

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMAZON.COM, INC.,
Petitioner,

v.

KAIFI LLC,
Patent Owner.

IPR2025-00624
U.S. Patent No. 8,040,232

**PETITIONER'S OPPOSITION TO PATENT OWNER'S
REQUEST FOR DISCRETIONARY DENIAL**

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PETITIONER'S EXHIBIT LIST

Ex.1001	U.S. Patent No. 8,040,232
Ex.1002	Prosecution History of U.S. Patent No. 8,040,232
Ex.1003	Declaration of Henry Houh under 37 C.F.R. §1.68
Ex.1004	<i>Curriculum Vitae</i> of Henry Houh
Ex.1005	U.S. Patent Application Publication No. 2005/0222811 to Jakobson et al. ("Jakobson")
Ex.1006	Commercial Wireless Sensor Networks: Technical and Business Issues, by Tsetsos et al. ("Tsetsos")
Ex.1007	Newton's Telecom Dictionary, 22 nd ed. (2007)
Ex.1008	Computer Networks, 4 th ed. (2004), Andrew S. Tanenbaum.
Ex.1009	Declaration of Gordon MacPherson
Ex.1010	EDTX Local Rules 2023
Ex.1011	Docket Control Order, <i>KAIFI LLC v. Amazon.com, Inc. et al</i> , No. 2:24-cv-00542 (EDTX)
Ex.1012	Statistics on District Court Timing (Sept. 30, 2024)
Ex.1013	Interim Procedure for Discretionary Denials in AIA Parallel District Court Litigation, June 21, 2022
Ex.1014	Judge Gilstrap Docket for March 16, 2026
Ex.1015	Preliminary Infringement Contentions, <i>KAIFI LLC v. Amazon.com, Inc. et al</i> , No. 2:24-cv-00542 (EDTX)
Ex.1016	Tomioka Katsumi, "Ubiquitous Sensor Network System," NEC Global, C&CEX User Forum & iEXPO2005
Ex.1017	Daniele Puccinelli et al., "Wireless Sensor Networks: Applications and Challenges of Ubiquitous Sensing," IEEE Circuits and Systems Magazine, (3rd Quarter, 2005)

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Ex.1018	Irfan A. Essa et al., "Ubiquitous Sensing for Smart and Aware Environments," IEEE Personal Communications, (October 2000)
Ex.1019	Peter Schramm et al., "A Service Gateway for Networked Sensor Systems," IEEE Pervasive Computer (1 st Quarter, 2004)
Ex.1020	Gaurav Gupta et al., "Fault-Tolerant Clustering of Wireless Sensor Networks," IEEE Wireless Communications and Networking (May 2003)
Exs.1021-1041	Reserved
Ex.1042 (NEW)	KAIFI LLC, Texas Certificate of Formation, March 12, 2019
Ex.1043 (NEW)	KAIFI LLC, Texas Certificate of Amendment, April 29, 2019
Ex.1044 (NEW)	KAIFI LLC, Texas Certificate of Correction, May 14, 2019
Ex.1045 (NEW)	Sullivan, Holly, "Investing, creating jobs, and contributing to the American economy," Amazon, available at https://www.aboutamazon.com/news/job-creation-and-investment/investing-creating-jobs-and-contributing-to-the-american-economy
Ex.1046	Reserved
Ex.1047 (NEW)	Patent cases brought by subsidiaries of Golden Wave Partners Co., Ltd.
Ex.1048 (NEW)	Secretary of Commerce Howard Lutnick Senate Confirmation Hearing Transcript
Ex.1049 (NEW)	Corporate Disclosure Statement, <i>KAIFI LLC v. Amazon.com, Inc.</i> , Docket No. 2-24-cv-00542, Paper 2 at 1 (E.D. Tex. Jul. 17, 2024)
Ex.1050 (NEW)	Amended Corporate Disclosure Statement, <i>Safe Storage LLC v. Dell Inc.</i> , No. 1-12-cv-01624, Paper 17 at 2 (D. Del. Nov. 30, 2012)

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Ex.1051 (NEW)	Corporate Disclosure Statement, <i>Glob. Touch Sol., LLC v. Microsoft Corp.</i> , No. 3-14-cv-00548, Paper 2 at 1 (E.D. Va. Nov. 14, 2014)
Ex.1052 (NEW)	Corporate Disclosure Statement, <i>Sequoia Tech., LLC v. Hitachi, Ltd.</i> , No. 1-18-cv-01129, Paper 29 at 1 (D. Del. Aug. 23, 2019)
Ex.1053 (NEW)	Corporate Disclosure Statement, <i>Throop, LLC v. Epson Am., Inc.</i> , No. 2-19-cv-10597, Paper 5 at 2 (C.D. Cal. Dec. 16, 2019)
Ex.1054 (NEW)	Corporate Disclosure Statement, <i>Wireless Alliance, LLC v. AT&T Mobility LLC</i> , No. 2-23-cv-00095, Paper 3 at 1 (E.D. Tex. Mar. 7, 2023)
Ex.1055 (NEW)	Corporate Disclosure Statement, <i>Ts-Optics Corporation v. Microsoft Corporation</i> , No. 8-24-cv-01974, Paper 5 at 1 (C.D. Cal. Sep. 12, 2024)
Ex.1056 (NEW)	Patent Trial and Appeal Board Standard Operating Procedure 1 (Revision 16) Assignment of Judges to Panels, June 12, 2024.
Ex.1057 (NEW)	Joint Motion to Stay All Deadlines and Notice of Settlement, <i>KAIFI LLC v. Amazon.com, Inc.</i> , No. 2:24-cv-00542 (EDTX)
Ex.1058 (NEW)	Signed Order Granting Motion to Stay All Deadlines and Notice of Settlement, <i>KAIFI LLC v. Amazon.com, Inc.</i> , No. 2:24-cv-00542 (EDTX)
Ex.1059 (NEW)	United States District Courts – National Judicial Caseload Profile (ending March 31, 2024)
Ex.1060 (NEW)	United States District Courts – National Judicial Caseload Profile (ending June 30, 2024)
Ex.1061	Reserved
Ex.1062 (NEW)	United States District Courts – National Judicial Caseload Profile (ending December 31, 2024)
Ex.1063 (NEW)	United States District Courts – National Judicial Caseload Profile (ending March 31, 2025)

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Ex.1064 (NEW)	Eastern District of Texas, Calendar Events Set for March 16, 2026, Judge Rodney Gilstrap, Presiding.
Ex.1065 (NEW)	Patent Assignment Record for U.S. Patent No. 8,040,232

I. INTRODUCTION

This IPR is an appropriate use of Office resources for many reasons:

- The '232 patent issued without a rejection despite sensor network middleware being known and the subject of an article before the Examiner.
- The '232 patent sat idle at a Korean research institute for 12 years while Amazon innovated and commercialized the accused products.
- The PTAB is best suited to review diverse and complex subject matter of the four patents asserted by Patent Owner.
- The United States has a compelling economic interest in not aiding the transfer of resources from legitimate U.S. businesses to foreign non-practicing entities like the Korean entity that owns KAIFI LLC.
- Petitioner's *Sotera* Plus stipulation eliminates all overlap with the Parallel Litigation, including combinations of the IPR prior art and system prior art.
- Judge Gilstrap recently stayed all deadlines in the Parallel Litigation for 45 days in view of the parties' joint motion (through August 22, 2025). This stay will necessarily push any *Markman* order to after institution of this IPR and will likely also impact the scheduled trial date.

