

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GD ENERGY PRODUCTS, LLC

Petitioner,

v.

KERR MACHINE COMPANY

Patent Owner.

PGR2025-00031

U.S. Patent 12,152,582

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

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EXHIBIT LIST

Exhibit No.	Description
2001 to 2100	RESERVED
2101	<i>Kerr Machine Co. v. SPM Oil & Gas Inc. et al.</i> , C.A. No. 4:21-cv-1191, Dkt. 1 (N.D. Tex. Oct. 28, 2021)
2102	“Gardner Denver High Pressure Solutions Becomes GD Energy Products,” available at https://gdenergyproducts.com/news/gardner-denver-high-pressure-solutions-becomes-gd-energy-products , last accessed and printed on April 28, 2025.
2103	<i>Gardner Denver Petroleum Pumps, LLC v. Premium Oilfield Techs. LLC</i> , 6:21-cv-864, Dkt. 1 (W.D. Tex. Aug. 17, 2021)
2104	Assigned Properties, Kerr Machine Co., available at https://assignment.uspto.gov/patent/index.html#/patent/search (assignee search: Kerr Machine Co.) last accessed and printed on April 28, 2025
2105	Assigned Properties, GD Energy Products, LLC, available at https://assignment.uspto.gov/patent/index.html#/patent/search (assignee search: GD Energy Products, LLC) last accessed and printed on April 28, 2025
2106	Disclaimer under 37 C.F.R. § 1.321(a) U.S. Patent No. 12,152,582 (claim 15), filed April 28, 2025

I. Introduction and Summary of Argument

Pursuant to Acting Director Stewart’s March 26, 2025 Memorandum titled “Interim Processes for PTAB Workload Management” (“Workload Memo”), Patent Owner Kerr Machine Company (“Kerr”) respectfully requests that the Director exercise discretion and deny institution of *inter partes* review.

The Workload Memo states that—in addition to the discretionary considerations set forth in existing Board precedent (e.g., *Advanced Bionics*) and the Consolidated Trial Practice Guide (Nov. 2019)—the Director will take into account “all relevant considerations,” including but not limited to the strength of the unpatentability challenge, the extent of the petitioner’s reliance on expert testimony, compelling economic and national security interests, and the ability of the PTAB to comply with its statutory deadlines. Workload Memo, 2-3. Given the circumstances presented here, discretionary denial is warranted based on these and other considerations.

First, unlike virtually all other IPR and PGR proceedings, there are no pending infringement claims against GD Energy Products (collectively, “GDE”). No actual case or controversy exists because Kerr has never threatened to sue GDE for infringement of U.S. Patent 12,152,582 (“’582 Patent”). Given “the current workload needs of the PTAB” and consideration of “the ability of the PTAB to comply with ... its statutory deadlines for AJA proceedings” (*id.*), institution should

be discretionarily denied so that the Board may prioritize proceedings involving patents that have either been asserted or clearly alleged to be infringed. Indeed, post grant proceedings can only serve as a “true alternative” to district court proceedings when a legitimate basis for litigation exists. *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020) (precedential).

Second, there are compelling economic and national security interests favoring the exercise of discretion. There is a robust economic interest in encouraging innovation by allowing manufacturers, such as Kerr, to patent and protect their novel technologies, which protects and generates revenue for further research and development of new patentable technologies. There is also a strong national security interest in patented technology that improves U.S. oil and gas production, which is critical to U.S. independence from foreign oil. GDE’s strategy of arbitrarily targeting valuable patents in Kerr’s portfolio such as the ’582 Patent is an improper attempt to undermine these interests.

Third, the Petition relies extensively on unfocused expert testimony, including blocks cites to large portions of the supporting expert declaration. Pursuant to the Workload Memo, this consideration weighs in favor of discretionary denial.

In summary, given the current workload needs of the Board, the burden that the Petition places on the Board when combined with the foregoing considerations makes discretionary denial appropriate here.

II. Although the Parties are Competitors, there has been no Allegation or Suggestion of Infringement.

Patent Owner Kerr Machine Company is an Oklahoma-based oil field supply company and a leading manufacturer of high-pressure piston and plunger pumps since 1946. Kerr has developed a significant market share through a strong commitment to innovation, which in turn has allowed Kerr to offer better products with increased operating hours at lower prices than its competitors, such as GDE. Ex. 2101 at 3.

