

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 IPR2025-00460

U.S. Patent No. 8,914,291

**PETITIONERS' OPPOSITION TO REQUEST
FOR DISCRETIONARY DENIAL OF INSTITUTION**

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PETITIONERS' EXHIBIT LIST

Exhibit No.	DESCRIPTION
1001	U.S. Patent 8,914,291 (“’291Pat”)
1002	Declaration of Christopher M. Schmandt (“ <i>Schmandt</i> ”)
1003	Curriculum Vitae of Christopher M. Schmandt
1004	File History of U.S. Patent No. 8,914,291 (“’291FH”)
1005	U.S. Patent App. No. 2001/0049602 (“ <i>Walker</i> ”)
1006	U.S. Patent App. No. 2007/0233492 (“ <i>Matsumoto</i> ”)
1007	U.S. Patent 5,634,084 (“ <i>Malsheen</i> ”)
1008	W3C Speech Synthesis Markup Language (SSML) Ver. 1.1 WD4, September 4, 2007 (“ <i>W3C</i> ”)
1009	U.S. Patent 7,010,489 (“ <i>Lewis</i> ”)
1010	U.S. Patent 7,177,807 (“ <i>Schmid</i> ”)
1011	U.S. Patent 6,865,533 (“ <i>Addison</i> ”)
1012	U.S. Patent 7,725,321 (“ <i>Bennett</i> ”)
1013	File History of U.S. Patent 8,447,610 (“’610FH”)
1014	U.S. Patent 7,313,523 (“ <i>Bellegarda</i> ”)
1015	U.S. Provisional Application No. 60/205,000
1016	<i>Speech Synthesis</i> , in <i>Speech and Language Processing: An introduction to natural language processing, computational linguistics, and speech recognition</i> (Daniel Jurafsky & James H. Martin Oct. 13, 2007) (“ <i>Jurafsky</i> ”)
1017	U.S. Patent 8,682,671 (“’671Pat”)
1018	U.S. Patent 8,447,610 (“’610Pat”)

Exhibit No.	DESCRIPTION
1019	Redline comparison of the specification of the '291 patent (as available on www.patentcenter.uspto.gov) to the specification of the '610 patent (as available on www.patentcenter.uspto.gov)
1020	Docket Control Order from <i>Cerence Operating Co. v. Samsung Electronics Co., Ltd. et al.</i> , No. 2:24-cv-00181-JRG-RSP (E.D. Tex.) (Dkt. 52)
1021	Cover Pleading of Plaintiff Cerence Operating Company's Disclosure of Asserted Claims and Infringement Contentions (July 18, 2024)
1022	Summary of all patents/applications in the '291 patent's family
1023	Letter from Jin-Suk Park to James S. Tsuei dated April 11, 2005
1024	<i>Harbor Island Dynamic, LLC v. Samsung Elecs. Co.</i> , No. 2:24-CV-00140-JRG-RSP, Dkt. 81 (E.D. Tex. May 19, 2025)
1025	<i>Cellspin Soft, Inc. v. ByteDance Ltd.</i> , No. 2:23-CV-00496-JRG-RSP, Dkt. 106 (E.D. Tex. Jan. 26, 2025)
1026	Joint Motion for Third Amended Docket Control Order from <i>Cerence Operating Co. v. Samsung Electronics Co., Ltd. et al.</i> , No. 2:24-cv-00181-JRG-RSP (E.D. Tex.) (Dkt. 78)
1027	Third Amended Docket Control Order from <i>Cerence Operating Co. v. Samsung Electronics Co., Ltd. et al.</i> , No. 2:24-cv-00181-JRG-RSP (E.D. Tex.) (Dkt. 80)
1028	Samsung Unopposed Motion to Extend Time to Answer from <i>Cerence Operating Co. v. Samsung Electronics Co., Ltd. et al.</i> , No. 2:24-cv-00181-JRG-RSP (E.D. Tex.) (Dkt. 13)
1029	Correspondence from P. Reidy to J. Tsuei re: formally amending the district court invalidity contentions

I. INTRODUCTION

Petitioners Samsung Electronics, Co., Ltd. and Samsung Electronics America, Inc. (collectively “Samsung”) respectfully request that the Director deny Cerence Operating Co.’s (“PO”) request to discretionarily deny this *inter partes* review (“Request”) of U.S. Patent No. 8,914,291 (“the ’291 patent”). A holistic review of the factors governing discretionary denial show that the efficiency and integrity of the patent system would not be well served by denying institution here. Samsung has presented a straightforward combination of prior art that renders all claims of the ’291 patent obvious. Samsung timely filed the Petition, has submitted a broad *Sotera*-type stipulation, and if the petition is instituted, it will be before all major milestones in the parallel district court case. Thus, *Fintiv* factors 3, 4, and 6 weigh against denying institution and outweigh *Fintiv* factors 1, 2 and 5.

PO also fails to identify any other considerations that warrant discretionary denial. The ’291 patent has not been the subject of any prior re-examination or validity challenges and, to Samsung’s knowledge, it has not been licensed to any entity. PO’s challenge to the merits of the Petition and criticism of Mr. Schmandt’s declaration are hollow and lack specificity.

