

Patent Owner's Brief in Support of Request for Discretionary Denial
IPR2025-00429 (U.S. Patent No. 9,450,884)

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CISCO SYSTEMS, INC.,
Petitioner,

v.

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

IPR2025-00429
Patent 9,450,884

**BRIEF IN SUPPORT OF PATENT OWNER'S REQUEST FOR
DISCRETIONARY DENIAL**

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PATENT OWNER’S EXHIBIT LIST

No.	Exhibit Description
2001	<i>Cisco Sys., Inc. v. WSOU Invs., LLC d/b/a Brazos Licensing & Dev.</i> , IPR2025-00188, Patent Owner Preliminary Response, Paper 6 (PTAB Mar. 17, 2025)
2002	<i>Cisco Sys., Inc. v. WSOU Invs., LLC d/b/a Brazos Licensing & Dev.</i> , IPR2025-00188, Brief in Support of Patent Owner’s Request for Discretionary Denial, Paper 8 (PTAB Apr. 10, 2025)
2003	<i>WSOU Invs., LLC d/b/a Brazos Licensing & Dev. v. Cisco Sys., Inc.</i> , No. 2:24-cv-00332-JRG, Unopposed Application for Extension of Time to Answer Complaint, Dkt. No. 10 (E.D. Tex. May 14, 2024)
2004	Statistics from Docket Navigator regarding outcomes of motions to stay pending <i>inter partes</i> review before Judge Gilstrap (dated Apr. 17, 2025)
2005	<i>WSOU Invs., LLC d/b/a Brazos Licensing & Dev. v. Cisco Sys., Inc.</i> , No. 2:24-cv-00332-JRG, Brazos’s Disclosure of Asserted Claims and Infringement Contentions (E.D. Tex., served July 15, 2024)
2006	<i>WSOU Invs., LLC d/b/a Brazos Licensing & Dev. v. Cisco Sys., Inc.</i> , No. 2:24-cv-00332-JRG, Defendant’s Invalidity Contentions (E.D. Tex., served Sept. 23, 2024)
2007	<i>WSOU Invs., LLC d/b/a Brazos Licensing & Dev. v. Cisco Sys., Inc.</i> , No. 2:24-cv-00332-JRG, Exhibit E13 to Defendant’s Invalidity Contentions (E.D. Tex., served Sept. 23, 2024)
2008	<i>WSOU Invs., LLC d/b/a Brazos Licensing & Dev. v. Cisco Sys., Inc.</i> , No. 2:24-cv-00332-JRG, Exhibit E30 to Defendant’s Invalidity Contentions (E.D. Tex., served Sept. 23, 2024)
2009	Redline of U.S. Patent Application Publication No. 2007/0248009 (“Petersen Publication,” Ex. 1008) and U.S. Patent No. 8,274,887 (“Petersen Patent,” Ex. 2010)
2010	U.S. Patent No. 8,274,887 to Petersen (“Petersen Patent”)

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No.	Exhibit Description
2011	USPTO rescinds memorandum addressing discretionary denial procedures (dated Feb. 28, 2025), <i>available at</i> https://www.uspto.gov/about-us/news-updates/uspto-rescinds-memorandum-addressing-discretionary-denial-procedures
2012	Scott R. Boalick, Chief Administrative Patent Judge, Guidance on USPTO’s recission of “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (dated Mar. 24, 2025)
2013	Coke Morgan Stewart, Acting Under Secretary of Commerce for Intellectual Property and Acting Director of the USPTO, Interim Processes for PTAB Workload Management (dated Mar. 26, 2025)
2014	<i>WSOU Invs., LLC d/b/a Brazos Licensing & Dev. v. Cisco Sys., Inc.</i> , No. 2:24-cv-00332-JRG, Protective Order, Dkt. No. 31 (E.D. Tex. Aug. 9, 2024)
2015	Maintenance fee payments for U.S. Patent No. 9,450,884
2016	Assignment for U.S. Patent No. 9,450,884 (recorded Apr. 10, 2020)
2017	<i>WSOU Invs., LLC v. Cisco Sys., Inc.</i> , No. 6:21-cv-128, excerpts from Trial Transcript, Volume 1 (W.D. Tex., dated Feb. 10, 2025)
2018	<i>Cisco Sys., Inc. v. WSOU Invs., LLC d/b/a Brazos Licensing & Dev.</i> , IPR2025-00188, Petitioner’s Authorized <i>Sotera</i> Stipulation, Paper 7 (PTAB Apr. 1, 2025)
2019	<i>Cisco Sys., Inc. v. WSOU Invs., LLC d/b/a Brazos Licensing & Dev.</i> , IPR2025-00188, Petitioner’s Brief Against Discretionary Denial, Paper 9 (PTAB Apr. 22, 2025)
2020	FAQs for Interim Processes for PTAB Workload Management, <i>available at</i> https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management

I. INTRODUCTION

Patent Owner WSOU Investments LLC d/b/a Brazos Licensing and Development respectfully requests that the Board exercise its discretion and deny institution of this Petition for *inter partes* review of U.S. Patent No. 9,450,884 (Ex. 1001 or the “’884 Patent”) under 35 U.S.C. § 314(a).

First—and particularly in light of the Patent Office’s recent guidance reaffirming prior discretionary denial practices—the Board should exercise its discretion and deny institution based on application of the *Fintiv* factors. Owing to Petitioner Cisco Systems, Inc.’s substantial delay in filing the Petition, trial in the parallel District Court proceeding will occur nearly five months before the Board’s deadline to issue a Final Written Decision in this matter. Nor does this Petition raise any significant grounds for invalidity beyond that which Petitioner has asserted in the parallel District Court proceeding—and despite purporting to do so, Petitioner has notably declined to execute a *Sotera* stipulation that would bind Petitioner in that District Court proceeding with respect to any invalidity ground that could have been raised in this Petition. Finally, as will be addressed in detail in Patent Owner’s forthcoming Preliminary Response, the merits of the Petition are weak because none of the cited references alone or in combination teaches monitoring and adjusting network traffic at “the target port of a network switching element” or “edge switch” as required by both challenged claims.

Second, the Board should also exercise its discretion and deny institution under the factors that Director Stewart outlined in her recent March 26, 2025 memorandum. Specifically, the Director lists, among others, the following non-exclusive factors:

- The strength of the unpatentability challenge;
- The extent of the Petition's reliance on expert testimony;
- Settled expectations of the parties, such as the length of time the claims have been in force; and
- Compelling economic interests.

