

Patent Owner's Opposition to Petitioner's Request for Rehearing
IPR2025-00188 (U.S. Patent No. 8,982,691)

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CISCO SYSTEMS, INC,
Petitioner,

v.

WSOU INVESTMENTS d/b/a BRAZOS LICENSING AND
DEVELOPMENT,
Patent Owner.

Case IPR2025-00188
Patent 8,982,691

**PATENT OWNER'S OPPOSITION TO PETITIONER'S REQUEST FOR
REHEARING OF DISCRETIONARY DENIAL OF INSTITUTION OF
INTER PARTES REVIEW**

Patent Owner’s Opposition to Petitioner’s Request for Rehearing
IPR2025-00188 (U.S. Patent No. 8,982,691)

EXHIBIT LIST

Exhibit No.	Exhibit Description
2001	<i>WSOU Investments LLC v. Cisco Systems</i> 24-cv-00332 (EDTX) Complaint
2002	<i>WSOU Investments LLC v. Cisco Systems</i> 24-cv-00332 (EDTX) Docket Control Order
2003	’884 Patent 2025-01-30 [4] Filing Date Accorded
2004	Docket Navigator Statistics
2005	Legal Metrics Report
2006	2024-09-23 Defendant’s Invalidity Contentions
2007	Ex. D1 - Invalidity Chart - ’691 Patent – Elie-Dit-Cosaque
2008	Ex. D3 - Invalidity Chart - ’691 Patent – Hanif
2009	U.S. Patent No. 7,113,481
2010	Invalidity Chart - ’691 Patent – Park
2011	Ex. D9 - 2024-09-23 Cisco’s Ineligibility Contentions
2012	Ex. D - Ineligibility Chart - ’691 Patent
2013	U.S. Patent No. 7,352,703
2014	2025-02-28 USPTO Rescinds Memorandum Addressing Denial Procedures
2015	Protective Order
2016	’691 Maintenance Fee Details
2017	U.S. Patent No. 6,778,492
2018	Director’s CSIS Statement
2019	’691 Patent Assignment
2020	WSOU v. Cisco Jury Trial Proceeding Excerpt 2/10/25

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Exhibit No.	Exhibit Description
2021	March 31, 2025 email from Panel to Parties authorizing additional briefing.
3100	June 30, 2025 Panel Email re Patent Owner's Director Review Request
3101	September 23, 2025 Panel Email re Petitioner's Request for Rehearing of Director Review Decision

I. INTRODUCTION

Patent Owner WSOU Investments d/b/a Brazos Licensing and Development (“Brazos” or “Patent Owner”) writes in response to Petitioner Cisco’s Request for Rehearing of the Acting Director’s August 22, 2025, Order Granting Director Review, Vacating the Decision Granting Institution, and Denying Institution of Inter Partes Review (“August 22 Order”), pursuant to the Director’s September 23, 2025, email authorization to do so. *See* Paper 15; Ex. 3101.

In sum, the Director correctly vacated the Panel’s decision and denied institution of IPR. *See* Paper 14. As addressed in detail below, Petitioner’s interpretation of *Sotera* in light of recent Federal Circuit jurisprudence misses the mark; alternative grounds that support the August 22 Order are unchallenged on Petitioner’s rehearing request; and no statutory authority entitles Petitioner to the relief it seeks. Petitioner’s request to reinstate the Panel’s decision to institute should be denied.

II. PETITIONER’S ARGUMENT THAT THE DIRECTOR’S TREATMENT OF ITS *SOTERA* STIPULATION MUST ALIGN WITH THE FEDERAL CIRCUIT’S *INGENICO* DECISION IS INCORRECT