In view of these reasons, and the many more below, Petitioner respectfully requests the Director refer the Petition to a merits panel.¹

¹ In the joint motion noted above, the parties represented that "all matters in

II. THIS IPR IS AN APPROPRIATE USE OF OFFICE RESOURCES.

A. The '232 patent issued in error after an unduly brief examination given the state of the art.

The '232 patent describes a “Ubiquitous Sensor Network (USN) middleware apparatus” that receives sensor data from “heterogeneous sensor networks.”

Ex.1001, Abstract. As of the '232 patent's earliest possible priority date (Sept. 1, 2006), middleware for sensor networks was already a well-known concept in the technical field of the '232 patent. For example, the Applicant itself submitted in an IDS an article entitled “Technical Trend of Partial Sensor Network Operating System/Middleware” dated November 9, 2005. Ex.1002, 64. Despite this, the Examiner issued a notice of allowance without rejecting the claims. Ex.1002, 270-276 (issuing only *Ex Parte Quayle* action). The Examiner specifically listed the

controversy between [them] have been settled, in principle,” and requested forty-five days to “complete the memorialization of their agreement in principle and submit appropriate dismissal papers.” Ex.1057, 1. The fact that the parties have reached an agreement “in principle” does not support discretionary denial. If the parties are in fact able to finalize their agreement, the settlement of “all matters in controversy between them” will presumably include dismissal of this IPR. If the parties are unable to finalize their agreement, then this IPR remains both necessary and important.

“Ubiquitous Sensor Network (USN) middleware” limitation in claim 1 as the point of novelty. *Id.* at 391. Further, while the Examiner indicated that he considered the references cited on the IDS, only a “Partial” translation of the sensor network middleware article was provided:

OTHER REFERENCES (INCLUDING AUTHOR, TITLE, DATE, PERTINENT PAGES, ETC.)				
			TRANSLATION	
			YES	NO
	AM	Dae-Young Kim, et al. (Real-Time Embedded System Laboratory, Information & Communication College of Korea), “ Technical Trend of Sensor Network Operating System/Middleware ”, <i>ITF/IND</i> , Issue 1221, November 9, 2005, 10pp.	Partial	
	AN			
EXAMINER /Tai Nguyen/		DATE CONSIDERED 02/14/2011		

Id. at 253.

Given that the subject matter of the ’232 patent was generally known and the Examiner had before him a partially translated article specifically directed to the alleged allowable subject matter, a more thorough examination was needed. Indeed, the Petition bears that out. The cited prior art illustrates that each and every limitation of the challenged claims was already well known. The Director should refer this Petition to a merits panel so that the ’232 patent may undergo the thorough review that was missing during prosecution.

B. The PTAB is best suited to resolve this dispute.

The ’232 patent is one of four patents asserted against Amazon by KAIFI in the Parallel Litigation. The four asserted patents involve a diverse and complex range of subject matter and have effective priority dates spanning nearly nine

years.

Patent	Title	Earliest Possible priority date
8,040,232	USN Middleware Apparatus and Method for Generating Information Based on Data from Heterogeneous Sensor Networks and Information Service Providing System Using the Same	Sept. 1, 2006
11,082,518	Method for Operating Relation Server and System Using the Same	Nov. 3, 2014
7,689,001	Method for Recognizing Location Using Built-In Camera and Device Thereof	Nov. 28, 2005
8,930,196	System for Detecting Speech Interval and Recognizing Continuous Speech in a Noisy Environment through Real-Time Recognition of Call Commands	April 22, 2009

As illustrated, the four patents are variously directed to real-time speech recognition, middleware for sensor networks, camera-based location recognition, and servers for home automation devices. Due to the diverse nature of the claimed subject matter and differing prior art scope and timing, there is no overlap in the prior art references and combinations that would help consolidate the factual issues for the district court. A jury in the Parallel Litigation would be faced with the prospect of deciphering four patents with four different specifications directed to four different technologies. In the context of IPR, APJs with suitable technical backgrounds can most effectively evaluate the four patents in respective proceedings—which is the more logical and efficient approach. *See* Ex.1056

(PTAB Standard Operating Procedure 1 (Revision 16)), 8 (“The designee(s) should ensure to the maximum extent possible that judges are paneled so as to match between the technology discipline of the case to the technology discipline designations of the paneled judges”).

Patent Owner is simply wrong that the “Parallel Litigation can most efficiently resolve the parties’ entire dispute all at once.” Request 30. Indeed, the Acting Director recently held that “the Board is better suited to review a large number of patents involving diverse subject matter.” *See, e.g., Tesla, Inc. v. Intell. Ventures II LLC*, IPR2025-00217, Paper 9 at 3 (June 13, 2025) (“*Tesla I*”). Based on this reasoning, she referred ten petitions to merits panels. *Tesla I*, 2 (referring seven petitions); *Tesla, Inc. v. The United States of America as Represented by the Sec’y of the Navy and Intell. Ventures II LLC*, IPR2025-00341, Paper 12 at 2 (Jun. 13, 2025) (“*Tesla II*”) (referring one petition); *Tesla, Inc. v. Intell. Ventures II LLC*, IPR2025-00340, Paper 10 at 2 (Jul. 2, 2025) (“*Tesla III*”) (referring three petitions).

Moreover, if institution is granted in this IPR, Petitioner’s broad *Sotera Plus* stipulation (*see* Section V.B) offloads all printed publication-based grounds to the Board, leaving only some “system art” grounds to the district court. If this IPR is denied institution, however, the district court would be required to evaluate all printed publication grounds, as well as all system art grounds. This would not

result in an efficient consolidation of efforts, as alleged by Patent Owner; rather, it would impose an additional burden on an already complex district court proceeding.

Accordingly, it is an appropriate use of Office resources to effectively and efficiently review the diverse and complex subject matter of the patents asserted by Patent Owner.

C. There is a compelling economic interest in not aiding transfer of profits from US businesses to foreign non-practicing entities.

The United States has a compelling economic interest in not aiding the transfer of resources from legitimate U.S. businesses to foreign non-practicing entities like the Korean entity that owns Patent Owner KAIFI LLC. Refusing to consider the merits of this IPR would only embolden foreign firms that exist solely to transfer litigation profits overseas.

A recent Executive order recognized several “non-tariff barriers” that create imbalances between the United States and foreign entities, including “the transfer of resources from domestic producers to foreign firms.” Exec. Order No. 14257, 90 Fed. Reg. 15041, 15044 (April 2, 2025). One of these “non-tariff barriers” is “inadequate intellectual property protections.” *Id.* Intellectual property protections include prevention of foreign copying of American IP—but also prevention of misappropriation of the American patent system to transfer resources to foreign firms. *See also* Ex.1048 (Secretary Lutnick confirmation hearing), 74 (expressing

concern that foreign entities are using “our patent office against us”).

Although KAIFI is a Texas-based LLC, “KAIFI’s parent corporation is ***Golden Wave Partners Co., Ltd.***, a privately held business entity organized under the laws of ***the Republic of Korea.***” See Ex.1049 (Corporate Disclosure Statement, *KAIFI LLC v. Amazon.com, Inc.*), 1 (emphasis added); Ex.1042, 1; Ex.1043, 1. KAIFI’s formation documents lists one member responsible for “[m]anagement of the company: “GOLDEN WAVE PARTNERS CO LTD.” Ex.1042, 1; *see also* Ex.1043, 2; Ex.1044, 2. Indeed, KAIFI is one of many shell companies spun off by Golden Wave that have launched nearly 50 infringement suits against American businesses since 2012.