Each of these additional factors further support discretionary denial here—the merits of the Petition are weak; the Petition extensively relies on and largely parrots a conclusory expert declaration; the claims have been in force for many years and never been subject to challenge at the Office until this Petition; and both the prior patent owner (Nokia's predecessor Alcatel-Lucent) and the current Patent Owner have expended significant economic resources to develop the patented technologies as well as acquire and maintain the '884 Patent.

II. INSTITUTION SHOULD BE DENIED UNDER *FINTIV*

The Board should exercise its discretion to deny institution under *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) ("*Fintiv I*"); *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12

(PTAB Dec. 1, 2020) (precedential as to § II.A) (“*Sotera*”); and their progeny, in accordance with the USPTO’s February 28, 2025 guidance withdrawing former Director Vidal’s June 21, 2022 memorandum entitled “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation” (“Vidal Memorandum”). *See* Ex. 2011 (withdrawing Vidal Memorandum and citing *Fintiv I* and *Sotera*); *see also* Ex. 2012 (March 24, 2025 memorandum by Chief APJ Boalick providing further guidance on the rescission).

Under those authorities, the Board may deny institution of petitions when related litigation is co-pending and an IPR would not be “an effective and efficient alternative to district court litigation.” *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (precedential) (“*NHK*”) (quoting *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16-17 (PTAB Sept. 6, 2017) (precedential) (“*General Plastic*”)). When evaluating whether to deny a petition under *Fintiv*, the Board balances six factors:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;

5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits.

Fintiv I at 5-6. “These factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.” *Id.* When analyzing and weighing these factors, the Board takes “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.*

Each of the six *Fintiv* factors weigh in favor of denying the Petition:

(1) The likelihood of a stay in the parallel proceeding is very low, given the stage of the District Court litigation;

(2) Trial in the District Court will have occurred ***approximately five months before*** the projected issuance of a final written decision for the '884 Patent (should the Board institute review) because Petitioner waited eight months after the service of the Complaint—and three-and-a-half months after serving its invalidity contentions in that parallel proceeding—to file the Petition;

(3) The parties have already conducted significant discovery, will have completed expert depositions concerning claim construction, and will be in the midst of claim construction briefing in the District Court at the time of the Board's institution decision, with trial to follow shortly thereafter;

(4) There is near-complete overlap in invalidity issues, as all challenged claims are asserted at the District Court and both of the Petition's primary references are heavily relied upon at the District Court—and Petitioner has also not provided a *Sotera*-compliant stipulation;

(5) The Petitioner and Defendant in the parallel proceeding are the same party;
and

(6) Among other considerations, not only did Petitioner unduly delay in filing the Petition, but the Petition also fails to establish a reasonable likelihood of success as to any challenged claim.

A. *Fintiv* Factor 1: Petitioner Has Not Requested a Stay of the District Court Proceeding, Nor Is the District Court Likely to Grant One

Petitioner has not requested a stay in the District Court proceeding. Nor has it indicated any intention to do so. *See* Pet. at 79. And the likelihood of a stay being granted in the District Court proceeding in light of this Petition, even if instituted, is very low.

As a preliminary matter, if Petitioner were to file a motion to stay prior to the Board's institution decision, Judge Gilstrap would almost certainly deny that motion. *See, e.g., Force Mos Tech., Co. v. Asustek Comput., Inc.*, No. 2:22-cv-00460-JRG, 2024 U.S. Dist. LEXIS 66423, at *3 (E.D. Tex. Apr. 11, 2024) (Gilstrap, J.) (“[T]his Court has a consistent practice of denying motions to stay when the PTAB has yet

to institute post-grant proceedings.”) (quoting *Nanoco Techs. Ltd. v. Samsung Elecs. Co.*, No. 20-cv-00038-JRG, 2021 U.S. Dist. LEXIS 134729, at *1 (E.D. Tex. Jan. 8, 2021) (Gilstrap, J.)).

Moreover, a post-institution stay is also highly unlikely. The '884 Patent is only one of three patents currently against Petitioner in that case. As of the filing of this Preliminary Response, Petitioner has not filed a Petition challenging any claims of one of those patents (U.S. Patent No. 7,386,630). And the Petition as to the remaining (U.S. Patent No. 8,982,691) has not been instituted, and should be denied both on the merits and under the Office's current discretionary denial policies. *See* Exs. 2001-2002.

Thus, even if this Petition concerning the '884 Patent were instituted, it is unlikely that Judge Gilstrap would, for example, sever and stay the allegations concerning the '884 Patent, as “it is often most efficient to resolve the diverse allegations together in the same action instead of creating numerous distinct cases for every different accused technology, patent, or party.” *Polaris PowerLED Techs., LLC v. Samsung Elecs. Am., Inc.*, No. 2:22-cv-00469-JRG, 2024 U.S. Dist. LEXIS 46070, at *5-8, 13-17 (E.D. Tex. Mar. 15, 2024) (Gilstrap, J.) (denying motion to sever allegations concerning a patent on which IPR had been instituted and stay that portion of the case, even though the case was at an “early stage”). This is particularly true here, where the infringement allegations as to both the '884 Patent and

unchallenged U.S. Patent No. 7,386,630 are directed to the exact same products, Cisco's Catalyst 9000 and Nexus 7000 lines of products. Ex. 2005 at 2. "If the Court severed the claims related to the '[884] Patent, the parties would have to engage in duplicative damages and technical discovery for the overlapping accused products. Moreover, the Court and the parties would be burdened with the inefficiencies that result from doubling the necessary claim construction, pre-trial, and trial proceedings." *Polaris*, 2024 U.S. Dist. LEXIS 46070, at *16-17; *see also Headwater Research LLC v. Samsung Elecs. Co.*, No. 2:22-cv-00422-JRG-RSP, 2024 U.S. Dist. LEXIS 94021, at *6 (E.D. Tex. May 27, 2024) (rejecting stay where IPR was instituted only as to a subset of the asserted patents because "even an ultimate finding [by the PTAB] invalidating all claims of the other patents would leave material disputes for the Court to decide").

And even setting aside the complications that additional asserted patents bring, the stage of the litigation also weighs against staying this case. The parties have already exchanged infringement and invalidity contentions, and fact discovery is well underway. Ex. 1013 at 5-6. By the time the Board's institution decision is due in this proceeding (July 30, 2025), the parties will have substantially completed document production, will have served any privilege logs, and will be in the midst of claim construction briefing. *Id.* at 4-5.

