UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMAZON.COM, INC.,
Petitioner,

v.

KAIFI LLC,
Patent Owner.

IPR2025-00625
U.S. Patent No. 8,930,196

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

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Ex.1006	U.S. Patent Application Pub. 2008/0059188 to Konopka et al. ("Konopka")
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Ex.1014	Definition of "MIPS," The Facts on File Dictionary of Computer Science, Revised Edition, Facts on File, 2006, p. 140

Ex.1015	U.K. Patent Application Pub. 2409750 to Hogenhout, et al.
Ex.1016	S.J. Young et al., "Token Passing: a Simple Conceptual Model for Connected Speech Recognition Systems," Cambridge University Engineering Department, 1989
Ex.1017	C.H. Lee et al., "Acoustic modeling for large vocabulary speech recognition," Computer and Speech Language, (1990) 4, 127-165
Ex.1018	C. Schmandt, Voice Communication with Computers, Van Nostrand Reinhold, 1994
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Ex.1035	M. Kuhne et al., "Voice Activation Using Prosodic Features," *2004 INTERSPEECH 2004 – ICSLP 8th International Conference on Spoken Language Processing ICC*, 2004
Ex.1036	W. Abdulla, "HMM-based techniques for speech segments extraction," Scientific Programming, 2002
Ex.1037	E. Mainardi et al., "Controlling a prosthetic arm with a throat microphone," *2007 29th Annual International Conference of the IEEE Engineering in Medicine and Biology Society*, Lyon, France, 2007, pp. 3035-3039, doi: 10.1109/IEMBS.2007.4352968
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I. INTRODUCTION

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

- The '196 patent was granted in error—engineers at Conexant Systems had already implemented a working version of the claimed real-time speech recognition system eight years prior to the Koreapowervoice inventors filing their original application.
- The PTAB is best suited to review the 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 system prior art and the IPR 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 controversy between [them] have been settled, in principle," and requested forty-

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

A. The claimed system of the '196 patent had already been implemented eight years prior.

Eight years before the '196 patent's precursor application was filed in Korea, engineers at Conexant Systems in Newport Beach, California had already designed and built a continuous speech recognition system just like the one claimed, as illustrated in the Petition. The Conexant system, like the claimed system, uses a two-step method to "continuously" listen for a wake word. *See* Ex.1005. If the wake word is recognized, the system wakes up and listens for a subsequent user command (again, just like the claimed system). In a 2000 paper, the Conexant engineers explained that their system "is currently running in real-time in an office environment." Ex.1005, 4. Moreover, one of the concepts upon which allowance was based—token passing—was already a "well-known

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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.

approach" to improving speech recognition systems well before the '196 patent. *See* Ex.1006, [0052] (Sony disclosure originally filed in 2000); Ex.1002, 227-228.

The fact that the Korean inventors were nevertheless able to obtain a patent on their work despite being many years behind the engineers at Conexant Systems indicates that this IPR is a good use of Office resources. The Office has a compelling interest in determining whether it made an error granting a legal monopoly. Here, where there is ample evidence that it did, the Director should refer this Petition to a merits panel.

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

The '196 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	April 22, 2009

Patent	Title	Earliest Possible priority date
	Recognizing Continuous Speech in a Noisy Environment through Real-Time Recognition of Call Commands	

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"). This is especially true with respect to the '196 patent, which involves esoteric speech recognition concepts such as Hidden Markov Models (HMMs), token passing, phoneme models, and log-likelihood ratios for keywork matching.

Patent Owner is simply wrong that the "Parallel Litigation can most efficiently resolve the parties' entire dispute all at once." Request, 29. 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 IV.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. <u>There is a compelling economic interest in not aiding transfer of profits from US businesses to foreign non-practicing entities.</u>

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 ten more years to assert the '196 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 '196 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. KAIFI DISTURBED SETTLED EXPECTATIONS THAT THE '196 PATENT IS NOT RELEVANT TO AMAZON'S PRODUCTS.

KAIFI is wrong that the "[t]he settled expectations of the parties favor discretionary denial." Request, 30. This IPR does not disturb settled expectations created by the age of the '196 patent, as alleged. In fact, the opposite is true. KAIFI's 2023 purchase and assertion of the '196 patent disturbed settled expectations between Amazon and the original patent owner that the '196 patent is not relevant to Amazon's products. Ex.1041.

KAIFI alleges that "in April 2017, Amazon was in contact with

KoreapowerVoice Co., Ltd. ('PowerVoice'), the '196 Patent's then-assignee, about incorporating their technology into Amazon's products and services." Request, 31-32. And according to KAIFI's complaint in the Parallel Litigation, "[d]uring those discussions, PowerVoice provided presentations and materials about its technologies and disclosed its patent portfolio to Amazon." Request, 32 (quoting Ex.2025, 6, 8). KAIFI fails to mention, however, that nothing came of those alleged interactions. PowerVoice owned the '196 patent for another six years, yet Amazon and PowerVoice did not enter into a license agreement and PowerVoice did not sue Amazon for patent infringement. This inaction by the parties created a settled expectation that PowerVoice's patent portfolio, including the '196 patent, was not relevant to Amazon's products. Amazon had no reason to challenge the '196 patent in IPR until KAIFI disturbed this settled expectation by acquiring the patent in 2023 and asserting it against Amazon in 2024.

