

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS,
VERIZON CORPORATE SERVICES GROUP INC.,
T-MOBILE USA, INC., AT&T SERVICES, INC.,
AT&T MOBILITY LLC, AND AT&T CORP.,
Petitioner,

v.

HEADWATER PARTNERS I LLC,
Patent Owner.

Case IPR2024-00809
Patent 9,198,042 B2

PATENT OWNER'S PRELIMINARY RESPONSE

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PATENT OWNER'S EXHIBIT LIST

No.	Description
Ex. 2001	Declaration of Erik de la Iglesia in Support of Patent Owner's Preliminary Response
Ex. 2002	<i>Curriculum Vitae</i> of Erik de la Iglesia
Ex. 2003	<i>Headwater Research LLC v. AT&T Services, Inc. et al.</i> , No. 2:23-cv-00397 (lead case), No. 2:23-cv-00398 (member case), Docket Control Order, Dkt. No. 41 (E.D. Tex. Dec. 27, 2023)
Ex. 2004	<i>Headwater Research LLC v. AT&T Services, Inc. et al.</i> , No. 2:23-cv-00398, Consolidation Order, Dkt. No. 25 (E.D. Tex. Nov. 2, 2023)
Ex. 2005	<i>Headwater Research LLC v. T-Mobile USA, Inc. et al.</i> , No. 2:23-cv-00379 (lead case), Docket Control Order, Dkt. No. 42 (E.D. Tex. Dec. 27, 2023)
Ex. 2006	Federal Court Management Statistics, Eastern District of Texas, 2018-2023
Ex. 2007	<i>Headwater Research LLC v. Cellco Partnership d/b/a Verizon Wireless et al.</i> , No. 2:23-cv-00352, Complaint for Patent Infringement, Dkt. No. 1 (E.D. Tex. July 28, 2023)
Ex. 2008	<i>Headwater Research LLC v. AT&T Services, Inc. et al.</i> , No. 2:23-cv-00398, Complaint for Patent Infringement, Dkt. No. 1 (E.D. Tex. Sept. 1, 2023)
Ex. 2009	<i>Headwater Research LLC v. T-Mobile USA, Inc. et al.</i> , No. 2:23-cv-00379, Complaint for Patent Infringement, Dkt. No. 1 (E.D. Tex. Aug. 23, 2023)
Ex. 2010	<i>Headwater Research LLC v. Cellco Partnership d/b/a Verizon Wireless et al.</i> , No. 2:23-cv-00352, Cellco Partnership d/b/a Verizon Wireless Proof of Service, Dkt. No. 7 (E.D. Tex. Aug. 3, 2023)
Ex. 2011	<i>Headwater Research LLC v. Cellco Partnership d/b/a Verizon Wireless et al.</i> , No. 2:23-cv-00352, Verizon Corporate Services Group Inc. Proof of Service, Dkt. No. 8 (E.D. Tex. Aug. 7, 2023)

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Ex. 2012	<i>Headwater Research LLC v. AT&T Services, Inc. et al.</i> , No. 2:23-cv-00398, AT&T Services, Inc. Proof of Service, Dkt. No. 18 (E.D. Tex. Sept. 14, 2023)
Ex. 2013	<i>Headwater Research LLC v. AT&T Services, Inc. et al.</i> , No. 2:23-cv-00398, AT&T Corp. Proof of Service, Dkt. No. 19 (E.D. Tex. Sept. 14, 2023)
Ex. 2014	<i>Headwater Research LLC v. AT&T Services, Inc. et al.</i> , No. 2:23-cv-00398, AT&T Mobility LLC Proof of Service, Dkt. No. 20 (E.D. Tex. Sept. 22, 2023)
Ex. 2015	<i>Headwater Research LLC v. T-Mobile USA, Inc. et al.</i> , No. 2:23-cv-00379 (lead case), T-Mobile USA, Inc. Proof of Service, Dkt. No. 7 (E.D. Tex. Sept. 1, 2023)
Ex. 2016	<i>Headwater Research LLC v. AT&T Services, Inc. et al.</i> , No. 2:23-cv-00397 (lead case), No. 2:23-cv-00398 (member case), Plaintiff Headwater Research LLC's Disclosure of Asserted Claims and Infringement Contentions (E.D. Tex. served Nov. 20, 2023)
Ex. 2017	<i>Headwater Research LLC v. T-Mobile USA, Inc. et al.</i> , No. 2:23-cv-00379 (lead case), Plaintiff Headwater Research LLC's Disclosure of Asserted Claims and Infringement Contentions (E.D. Tex. served Nov. 20, 2023)
Ex. 2018	<i>Headwater Research LLC v. Cellco Partnership d/b/a Verizon Wireless et al.</i> , No. 2:23-cv-00352, Defendants' P.R. 3-3 Invalidity Contentions (E.D. Tex. served Dec. 21, 2023)
Ex. 2019	<i>Headwater Research LLC v. AT&T Services, Inc. et al.</i> , No. 2:23-cv-00397 (lead case), No. 2:23-cv-00398 (member case), Defendants' Preliminary Invalidity Contentions (E.D. Tex. served Feb. 2, 2024)
Ex. 2020	<i>Headwater Research LLC v. T-Mobile USA, Inc. et al.</i> , No. 2:23-cv-00379 (lead case), Defendants' P.R. 3-3 Invalidity Contentions (E.D. Tex. served Jan. 16, 2024)
Ex. 2021	Prince McLean, <i>AT&T Defends Its Data Network from Verizon Ad Attacks</i> , AppleInsider.com, Nov. 10, 2009, https://appleinsider.com/articles/09/11/10/att_defends_its_data_network_from_verizon_ad_attacks

