

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

JOHNSON CONTROLS INC.,
Petitioner,

v.

FRACTUS S.A.,
Patent Owner.

Case No. IPR2026-00338
U.S. Patent No. 8,738,103

**PETITIONER'S OPPOSITION TO PATENT OWNER'S
REQUEST FOR DISCRETIONAL DENIAL**

Mail Stop: Patent Board
Patent Trial and Appeal Board
United States Patent and Trademark Office
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<u>Exhibit No.</u>	<u>Exhibit Description</u>
1031	U.S. Patent No. 11,031,677 (“the ‘677 patent”)
1032	Johnson Controls International plc, “Johnson Controls Acquires Qolsys, Inc. To Capitalize on Emerging Technologies and Customers Looking for World-class Building Solutions.” (Aug. 2, 2020) <i>available at</i> Johnson Controls Acquires Qolsys, Inc. To Capitalize on Emerging Technologies and Customers Looking for World-class Building Solutions Johnson Controls
1033	“From Underdog to global licensor: How patents help Fractus compete with tech giants.” (June 26, 2026) <i>available at</i> https://ipeurope.org/blog/how-patents-help-fractus-compete-with-global-tech-giants/

I. INTRODUCTION

Petitioner Johnson Controls Inc. (“JCI” or “Petitioner”) submits this Opposition to Patent Owner’s Brief in Support of its Request for Discretionary Denial (Paper No. 10, “Brief” or “Br.”). The Brief asks the Director to deny the Petition for *inter partes* review (“Petition”) of claims 1-11, 13-14, and 16-20 (the “challenged claims”) of U.S. Patent No. 8,738,103 (the “’103 patent”) (Ex. 1001), assigned to Patent Owner Fractus S.A. (“Fractus” or “Patent Owner”).

The Board should not deny institution. First, intervening events since the ’103 patent issued have altered expectations in favor of institution; second, Patent Owner never gave JCI meaningful notice of alleged infringement; third, the Petition challenges only claims that have never been finally adjudicated on the merits; fourth, Patent Owner’s limited licensing history does not justify denial; fifth, JCI alone funds, controls, and directs this Petition and is therefore the only real party in interest (“RPI”); sixth, the merits are strong; and seventh, the Director’s recent discretionary factors favor institution.

II. INTERVENING EVENTS SINCE ISSUANCE OF THE ’103 PATENT FAVOR INSTITUTION

Patent Owner’s “more than twelve years” argument treats patent age as dispositive. It is not. The Director’s discretionary-denial analysis is equitable and case-specific, and the relevant question is not simply how long the patent has existed, but whether “a holistic assessment of all the evidence and arguments presented”

justifies discretionary denial. *Twitch Interactive, Inc. v. Razdog Holdings LLC*, IPR2025-00307, Paper 18 at 3 (P.T.A.B. May 16, 2025). Here, a holistic assessment requires the Board to account for the material change in expectations caused by the Board's October 2025 decision to institute IPR2025-01026 (Paper 20) for review of U.S. Patent No. 11,031,677 (the "'677 patent"). JCI filed the present Petition approximately six months later. That timing shows diligence, not delay.

The substantial similarity between the challenged claims in this Petition and the challenged claims of the '677 patent¹ is critical. The '103 patent independent claims challenged here recite antenna-contour limitations "defined by complexity factor F_{21} having a value of at least 1.20 and complexity factor F_{32} having a value less than 1.75." Ex. 1001 at claims 1, 6, and 16. The '677 patent's independent claims recite these same limitations. Ex. 1031 at claims 1, 6, 12. Those shared features are distinctive limitations of Fractus's patent family.

The Board's recent determination that these recited elements warrant review reasonably altered expectations about whether similar '103 patent claims were susceptible to PTAB review as well. Together with Patent Owner's voluntary cancellation of claims 12 and 15, which do not recite "complexity factor," the Board's institution decision for the '677 patent's "complexity factor" claims

¹The Board instituted review of claims 1-20 of the '677 patent. IPR2025-01026, Paper 20 at 74.

undermined any claimed settled expectation of validity and reinforced that the remaining '103 patent claims should be reviewed on the merits.

III. JCI NEVER RECEIVED MEANINGFUL NOTICE OF INFRINGEMENT

The Board should also reject any suggestion that JCI delayed after receiving meaningful notice of infringement. Patent Owner asks the Board to infer that JCI has known of the '103 patent since at least 2021 because Patent Owner filed a complaint against ADT—not JCI or Qolsys. But Patent Owner never shows that they notified JCI or that JCI otherwise knew of the allegations. Patent Owner *never*: filed a complaint against JCI, sent JCI a cease-and-desist letter, emailed JCI, called JCI, or otherwise communicated with JCI about alleged infringement of the '103 patent.

