

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,
SAMSUNG ELECTRONICS CO., LTD., and
SAMSUNG ELECTRONICS, AMERICA, INC.,
Petitioners,

v.

CERENCE OPERATING COMPANY,
Patent Owner.

Case No. IPR2024-01464
U.S. Patent No. 11,393,461

PATENT OWNER CERENCE OPERATING COMPANY'S
RESPONSE TO PETITIONERS' DIRECTOR REVIEW
REQUEST

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TABLE OF AUTHORITIES

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<i>Covey v. Hollydale Mobilehome Ests.</i> , 116 F.3d 830 (9th Cir. 1997).....	1, 2
<i>Dep’t of Homeland Sec. v. Regents of the Univ. of Cal.</i> , 591 U.S. 1 (2020)	2

PATENT OWNER'S EXHIBIT LIST

<i>Exhibit No</i>	<i>Description</i>
2001	Federal Court Management Statistics, Eastern District of Texas, 2019-2024
2002	Excerpt of Defendant's Amended Invalidity Contentions (<i>Cerence Operating Company v. Samsung Electronics Co., Ltd.</i> , Case No. 2:23-cv-00482-JRG-RSP (E.D. Tex.))
2003	Proof of Service of Samsung Electronics America, Inc. (<i>Cerence Operating Company v. Samsung Electronics Co., Ltd.</i> , Case No. 2:23-cv-00482-JRG-RSP (E.D. Tex.))
2004	Third Amended Docket Control Order (<i>Cerence Operating Company v. Samsung Electronics Co., Ltd.</i> , Case No. 2:23-cv-00482-JRG-RSP (E.D. Tex.))

I. INTRODUCTION

Petitioners' Request for Director Review should be denied. The Board acted within its authority in denying institution, and Petitioners' due process rights were not violated. Moreover, Petitioners' *Fintiv* arguments amount to nothing more than a disagreement with the result.

II. THE BOARD ACTED WITHIN ITS AUTHORITY, AND PETITIONERS' DUE PROCESS WAS NOT VIOLATED

First, Petitioners assert that they relied on the prior Vidal Memo in filing their IPR, and that their due process rights were violated by the retroactive application of the rescission. Motion at 4-5. Not so. Tellingly, Petitioners do not identify any additional "process" that was due to them, or anything that they would have changed in their Petition or subsequent filings had they been aware that the Vidal Memo would be rescinded. Instead, Petitioners simply do not agree with the outcome. Nor do Petitioners address the fact that they were provided ample opportunity to file a supplemental briefing to address the updated guidance and its impact on these proceedings. *See* IPR2024-01464, Paper 14. Petitioners have also been afforded the right to seek Director Review of the institution decision, as evident by Petitioners' present Motion.

Petitioners' case law is also inapposite. For example, Petitioners cite to *Covey v. Hollydale Mobilehome Ests.* for the premise that "all events necessary to establish" Petitioners' rights had occurred prior to the Vidal Memo

being rescinded, thereby precluding retroactive application of the rescission. (Motion at 5 (citing 116 F.3d 830, 837-38 (9th Cir. 1997))). But *Covey* dealt with provisions related to housing discrimination, and specifically the question of “whether the new regulations may retroactively change the standard for determining whether Appellees may be liable for past actions.” 116 F.3d at 837. Here, the new guidance did not change the statutory or regulatory framework for IPR proceedings, nor did it impact liability of either party for any cause of action. Moreover, here, “all of the events necessary to establish” Petitioners’ rights *did not* occur prior to the new guidance, as Petitioners were afforded supplemental briefing to address the new guidance, and the Board did not issue its decision until *after* Petitioners were afforded a fair opportunity to address the new guidance.¹

Second, Petitioners argue that the Board acted beyond its statutory authority in suggesting that *Sotera*-type stipulations are no longer sufficient to avoid discretionary denial, asserting that the Board’s new guidance amounts

¹ Likewise, Petitioners cite to *Dep’t of Homeland Sec. v. Regents of the Univ. of Cal.* (“*Regents*”) for the premise that an agency must be cognizant that previous policies may have “engendered serious reliance interests that must be taken into account.” (Motion at 5 (citing 591 U.S. 1, 30-31 (2020) (cleaned up))). But *Regents* dealt with a rescission to the DACA program, thereby affecting the legal immigration status of hundreds of thousands of individuals across the nation. 591 U.S. at *passim*. Here, Petitioners do not explain how they detrimentally relied on the prior Director guidance.

to impermissibly demanding that litigants “give up defenses that they *cannot* bring in an IPR.” Motion at 2-4 (emphasis in original). But Petitioners’ hyperbolic arguments ignore the fact that the Board *still* considers *Sotera* stipulations as part of its analysis—*said stipulations are just not dispositive*.

