

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,
Petitioner,

v.

SANDPIPER CDN, LLC,
Patent Owner.

Case IPR2025-00846
Patent No. 8,595,778

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

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I. Introduction

This case should be referred to the Board for evaluation of the Petition on the merits. Patent Owner raises a panoply of arguments for denying institution, but they all lack merit. Indeed, each issue Patent Owner raises favors referral, not denial. And Patent Owner ignores the Examiner's material error during prosecution that further supports referral.

Patent Owner first suggests that *Hulu, LLC v. Piranha Media Distribution, LLC*, IPR2024-01252, Paper 27 (P.T.A.B. Apr. 17, 2025) categorically immunizes from IPR all patents found ineligible under 35 U.S.C. § 101. To begin with, the Director should not apply *Hulu* because it violates the Administrative Procedure Act's requirements for proper rulemaking practices and because rigidly applying *Hulu* to deny institution as Patent Owner asks would violate Google's due process rights. And if the Director does consider the efficiency concerns raised in *Hulu*, the facts here demonstrate that referring the petition to the panel or staying the IPR is the most efficient use of the parties' and tribunals' resources.

Patent Owner's next argument regarding "settled expectations" also does not support denying institution. Google timely filed a Petition challenging the claims of the '778 patent within one year of service, as it was statutorily authorized to do. Patent Owner knew of this possibility when it filed its complaint against Google, several years after Google launched the accused product. Indeed, Patent Owner

certainly expected to defend its patent's validity when it finally chose to enforce it. *Celgene Corp. v. Peter*, 931 F.3d 1342, 1361-62 (Fed. Cir. 2019) (“[T]he expectation that patent owners have had for nearly four decades [is] that patents are open to PTO reconsideration and possible cancelation if it is determined . . . that the patents should not have issued in the first place.”). This is how the post-grant process has worked since its inception, and any claim by Patent Owner that it did not expect an IPR petition flouts that reality.

Patent Owner's laundry list continues with *Fintiv*, but those factors also favor referral here. The district court and parties have invested little in litigation proceedings involving the '778 patent, and the trial that Patent Owner discusses will not involve the '778 patent. There will be no duplication of efforts if this IPR moves forward, further favoring referral.

Patent Owner's remaining arguments regarding the Petition's prototypical reliance on expert testimony and the economic and public interest factors are likewise unavailing. The Petition's strong merits and the economic and public interest factors all favor referral.

Finally, Patent Owner overlooks that the Examiner committed a “material error during patent examination” when he failed to find, consider, and evaluate the anticipatory Fransdonk reference because of his faulty and incomplete search strategy. *See, e.g., Microsoft Corp. v. ParTec Cluster Competence Ctr. GmbH*,

IPR2025-00318, Paper 9 at 3 (P.T.A.B. June 12, 2025); *Ecto World, LLC v. Rai Strategic Holdings Inc.*, IPR2024-01280, Paper 13 at 5 (P.T.A.B. May 19, 2025) (precedential). As the Director has reasoned, “it is an appropriate use of Office resources to review [such] potential error.” *See Microsoft*, IPR2025-00318, Paper 9 at 3. The same result is required here, and the Examiner’s error should not go uncorrected. The Director should refer this Petition for further review.

II. The Director Should Not Deny Institution Based on *Hulu*

A. *Hulu* Violates the APA and Applying It Here Would Violate Google’s Due Process Rights

The Director should not apply *Hulu* to deny institution because *Hulu*—and the Office’s retroactive application thereof—violates the Administrative Procedure Act and the due process rights of petitioners like Google.

Hulu alters the Director’s standard for institution and is therefore a substantive rule. An agency decision is a substantive rule, subject to notice-and-comment requirements, if it “effect[s] a change in existing law or policy or . . . affect[s] individual rights and obligations.” *Coal. for Common Sense in Gov’t Procurement v. Sec’y of Veterans Affs.*, 464 F.3d 1306, 1317 (Fed. Cir. 2006) (citation omitted). *Hulu* checks both boxes, and the Director was therefore required to promulgate *Hulu*’s institution instructions through notice-and-comment rulemaking procedures. *See Apple Inc. v. Vidal*, 63 F.4th 1, 14 (Fed. Cir. 2023) (APA permits challenge to Director’s process for promulgating institution instructions, and remanding for

further proceedings on merits). Moreover, applying *Hulu* as a de facto rule, as Sandpiper requests—to deny institution whenever a patent has been found ineligible under § 101—without proper notice-and-comment rulemaking also violates the Administrative Procedure Act. *See* 5 U.S.C. § 553.