Even if Patent Owner could establish earlier awareness of the '103 patent, the timing still would not favor denial. Patent Owner's decision to sue ADT and Vivint—not JCI or Qolsys—reasonably indicated that Patent Owner was targeting residential home-security and monitoring companies, not companies like JCI whose business is broad, and who do not sell directly to consumers. That inference was especially reasonable because Patent Owner identified Qolsys products as exemplary infringing products but still never sued Qolsys or JCI. Br. 7-8. JCI had no reason to preemptively seek IPR against the surviving '103 claims until circumstances changed. They changed only when the Board instituted *inter partes*

review of the '677 patent in October 2025, after which JCI promptly and diligently filed this IPR.

IV. PETITIONER SEEKS INSTITUTION ON CLAIMS NEVER PREVIOUSLY ADJUDICATED ON THE MERITS

The Board should give substantial weight to the fact that this Petition concerns claims never previously adjudicated on the merits. Patent Owner argues in favor of denial because the '103 patent has previously been the subject of two post-grant proceedings—the Vivint '087 IPR and the '500 *ex parte* reexamination. But neither proceeding addressed the claims that JCI challenges now and which recite “complexity factor” limitations.

JCI's current Petition challenges claims 1-11, 13-14, and 16-20. By contrast, the earlier Vivint '087 IPR challenged only claims 12 and 15 (Ex. 1007-0002), and the *ex parte* reexamination likewise addressed only claims 12 and 15. Ex. 1004-0004. Those earlier proceedings did not produce a merits determination on the challenged claims now at issue. The Board terminated the Vivint '087 IPR before institution and expressly stated that its termination order “does not constitute a final written decision under 35 U.S.C. § 318(a).” Ex. 1007-0003. As for the '500 reexamination, Patent Owner voluntarily canceled claims 12 and 15 (Ex. 1006-0004), and the '103 patent reexamination certificate expressly states that “Claims 1-11, 13, 14, and 16-20 were not reexamined.” Ex. 1003-0002. The present Petition

therefore asks the Board to evaluate a claim set that no prior Board institution decision or merits determination has resolved.

That distinction is decisive here. Patent Owner cannot rely on proceedings directed to now-cancelled claims 12 and 15 to shut the door on review of claims 1-11, 13-14, and 16-20, especially where those current claims were expressly left outside the reexamination and outside the pre-institution termination order. Notably, Patent Owner has itself previously asserted that “claims 1-11, 13, 14 and 16-20 remain in force and patentable due *at least* to their recitations that are patentably distinct from those of claims 12 and 15.” Ex. 1006-0004. Indeed, the claims at issue now are “patentably distinct” because claims 12 and 15 do *not* recite the “complexity factor” limitations. The Board should decide the Petition before it, not a different, earlier challenge to a different set of claims.

V. PATENT OWNER’S LICENSING EVIDENCE DOES NOT JUSTIFY DENIAL

Patent Owner’s licensing evidence likewise does not support discretionary denial. The Vivint and ADT agreements were litigation settlements reached before the Board instituted review of the related ’677 patent complexity-factor claims. Fractus announced its Vivint licensing deal on February 19, 2024. Ex. 2010. Fractus announced its ADT licensing deal on October 2, 2024, the same day the ADT case was dismissed with prejudice. Ex. 2012. Those settlements therefore cannot show

that Patent Owner had a settled expectation, after the Board’s decision to institute review of related “complexity factor” claims in the ’677 patent.

The later RPX agreement also does not change the analysis. Fractus announced that agreement on February 11, 2026 (Ex. 2013), but that announcement does not show that institution would disrupt any established domestic manufacturing business. Unlike JCI, Patent Owner is a Barcelona-based company with a business model built around obtaining, enforcing, and licensing patents; it does not practice its intellectual property through domestic manufacturing. Ex. 1033. A non-practicing, licensing-oriented record of that kind does not justify denying JCI access to IPR for claims that have never been reviewed on the merits.

VI. JCI ALONE FUNDS, CONTROLS, AND DIRECTS THIS PETITION AND IS THEREFORE THE ONLY RPI

JCI—not Qolsys—is the RPI. The RPI inquiry is a practical, highly fact-dependent inquiry that asks whether a non-party had an opportunity to control or actually controlled the petition, whether it funded or directed the proceeding, and whether the petitioner is acting as a proxy for the non-party. *See Ventex Co. v. Columbia Sportswear N. Am., Inc.*, IPR2017-00651, Paper 148 at 6–8 (P.T.A.B. Jan. 24, 2019); *Taylor v. Sturgell*, 553 U.S. 880, 893–95 (2008).

The petitioner here is Johnson Controls Inc., which alone controls, funds, and directs its petition. Patent Owner identifies no evidence that Qolsys funded the

Petition, directed the Petition, controlled the Petition, selected the grounds, retained counsel, or otherwise exercised or had the opportunity to exercise control over this proceeding. That is because it cannot. Qolsys is a wholly-owned subsidiary of JCI, operates under JCI's corporate umbrella, and is subject to JCI's authority. For example, JCI "offer[s] Qolsys products throughout global markets." Ex. 1032-001. Patent Owner even admits that "Petitioner refers to the Qolsys products as its own products[.]" Br. at 9.