KAIFI further alleges settled expectations were created when the parent of the '196 Patent "was cited by an examiner during the prosecution of an Amazon patent application" in 2015. Request, 31. But Amazon's alleged knowledge of the ***parent*** of the '196 patent is irrelevant to the question of settled expectations of the '196 patent itself. Moreover, PowerVoice's interaction with Amazon in 2017 was ***after*** the Examiner cited the parent of the '196 Patent and ***after*** Amazon released some of the products and services now accused of infringement in the Parallel

Litigation. The settled expectations created from the later interaction supersede any expectations created by mere knowledge.

More generally, KAIFI's argument that Amazon should have immediately challenged all patents in the '196 patent family when the parent was cited contradicts the Acting Director's "Interim Processes for PTAB Workload Management" ("Director Memo"). The "workload" of the PTAB would increase, not decrease, if Amazon were to immediately challenge the hundreds of thousands, if not millions, of references cited during prosecution across Amazon's patent portfolio. Such a suggestion is untenable, even for "a well-heeled" company like Amazon, to use Patent Owner's words.

In sum, KAIFI's disturbance of Amazon's settled expectations regarding the '196 patent counsels toward institution, not away.

IV. 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.

[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.

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 ***broader*** 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. 8,930,196 (IPR2025-00625), Defendant will not pursue in this litigation against the claims challenged in IPR2025-00625: (i) the specific grounds raised in IPR2025-00625, (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 ground based on a combination of system prior art and the references asserted as part of a ground raised in IPR2025-00625, as reflected in the table summarizing the Statutory Grounds for Challenges on page 21 of the Petition filed in IPR2025-00625.

Ex.2019, 2-3.

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 eight 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, 19-25 (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 "54 of the 59 § 102/103…invalidity contentions" that it can pursue in the Parallel Litigation. *Id*. at 23. 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 or combinations of system art and printed publications (where the printed publications are ***not*** at issue in this IPR). Patent Owner nevertheless contends that institution here would lead to inefficiency because "the Board cannot fully adjudicate the validity issues regarding the '196 Patent." Request, 24.

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 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

[3] *Markman* was originally scheduled for Sept. 16, 2025. Ex.1028, 4. If the stay lifts 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.

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 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

[4] Petitioner notes that the Petition was filed on Feb. 25, 2025, but the Notice of Filing Date accorded was not issued until April 11, 2025 (a delay of 45 days).

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 is 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.1028, 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 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.1061, 5 (Sept. 30, 2024 report: 21.9 months); Ex.1033, 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 '196 patent claims no more than well-known subject matter—continuous speech

recognition systems. As noted above, eight years before the earliest priority date of the '196 patent, engineers at large corporations were already developing and patenting the specific concepts claimed by the '196 patent, as shown by the Bou-Ghazale reference published by Conexant engineers and the Konopka reference filed by Sony. *See* Ex.1005; Ex.1006. These references illustrate that the inventors of the '196 patent working at PowerVoice lagged behind the state-of-the-art work being done by corporate engineers in other countries. That the PowerVoice inventors were nevertheless able to obtain a patent on their work despite being many years behind the industry counsels ***toward*** institution, not away. Indeed, as shown in the Petition, each and every limitation of the challenged claims was already known and disclosed.

With respect to Factor 6, Patent Owner alleges that "every petitioner in every case always considers the petition to be strong." Request, 27. 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, 27. 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, 28-29. Patent Owner fails, however, to identify any portion of Dr. Schmandt's testimony that allegedly fills a gap in the teachings of the prior art. The Request merely cites to the length of Dr. Schmandt's declaration ("256-paragraph, 181-page declaration"). Request, 28. 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. Schmandt.

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., 104. Despite this certification, Patent Owner alleges Petitioner has "unclean hands" based on "word-count gamesmanship." Request, 36. This "gamesmanship" allegedly includes (i) omitting words in drawing annotations from the word count, and (ii) using "non-standard abbreviations, spacings, and formatting." Request, 34-35. 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 13,952 words. Pet., 104. With Petitioner's annotations removed from all drawings in the Petition, the total word count comes to only 13,611 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]

[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).

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, 35 (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.

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).

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

When Amazon filed this Petition on February 25, 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 three days after Amazon filed this Petition, the USPTO rescinded the June 2022 Memo without explanation ("Rescission").[7] The USPTO 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

[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-JVAJ

[8] Guidance on USPTO's recission 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

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 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

[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).

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 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,

[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."

[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).

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 "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.

VI. 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 6,909. 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

Manner of service Electronic Email: mphillips@lpiplaw.com; klaurence@lpiplaw.com; dmeeker@lpiplaw.com; jhawkins@lpiplaw.com; dhiggs@lpiplaw.com; jenhayes@nixonpeabody.com; pmaloney@corkmaloney.com

Documents served **Petitioner's Opposition to Patent Owner's Request for Discretionary Denial; Exhibits Ex.1041-1045, Ex.1047-1061 and Ex.1063-1064.**

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