In the early 2010s, Golden Wave created Safe Storage LLC (“Safe Storage”). See Ex.1050 (Amended Corporate Disclosure Statement, *Safe Storage LLC v. Dell Inc.*), 2. In just six months, Safe Storage brought 19 lawsuits against a slew of American companies, such as Dell, HP, Netapp, Cisco, Oracle, and IBM. See Ex.1047, 1-2. Golden Wave then created Global Touch Solutions, LLC (“Global Touch”). See Ex.1051 (Corporate Disclosure Statement, *Glob. Touch Sol., LLC v. Microsoft Corp*), 1. Global Touch has filed 11 lawsuits against companies like Apple, Microsoft, Motorola, Toshiba, and Vizio. See Ex.1047, 2. KAIFI itself has brought four infringement suits against AT&T, Inc., T-Mobile US, Inc., Verizon Communications Inc., and Amazon.com, Inc. A complete list of

the infringement cases launched by Golden Wave's subsidiaries is attached as Exhibit 1046. *See* Ex.1047 (listing additional Golden Wave entities "Sequoia Technology, LLC," "Throop, LLC," "Wireless Alliance, LLC," "Ts-Optics Corporation"); Exs.1052-1055 (Corporate Disclosure Statements).

It does not appear that KAIFI, Golden Wave, or any of its subsidiaries have ever contributed meaningfully to the United States economy. They have not created jobs, invested in American businesses, or developed new technology. Golden Wave's business model is to purchase patents—often patents that have been sitting idle at Korean research centers or unsuccessful Korean businesses—and assert them against operating companies in U.S. district courts, clogging judicial resources. Any litigation profits flow back to Golden Wave in Korea.

Amazon, on the other hand, has contributed "[n]early half a trillion dollars" to the US GDP since 2010. Ex.1045, 4. Amazon employs nearly one million people and "no other company has created more jobs than Amazon in the past decade." Ex.1045, 2-3. It has invested \$530 billion in infrastructure and compensation in the United States. Ex.1045, 2. Amazon also invests significant resources to support national interests, such as sustainability, affordable housing, career development for underserved communities, and the fight against hunger. *See* Ex.1045, 4-5.

The Office has a compelling interest in providing Petitioner with an efficient

path to challenge invalid patents under the circumstances here. It is an appropriate use of Office resources to “limit unnecessary and counterproductive litigation costs”—consistent with the purpose of the AIA. 77 Fed. Reg. 48612, 48612 (Aug. 14, 2012) (“The purpose of the AIA ... is to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”); *see also Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16-17 (Sept. 6, 2017) (“[W]e recognize that an objective of the AIA is to provide an effective and efficient alternative to district court litigation.”). This is especially true given that KAIFI has almost seven more years to assert the ’232 patent against other productive US companies. *See* 35 U.S.C. § 286 (a patent remains assertable as much as six years after its expiration date). It is well worth the Board’s time to review the ’232 patent now and eliminate future counterproductive litigation costs in this matter and others.

Accordingly, for this reason alone, this IPR is a good use of Office resources.

III. THERE ARE NO SETTLED EXPECTATIONS TO DISTURB.

KAIFI argues that there are settled expectations because the “[t]he ’232 Patent will be nearly twelve years old at the time of a decision on institution.” Request, 32. KAIFI is wrong because the ’232 patent sat idle at a Korean research

institution for 12 years prior to KAIFI's acquisition and assertion.

In *Intel*, the Acting Director noted that “[t]here may be persuasive reasons why the Board should review challenged claims several years after their issuance date.” *Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12 at 2 (Jun. 26, 2025). For instance, “a patent may have been in force for years but may not have been commercialized, asserted, marked, licensed, or otherwise applied in a petitioner’s particular technology space, if at all.” *Id.* at 2-3. This directly applies to the ’232 patent.

In October of 2011, the ’232 patent issued to the Electronics and Telecommunications Research Institute (ETRI), a non-profit government-funded research institute located in South Korea. Ex.1001. KAIFI did not acquire the ’232 patent from ETRI until November of 2023—a delay of twelve years. Ex.1065 (USPTO assignment record). Patent Owner points to no evidence that the ’232 patent was “commercialized, asserted, marked, licensed, or otherwise applied” in any way during the 12 years prior to KAIFI’s acquisition. As far as Petitioner can tell, for most of its life the ’232 patent was sitting in a filing cabinet collecting dust. Meanwhile, Amazon has been publicly developing and commercializing the accused Alexa technology since at least 2014—nine years before KAIFI had any ownership or interest in the ’232 patent. *See* Ex.1015, 13 (infringement contentions identifying “Alexa”). The fact that the ’232 patent sat idle for 12 years while

Amazon exponentially grew its business hardly creates settled expectations. This IPR cannot and does not disturb any settled expectations.

IV. DISCRETIONARY DENIAL IS NOT WARRANTED UNDER § 325(D) BECAUSE NEITHER OF THE REFERENCES PATENT OWNER IDENTIFIES ARE “SUBSTANTIALLY THE SAME” AS JAKOBSON.

Jakobson was never cited during prosecution of the '232 patent.

Nevertheless, Patent Owner alleges that part one of *Advanced Bionics* is satisfied because two references cited in an IDS during prosecution—Park and Cho—are “substantially the same” as Jakobson. Request, 36-42.

As explained below, Jakobson is materially different from Park and Cho. And, even if Park and Cho were highly similar to Jakobson, as Patent Owner alleges, Park and Cho were never applied, discussed, or argued during prosecution. There can thus be no overlap in arguments that would weigh in favor of discretionary denial. Finally, even assuming part one of *Advanced Bionics* were met, the Examiner erred by failing to identify and apply Jakobson to the claims of the '232 patent.

A. Part one of *Advanced Bionics* is not met because neither of the references Patent Owner identifies is “substantially the same” as Jakobson.

“[A]s the party requesting that [the Director] exercise [her] discretion to deny institution under § 325(d),” Patent Owner bears the burden of proof. *Geotab USA, Inc. v. Omega Pats., LLC*, IPR2023-00504, Paper 11 at 16 (July 25, 2023)

(citing 37 C.F.R. § 42.20(c)). The Board uses the two-part framework described in *Advanced Bionics* to determine whether discretionary denial is merited under § 325(d):

- (1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and
- (2) if either condition of first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.

Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbG, IPR2019-01469, Paper 6 at 8 (Feb. 13, 2020).

To determine whether a previously presented reference is “substantially the same” as a reference applied in a Petition under part one of *Advanced Bionics*, the Board weighs *Becton, Dickinson* factors (a), (b), and (d), which include:

- (a) the similarities and material differences between the asserted art and the prior art involved during examination;
- (b) the cumulative nature of the asserted art and the prior art evaluated during examination;

...

(d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art;

Becton, Dickinson & Co. v. B. Braun Melsungen AG, IPR2017-01586, Paper 8 at 17-18 (Dec. 15, 2017); *Advanced Bionics*, Paper 6 at 10.

As explained below, Park and Cho are not “substantially the same” as Jakobson according to *Becton, Dickinson* factors (a), (b), and (d). Jakobson is materially different than Park and Cho because it provides detailed disclosure of features recited in the challenged claims of the '232 patent that Park and Cho do not. Further, there is no overlap between the Petition's application of Jakobson and arguments raised during prosecution, because there were *no arguments* raised during prosecution with respect to Park and Cho.

