

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTELLIGENT WELLHEAD SYSTEMS, INC.,
Petitioner,

v.

DOWNING WELLHEAD EQUIPMENT, LLC,
Patent Owner.

PGR2025-00002
U.S. Patent No. 12,134,952

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW

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I. INTRODUCTION

Pursuant to 37 C.F.R. § 42.75, Patent Owner Downing Wellhead Equipment, LLC (“Patent Owner”) respectfully requests Director Review of the Board’s decision (Paper 15, “ID”) granting institution of post-grant review (“PGR”) of claims 1-78 of U.S. Patent No. 12,134,952 (“the ’952 Patent”). As detailed below, the Board abused its discretion by instituting an inefficient PGR that creates an unjustifiable burden on both the Patent Owner and the Board. As an initial matter, the Petition filed by Intelligent Wellhead Systems, Inc. (“Petitioner”) should never have been considered—it exceeds the word count limit by more than **4,300 words**. *See* Paper 4 at 3 (motion to waive word count). The Board only agreed to consider the overly long Petition on the presumption that it would be “efficient”—but institution here would be anything but. *See* Paper 13 at 5 (Order granting motion).

The Petition presents ***ten grounds*** covering ***78 claims*** including a § 101 ground, four different § 112 grounds, and five §§ 102/103 grounds applying five prior art references. Paper 2 at 8-9 (“Petition”). In the Institution Decision, the Board identified deficiencies in at least ***half the grounds***—yet elected to press forward on the alleged strength of only two:

Ground	Claims	Basis	Preliminary ruling
1	All	§ 101	Identified deficiency
2	All	§ 112 (conditions)	Identified deficiency
3	1-57, 62, 69, 76	§ 112 (pressure)	Did not take position
4	16-19, 35-38, 54-78	§ 112 (dashboard)	Did not take position
5	4-5, 23-24, 42-43, 60-61, 67-68, and 74-75	§ 112(d)	Identified deficiency
6	All	§ 103 (Christie)	Identified deficiency
7	All	§ 103 (Christie, Pitcher, and Al-Salmani)	Did not consider § 325(d)
8-9	All	§ 102/103 (Krupa)	Met threshold -- but did not consider § 102(b)(2) exception
10	All	§ 103 (Krupa, FS-Video, and Al-Salmani)	Identified deficiency

Moreover, for Grounds 8-9 that allegedly met the institution threshold, the Board's analysis misapplied the *Dynamic Drinkware* burden shifting framework and improperly evaluated the substance of Krupa without first considering Patent Owner's disqualification argument under § 102(b)(2).

The Board further erred by refusing to consider Patent Owner's § 325(d) argument because it only applies to two grounds out of ten. If anything, forcing Patent Owner to re-litigate adjudicated issues in the context of an already burdensome PGR is even *more* unfair.

Given that efficiency and the current workload needs of the PTAB are

important statutory and policy priorities¹, instituting PGR here reflected an abuse of discretion. Director Review is therefore warranted; on review, the Director should reverse the Institution Decision and deny institution of the PGR.

II. LEGAL STANDARD FOR DIRECTOR REVIEW

“Requests for Director Review of a Board’s decision on institution...shall be limited to decisions presenting (a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law.” *See* USPTO, Director Review Process at 2.B, Availability of Director Review: Proceedings Under Part 42 of 37 C.F.R. (last modified May 23, 2025). An abuse of discretion is found if a decision: (1) is clearly unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly erroneous fact finding; or (4) involves a record that contains no evidence on which the Board could rationally base its decision. *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1367 (Fed. Cir. 2016).

III. THE BOARD ABUSED ITS DISCRETION BY INSTITUTING A PROCEEDING THAT IS AN INEFFICIENT USE OF RESOURCES

A. The Board routinely denies petitions with an insufficient number of meritorious challenges

¹ *See, e.g.*, Memorandum from Acting Director Stewart, *Interim Processes for PTAB Workload Management* (Mar. 26, 2025).

