UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

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

v.

CERENCE OPERATING COMPANY,
Patent Owner.

Case IPR2025-00458
U.S. Patent No. 8,682,671

PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL OF INSTITUTION

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PATENT OWNER'S EXHIBIT LIST

No.	Description
2001	Docket Navigator Stay Statistics
2002	March 28, 2025, 2nd Amended DCO
2003	Docket Navigator Median Time-to-Trial Statistics
2004	Samsung's September 9, 2024, Invalidity Contentions

I. INTRODUCTION

Pursuant to the Director's March 26, 2025, memorandum regarding Interim Processes for PTAB Workload Management ("March 26, 2025, Memo"), Patent Owner Cerence Operating Company requests that the Director exercise discretion under 35 U.S.C. § 314(a) and issue a decision denying institution of the Petition.

As discussed further below, each of the six *Fintiv* factors weigh in favor of discretionary denial. For Factor 1, the District Court has not entered a stay and a stay is unlikely. For Factor 2, trial in the District Court litigation will occur ***more than seven months prior*** to a Final Written Decision in these proceedings, all but ensuring that the District Court will decide the validity of the challenged patent claims prior to any Final Written Decision. For Factor 3, by the time a decision on institution is granted, the parties will have already invested a significant amount of resources in the District Court litigation, including having already completed claim construction, fact discovery, and a significant portion of expert discovery. For Factor 4, the challenged claims in the Petition cover all asserted claims in the District Court, and Petitioners' District Court invalidity contentions are even more expansive than the invalidity grounds asserted in the Petition. For Factor 5, Petitioners are defendants in the District Court litigation. And for Factor 6, additional considerations favor discretionary denial, including the weakness of the merits of the Petition, as well as Petitioners' lack of diligence in bringing the Petition.

Moreover, additional relevant considerations weigh in favor of discretionary denial, including the Petition's over-reliance on unreliable expert testimony to gap-fill holes in the prior art, as well as the length of time the claims have been in force.

Patent Owner thus respectfully requests discretionary denial of the Petition.[1]

II. DENIAL OF INSTITUTION UNDER §314 IS WARRANTED.

35 U.S.C. § 314(a) gives the Director discretion to deny institution of IPR due to the advanced state of parallel district court litigation regarding the same issues. *See NHK Spring Co. v. Intri-Plex Techs., Inc*., IPR2018-00752, Paper 8 at 19-21 (PTAB Sept. 12, 2018) (precedential) ("*NHK*"). The Board has set forth six factors for determining whether discretionary denial in light of such parallel litigation is appropriate:

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;

[1] Patent Owner will file a Preliminary Response addressing the merits of the Petition pursuant to 37 C.F.R. § 42.107(a) on the schedule set forth by regulation and consistent with the March 26, 2025, Memorandum. *See* 37 C.F.R. § 42.107(b).

6. other circumstances that impact the Board's exercise of discretion, including the merits.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 5-6 (PTAB Mar. 20, 2020) (precedential) ("*Fintiv I*"). In evaluating these factors, the Board "takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 7-17 (PTAB May 13, 2020) (informative) ("*Fintiv II*").