Petitioner’s rehearing request focuses solely on alleged errors relating to the Director’s conclusions as to *Fintiv* Factor 4. *See generally* Paper 15. But specifically, the Director’s finding as to that aspect of the *Fintiv* analysis was that “[t]he Board gave *too much weight* to Petitioner’s *Sotera* stipulation and its potential to reduce

overlap with the issues raised in the parallel proceeding.” Paper 14 at 2 (emphasis added). In other words, the Director did **not** find, as Petitioner argues, that Petitioner's *Sotera* stipulation was “deficient.” Paper 15 at 5. Rather, the Director merely found that because “Petitioner's stipulation here does not ensure that this proceeding would be a true alternative to the district court proceeding,” the stipulation was thus “entitled to **less weight**” under the *Fintiv* analysis. *Id.* at 3 (citing *Motorola Solutions v. Stellar, LLC*, IPR2025-01205, Paper 19 at 3 (PTAB March 28, 2025)) (emphasis added). Petitioner's rehearing request does not challenge the Director's assessment of the effect of Petitioner's stipulation, but rather alleges that the Director erred in giving the stipulation less weight under the discretionary framework of *Fintiv*. *See generally* Paper 15.

Notably, a petitioner bears no obligation at all to execute a *Sotera* stipulation—the decision to do so is inherently a tactical one made in service of attempting to **avoid an efficiency-based discretionary denial**. Petitioner's rehearing request thus essentially misses the fundamental point of a *Sotera* stipulation, which is, consistent with the underlying rationale of *Fintiv*, to minimize inefficient duplication of efforts between an *inter partes* review and a parallel district court proceeding. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 12-13 (PTAB Mar. 20, 2020) (precedential) (“[I]f the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel

proceeding, this fact has favored denial. Conversely, if the petition includes materially different grounds, arguments, and/or evidence than those presented in the district court, this fact has tended to weigh against exercising discretion to deny institution . . .”) (footnote omitted).

Where a petitioner, as Cisco does here, reserves its rights at the district court level to combine system art with art already raised in the context of an IPR proceeding, those efficiency grounds are simply not maximized. The Director's August 22 Order correctly recognized this reality: "Petitioner's stipulation 'does not relinquish any rights or opportunities to challenge the '691 patent claims on any other ground (i.e., any ground that could not have been raised under §§ 102 or 103 on the basis of prior art patent or printed publications).' Petitioner's invalidity arguments in the district court include combinations of the prior art asserted in this proceeding with unpublished system prior art." Paper 14 at 2 (citations omitted). Petitioner's decision to construct its *Sotera* stipulation as it did was well within its own discretion. But it was equally within the Director's corresponding discretion to weigh *Fintiv* Factor 4 in favor of discretionary denial, based on the Director's recognition that the potential for substantial duplication of efforts between the Petition and the parallel district court proceeding would not maximize efficiency.

Petitioner relies on *Ingenico Inc. v. IOEngine, LLC*, 136 F.4th 1354 (Fed. Cir. 2025), for the proposition that "[a]fter *Ingenico*, a *Sotera* stipulation cannot be

deemed deficient for not waiving non-IPR-eligible grounds.” Paper 15 at 5. But Petitioner’s argument seeks to extend the *Ingenico* court’s finding specific to one legal context (i.e., IPR *estoppel*) to a second context that bears only a tenuous relation (i.e., the Director’s discretionary authority to decline IPR *institution* based *inter alia* on insufficient efficiency gains). *Ingenico* addresses the specific question of what prior art references an accused infringer *is allowed to raise before a district court* in light of a related IPR proceeding. *See* 136 F.4th at 1365-66 (“IPR estoppel does not preclude a petitioner from asserting the same prior art raised in an IPR in district court, but rather precludes a petitioner from asserting grounds that were raised or reasonably could have been raised during an IPR.”). But nothing in *Ingenico* mandates that an accused infringer *is entitled to raise* prior art of its choosing in connection with an IPR petition, and also raise substantively overlapping prior art in a parallel district court proceeding. Rather, where the Director recognizes the potential for inefficient overlap—as here—the Director may, consistent with *Fintiv*, exercise discretion to deny institution, without running afoul of the limited principle set forth in *Ingenico*.