Thus, discretionarily deny institution is inappropriate because part one of *Advanced Bionics* is not met.

1. ***Becton, Dickinson* factor (a) – Park and Cho are materially different from Jakobson because they do not disclose the claimed features of the '232 patent that Jakobson discloses.**

Patent Owner alleges that Cho and Park are “substantially the same” as Jakobson for the purposes of § 325(d) because they describe “[h]ighly similar systems.” Request, 39. Patent Owner overstates the similarities of Park and Cho to Jakobson. Park and Cho do not share any common inventors with Jakobson, or any

specific disclosure or embodiments, and they belong to different assignees. The disclosure in Park and Cho that Patent Owner cites in its brief are only vaguely related to the general concepts disclosed in Jakobson.

For instance, Patent Owner argues that Park and Cho have disclosure analogous to Jakobson's "events," "situations," "situation template," and planning, scheduling, and executing actions. Request, 40, 41. Even if Patent Owner's characterizations were accurate, that would at best show that Park and Cho are pertinent to the general concepts of Jakobson. Indeed, Patent Owner's list of concepts allegedly disclosed by Cho and Park address only a portion of the pertinent features that Jakobson discloses, and that the '232 claims require.

For instance, Patent Owner does not even allege that Park and Cho disclose the same features Jakobson discloses with respect to: "*extracting object and environment information by cleaning, classifying and integrating the message received from the sensor network data transmitter.*" See Petition, 39-46 (limitation [1.3]). Park and Cho cannot be considered "substantially the same" as Jakobson if they do not disclose features claimed by the challenged patent that Jakobson discloses.

Thus, *Becton, Dickinson* factor (a) weighs against discretionary denial because Jakobson is materially different from Park and Cho.

2. **Becton, Dickinson factor (b) – Park and Cho have no cumulative effect because they both lack details that Jakobson describes and the '232 claims require.**

Patent Owner does not argue or allege that factor (b) supports its conclusion that Park and Cho are “substantially the same” as Jakobson. However, factor (b) also weighs against discretionary denial because there is no “cumulative effect” of Park and Cho. For instance, Patent Owner’s own characterizations of Park and Cho show that they only disclose the same broad concepts pertinent to Jakobson. But Patent Owner fails to allege that Park and Cho disclose all of the features claimed by the '232 patent and disclosed by Jakobson, as explained above. Logically, the portions of Jakobson relied upon to meet the challenged claims cannot be cumulative to Park and Cho if Park and Cho do not include corresponding portions.

Thus, *Becton, Dickinson* factor (b) weighs against discretionary denial because there is no “cumulative effect” of Park and Cho.

3. **Becton, Dickinson factor (d) – There is no “overlap” between the Petition’s analysis and “arguments made during examination.”**

The Petition’s application of Jakobson is not “substantially the same” as the Examiner’s application of Park and Cho because *Park and Cho were never applied or discussed by the Examiner during prosecution*. Thus, there are no “arguments made during examination” that could possibly overlap with the “manner in which Petitioner relies on the prior art or Patent Owner distinguishes

the prior art.” *Becton, Dickinson*, Paper 8 at 17-18.

The '232 Patent issued without any rejections, and the Notices of Allowance did not mention Park or Cho. Ex.1002, 386-392. This Board has generally entertained questions of “substantially the same prior art” only when the Examiner had applied or explicitly discussed the similar art in question. *See Oticon Medical AB v. Cochlear Ltd.*, IPR2019-00975, Paper 15 at 9-20 (Oct. 16, 2019) (precedential as to §§ II.B and II.C); *Agrofresh Solutions Inc. v. Lytone Enterprise, Inc.*, IPR2021-00451, Paper 11 at 12-13 (Jul. 27, 2021); *London Luxury v. E & E Co., LTD.*, PGR2021-00083, Paper 10 at 17-22 (Nov. 15, 2021); *Evapco Dry Cooling, Inc., v. SPG Dry Cooling USA*, IPR2021-00687, Paper 11 at 23-25 (Sept. 24, 2021). In other words, the relevant inquiry for *Becton, Dickinson* factors (a), (b), and (d) is whether the Examiner has already effectively considered and responded to the Petition's arguments.

That is not the case here. As explained above, Park and Cho were never applied or discussed by the Examiner during prosecution and were never argued by the Applicant. There were no arguments made by the Examiner or by Patent Owner regarding any prior art during prosecution that could possibly overlap with the Petition's application of Jakobson.

Thus, *Becton, Dickinson* factor (d) also weighs against discretionary denial.

B. The Examiner erred under part two of *Advanced Bionics*.

Because part one of *Advanced Bionics* is not met, part two need not be evaluated. *JUUL Labs, Inc. v. NJOY, LLC*, IPR2024-00160, Paper 10 at 11-13 (May 24, 2024); *Quasar Sci. LLC v. Colt Int'l Clothing, Inc.*, IPR2023-00611, Paper 10 at 12 (Oct. 10, 2023). Nevertheless, for the reasons below, the Examiner erred.

Becton, Dickinson factors (c), (e), and (f) are used to analyze whether the Office erred in a manner material to the patentability of challenged claims.

Advanced Bionics at 10. Those factors include:

(c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection;

(e) whether petitioner has pointed out sufficiently how the examiner erred in its evaluation of the asserted prior art; and

(f) the extent to which additional evidence and facts presented in the petition warrant reconsideration of the prior art or arguments.

Id.; *Becton, Dickinson*, Paper 8 at 17-18

Becton, Dickinson, factors (c), (e), and (f) favor institution because the Office materially erred by allowing the '232 patent without any rejections, and without any discussion of the prior art. At the very least, the examiner erred in failing to identify and apply Jakobson, which discloses nearly every limitation of the claims.

1. **Becton, Dickinson factor (c) – The examiner allowed the '232 patent without any rejections or discussion of the art.**

As explained above, Jakobson was not even before the examiner during prosecution. Park and Cho were cited in an IDS, but were never used as a basis for rejection. *See* Request, 39, 40; Ex.1002, 253. In fact, the examiner allowed the application without any prior art rejections, and without so much as mentioning Park and Cho. There is no evidence that the examiner substantively considered Park or Cho other than the examiner's initials on the IDS.

Thus, *Becton, Dickinson* factor (c) favors institution because Jakobson, Park and Cho were never discussed by the examiner or used as the basis for rejection.

2. **Becton, Dickinson factor (e) – The Petition demonstrates that the examiner erred by not identifying and applying Jakobson, which discloses nearly every claim limitation.**

The Petition presents a compelling case of obviousness over Jakobson, with Jakobson disclosing nearly every limitation of the claim. Patent Owner acknowledges that secondary reference Tsetsos simply provides background information that “was well known at the time Jakobson was filed.” Request, 42. Indeed, Patent Owner has not rebutted any of the Petition's analysis, or any mappings between Jakobson's disclosure and the limitations of the claims of the '232 patent. Thus, Petitioner has demonstrated that the examiner erred at least in failing to identify and apply Jakobson to the claims.