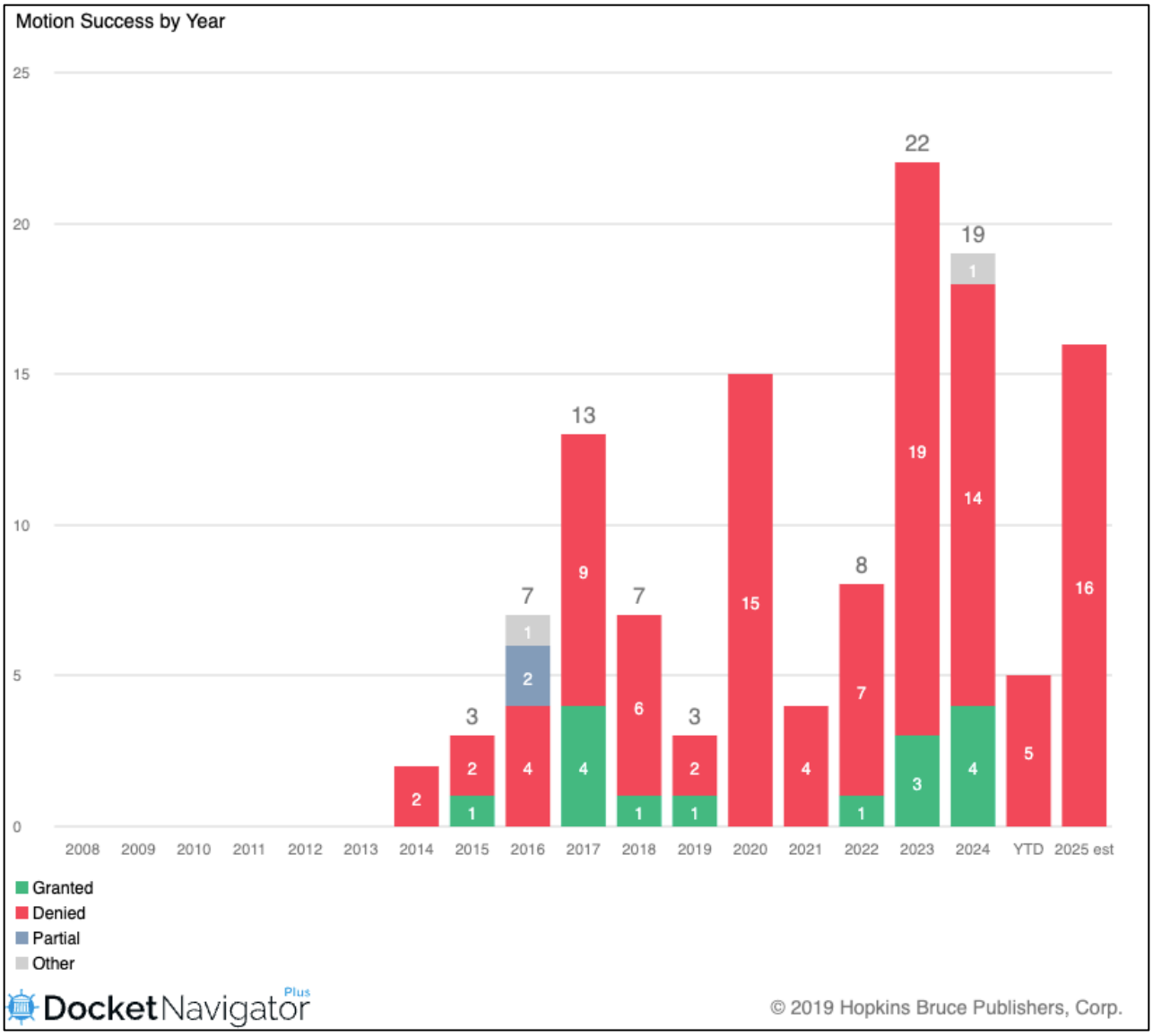
A. *Fintiv* Factor 1: The District Court Is Unlikely To Grant A Stay

Fintiv Factor 1 looks to "whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted." *Fintiv I* at 5-6.

Here, the District Court has not granted a stay, and a stay is statistically unlikely. For example, while Petitioners filed a motion to stay pending IPR in the District Court proceedings, the presiding judge, Judge Rodney Gilstrap, as well as other judges in the Eastern District, have consistently explained that it is the practice of the Eastern District to deny motions to stay where, as here, IPRs have not been instituted. *See, e.g., Luminati Networks Ltd. v. Teso LT, UAB,* No. 2:19-CV-00395-JRG, 2020 WL 6803255, at *1 (E.D. Tex. Oct. 30, 2020) ("this Court has a consistent practice of denying motions to stay when the PTAB has yet to institute post-grant proceedings."); *see also Trover Grp., Inc. v. Dedicated Micros* USA, No. 2:13-CV-1047-WCB, 2015 WL 1069179, at *6 (E.D. Tex. Mar. 11, 2015) (Bryson, J.) ("it is the universal practice" in this District to deny pre-institution motions to stay); *Viavi*

Sols. Inc. v. Zhejiang Crystal-Optech Co., No. 2:21-CV-00378-JRG, 2022 WL 16856099, at *5 (E.D. Tex. Nov. 10, 2022) ("It is the Court's established practice to consider that motions to stay pending IPR proceedings which have not been instituted are inherently premature and should be denied as such.").