Moreover, Petitioners misrepresent the new guidance, as well as the Board’s decision, in asserting that the Director / Board is demanding that they give up defenses and rights unavailable through the IPR process. *See* Motion at 2-3. Nowhere in the new guidance, or the Board’s decision, is there a requirement for Petitioners to give up defenses they couldn’t have raised during the IPR process. Instead, here, the Board simply observed that Samsung’s district court invalidity contentions “contemplate combining the Appel Siri and Samsung S Voice systems with any of the cited references, including those cited in this proceeding.” Paper 14 at 12 (emphasis in original). Thus, the Board merely recognized that Samsung was engaging in gamesmanship, i.e., providing a stipulation that it would *not* utilize IPR prior art references in the district court action, and then subsequently carving out a loophole where it *could* still use these references by combining them with system prior art.

In short, this is not a constitutional crisis, as Petitioners claim. The Board’s opinions regarding the scope of *Sotera* stipulations is merely a re-

sponse to Petitioners’ *own* attempts to game the system to levy multiple validity challenges in parallel tribunals utilizing essentially the same grounds. Notably, even with the new guidance, Petitioners are still free to rely on system prior art in district court proceedings—*they just can’t use system prior art as a backdoor to re-introduce invalidity grounds already being asserted in the parallel IPR proceedings*. Petitioners are similarly free to assert any of the other available defenses in district court, including challenges to patentability, written description and enablement, prior use and/or knowledge, and equitable defenses. And Petitioners are free to utilize *all* of the available defenses—even those asserted in the IPR proceedings—in the event that institution is denied. *See* Ex. 1010 (conditioning its stipulation on institution).

III. THE BOARD CORRECTLY FOUND THE *FINVTIV* FACTORS WEIGHED IN FAVOR OF DENIAL

Petitioners argue that the Board erred in its Fintiv analysis with respect to Factors 2, 3, 4, and 6. Motion at 6-15. But Petitioners arguments amount to a mere disagreement with the result, without identifying any error in law or fact. With respect to Factor 2, Petitioners do not dispute that the district court trial date is still *months* before the deadline for a FWD. And while Petitioners argue that there are “nine” trials currently scheduled for the same date (inferring that trial date would be “impossibl[e]”) (*id.* at 6-7), the stacking of trials is a common logistical occurrence and does not change the medium time-to-

trial dates for the district or suggest that trial would somehow take place *months-later* than currently scheduled.²

Regarding Factor 3, Petitioners merely disagree with the Board’s conclusion regarding the significance of work already completed in the district court, without identifying any legal error in the Board’s analysis. *Id.* at 8-10. Regarding Factor 4, Petitioners once again simply complain about the Board’s decision to not hold their *Sotera* stipulation as dispositive (*id.* at 10-13), which, as discussed above, is simply a response to Petitioners’ *own* attempts to game the system. Finally, regarding Factor 6, Petitioners assert that the Board “could not weigh the merits it did not assess.” *Id.* at 14-15. But as the Board explained, “a full analysis of the merits is not necessary” at the discretionary denial stage, and on the record before it, the Board properly found that the *Fintiv* factors outweighed any arguments regarding the strength of the merits. Paper 15 at 14-15.

IV. CONCLUSION

In view of the forgoing, discretionary denial is appropriate.

² While Petitioners further argue that the FWD date should be compared to the estimated date for receiving a final judgment in district court (*id.* at 7-8), this does not address the concern of having conflicting results from multiple tribunals regarding the validity of a challenged patent, and Petitioners ignore the fact that the majority of jury verdicts are *not* overturned by district courts.

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CERTIFICATE OF SERVICE

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