III. EVEN IF PETITIONER’S *SOTERA*-BASED ARGUMENT WERE CORRECT (IT IS NOT), DISCRETIONARY DENIAL OF INSTITUTION WAS PROPER BASED ON ADDITIONAL FACTORS

On a request for rehearing of a Director Review decision such as this one, “the rehearing request must specifically identify what matter the Director Review

decision misapprehended or overlooked.” Director Review Process, <https://www.uspto.gov/patents/ptab/decisions/director-review-process> § 5.C.ii (last updated Sept. 16, 2025); *accord* 37 C.F.R. § 42.71(d). Here, Petitioner’s rehearing request is centered on the Director’s alleged misapplication of *Fintiv* Factor 4 as it relates to Petitioner’s so-called *Sotera* stipulation. Paper 15 at 3. But on its face, Petitioner’s *Sotera* stipulation—and by extension, all grounds underlying Petitioner’s rehearing request—bears on just one factor in a multipart test. And both the Director and Brazos have previously identified multiple other grounds beyond *Fintiv* Factor 4 that support a proper exercise of the Director’s discretion to decline institution.

A. The Director’s August 22 Order Rested on Grounds Not Raised Here for Rehearing by Petitioner

First as to *Fintiv*, even the Panel’s original June 13, 2025 institution decision acknowledged that *Fintiv* Factors 2 and 5 weighed in favor of discretionary denial. Paper 10 at 13, 17. The Panel itself also acknowledged that *Fintiv* “Factor 1 is neutral” and Factor 3 “is neutral or weighs somewhat against exercising

discretionary denial.” *Id.* at 12, 14.¹ So the *only Fintiv* factors that the Panel found to weigh significantly in favor of institution were Factors 4 and 6.

The Director's August 22 Order faulted the Panel's findings concerning both Factors 4 and 6. Beyond reversing the Panel with respect to its evaluation of Petitioner's alleged *Sotera* stipulation under *Fintiv* Factor 4 (addressed *supra*), the Director also found that “The Board's analysis of factor[] . . . 6, and the overall weighing of the *Fintiv* factors was erroneous.” Paper 14 at 2. Specifically, the Director found that as to Factor 6, the Panel erred by “fail[ing] to construe the claims or explain why it considered Petitioner's obviousness grounds to be ‘particularly strong.’” *Id.* at 3 (quoting Paper 10 at 22). The Director further found that “the Board erred in giving undue weight to the merits of the petition as compared to the other *Fintiv* factors.” Paper 14 at 3.

Petitioner's rehearing request is utterly silent with respect to the Director's findings concerning *Fintiv* Factor 6 and the Panel's overall weighting of the *Fintiv* factors—thus implicitly admitting that those aspects of the Director's decision have a proper basis. *See generally* Paper 15. For this reason alone—i.e., because the

¹ Brazos does not concede that the Panel's determinations concerning *Fintiv* Factors 1 and 3 were correct, but such issues fall outside the directive to confine this submission to “issues raised in the rehearing request.” Ex. 3101.

Director's August 22 Order rests on unchallenged alternative bases outside the scope of Petitioner's rehearing request—Petitioner's demand that the Director “reinstate the Board's institution decision” (Paper 15 at 7) lacks sufficient support to justify the relief requested. *See, e.g., In re Aoyama*, 656 F.3d 1293, 1299 (Fed. Cir. 2011) (“[T]his court may affirm the Board's rejection . . . on the *alternative legal basis* that the claims fail to satisfy 35 U.S.C. § 112 ¶ 2.”) (emphasis added).

B. Brazos Presented to the Director Alternative and Unresolved Grounds on Which the Director's Order to Reverse Institution Would Have Been Justified

The Director's above-referenced findings as to *Fintiv* Factors 4 and 6 and the overall weighting of the *Fintiv* factors were sufficient basis for the August 22 Order reversing the Panel's grant of institution. But Brazos's Request for Director Review identified even more errors in the Panel's Institution Decision that, had the Director addressed them, could have served as yet further “alternative legal bases” for the Director's August 22 Order. Most notably, Brazos highlighted that, because the Panel “all but completely ignored both parties' discretionary denial submissions [t]he Panel's decision to institute without addressing or even acknowledging the issues bearing on discretionary denial as set forth under the Director's March 26 Guidance alone warrants reversal—and further infected the Panel's finding that *Fintiv* Factor 6 weighed against discretionary denial.” Paper 12 at 1; *see also generally* Paper 14.