Moreover, even if the Board institutes IPR proceedings, it is statistically unlikely that the District Court would grant a stay. For example, an analysis of the outcomes for motions to stay pending IPR before Judge Gilstrap demonstrates that the ***vast majority*** of these motions have been denied; indeed, in the last five years, only ***five (5)*** such motions have been granted, while ***sixty-five (65)*** have been denied:



See Ex. 2001 (Docket Navigator Stay Statistics).

Thus, while Patent Owner recognizes that the Board ordinarily "will not attempt to predict" how a district court will proceed if a stay has not been granted (*see Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC,* IPR2019-01393, Paper 24 at 7 (Jun.16, 2020) (informative)), the present facts indicate both that: 1) Petitioners' current stay request will be denied because it is the

Eastern District of Texas's practice to not grant stays prior to institution; and 2) even if the Board institutes IPR proceedings, it is still extremely unlikely that the presiding judge will grant a stay.

Fintiv Factor 1 thus weighs in favor of discretionary denial.

B. *Fintiv* Factor 2: The District Court Trial Will Occur *More Than Seven Months* Before The Deadline For A Final Written Decision

Fintiv Factor 2 looks to "proximity of the court's trial date to the Board's projected statutory deadline for a final written decision." *Fintiv I* at 5-6. "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 under *NHK*." *Id.* at 9. Here, the District Court trial is scheduled for January 5, 2026, which is ***more than seven months*** before the statutory deadline for a Final Written Decision. *See* Ex. 2002 (March 28, 2025 2nd Amended DCO).

Moreover, while Patent Owner recognizes that trial dates may change, the median time-to-trial for the Eastern District of Texas is twenty-three (23) months. *See* Ex. 2003 (Docket Navigator Median Time-to-Trial Statistics). Because the parallel District Court action was filed on March 15, 2024, this indicates that the District Court trial is still likely to occur at least six months prior to the statutory deadline for a Final Written Decision.

Finally, it is important to note that Petitioners waited nearly an entire year after the District Court complaint was served to file their Petition. Had Petitioners

been diligent in filing their Petition rather than delaying for nearly an entire year, they could have avoided the trial date being scheduled months before the Final Written Decision deadline. Now, because of Petitioners' delay, the question of patentability will already be resolved by the District Court many months prior to a Final Written Decision in these proceedings. Moreover, while Patent Owner understands that a petitioner may wait to file an IPR petition until after the petitioner has seen what claims are being asserted in district court, here, Petitioners were served infringement contentions identifying asserted claims of the '671 patent on July 17, 2024, more than six months prior to the filing of the Petition in these proceedings. *See* Ex. 1021.

Thus, *Fintiv* Factor 2 weighs strongly in favor of discretionary denial.

C. *Fintiv* Factor 3: The Parties Will Have Invested Substantially In The District Court Case Before Any Institution Decision

Fintiv Factor 3 looks to "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 (emphasis added). For example, "if, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition," this factor favors denial. *Id.* at 9-10. "Likewise, district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial." *Id.* at 10.

Here, an institution decision would be due by August 27, 2025. *See* AIA § 6 (codifying 35 U.S.C. § 314(b)). Prior to the deadline for an institution decision, the parties will have invested a significant amount of resources in the parallel District Court case. For example, the parties will have: 1) served extensive infringement and invalidity contentions; 2) completed fact discovery, including any depositions of fact witnesses; 3) fully briefed and already had a hearing on claim construction more than a month and a half prior; and 4) served opening expert reports (and will be close to finalizing rebuttal expert reports). *See* Ex. 2002 (March 28, 2025, 2nd Amended DCO).

Indeed, *Fintiv* Factor 3 has been found to strongly favor discretionary denial under similar facts. *See, e.g., Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19, 3 (PTAB Mar. 28, 2025) (Order Granting Director Review, Vacating the Decision Granting Institution, and Denying Institution of Inter Partes Review) (finding "factor 3 strongly favors discretionary denial" where "the parties had served extensive infringement and invalidity contentions, served opening and rebuttal expert reports, filed claim construction briefs, and conducted several depositions" and "[t]he court also had held a claim construction hearing and construed the disputed claim terms").

Thus, *Fintiv* Factor 3 weighs strongly in favor of discretionary denial.