35 U.S.C. § 326(b) requires “the efficient administration of the Office.” *See also* 37 C.F.R. § 42.1(b) (requirement to construe rules to “secure the just, speedy, and inexpensive resolution of every proceeding”). The informative *Chevron* and *Deeper* decisions reflect this efficiency requirement by holding that denial of institution is warranted when a petition presents an insufficient number of challenges that meet the institution standard. *Chevron Oronite Co. LLC v. Infineum USA L.P.*, IPR2018-00923, Paper 9 (Nov. 7, 2018) (informative) (“*Chevron*”) and *Deeper, UAB v. Vexilar, Inc.*, IPR2018-01310, Paper 7 (Jan. 24, 2019) (informative) (“*Deeper*”). The Board erred here by instituting a petition that presents an insufficient number of meritorious challenges.

The Petition raises ten grounds of unpatentability, including unpatentability under § 101, four different challenges under § 112, and five different challenges based on five prior art references under §§ 102/103. Petition, 5-6. But the Institution Decision only determined two out of ten grounds met the higher “more likely than not” standard for institution. ID, 17-26. Critically, the Board identified deficiencies in ***five out of the remaining eight grounds***:

- Ground 1: “[W]e are not convinced ‘opening/closing valves’ is an abstract idea” (ID, 28);
- Ground 2: “[W]e tend to agree with Patent Owner” that the ’952 specification discloses one or more conditions (*Id.*, 32-33);

- Ground 5: “Patent Owner is correct that the independent claims do not affirmatively recite a ‘determining’ step” (*Id.*, 36);
- Ground 6: “[A]t this preliminary stage, it does not appear that Petitioner has shown that it is more likely than not that Christie discloses” limitation 1.3.2 (*Id.*, 38);
- Ground 10: “At this preliminary stage, we tend to agree with Patent Owner that FS-Video does not disclose what is required by limitation 1.3.2” (*Id.*, 41).

Compared to the two grounds that allegedly met the institution standard (Grounds 8 and 9), the five grounds the Board identified as deficient reflect challenges to 78 claims based on § 101, § 112, and § 103 and include an additional four prior art references. Under these circumstances, denial is warranted under the efficiency principles outlined in *Chevron* and *Deeper*. Indeed, the Board has relied on *Chevron* and *Deeper* to deny institution in far less egregious cases.

For example, recently, in *Samsung Electronics Co., Ltd. v. KP Innovations 2, LLC*, IPR2025-00101, Paper 13 at 5, 27-28 (May 12, 2025), the Board denied institution where the petition had challenged only *four* claims under *four* grounds of unpatentability, but had at best shown a reasonable likelihood of prevailing on one ground. Despite the few claims and few grounds at issue, the Board determined “it would not be an efficient use of the Board’s time and resources to

institute review.” *Id.* at 27. And in *Reed Semiconductor Corp. v. Monolithic Power Systems, Inc.*, IPR2024-00871, Paper 6 at 9, 24 (Nov. 26, 2024), the Board denied institution where the petition had challenged only *seven* claims under *five* grounds, but had at best shown a reasonable likelihood of prevailing on one ground. Here again, the Board determined “instituting a trial with respect to all grounds and all the challenged claims based on evidence and arguments directed only to Ground 1 would not be an efficient use of the Board’s time and resources.” *Id.* at 24.

Likewise, in *Evergreen Theragnostics, Inc. v Advanced Accelerator Applications SA*, PGR2021-00001, Paper 12 at 6, 18-19 (Apr. 14, 2021), the Board denied institution where petitioner only met its burden on two out of nine grounds, even though one of those two grounds covered all challenged claims. *See also Par-Kan Co., LLC v Unverferth Mfg. Co., Inc.*, IPR2024-01426, Paper 10 at 5-6, 14-15 (Mar. 19, 2025) (denying institution where petitioner only established a reasonable likelihood of success for one out of eight claims); *Sling TV L.L.C. v. Uniloc 2017 LLC*, IPR2019-01391, Paper 7 at 3, 25-27 (Feb. 25, 2020) (denying institution where, at best, petitioner would have established a reasonable likelihood of success on one out of seven claims).