No.	Description
Ex. 2022	Johnny Casey, <i>Alexander Residents Challenge Verizon's Proposed Plans to Build Cell Tower</i> , Citizen Times, June 29, 2021, https://www.citizen-times.com/story/news/madison/2021/06/28/alexander-residents-raise-concerns-proposed-verizon-cell-tower/5330311001/
Ex. 2023	AT&T 3G Data Plans for Apple iPad, <i>available at</i> https://www.att.com/Common/about_us/files/pdf/emerging_devices/iPad_fact_sheet_081210.pdf
Ex. 2024	Network Management Practices, T-Mobile, https://www.t-mobile.com/home-internet/policies/internet-service/network-management-practices (last visited July 25, 2024)
Ex. 2025	Add or Remove AT&T Turbo, AT&T, https://www.att.com/support/article/wireless/000100296/ (last visited July 25, 2024)
Ex. 2026	Headwater Preliminary Infringement Contentions '042 Patent Claim Chart, served on Petitioner Verizon on Jan. 12, 2024
Ex. 2027	Headwater Preliminary Infringement Contentions '042 Patent Claim Chart, served on Petitioner T-Mobile on Mar. 19, 2024
Ex. 2028	Headwater Preliminary Infringement Contentions '042 Patent Claim Chart, served on Petitioner AT&T on Nov. 20, 2023

I. INTRODUCTION

The Board should deny institution of *inter partes* review (“IPR”) of U.S. Patent No. 9,198,042 (“the ’042 Patent”) for two independent reasons.

First, the Petition should be denied on the merits. All challenged claims require a “service policy setting... associated with a service profile that provides for access by the wireless end-user device to a **network data service** over a wireless access network.”¹ Ex. 1001 at Claim 1. The plain meaning of network data service is a service that provides network data (such as, e.g., network data services provided under a plan that can be purchased from carriers such as Petitioners Verizon, T-Mobile, and AT&T for voice, text, and/or Internet data services). However, the Petition points to services other than “network data service” as constituting the claim requirement; the only two examples the Petition alleges to be a “network data service” in the prior art are email services (e.g., Gmail) or web page services (e.g., CNN.com), neither of which are services that provide **network data**, contrary to the claim language and disclosure of the ’042 patent. Accordingly, the Petition fails to show that any challenged claims should be found unpatentable.

Second, the Board should exercise its discretion to deny the Petition in light of parallel district court litigation involving the same patent, the same parties, the same claims, and overlapping art as relied upon by the Petition. The district court

¹ All emphases added unless otherwise indicated.

cases involving Petitioners are at an advanced stage, and the parties and the district court have already invested significant time and resources in those cases. Indeed, by the time the Board reaches an institution decision in this proceeding, the parties will have exchanged infringement and invalidity contentions, and claim construction briefing will be complete or nearing completion in all three parallel cases; fact discovery will also be near completion. And the district court trials also are set to take place *about five months before* the deadline for any final written decision in this proceeding. The Petition also fails to offer a *Sotera* stipulation here. All six *Fintiv* factors favor a discretionary denial.

For either or both of these independent reasons, institution should be denied.