D. *Fintiv* Factor 4: There Is Substantial Overlap Between This IPR And The District Court Proceeding

Fintiv Factor 4 looks to "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. In short, this factor evaluates "concerns of inefficiency and the possibility of conflicting decisions" when substantially identical prior art is submitted in both the district court and IPR proceeding. *Id*. at 12. Here, the challenged claims cover all asserted claims, and the prior art relied upon in the Petition and in the District Court is substantially overlapping (with the prior art relied upon in the District Court being far more expansive than the prior art relied upon in the Petition).

First, the Petition challenges claims 1–20, covering all claims that are asserted in the District Court litigation. *See* Ex. 1021 at 2 (showing that claims 1–3, 5–7, 15–17, and 19–20 are asserted).

Second, there is substantial overlap between the prior art arguments presented in the Petition and arguments advanced by Petitioners in the District Court litigation. For example, Petitioners' invalidity contentions in the District Court litigation assert that the same Matsumoto, Bellegarda, and Marple references relied upon in the Petition anticipate or render obvious claims of the '671 patent. *Compare* Petition at 2-3 *with* Ex. 2004 (Samsung's September 9, 2024, Invalidity Contentions).

Moreover, while the Petition relies on two additional references not included in Petitioners' District Court invalidity contentions, i.e., Walker and Malsheen, Petitioners' District Court invalidity contentions are still ***far*** more expansive than the invalidity arguments set forth in the Petition. For example, Petitioners' District Court invalidity contentions assert that the '671 patent is anticipated or rendered obvious in view of fourteen (14) total prior art patents and applications, eleven (11) non-patent literatures, and two (2) prior art systems. *See* Ex. 2004 at 8-12. Petitioners' District Court invalidity contentions further identify "additional relevant prior art" to the '671 patent, including an additional thirty-two (32) patents and patent applications, three (3) more prior art systems, and thirty-eight (38) more non-patent literature references. *Id*. at 38-44. Petitioners' District Court invalidity contentions also reserve the right to identify additional prior art references that are not currently listed, to the extent necessary to respond to any of Patent Owner's validity rebuttal arguments. *Id*. at 5-6. Petitioners' District Court invalidity contentions further assert that the '671 patent claims are invalid under 35 U.S.C. 101 and 112. *Id*. at 35-38.

Thus, while the Petition includes two references that are not currently listed in Petitioners' District Court invalidity contentions, Petitioners' contentions are still significantly more expansive than the prior art arguments made in the Petition. This raises "concerns of inefficiency and the possibility of conflicting decisions" (*Fintiv*

I at 12), as the District Court will decide the validity of the '671 patent claims months prior to any Final Written Decision, based on substantially similar (and indeed far more expansive) invalidity arguments.[2]

Additionally, while Petitioners served and filed a *Sotera*-type stipulation asserting that "Samsung will not pursue in the above-captioned litigation (i) any grounds that were raised or reasonably could have been raised in the IPR, and (ii) combinations of the prior art asserted in this IPR with unpublished system prior art" (Ex. 1023 at 1), the scope of Petitioners' stipulation is not sufficient to ensure that IPR proceedings would be a "true alternative" to the District Court litigation. *See Sotera*, Paper 12 at 19; *see also Motorola v. Stellar*, IPR2024-01205, -01206, -01297, -01208, Paper 19 Paper 19 at 3–4 (March 28, 2025) (Director vacating decision granting institution where the petitioner's "stipulation does not ensure that these [inter partes review] proceedings would be a 'true alternative' to the district court proceeding").

[2] Indeed, Petitioners' omission of Walker and Malsheen from their District Court invalidity contentions appears to be a strategic attempt to bolster their *Fintiv* arguments by arguing that their primary IPR references are not asserted in the District Court litigation. But said references are already excluded from being used in the District Court litigation in view of Petitioners' *Sotera*-type stipulation, and the Director has made it clear that a *Sotera*-type stipulation is no longer dispositive to *Fintiv* Factor 4. *See infra* at 11-12. In short, Petitioners gamesmanship does not address the Director's concerns regarding the inefficiencies of having multiple tribunals decide the validity of the same patent claims, particularly in situations where, as here, the petitioners' invalidity contentions are far more expansive than the IPR invalidity grounds.

