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Subject: IPR2023-00130, IPR2023-00131, IPR2023-00133
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Honorable Board:

On behalf of Petitioner Samsung Electronics Co., Ltd. (“Samsung”), we respectfully request rehearing by the Precedential Opinion Panel (“POP”) of the Patent Trial and Appeal Board’s May 4, 2023 decisions in the above-referenced proceedings. The Board’s decisions denied institution of *inter partes* review under *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (P.T.A.B. Sept. 12, 2018), and *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020), because of a parallel district court proceeding.

Based on our professional judgment, we believe these cases require an answer to the following precedent-setting questions of exceptional importance:

Whether *Fintiv*’s multi-factor balancing analysis and Director Vidal’s *Interim Procedure for Discretionary Denials in AIA Post Grant Proceedings with Parallel District Court Litigation* (U.S.P.T.O. June 21, 2022) require a compelling merits showing under *Fintiv*’s sixth factor where an unpatentability challenge may be strong even if found not to reach the compelling standard.

Background:

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The sixth *Fintiv* factor requires the Board to consider, as part of its multi-factor analysis, other “relevant circumstances in the case, including the merits.” *Fintiv*, Paper No. 11 at 14. In considering the merits of Samsung’s petition under *Fintiv*’s sixth factor, the Board asked whether Samsung’s petitions “present[] a challenge with *compelling* merits.” Dec. at 20 (emphasis added). The Board then concluded that, because Samsung’s “showing of unpatentability is *not compelling*,” the merits consideration “is neutral” as to whether review should be instituted. Dec. at 21, 30 (emphasis added). In the course of its analysis, the Board repeatedly stated that, even if it were to find that Samsung has “show[n] a reasonably likelihood of success” on the merits,

the Board must “apply a higher compelling merits standard for purposes of determining whether to exercise [its] discretion to deny institution.” Dec. at 27; *see also* Dec. at 29.

In the interests of conciseness, all citations in this email refer to the Board’s decision denying institution in IPR2023-00130. The Board’s denying institution in IPR2023-00131 IPR2023-00133 employ the same reasoning.

Reasons for POP Review:

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The POP review is needed to clarify the proper standard of assessing the merits of an IPR petition under *Fintiv*’s sixth factor. The Board’s insistence on a heightened “compelling merits” showing misunderstands both *Fintiv* and Director Vidal’s *Interim Guidance* on discretionary denials. The *Interim Guidance* instructs the Board to institute review (and to decline to exercise the Board’s discretionary denial authority) when the Board finds that the petition “presents a compelling unpatentability challenge,” even if the other *Fintiv* factors point toward denial. *Interim Guidance* at 4-5. But that means that a finding of compelling merits under the sixth factor automatically outweighs all the other *Fintiv* factors, and “*alone* demonstrates that the PTAB should not discretionarily deny institution under *Fintiv*.” *Id.* at 5 (footnote omitted) (emphasis added). It does not mean—as the Board here mistakenly believed—that the strength of a petition’s merits is relevant to *Fintiv*’s multi-factor analysis only when such merits rise to the level of “compelling.”

The Board’s mistaken approach is contrary to *Fintiv*. *Fintiv* instructs that the Board must engage in a “‘balanced assessment of all relevant circumstances of the case, including the merits.’” *Fintiv*, Paper No. 11 at 5 (citation omitted). In particular, the Board must “balance[]” the six factors enumerated in *Fintiv*, “tak[ing] a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Fintiv*, Paper No. 11 at 6 (citation omitted). If, however, the merits assessment under the sixth factor were to come into play only when these merits rise to the level of “compelling” (which is an exceedingly demanding showing, *see* Dec. at 20-21), it would never effectively be part of the balancing exercise because it would either outweigh all the other *Fintiv* factors (if the merits were compelling) or be irrelevant (if the merits were less than compelling).