II. OVERVIEW OF THE '042 PATENT

The challenged claims of the '042 Patent (claims 1-18) are directed at a high level to a provider of a network data service (such as a carrier service providing data via an access network) determining whether a particular service policy setting associated with a service profile for the network data service needs to be modified, and sending configuration information to assist in modifying or allowing modifications to the particular service policy setting. *See* Ex. 1001 ('042 patent) at claim 1; *id.* at 1:45-2:3 (“Background of the Invention” discussing the problems to be solved as relating to providers of service on access networks, which “networks are pressed for user capacity”). Ex. 2001 ¶26.

Claim 1 is the sole independent claim, and recites:

1. A method comprising:

receiving, over a service control link, a report from a wireless end-user device, the report comprising information about a device service state;

determining, based on the report, that a particular service policy setting of the wireless end-user device needs to be modified, the particular service policy setting being stored in a protected partition of the wireless end-user device, the protected partition configured to deter or prevent unauthorized modifications to the particular service policy setting, the particular service policy setting being associated with a service profile that provides for access by the wireless end-user device to a network data service over a wireless access network, the particular service policy setting configured to assist in controlling one or more communications associated with the wireless end-user device over the wireless access network; and

is in response to determining that the particular service policy setting needs to be modified, sending configuration information to the wireless end-user device over the service control link, the configuration information configured to assist in modifying or allowing modifications to the particular service policy setting.

'042 patent (Ex. 1001) at claim 1.

By allowing the network data service provider to update a user device's service policy settings, the network data service provider (i.e., the provider of network data such as a company that provides an access network) is able to better

control how the user device makes use of network data service, and can better avoid situations where “very high bandwidth applications and content... quickly consume the available capacity and degrade overall network service experience” (which would “negatively impact service provider profits). *See* Ex. 1001 at 1:45-2:3. A POSITA would understand that by securely allowing modification of the policy settings for the network data service, the network data service provider has much more control over provision over how the devices use and consume network data, and thus can take measures to alleviate user capacity concerns. Ex. 2001 ¶¶27-30.

III. LEVEL OF ORDINARY SKILL IN THE ART

The Petition proposes that a POSITA in the field of the '042 Patent “would have been familiar with the changing of configuration settings of end-user devices to control access of the device to network data services, and storing those configuration settings in a protected partition. A POS[IT]A would have gained this knowledge through a mixture of training and work experience, such as by having a Bachelor’s degree in computer science and two years of work experience.” *See* Pet. at 7-8 (citing Ex. 1003 ¶¶41-43). For purposes of this preliminary response, Patent Owner does not challenge that definition.

IV. CLAIM CONSTRUCTION

The Petition states that “Petitioners propose that each claim term in the Challenged Claims be given its plain and ordinary meaning in this proceeding”

Id. at 7. For purposes of this preliminary response, Patent Owner agrees that no formal claim construction is necessary.

V. THE PETITION FAILS TO SHOW A REASONABLE LIKELIHOOD OF UNPATENTABILITY FOR ANY CHALLENGED CLAIM.

All challenged claims require a “service policy setting... associated with a service profile that provides for access by the wireless end-user device to a *network data service* over a wireless access network.” The Petition relies solely on the Limont reference (Ex. 1004) as allegedly disclosing this requirement, and presents no theory as to how this limitation would be obvious if not disclosed by Limont. *See* Pet. 42-44 (the Petition’s allegations regarding limitation [1.4]).

The only two examples of “network data service” that the Petition points to in Limont are (1) an email server providing email service, and (2) a web server providing a webpage. *See* Pet. 43-44; *see also* Ex. 2001 ¶39 (discussing the Petition and corresponding expert declaration). However, neither of these services constitute the plain and ordinary meaning of “network data service.” *See* Ex. 2001 ¶¶35-42.

As explained by Patent Owner’s expert, a POSITA would understand that the plain and ordinary meaning of “network data service” is a service that provides network data (e.g., a carrier such as T-Mobile, Verizon, or AT&T providing wireless Internet, voice, or text data over their access networks). Ex. 2001 ¶¶35. This is the plain meaning of “network data service” as that and similar terms (such as “network data,” “data network,” and “data service”) are used in the field of the ’042 patent.

See Ex. 2001 ¶¶40-41 (discussing extrinsic evidence at Exs. 2021-2025, including many publications about or from Petitioners’ own carrier / network data services).