II. DISCRETIONARY DENIAL IS NOT WARRANTED UNDER *FINTIV*

A. Factor 1 (Stay): The Board Does Not Speculate On A Stay

This factor is neutral. Samsung’s motion to stay pending IPR remains pending

before the district court. The Board's practice is not to speculate regarding the outcome of such motions. *Google LLC v. Mullen Indus. LLC*, IPR2025-00021, Paper 14, at 8-9 (PTAB May 14, 2025). Further, to the extent that the motion to stay is denied because the Board has not yet made a decision on institution, it is Judge Gilstrap's routine practice to do so without prejudice to the defendant's ability to renew the motion after the Board's institution decision. *See, e.g., Luminati Networks Ltd. v. Teso LT, UAB*, No. 2:19-CV-00395-JRG, 2020 WL 6803255, at *2 (E.D. Tex. Oct. 30, 2020) ("the Motion is denied without prejudice to refiling ... following the PTAB's institution decision"); *Nanoco Techs. Ltd. v. Samsung Elecs. Co.*, No. 2:20-CV-00038-JRG, 2021 WL 3027335, at *2 (E.D. Tex. Jan. 8, 2021) (same), *Huawei Techs. Co. v. Verizon Commc'ns, Inc.*, No. 2:20-CV-00030-JRG, 2020 WL 7134088, at *2 (E.D. Tex. Nov. 10, 2020) (same).

Moreover, a stay is still possible in the event of institution. Judge Gilstrap has previously granted contested stays in circumstances when all asserted claims of all asserted patents are challenged in the instituted IPRs, recognizing that PTAB review will likely result in simplification of issues before the court.¹ *See, e.g., Harbor Island Dynamic, LLC v. Samsung Elecs. Co.*, No. 2:24-CV-00140-JRG-RSP, Dkt. 81, at 5

¹ By way of this Petition, as well as the petitions filed in IPR2025-00457, IPR2025-00458, and IPR2025-00459, Petitioners have challenged all claims of all four patents asserted by PO against Petitioners in the parallel district court litigation.

(E.D. Tex. May 19, 2025) (granting contested stay: “Here, the Board has instituted a trial covering all asserted claims ... Accordingly, the simplification factor weighs in favor of a stay.”) (Ex-1024); *Cellspin Soft, Inc. v. ByteDance Ltd.*, No. 2:23-CV-00496-JRG-RSP, Dkt. 106, at 5 (E.D. Tex. Jan. 26, 2025) (granting stay: “Here, the Board has instituted a trial covering all asserted claims ... Accordingly, the simplification factor weighs in favor of a stay.”) (Ex-1025); *STA Grp. LLC v. Motorola Sols., Inc.*, No. 2:22-CV-00381-JRG-RSP, 2024 WL 2852961, at *2 (E.D. Tex. June 5, 2024) (granting stay: “Further, the Court finds that Motorola has demonstrated that a stay would result in significant simplification of issues ... [a]dditionally, [the defendant] points to institution on multiple grounds, weighing in favor of a finding that a likelihood of some or all of the claims will be found invalid”); *Resonant Sys., Inc. v. Samsung Elecs. Co.*, No. 2:22-CV-00423-JRG, 2024 WL 1021023, at *3 (E.D. Tex. Mar. 8, 2024) (granting stay: “Given that *inter partes* review had been instituted on all Asserted Claims of all Asserted Patents on multiple grounds, there is a material likelihood of simplification of the issues in this case. ... Further, the cancellation of some or all of the claims could result in simplification of issues in this case.”); *Commc’n Techs., Inc. v. Samsung Elecs. Am., Inc.*, No. 2:21-CV-00444-JRG, 2023 WL 1478447, at *3 (E.D. Tex. Feb. 2, 2023) (granting stay: “[T]he most important factor bearing on whether to grant a stay ... is the prospect that the [IPR] will result in simplification of issues.” (citation omitted)).

Thus, whether the parallel case will be stayed is still to be determined and the Board “will not attempt to predict how the district court ... will proceed” regarding potential stays “because the court may determine whether or not to say any individual case ... based on a variety of circumstances and facts.” *Sand Revolution II, LLC v. Cont’l Intermodal Grp.-Trucking LLC*, IPR2019-01393, Paper 24, at 7 (PTAB Jun. 16, 2020); *Samsung Elec. Co. v. CardWare Inc.*, IPR2023-00211, Paper 13, at 7-8 (PTAB Jun. 13, 2023) (where district court had denied a motion to stay filed prior to institution without prejudice, declining to speculate as to how the court would rule on a renewed motion after institution and weighing this factor as neutral).

B. Factor 2 (Trial Date): The New Trial Date Is Only Four Months Before The Expected FWD And Trial May Move Again

In view of events since PO filed its Request, this factor at worst weighs only slightly in favor of exercising discretion to deny institution. More particularly, on May 20, 2025, pursuant to a joint motion by the parties (Ex-1026), the district court extended the schedule in the parallel litigation by nearly four months, including moving the trial from January 5, 2026 to April 20, 2026. (Ex-1027).