Thus, even if Petitioner requests a stay in the underlying District Court proceeding post-institution, Judge Gilstrap is unlikely to grant such a request, and has routinely denied post-institution stays at a similar juncture in the case. *See, e.g., Croga Innovations Ltd. v. Cisco Sys., Inc.*, No. 2:24-cv-00064-JRG, 2025 U.S. Dist. LEXIS 71092, at *7 (E.D. Tex. Apr. 14, 2025) (Gilstrap, J.) (denying motion to stay pending IPR in part because “[d]iscovery is well underway as the deadline to substantially complete document production and exchange privilege logs has passed, the parties have exchanged and reviewed thousands of documents, including source code, and ... the parties have filed claim construction briefs”); *see also* Ex. 2004 (showing Judge Gilstrap denying 84% of motions to stay pending IPRs from 2014 to present, including all stay motions filed this calendar year).

Therefore, because there is no evidence of a stay being sought in the parallel proceeding, nor any evidence that such a stay is likely to be granted should such a stay be sought, the first *Fintiv* factor weighs in favor of denying institution.

B. *Fintiv* Factor 2: Trial in the District Court Will Occur Nearly Five Months Before the Board's Deadline for a Final Written Decision

“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.” *Fintiv I* at 9.

Here, the deadline for a final written decision in this IPR is July 30, 2026,

which may be extended to December 20, 2026, for good cause or in the case of joinder. 37 C.F.R. § 42.100(c). Meanwhile, the District Court in the parallel proceeding has set a trial date of March 2, 2026. *See* Ex. 1013 at 1. This trial date is consistent with the median time to trial statistics for the Eastern District of Texas that the Petition presents, 21.6 months from filing of the complaint. *See* Ex. 1012 at 35; Pet. at 79. The Petition claims that these statistics project a “late March 2026” trial date, but 21.6 months from the May 6, 2024 filing of the complaint (Ex. 1011) would be late February 2026. Thus, the early March 2026 set date is right in line with the statistics presented in the Petition.

Because all information available indicates that the Board's projected date for issuance of a final written decision on July 30, 2026 is nearly five months after the District Court's scheduled trial date of March 2, 2026, the second *Fintiv* factor weighs against institution.¹ Indeed, the Board has weighed this factor as favoring

¹ Petitioner cites to a single decision issued under the now withdrawn Vidal Memorandum, in which the PTAB found that because the parallel district court proceeding would go to trial within a few weeks of the Board's projected date for a final written decision, this factor weighed as neutral. *See* Pet. at 80 (citing *Cisco Sys., Inc. v. Video Solutions Pte. Ltd.*, IPR2024-00194, Paper 7 at 9-10 (PTAB Mar. 28,

denial for similar (and shorter) gaps between trial in the parallel proceeding and a final written decision. *See, e.g., Samsung Elecs. Co. v. Secure Wi-Fi LLC*, IPR2024-01366, Paper 10 at 12 (PTAB Mar. 24, 2025) (trial “**about five months**² before [the Board] would reach a final determination . . . weighs heavily in favor of discretionary denial); *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) (same); *AT&T Servs. Inc. v. ASUS Tech. Licensing Inc.*, IPR2024-00997, Paper 15 at 9 (PTAB Dec. 16, 2024) (“*AT&T*”) (holding that trial occurring “**four to five months** prior to the deadline for our final written decision, based on the scheduled trial date and median time-to trial statistics . . . weighs substantially in favor of discretionary denial”), *Director review denied*, Paper 16

2024) (finding that the trial date would likely occur in “early-March” and that the statutory deadline for final written decision was “March 28”)). In contrast, here the trial in the parallel District Court proceeding for the ’884 Patent will occur on March 2, 2026—nearly five months **before** the statutory deadline for issuance of a final written decision on July 30, 2026.

² All emphases added unless otherwise noted.

(PTAB Mar. 6, 2025); *Immersion Sys. LLC v. Midas Green Techs., LLC*, PGR2021-00104, Paper 15 at 11 (PTAB Jan. 31, 2022) (jury trial starting **four months** ahead of final written decision favored discretionary denial); *Ericsson Inc. v. Active Wireless Techs. LLC*, IPR2024-00886, Paper 8 at 8-9 (PTAB Nov. 12, 2024) (same); *Catalyst Orthoscience Inc. v. Shoulder Innovations, Inc.*, PGR2025-00001, Paper 8 at 12-13 (PTAB Apr. 24, 2025) (denying institution and finding this factor favors denial where the trial date had not been set, but the district court indicated it would be set for **two to three months** before the deadline for the Board's final written decision); *NXP USA, Inc. v. Impinj, Inc.*, PGR2022-00005, Paper 17 at 8-9 (PTAB May 2, 2022) ("*NXP*"), *reh'g denied*, Paper 20 (PTAB Aug. 25, 2022) (**two-month** period between trial date and deadline for final decision weighed in favor of discretionary denial); *Apple Inc. v. Fintiv, Inc.*, Paper 15 at 12-13 (PTAB May 13, 2020) ("*Fintiv IP*") (second factor favors denial because "the currently scheduled District Court trial is scheduled to begin **two months** before our deadline to reach a final decision").

In contrast, granting institution here would frustrate one of the primary objectives of the AIA, which is "to provide an effective and efficient alternative" to district court litigation. *NHK* at 19-20 (quoting *General Plastic* at 15-19). If the Board were to institute this Petition, any potential final written decision would issue well after the District Court trial concludes. Thus, instituting IPR under such

circumstances could not be viewed as an “alternative” to litigation—but would instead simply create more litigation, in a separate forum.

Accordingly, because the District Court's trial date is almost five months before the anticipated Final Written Decision date, the second *Fintiv* factor weighs heavily in favor of denial.

C. *Fintiv* Factor 3: The Court and the Parties Have Substantially Invested in the Parallel Proceeding

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.

Here, Petitioner and Patent Owner have already invested substantial resources in the parallel proceeding, including providing infringement contentions, reviewing source code, producing documents, serving and responding to interrogatories, and serving eligibility contentions, as well as locating, reviewing, and charting prior art to generate invalidity contentions in which Petitioner has asserted thirty primary references (including the primary references for all grounds asserted in this Petition) and thirteen secondary references against the '884 Patent alone. *See* Ex. 2006 at 39-43. Even Petitioner recognizes it has “expended significant resources” reviewing Patent Owner's infringement contentions. Pet. at 81.

Moreover, upon projected issuance of an institution decision in this

proceeding on or about July 30, 2025, the parties will also be in the middle of claim construction briefing in the parallel District Court proceeding, having already exchanged proposed claim terms for construction and proposed constructions for those terms, and completed all claim construction-related discovery, including serving claim construction expert reports and taking the corresponding expert depositions. *See* Ex. 1013 at 4-5. In addition, document production will be substantially complete before the deadline for the institution decision and (as noted above) trial will occur about seven months thereafter. *See id.* at 1, 4.

