

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMAZON.COM, INC., AMAZON.COM SERVICES LLC,
AMAZON WEB SERVICES, INC., and AUDIBLE, INC.,
Petitioner

v.

AUDIO POD IP, LLC,
Patent Owner

Case IPR2025-00769
U.S. Patent No. 9,954,922

**AUTHORIZED RESPONSE TO PETITIONER'S
REQUEST FOR DIRECTOR REVIEW**

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Pursuant to the authorization granted by e-mail on September 19, 2025

(EX3102), Patent Owner Audio Pod IP LLC (“Audio Pod”) submits this response to Petitioner’s (“Amazon”) Request for Director Review. Paper 18 (“Req.”).

I. INTRODUCTION

The Acting Director correctly decided to deny institution of this *inter partes* review (IPR). Paper 15 (“Decision”). The Decision appropriately weighed all discretionary considerations and made clear that all arguments were considered. Amazon’s allegations that its due process rights and the Administrative Procedures Act (APA) were purportedly violated do not pass muster and do not satisfy the standard to grant review of the Decision. Accordingly, the Director should deny Amazon’s request for review.

II. DIRECTOR REVIEW IS NOT WARRANTED BECAUSE AMAZON’S ARGUMENTS DO NOT MEET THE REQUISITE STANDARD.

Requests for Director Review of a Board decision are governed by 37 C.F.R. § 42.75. Requests are limited to decisions that present “(a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law.” Director Review Process § 2(B) (available at: <https://www.uspto.gov/patents/ptab/decisions/director-review-process>). Amazon’s Director Review request does not assert that any of these errors are present in the Acting Director’s Decision. Rather, Amazon’s request challenges the propriety of

the Acting Director having considered “settled expectations” at all, alleging the “newly created ‘settled expectations’ standard ... is contrary to law,” and that applying this allegedly “incorrect standard” violates the APA and the Constitution. Req., 1. All of Amazon’s arguments here fail.

A. The Decision properly applies the Acting Director’s guidance on “settled expectations” and appropriately weighed *all* discretionary considerations.

The Decision clearly articulated that the Acting Director considered “the parties’ arguments and the record” and “all relevant considerations” in determining that “discretionary denial of institution [was] appropriate in these proceedings.” Decision, 2. And Amazon’s Request for Director Review does not dispute the Decision’s factual findings in this regard.¹ *See generally* Req. As one consideration

¹ Amazon contends “[a]s a matter of law, knowledge of an ancestor does not provide notice of a later-issued patent.” Req., 7 n.1. The cases Amazon cites in support are in the context of determining whether an accused infringer has engaged in willful infringement, and are inapposite here to the Director’s exercise of discretion based on a holistic assessment of all of the evidence and arguments presented. Regardless, “*Vasudevan* predates the Supreme Court’s decision in *Halo Elec., Inc. v. Pulse Elec., Inc.*, which ‘eschew[ed] any rigid formula’ for determining willfulness.” *SIMO Holdings Inc. v. Hong Kong uCloudlink Network*

in the holistic assessment, the Acting Director determined that the '922 patent has been in force for approximately seven years, “creating strong settled expectations for Patent Owner.” Decision, 2. Several related patents for which the Acting Director denied institution in the same Decision are even older.² *Id.* The Acting Director also considered Audio Pod’s other evidence, for example, that Amazon first learned of Audio Pod’s technology in 2007 and was made aware of early patents and applications in Audio Pod’s portfolio in 2012. Decision, 2-3 (citing DD Req. (Paper 8), 14-15; EX2013). Additionally, the Acting Director expressly determined that Amazon’s argument that no trial date has been set for the district

Tech. Ltd., 396 F. Supp. 3d 323, 335 (S.D.N.Y. 2019) (quoting *Halo*, 579 U.S. 93, 107 (2016)); *see also SiOnyx, LLC v. Hamamatsu Photonics K.K.*, 330 F. Supp. 3d 574, 610 (D. Mass. 2018) (concluding that “there is no bright-line rule as to what level of knowledge is sufficient” for willfulness and that knowledge of patent application could support finding of willfulness).