“Where the trial date and the projected date of [the] final written decision are at or around the same time ... the efficiency and fairness concerns that underlie the *Fintiv* analysis are not as strong, and the decision whether to institute will instead implicate other factors.” *Zynga, Inc. v. IGT*, IPR2022-00199, Paper 11, at 14 (PTAB

Jun. 14, 2022) (citing *Apple, Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, at 9 (PTAB Mar. 20, 2020) (precedential)). Accordingly, when the district court trial is expected to precede the final written decision by merely four months, as it does here, the Board generally considers this factor to weigh only “slightly” or “marginally” in favor of discretionary denial. *See, e.g., id.* (instituting trial while weighing this factor as “slightly in favor of discretionary denial” where trial was scheduled four months before FWD); *CardWare*, IPR2023-00211, Paper 13 at 10 (instituting trial while weighing this factor as “marginally in favor of discretionary denial” when trial scheduled four months before FWD); *Nokia of Am. Corp. v. IPCOM, GmbH & Co., KG*, IPR2021-00533, Paper 10, at 9 (PTAB Aug. 12, 2021) (instituting trial while weighing this factor as “slightly in favor of exercising discretion to deny institution” when trial may occur four months before FWD); *Cellco P’ship v. Huawei Device Co.*, IPR2020-01117, Paper 10, at 18-20 (PTAB Feb. 3, 2021) (instituting trial while weighing this factor as “slightly in favor of exercising our discretion to deny institution” when trial was scheduled four months before FWD). Moreover, further modifications to the trial date are likely both because the parties may request it,² and

² As agreed by the parties in their motion seeking modification of the schedule and trial date, (i) the case involves eight patents (four asserted by PO, and four asserted by Petitioners) with the parties anticipating moving for leave to amend to include a ninth patent, (ii) requires “important technical and non-technical discovery before the *Markman* process,” (iii) requires “substantial (and detailed) source code review

because the district court has scheduled *eleven* trials for the same day, which cannot possibly all proceed at the same time.

Nor did Samsung unreasonably delay filing this Petition.³ The petition was filed two months before the statutory bar date.⁴ PO has not identified any tactical advantage gained by Samsung from the timing of the filing. *NHK Spring Co. v. Intriplex Techs., Inc.*, IPR2018-00752, Paper 8 at 19 (Sep. 12, 2018) (precedential) (“[t]he Petition, therefore, was timely, and Patent Owner does not apprise us of any tactical advantage, or opportunity for tactical advantage, that Petitioner gained by waiting to file the Petition.”). Moreover, the Petition was filed six months after receiving PO’s infringement contentions in the parallel litigation. *See, e.g., Fintiv*, IPR2020-00019, Paper 11 at 11 (“[I]t is often reasonable for a petitioner to wait to file its petition until it learns which claims are being asserted against it in the parallel proceeding.”). The timing is particularly reasonable here because Samsung filed not only the instant Petition, but two additional petitions,⁵ directed to three of the four

and related discovery,” and (iv) “the number of witnesses with information regard the issues across the nine asserted patents, including some in Korea, will create further logistical and scheduling challenges delays.” Ex-1026, at 2-3.

³ Diligence or delay in filing the petition is typically considered under *Fintiv* factor 3. Because PO addressed it with respect to factor 2, however, Petitioners do the same.

⁴ While the Complaint was filed March 15, 2025, defendant Samsung Electronics America, Inc. was not served until March 20, 2025. Ex-1028.

⁵ Samsung also filed IPR2025-00458 and IPR2025-00459 on the same day as the present Petition. Together, the three petitions challenge 57 claims.

patents asserted by PO in the parallel litigation at the same time.⁶

C. Factor 3 (Parallel Proceeding): There Is Significant Work Remaining In The District Court

This factor weighs against exercising discretion to deny institution because significant work will remain in the parallel district court litigation as of the August 27, 2025 institution decision deadline. As noted above, on May 20, 2025, the district court granted the parties' joint request to extend the schedule by nearly four months. Ex-1027. The district court has not issued any substantive order with respect to the '291 patent and, under the new schedule, no such substantive orders are expected prior to institution. *Fintiv, Inc.*, IPR2020-00019, Paper 11 at 9 ("If, at the time of the institution decision, the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution.").

As demonstrated by the table below, significant work remains in the district court litigation under the new schedule (Ex-1027):

Event	Date
Opening Claim Construction Brief	Aug. 25, 2025
Responsive Claim Construction Brief	Sep. 15, 2025
Reply Claim Construction Brief	Sep. 22, 2025
Claim Construction Hearing	Oct. 28, 2025
Close of Fact Discovery	Nov. 24, 2025
Opening Expert Reports	Dec. 2, 2025

⁶ Petitioners filed IPR2025-00457, challenging the fourth patent asserted by PO in the parallel litigation on February 10, 2025.