Here, the Board abused its discretion by instituting a PGR on ***ten grounds*** covering ***78 claims*** (including a § 101 ground, four different § 112 grounds, and five §§ 102/103 grounds) where Petitioner only allegedly met its burden for ***two***

grounds and five grounds have acknowledged deficiencies. Institution would be an extremely inefficient use of the Board's time and resources and thus contrary to *Chevron* and *Deeper*.

B. This PGR would be unduly burdensome on Patent Owner

Given that *SAS Institute Inc. v. Iancu*, 584 U.S. 357 (2018) requires instituting a petition on all grounds and all claims—even grounds that do not meet the standard for institution—instituting in this case would be unduly burdensome for Patent Owner. Patent Owner will be forced to repeatedly address all 78 claims for *each* ground, including those *five* the Board has already deemed deficient.

This undue burden is compounded by three circumstances unique to this case. First, the Petition exceeds the PGR word count by over 4,300 words and thus the Board has authorized a Patent Owner Response of **23,020 words**. Paper 13 at 6. Requiring Patent Owner to brief at least five grounds not worthy of institution in an over-long Response is hardly “efficient.” Second, institution here forces Patent Owner to relitigate prior art references (Pitcher and Al-Salmani) that are cumulative of a reference (Jackson) that the Board already found to be lacking in IPR2024-00256 and IPR2024-00583. *See infra* § IV. Third, the '952 Patent has not been asserted against Petitioner in district court. *See* Paper 8 at 2-3. That is, Petitioner elected to file a shotgun style Petition challenging every claim under every possible ground instead of waiting to determine the relevant claims and

issues when the '952 Patent is asserted (if ever). In sum, it is fundamentally unfair to make Patent Owner fight an overly long PGR where at least half the grounds have already been deemed deficient.

C. Congress intended to exclude inefficient PGR petitions

Congress created a higher standard for PGR institution specifically to weed out inefficient petitions such as the one presented here. Unlike with *inter partes* review, where the Board may institute under a “reasonable likelihood” standard, post-grant review requires a petition to meet the “more likely than not” standard. *Compare* 35 U.S.C. § 314(a), *with* 35 U.S.C. § 324(a). The Office has recognized that the “more likely than not” standard is higher and “requires greater than a 50% chance of prevailing.” *Message from Chief Judge James Donald Smith, Board of Patent Appeals and Interferences: USPTO Discusses Key Aspects of New Administrative Patent Trials*, published May 21, 2012 (<https://www.uspto.gov/patents/laws/america-invents-act-aia/message-chief-judge-james-donald-smith-board>).

This understanding is consistent with the legislative history. For example, Senator Kyl explained that the “more likely than not” standard was implemented “to weed out marginal challenges and preserve the [Patent Office’s] own resources, and that a higher threshold would also force parties to front-load their cases, allowing these proceedings to be resolved more quickly.” 157 Cong. Rec. S1041

(Mar. 1, 2011). Senator Kyl has elaborated further, noting that post-grant specific issues such as enablement and § 101 “may require development through discovery,” and the higher standard “ensure[s] that petitioners raising such issues present a complete case at the outset, and are not relying on obtaining information in discovery in the post-grant review in order to satisfy their ultimate burden of showing invalidity by a preponderance of the evidence.” 157 Cong. Rec. S1375 (Mar. 8, 2011); *see also* 157 Cong. Rec. S5428 (Sept. 8, 2011) (Senator Leahy stating that the “more likely than not” standard was a “higher standard for post issuance review” that was “created to make it even more difficult for these procedures to be used as tools for harassment”).