As Brazos noted, “*Fintiv* Factor 6 directs the Panel to consider all ‘other circumstances that impact the Board’s exercise of discretion, including’—but **not** limited to—‘the merits.’” *Id.* at 1-2 (emphasis in original; citation omitted). Brazos further observed, “the Panel did not consider any of the four separate grounds . . . advanced under multiple prongs of the Director’s March 26 Guidance—i.e., ‘The Strength of the Unpatentability Challenge’; ‘The Extent of the Petition’s Reliance on Expert Testimony’; ‘Settled Expectations of the Parties’; and ‘Compelling Economic Interests.’” *Id.* at 7 (citing Paper 8 at 5-13). Brazos thus concluded, “had the Panel properly considered the additional four issues above alongside its assessment of the merits, the Panel would have realized that *Fintiv* Factor 6 did not in fact ‘weigh[] strongly against exercising discretion to deny institution.’” Paper 12 at 8 (quoting Paper 10 at 22; alteration in original).

All evidence presented by Brazos based on the Director’s March 26 Guidance remains available as alternative grounds on which to uphold the Director’s decision to reverse the Panel’s grant of institution. So yet again, Petitioner’s request that the Director reinstate the Board’s institution decision is unsupported and overbroad.

IV. THE DIRECTOR'S CURRENT DISCRETIONARY PROCEDURES ARE EQUALLY CONSISTENT WITH STATUTORY AUTHORITY AS THE PTO'S PRIOR DISCRETIONARY PRACTICES TO WHICH PETITIONER DEMANDS A RETURN

Finally, Petitioner's rehearing request neglects to engage with the serious considerations already raised *by this office* before the Federal Circuit in connection with recent *mandamus* petitions, relating to the broad discretion permitted the Director (and the Board by extension) in determining which IPR petitions should be instituted:

When Congress created inter partes review, it set . . . no set of circumstances in which institution is required. . . . Both this Court and the Supreme Court have repeatedly made clear that the USPTO is under “no mandate to institute review” and the “decision to deny [an IPR] petition is a matter committed to the Patent Office’s discretion.” Thus, “[t]he Director is permitted, but never compelled, to institute an IPR,” and “no petitioner has a right to . . . institution.”

* * *

The Director has delegated broad discretion over whether to institute IPR proceedings to the Board, and Directors have set out various criteria for the Board to use in employing that delegated authority. As relevant here, because IPR proceedings often coincide with parallel district court litigation, for a number of years, Directors have instructed the Board to consider a non-exhaustive list of factors when concerns are raised about redundancy or wastefulness in light of a requested IPR and parallel district court litigation. These factors are set forth in *Apple Inc. v. Fintiv, Inc.*, and instruct the Board to take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.”

* * *

On February 28, 2025, the [then] Acting Director of the USPTO rescinded the June 2022 Memo (Rescission), noting that *Fintiv* and *Sotera* continued to provide applicable guidance. On March 24, 2025, Chief Administrative Patent Judge Scott Boalick issued a memorandum providing additional guidance as to how the Board should proceed in light of the Rescission. The memorandum explained that “a timely-filed *Sotera* stipulation . . . is highly relevant, but will not be dispositive by itself.” “Instead, the Board will consider such a stipulation as part of its holistic analysis under *Fintiv*.”

In Re: Motorola Solutions, Inc., No. 2025-134, Dkt. 28 (Acting Director’s Response to Petition for Writ of Mandamus) at 5-9 (Fed. Cir. Aug. 4, 2025) (citations omitted).

Petitioner’s rehearing request would essentially wipe away that discretion nearly in its entirety in all instances in which a petitioner timely executed a *Sotera* stipulation, even one that preserves “substantial overlap” vis-à-vis parallel proceedings under the *Fintiv* framework. Nothing in Petitioner’s *Ingenico*-based arguments disturbs Congress’s broad grant of discretionary authority to the PTO, and thus Petitioner’s rehearing request should be independently denied on this ground, as well.

V. RELIEF REQUESTED

For the reasons above, Petitioner’s request for rehearing should be denied.

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Respectfully Submitted,

Dated: September 30, 2025

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(Case No. IPR2025-00188)

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CERTIFICATE OF SERVICE

As authorized by Patent Owner's Mandatory Notice, I hereby certify that on September 30, 2025, a copy of this document has been served in its entirety by electronic mail on Petitioner's lead and backup counsel.

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