Event	Date
Rebuttal Expert Reports	Dec. 23, 2025
Close of Expert Discovery	Jan. 1, 2026
Dispositive Motions	Jan. 8, 2026
Dispositive Motion Response Briefs	Jan. 22, 2025
File Pretrial Order	Feb. 25, 2026
Pretrial Conference	Mar. 11, 2026
Jury Selection	Apr. 20, 2026

This weighs against discretionary denial because every significant milestone in the case—including claim construction hearing, claim construction decision, close of fact discovery, expert discovery, dispositive and *Daubert* motions, pretrial conference and trial—is scheduled to occur *after* the Board’s institution decision.⁷

Under similar circumstances, the PTAB has found this factor to weigh against denying institution. *SNAP, Inc. v. SRK Tech. LLC*, IPR2020-00820, Paper 15, at 10-11 (PTAB Oct. 21, 2020) (precedential) (finding factor weighs against institution when no claim construction has issued and no significant discovery had been completed); *Juniper Network, Inc. v. Packet Intel. LLC*, IPR2020-00336, Paper 21, at 18 (PTAB Sep. 10, 2020) (“the investment of time and effort that remains to bring the co-pending litigations to trial appears to far outweigh that which has already been invested” when discovery is not yet complete and district court has not issued a decision on claim construction); *Samsung Elecs. Co. v. Headwater Rsch. LLC*,

⁷ Depending on the timing of the institution decision, PO may not have even served its August 25, 2025 opening claim construction brief by that time.

IPR2024-01396, Paper 13, at 7 (PTAB Apr. 1, 2025) (finding the fact that “claim construction proceedings will not have completed and the district court will not have issued any substantive orders” by the time of the institution decision “weighs against denial” despite “the parties [] likely [having] done some work”); *Mobileye Glob., Inc. v. Facet Tech. Corp.*, IPR2024-01110, Paper 16, at 12-13 (weighing against denial and instituting in absence of claim construction and other substantive orders from district court).

PO’s reliance on *Motorola Solutions v. Stellar* is misplaced because the parties there had “served opening and rebuttal expert reports, filed claim construction briefs,” and the court had “held a claim construction hearing and construed the disputed claim terms,” none of which will have happened here when the institution decision issues. *Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19, at 3 (PTAB Mar. 28, 2025). Here, the *Markman* hearing will still be two months away at the time of the institution decision, and a *Markman* order even further beyond that.

D. Factor 4 (Issue Overlap): There Is No Overlap Between Issues In the Parallel District Court Litigation And This Proceeding

This factor weighs strongly against exercising discretion to deny institution. PO argues that there is “substantial overlap” between the prior art arguments presented in the Petition and arguments advanced by Samsung in the parallel district

court litigation (Request at 9), and further criticizes Samsung because the scope of its invalidity contentions in the parallel litigation are “far more expansive than the invalidity arguments set forth in the Petition” (*id.*, at 10). Contrary to PO’s argument, the fact that Samsung was obligated under EDTX P.R. 3-3 and 3-4 to identify all possible prior art relatively early in the case to preserve its defenses should not be held against Samsung now. The purpose of disclosing invalidity contentions early in the litigation is for the parties to provide notice of and preserve their right to make arguments, not to set out the exact arguments that will ultimately be presented at trial, which happens much later.⁸ *See, e.g., Correct Transmission, LLC v. Nokia of Am. Corp.*, No. 2:22-CV-00343-JRG-RSP, 2024 WL 1289821, at *3 (E.D. Tex. Mar. 26, 2024) (“This Court’s Patent Rules mandate invalidity contentions to provide fair notice of a party’s invalidity case and do not require a party to prove their invalidity case in the contentions.”); *GREE, Inc. v. Supercell Oy*, No. 2:19-CV-00070-JRG-

⁸ PO also notes that the *Walker* and *Malsheen* references were not included in Samsung’s district court invalidity contentions and asserts that this reflects a “strategic attempt to bolster [Samsung’s] *Fintiv* arguments,” accusing Samsung of “gamesmanship.” Request at 11 n.2. PO is too quick to cast aspersions. Samsung’s invalidity contentions expressly incorporated the IPR grounds by reference (Ex-2004 (Defs. Invalidity Contention Cover Pleading) at 7), betraying any notion that omitting *Walker* and *Malsheen* prior art was a strategic maneuver to omit the IPR prior art from the district court contentions and manipulate the *Fintiv* analysis. Moreover, Samsung has sought PO’s position on formally amending the district court invalidity contentions to include *Walker* and *Malsheen*, and PO has not yet responded. Ex-1029.

RSP, 2020 WL 6731050, at *3 (E.D. Tex. Aug. 14, 2020) (“Indeed, one of the desired outcomes of discovery and a result of expert reports is the crystallization of invalidity and infringement theories preserved in a party’s contentions.”).