² For one patent, the Acting Director noted it had not been in force as long as the others, but determined that because the district court would be considering the validity of the patents challenged in the other five proceedings, “referring [that case] to the Board would be an inefficient use of Board resources and tips the balance to discretionary denial as to that patent too.” Decision, 3.

court proceeding counseled against discretionary denial, but this was outweighed by the other circumstances present here. *Id.*

Both parties had the opportunity to provide briefing on any discretionary considerations they thought relevant, including “settled expectations.” *See, e.g.*, DD Brief (Paper 8), 13-15; DD Opp. (Paper 11), 15-18; DD Reply (Paper 13), 1-4; DD Sur-reply (Paper 14), 1-4. And the Decision applied the Acting Director’s guidance on “settled expectations” in a manner consistent with other recent discretionary decisions, discretionarily denying institution based on holistic assessment of *all relevant considerations*. *See, e.g., Geotab Inc. v. Fractus, S.A.*, IPR2025-00928, -00929, Paper 11 (P.T.A.B. Sept. 12, 2025) (denying institution; challenged patents more than 11 years old); *JinkoSolar Co. v. LONGi Green Energy Tech. Co.*, IPR2025-00859, Paper 10 (P.T.A.B. Sept. 3, 2025) (denying institution; challenged patent approximately ten years old); *HS Hyosung Advanced Materials Corp. v. Kolon Industries, Inc.*, IPR2025-00662, -00663, -00664, Paper 12 at 2 (P.T.A.B. Aug. 14, 2025) (denying institution; challenged patents six, seven, and nine years old); *Kahoot! AS v. Interstellar Inc.*, IPR2025-00696, Paper 12 (P.T.A.B. July 31, 2025) (denying institution; challenged patent six years old); *Sandisk Techs., Inc. v. Polaris PowerLED Techs., LLC*, IPR2025-00515, -00516, -00517, Paper 15 (P.T.A.B. July 16, 2025) (denying institution; challenged patents nine, twelve, and twelve years old); *Amazon.com, Inc. v. VirtaMove, Corp.*,

IPR2025-00561, -00563, -00566, Paper 9 (P.T.A.B. July 11, 2025) (denying institution; challenged patents more than 14 years old); *SAP America, Inc. v. Valtrus Innovations Ltd.*, IPR2025-00416, Paper 10 (P.T.A.B. July 10, 2025) (denying institution; challenged patent 17 years old); *see also* DD Reply (Paper 13), 2 (citing several earlier cases that also apply the guidance on “settled expectations” consistently with the Decision here).

B. The Acting Director’s application of a “settled expectations” consideration in discretionarily denying institution here did not violate the APA or Amazon’s due process rights.

Amazon argues that the Acting Director “should not have applied the settled-expectations standard here because doing so violated the APA.” Req., 6; *see also id.* at 6-10. However, the Acting Director’s implementation of a “settled expectations” consideration in making discretionary denial decisions is permissible under the Director’s statutory authority “for providing policy direction ... for the Office.” 35 U.S.C. § 3(a)(2)(A). Indeed, Amazon was on notice of the Acting Director’s Interim Processes for PTAB Workload Management (“Stewart Memo,” available at <https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf>) which issued on March 26, 2025, prior to any of Amazon’s discretionary denial briefing in this proceeding. Amazon undeniably had an opportunity to brief its arguments regarding “settled expectations,” and did so both in its Opposition filed on July 16, 2025 and its Sur-

reply filed on July 31, 2025. *See* DD Opp. (Paper 11), 15-18; DD Sur-reply (Paper 14), 1-4; *see also TQ Delta, LLC v. DISH Network LLC*, 929 F.3d 1350, 1356 (Fed. Cir. 2019) (no APA violation where “the party asserting the APA violation ‘had notice...and an opportunity to be heard’”).

Additionally, Congress provided that institution of an *inter partes* review is committed to the Director’s discretion and is not appealable. *See* 35 U.S.C. § 314. Both the Supreme Court and the Federal Circuit have confirmed there is no right to an IPR. *Cuozzo Speed Techs. v. Lee*, 579 U.S. 261, 273 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *Mylan Lab ’ys Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021) (“The Director is permitted, but never compelled, to institute an IPR. And no petitioner has a right to such institution.”).

Because Amazon had no right to an IPR, its due process arguments fail under the threshold inquiry of “whether the plaintiff has been deprived of a protected interest in ‘property’ or ‘liberty.’” *American Mfrs. Mut. Ins. Co. v. Sullivan*, 526 U.S. 40, 59 (1999); *see also Town of Castle Rock v. Gonzales*, 545 U.S. 748, 756 (2005) (“[A] benefit is not a protected entitlement if government officials may grant or deny it in their discretion.”). Moreover, Amazon was given the opportunity to be heard and to present its arguments against discretionary denial, including those related to settled expectations. Indeed, Amazon submitted

briefing opposing discretionary denial, including a sur-reply explicitly authorized to address considerations related to “settled expectations.” *See* EX3101 (email authorizing a reply and sur-reply to address “settled expectations” and specifically the impact of the Acting Director’s decision in *Dabico Airport Sols. Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21 (P.T.A.B. June 18, 2025)). The Decision considered Amazon’s arguments, and made a determination based on “a holistic assessment of all of the evidence and arguments presented.” Decision, 3.

