

UNITED STATES PATENT AND TRADEMARK OFFICE



Patent Trial and Appeal Board
PRECEDENTIAL as to § A
Designated: May 19, 2025

BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE

ECTO WORLD, LLC and SV3, LLC,
Petitioner,

v.

RAI STRATEGIC HOLDINGS, INC.,
Patent Owner.

IPR2024-01280
Patent 11,925,202 B2

Before COKE MORGAN STEWART, *Acting Under Secretary of
Commerce for Intellectual Property and Acting Director of the United States
Patent and Trademark Office.*

ORDER

Granting Director Review, Vacating the Decision Denying Institution, and
Remanding to the Board for Further Proceedings

Ecto World, LLC and SV3, LLC (collectively, “Petitioner”) filed a request for Director Review of the Decision denying institution (“Decision”) in the above-captioned case, and RAI Strategic Holdings, Inc. (“Patent Owner”) filed an authorized response to the request. *See* Paper 11 (“DR Request”); Paper 12. In the request, Petitioner argues that Director Review should be granted because the Board improperly denied institution under 35 U.S.C. § 325(d) and misapplied both parts of the framework set forth in *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020) (precedential). DR Request 5–15. Patent Owner disagrees, *see* Paper 12, 1–4, and further argues that the Board should deny institution under *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (setting forth factors the Board considers in determining whether to institute review when there is parallel litigation involving the challenged patent). Paper 12, 5.

A. 35 U.S.C. § 325(d)

The Petition relies exclusively on prior art references that were submitted to the Office in an information disclosure statement (“IDS”) during the prosecution of U.S. Patent 11,925,202 (“the ’202 patent”). *See* Paper 1, 110; Paper 9, 35. The IDS the applicant submitted, which the Examiner initialed indicating “all references [were] considered except where lined through,” contained over 1,000 references. Ex. 1002, 72–128, 228–284 (capitalization removed). During prosecution, the Examiner noted that the IDS “contain[ed] an extremely large number of references for consideration” and requested that the applicant identify any “particular reference or portion of a reference” to which the Examiner should pay particular attention. *Id.* at 174. There is no indication in the record that the

applicant responded to the Examiner's request. *See id.* at 301–302 (applicant's remarks).

The Board found that the Petition's asserted prior art references were previously presented to the Office during prosecution because they appeared on an IDS, and the Examiner certified that the IDS had been considered. Decision 10–11. The Board also found that Petitioner did not “address whether, nor even allege that, the Office materially erred in its decision to allow the application.” *Id.* at 11.

Section 325(d) of 35 U.S.C. provides that the Director may deny institution when “the same or substantially the same prior art or arguments previously were presented to the Office.” 35 U.S.C. § 325(d). *Advanced Bionics* provides a two-part framework for evaluating whether denial under section 325(d) is warranted: (1) whether the same or substantially the same prior art or argument previously was presented to the Office; and (2) if the first part is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims. *Advanced Bionics*, Paper 6 at 8. The factors set forth in the Board's *Becton, Dickinson* decision provide useful insight into how to apply the framework under 35 U.S.C. § 325(d).¹ Deciding whether a petition's prior art or

¹ *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (PTAB Dec. 15, 2017) (precedential as to § III.C.5, first paragraph). *Becton, Dickinson* identifies the following non-exclusive factors: (a) the similarities and material differences between the asserted art and the prior art involved during examination; (b) the cumulative nature of the asserted art and the prior art evaluated during examination; (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection; (d) the extent of the overlap between the

arguments were previously presented to the Office “is a highly factual inquiry, which may be resolved by reference” to the *Becton, Dickinson* factors. *See id.* at 7.

Challenging the claims using the same prior art that was previously presented on an IDS is sufficient to satisfy the first part of the *Advanced Bionics* framework. *See Advanced Bionics*, Paper 6 at 7–8 (“Previously presented art includes art . . . provided to the Office by an applicant such as on an Information Disclosure Statement (IDS), in the prosecution history of the challenged patent.”); *Google LLC v. Valtrus Innovations Ltd.*, IPR2022-01197, Paper 18, 15 (PTAB June 13, 2023) (“[P]roviding a document to the Office in an Information Disclosure Statement is sufficient to satisfy prong one of the *Advanced Bionics* analysis.”). Because the references that Petitioner asserts in this proceeding were provided on the applicant’s IDS, the Board correctly determined that the references were previously presented to the Office. *See* Decision 10–11.