Moreover, PO ignores that Samsung has stipulated that if this Petition is instituted, “then Samsung will not pursue in the above-captioned litigation ... any grounds that were raised or reasonably could have been raised in the IPR.” Ex-1023. According to the still precedential *Sotera* decision this type of stipulation “weighs ***strongly in favor of not exercising discretion***” to deny institution. *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12, at 19 (PTAB Dec. 1, 2020) (precedential). Between December 17, 2020, when *Sotera* was designated precedential and the June 21, 2022 Vidal Memo, in the vast majority of petitions in which a *Sotera* stipulation was provided the Board did not exercise discretion to deny institution based on *Fintiv*.⁹ Moreover, the Board’s recent decisions granting institution confirm that *Sotera* stipulations continue to be valid, enforced, and given

⁹ Of the 57 cases that were filed with a *Sotera*-stipulation during that time period, institution was granted in 52 cases. All 5 cases where institution was denied are distinguishable: 4 are the *Cisco v. Estech* cases where there was an 11-month gap between trial and the FWD (IPR2021-00329, -00321, -00332, and -00333), and in *Immersion Sys. LLC v. Midas Green Techs., LLC*, IPR2021-01176, Paper 16 at 16-17 (PTAB Jan. 6, 2022), the *Sotera*-stipulation was found insufficient because it was contingent upon completion of the IPR proceeding with a FWD and tied to an asserted likelihood of the court granting a stay in the litigation.

weight in the *Fintiv* analysis.¹⁰ See, e.g., *Samsung Elecs. Co. v. Harbor Island Dynamic LLC*, IPR2024-01403, Paper 9, at 39 (PTAB Mar. 24, 2025); *SAP Am., Inc. v. Cyandia, Inc.*, IPR2024-01433, Paper 13, at 12 (PTAB Apr. 7, 2025); *MediaTek Inc. v. ParkerVision, Inc.*, IPR2025-00030, Paper 9, at 21-22 (PTAB Mar. 31, 2025).

Moreover, Samsung has gone far beyond what *Sotera* requires by also stipulating that if the Petition is instituted, “then Samsung will [also] not pursue in the above-captioned litigation ... combinations of the prior art asserted in this IPR with unpublished system prior art” (Ex-1023), which is the additional provision that *Motorola* stated would ensure that the IPR is a “true alternative” to the district court proceeding.¹¹ See *Motorola*, IPR2024-01205, Paper 19. Despite this, PO complains

¹⁰ To be sure, newly promulgated FAQ 14 is inconsistent with long-standing precedent. See USPTO, “FAQs for the Interim Processes for PTAB Workload Management,” FAQ #14, available at <https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management> (“The Director will take into account whether the stipulation materially reduces overlap between the proceedings. 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”). But, assuming this is binding guidance, it cannot be reconciled with the letter or spirit of the still-precedential *Sotera* decision.

¹¹ Samsung provided its stipulation, which goes beyond what *Sotera* required, before the Federal Circuit’s decision in *Ingenico Inc. v. IOENGINE, LLC*, No. 2023-1367, 2025 WL 1318188, at *6-7 (Fed. Cir. May 7, 2025) (“Congress intentionally limited an IPR’s scope to invalidity challenges based on ‘*prior art consisting of patents or printed publications.*’ ... But IPR estoppel does not preclude a petitioner from relying on the same patents and printed publications as evidence in asserting a ground that could not be raised during the IPR, such as that the claimed invention

that Samsung’s stipulation “does not cover combinations of art not asserted in this IPR with unpublished system art, rendering [Samsung’s] stipulation insufficient to ensure that the IPR proceedings are a ‘true alternative’ to the District Court proceedings.” Requests at 12. PO also complains that Samsung’s invalidity contentions in the parallel litigation asserts that the ’291 patent claims are invalid under 35 U.S.C. §§ 101 and 112. *Id.* at 10. To the extent that PO is suggesting that the Acting Director’s reference to a “true alternative” in *Motorola* means that a Petitioner must forgo **all** its invalidity defenses in district court as a condition of having IPR instituted, PO is simply wrong.

To the extent that PO is suggesting that the Acting Director’s reference to a “true alternative” in *Motorola* means that a Petitioner must forgo **all** its invalidity defenses in district court as a condition of having IPR instituted, PO is simply wrong. *First*, the only example identified in *Motorola* as raising the “true alternative” concern was combining prior art included in the IPR grounds with unpublished system prior art. *Motorola*, IPR2024-01205, Paper 19 at 3-4. PO seeks to expand the

was known or used by others, on sale, or in public use” (citing 35 U.S.C. § 311(b)). *Ingenico* calls into doubt whether conditioning institution of an IPR on the Petitioner forgoing grounds that Congress expressly intended to remain within the purview of district courts, as the Director suggests in *Motorola*, is a reasonable exercise of the Director’s discretion. While Samsung does not withdraw its stipulation, it does not concede that the Director has the authority to require stipulations beyond the scope set out in the *Sotera* decision.

reasoning in *Motorola* far beyond its bounds. Indeed, Samsung is not aware of any PTAB decision that expands *Motorola* to require foregoing all district court invalidity defenses as a condition for institution of IPR.