This plain-meaning understanding of “network data service” is further supported by the intrinsic record. For example, the idea that the “network data service” is a data service provisioned by an access network (such as a carrier network or enterprise network) is supported by the claim’s recitation that the “network data service” is “over a wireless access network.” *See* Ex. 2001 ¶35. This “network data service” would be understood to be, for example, a service providing network data, such as a carrier’s provision of wireless Internet, voice, or text data. *Id.*

The specification further supports this understanding of “network data service.” *Id.* at ¶¶36-37. For example, the “Background of the Invention” section of the ’042 patent discusses the constraints of “access networks” (Ex. 1001 at 1:45-2:3), which a POSITA would understand to be networks that provide network data (such as 3G, 4G, 5G, or DSL network data) such user devices can communicate with other devices via voice, text, or the Internet. Indeed, the problems that the ’042 patent seeks to address are problems of access networks being “pressed for user capacity” such that profitability for providers of those access networks are “negatively impact[ed].” *See* Ex. 2001 at 1:45-2:3; Ex. 2001 at ¶¶29-30 (discussing these problems and how the claimed invention of the ’042 patent helps to solve them).

The fact that the “service policy settings” relate to plans that provide network data services is further shown by the ’042 patent’s disclosure that “a policy control server 154 stores policy settings for the various *service plans* that can be implemented on the device, and communicates the appropriate policy settings the appropriate device DAS agents.” Ex. 1001 at 8:26-30. A POSITA would understand that “service plans” in this context refer to plans that provide network data service, such as voice, text, or Internet plans provided by a carrier over an access network.

Likewise, the specification refers to the fact that there may be “different set[s] of DAS service policies corresponding to the different types of access networks supported,” which a POSITA would understand correspond to access networks controlled by different network data service providers. *See* Ex. 1001 at 11:66-12:7; Ex. 2001 ¶37. In other words, the service policy relates to the provision of a particular network data service over an access network, rather than some service (like email) that may be accessed using, but does not itself provide, network data service. Ex. 2001 ¶37.

The fact that the claims require a specific “network data service” rather than simply some service that is not a service for network data is further confirmed by the fact that the specification discusses “access network service usage” as referring to carrier network usage or private network service usage (such as MVNO or

enterprise network services), which a POSITA would understand refer to networks that provide data services such as voice, text, or Internet data services. *See id.* ¶38.

Furthermore, this plain and ordinary meaning understanding “network data service” as requiring a service for providing network data (such as, e.g., an Internet data service provided by an Internet service provider or a voice data service provided by a telephone carrier) is also consistent with Headwater’s infringement contentions, which map the claimed service profile information” (with which the service policy setting is associated) as being “[c]arrier configuration information” associated with “APN access settings and service plan settings.” Ex. 2001 ¶42 (citing Ex. 2026 at 14; Ex. 2027 at 11; and Ex. 2028 at 13). In other words, these service policy settings are specific to the particular network data service provided by carriers, and are not merely generic settings that influence how various other types of services (such as email or web services, which are not themselves network data services) are accessed. *See id.*

Notably, Petitioners (as data carriers that offer network data service plans to their customers, such as unlimited voice and data plans) are all providers of exactly the type of “network data services” that the ’042 patent addresses. As such, they are presumably well aware of the distinction between general services provided over the Internet (e.g., email services or AI services like ChatGPT that can be accessed via the Internet) and “network data services” which are services for provision of network

data to a device. *See* Ex. 2001 ¶43. Nevertheless, they point to only email and web site services as allegedly constituting the “network data service” of claim 1 of the ’042 patent, which services do not meet the plain and ordinary meaning of that term. *Id.* Petitioners’ assertion that these email and web site services constitute “network data services” is unsupported by the ’042 patent; for instance, as explained by Patent Owner’s expert, the ’042 patent does not even **mention** email or web pages, in contrast to the extensive discussions of provision of data service over access networks which provide network data service. *See* Ex. 2001 ¶43.

Furthermore, having a server for email or a web page service verify and update configuration settings for a mobile device (which is what the Petition alleges would satisfy the requirements of claim 1) would not solve the same problem of alleviating user capacity concerns for an access network in order to avoid “degrad[ing] overall network service experience” that the ’042 patent is concerned with. *See* Ex. 1001 at 1:45-2:3 (explaining that “networks are pressed for user capacity”); Ex. 2001 ¶¶44; Ex. 2001 ¶¶28-30 (discussing the problems detailed by the ’042 patent and how the disclosed invention solves those problems). For instance, an email service provider ensuring that an email user has correct configuration settings may help that specific individual access the network, but would **not** solve “user capacity” concerns on an access network or prevent the “overall network service experience” on the network from being degraded as a result of overuse, as disclosed by the ’042 patent. Ex. 2001

¶44. This is further evidence that the '042 patent does not encompass servers providing email and web page services as within the claimed “network data service.”