It also severely prejudices Google and other similarly situated petitioners by forcing them into a corner: either give up early § 101 defenses in district court or forego the ability to challenge the asserted patent in an IPR. The prejudice in this case is particularly burdensome. Google is now time-barred from filing any future petition against the '778 patent. Denying institution would prevent Google from ever being able to pursue an IPR challenge, despite it having spent time and resources to file its petition in accordance with the statutory deadline. The Office's application of *Hulu* is thus manifestly unfair and will prejudice Google if Sandpiper were to succeed in appealing the district court's § 101 determination.

While the application of *Hulu* would certainly be prejudicial, the *retroactive* application of *Hulu*'s new rule change exacerbates the prejudice and violates Google's due process rights. Specifically, the Office designated *Hulu* as informative hours after Google filed its petition and only after Google had invested substantial resources in preparing and filing it. Before *Hulu*, the Board's and Director's practice had been consistent: "the district court's judgment of invalidity under 35 U.S.C. § 101 . . . does not raise concerns of inefficient duplication of efforts or potentially

inconsistent results between the Board and the district court.” *AviaGames, Inc., v. Skillz Platform Inc.*, IPR2022-00530, Paper 14 at 3 (P.T.A.B. Mar. 2, 2023); *see also Volvo Penta of the Ams., LLC v. Brunswick Corp.*, IPR2022-01366, Paper 15 at 6 (P.T.A.B. May 2, 2023) (“[T]hese claims are subject to further judicial review and, therefore, are not finally adjudicated”).¹ The Office’s about-face in *Hulu* severely prejudices Google and all similarly-situated petitioners and violates fundamental notions of due process. *See, e.g., Mexichem Fluor, Inc. v. Env’t Prot. Agency*, 866 F.3d 451, 462 (D.C. Cir. 2017) (“To satisfy the Due Process Clause, [the agency] must at a minimum provide regulated parties fair warning of the conduct a regulation

¹ The Board decisions cited in Google’s Petition demonstrate the same practice. *See Apple Inc. v. Geoscope Techs. Pte. Ltd.*, IPR2024-00255, Paper 14 at 12 (P.T.A.B. May 31, 2024) (holding that because the district court invalidated the claims based on a “ground that could not have been raised before the Board, [this case] does not raise concerns of inefficient duplication of efforts or potentially inconsistent results.”); *Wyze Labs, Inc. v. Sensormatic Elecs., LLC*, IPR2020-01486, Paper 14 at 16 (P.T.A.B. Apr. 6, 2021) (“[The Board] cannot institute a trial in an *inter partes* review to determine whether the claims are directed to eligible subject matter under § 101,” making the patentability challenges in the petition “materially different from the legal issue considered by the [district] court.”).

prohibits or requires.”) (citation omitted); *Landgraf v. USI Film Prods.*, 511 U.S. 244, 269-70 (1994) (defining retroactive application as “whether the new provision attaches new legal consequences to events completed before its enactment”).

Hulu’s purported rationale that, if Patent Owner were to succeed on appeal, a petitioner like Google would be able to mount the same challenges in the district court is no true answer. That opportunity would come years from now, at far more expense to Google (and all parties). It is contrary to the AIA’s purpose of securing a “just, speedy, and inexpensive” resolution to the parties’ dispute. *See* 37 C.F.R. § 42.1(b). Applying *Hulu* to deny institution would thus manifestly prejudice Google, in violation of the APA and Google’s due process rights.

B. If *Hulu* Is Applied, the IPR Should Either Be Referred to the Panel or Stayed Pending Appeal of the District Court’s § 101 Decision

If the Director applies *Hulu*, then the “more efficient approach,” *Hulu*, Paper 27 at 3, under the facts of this case is to either refer to the panel for institution on the merits or stay this IPR pending Patent Owner’s appeal of the district court’s decision.

For starters, Patent Owner’s appeals to efficiency are specious. Patent Owner argues that the Board should deny institution based on the district court’s § 101 decision that it intends to challenge on appeal. Ex. 1022 at ¶¶58, 61 (Patent Owner stating that it “reserves its right to appeal the Court’s Order”). Patent Owner’s admission that it will continue to litigate the district court’s § 101 decision is

anything but efficient. And its reliance on a decision it intends to appeal is a blatant attempt to use that decision to avoid institution.

Instead, the uncertain timing and facts of the related litigation (and Patent Owner's future appeal) counsel toward either referring the case to the panel or staying this IPR pending the outcome of any § 101 appeal. Patent Owner has not yet appealed because the district court has not yet issued a final judgment, and is unlikely to do so until after the conclusion of the trial with respect to Patent Owner's remaining asserted patents. Even then, accounting for post-trial briefing, that final judgment likely will not issue until months after any trial date (e.g., the end of 2026 or beginning of 2027, assuming the trial date does not move). Only then will Patent Owner's appeal begin. And any appeal would likely take almost two years, as the Federal Circuit's median time to disposition for district court appeals was 19.0 months in the previous fiscal year.² Thus, any final resolution of the § 101 issue would likely occur no earlier than mid-2028, one and a half years after the anticipated final written decision in this case. The litigation timeline thus counsels

² United States Court of Appeals for the Federal Circuit, Median Time to Disposition in Cases Terminated After Hearing or Submission, available at <https://www.cafc.uscourts.gov/wp-content/uploads/reports-stats/FY2024/MedianDispositionTime-Merits.pdf>.

toward referring the case to the panel to resolve the patentability of the '778 patent via the IPR.