Second, Congress explicitly chose to limit IPRs to deciding invalidity under §§ 102 and 103, based on prior art consisting only of patents and printed publications. 35 U.S.C. § 311(b). This limit to the scope of issues that can be considered in an IPR was “intentional” by Congress. *Ingenico*, 2025 WL 1318188, at *6. The Post Grant Statute—which allows for challenging a patent on wide range of invalidity grounds not available in IPR (*see* 35 U.S.C. § 321(b))—further confirms that Congress deliberately chose to limit IPRs to a narrow subset of invalidity grounds and to leave all other bases for proving invalidity within the province of district courts. Nothing suggests that Congress intended to empower the Director to require petitioners to forgo all of their invalidity defenses in district court as a condition of instituting IPR.

PO’s criticism that Samsung’s stipulation “still permits subsequent *ex parte* reexamination petitions on grounds that could have been raised in the Petition” is also unavailing. Request at 12-13. The IPR estoppel statute equally applies to other proceedings in the Office, such as *ex parte* reexamination requests. 35 U.S.C. § 315(e) (“The petitioner in an inter partes review ... that results in a final written decision ... ***may not request or maintain*** a proceeding before the Office ...”). Thus,

PO's concerns regarding multiple attacks on the patent via serial *ex parte* reexamination requests are based on a misapprehension of the applicable statutes.

Factor four also weighs against exercising discretion to deny institution because the Petition challenges claims 1-4, 6-11, 13-17, and 19-20 of the '291 patent whereas PO has only asserted claims 1-2, 4, 6-7 in the parallel litigation (*see* Ex-1021), and will likely reduce the number of asserted claims before trial. The Board has found such a difference to weigh against denial, even if a trial precedes a final written decision. *See, e.g., Precision Planting LLC v. Maschio Gaspardo S.p.A.*, IPR2024-00008, Paper 12, at 18 (PTAB Mar. 26, 2024) (holding that despite substantial issues between the IPR petition and parallel district court action, the inclusion of claims in the petition not contested in court argues against discretionary denial due to incomplete overlap); *Apple Inc. v. Neodron Ltd.*, IPR2020-00778, Paper 10, at 19 (PTAB Sept. 14, 2020) (weighing factor 4 against discretionary denial because "the ITC will not consider the validity of challenged claims 13 and 14"); *PUMA North Am., Inc. v. Nike Inc.*, IPR2019-01043, Paper 8, at 9-10 (PTAB Oct. 31, 2019) ("the Litigation only addresses challenged claims 1, 5, and 6" whereas "the Litigation *does not address* challenged claims 9, 10, 13, 14, or 17 Accordingly, even if trial in the Litigation were to conclude prior to the statutory due date for the Final Written Decision in this proceeding, questions regarding the patentability of the majority of challenged claims would remain unresolved.")

(emphasis in original).

E. Factor 5 (Parties): That Samsung Is The Defendant In The Parallel Litigation Does Not Warrant Denial

This factor should be neutral. While Samsung is also defendant in the parallel district court litigation, *Fintiv* only addresses the scenario in which the petitioner is unrelated to a defendant in a parallel proceeding, finding this should weigh against denying institution. But *Fintiv* “says nothing about situations in which the petitioner is the same as, or is related to, the district court defendant.” *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, IPR2020-00122, Paper 15, at 10-11 (PTAB May 15, 2020) (APJ Crumbley, dissenting) (noting that weighing this factor against a petitioner when the parties in IPR are the same in related litigation, could “tip the scales against a petitioner merely for being a defendant in the district court.” This “would seem to be contrary to the goal of providing district court litigants an alternative venue to resolve questions of patentability.”).

F. Factor 6 (Other Considerations): The Petition’s Merits Are Strong And No Other Factors Warrant Exercising Discretion To Deny Institution

This factor weighs against exercising discretion to deny institution because the Petition presents compelling grounds of unpatentability under § 103. Each of the independent claims (1, 8 and 14), and fourteen dependent claims (2-4, 6-7, 9-11, 13, 15-17, and 19-20) are rendered unpatentable by the combination of three

references—*Walker*, *Matsumoto*, and *Malsheen*. Petition at 14-63 (Ground 1A). To be sure, the Petition also presents supplemental ground 1B based on the addition of *Bellegarda* (*id.* 63-68), but these grounds are provided to address a potential claim construction argument by PO that deemphasizing a word/phrase constitutes assigning contrastive stress.

Tellingly, PO presents no substantive argument detracting from the strength of the presented grounds. Instead, PO argues that the merits are weak because the presented grounds are not anticipatory. Request at 14. But anticipation has never been a requirement for concluding that the merits of a petition are strong. Rather, “[c]ompelling, meritorious challenges are those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.” *BioNTech SE v. Moderna TX Inc.*, IPR2023-01358, Paper 19, at 18 (PTAB Mar. 19, 2024) (finding petitioner made a compelling merits showing based on obviousness grounds); *Samsung Bioepis Co. v. Regeneron Pharms., Inc.*, IPR2023-00884, Paper 13 at 71-72 (PTAB Nov. 17, 2023) (finding each of grounds presenting a two-reference, a three-reference, and a four-reference obviousness grounds demonstrated compelling merits).