1. The Acting Director’s consideration of “settled expectations” did not violate the APA.

Amazon presents several arguments for its assertion that “the new settled-expectations standard violates the APA.” Req., 6. At the outset, because Amazon “had notice of the [settled expectations] issue and the opportunity to be heard, the [Acting Director] did not violate the APA.” *TQ Delta*, 929 F.3d at 1356. Further, as explained below, the Decision does not constitute an APA violation under any of Amazon’s theories.

First, considering “settled expectations” in making discretionary denial determinations is consistent with precedent. *Contra* Req., 6-7 (asserting the policy is “not in accordance with law” under 5 U.S.C. § 706(2)(A)). Amazon incorrectly contends that the Decision conflicts with the Federal Circuit’s determination in *Celgene Corp. v. Peter*, 931 F.3d 1342 (Fed. Cir. 2019). Req., 6-7. According to Amazon, “[a]s a matter of law, *Celgene* held that patent owners have no

expectation that their patents will be immune from challenges at the PTO.” *Id.* (citing *Celgene*, 931 F.3d 1361-62). In *Celgene*, the Federal Circuit determined only that a patent owner of a pre-AIA patent did not have an expectation that its patent would not be subject to an IPR. *Celgene*, 931 F.3d at 1361-63. In other words, patent owners do not have an unfettered expectation of immunity from IPR based on its issue date—i.e., pre- or post-AIA. *Id.* *Celgene* did *not* hold that a *petitioner* has any expectation to be able to challenge any particular patent in an IPR. The Director retains broad authority to determine whether to institute an *inter partes* review. *See* 35 U.S.C. § 314(a); *Cuozzo*, 579 U.S. at 273 (the Director’s “decision to deny a petition is a matter committed to the Patent Office’s discretion”).

Amazon also points to the Board’s precedential decision in *NHK Spring Co. Ltd. v. Intrix-Plex Techs., Inc.*, noting the Board was “not persuaded that this lapse in time[—the challenged patent was 17 years old and petitioner was aware of the patent for over 10 years—]favors denying review.” Req., 2 (citing IPR2018-00752, Paper 8 at 19 (P.T.A.B. Sept. 12, 2018) (precedential)). In *NHK*, the Board panel denied institution based on § 325(d) (prior art having previously been considered) and § 314(a) (the co-pending district court proceeding was nearing completion). That the panel in *NHK* was not persuaded by the patent owner’s additional arguments regarding the age of the patent based on the particular facts and

circumstances of that case, does not preclude future panels (or the Acting Director here) from considering the age of the patent as part of the holistic assessment in determining whether to exercise discretion to deny institution.

Second, the Acting Director’s consideration of “settled expectations” here in granting discretionary denial was not inconsistent with the AIA. *Contra* Req., 7-8 (asserting the policy is “in excess of statutory jurisdiction, authority, or limitations” under 5 U.S.C. § 706(2)(C)). According to Amazon, “[b]ecause the Director’s settled-expectations standard presumptively bars challenges to patents more than six years old, it is contrary to the AIA.” *Id.* at 7. But there is no “presumptive[] bar[]” to challenging patents more than six years old. Contrary to Amazon’s assertion that “*Dabico* applied the Acting Director’s new ‘settled expectations’ standard based solely on the passage of time” (Req., 5), in *Dabico*, the Acting Director explicitly stated that “there *is no bright-line rule* on when expectations become settled.” *Dabico*, IPR2025-00408, Paper 21 at 3 (emphasis added).

Amazon ignores that, under the Stewart Memo, “[s]ettled expectations of the parties, such as the length of time the claims have been in force” is just *one of many* considerations relevant to the discretionary decision. *See* Stewart Memo, 2-3 (listing several relevant considerations). Even Amazon identifies cases where the Acting Director *referred* challenges to older patents to a Board panel for consideration of the merits. Req., 6 (citing *Embody, Inc. v. LifeNet Health*,

IPR2025-00248, Paper 13 (P.T.A.B. June 26, 2025) and *Globus Med., Inc. v. Spinelogik, Inc.*, IPR2025-00225, Paper 8 (P.T.A.B. June 12, 2025)); *see also, e.g., Taiwan Semiconductor Mfg. Co. v. Marlin Semiconductor Ltd.*, IPR2025-00847, Paper 11 (P.T.A.B. Sept. 3, 2025) (referring 15 year old patent to merits panel; petitioner showed Office error); *Home Depot U.S.A., Inc. v. H2 Intellect LLC*, IPR2025-00480, Paper 11 (P.T.A.B. Sept. 4, 2025) (referring 12 year old patent to merits panel; petitioner showed no reason to anticipate assertion). The Decision here is clear that Audio Pod’s settled expectations were considered as part of “a holistic assessment of *all of the evidence and arguments* presented.” Decision, 3 (emphasis added). This holistic assessment is not inconsistent with the AIA.