Further, if Park and Cho were as “highly similar” to Jakobson as Patent

Owner alleges, then the examiner may well have also erred by failing to reject the claims over Park and/or Cho. Patent Owner does not identify any potential reasons or weaknesses in Park or Cho that would explain why they were not used as the basis of rejection, and why the Board should infer the same from Jakobson. As explained above, Patent Owner only demonstrates that Park and Cho have disclosures that are similar to some of the features Jakobson discloses. Patent Owner's emphasis on the relevance of Park and Cho to the corresponding features of Jakobson suggest, if anything, that the examiner also erred by failing to apply Park and Cho.

Thus, *Becton, Dickinson* factor (e) favors institution because the Petition clearly demonstrates that Jakobson is highly relevant to the claims, and that it was error not to identify and use it as the basis of a rejection.

3. ***Becton, Dickinson* factor (f) – The Petition presents a compelling case of § 103 obviousness over Jakobson that Patent Owner does not rebut.**

As explained above, the Petition presents a compelling case of obviousness over Jakobson that Patent Owner does not rebut. Moreover, the prosecution history shows that the examiner allowed the application without any rejections or discussion of the prior art. Consideration by the Board is warranted for the strong evidence and analysis in the Petition, which cites a reference that was not before the examiner. Consideration is further warranted in light of Dr. Houh's newly

submitted expert declaration that analyzes the '232 patent from the point of view of a POSITA.

Thus, *Becton, Dickinson* factor (f) also favors institution.

V. **DISCRETIONARY DENIAL UNDER *FINTIV* IS NOT WARRANTED.**

The *Fintiv* factors, considered as a whole, do not warrant denial. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential). Every factor either favors institution or is neutral—with Factors 1 and 4 weighing ***strongly*** toward institution because (i) the Parallel Litigation has been stayed for 45 days and (ii) Petitioner filed a “Sotera Plus” stipulation that is broader than the scope of estoppel under 35 U.S.C. § 315(e)(2). The evidence further shows that the scheduled trial date in the Parallel Litigation is likely to be delayed because of (i) the parties’ agreed stay, (ii) the eleven other trials scheduled for that same day, and (iii) the steadily increasing median time-to-trial in EDTX.

A. **Factor 1 strongly favors institution: The Parallel Litigation has been stayed.**

On July 8, 2025, Judge Gilstrap granted the parties’ Joint Motion to Stay All Deadlines and Notice of Settlement. *See* Ex.1058. The result of the granted motion is that “all deadlines are **STAYED** for forty-five (45) days” from July 8. Ex.1058. The stay allows the parties to “complete the memorialization of their agreement in principle and submit appropriate dismissal papers.” Ex.1058. As noted in the text

of the joint motion, the parties have only agreed “in principle” and a final memorialization is pending. Ex.1057, 1. As such, this pending settlement does not weigh for or against discretionary denial.²

The granted stay, however, strongly weighs against denial.

B. Factor 4 strongly favors institution: Petitioner's “Sotera Plus” stipulation.

Factor 4 weighs strongly in favor of institution because Petitioner has made a stipulation *broad*er than a *Sotera* stipulation in district court. *See* Ex.2019, 1, 3 (stipulation filed in Parallel Litigation). Specifically, Petitioner stipulated that:

[I]f the PTAB institutes an IPR (and does not subsequently vacate institution) in response to Amazon.com, Inc.'s petition against Plaintiff's U.S. Patent No. 8,040,232 (IPR2025-00624), Defendants will not pursue in this litigation against the claims challenged in IPR2025-00624: (i) the specific grounds raised in IPR2025-00624, (ii) any other ground that could have reasonably been raised before the PTAB in that instituted proceeding (i.e., any ground that could have reasonably been raised under §§ 102 or 103 on the basis of prior art patents or printed publications), or (iii) any

² The Director's decision on whether to pass this IPR to a merits panel will be due prior to the end of the 45-day stay. Denial based on a pending settlement would be premature. Pursuant to an agreement that settles “all matters in controversy” between the parties, Petitioner will presumably request termination of the IPR in the event the agreement is memorialized.

ground based on a combination of system prior art and the references asserted as part of a ground raised in IPR2025-00624, as reflected in the table summarizing the Statutory Grounds for Challenges on page 19 of the Petition filed in IPR2025-00624.

Ex.2019, 2.

Petitioner's broad stipulation goes beyond the scope of estoppel under 35 U.S.C. § 315(e)(2). *See Ingenico Inc. v. IOENGINE, LLC*, 136 F.4th 1354, 1367 (Fed. Cir. 2025). This stipulation also specifically addresses the Acting Director's concern regarding standard *Sotera* stipulations and eliminates all potential overlap—including “combinations of the prior art asserted in these proceedings with unpublished system prior art.” *Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 at 3-4 (Mar. 28, 2025).

Further, Petitioner respectfully submits that this expansive stipulation outweighs all other *Fintiv* factors as it conclusively eliminates overlap with invalidity issues raised in the Parallel Litigation. The Director recently credited a *Sotera* Plus stipulation in referring ten IPRs—despite finding that *Fintiv* factors 1-3 favored denial. *See, e.g., Tesla I*, 2 (referring six petitions and noting that “the scheduled trial date precedes the projected final written decision due date,” “there is insufficient evidence the district court is likely to stay its proceeding,” “there has been meaningful investment in the parallel proceeding by the parties”); *see also Tesla I*, Paper 8, 10-11 (*Sotera* Plus stipulation language); *Tesla II*, 2 (referring one

petition); *Tesla III*, 2 (referring three petitions). Accordingly, Petitioner's *Sotera*

Plus stipulation tilts the *Fintiv* analysis toward institution.

In its Request, Patent Owner spends six pages scrutinizing Petitioner's invalidity contentions in the district court and alleges that there is still "substantial overlap" despite Petitioner's *Sotera* Plus stipulation. Request, 18-24 (detailing Petitioner's invalidity defenses under 35 U.S.C. §§ 101, 112, 102, and 103). Patent Owner alleges that if IPR trial is instituted and Petitioner's stipulation takes effect, Petitioner would still have four invalidity contentions involving "system prior art" that it can pursue in the Parallel Litigation. *Id.* at 21. But, as Patent Owner acknowledges (and *Ingenico* confirms), none of these grounds are grounds the Board may adjudicate. *Ingenico Inc.*, 136 F.4th at 1367. They are based upon system art alone. Patent Owner nevertheless contends that institution here would lead to inefficiency because "the Board cannot fully adjudicate the validity issues regarding the '232 Patent." Request, 23.

That the Board cannot resolve every invalidity issue is not an inefficiency created by Petitioner's IPR, but rather a direct and foreseeable result of the statutory scheme Congress enacted in the America Invents Act (AIA). The AIA limits IPRs to challenges based on patents and printed publications, recognizing that some invalidity defenses—such as those based on public use, on-sale activity, or system prior art—are best addressed in district court. This division of labor is

not a loophole or an inefficiency, but a deliberate policy choice. The fact that the district court may consider a broader range of invalidity defenses than the Board is a feature of the statutory scheme, not a basis for discretionary denial. Patent Owner's attempt to rewrite the AIA "to suit its own sense of how the statute should operate" should be disregarded. *See Util. Air Regul. Grp. v. EPA*, 573 U.S. 302, 328 (2014).

Petitioner's good-faith *Sotera* Plus stipulation that conclusively eliminates overlap with invalidity issues in this IPR weighs heavily toward institution.