Thus, the “more likely than not” standard for PGRs was intended to preserve the Board’s resources, allow for more efficient proceedings, and prevent petitioners from filing petitions that are not fully developed and serve only to harass patent owners. Given these considerations, the Board abused its discretion in instituting the PGR when only two of the ten grounds in the Petition met the higher “more likely than not” standard. This is especially true considering that these two grounds also suffer from deficiencies, as discussed *infra* in § V. Institution in this case is an inefficient use of the Board’s resources and allows Petitioner to harass Patent Owner by filing an overly burdensome Petition with underdeveloped and deficient challenges.

IV. THE BOARD FAILED TO CONSIDER DISCRETIONARY DENIAL UNDER § 325(D) IN THE CONTEXT OF THE ENTIRE PETITION

Grounds 7 and 10 relied on prior art references Pitcher and Al-Salmani, which are cumulative to another reference—Jackson—that the Board previously considered and rejected in IPR2024-00256 and IPR2024-00583 (challenging the '952 Patent's grandparent). Paper 14 at 45-49 ("POPR"). These previous IPRs were also filed by Petitioner.

Petitioner's attempt, without justification, to re-litigate issues the Board previously adjudicated raises efficiency and fairness concerns under § 325(d). Yet, rather than addressing Patent Owner's arguments, the Board declined, stating:

After *SAS Institute, Inc.*, 584 U.S. at 371, however, we consider institution of the entire petition, not on a ground-by-ground basis. Petitioner presents ten grounds against the challenged claims, only two of which involve Pitcher or Al-Salmani at all. Because Patent Owner's arguments for discretionary denial under § 325(d) at best implicate only the grounds including Pitcher or Al-Salmani (i.e., Grounds 7 and 10), we determine that § 325(d) is not sufficiently implicated such that its statutory purpose would be undermined by instituting here. Accordingly, Patent Owner's argument based on § 325(d) is not persuasive.

ID, 12. Although it is true that Patent Owner's § 325(d) arguments only apply to Grounds 7 and 10, these arguments have a significant impact on the overall efficiency of the proceeding. Had the Board properly considered § 325(d), it would have determined that Grounds 7 and 10 were also deficient on this basis, resulting in the Petition including at least *six* deficient grounds.

The Board's approach of dismissing § 325(d) is also inconsistent with *Advanced Bionics, LLC v. Med-El Electromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (Feb. 3, 2020) (precedential)). There, the Board considered the Petitioner's two different grounds of unpatentability separately when analyzing whether the same art was previously presented to the Office and whether the Petitioner demonstrated the Office erred for § 325(d). *Id.* at 6, 13-22.

Here, the Board erred by not considering Patent Owner's § 325(d) arguments regarding Pitcher and Al-Salmani for Grounds 7 and 10 even though these arguments did not implicate the other eight grounds. Had the Board considered Patent Owner's arguments, the Board would have determined that Petitioner failed to demonstrate error in the Board's previous consideration of the Jackson reference. Indeed, in this proceeding, this argument is unrebutted in light of Petitioner's choice not to request a Preliminary Reply. Full consideration of Patent Owner's § 325(d) arguments would have firmly established that Petitioner failed to meet its burden in showing Grounds 7 and 10 met the institution standard. This would have reinforced the inefficiency in instituting the Petition, as the Petitioner's inclusion of the weak Grounds 7 and 10, in addition to the other deficient grounds discussed above, raises even greater efficiency and fairness concerns.

Accordingly, it was fundamentally unfair for the Board to dismiss Patent Owner's § 325(d) arguments simply because they did not implicate the other eight

grounds of the Petition. Making Patent Owners re-litigate cumulative prior art references is exactly what § 325(d), and the Board's discretionary denial precedent in *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 at 17, 21-22 (Dec. 15, 2017) (precedential as to § III.C.5, first paragraph) and *Advanced Bionics* were intended to prevent.