Thus, because of the substantial investments that either have already been made or will have been made by the parties and the Court as of the time for the institution decision, the third *Fintiv* factor weighs in favor of denying institution. Indeed, 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 Cap. Co.,* IPR2023-00808, Paper 9 at 23 (PTAB Nov. 15, 2023) (denying institution, and finding that “the parties and the District Court ha[d] invested substantial resources in th[e] litigation” because, *inter alia*, “[s]ignificant discovery ha[d] been completed, including the exchange of infringement and invalidity contentions, document requests and interrogatories, and proposed claim terms for construction”).

Of course, the reason that the District Court litigation will be so far along at

the time of institution is because Petitioner unduly delayed in filing the Petition until nearly eight months after being served with the district court complaint. *Compare* Pet. at 83 (dated January 9, 2025) *with* Ex. 2003 (Petitioner served on May 10, 2024). Petitioner also waited nearly six months after receiving Patent Owner's infringement contentions, and over three months after it served its invalidity contentions, before it filed this Petition. To make matters worse, Petitioner offers no explanation for its delay. The PTAB has previously found similar circumstances to weigh in favor of denying institution. *See, e.g., AT&T* at 12-15 (denying institution where "Petitioner waited five months to file the Petition after receiving Patent Owner's infringement contentions, and Petitioner has not presented any factual evidence to justify this delay.") (*citing Fintiv I* at 11-12). Because there has been substantial investment in the parallel proceeding, and Petitioner unduly delayed in filing the Petition, Factor 3 weighs against institution.

D. *Fintiv* Factor 4: The Petition and the Parallel Proceeding Raise Almost Completely Overlapping Issues, and Petitioner's Weak Stipulation Does Nothing to Quell Concerns of Inefficiency and Inconsistent Rulings

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, all challenged claims are asserted in the

parallel proceeding, and both primary prior art references applied in the Petition are also relied upon heavily at the district court.

First, the only two primary prior art references in this proceeding (Feroz and Petersen)³ are also asserted as grounds for invalidity at the District Court. Pet. at 12-13; Ex. 2006 at 28-29; Exs. 2007-2008. In its invalidity contentions, Petitioner claims that Feroz and Petersen are anticipatory as well as single-reference

³ In both the Petition and in its District Court invalidity contentions, Petitioner relies on the same version of Feroz, U.S. Patent No. 7,453,804. *Compare* Pet. at 12 with Ex. 2006 at 1. As for Petersen, the Petition relies on U.S. Patent Application Publication No. 2007/0248009 ("Petersen Publication"), which is a publication of Application No. 11/639,651. Pet. at 13; Ex. 1008 at 1. At the District Court, Petitioner instead relies on an issued patent to Petersen, U.S. Patent No. 8,274,887 ("Petersen Patent"). Ex. 2007 at 1. The Petersen Patent issued from a continuation of the same application of which the Petersen Publication is a publication, Application No. 11/639,651. As would be expected for a continuation, there are no substantive differences between the text of the specifications of the Petersen Publication and the Petersen Patent. *See* Ex. 2009 (redline showing differences between the Petersen Publication and Petersen Patent). And both documents have the same ten figures. *Compare* Ex. 1008 at Figs. 1-10 with Ex. 2010 at Figs. 1-10.

obviousness references, the latter of which it also asserts as a single-reference obviousness ground in the Petition. Ex. 2006 at 28-29 (stating that the references in certain charts, including Exhibits E13 and E30, are anticipatory or render the patents obvious in view of “the knowledge of a person of ordinary skill in the art”); Ex. 2007 (Exhibit E13, a claim chart comparing the '884 Patent to Feroz); Ex. 2008 (Exhibit E30, a claim chart comparing the '884 Patent to Petersen); Pet. at 12. Petitioner also includes Feroz and/or Petersen in dozens of exemplary obviousness combinations at the district court. Ex. 2006 at 65-68.

Second, there is overlap between the claims challenged in the instant Petition and those asserted in the parallel District Court proceeding. Specifically, the Petition challenges claims 1 and 17. Pet. at 1. At the District Court, challenged claims 1 and 17 are asserted, as are non-challenged claims 11 and 20. Ex. 2005 at 2. Notably, all claims challenged in the Petition are asserted at the District Court. There are therefore no validity issues that will be resolved by this Petition that would not be resolved in the parallel litigation.

Moreover, Petitioner offers no explanation for not including all four asserted claims in the Petition, but rather merely states that “Petitioner has opted to file this Petition with challenges to only claims 1 and 17.” Pet. at 81. To the extent Petitioner claims that it could not do so because it was “confus[ed]” (*id.*), the evidence of record shows otherwise. At the District Court, Petitioner was fully able to serve a

comparison both Feroz and Petersen to all four asserted claims, including non-challenged claims 11 and 20. *See generally* Exs. 2007-2008.

And Petitioner largely relied on the same portions of Feroz and Petersen for claims 1 and 17 (challenged in the Petition) as for claims 11 and 20 (not challenged in the Petition). *Compare* Ex. 2007 at 2-44, 54-55 (Feroz analysis for claims 1 and 17) *with id.* at 44-58 (Feroz analysis for claims 11 and 20, referring back to the analysis for claim 1 for nearly every element); *compare* Ex. 2008 at 2-23, 26-27 (Petersen analysis for claims 1 and 17) *with id.* at 23-29 (Petersen analysis for claims 11 and 20, referring back to the analysis for claim 1 for nearly every element). Thus, “although 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); *cf. 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) .

Therefore, the Petition's common prior art challenges to the overlapping claims renders "the overlap in issues between the two proceedings [] substantial." *Code200, UAB v. Luminati Networks, Ltd.*, IPR2020-01506, Paper 10 at 11-12 (PTAB Feb. 16, 2021) (finding Factor 4 weighed in favor of denial of institution where there were common prior art challenges between the proceedings); *see also U.S. Venture, Inc. v. Sunoco Partners Mktg. & Terminals LP*, IPR2020-00728, Paper 10 at 11-12 (PTAB Oct. 1, 2020) (holding that overlap between primary references, even without overlap of all secondary references, weighed in favor of institution denial), *reh'g denied*, Paper 13 (PTAB Dec. 17, 2020).

Further, despite claiming to make a *Sotera* stipulation, Petitioner has ***not*** done so. In a true *Sotera* stipulation, a petitioner agrees "that, if IPR is instituted, [it] will not pursue in the District Court Litigation any ground raised or that could have been reasonably been raised in an IPR." *Sotera* at 18; *see also* Ex. 2012 at 2-3 (recognizing the same scope for a *Sotera* stipulation). But here, Petitioner commits only to not pursue the IPR grounds "or any other ground that could have been reasonably raised ***against the Challenged Claims 1 and 17*** of U.S. Patent No. 9450884 in an IPR." Paper 8 at 2. Petitioner makes clear that it "does not relinquish any rights or opportunities to challenge the '884 patent claims on any other ground (i.e., ***any ground against non-Challenged Claims . . .***)." *Id.* Petitioner therefore expressly reserves the right to raise whatever grounds it pleases against the non-challenged

asserted claims (claims 11 and 20), which it admits it could have challenged in the Petition but chose not to. *See* Pet. at 81.