C. **Factor 3 favors institution: No orders related to the patents will have issued at institution and Petitioner filed expeditiously.**

Fintiv mandates that factor 3 "weighs against exercising discretion to deny institution," because, at institution, the district court will not have "issued orders related to the patent at issue in the petition." *Fintiv*, 10 ("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.*"). Because of the 45-day stay, the *Markman* hearing is now highly likely to be rescheduled in a way that pushes any *Markman* order to *after* institution.³ Ex.1058. Accordingly, at the time of institution, the court will not have

³ *Markman* was originally scheduled for Sept. 16, 2025. Ex.1011, 4. If the stay lifts

issued a *Markman* order or any other order related to a specific patent. This fact necessarily favors institution under *Fintiv*.

Beyond this, the fact that Petitioner “filed the petition expeditiously” outweighs the investment by the parties. *See Fintiv*, 11 (“If the evidence shows that the petitioner filed the petition expeditiously, such as promptly after becoming aware of the claims being asserted, this fact has weighed against exercising the authority to deny institution under *NHK*.”). Here, Petitioner worked diligently to file the instant petition approximately three months after receiving Patent Owner’s Preliminary Infringement Contentions and five months prior to the statutory deadline of July 24, 2025.⁴ *Id.* 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.”). At the time of filing, the Parallel Litigation was in its

on August 22 (forty-five days from July 8), there will not be sufficient time to serve expert reports and then file opening, responsive, and reply claim construction briefs before a Sept. 16 *Markman* hearing. Ex.1058. The *Markman* hearing will almost necessarily be pushed to after Oct. 11, 2025, when the institution decision is due, and the *Markman* order will be delayed even further.

⁴ Petitioner notes that the Petition was filed on Feb. 21, 2025, but the Notice of Filing Date accorded was not issued until April 11, 2025 (a delay of 49 days).

early stages and claim construction briefing had yet to begin. Petitioner submits that its diligence in filing is more than reasonable—especially given that it prepared and filed four IPR petitions challenging four technologically-diverse patents in the same time frame. Several post-Boalick Memo panels have agreed that similar diligence is reasonable and weighs against denial. *See Samsung Elecs. Co., Ltd. v. Mullen Indus. LLC*, IPR2024-01472, Paper 9 at 10 (Mar. 31, 2025) (“Petitioner’s diligence in filing its Petition (a) less than five months after receiving Patent Owner’s infringement contentions and (b) prior to the parties briefing claim construction issues weighs against exercising discretionary denial.”); *Samsung Elecs. Co., Ltd. v. Headwater Rsch. LLC*, IPR2024-01396, Paper 13 at 7 (Apr. 1, 2025) (“[W]e find Petitioner’s diligence in filing its Petition approximately 4 months before it was statutorily required to do so, and while litigation is in its early stages, weighs against denial, not for it.”).

Accordingly, under *Fintiv*, Factor 3 favors institution.

D. Factor 2 favors institution: The Parallel Litigation trial date will likely be pushed back.

Factor 2 favors institution, or, at worst, is neutral. The projected due date for a Final Written Decision in this IPR is October 11, 2026. In the event the parties do not memorialize their agreement in principle, the currently scheduled trial date of March 16, 2026 is likely to be pushed back 45 days or more, for several reasons.

First, the 45-day stay in the Parallel Litigation during an active period of fact

discovery and claim construction briefing will likely force the scheduled trial date to be pushed back a similar amount of time. Ex.1011, 3-4; Ex.1058.

Second, there are *twelve* trials scheduled before Judge Gilstrap on the parties' current March 2026 trial date, and eleven of those must be moved (a 92% chance of delay). *See* Ex.1064.

Third, the scheduled trial date is inconsistent with the median time-to-trial in EDTX of 25.9 months—which instead puts trial in September of 2026, just *one month* before the projected Final Written Decision. Ex.1063, 5. Under *Fintiv*, “[i]f the court’s trial date is at or around the same time as the projected statutory deadline..., the decision whether to institute will likely implicate other factors.” *Fintiv* at 9. Here, other factors—in particular Petitioner’s “*Sotera Plus*” stipulation—outweigh Factor 2.

Moreover, the median time-to-trial in EDTX has *steadily increased* over the last year, growing from 21.3 months (for the period ending March 31, 2024) to 25.9 months (for the period ending March 31, 2025). *See* Ex.1059, 5 (March 31, 2024 report: 21.3 months); Ex.1060, 5 (June 30, 2024 report: 21.6 months); Ex.1012, 35 (Sept. 30, 2024 report: 21.9 months); Ex.1062, 5 (Dec. 31, 2024 report: 23.0 months); Ex.1063, 5 (Mar. 31, 2025 report: 25.9 months). Based on this trend of a steadily growing trial pendency, trial in the Parallel Litigation would likely take place after September 2026 and thus *after* the Final Written Decision in

this IPR. This statistical evidence counsels against denial.

Fourth, Judge Gilstrap has three additional substantive motions pending before him that, if granted, would significantly disturb the current trial schedule:

- Defendants' motion to dismiss for lack of venue as to two of the three Defendants (Amazon.com, Inc. and Amazon Web Services, Inc.) filed September 27, 2024. If granted, and, for example, Amazon Web Services is dismissed from the case, the trial would be significantly restructured because at least two of the asserted patents are directed to Amazon Web Services.
- Defendants' motion to strike Plaintiff's infringement contentions filed January 17, 2025. If granted, and KAIFI is subsequently granted leave to amend its infringement contentions, the case schedule would be pushed back to accommodate revised invalidity contentions responsive to the amended infringement contentions.
- Plaintiff's motion to amend infringement contentions as to U.S. Patent No. 8,040,232 to add a new accused product, filed on April 24, 2025. If granted, significant deadline extensions would be required to accommodate new briefing and discovery related to the newly accused product.

Petitioner notes that Judge Gilstrap has yet to rule on any of the three motions despite their extended pendency, suggesting a more general backlog in Court's docket.

Accordingly, the above evidence illustrates that trial is likely to occur far later than currently scheduled, and after any Final Written Decision in this IPR. Factor 2 favors institution.

E. Factor 5 is neutral: Petitioner is a defendant in the parallel litigation.

Petitioner is a defendant in the parallel litigation. That is true of most IPR petitioners, making this factor neutral. *See HP Inc. v. Slingshot Printing LLC*, IPR2020-01084, Paper 13 at 9 (Jan. 14, 2021).

F. Factor 6 favors institution: The merits of the Petition are strong, and Patent Owner has not identified any gaps filled by the expert or an actual word count issue.

1. The Petition's merits are strong.

Factor 6 favors institution because the Petition plainly shows that the '232 patent claims no more than well-known subject matter—middleware for sensor networks. As noted above, before the '232 patent's earliest possible priority date (Sept. 1, 2006), this concept was already described in technical journal articles, such as the one the Applicant submitted in an IDS. Ex.1002, 64 ("Technical Trend of Partial Sensor Network Operating System/Middleware" dated November 9, 2005). The prior art cited in the Petition illustrates that each and every limitation of the challenged claims was already well known. For instance, U.S. Patent Application Publication No. 2005/0222811 ("Jakobson," Ex.1005) describes a middleware-based system for "situation management" that analyzes "low-level" data from a sensor network and generates "higher level" events and situations. Ex.1005, [0010], [0019], [0027]-[0029], [0188]. That the ETRI inventors were nevertheless able to obtain a patent on their work despite being many years behind

the state-of-the-art counsels toward institution.

With respect to Factor 6, Patent Owner alleges that “every petitioner in every case always considers the petition to be strong.” Request, 25. Petitioner cannot speak for other petitioners, but, in the case of Amazon, Patent Owner is correct. Amazon does not take filing an IPR lightly. It only commits to expending the substantial resources and costs required to file an IPR petition when it is confident in the strength of the petition. This commitment also counsels toward institution, not away.