Petitioner also argues that the Board misapplied the second part of *Advanced Bionics* by requiring Petitioner to articulate how the Office erred in a manner material to the patentability of the challenged claims and by limiting the Board’s review to the two pages of the Petition that address § 325(d). DR Request 9–10. As to the second point, Petitioner asserts that “[d]ifferent aspects of the Petition, including the strength of Petitioner’s contentions, can satisfy a [p]etitioner’s burden under part two, even where

arguments made during examination and the manner in which petitioner relies on the prior art; (e) whether petitioner has pointed out sufficiently how the examiner erred in its evaluation of the asserted prior art; and (f) the extent to which additional evidence and facts presented in the petition warrant reconsideration of the prior art or arguments. *Id.* at 17–18.

the [p]etitioner did not make arguments specifically addressing § 325(d).” *Id.* at 11, 13 (referring to the Petition’s claim construction and claim mapping sections).

Board panels have disagreed as to whether a petitioner must provide an analysis under part two of *Advanced Bionics* and, if so, whether a petitioner must explain how the Examiner erred or whether a petitioner can simply rely on its unpatentability contentions to imply that an error occurred. Compare, e.g., *Chemtronics USA, Inc. v. Flatfrog Labs., AB*, IPR2024-00015, Paper 11, 18–20 (PTAB Apr. 22, 2024) (Board majority opinion relying on Petitioner’s obviousness contentions to find material error), with, e.g., *id.* at Dissent, 1–2 (finding Petitioner failed to demonstrate material error where Petitioner did not “even argue that it should prevail on the second part of the *Advanced Bionics* framework”). This decision resolves that dispute and clarifies that a petitioner must provide an analysis even when the asserted prior art is on an IDS, but the Examiner did not apply the reference.

In that analysis, a petitioner must explain, with reference to *Becton Dickinson* factors (c), (e), and (f), how the Examiner erred in overlooking the prior art. See *Advanced Bionics*, Paper 6, at 10. For example, a petitioner may argue that it satisfies the second part of *Advanced Bionics* because the asserted prior art was not a basis for rejection during examination, is not substantially the same as prior art the Examiner applied, and includes specific teachings that “impact patentability of the challenged claims.” *Id.* at 8 n.9. A petitioner also may point to the fact that even though the asserted prior art is listed on an IDS, the Examiner did not issue any prior art rejections during examination, so the Examiner materially erred

by overlooking certain teachings in the prior art on the IDS. On the other hand, if the Examiner applied the asserted prior art or substantially the same prior art during examination, then a petitioner must demonstrate that, for example, the previously presented art teaches the limitations of the challenged claims, and that no reasonable examiner could have found otherwise. *Id.* at 9 (“If reasonable minds can disagree regarding the purported treatment of the art or arguments, it cannot be said that the Office erred in a manner material to patentability.”).

Here, Petitioner’s generalized statements as to the strength of its Petition fail to identify sufficiently a material error.² Ordinarily, that would mean a denial of institution. Because this decision clarifies how to apply *Advanced Bionics* and *Becton Dickinson*, the appropriate course of action is to remand the proceeding to the Board.

Finally, even if a petitioner fails to make a persuasive argument that the Examiner erred by overlooking particular teachings in the prior art provided on an IDS, a petitioner may be able to demonstrate that discretionary denial is inappropriate under *Becton Dickinson* factor (f). That factor considers the extent to which additional evidence and facts warrant reconsideration of the prior art or arguments. Thus, the Board should consider a petitioner’s argument based on the volume of the references submitted to the Office during examination and any applicant information or

² Petitioner’s suggestion that the Board should have scoured the Petition to cobble together an argument under the second part of *Advanced Bionics* improperly shifts Petitioner’s burden to demonstrate material error onto the Board. See DR Request 10–13; *cf. Gross v. Cicero*, 619 F.3d 697, 702 (7th Cir. 2010) (“Judges are not like pigs, hunting for truffles buried [in the record].”) (internal quotation marks omitted).

assistance regarding the relevance of references. In this case, the IDS that includes the asserted prior art contains over 1,000 references, which is over 40 times the size of a typical IDS.³ Relatedly, although the Examiner specifically requested that the applicant identify references to “which the examiner should [pay] particular attention,” the applicant did not respond to that request. Ex. 1002, 174. These facts may demonstrate that discretionary denial under § 325(d) is not warranted.