PO’s criticism that the Petition failed to address § 325(d) also fails. Request at 15. The applicable statute and regulations do not require that petitions address § 325(d). *See* 35 U.S.C. § 312; 37 C.F.R. § 42.104; *Masimo Corp. v. Apple, Inc.*,

IPR2023-00634, Paper 14 at 12-13 (PTAB Sept. 25, 2023) (“Patent Owner identifies no rule, statute, or precedent that requires a petitioner to meet any burden on § 325(d) issues in the petition”). Moreover, under the procedures for addressing discretionary denial set out in the Memorandum on Interim Processes for PTAB Workload Management dated March 26, 2025 (“Process Memorandum”), Samsung is *not* required to address § 325(d) in the petition.¹²

Nevertheless, as noted in the Petition, “[n]one of the references presented in the grounds [in the Petition] were previously considered by the Office” and, therefore, “the Board should not exercise its discretion under §325(d) to deny institution.” Petition at 73. Tellingly, PO’s Request fails to identify a single fact or reason to support the Director exercising discretion to deny the petition under § 325(d), even though the Process Memorandum requires PO to raise such issues in its Request if it wants them considered.¹³

PO also repeats its criticism that Samsung allegedly delayed filing its petition Request at 14. As discussed with respect to factor two, Samsung filed its petition

¹² See USPTO, “FAQs for the Interim Processes for PTAB Workload Management,” FAQ #24, available at <https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management> (“The petition should not address discretionary issues. ... including issues relating to 35 U.S.C. § 325(d)”).

¹³ See USPTO, “FAQs for the Interim Processes for PTAB Workload Management,” FAQ #22, available at <https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management> (“If a patent owner wishes to raise any applicable bases for discretionary denial, it must do so in a discretionary denial brief.”).

well before the statutory deadline and within a reasonable time after receiving PO's infringement contentions. PO has not identified any tactical advantage gained by Samsung, or disadvantage suffered by PO, as a result of the timing of Samsung's petition. Additionally, as discussed with respect to factor four, Samsung stipulation means that all issues that are within the statutory purview of the Office will be decided by the Board if the IPR is instituted.

G. Summary of the *Fintiv* Factors: Factors 3, 4, and 6 Weigh Against Denying Institution and Outweigh Factors 1, 2 and 5

Weighing the *Fintiv* factors together, the Director should decline to exercise discretion to deny institution. By the time of institution, the district court will not have issued any substantive orders regarding the '291 patent, and all significant milestones in the case—including *Markman* order, end of fact discovery, expert discovery, summary judgment and *Daubert* motions, pretrial conference, and trial—are scheduled to occur after institution. Additionally, Samsung's stipulation—which actually goes beyond what is even required by *Sotera*—ensures that all issues within the statutory purview of the Office will be decided by the Board and *strongly* weighs against exercising discretion to deny institution. Moreover, the petition challenges more claims than are at issue in the parallel litigation. Institution is also merited because the Petition presents compelling grounds of unpatentability. By contrast, none of factors 1 (neutral), 2 (slightly for denying institution), and 5 (neutral)—

whether considered alone or together—are sufficient to overcome the strong reasons against denying institution.

III. NO ADDITIONAL CONSIDERATIONS WEIGHT IN FAVOR OF DISCRETIONARY DENIAL

PO also fails to identify any other considerations that warrant the Director exercising discretion to deny institution.

A. The Fact That There Have Been No Changes In The Law Does Not Support Denying Institution

The Process Memorandum permits parties to address all considerations relevant to the Director’s exercise of discretion, and identifies one such possible consideration as “[w]hether there have been changes in the law or new judicial precedent issued since issuance of the claims that may affect patentability.” Process Memorandum at 2. Understood in context, this means (or should mean) that a change in the law may be a reason why the Director *does not* exercise discretion to deny institution, not that stability in §§ 102/103 law is a reason to deny institution.

Congress limited IPRs to considerations of invalidity under §§ 102 and 103 based only on patents and printed publications as a streamlined procedure for improving patent quality. 35 U.S.C. § 311(b); 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.”). The petition may be instituted if “the Director determines that the

information presented in the petition ... shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a). It would hardly comport with the intent or spirit of the governing statute if the Director were to discretionarily deny institution merely because the requirements for demonstrating anticipation and/or obviousness have remained relatively stable since the America Invents Act (“AIA”) was passed by Congress. In other words, Congress did not establish IPRs to address rapid and unpredictable changes in requirements for demonstrating unpatentability under §§ 102 and/or 103, but as an alternative, streamlined procedure to reassess patentability under well-established and relatively stable legal principles.