Accordingly, because the Petition fails to show that Limont teaches a “network data service” that meets the remaining requirements of claim 1 of the '042 patent, the Petition fails to show a reasonable likelihood of success, and the Petition should be denied.

VI. DISCRETIONARY DENIAL OF INSTITUTION IS WARRANTED.

35 U.S.C. § 314(a) gives the Board discretion to deny institution of IPR due to the advanced state of parallel district court litigation regarding the same issues. *See NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 19-21 (PTAB Sept. 12, 2018) (precedential) (“*NHK*”). The Board has set forth six factors for determining whether discretionary denial in light of such parallel litigation is appropriate, and in analyzing them, “takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5-6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv I*”); *see also Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 7-17 (PTAB May 13, 2020) (informative) (“*Fintiv II*”); Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (dated June 21, 2022) (“Interim Discretionary Denial Memo”).

Each of these six *Fintiv* factors weigh in favor of the Board exercising its discretion to deny institution here. For Factor 1, no stay of the parallel district court litigation has been granted, and a stay is unlikely given the advanced stage of the case. For Factor 2, the district court trials will occur about five months before the deadline for a final written decision in this proceeding. For Factor 3, largely due to Petitioners' delay in filing the Petition, there will be much investment by the parties and the district court—by the time the Board issues its institution decision, claim construction briefing will either be complete or nearing completion in all three parallel cases; fact discovery will also be near completion. For Factor 4, there is substantial overlap in both the claims and art at issue in this proceeding and in the district court; Petitioners' limited *Sand Revolution* stipulation does little to quell the concerns of inefficiency and inconsistent rulings. For Factor 5, Petitioners are defendants in the parallel litigation. And for Factor 6, not only did Petitioners unduly delay in filing the Petition, but the Petition also fails to present a compelling challenge on the merits. Each of these factors is addressed in more detail below.

A. *Fintiv* Factor 1: The district court has not granted a stay, nor is there any evidence that a stay will be granted.

In the three parallel district court proceedings (the Verizon Case, the AT&T Case, and the T-Mobile Case) involving the same challenged claims of the '042 Patent and Petitioners, the district court has not granted a stay pending IPR in any of them. Further, none of Petitioners has requested such a stay, there is no indication

they will request a stay, and there is no evidence that a stay will be granted.

Moreover, the facts here indicate that it is unlikely that the district court would grant a stay pending IPR even if this IPR were instituted, given the late stage of litigation. The parties in all three parallel cases have already exchanged infringement contentions, invalidity contentions, and claim construction disclosures; fact discovery is also well underway. Ex. 1022 at 5-6; Ex. 2003 at 4-5; Ex. 2004; Ex. 2005 at 4-5. And by the time the Board's institution decision is due in this proceeding (October 25, 2024), claim construction briefing will either be complete or nearing completion in all of the cases, fact discovery will be in its final stages, and trial will be approximately seven months away. *See* Ex. 1022 at 1, 4-5; Ex. 2003 at 1, 4-5; Ex. 2005 at 1, 4-5. And trial is currently set for May 19, 2025 in the Verizon and T-Mobile Cases and June 2, 2025 in the AT&T Case—each approximately five months before the earliest deadline for a final written decision in this IPR. Ex. 1022 at 1; Ex. 2003 at 1; Ex. 2005 at 1; *see infra* § VI.B.

Thus, even if Petitioners were to file a motion for a stay pending this proceeding, it is highly unlikely Judge Gilstrap would grant a stay at this late juncture in the case. *See, e.g., TQ Delta, LLC v. CommScope Holding Co.*, No. 2:21-cv-00310-JRG, 2022 WL 2872993, at *4 (E.D. Tex. July 21, 2022) (Gilstrap, J.) (denying motion to stay pending IPR where, when defendant's motion was filed, the claim construction hearing and the close of fact discovery were approaching and

noting that “the parties had already invested considerable time and expense in preparing this case”).

Where the district court litigation has not been stayed, and any stay is speculative and unlikely, allowing this IPR to proceed in parallel would be wasteful and inefficient. Factor 1 weighs against institution.

B. *Fintiv* Factor 2: The district court trials will occur approximately five months before the deadline for a final written decision in this proceeding.

“If the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*.” *Fintiv I* at 9.

