 130 (“side surfaces”) depicted in FIG. 3 of the ’826 patent. The Petition plainly shows in annotated FIG. 3, with the call-outs “bottom surface,” “sliding slot” and “side surface” applied to the *lateral* surfaces in the main body of Wu, structures that serve the identical purpose of elements 141, 140 and 130 in the ’826 patent. Accordingly, Wu anticipates all claims of the ’826 patent.

3. Mizue Anticipates All Claims Of The ’826 Patent

Patent Owner’s argument with respect to Mizue fares no better. Patent Owner focuses on a typographical error in ¶ 85 of Ex. 1003, replicated at page 25 of Paper No. 2, which refers to “bottom wall 28b” instead of “groove 26i.”⁵ In so doing, Patent Owner ignores the plain teachings of Mizue. FIG. 7 of Mizue, reproduced and annotated below, plainly shows that sliding slots formed by grooves 26i in the upper

⁵ Dr. Kirk corrects the error in Exhibit 1010, ¶¶ 9-10, submitted herewith.

main body result in “two bottom surfaces (i.e., one on either side) that are parallel to the two side surfaces” with at least one limiting space in the side surface.



Patent Owner seizes on an obvious typographical error while ignoring that the figures of Mizue identically disclose the claimed features. A POSITA would readily understand that Mizue anticipates all claims of the '826 patent.

C. The Process Set Out In Exhibit 2001 May Violate the APA

Petitioner submits that the Director’s Memo dated March 26, 2025, Exhibit 2001, may violate the Administrative Procedures Act (“APA”) because it exceeds the Director’s authority and may violate the America Invents Act (“AIA”).

The AIA does not specifically authorize the Director to deny IPR petitions based on the factors set forth in Ex. 2001. The PTAB’s application of the *Fintiv* factors arguably has already led to unpredictable outcomes among similarly situated IPR petitioners. Ex. 2001 appears to exacerbate that problem by introducing several additional, highly malleable factors. For example, with respect to the guidance provided in Ex. 1011 for expert testimony, Petitioners may face discretionary denial for having either *too much* or *too little* expert testimony – literally, a “Goldilocks’ problem.” The PTAB guidance on expert testimony leaves too great a hazard for Petitioners to “guess wrong,” with dire results.

Further, the procedure set out in Exhibit 2001 may be procedurally invalid because it was issued without complying with the notice-and-comment rulemaking requirements of the APA. *See* 5 U.S.C. § 553(b), (c); 35 U.S.C. §§ 2(b)(2), 316(a).

And finally, discretionary denial is not specifically authorized for any basis other than set forth in 35 U.S.C. § 314(a). The Director lacks absolute discretion regarding whether to institute an IPR; instead that discretion is limited to the bases authorized in 35 U.S.C. § 314; 35 U.S.C. § 316(a)(2). *Cf., SAS Inst., Inc. v. Iancu*, 584 U.S. 357, 363-364 (2018). For these additional reasons Petitioner requests that the Director deny Patent Owner’s request for discretionary denial.

III. CONCLUSION

Petitioner respectfully requests that the Director deny Patent Owner's request for discretionary denial.

Date: May 27, 2025

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CERTIFICATION UNDER 37 C.F.R. § 42.24

Petitioner certifies that the word count in this Petition is 3,831 words, as counted by the word-processing program (Microsoft Word for Office 365) used to generate this paper, where such word count excludes the table of contents, table of authorities, mandatory notices, certificate of service, appendix of exhibits, and this certificate of word count. This paper is in compliance with the 14,000-word limit set in 37 C.F.R. § 42.24(a)(1)(i).

Date: May 27, 2025

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6(e), 42.105, the undersigned hereby certifies that true and correct copies of the above-captioned PETITIONER'S OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL OF INSTITUTION and all associated exhibits were served in their entireties on May 27, 2025, upon the Patent Owner at the correspondence address of record for the subject patent as listed on the USPTO's Patent Center via Priority Mail Express®:

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