Moreover, Patent Owner has not served Qolsys with a complaint alleging infringement of the '103 patent, so § 315's purposes—safeguarding patent owners from belated administrative attacks by related parties under § 315(b)—are not implicated. The absence of any time-bar allegation underscores that Patent Owner's RPI argument is not a genuine threshold issue but a discretionary-denial tactic. Nothing in the cited record suggests that Qolsys acted as a separate actor directing, funding, or controlling this IPR, and Patent Owner has not shown any basis to treat Qolsys as an unnamed real party in interest.

VII. THE MERITS ARE NOT A BASIS FOR DISCRETIONARY DENIAL

The merits support institution. To start, Patent Owner devotes only a conclusory paragraph to its merits position, while the Petition and Dr. Tentzeris's declaration provide detailed claim-by-claim analysis explaining why the challenged claims are invalid. JCI's Petition addresses the prosecution history, the prior Vivint

IPR, the *ex parte* reexamination, claim construction, the challenged claims, the prior art, motivation to combine, and the unpatentability grounds asserted against the surviving claims. That record is the *opposite* of a facially weak petition.

Moreover, as discussed above, the Board’s decision to institute *inter partes* review of the ’677 patent further confirms the strength of JCI’s merits-based arguments. The Board has already determined that the same prior-art antenna—Ex. 1014—asserted in the present Petition provides a sufficient basis to institute review of claims reciting “complexity factor” limitations.

Finally, the Director need not resolve every merit dispute in the discretionary-denial phase. If Patent Owner believes that the Petition’s prior-art mapping, motivations to combine, or expert opinions are deficient, those arguments can be addressed in the ordinary institution analysis. For now, Petitioner stands on the detailed showing in the Petition and the supporting declaration.

VIII. THE DIRECTOR’S RECENT GUIDANCE REGARDING DISCRETIONARY FACTORS FAVORS INSTITUTION

The March 11, 2026 memorandum issued by Director Squires identifies additional considerations relevant to discretionary denial, including the extent of investment and reliance, domestic manufacturing and economic interests, and whether institution would advance the efficiency and integrity of the patent system. *See* Memorandum from John A. Squires, Director of the USPTO, Guidance on

Discretionary Denial (Mar. 11, 2026). Recent Office guidance and Board practice likewise recognize that discretionary denial should not be used to shield claims from review where doing so would undermine consistency, predictability, and the proper use of Office resources. Those considerations favor institution here.

Institution would permit the Board to evaluate claims that have never been tested in a prior '103 patent merits proceeding while promoting coherence across related Fractus patent families that employ the same “complexity factor” limitations.

The domestic-interest considerations also favor institution. JCI was founded in Milwaukee, Wisconsin in 1885, and it continues to maintain deep roots and substantial manufacturing operations in the United States.

By contrast, Patent Owner is a Barcelona-based entity with no domestic manufacturing enterprise that would be disrupted by institution. Patent Owner's Executive Chairman and IP Europe SME Chair has stated that intellectual property rights are its “core business,” generating more than \$200 million in royalties, and that Patent Owner has “generated significant royalty income from licensing, rather than selling products.” Ex. 1033, at 3. Patent Owner's U.S.-facing activity is licensing-focused. Patent Owner's evidence of licensing revenue and settlements may show a monetization program, but it does not show domestic product investment, U.S. manufacturing, or head-to-head competition that would be impaired by institution.

Denying institution would reward Patent Owner's cancellation of the only previously challenged '103 patent claims, insulate different surviving claims that were never reviewed, and leave unresolved important validity questions tied to the same family-wide "complexity factor" framework. That result would not serve the efficiency or integrity of the patent system. *See Apple Inc. v. Fintiv*, IPR2020-00019, Paper 11 at 6 (P.T.A.B. Mar. 20, 2020).

IX. CONCLUSION

For all the foregoing reasons, Fractus S.A.'s request for discretionary denial should be denied.

Dated: July 22, 2026

Respectfully submitted,

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CERTIFICATE OF PAGE LIMIT

The undersigned certifies that Petitioner's Opposition to Patent Owner's Request for Discretionary Denial complies with the 20-page limit provided in Section III.C.iii of the Interim Director Discretionary Process guidance available at <https://www.uspto.gov/patents/ptab/interim-director-discretionary-process>.

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CERTIFICATE OF SERVICE

Pursuant to 37 CFR §§ 42.6(e)(4)(i) *et seq.* and 42.105(b), the undersigned certifies that on July 22, 2026, a complete and entire copy of Petitioner's Opposition to Patent Owner's Request for Discretionary Denial was provided to Patent Owner as follows:

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