Here, the deadline for a final written decision in this IPR is October 25, 2025, which may be extended to April 25, 2026, for good cause or in the case of joinder. 37 C.F.R. § 42.100(c). Meanwhile, the district court litigations are set for trial on May 19, 2025 and June 2, 2025. *See* Ex. 1022 at 1; Ex. 2003 at 1; Ex. 2005 at 1. The timeframe set by the district court is consistent with the Federal Court Management Statistics for the Eastern District of Texas. *See* Interim Discretionary Denial Memo at 3 & n.4 (encouraging use of these statistics in evaluating this factor). Those statistics indicate that, over the past six years, a civil case in the district was brought to trial 19.6 months after filing. Ex. 2006 (indicating median times to trial for civil cases for the twelve-month period ending in December for 2018-2023 as 19.0, 17.8,

17.5, 23.0, 19.0, and 21.4). Here, the trials are set approximately 21-22 months after the cases were filed. *Compare* Ex. 1022 at 1; Ex. 2003 at 1; Ex. 2005 at 1 (trials set for May 19, 2025 and June 2, 2025) *with* Ex. 2007; Ex. 2008; Ex. 2009 (parallel cases filed July 28, 2023, August 23, 2023, and September 1, 2023).

Thus, the district court trials are set to occur *about five months* before the deadline for a final written decision, and possibly nearly a year before the deadline if extended. This weighs heavily against institution. *See, e.g., 10X Genomics, Inc. v. President & Fellows of Harvard College*, IPR2023-01299, Paper 15 at 16 (PTAB Mar. 7, 2024) (denying institution where “trial [is] *approximately five months* before our Final Written Decision”); *Int’l Bus. Machs. Corp. v. Digital Doors, Inc.*, IPR2023-00970, Paper 8 at 10-11 (PTAB Jan. 12, 2024) (denying institution where “trial would occur *about five months* before the statutory deadline”); *Kiosoft Techs., LLC v. Payrange Inc.*, CBM2020-00026, Paper 11 at 11-12 (PTAB Mar. 22, 2021) (denying institution when trial was *five months* before the final written decision); *Nine Energy Serv. Inc. v. NCS Multistage Inc.*, IPR2020-01615, Paper 18 at 8-9 (PTAB Mar. 24, 2011) (“*Nine Energy*”) (finding this factor favored denial of institution when trial was *five months* before the final written decision, even though there were pending motions to consolidate and transfer that could have affected the trial date if granted).

Indeed, the Board has denied institution on account of even substantially smaller gaps between the final written decision and trial. *See, e.g., EClinicalWorks, LLC v. Decapolis LLC*, IPR2022-00229, Paper 10 at 9 (PTAB Apr. 13, 2022) (finding this factor weighed in favor of discretionary denial and denying institution where “the beginning of the jury trial in the WDTX Cases is roughly **one or two months** before any final decision would have been due had *inter partes* review been instituted”); *Fintiv II* at 13 (finding this factor weighed in favor of discretionary denial and denying institution where the district court trial was scheduled to occur **two months** before the deadline for the Board to reach a final written decision); *NXP USA, Inc. v. Impinj, Inc.*, PGR2022-00005, Paper 17 at 9 (PTAB May 2, 2022) (“*NXP*”) (same), *reh’g denied*, Paper 20 (PTAB Aug. 25, 2022).

Petitioner implies that the Board should ignore these set trial dates because of “the uncertainties of litigation scheduling, particularly as here where multiple trials are scheduled for the same date.” Pet. at 79. But the Petition presents no evidence that the trials will not proceed on the set dates, which, as noted above, is consistent with the most current time-to-trial statistics for the Eastern District of Texas. *See* Interim Discretionary Denial Memo at 3 & n.4. “[B]ased on the evidence of record, there is no evidence to suggest that trial will be delayed.” *Nine Energy* at 9; *see also NXP* at 9 (“We generally take courts’ trial schedules at face value absent some strong evidence to the contrary.”) (quoting *Fintiv II* at 13). Moreover, that two of the

parallel cases are scheduled for trial on the same day is of no event—it is highly likely that either one of the cases will proceed on the May 19, 2025 set date such that issues concerning the '042 Patent will be adjudicated at that time. It is also possible that the cases could be consolidated for trial and proceed on the same date as currently scheduled.

Because the district court trials are currently set to occur about five months before the earliest deadline for a final written decision in this IPR, the set dates are consistent with current time-to-trial statistics, and there is no evidence that these dates may change, this factor weighs heavily against institution. *Fintiv II* at 13.

C. *Fintiv* Factor 3: By the time an institution decision is reached, both fact discovery and claim construction proceedings will be well underway.