Patent Owner is further correct that a “patent’s compliance with 35 U.S.C. §§ 102 and 103 [is] notoriously complex” and, at institution, Petitioner’s expert testimony is “untested.” Request, 25-26. The very purpose of instituting an IPR proceeding, however, is to test the expert’s testimony and resolve complex patentability issues before technically-minded administrative judges.

Factor 6 favors institution.

2. Patent Owner fails to identify any “gaps” filled by Petitioner’s expert.

Patent Owner argues that “[t]he petition’s heavy reliance on expert testimony” weighs in favor of discretionary denial. Request, 27-29. Patent Owner fails, however, to identify any portion of Dr. Houh’s testimony that allegedly fills a gap in the teachings of the prior art. The Request merely cites to the length of Dr. Houh’s declaration (“308-paragraph, 135-page declaration”). Request, 27. The

Director consistently rejects this “over-reliance” argument when patent owners fail to identify any such gaps. *See, e.g., Cambridge Indus., USA Inc. v. Applied Optoelectronics, Inc.*, IPR2025-00433, Paper 12 at 2 (Jun. 27, 2025) (holding that patent owner’s “over-reliant on expert testimony” argument is not persuasive because patent owner did “not identify any portions of the expert testimony that suggest Petitioner is using its expert to fill gaps in the prior art”); *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00377, Paper 10 at 2-3 (Jun. 6, 2025) (“[W]hile Patent Owner argues that discretionary denial is warranted because Petitioner is over-reliant on expert testimony...Patent Owner does not identify any portions of the expert testimony that suggest Petitioner is using its expert to fill gaps in the prior art.”); *Tesla I*, 1 (referring petition to merits panel despite patent owner’s argument that the “Petition improperly depends on a 155-page expert declaration...”). The Director should similarly reject Patent Owner’s argument here that fails to identify any alleged gap-filling by Dr. Houh.

3. Patent Owner does not identify an actual word count issue.

The Petition’s Certificate of Word Count certifies that the Petition complies with the statutory word limit for IPR petitions. Pet., 113. Despite this certification, Patent Owner alleges Petitioner has “unclean hands” based on “word-count gamesmanship.” Request, 34-35. This “gamesmanship” allegedly includes (i) omitting words in drawing annotations from the word count, and (ii) using “non-

standard abbreviations, spacings, and formatting.” Request, 33. Patent Owner is off base on all accounts.

First, the words in the Petition's drawing annotations are *included* in the document word count of 13,943 words. Pet., 113. With Petitioner's annotations removed from all drawings in the Petition, the total word count comes to only 13,835 words according to Microsoft Word's word count feature. In any event, the Board consistently finds that “descriptive annotations to the figures” are not “an end run around our rules.” *See, e.g., Gen. Elec. Co. v. Pratt and Whitney Can. Corp.*, IPR2020-00083, Paper 11 at 5–6 (Apr. 20, 2020).

Second, the Board consistently rejects Patent Owner's “non-standard” formatting argument related to omitted spaces. *See, e.g., Huawei Tech. Co., Ltd. v. WSOU Inv., LLC*, IPR2021-00229, Paper 10 at 19-20 (Jul. 1, 2021) (“there is no rule requiring the spacing” between the abbreviation for “exhibit” and the exhibit number and around “§” symbols); *VMware, Inc. v. WSOU Inc., LLC*, IPR2021-00572, Paper 8 at 19 (Sep. 7, 2021) (same); *NVIDIA Corp. v. Advanced Cluster Sys., Inc.*, IPR2020-01608, Paper 11 at 75 (May 5, 2021) (same). Consistent with these decisions, Blue Book Rule 3.3, referenced by Patent Owner, does not address whether a space should be placed between the abbreviation for exhibit and the number. *See* Blue Book, 22nd Ed., Rule 3.3. Moreover, Petition's format is commonly used by petitioners. Of the 98 IPR petitions filed in June 2025, 73 cite

to exhibits with the same or similar format as the Petition (“Ex.####,” “Ex-####,” “EX####,” etc.), and only 12 use the formatting Patent Owner demands in this case.⁵

Even ignoring the above, “the draconian remedy of denying institution” is not appropriate. *NVIDIA*, IPR2020-01608, Paper 11 at 76. Indeed, even in the cases Patent Owner identifies, the panels did not provide any remedy—simply a request that both parties add spaces in citations going forward. *See* Request, 34 (citing *Axon Enter., Inc. v. Digital Ally, Inc.*, IPR2017-00375, Paper 9 at 2 n.2 (June 6, 2017); *Google Inc. v. Makor Issues & Rights Ltd.*, IPR2017-00815, Paper 8 at 5-6 (Aug. 23, 2017)).

Accordingly, Patent Owner's word count argument is contrary to PTAB practice and should be disregarded.

⁵ Petitioner notes that Patent Owner's counsel has used a similar format (“EX####”) in several petitions. *See, e.g., Argentum Pharm. LLC v. ICOS Corp.*, IPR2017-01762, Paper 2 (Jul. 12, 2017); *Unified Patents Inc. v. Società Italiana Per Lo Sviluppo dell'Elettronica S.p.A.*, IPR2017-00565, Paper 1 (Jan. 23, 2017); *Unified Patents Inc. v. Hailo Technologies, LLC*, IPR2017-01865, Paper 1 (Jul. 31, 2017); *Unified Patents Inc. v. Virtual Fleet Mgmt., LLC*, IPR2017-00845, Paper 1 (Feb. 2, 2017).

G. The *Fintiv* factors as a whole favor institution.

In summary, each *Fintiv* factor either weighs toward institution or is neutral—with factor 1 (granted stay) and factor 4 (Petitioner's *Sotera* Plus stipulation) weighing ***strongly*** toward institution. The *Fintiv* factors as a whole thus favor institution, and the Director should not discretionarily deny under § 314(a).

VI. THE DIRECTOR SHOULD APPLY THE RULES GOVERNING DISCRETIONARY INSTITUTION THAT EXISTED WHEN THIS PETITION WAS FILED.

When Amazon filed this Petition on February 21, 2025, the “binding agency guidance” in the USPTO’s June 2022 Memorandum (“June 2022 Memo”) governed the discretionary-institution analysis.⁶ Amazon relied on the June 2022 Memo when preparing this Petition—including as to Amazon’s decisions regarding whether and when to file this Petition in light of ongoing district court proceedings. Yet just a week after Amazon filed this Petition, the USPTO rescinded the June 2022 Memo without explanation (“Rescission”).⁷ The USPTO

⁶ Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation, Memorandum (USPTO June 21, 2022), *available at* <https://perma.cc/4S5A-4FT8>

⁷ USPTO Website Update on Feb. 28, 2025, *available at* <https://perma.cc/A76M->

later issued two separate documents from Chief APJ Scott R. Boalick and Acting Director Coke Morgan Stewart, respectively, addressing discretionary institution (“the 2025 Memos”).⁸ For the reasons discussed below, the Director should decline to apply the Rescission or 2025 Memos to this Petition and, instead, apply the guidance in the June 2022 Memo—including the dispositive effect of Amazon’s *Sotera* Plus stipulation.