In addition, the stipulation further states that “[n]otwithstanding this stipulation, Petitioner does not relinquish any rights or opportunities to pursue in the co-pending district court litigation . . . any ground on which the PTAB declines to institute an IPR trial.” Paper 8 at 2. Under the language of the stipulation, if a ground is not presented to the Board (even though it be a ground that “that could have been reasonably raised”), then the Board necessarily will not grant institution on that ground. And as a result, under the “[n]otwithstanding . . .” clause, Petitioner can continue to pursue such grounds in District Court. Thus, Petitioner’s stipulation fails to embody a true *Sotera* stipulation because regardless of the institution decision, Petitioner will remain free to assert any prior art ground in the District Court proceeding that was not presented to the Board—even if Petitioner could reasonably have done so. This is true for claims that are challenged in the Petition (claims 1 and 17), as well as claims that are not challenged in the Petition (e.g., asserted claims 11 and 20).

In co-pending IPR2025-00188, Petitioner argued that an analogous stipulation (Ex. 2018) was indeed a *Sotera* stipulation, despite being limited to only the challenged claims and containing the same “[n]otwithstanding . . .” clause. There, Petitioner claimed that the “stipulation is clear: if the PTAB institutes an IPR trial,

Cisco ‘*will not pursue* in the co-pending district court litigation . . . the specific grounds asserted [here], or *any other ground that could have been reasonably raised*’ against the Challenged Claims.” Ex. 2019 at 6 (quoting Ex. 2018 at 2) (emphases and alterations in original). Petitioner admits this stipulation is limited to the challenged claims, and conveniently neglects to even mention the “[n]otwithstanding . . .” clause that follows the stipulation. *See* Ex. 2018 at 2. If Petitioner wanted to make a stipulation that had the full scope and breadth of a true *Sotera* stipulation, it could have done so—but chose both in this proceeding and in IPR2025-00188 to (1) limit its stipulation to only apply to the challenged claims, and (2) include the “[n]otwithstanding . . .” clause that effectively guts the stipulation’s impact.

With Petitioner’s stipulation, as opposed to a true *Sotera* stipulation, Petitioner is 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 given the similarities between Petitioner’s District Court invalidity theories as to challenged claims 1 and 17 on one hand, and non-challenged claims 11 and 20 on

the other, Petitioner's stipulation does nothing to address efficiency concerns rooted in this substantial overlap between the proceedings.

Further, even if Petitioner's stipulation were a proper *Sotera* stipulation (which it is not), a *Sotera* stipulation is not dispositive under the Office's current discretionary denial policies; rather, "the Board will consider such a stipulation as part of its holistic analysis under *Fintiv*." See Ex. 2012 at 2-3. And in any event, a separate reason that the Board should give the stipulation, at best, little weight is because Petitioner does not stipulate that it will not assert products or systems in combination with prior art that it has raised or could have raised before the Board. Paper 8 at 2 ("Petitioner also does not relinquish any rights or opportunities to challenge the '884 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)."); see *Motorola Solutions, Inc. v. Stellar, LLC*, IPR2024-01205, Order Granting Director Review, Vacating the Decision Granting Institution, and Denying Institution of *Inter Partes* Review, Paper 19 at 3-4 (PTAB Mar. 28, 2025) ("*Motorola*") ("Petitioner's [*Sotera*] stipulation does not ensure that these IPR proceedings would be a 'true alternative' to the district court proceeding. Petitioner's invalidity arguments in the district court are more expansive and include combinations of the prior art asserted in these proceedings with unpublished system prior art, which Petitioner's stipulation is not likely to moot.") (citation omitted).

As in *Motorola*, here Petitioner also raises in the parallel District Court proceeding purported prior art systems in combination with the prior art asserted in its Petition. *See* Ex. 2006 at 41 (identifying “Cisco Catalyst 3850 Series Switches (‘Catalyst 3850’),” “Arista 7500 Series Data Center Switches (‘Arista 7500’),” and “Alcatel-Lucent 7750 Service Router (‘AL 7750’)” “as prior art that anticipate or render obvious the Asserted Claims”); *id.* at 65-68 (setting forth exemplary obviousness combinations of these systems with Feroz and Petersen).⁴ Thus, Petitioner’s stipulation explicitly preserves its ability to pursue the primary prior art references at issue in the Petition within the parallel District Court proceeding, as part of combinations with its purported system prior art. Petitioner’s stipulation

⁴ In its reply brief in IPR2025-00188, Petitioner claims that “trial in the district court has not yet happened and it is improper to speculate how Cisco ***might*** challenge the validity of the [challenged] patent at trial.” Ex. 2019 at 6-7 (citing *Dell Inc. v. Universal Connectivity Techs. Inc.*, IPR2024-01479, Paper 11 at 7-8 (PTAB Apr. 7, 2025) (“*Dell*”)) (emphasis in original). In *Dell*, the patent owner did not identify any system art asserted by the petition in the litigation. *Dell* at 8. But here, Patent Owner identifies Catalyst 3850, Arista 7500, and AL 7750, and submits supporting evidence illustrating that Petitioner has indeed asserted this art in the litigation, including in combination with the references relied upon in the Petition.

should thus be given no or little weight in terms of tending to counteract the overlap in proceedings under *Fintiv* Factor No. 4.

In short, because of the substantial overlap of claims and prior art at issue, as well as Petitioner's failure to offer a stipulation that quells efficiency concerns stemming from that overlap, the fourth *Fintiv* factor weighs heavily in favor of denying institution.

E. *Fintiv* Factor 5: The Petitioner Is the Parallel Proceeding Defendant

The Petition concedes that Petitioner is the defendant in the parallel proceeding. Pet. at 82. But Petitioner argues, contrary to Board precedent, that this factor should not weigh against institution because “[t]hat is true of most petitioners in IPR proceedings.” *Id.* Adopting Petitioner's improper approach would effectively render this factor meaningless—under Petitioner's logic, this factor could never weigh in favor of denying institution. Following the Board's prior practice, “because the petitioner and the defendant in the parallel proceeding are the same party, this [fifth *Fintiv*] factor weighs in favor of discretionary denial.” *Samsung Elecs. Co. v. Clear Imaging Research, LLC*, IPR2020-01401, Paper 12 at 21-22 (PTAB Feb. 17, 2021) (“*Clear Imaging*”) (quoting *Fintiv II* at 15) (rejecting Petitioner's argument that this factor should be neutral in this circumstance).

