

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO. LTD.,
Petitioner,

v.

HEADWATER RESEARCH LLC,
Patent Owner

Case IPR2024-01407
U.S. Patent No. 9,179,359

**PETITIONER'S AUTHORIZED RESPONSE TO PATENT OWNER'S
REQUEST FOR DIRECTOR REVIEW**

I. INSTITUTION WAS NOT BASED ON ANY NEW THEORY

Headwater's attempt to re-litigate substantive positions—which the Board rejected in instituting this proceeding—should be denied. The Board's rejection of Headwater's prior arguments was not an abuse of discretion, and Headwater's dissatisfaction with the Board's institution decision ("ID") does not merit Director Review. Indeed, the Board's ID does not implicate important legal or policy issues, nor has Headwater identified any clear errors impacting fairness.

On the merits, Headwater's Request is predicated on its own misguided belief that the Board's ID was premised on a misapprehension regarding "an inaccurate inherency theory not presented in the Petition." *See* Req., 3 (citing ID, 27). But on page 27, the ID confirms that the Board was "[t]urning to Patent Owner's responsive argument" in addressing Headwater's mischaracterization of the Petition in the Preliminary Response. ID, 27 (citing POPR, 8). Rather than relying on a "new theory," the Board merely explained its understanding of the Petition. *Compare* Req., 3-4, *with* ID, 27.

Headwater's Request also misleadingly suggests that the Board decided to institute exclusively on what Headwater mistakenly believes to be a "new theory." *See* Req., 4-8. Again, this neglects the Board's analysis at pages 24-26 of the ID, which reflects the Board's consideration of record evidence beyond the Petition. Such record evidence includes at least express prior art disclosures.

The prior art describes that, “if a user attempts to use a telephone line for a voice call, a user may need to cause a current data connection to disconnect before a voice call may be established” (Ex. 1005, ¶8), which results in the determination recited in claim 26 that an application is an “active application based on a user interaction with the different application.” The ID cites to this and other disclosures. *See* ID, 24-26 (citing Ex. 1005, ¶¶8, 13, 14, 57 (“a request from an application that is **currently active** may be assigned a higher priority”), 27 (“**considering these disclosures** together with the cited paragraphs of Petitioner’s declaration, Petitioner sufficiently shows on the present record that one of ordinary skill in the art would have understood that, in Shell, when a user attempts a voice call, the user can cause a current data connection to disconnect”))).

Simply put, the Board’s ID reflects not only assessment of the Petition, but also of “[prior art] disclosures together with the cited paragraphs of Petitioner’s declaration.” *Id.*, 26. More, Headwater also suffers no prejudice, which prejudice would be hard to imagine considering that it disclaimed claims 1-25 and 27-29 more than two months *before* the ID.

II. THE BOARD’S *FINTIV* ANALYSIS WAS APPROPRIATE

The Board sufficiently addressed each *Fintiv* factor consistent with governing precedent. *See* ID, 5-10. And this analysis was consistent with

subsequent changes in Office guidance.¹

With respect to factor 1, the Request states that “a stay is unlikely given the advanced stage of the case.” Req., 9. But this ignores that: (1) Samsung moved to stay on 4/2/2025, after all four patents asserted in the district court litigation had IPR instituted, and (2) now that all patents asserted in the litigation are subject to IPR, a stay is likely. *See, e.g., Vill. Green Techs., LLC v. Samsung Elecs. Co., Ltd.*, No. 2:22-cv-00099-JRG, 2023 WL 416419, at *3 (E.D. Tex. Jan. 25, 2023).

With respect to factor 2, the Board used a projected trial date of 10/6/2025 in finding factor 2 to favor “exercising our discretion to deny institution.” ID, 7. However, the likelihood that the district court trial actually starts on this date is speculative. Even if the court denies Samsung’s stay motion (mentioned above), prior litigation between the same parties in the same forum suggests delay. For example, in *Headwater Research LLC v. Samsung Electronics America, Inc.*, 2:22-cv-00422 (EDTX), trial commenced on 1/13/2025, more than five months after the originally-scheduled trial date of 8/5/2024. If Samsung’s motion to stay is granted or if there a similar delay, the FWD can, and likely will, come before trial.

With respect to factors 3 and 4, Headwater relies on a recent Director

¹ *E.g.*, Memorandum dated March 26, 2025 (“Stewart Memo”); Memorandum dated March 24, 2025 (“Boalick Memo”)

Review decision in IPR2024-01205. Pap. 19 (Mar. 28, 2025) (“*Motorola*”). But, unlike the parallel litigation implicated there, the parties’ investments do not rise to the same level of “substantial investment.” ID, 7-8. There, the parties had submitted claim construction briefing and the court had held a *Markman* hearing before patent owner filed its Preliminary Response. By contrast, when Headwater filed its Preliminary Response on 12/26/2024, no claim construction briefing or *Markman* hearing had taken place. Further distinguishing *Motorola*, the parallel litigation is still months from the close of fact discovery, and the parties still have not even served expert reports.²

As to factor 4, the ID recognizes that the implicated *Sotera* stipulation results in “no overlap between issues raised in the Petition and in the parallel litigation.” ID, 8. And while Headwater contends that “Petitioner has presented numerous invalidity grounds that are combinations of the prior art at issue in this proceeding with system prior art,” this is a non-issue. Req., 11. Indeed, because Headwater already disclaimed all but claim 26, Samsung does not plan to and will not combine any of the “prior art at issue in this proceeding with system prior art” in the district court to the extent that institution is maintained. Req., 11. Thus,

² In the parallel litigation, all ESI production, ~20-30 depositions, expert discovery, summary judgment proceedings, and pre-trial motions lie in the future.

given Samsung's *Sotera* stipulation as clarified here,³ and Headwater's disclaimer, there remains a complete lack of overlap between forums.

Finally, the Board's analysis is consistent with current guidance reaffirming *Sotera* stipulations as "highly relevant" to discretion, and the Board properly treated Samsung's *Sotera* stipulation "as part of its holistic analysis under *Fintiv*." Boalick Memo, 2-3; *see* ID, 10. Institution was also not based on "compelling merits alone" (Boalick Memo, 3) since the Board found that "*Fintiv* factor 6 is neutral." ID, 9-10. Headwater, a non-practicing entity, does not contribute to the corpus of the technological development in the U.S. While the '359 patent issued on 11/3/2015, Headwater waited more than 8 years to assert it and asserted **12** other patents against Samsung before asserting the '359 patent. By contrast, Samsung has been diligent in applying prior art to a large number of claims before its statutory bar for the 21 patents Headwater has asserted against it. No other forum has already adjudicated the validity of the remaining challenged claim. And, as explained above, the Board decided to institute based on express prior art disclosure, confirming a lack of overreliance on expert testimony.

³ Further, in *Motorola*, the trial date of the parallel litigation was ***eleven*** months before the FWD deadline, as opposed to the ***five-month*** gap estimated by the Board here. *Motorola*, 4.

Respectfully submitted,

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§42.6(e), the undersigned certifies that on April 11, 2025, a complete and entire copy of this Petitioner's Authorized Response to Patent Owner's Request for Director Review was provided by email to the Patent Owner by serving the correspondence email addresses of record as follows:

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