B. The Petition Presents Compelling Grounds And The Schmandt Declaration Is Reliable

As discussed above, the Petition presents compelling grounds of unpatentability. Far from detracting from the merits, the Schmandt Declaration confirms that point. The Board has long recognized the useful role of expert testimony in explaining complex technologies and how a person of ordinary skill in the art (“POSITA”) would have understood them. *See Consolidated Trial Practice Guide*, 34-35 (Nov. 2019). This is particularly true under 35 U.S.C. § 103, which necessarily considers whether “the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having

ordinary skill in the art to which the claimed invention pertains.” As such, Mr. Schmandt’s Declaration contains his opinions regarding the level of skill in the art and describes the person of ordinary skill in the art (“POSITA”), how a POSITA would have read and interpreted the references that are cited in the grounds of unpatentability, and the reasons why a POSITA would have been motivated to combine the references and would have had a reasonable expectation of success.

PO does not acknowledge any of this, and instead faults the Declaration for being 125 pages and faults the Petition for “over-reliance on expert testimony to gap-fill holes in the prior art.” Request at 17. But PO neither identifies specific examples of this alleged “backfill” nor points to any authority suggesting that the length of a supporting declaration weighs in favor of discretionary denial. Nor does PO provide a single example to support its assertion that the Declaration is “unreliable.”¹⁴ See

¹⁴ Mr. Schmandt provided his declaration prior to the Process Memorandum and prior to the Board’s April 25, 2025, “FAQs for Interim Processes for PTAB Workload Management.” Mr. Schmandt’s declaration was, therefore, in accordance with the rules and practices in effect at the time that Samsung filed its Petition. Nevertheless, regarding FAQ 21 to which PO cites, Mr. Schmandt’s testimony is comprehensive (because he agrees with the unpatentability grounds in the Petition), but it is also focused because it provides helpful information beyond what is evident on the face of the prior art. See, e.g., Ex-1002, ¶¶43-47 (discussing why the references used in the grounds are analogous to the challenged patent), 85-88, 88-115 (discussing motivation to combine *Walker* and *Matsumoto*), 93-98 (discussing how a POSITA would have understood “token”), 118-126 (discussing why a POSITA would have understood *Matsumoto* to be capable of operating on two or more sentences), 144-156, 174-193 (discussing a POSITA’s understanding of

id.

C. The Parties Have No Settled Expectations With Respect To The Patent

PO notes that the '291 patent has been in force for more than 10 years, without explaining how that age is allegedly relevant to this factor. For example, the '291 patent was not PGR-eligible; thus, the fact that no PGR was filed against the '291 is not relevant to its alleged strength. Moreover, the Process Memorandum refers to the “[s]ettled expectations of the *parties*.” Process Memorandum at 2. Here, Samsung has no settled expectation with respect to the patent because, to its knowledge, the '291 patent has never been asserted in any other litigation, its validity has not previously been tested, and it has not been successfully licensed.

IV. THE PROCESS MEMORANDUM VIOLATES THE ADMINISTRATIVE PROCEDURES ACT

Samsung respectfully submit that the Process Memorandum violates the Administrative Procedures Act (“APA”). *First*, as binding agency policy that affects private interest, the Process Memorandum is a substantive rule that had to be promulgated through notice-and-comment rulemaking. *Mendoza v. Perez*, 754 F.3d 1002, 1020 (D.C. Cir. 2014). *Second*, the Process Memorandum exceeds the Director’s authority and violates the AIA. Nothing in the AIA authorizes the

Matsumoto’s equations), 127-139 (discussing motivation to combine *Walker-Matsumoto* and *Malsheen*).

Director to deny IPR petitions based on the factors referenced in the Process Memorandum. *Third*, the factors and considerations identified in the Process Memorandum are arbitrary and capricious. Application of the *Fintiv* factors has led to unpredictable disparities among similarly situated IPR petitioners because of the uncertainty and malleability of the factors. The Process Memorandum worsens the problem by introducing several additional unpredictable and malleable factors, and improperly applies these new factors retroactively to already-filed petitions such as this one. *Fourth*, discretionary denial for any basis other than as authorized in 35 U.S.C. §314(a) is unauthorized. The Director does not have absolute discretion regarding whether to institute IPR; that discretion is limited to the bases authorized in 35 U.S.C. §314.¹⁵

V. CONCLUSION

For the foregoing reasons, Samsung respectfully request that the Director decline to exercise discretion to deny institution and let the panel decide whether to institute based on the merits of the Petition.

¹⁵ The Office's discretionary denial practices are currently being challenged in *Apple Inc. v. Stewart*, No. 24-1864 (Fed. Cir. May 17, 2024). Petitioners respectfully request the benefit of any relief that may be granted in that appeal or other challenges to the Office's discretionary denial practices.

Date: May 27, 2025

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that the foregoing Petitioners' Opposition to Request for Discretionary Denial of Institution contains 6,028 words, excluding those portions identified in 37 C.F.R. §42.24(a), as measured by the word-processing system used to prepare this paper.

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CERTIFICATE OF SERVICE

I certify that on May 27, 2025, I caused a true and correct copy of the foregoing Petitioners' Opposition to Request for Discretionary Denial of Institution and supporting exhibits to be served via electronic mail in their entirety on the following:

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