Kerr has devoted substantial resources to development activities designed to improve the state of the art in fluid ends, which are the fluid-handling components of pumps used primarily for drilling and hydraulic fracturing operations in the oilfield services industry. *Id.* Kerr has also invested heavily in securing patent protection for its innovative designs, and is the assignee of numerous patents. Ex. 2104.

Petitioner GDE is a competitor to Kerr in the fluid end manufacturing space. GDE was previously the high pressure division of Gardner Denver and touts itself as a 150+ year old company and world leader in pumping technology and services. Exs. 2102, 2103 at 3. Like Kerr, GDE considers its competitiveness to depend in large part on its research and development activities, which GDE contends allows it to successfully develop and launch new products. Ex. 2103 at 3. Also like Kerr, GDE protects its research and development investments by filing and securing patents.

Ex. 2105.

Despite the competition between the companies, Kerr has never suggested or remotely hinted to GDE that it may be infringing the '582 Patent, or may need a license to the '582 Patent. There is no case or controversy between the parties regarding infringement of the '582 Patent.

III. Discretionary Denial Is Warranted

It is well-settled that institution of IPR is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“the PTO is permitted, but never compelled, to institute an IPR proceeding”); *see also* 35 U.S.C. § 314(a) (“[t]he Director may not authorize an inter partes to be instituted unless...”); *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”). In determining whether to exercise discretion to deny institution, the Director “consider[s] the effect of any such regulation [under this section] on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.” 35 U.S.C. § 316(b).

Consistent with this authority, the Workload Memo makes clear that the Director will consider “all relevant considerations” in determining whether discretionary denial is warranted, including, but not limited to, the extent of the

petitioner's reliance on expert testimony, compelling economic and national security interests, and the ability of the PTAB to comply with its statutory deadlines. Workload Memo, 2-3. Discretionary denial is warranted here based on these and other relevant discretionary considerations.

A. The absence of a clear infringement dispute favors exercising discretion to deny institution.

Inter partes review proceedings are designed to serve as a “true alternative” to district court proceedings. *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020) (precedential). In virtually all IPR and PGR petitions filed that is the case—there is a clear case or controversy based on an existing or threatened patent infringement lawsuit. Indeed, of the 431 IPRs and PGRs filed between January 1 and April 17 of this year, nearly **90%** involved a patent asserted by the petitioner in district court litigation. Ex. 2115.¹

This proceeding—including any instituted trial—cannot serve as a “true alternative” to district court proceedings, as there is no district court case or any controversy whatsoever involving the '582 Patent. *Sotera Wireless, Inc.*, IPR2020-01019, Paper 12 at 19. Indeed, Kerr has not asserted the '582 Patent against GDE.

¹ Counsel for Kerr manually reviewed the 431 IPR or PGR filings using Docket Navigator (<https://www.docketnavigator.com/>) to determine the percentage involving patents that had been asserted against petitioner in litigation.

Nor has Kerr even threatened GDE with an infringement suit. Thus, unlike virtually all other IPRs and PGRs pending before the PTAB, there is no legitimate question that a trial on GDE’s Petition will not serve as a true alternative to litigation given the lack of any infringement dispute between the parties.

Given “the current workload needs of the PTAB” and consideration of “the ability of the PTAB to comply with ... its statutory deadlines for AJA proceedings,” institution should be discretionarily denied so that the Board may prioritize IPRs and PGRs that unquestionably serve as a true alternative to district court proceedings—i.e., those proceedings involving patents that have been asserted in district court or have *clearly* been alleged to be infringed. As a general matter, whether a clear case or controversy exists should always be an important consideration in the discretionary denial calculus, but even more so now given the current workload needs of the PTAB. Indeed, assuming institution is discretionarily denied on this basis, GDE can simply file its challenges to the ’582 Patent if a clear case or controversy actually comes to fruition, at which point the PTAB may have additional

available resources.²

B. Compelling economic and national security interests favor exercising discretion.

The Workload Memo specifically identifies compelling economic and national security interests as one of the relevant considerations for discretionary denial. Workload Memo, 2. Here, there is a compelling economic interest in innovative manufacturing companies, such as Kerr, developing new patented technology, which can then be used by its customers to more efficiently and effectively carry out drilling and fracturing operations throughout the United States.