In view of the foregoing, Director Review is granted, and this case is remanded to the Board with instructions to allow Petitioner and Patent Owner additional briefing. Petitioner should identify and explain the Office’s alleged error in issuing the challenged patent and why that error is material to patentability. Further, the parties should address, and the Board should consider, whether discretionary denial is appropriate in view of the 1,000-reference IDS and the applicant’s tacit refusal to identify references in response to the Examiner’s request.

B. Fintiv

In its response to the Director Review request, Patent Owner also argues that the Board should deny institution under *Fintiv* in view of a parallel proceeding at the International Trade Commission (“ITC”) that has a November 24, 2025, target date for completing the investigation. Paper 12,

³ Most IDS submissions contain fewer than 25 references. *See Setting and Adjusting Patent Fees During Fiscal Year 2025*, 89 FR 91898 at 91924 (Nov. 20, 2024) (“Approximately 87% of applications contain 50 or fewer applicant-provided items of information, and approximately 77% contain fewer than 25 . . . [O]nly 4% of applications contain more than 200 applicant-provided items of information.”).

5. The Petition and the Patent Owner Preliminary Response (“POPR”) do not substantively address *Fintiv*.

At the time the Petition and POPR were filed, the Office’s June 21, 2022 memorandum entitled “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation” (“2022 Interim Procedure Memo”)⁴ stated that the Board “will not discretionarily deny petitions based on applying *Fintiv* to a parallel ITC proceeding.” 2022 Interim Procedure Memo 7; Petition 109. The Office rescinded the 2022 Interim Procedure Memo on February 28, 2025, before the Board issued its Decision but after the parties had completed pre-institution briefing. Shortly thereafter, on March 24, 2025, the Board’s Chief Judge issued a Memorandum providing guidance on the Office’s rescission of the 2022 Interim Procedure Memo.⁵ The March 2025 Memorandum explains that the rescission “restore[s] policy in this area to the guidance in place before the [2022 Interim Procedure Memo].” March 2025 Memorandum 1. It also states that the rescission “applies to any case in which the Board has not issued an institution decision, or where a request for rehearing or Director review decision [is] filed and remains pending.” *Id.* at 2.

Under the facts and circumstances of this case, and consistent with the broad discretion given to the Director, and by delegation to the Board, on institution decisions, it is appropriate to allow the parties the opportunity to

⁴ The 2022 Interim Process memo, now rescinded, is available at https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf.

⁵ The March 2025 Memorandum is available at https://www.uspto.gov/sites/default/files/documents/guidance_memo_on_interim_procedure_recission_20250324.pdf.

present arguments and evidence addressing the *Fintiv* factors in view of the parallel ITC proceeding. *See* 35 U.S.C. § 314(a); *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021) (“The Director is permitted, but never compelled, to institute an IPR” and “no petitioner has the right to such institution.”). The Board is instructed to allow that additional briefing on remand.

The parties’ briefs shall focus primarily on the facts and circumstances as they existed at the time of the Board’s Decision, though a party also may address in a separate section of the brief subsequent developments that the party believes are relevant to the proceeding. The Board should address the parties’ *Fintiv* arguments only if the Board determines not to exercise discretion to deny institution under § 325(d).

Absent good cause, the Board shall issue a decision on remand within 30 days of receiving the parties’ briefs.

In consideration of the foregoing, it is:

ORDERED that Director Review is granted;

FURTHER ORDERED that the Board’s Decision denying institution (Paper 10) is vacated;

FURTHER ORDERED that Petitioner and Patent Owner are authorized to file briefs of not more than fifteen pages addressing the exercise of discretion under 35 U.S.C. § 325(d) and *Fintiv* as set forth in this Order;

FURTHER ORDERED that the briefs authorized in this Order are due within fourteen days of this Order; and

FURTHER ORDERED that the case is remanded to the Board for further proceedings consistent with this Order;

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