That is demonstrably not what *Fintiv* envisioned. *Fintiv* emphasized that the

merits consideration may ask “if the merits of a ground raised in the petition seem particularly strong” (but not necessarily compelling)—a fact that would “favor[] institution” (but not necessarily require it). *Fintiv*, Paper No. 11 at 14-15 (citing cases). Conversely, where “the merits of the ground raised in the petition are a closer call,” that fact would “favor[] denying institution when other factors favoring denial are present.” *Id.* at 15 (citation omitted). As *Fintiv* concluded, “there may be *strengths or weaknesses* regarding the merits that the Board considers as part of its balanced assessment.” *Id.* (citation omitted) (emphasis added). *Fintiv*’s insistence on a balanced multi-factor analysis—one that considers both strengths and weaknesses of the merits, and then balances them against the other five factors—is contrary to the Board’s mechanical approach, where only a finding of “compelling merits” could counterbalance the other factors.

Director Vidal’s *Interim Guidance* does not require a different result. The *Interim Guidance* expressly reaffirmed *Fintiv*’s multi-factor balancing approach, and sought only to “clarify[y]” its application. *Interim Guidance* at 1-2. As part of that clarification, Director Vidal instructed the Board not to exercise its discretionary denial authority “where a petition presents compelling evidence of unpatentability.” *Id.* at 2. Given the heightened evidentiary showing required to find such compelling evidence, that determination “alone” outweighs all other *Fintiv* factors. *Id.* at 5. But that does not mean that, as part of the overall balancing required under *Fintiv*, an unpatentability challenge that is strong but not necessarily compelling cannot (in combination with other factors) outweigh the factors that favor denial, depending on the factors’ relative strength.

Here, even though the Board did not find the merits to be compelling, they are nevertheless strong. The Board’s erroneous analysis under *Fintiv*’s sixth factor, which discounted the merits of Samsung’s petition, in turn infected the overall holistic multi-factor balancing assessment. The POP should clarify the proper standard for merits assessment under *Fintiv*’s sixth factor, and then remand the case to the panel to reconsider its decision to deny institution under the proper application of *Fintiv*’s multi-factor analysis.

The Board May Wish to Hold the Rehearing Request:

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The *Fintiv* rule is currently subject of an ongoing Administrative Procedure Act (“APA”) challenge to its validity. That challenge has been brought in the U.S.

District Court for the Northern District of California. *See Apple Inc. v. Vidal*, No. 5:20-cv-06128-EJD (N.D. Cal.). The district court initially dismissed that lawsuit as barred by 35 U.S.C. § 314(d)—the non-reviewability provision of the IPR statute. The U.S. Court of Appeals for the Federal Circuit, however, reversed that dismissal with respect to the claim that, in promulgating the *Fintiv* rule, the Director failed to comply with the notice-and-comment rulemaking requirements. *Apple Inc. v. Vidal*, 63 F.4th 1, 14-15 (Fed. Cir. 2023). The lawsuit is currently pending on remand, with the procedural challenge to *Fintiv* poised to be decided on summary judgment.

In the interests of efficiency, the Board may wish to hold Samsung’s rehearing request until this procedural challenge to *Fintiv* is resolved. If *Fintiv* is procedurally invalid, it cannot be relied upon to deny institution of Samsung’s petition on the basis of a parallel district court litigation. The delay in resolution of Samsung’s rehearing request should not be overly long. The parties in the *Apple* litigation have jointly proposed by the renewed summary judgment briefing be conducted by November 2, 2023, with oral argument to be held shortly thereafter. *See* Joint Status Report, *Apple Inc. v. Vidal*, No. 5:20-cv-06128-EJD, ECF No. 145 at 1 (N.D. Cal. June 2, 2023). Nor would the delay prejudice the Patent Owner, since the district court in the parallel litigation refused to stay the case before it pending the resolution of Samsung’s IPR petition.

Conclusion:

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For these reasons, which are more fully explained in the attached contemporaneously filed Requests for Rehearing, Samsung requests that the POP grant review and reconsider the decisions to deny institution of *inter partes* review.

Respectfully submitted,

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