F. *Fintiv* Factor 6: Other Circumstances Weigh Strongly Against Institution, Including the Weakness of the Petition, Petitioner's Delay, and the Additional Considerations Set Forth by the Director

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 four reasons.

First, contrary to Petitioner’s assertion, the merits of this Petition suffer from significant weaknesses and gaps in proof, as discussed briefly below and in more detail in Patent Owner’s forthcoming Preliminary Response. However, where the bulk of the *Fintiv* factors weigh in favor of denial—as shown above—the Board has found that it “need not decide whether the merits of Petitioner’s asserted grounds are particularly strong because it would not impact [the] ultimate determination” concerning institution. *NXP* at 12-13; *see also Clear Imaging* at 23-24 (where factors 1-5 all weighed in favor of denial, those factors outweighed any merits of the case considered in factor 6); *Apcon, Inc. v. Gigamon Inc.*, IPR2020-01579, Paper 9 at 26 (PTAB Mar. 16, 2021) (denying institution because “the merits of the Petitioner’s grounds do not outweigh the[] other [*Fintiv*] factors”). Indeed, the Board has denied institution under *Fintiv*, its progeny, and recent Office guidance even where “Petitioner’s obviousness challenges meet the standard for institution.” *Eunsung Global Corp. v. Hydrafacial LLC*, IPR2024-01491, Paper 17 at 16-17 (PTAB Apr.

11, 2025); *see also Toyota Motor Corp. v. Emerging Auto. LLC*, IPR2024-00785, Paper 13 at 15-16 (PTAB Mar. 11, 2025) (denying institution under *Fintiv* and noting that “[a]lthough we determine that Petition adequately shows a reasonable likelihood of success . . . , we do not find the merits to be particularly strong on the record”)

Nonetheless, while the weight of the preceding five factors on their own heavily merit the Board denying institution of the Petition, as will be explained in detail in the forthcoming Preliminary Response, the Petition has also failed to demonstrate a reasonable likelihood of success as to either challenged claim. The Petition asserts three grounds of alleged unpatentability of the '884 Patent, none asserting anticipation: (1) obviousness in light of Feroz in combination with Riddle; (2) obviousness in light of Petersen; and (3) obviousness in light of Petersen in combination with Palacharla. Pet. at 12. None of these references contains the core teaching of the '884 Patent, namely that network traffic is monitored and adjusted at a “target port” of a “network switching element” (claim 1) or an “edge switch” (claim 17), as expressly required by both the challenged claims. Ex. 1001 at 21:64-22:16, 24:52-64. Instead, the asserted references generally describe network traffic management, but with implementations in other components such as “application traffic management devices” that are unrelated to, and materially different from, a switch. *See, e.g.*, Ex. 1005 at 5:64-67. Given that none of the references alone or in

combination teaches monitoring and adjusting network traffic at “the target port of a network switching element” or “edge switch” as claimed, the unpatentability challenge alleged in the Petition is weak and will not be successful.

Thus, even if the Petition's reference to the recently withdrawn “compelling evidence” standard was applicable here (which it is not), the Petition incorrectly asserts that it demonstrates such “compelling” evidence for the reasons briefly explained above and in more detail in the forthcoming Preliminary Response. But even if the Petition had done so, consistent with Board precedent prior to the rescinded Vidal Memorandum, as the Office has recently made crystal clear, “compelling merits alone is not dispositive in making the [discretionary denial] assessment.” Ex. 2012 at 3.

Second, given that IPRs can only address a limited set of validity challenges, the District Court can resolve more disputed issues than the limited nature of IPR proceedings. Because they address only anticipation and obviousness issues in view of patents and printed publications, IPR proceedings are not vehicles to settle all validity questions concerning a patent, and in fact leave other such questions for the district courts to decide, including patent eligibility, definiteness, written description, and enablement. And when a patent survives an IPR, it in fact *adds* complexity to the proceeding, as the district court must then weigh questions of the scope of IPR estoppel and in what circumstances it should apply, which present fact-

intensive inquiries for the Court and the parties to address, including who the appropriate “skilled searcher” is and what a “diligent search” entails in the context of the ’884 Patent. *See, e.g., Ironberg Innovations Ltd. v. Valve Corp.*, 64 F.4th 1274, 1298 (Fed. Cir. 2023) (“§ 315(e)(2) estops a petitioner as to invalidity grounds a ***skilled searcher conducting a diligent search*** reasonably could have been expected to discover, as these are grounds that the petitioner ‘reasonably could have raised’ in its petition.”).

Third, there is evidence that the Petitioner unduly delayed in filing the Petition, doing so only four months before the statutory deadline, and the Petition offers no explanation for the delay. *See supra* § II.C.

Fourth, as addressed below, numerous considerations set forth in Acting Director Stewart’s March 26, 2025 Memorandum (“Director Memorandum,” Ex. 2013) likewise weigh against institution of review here, including the strength of the unpatentability challenge, the extent of the Petition’s reliance on expert evidence, the settled expectations of the parties, and compelling economic interests. *See infra* § III.

* * *

Accordingly, the Board should exercise its discretion and deny institution because all six *Fintiv* factors weigh in favor of denial of institution.

III. ADDITIONAL FACTORS SET FORTH IN THE DIRECTOR'S MEMORANDUM SUPPORT DISCRETIONARY DENIAL

A. The Strength of the Unpatentability Challenge

The Director's Memorandum lists "[t]he strength of the unpatentability challenge" as one factor based upon which the Director may determine to deny institution. Ex. 2013 at 2.

As previously explained in the discussion regarding *Fintiv* Factor 6 and as will be set forth in more detail in the forthcoming Preliminary Response, the strength of Petitioner's unpatentability challenge is lacking, as Petitioner has failed to establish a reasonable likelihood of success as to any challenged claim because none of Petitioner's asserted references address a "target port" of a "network switching element" (claim 1) or an "edge switch" (claim 17), and instead describe network traffic management as implemented in components that are materially different from a switch. *See supra* § II.F.

In addition, the Petition does not assert anticipation of any of the challenged claims, and instead raises only obviousness arguments. *See* Paper 6 at 19-22. Obviousness is a fact-intensive inquiry, often requiring extensive discovery to fully resolve. In turn, factual determinations concerning obviousness, including but not necessarily limited to secondary considerations of non-obviousness, are best explored via the robust discovery process of the parallel District Court proceeding.

And as noted above, trial in that proceeding will have concluded approximately five months before any final written decision issues in this case. *See supra* § II.B.