Factor 3 relates to the “amount and type of work already completed in the parallel litigation by the court and the parties *at the time of the institution decision.*” *Fintiv I* at 9 (emphasis added). Here, the parties have already exchanged infringement and invalidity contentions as well as claim construction disclosures, and by the time the institution decision issues, claim construction briefing will either be complete or nearing completion in all three parallel cases, with the *Markman* hearing fast-approaching. Ex. 1022 at 5-6; Ex. 2003 at 5-6; Ex. 2005 at 5-6. Fact discovery is likewise already well underway in all three cases. Across the parallel litigations, the parties have collectively served and responded to 110 interrogatories

and 46 requests for admission, as well as served 27 third-party subpoenas. Extensive document production has also already occurred in all three cases. And by the time the institution decision issues, the deadline to complete discovery will be just a few months away. Ex. 1022 at 4; Ex. 2003 at 3; Ex. 2005 at 3. Those investments weigh strongly against institution because they ensure that this IPR cannot be an efficient alternative to district court litigation. This favors discretionary denial, and panels have found this factor to favor denial when the parallel litigation was at a similarly advanced stage as here. *See, e.g., BOE Tech. Grp. Co. v. Element Capital Commercial Co.*, IPR2023-00808, Paper 9 at 23-24 (PTAB Nov. 15, 2023) (denying institution in part because “[s]ignificant discovery has been completed, including the exchange of infringement and invalidity contentions, document requests and interrogatories, and proposed claim terms for construction, and ... close of fact discovery is near”).

Of course, the reason that the district court litigation will be so far along at the time of institution is because Petitioners unduly delayed in filing the Petition, filing over eight months after being served with the first district court complaint. *Compare* Pet. at 84 (dated April 19, 2024) *with* Ex. 2010 (Cellco Partnership d/b/a Verizon Wireless served on August 2, 2023); *see also* Ex. 2011 (Verizon Corporate Services Group Inc. served on August 3, 2023); Ex. 2012 (AT&T Services, Inc. served on September 7, 2023); Ex. 2013 (AT&T Corp. served on September 8, 2023); Ex. 2014

(AT&T Mobility LLC served on September 14, 2023); Ex. 2015 (T-Mobile USA, Inc. served on August 28, 2023). The Petition offers no explanation for Petitioners' delay.

Because there has been substantial investment in the parallel proceedings, and Petitioners delayed in filing the Petition, Factor 3 weighs heavily against institution.

D. *Fintiv* Factor 4: There is substantial overlap between this IPR and the district court proceeding.

This factor looks at “whether all or some of the claims challenged in the petition are also at issue in district court” and whether the “petition includes the same or substantially the same claims, grounds, arguments, and evidence” as the parallel district court case. *Fintiv I* at 12-13. Here, there is substantial overlap between the challenged and asserted claims, and some of the same prior art applied in the Petition is also relied upon at the district court.

First, the Petition challenges all of the claims that are currently asserted in the litigation. *Compare* Pet. at 14 (challenging claims 1-18) *with* Ex. 1021 at 2 (Verizon infringement contentions asserting claims 1-9, 12-14, and 16-18); Ex. 2016 at 2 (AT&T infringement contentions asserting the same); Ex. 2017 (T-Mobile infringement contentions also asserting the same). Although there are three additional claims challenged in the Petition (claims 10, 11, and 15), each of these are dependent claims that depend from the sole independent claim (claim 1) and the Petition applies the same prior art references against claims 10, 11, and 15 as it does

against those claims that are asserted in the parallel litigation. *See* Pet. at 14 (applying Ground 1 against non-asserted claims 10, 11, and 15 as well as asserted claims 1-9, 12-14, and 16-18).

“[A]lthough the challenged claims asserted in this proceeding may not be identical to those the parties elect to pursue at trial in the underlying litigation, the differences do not appear to be meaningful in this case.” *Google LLC v. Agis Software Dev., LLC*, IPR2020-00871, Paper 16 at 14-16 (PTAB Nov. 25, 2020), *reh’g denied*, Paper 27 (PTAB Jan. 26, 2022); *see also Global Tel*Link Corp. v. HLFIP Holding, Inc.*, IPR2021-00444, Paper 14 at 26 (PTAB July 22, 2021) (denying institution of IPR, noting that “[t]he mere fact ... that three dependent claims challenged here are not asserted in the district court litigation without any explanation of why the lack of challenge of these three claims in the district court is significant is not enough to favor institution, in light of the near complete overlap of issues with respect to [the challenged] claims”), *reh’g denied*, Paper 24 (PTAB Jan. 14, 2022).