For example, as discussed in the director review decision in *Motorola v. Stellar*, a standard *Sotera* stipulation is no longer sufficient to determine that *Fintiv* Factor 4 weighs in favor of institution where the district court invalidity contentions "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." *Motorola v. Stellar*, Paper 19 at 4 (March 28, 2025) ("although Petitioner's *Sotera* stipulation may mitigate some concern of duplication between the parallel proceeding and this proceeding, the stipulation does not outweigh the substantial investment in the district court proceeding or Fintiv factors 1, 2, and 5…."). Here, while Petitioners' stipulation covers the combination of "prior art asserted in this IPR with unpublished system art" (Ex. 1023 at 1), it does ***not*** cover combinations of art not asserted in this IPR with unpublished system art, rendering Petitioners' stipulation insufficient to ensure that the IPR proceedings are a "true alternative" to the District Court proceedings. This is particularly salient in view of Petitioners' expansive invalidity contentions in the District Court proceedings.[3]

Additionally, Petitioners' stipulation still permits subsequent *ex parte*

[3] *See also* FAQs for Interim Processes for PTAB Workload Management, https://www.uspto.gov/patents/ptab/faqs ("Where the petitioner is relying on corresponding system art in a co-pending proceeding and/or several other invalidity theories, a stipulation may not be particularly meaningful because the efficiency gained by any AIA proceeding will be limited.").

reexamination petitions on grounds that could have been raised in the Petition. Thus, Petitioners' stipulation still allows for repeated challenges to the same patent by the same defendant in multiple venues, obviating the very purpose of the IPR process to streamline the patent system and reduce litigation costs. *See, e.g.,* H.R. Rep. No. 112-98, at 39–40 (2011) ("The legislation is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs."). While the Director's concerns in *Motorola v. Stellar* focused on concerns over the duplication between the PTAB and District Court proceedings, expecting the Patent Office (through the PTAB and the Central Reexamination Unit) to hear two serial challenges to the same patent is little better.

In short, if the Board was to grant institution in this proceeding, it would be considering the same claims of the '671 patent whose validity would have been previously tried before the District Court months prior, and the same claims of the '671 patent whose validity may subsequently be challenged again during any potential *ex parte* reexamination process. This is the opposite of efficiency, and contravenes the very purpose of the IPR process.

Thus, *Fintiv* Factor 4 weighs in favor of discretionary denial.

E. *Fintiv* Factor 5: Petitioners Are Defendants In The District Court Litigation.

Fintiv Factor 5 looks to "whether the petitioner and the defendant in the parallel proceeding are the same party." *Fintiv I* at 5-6. Specifically, when "the

petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial." *Fintiv II* at 15. Here, the Petitioners are defendants in the parallel litigation.

Thus, *Fintiv* Factor 5 weighs in favor of discretionary denial.

F. *Fintiv* Factor 6: Other Considerations Weigh Against Institution

Fintiv Factor 6 looks to "other circumstances that impact the Board's exercise of discretion, including the merits." *Fintiv I* at 5-6. This factor also weighs heavily against institution for at least four reasons.

First, as discussed above, Petitioners waited nearly an entire year to file their Petition, all but ensuring that the validity of the '671 patent claims would be decided in the District Court litigation months prior to any Final Written Decision in these proceedings.

Second, contrary to Petitioners' assertions, the Petition fails to present any compelling merits of unpatentability. The Petition does not present anticipatory prior art under §102. Instead, the Petition relies solely on obvious combinations under §103 (some grounds including up to ***four*** different references in combination, weaving in ***149 pages*** of expert testimony). Petition at *passim*; Ex. 1002 (Schmandt Decl.). Thus, the Petition only serves to highlight the novelty of the challenged claims, and the web of repurposed §103 prior art presented in the Petition fails to render the challenged claims obvious for reasons that Patent Owner will highlight in

its POPR merit-based briefing.

Third, the Petition provides ***no*** 325(d) analysis at all for the agency to assess if the combinations of prior art features in the Petition are merely a rework of the prior art already assessed during prosecution. *See* 35 U.S.C. § 325(d) (permitting the Director to deny institution of a proceeding where "the same or substantially the same prior art or arguments previously were presented to the Office."). Indeed, the Petition simply concludes in a single sentence that "[n]one of the references presented in the grounds herein were previously considered by the Office." Petition at 81. But a proper 325(d) analysis must assess the technical content of individual references relative to the previous prosecution history. This analysis permits the agency to efficiently assess whether "substantially similar" analysis was previously performed by the examiner. In short, Petitioners attempt to offload their 325(d) burden to the agency or Patent Owner to figure out. Petitioners' 325(d) failure is separately fatal but simultaneously demonstrates the significant weight to be accorded to this *Fintiv* factor in favor of the Patent Owner.