First, the 2025 Memos should not be applied retroactively to IPR petitions, like this one, that were filed before that guidance existed. Amazon relied on the June 2022 Memo when it filed this Petition, and retroactively applying the Rescission and 2025 Memos to this Petition violates both the Fifth Amendment’s due-process clause and the Administrative Procedure Act (APA).

The June 2022 Memo stated that “the PTAB will not deny institution of an IPR or PGR under *Fintiv*...where a petitioner stipulates not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that

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⁸ Guidance on USPTO’s rescission of Vidal Memo, Memorandum (USPTO March 24, 2025), (“Boalick Memo”) *available at* <https://perma.cc/LC6R-FHN5>; Interim Processes for PTAB Workload Management, Memorandum (USPTO March 26, 2025), (“Morgan Stewart Memo”) *available at* <https://perma.cc/3NPJ-XSY8>

could have reasonably been raised in the petition”—i.e., where a petitioner files a *Sotera* stipulation. That “binding” rule restricted the agency’s discretion and gave parties that filed a *Sotera* stipulation, like Amazon, a legitimate and protected interest in having their IPR petitions considered without risk of discretionary denial based on ongoing district court proceedings. *See* June 2022 Memo; *see also NetworkIP, LLC v. F.C.C.*, 548 F.3d 116, 122-23 (D.C. Cir. 2008) (explaining agencies “may not retroactively change the rules at will” and that “traditional concepts of due process...preclude an agency from penalizing a private party for violating a rule without first providing adequate notice of the substantive rule”). The agency’s Rescission of the June 2022 Memo and its subsequent 2025 Memos violate due process by retroactively eliminating that legitimate interest.

Moreover, to the extent the USPTO considers the Rescission and 2025 Memos to be policy statements (rather than the substantive rules that they are), under the APA, an agency may rely on a “statement of policy” only if a party has “actual and timely notice of the terms thereof”—i.e., only *prospectively*. 5 U.S.C. § 552(a)(2)(ii); *see also Lincoln v. Vigil*, 508 U.S. 182, 197 (1993) (“[S]tatements of policy...advise the public prospectively of the manner in which the agency proposes to exercise a discretionary power.”). Applying the Rescission and 2025 Memos retroactively is not permitted under the APA.

Retroactive application of the Rescission and 2025 Memos is especially

problematic here, where the agency expressly assured stakeholders that it would use notice-and-comment procedures for this sort of guidance going forward. In April 2023, the USPTO published an Advanced Notice of Proposed Rulemaking (“2023 ANPRM”) that focused heavily on discretionary denial policy.⁹ In the 2023 ANPRM, the agency represented that it would make any further discretionary-denial policy changes through notice-and-comment rulemaking.¹⁰ *Id.* at 24505 (addressing discretionary institution and stating that “[i]n view of the comments in response to the [October 2020 Request for Comments] and the USPTO’s further experience with AIA proceedings, the USPTO intends to make policy changes through notice-and-comment rulemaking”). The agency then reinforced that representation by issuing a Notice of Proposed Rulemaking

⁹ See Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board, 88 Fed. Reg. 24503 (April 21, 2023).

¹⁰ The 2023 ANPRM was consistent with the agency’s representation in the June 2022 Memo that the agency would “soon explore potential rulemaking on proposed approaches [to discretionary institution] through an Advanced Notice of Proposed Rulemaking.”

addressing topics related to discretionary institution in April 2024.¹¹ The public was entitled to rely on the agency's express representation that it would use notice-and-comment rulemaking for further rule changes, and stakeholders would not have expected changes to discretionary institution considerations without those procedures. *See Nat'l Lifeline Ass'n v. Fed. Commc'ns Comm'n*, 921 F.3d 1102, 1115 (D.C. Cir. 2019) (agency's implementation of limitations to a subsidy program failed procedurally where agency adopted limitations without commencing a new notice-and-comment rulemaking proceeding, after agency represented that it would).

Second, the 2025 Memos are arbitrary, capricious, and unlawful because they change agency policy—including the dispositive effect of a *Sotera* stipulation—without a reasoned explanation for the change and without consideration of the serious reliance interests that existed based on the June 2022 Vidal Memo. *See Food & Drug Admin. v. Wages & White Lion Invs., L.L.C.*, 145 S. Ct. 898, 918 (2025) (explaining that when an agency changes position, it must

¹¹ *See* Patent Trial and Appeal Board Rules of Practice for Briefing Discretionary Denial Issues, and Rules for 325(d) Considerations, Instituting Parallel and Serial Petitions, and Termination Due to Settlement Agreement, 89 Fed. Reg. 28693 (Apr. 19, 2024).

“offer ‘good reasons for the new policy’” and must take into account “serious reliance interests”); *see also F.C.C. v. Fox Television Stations, Inc.*, 556 U.S. 502, 515 (2009) (agency changing position must offer “good reasons for the new policy”). Here, the USPTO rescinded the June 2022 Memo without *any* explanation whatsoever—even though the agency had assured stakeholders that further changes would be made via notice-and-comment rulemaking. The agency never addressed the reliance interests that existed based on the June 2022 Memo, and it cannot explain its rationale after the fact. *See Dep’t of Homeland Sec. v. Regents of the Univ. of Cal.*, 140 S. Ct. 1891, 1907 (2020) (in articulating reasons for policy change, agency is limited to “the grounds that the agency invoked when it took the action”).

Third, the Rescission and the 2025 Memos are invalid because they were issued without notice-and-comment rulemaking. Both the Rescission and the 2025 Memos reflect a “change in existing law or policy” that affects the “rights and obligations” of industry stakeholders and parties appearing before the USPTO. *See Coal. for Common Sense in Gov’t Procurement v. Sec’y of Veterans Affs.*, 464 F.3d 1306, 1317 (Fed. Cir. 2006). By reducing the likelihood that an IPR will be instituted, the Rescission and 2025 Memos “alter the substantive standards by which the USPTO evaluates” an IPR petition and, in turn, deprive parties accused of patent infringement of the benefits Congress provided through the IPR process.

See In re Chestek PLLC, 92 F.4th 1105, 1110 (Fed. Cir. 2024). Accordingly, each action is a substantive rule that requires notice-and-comment rulemaking under the Administrative Procedure Act. 5 U.S.C. § 553; *see also* 35 U.S.C. § 316(a)(2), (4). Moreover, as noted above, notice-and-comment rulemaking is especially required here, given the agency's express assurance in the 2023 ANPRM that it would use notice-and-comment procedures for this sort of guidance going forward.

For at least these reasons, the Director should apply the June 2022 Memo—and *not* the Rescission or 2025 Memos—when analyzing whether this Petition should be discretionarily denied.

VII. CONCLUSION

For the above reasons, Petitioner respectfully requests that the Director refrain from exercising her discretion to deny this petition, and instead refer it to a merits panel for consideration.

Respectfully submitted,

Date: July 11, 2025

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CERTIFICATE OF WORD COUNT

Pursuant to 37 C.F.R. § 42.24(d), Petitioner hereby certifies, in accordance with and reliance on the word count provided by the word-processing system used to prepare this Opposition, that the number of words in this paper is 8,766.

Pursuant to 37 C.F.R. § 42.24(d), this word count excludes the table of contents, table of authorities, mandatory notices under § 42.8, certificate of service, certificate of word count, appendix of exhibits, and any claim listing.

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CERTIFICATE OF SERVICE

The undersigned certifies, under 37 C.F.R. § 42.6, that service was made on the Patent Owner as detailed below.

Date of service July 11, 2025

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