Second, Petitioners heavily rely on its primary reference in this proceeding (Limont) in the parallel district court litigations. Both Verizon and T-Mobile rely on Limont both an allegedly anticipatory reference, as well as one of the references in over half (4 out of 7) of their obviousness combinations. Ex. 2018 at 42-43; Ex. 2020 at 49. AT&T likewise relies on Limont as an anticipatory and obviousness reference.

Ex. 2019 at 64. There is thus substantial overlap in the prior art invalidity theories presented to the PTAB and the district court.

Further, Petitioners limited *Sand Revolution* stipulation that they “will not pursue in Related Litigation any ground raised in this IPR” (Pet. at 78) does not alleviate inefficiency concerns. *See* Interim Discretionary Denial Memo at 3; *see also, e.g., 3Shape Trios A/S v. Densys Ltd.*, IPR2021-00236, Paper 12 at 11-12 (PTAB May 20, 2021) (denying institution, rejecting a similar stipulation because it “is too narrow to clarify that it will not pursue any ground that could have reasonably been raised in an IPR,” and noting that “a broader stipulation might better address concerns regarding duplicative efforts and potentially conflicting decisions”). With this *Sand Revolution* stipulation, as opposed to a *Sotera* stipulation, Petitioners are agreeing to far less than what would be the natural consequences of the case proceeding to a final written decision. *See, e.g., Cal. Inst. of Tech. v. Broadcom Ltd.*, 25 F.4th 976, 991 (Fed. Cir. 2022) (“overrul[ing] *Shaw* and clarify[ing] that estoppel applies not just to claims and grounds asserted in the petition and instituted for consideration by the Board, but to all grounds not stated in the petition but which reasonably could have been asserted against the claims included in the petition”).

And this stipulation is especially meaningless here, where Petitioners intend to rely heavily on their primary reference in this proceeding at the district court. *See, e.g., Vector Flow, Inc. v. HID Global Corp.*, IPR2023-00353, Paper 8 at 22 (PTAB

July 17, 2023) (finding a substantial overlap in grounds where, in the parallel litigation, petitioner relied on the issued version of the application it relied on in the IPR as well as other references with similar disclosures); *NXP* at 12 (finding that the fact that the same art was asserted in both proceedings weighed in favor of discretionary denial).

In short, the Petition challenges the same claims asserted in the parallel litigation, and Petitioners rely heavily on their IPR primary reference at the district court. This raises substantial “concerns of inefficiency and the possibility of conflicting decisions,” weighing against institution. *See Fintiv I* at 12.

E. *Fintiv* Factor 5: Petitioners are defendants in the district court litigation.

Petitioners are defendants in the parallel litigation. “Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.” *Fintiv II* at 15.

F. *Fintiv* Factor 6: Other circumstances weigh strongly against institution, including the weakness of the Petition and Petitioner’s delay.

This factor looks at “other circumstances that impact the Board’s exercise of discretion, including the merits.” *Fintiv I* at 9. This factor weighs heavily against institution for two reasons. First, contrary to Petitioners’ assertion, the merits of this Petition suffer from significant weaknesses and gaps in proof, as discussed above. The Petition fails to show that any of its proposed obviousness combinations disclose

or render obvious any of the challenged claims. *See supra* § V. Thus, the Petition fails to present a “compelling unpatentability challenge” (*see* Interim Discretionary Denial Memo at 2-5) and fails to establish a reasonable likelihood of success. Second, there is evidence that Petitioners unduly delayed in filing the Petition, as discussed above for Factor 3, and Petitioners offer no explanation for their delay. *See supra* § VI.C.

* * *

Each of the six *Fintiv* factors weigh in favor of the Board exercising its discretion to deny institution.

VII. CONCLUSION

Patent Owner respectfully requests that the Board deny institution for either or both of two independent reasons. First, each of the Petition’s grounds fails on the merits. Second, the Board should exercise its discretion under Section 314(a) to deny institution because of the status of the co-pending lawsuits in light of Petitioners’ delay in filing the Petition.

Date: July 25, 2024

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CERTIFICATION REGARDING WORD COUNT

Pursuant to 37 C.F.R. §42.24(d), Patent Owner certifies that there are 5,354 words in the paper excluding the portions exempted under 37 C.F.R. §42.24(a)(1).

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CERTIFICATE OF SERVICE (37 C.F.R. § 42.6(e)(1))

The undersigned hereby certifies that the above document was served on July 25, 2024, by filing this document through the Patent Trial and Appeal Case Tracking System as well as delivering a copy via electronic mail upon the following attorneys of record for the Petitioner:

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