Fourth, as discussed further below, "additional considerations" (as outlined in the Director's March 26, 2025, Interim Processes for PTAB Workload Management) weigh in favor of discretionary denial, including the Petition's over-reliance on expert testimony to gap-fill holes in the prior art, as well as the length of time the challenged claims have been in effect.

III. Additional Considerations Weigh In Favor Of Discretionary Denial

In addition to the above factors, as explained in the March 26, 2025, Interim Processes for PTAB Workload Management, additional relevant considerations may weigh in favor of discretionary denial, including:

- Whether the PT AB or another forum has already adjudicated the validity or patentability of the challenged patent claims;
- Whether there have been changes in the law or new judicial precedent issued since issuance of the claims that may affect patentability;
- 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;
- Compelling economic, public health, or national security interests; and
- Any other considerations bearing on the Director's discretion.

Here, as discussed further below: 1) no changes in the law support reconsideration of validity of the ’671 patent claims; 2) the Petition is particularly weak and is overly reliant on unreliable expert testimony to gap-fill holes in the prior art; and 3) the challenged claims have been in force for more than eleven (11) years.

A. No Changes in the Law Support Reconsideration of Validity

First, no changes in the law support reconsideration of the validity of the ’671 patent claims, and Petitioners do not identify any such change. This is all the more striking when, as noted above, Petitioners fail to explain how the invalidity grounds

asserted in the Petition are not "the same or substantially the same prior art or arguments previously were presented to the Office." *Supra* at 15 (discussing Petitioners' failure to meaningfully address 325(d)).

B. The Petition is Particularly Weak and Overly Reliant on Unreliable Expert Testimony

Second, the Petition is particularly weak and overly reliant on unreliable expert testimony to gap-fill holes in the prior art. For example, as discussed in the FAQs for Interim Processes for PTAB Workload Management, "[w]hile 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."[4] Thus, a "failure to provide focused expert testimony may weigh against institution." *Id*.

As discussed above, the Petition relies on ***149 pages*** of expert testimony in an attempt to cobble together up to ***four*** different prior art references. *See, e.g.,* Petition at *passim*; Ex. 1002 (Schmandt Decl.). This over-reliance on expert testimony to gap-fill holes in the prior art is an additional relevant consideration weighing against institution.

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[4] FAQs for Interim Processes for PTAB Workload Management, https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management?utm_campaign=subscriptioncenter&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term= (last visited Friday, April 25).

C. The Patent Has Been In Force For More Than Eleven (11) Years

Third, the ’671 patent has been in force for more than eleven (11) years. The considerable length of time that the claims have been in force has built a foundation of settled expectations by the Patent Owner, providing a reasonable expectation that the presumptively valid patent claims–*which already passed thorough examination by the Office*–may be relied upon to defend Patent Owner’s intellectual property rights. Thus, settled expectations of the parties is an additional relevant consideration weighing against institution.

IV. THE BALANCE OF EVIDENCE FAVORS DENIAL

In sum, all six *Fintiv* Factors weigh in favor of discretionary denial. Moreover, even if the Board were to find Factor 1 to be neutral, then Factors 2 through 6 would still weigh in favor of discretionary denial. Finally, additional relevant considerations further weigh in favor of discretionary denial. Thus, considered as a whole, the relevant facts all weigh in favor of exercising discretionary denial.

V. CONCLUSION

Patent Owner respectfully requests that the Director exercise discretion under Section 314(a) to deny institution.

Date: April 28, 2025 Respectfully submitted,

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CERTIFICATE OF WORD COUNT

I certify that there are 3,982 words in this paper, excluding the portions exempted under 37 C.F.R. § 42.24(a)(1), according to the word count tool in Microsoft Word.

/Qi (Peter) Tong/
Qi (Peter) Tong (Reg. No. 74,292)

CERTIFICATE OF SERVICE (37 C.F.R. § 42.6(e)(1))

The undersigned hereby certifies that the above document was served on April 28, 2025, by filing this document through the P-TACTS system as well as delivering a copy via electronic mail upon the following attorneys of record for the Petitioner:

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