Third, the Acting Director’s consideration of “settled expectations” in making the discretionary denial determination here was not arbitrary and capricious. *Contra* Req., 8-9 (asserting the policy is “arbitrary” and “capricious” under 5 U.S.C. § 706(2)(A)). According to Amazon, the “new settled-expectations standard relies on a six-year upper limit for the age of challenged patents.” *Id.* As just explained, this is not accurate—there is no such “upper limit” on the age of challenged patents beyond which they are immunized from IPR. Rather, the age of a patent may be considered as part of a holistic assessment.

Amazon also contends the agency has “‘changed existing policy’ without displaying ‘awareness that it [was] changing position’ or offering ‘good reasons for

the new policy,’ including considering ‘serious reliance interests’ related to its prior policy.” Req., 9. (internal citations omitted). But the issuance of the Stewart Memo itself evinces the Acting Director’s awareness that the implementation was a change in position and it provides reasons for the change (e.g., “to improve PTAB efficiency, maintain PTAB capacity to conduct AIA proceedings, reduce pendency in *ex parte* appeals, and promote consistent application of discretionary considerations in the institution of AIA proceedings”). *See* Stewart Memo, 3. And because Amazon has no right to institution of an IPR, there was no “serious reliance interest” here.

Fourth, Amazon’s argument regarding notice-and-comment rulemaking also fails. *Contra* Req., 10 (asserting notice-and-comment rulemaking was required to implement the policy change). The Stewart Memo explained that “[s]ettled expectations of the parties” was to be a consideration in determining whether to deny institution or refer a petition to the Board. *See* Stewart Memo, 2. The Supreme Court has stated that § 553(b)(A) of the APA “exempts ‘general statements of policy,’ which [the Court has] previously described as ‘statements issued by an agency to advise the public prospectively of the manner in which the agency proposes to exercise a discretionary power.’” *Lincoln v. Vigil*, 508 U.S. 182, 197 (1993). Contrary to Amazon’s assertion, the Stewart Memo was not “a substantive rule” that “imposes a presumptive obligation on petitioners to

challenge patents within six years of their issuance.” Req., 10. Rather, it advised the public on how the Acting Director proposed to exercise a discretionary power (granted pursuant to statutory authority). Further, here, the policy was applied to a proceeding in which a decision on whether to institute IPR had not yet been made. And Amazon had an opportunity to address “settled expectations” in both its Opposition and Sur-reply. *See* DD Opp. (Paper 11), 15-18; DD Sur-reply (Paper 14), 1-4. Amazon’s dislike of the new policy is not a reason to grant Director Review.

2. There was no due process violation here.

Amazon argues that “[a]pplying the new settled-expectations standard to deny institution of the Petition here violated the Due Process Clause of the Fifth Amendment.” Req., 10; *see also id.* at 10-12. But, as explained above, Amazon does not have a right to an IPR and, therefore, has no basis to assert a violation of its due process rights. Regardless, Amazon had an opportunity to address “settled expectations” in both its Opposition and Sur-reply. *See* DD Opp. (Paper 11), 15-18; DD Sur-reply (Paper 14), 1-4; *see also Alberico v. United States*, 783 F.2d 1024, 1027 (Fed. Cir. 1986) (“Once a property interest is shown, all due process requires is notice and an opportunity to be heard.”). Amazon’s argument also fails in view of the Acting Director’s prior decisions. *See, e.g., iRhythm, Inc., v. Welch Allyn, Inc.*, IPR2025-00363, Paper 11 (P.T.A.B. July 3, 2025) (arguing the decision

violated the Due Process Clause and the APA); Paper 13 (P.T.A.B. Aug. 5, 2025)
(denying request for Director Review).

III. CONCLUSION

The Acting Director properly determined “discretionary denial of institution is appropriate” for this IPR. Decision, 2. For at least the reasons above, Director Review of the Decision denying institution is not warranted and Amazon’s request should be denied.

Respectfully submitted,

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

I certify that the above-captioned **AUTHORIZED RESPONSE TO PETITIONER'S REQUEST FOR DIRECTOR REVIEW** was served in its entirety on September 26, 2025, upon the following parties via electronic mail:

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