Indeed, the Federal Circuit has recently recognized that additional evidence may be available for consideration in a district court case such as the parallel proceeding here, noting that protective orders in parallel proceedings may impede a patent owner's ability to present evidence uncovered in that parallel proceeding to the Board. *See AliveCor, Inc. v. Apple Inc.*, 130 F.4th 1006, 2015 U.S. App. LEXIS 5311, at *12-15 (Fed. Cir. 2025) (petitioner denied patent owner permission to disclose to the PTAB evidence of secondary considerations of non-obviousness produced in a parallel proceeding by claiming it would violate the operative protective order, where the parallel proceeding "found that [patent owner] had presented secondary consideration evidence sufficient to rebut [petitioner's] 'strong' prima facie showing of obviousness"). Likewise, here the protective order entered in the parallel District Court proceeding (ordered before Petitioner filed the Petition) would prevent Patent Owner's use of evidence from the District Court proceeding in any *inter partes* review proceeding instituted by the Board. *See* Ex. 2014 at 5 ("Documents, information, or material produced pursuant to any discovery request in this Action . . . shall be used by the Parties only in the litigation of this Action and shall not be used for any other purpose.").

B. The Extent of the Petition's Reliance on Expert Testimony

As further enumerated in the Director's Memorandum, a relevant consideration for discretionary denial is "[t]he extent of the petition's reliance on expert testimony." Ex. 2013 at 2. As the Office explained in FAQ No. 21 of its FAQs for Interim Processes for PTAB Workload Management:

While the Board may consider expert testimony, as a matter of efficiency, *extensive reliance on expert testimony and/or reasonable disputes between experts on dispositive issues may suggest that the questions are better resolved in an Article III court.* . . . As the judges have technical and legal expertise, it is not necessary for an expert to explain every aspect of the prior art. It is *most helpful if an expert is providing focused testimony*, for example to provide helpful context or to explain terms of art. *The failure to provide focused expert testimony may weigh against institution.*

Ex. 2020 at 8-9. Here, the Petition extensively relies on the expert declaration of Paul Min (Ex. 1003), citing to his 106-page declaration in its analysis of each and every claim element for all three of its grounds. *See generally* Pet. at 22-78. The Petition therefore fails to provide "focused expert testimony." And here, Patent Owners intends to submit with its Preliminary Response an expert declaration from its own expert that will dispute Dr. Min's analysis on key issues, including testimony that, contrary to the Petition's allegations and Dr. Min's testimony, the cited references do not teach monitoring and adjusting network traffic at "the target port

of a network switching element” or “edge switch” as required by both challenged claims. *See supra* § II.F.

Moreover, when a petition relies on an expert declaration that is duplicative of the attorney arguments in the petition, such circular citations are afforded little weight by the Board and should favor discretionary denial. *See, e.g., Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 9 at 15-17 (PTAB Aug. 24, 2022) (precedential) (denying institution and noting that the petitioner’s expert declaration “merely repeats, verbatim, the conclusory assertion for which it is offered to support . . . and is entitled to little weight”), *sua sponte Director Review*, Paper 12 at 5 (PTAB Feb. 10, 2023)) (affirming denial of institution and “giving little weight to Petitioner’s expert because the expert declaration merely offered conclusory assertions without underlying factual support and repeated, *verbatim*, Petitioner’s conclusory arguments”), *POP Review denied*, Paper 13 (PTAB Feb. 10, 2023)).

Here, as discussed above, the Petition relies heavily on its expert’s 106-page declaration (Ex. 10. And many of the paragraphs repeat verbatim or are nearly identical to the portions of the Petition that cite those paragraphs. For example, paragraph 95 of the expert’s declaration is a verbatim copy of the portion of the Petition that cites it:

Pet. at 38-39	Ex. 1003 ¶95
Thus, it would have been obvious to a POSITA for there to be either no data flows originating or terminating at router 22, or for the bandwidth used by such data flows to be negligible. <i>Ex.1003, ¶95.</i> As a result, all (or substantially all) of the data flows traversing access link 21 would also traverse network interfaces 71 and 72, thereby allowing application traffic management device 130 to apply bandwidth utilization controls to data flows traversing access link 21 (as Feroz contemplates) by controlling those data flows at network interface 71 or 72. <i>Ex.1003, ¶95.</i>	Thus, it would have been obvious to a POSITA for there to be either no data flows originating or terminating at router 22, or for the bandwidth used by such data flows to be negligible. As a result, all (or substantially all) of the data flows traversing access link 21 would also traverse network interfaces 71 and 72, thereby allowing application traffic management device 130 to apply bandwidth utilization controls to data flows traversing access link 21 (as Feroz contemplates) by controlling those data flows at network interface 71 or 72.

This pattern of identical, nearly identical, or mildly reworded prose, as compared with the expert declaration, repeats throughout the Petition. *Compare also, e.g.:*

- Pet. at 34 (citing Ex. 1003 ¶88) *with* Ex. 1003 ¶88;
- Pet. at 35-36 (citing Ex. 1003 ¶92) *with* Ex. 1003 ¶92;
- Pet. at 39 (citing Ex. 1003 ¶99) *with* Ex. 1003 ¶99;

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- Pet. at 40-41 (citing Ex. 1003 ¶¶101-102) *with* Ex. 1003 ¶¶101-102;
- Pet. at 45-46 (citing Ex. 1003 ¶¶110-111) *with* Ex. 1003 ¶¶110-111;
- Pet. at 47-48 (citing Ex. 1003 ¶117) *with* Ex. 1003 ¶117;
- Pet. at 50 (citing Ex. 1003 ¶122) *with* Ex. 1003 ¶122;
- Pet. at 51-52 (citing Ex. 1003 ¶126) *with* Ex. 1003 ¶126;
- Pet. at 53-54 (citing Ex. 1003 ¶130) *with* Ex. 1003 ¶130;
- Pet. at 57-58 (citing Ex. 1003 ¶¶142-143) *with* Ex. 1003 ¶¶142-143;
- Pet. at 62-63 (citing Ex. 1003 ¶¶158-160) *with* Ex. 1003 ¶¶158-160;
- Pet. at 64 (citing Ex. 1003 ¶¶165-166) *with* Ex. 1003 ¶¶165-166;
- Pet. at 67 (citing Ex. 1003 ¶176) *with* Ex. 1003 ¶176;
- Pet. at 69 (citing Ex. 1003 ¶178) *with* Ex. 1003 ¶178;
- Pet. at 70-71 (citing Ex. 1003 ¶182) *with* Ex. 1003 ¶182;
- Pet. at 71-72 (citing Ex. 1003 ¶184) *with* Ex. 1003 ¶184;
- Pet. at 72 (citing Ex. 1003 ¶186) *with* Ex. 1003 ¶186;
- Pet. at 73 (citing Ex. 1003 ¶188) *with* Ex. 1003 ¶188;
- Pet. at 73-74 (citing Ex. 1003 ¶191) *with* Ex. 1003 ¶191;
- Pet. at 75 (citing Ex. 1003 ¶193) *with* Ex. 1003 ¶193; and
- Pet. at 76 (citing Ex. 1003 ¶196) *with* Ex. 1003 ¶196.

