

Case No. IPR 2024-01468
Petitioners' Reply to Patent Owner Preliminary Response

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

**T-MOBILE USA, INC., AT&T SERVICES, INC., CELLCO PARTNERSHIP
D/B/A VERIZON WIRELESS, ERICSSON INC. AND
NOKIA OF AMERICA CORPORATION**

Petitioners,

v.

HEADWATER PARTNERS II LLC

Patent Owner.

Case No. IPR2024-01468

U.S. Patent No. 9,094,868

**PETITIONERS' REPLY TO
PATENT OWNER PRELIMINARY RESPONSE¹**

¹ Authorized by the Board's email dated February 25, 2025.

I. DISCRETIONARY INSTITUTION DENIAL IS NOT WARRANTED

Petitioners² respectfully submit that discretionary denial under *Fintiv* is not appropriate for at least the reasons set forth in the Petition and below. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv* Order”). Notably, to avoid any possibility of conflicting decisions and overlap between the Petition and the Related Matters, Petitioners have served a *Sotera* stipulation. *See Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (“*Sotera* Order”).

A. Factor 1: Neither party has requested a stay

Factor 1 is neutral because neither party has moved to stay the district court cases. *See, e.g., Hulu, LLC v. SITO Mobile, Ltd.*, IPR2021-00298, Paper 11 at 10-11 (PTAB May 19, 2021) (because “neither party has produced evidence that a stay has been requested[,]” “[w]e decline to infer, based on actions taken in a different case with different facts, how the District Court would rule should a stay be requested by the parties in the parallel case here.”) (partially quoting *Fintiv*, IPR2020-00019, Paper 15 at 12 (PTAB May 13, 2020)).

² All defined terms have the same meaning as used in the Petition.

B. Factor 2: The scheduled trial dates are subject to movement

The timing for trial at the district court should weigh against discretionary denial (or at least be neutral) because jury selection is realistically farther in the future than the district court's current jury selection dates: September 8, 2025 and September 22, 2025. (Exs. 1006, 1007.) First, according to the June 2024 Federal Court Management Statistics, the median time frame from filing to trial of a civil case in the Eastern District of Texas is 21.6 months, which would push the trial dates to around October 2025 (Ex. 1008, 35). Second, even if jury selection were to proceed in September 2025, jury selection would proceed with respect to only one of the three cases against AT&T, T-Mobile or Verizon. Each of the defendant Petitioners are entitled to separate trials, which will necessarily proceed on separate dates. Third, Patent Owner Headwater's related entities have filed a number of patent cases in the Eastern District of Texas, all of which are before the same district court and predate the Related Matters' (listed in the Petition at 74) filing:

Headwater's Earlier-Filed Patent Cases in EDTX
<i>Headwater Research LLC v. Verizon Communications Inc. et al.</i> (2-23-cv-00352)
<i>Headwater Research LLC v. T-Mobile US, Inc. et al.</i> (2-23-cv-00377)
<i>Headwater Research LLC v. AT&T Inc. et al.</i> (2-23-cv-00397)
<i>Headwater Research LLC v. Samsung Electronics Co., Ltd. et al.</i> (2-23-cv-00641)

These earlier-filed patent cases' trial dates will have priority over the Related Matters, which will serve to further delay any trial relating to the '868 Patent.

These facts taken together weigh against discretionary denial because much can change in the coming months. *See Dish Network v. Broadband iTV*, IPR2020-01280, Paper 17 at 16 (PTAB Feb. 4, 2021) (“We cannot ignore the fact that the currently scheduled trial date is more than nine months away and much can change during this time.”).

C. Factor 3: The parties have invested minimal resources in the related litigation to date

Although the parties have exchanged invalidity and infringement contentions, significant discovery remains outstanding, and little progress has been made in the Related Matters. *See, e.g., Fox Factory, Inc. v. SRAM, LLC*, IPR2024-00492, Paper 11 at 9-10 (PTAB Aug. 7, 2024) (finding minimal investment where “[t]he parties have only exchanged preliminary infringement and invalidity contentions” weighing toward institution). As of the institution decision (May 13, 2025), fact discovery will have recently closed, but expert discovery will still be ongoing. (Exs. 1006, 1007).

Because there is much work to be done in the Related Matters, the district court will not invest significant resources related to the challenged patent prior to the institution decision. *See Fintiv* Order at 9-12 (“If, at the time of the institution decision, the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution under

NHK."); *DISH Network*, IPR2020-01280, Paper 17 at 18-21. Accordingly, this factor favors institution.³

D. Factor 4 - Petitioners have served a *Sotera* stipulation to avoid duplicative efforts

Factor 4 weighs strongly against discretionary denial. Petitioners recognize the Board's desire to minimize the duplication of work by two tribunals in resolving the same issue. *See, e.g., Intel Corp. v. VLSI Tech. LLC*, IPR2019-01192, Paper 15 at 11 (PTAB Jan. 9, 2020). To avoid any potentially duplicative efforts, Petitioners have stipulated that if the IPR is instituted, then they will not pursue in the Related Matters any ground raised or that reasonably could have been raised in the Petition. (See Ex. 1014 (*Sotera* stipulation letter to Patent Owner).) Petitioners' stipulation removes any efficiency concerns and the possibility of conflicting decisions. *See*

³ Petitioners did not unduly delay their filing, which was timely filed on September 20, 2024 – nine months after three Petitioners were served with a complaint and two months after two other Petitioners intervened in the Related Matters. (See POPR 8-9, 16, 18-19; Petition at 77; Exs. 1009, 1010.) *See also Samsung Elecs. Co. v. Immersion Corp.*, IPR2018-01468, Paper 10 at 13-19 (PTAB Feb. 20, 2019) (finding unpersuasive patent owner's argument that petition was untimely when filed on the last possible day before the statutory deadline).

Sotera Order at 19; *Sand Revolution II, LLC v. Cont'l Intermodal Grp. – Trucking LLC*, IPR2019-01393, Paper 24 at 12, n. 5 (PTAB June 16, 2020) (“*Sand* Order”).

E. Factor 5 – The same parties are involved in both the Related Matters and Petition

Because the parties are the same in the Petition and Related Matters, “this factor weighs in favor of discretionary denial.” *Fintiv*, IPR2020-00019, Paper 15 at 15.

F. Factor 6 – Petitioners have made a strong case for invalidity

Where, as here, “Petitioner has set forth a reasonably strong case for the obviousness of most challenged claims[,] this factor weighs in favor of not exercising discretion to deny institution.” *Sand* Order at 13. The Petition presents a strong challenge to the '868 Patent's validity, which compelled Patent Owner to voluntarily disclaim all but five of the thirty-four Challenged Claims. *See* Petition, § VIII; POPR at 1-2, 4. The Petition includes substantial evidence showing that the prior art discloses all elements of the five remaining claims. (*See* Petition, §§ VIII.A.19-23.) Accordingly, this factor favors institution.

II. CONCLUSION

For the reasons stated in their Petition and above, Petitioners respectfully request that a Trial be instituted and the remaining Challenged Claims be cancelled.

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Dated: March 4, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Petitioners' Reply to Patent Owner Preliminary Response was served on this date via email to the following addresses:

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