² Here, although the current Petition is for a PGR, Grounds 1-3 rely on patents and printed publications, which may be included in a subsequent IPR. Pet., 31. Ground 4 asserts invalidity based on the sale of the “Kerr Pump,” which is the same KP-3300HP pump described in the service manual (Ex. 1004) which GDE asserts as the basis for Ground 1. Pet., 32, 143-144. Indeed, GDE asserts invalidity under Ground 4 based on “the same reasons as those presented in [the petition section advancing Ground 1] based on Kerr [Ex. 1004].” *Id.*, 145. Thus, Ground 4 rises or falls solely on the analysis of Ground 1, which may be included in a subsequent IPR. Ground 5 asserts indefiniteness only against Claim 15. Pet., 146. While Kerr disagrees that the claim is indefinite, Kerr has, concurrently with filing this brief, disclaimed Claim 15 to avoid any potential prejudice to GDE from a discretionary denial. Ex. 2106.

GDE's arbitrary targeting of its competitor's patent undermines this compelling economic interest by diverting resources away from further innovation. The Petition also undermines the national security interest associated with independence from foreign oil and gas production, by attacking Kerr's patented oil and gas technologies that improve domestic production. While GDE's Petition might be justified if Kerr were asserting or threatening the '582 Patent against GDE, the lack of any such allegations here justifies discretionary denial.

C. The strength/weakness of the validity challenge.

The Workload Memo identifies "the strength of the unpatentability challenge" as a relevant consideration. Workload Memo, 2. Because Kerr has not completed its analysis of the petition's asserted grounds, at this stage of the proceeding this consideration should be considered neutral.

D. The Petition's heavy reliance on expert testimony favors exercising discretion to deny institution.

"The extent of the petition's reliance on expert testimony" is an enumerated consideration set forth in the Workload Memo. Since the memo issued, the Office has further explained:

extensive reliance on expert testimony and/or reasonable disputes between experts on dispositive issues may suggest that the questions are better resolved in an Article III court.... As the judges

have technical and legal expertise, it is not necessary for an expert to explain every aspect of the prior art. It is most helpful if an expert is providing focused testimony, for example to provide helpful context or to explain terms of art. The failure to provide focused expert testimony may weigh against institution.³

This consideration favors discretionary denial because the Petition relies heavily on the unfocused declaration testimony of GDE’s proposed technical expert, William D. Marscher, P.E. (Ex. 1003). Indeed, Mr. Marscher’s declaration consists of 395 paragraphs of testimony spanning 283 pages. *See* Ex. 1003 at 6-289. The Petition extensively cites to and relies upon his testimony, including single citations to massive swaths of the declaration. *See, e.g.*, Petition at 32 (Ground 1, citing ¶¶ 79-171), 65-66 (Ground 2, citing ¶¶ 172-266), 102 (Ground 3, citing ¶¶ 267-390). Mr. Marscher’s declaration contains much of the same language as the Petition. *Compare* Petition at 34-56 (Ground 1) *with* Ex. 1003 ¶¶ 84-122 (discussing Ground 1); Petition at 66-99 (Ground 2) *with* Ex. 1003 ¶¶ 173-247 (discussing Ground 2); Petition at 103-134 (Ground 3) *with* Ex. 1003 ¶¶ 268-325 (discussing Ground 3).

Given GDE’s extensive reliance on Mr. Marscher’s lengthy declaration, the

³ FAQs for Interim Processes for PTAB Workload Management, at #21 (published Apr. 25, 2025), <https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management> (last visited April 28, 2025) (hereafter, “FAQ #21”).

Board’s resources would be better allocated to other petitions where expert testimony does not “explain every aspect of the prior art” but instead provides “focused testimony.” FAQ #21. Discretionary denial is thus warranted.

IV. Conclusion

For the reasons above, Patent Owner respectfully requests that the Director exercise discretion and deny institution of *inter partes* review. The fact that there are no pending infringement claims against GDE—as well as the other considerations justifying discretionary denial discussed above—warrant the Board’s exercise of discretion to deny institution here.

Dated: April 28, 2025

Respectfully submitted,

/James H. Hall/

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6(e)(4), the undersigned certifies that on April 28, 2025, a copy of the foregoing document (Patent Owner's Request for Discretionary Denial, including all Exhibits), was served via electronic mail on the following attorneys of record at the indicated email address(es):

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/James H. Hall/

CERTIFICATE OF COMPLIANCE

The undersigned certifies that this document complies with the type-volume limitations set forth in the Workload Memo and consistent with 37 C.F.R. § 42.24 *et seq.* This document, excluding those portions excluded under § 42.24, contains 2048 words as calculated by the "Word Count" feature of Microsoft Word for Office 365, the program used in creating it.

/James H. Hall/