V. THE BOARD ERRED IN ANALYZING THE '952 PATENT'S PRIORITY DATE AND KRUPA'S PRIOR ART STATUS

Petitioner has repeatedly relied upon the Krupa reference as prior art in proceedings between the parties involving the '952 Patent family, including in a Colorado district court action and the IPRs challenging U.S. Patents 11,401,779 and 11,560,770.² And, as Patent Owner has repeatedly illustrated, key portions of Krupa are not prior art because they were (i) obtained from the inventors of the '952 Patent family and (ii) publicly disclosed by Patent Owner's own website. The Preliminary Response in this proceeding focused on the latter and established, with detailed evidence, that those portions of Krupa are not prior art under § 102(b)(2). POPR, 52-66. Without those portions of Krupa, Petitioner could not have met the "more likely than not" institution threshold. Yet, in determining that the Krupa Grounds (8-9) met the institution threshold, the Board improperly skipped to the

² *Downing Wellhead Equipment, LLC v. Intelligent Wellhead Systems Inc. et al.*, No. 1-23-cv-01180 (D.Co.); IPR2024-00300; IPR2024-00256.

substance of Krupa without first evaluating whether Krupa was disqualified under § 102(b)(2). ID, 17-26. This error resulted from a misapplication of the *Dynamic Drinkware* burden shifting framework.

In more detail, the Board first determined that Krupa was § 102(a)(1) prior art because Krupa was published before the '952 Patent's actual filing date. ID, 18, 23. The Board stated that "Petitioner met its initial burden of production in establishing that Krupa is prior art under 35 U.S.C. § 102(a)(1), and the burden of production then shifted to Patent Owner to antedate the reference." *Id.* at 18. The Board then recognized that, to antedate a reference, "the patent owner bears the burden of producing evidence supporting an invention date before the reference's effective date." *Id.* at 19 (citations omitted). The Board erred at this point because it erroneously determined that "Patent Owner does not offer any argument or evidence to show that any claim of the '952 patent is entitled to the May 17, 2021, priority date of the '663 provisional (or any other priority date)." *Id.* at 20. Patent Owner in fact ***met that burden*** in the Preliminary Response by presenting argument and evidence showing how the '952 Patent and its provisional application provided § 112 written description support for the disputed limitations. POPR, 34-39. The Board erred by failing to consider that argument and evidence, and, as a result, determining that Krupa is § 102(a)(1) prior art. *See* ID, 17-21.

The Board next erred by failing to consider Patent Owner's arguments that

Krupa was disqualified as prior art under § 102(b)(2) and stating that Krupa can only be disqualified as prior art under § 102(b)(1) based on Krupa's status as § 102(a)(1) prior art. ID, 21-23. As explained above, Patent Owner provided argument and evidence to meet its burden of production to antedate the Krupa reference and establish the '952 Patent's earlier priority date. As such, Krupa cannot be considered § 102(a)(1) prior art, and must be evaluated as § 102(a)(2) prior art. Because the Board failed to evaluate Krupa as § 102(a)(2) prior art and failed to consider Patent Owner's arguments that Krupa is disqualified as § 102(b)(2) prior art based on prior public disclosure, the Board also erred.

The Board's errors in evaluating the '952 Patent's priority date and Krupa's prior art status means that it did not properly consider whether it was "more likely than not" that Krupa is prior art for Grounds 8 and 9 of the Petition. ID, 26. But, importantly, even if the Board had not erred on the Krupa grounds, those two grounds are not sufficient justification to institute a PGR with ten grounds, five of which have acknowledged deficiencies.

VI. CONCLUSION

For the foregoing reasons, this PGR proceeding would be an inefficient use of the Board's time and resources and an unjustifiable burden on Patent Owner. Thus, Director Review is warranted; and on review, the Director should reverse the Institution Decision and deny institution of the PGR.

Respectfully submitted,

Dated: June 5, 2025
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CERTIFICATE OF SERVICE

This will certify that pursuant to 37 C.F.R. § 42.6(e), a true and correct copy of the foregoing was served on Petitioner as detailed below:

Date of Service June 5, 2025

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