Therefore, the expert testimony relied upon by the Petition should be given little weight and should be considered as a relevant factor in favor of discretionary denial.

C. Settled Expectations of the Parties

The Director's Memorandum also lists "[s]ettled expectations of the parties, such as the length of time the claims have been in force" as another factor based upon which the Director may determine to deny institution. Ex. 2013 at 2.

The expectations of the parties for '884 Patent claims are well settled. Specifically, the '884 Patent claims were issued nearly ten years ago. (Ex. 1001 at face page), and Patent Owner has made multiple maintenance payments thereon (*see* Ex. 2015).

When purchasing the '884 Patent from Alcatel-Lucent's successor Nokia in 2019—several years after the '884 Patent's 2016 issuance—the present Patent Owner further settled its own expectations, as no post-grant challenge to the '884 Patent had been initiated during that period. *See* Ex. 2016 at 1, 3, 8-9, 36 (assignment agreement recorded with the USPTO on April 10, 2020). Moreover, the parties to this proceeding have been engaged in a number of patent-licensing disputes, with the first starting approximately four years ago. *See WSOU Invs. LLC d/b/a Brazos Licensing & Dev. v. Cisco Sys., Inc.*, No. 6:21-cv-00128, Dkt. No. 1 (W.D. Tex. Feb. 5, 2021). But not until the filing of this Petition less than four months ago has

Petitioner ever sought to challenge the '884 Patent at the PTAB. As a result, the well-settled expectations of the parties—including the length of time the claims have been in effect and Petitioner's prior decision not to challenge the '884 Patent, despite notice and opportunity to do so—weighs in favor of denying institution.

D. Compelling Economic Interests

“Compelling economic . . . interests” are another factor based upon which the Director may determine to deny institution. Ex. 2013 at 2.

The '884 Patent was one of the fruits of the extensive investments in research and development made by Patent Owner's predecessor Alcatel-Lucent, as described in sworn testimony by former in-house patent counsel for Alcatel-Lucent, Mr. Ozer Teitelbaum:

Q. And how did your career progress during your 16 years at Lucent and then as it became Alcatel-Lucent?

A. . . . My responsibilities included managing the entire portfolio of the merged company of Alcatel-Lucent Managing it meant the cost structure and controlling all the patents, making sure that they were used and kept making money from the portfolio and managing its cost structure.

Q. So would you say that Alcatel-Lucent monetized patents in its general course of business?

A. Well, research costs money, paying people costs money, real estate costs money, paying for laboratories costs money, taxes cost money. So the parent company for Bell Laboratories, Lucent, then Alcatel-Lucent, was paying a lot of money for this research. And my job is to recapture the costs of that money spent and try to get back a return.

Ex. 2017 at 100:3-24. Such investments into research and development—as embodied by subsequent patent protection—represents a compelling economic interest.

In addition, a company like Alcatel-Lucent (and its successor Nokia) also holds a compelling economic interest in preserving its ability to then further sell the patents embodying that research and development investment (and in particular such patents with long-settled expectations) to other parties to recoup some of that investment. *See id.* at 100:25-101:18 (“Q. Can you give us a few specific examples of how you recaptured value in your role? A. Sure. . . . We would also sell patents We sold a number of patents.”). And here Patent Owner made a corresponding investment in purchasing the ’884 Patent (and many other companion patents), as described in sworn testimony by Patent Owner’s General Counsel Sheyanna Pietras:

Q. At the time of the purchase, how many patents did Brazos buy from Nokia?

A. I believe it was around 8,500 or so. . . .

Q. Okay. What is Brazos' current relationship with Nokia that it purchased the patents from?

A. It's a good one. We wanted somebody to partner with But we wanted someone to work with as Nokia was a great innovator. And we kind of modeled ourselves after them with our patent portfolio to, you know, hold a portfolio and license it out to the others. . . .

Q. So is that why you were interested in buying this portfolio from Nokia in particular?

A. Yes. Nokia, I mean, has been around since—gosh. I remember them from when I was young. . . . They acquired Alcatel-Lucent, which . . . had a group called Bell Labs Group. And Bell Labs is . . . a key thing . . . , a contributing factor in us purchasing it because Bell Labs had many notable awards.

Id. at 68:1-69:8; *see also id.* at 99:12-20 (“Q. And you mentioned protecting those big ideas. How did Bell Labs go about doing that? A. Well, the big ideas came in the form of what’s called invention submissions. Every scientist would reduce it to an invention submission, and the patent lawyers like me would work with the scientists, would write patent applications. And then the patent applications would become patents which we call patent assets.”).

These investments, including at least Patent Owner's millions of dollars invested in the purchase price of the portfolio containing the '884 Patent and others from Nokia and Alcatel-Lucent, as well as investments in employees, marketing, licensing activity, and patent maintenance fees, represent concrete and compelling economic interests. And the fact that multiple licensees have already taken a license to the portfolio containing the '884 Patent further demonstrates its economic value.

Thus, because of the compelling economic interest of encouraging the continued investment in research and development protected by patents, and allowing companies to recoup such investment through the sale of those patents to other parties—and not to mention the investments of the purchasers, licensors, and licensees of such patents with long-settled expectations, this factor merits discretionary denial of the Petition.

IV. CONCLUSION

The Board should exercise its discretion to deny institution of the Petition because each of the *Fintiv* factors weigh in favor of denial of institution. In addition, several of the considerations set forth in the Director's Memorandum likewise counsel in favor of the Board exercising its discretion to deny institution here.

Patent Owner's Brief in Support of Request for Discretionary Denial
IPR2025-00429 (U.S. Patent No. 9,450,884)

Respectfully Submitted,

Dated: April 28, 2025

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(Case No. IPR2025-00429)

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CERTIFICATION UNDER 37 C.F.R. § 42.24(d)

Under the provisions of 37 C.F.R. § 42.24(d), the undersigned hereby certifies that the word count for all portions of the foregoing Patent Owner's Preliminary Response totals 8,797 words per Microsoft Word, which complies with the requirement of 14,000 words allowed under 37 C.F.R. § 42.24(d).

Dated: April 28, 2025

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CERTIFICATE OF SERVICE

As authorized by Patent Owner's Mandatory Notice, I hereby certify that on April 28, 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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