Alternatively, if this case is not referred to the panel, Google renews its request that the IPR be stayed pending Patent Owner's appeal of the district court's § 101 decision. *See* Ex. 3101.

III. Settled Expectations Also Favor Referral

Patent Owner contends that purported “settled expectations” favor denial in this case. *See, e.g.*, Paper 6 at 11-12. Not so. If anything, Google had a settled expectation that the accused product, YouTube TV, which launched in 2017, would not be accused of infringing a patent that its owner sat on for years. Any settled expectations favor referral.³

³ The Acting Director's application of the “settled expectations” is improper. For example, retroactively applying “settled expectations” as a basis to deny Google's already-filed petition violates both the APA and Due Process. *See, e.g., Tafas v. Dudas*, 511 F. Supp. 2d 652, 666 (E.D. Va. 2007) (“[R]etroactivity is not favored in the law”); *Kirwa v. U.S. Dep't of Def.*, 285 F. Supp. 3d 21, 41 (D.D.C. 2017) (“Any retroactive policy must have ‘sufficiently significant statutory interests’ to counterbalance any ‘resulting inequities’ from the retroactive agency action.”)

A. Patent Owner Cannot Reasonably Contend the Age of Its Patent Should Immunize That Patent from Review

Patent Owner’s settled-expectations arguments also run afoul of governing IPR statutes. When Congress wanted to immunize patents of a certain age from any post-issuance challenges, it has expressly done so. When designing the regime for *inter partes* reexamination, for example, Congress expressly immunized (that is, carved out) “patents issued before 1999” from review. *See* H.R. Rep. No. 112-98, pt. 1, at 46-48 (2011). Congress similarly immunized patents of a certain age when it created the PGR procedure, restricting those challenges to patents with post-AIA effective filing dates, in turn foreclosing this avenue of review for older patents. *See, e.g.,* AIA §§ 3(n)(1), 6(f)(2)(A).⁴

(citations omitted). The Acting Director’s application of “settled expectations” also exceeds her authority under law and is barred by judicial estoppel based on the Office repeatedly advancing the position that patentees lack any expectation that their patents will not be challenged. *Celgene*, 931 F.3d at 1361-62; 5 U.S.C. § 706(2)(A).

⁴ Congress also enacted a sunset provision for challenging covered business method (CBM) patents. *See, e.g.,* AIA § 18(a)(3).

Yet for IPRs, Congress took the opposite approach. Congress “eliminated” the *inter partes* reexamination date-based carveout so that, instead, “*all patents can be challenged in inter partes review,*”⁵ regardless of age. *See* H.R. Rep. No. 112-98, at 46-48. And rather than restrict *inter partes* review based on a patent’s age or priority date, Congress only required a petitioner to wait for the nine-month PGR window to expire (to the extent applicable) (35 U.S.C. § 311(c)), and file within one year of being served with a complaint (§ 315(b)). “Congress’s choice to depart from the model of a closely related statute is a choice neither we nor the agency may disregard.” *SAS Inst., Inc. v. Iancu*, 584 U.S. 357, 364 (2018).

Patent Owner’s settled-expectations arguments also run afoul of Board precedent. In *NHK Spring*, for example, the Board held that a ten-year delay in challenging a patent *was not enough to preclude an otherwise timely challenge* to the patent in the absence of evidence the petitioner received a “tactical advantage” because it waited to file its petition. *NHK Spring Co. v. Intrix-Plex Tech., Inc.*, IPR2018-00752, Paper 8 at 19-20 (P.T.A.B. Sept. 12, 2018) (precedential).⁶ Here,

⁵ All emphasis added unless otherwise indicated.

⁶ Likewise, the Director has referred cases with patents in force longer than the ’778 patent, given the complexities of the case. *See, e.g., Tesla, Inc. v. United States of*

there is no allegation that the timing of Google’s Petition filing provided Google with any tactical advantage. The only party receiving a tactical advantage here is Patent Owner, who has asserted a patent that was not asserted by its predecessors for a decade, while Google spent years developing and bringing products to market. Patent Owner cannot now cry foul because Google is challenging its patent after Patent Owner sued Google for infringement.

B. Any “Settled Expectations” in This Case Favor Google

If anything, “settled expectations” favor Google and weigh against discretionary denial. Patent Owner alleged that YouTube TV infringes the ’778 patent. *See generally* Ex. 1012. YouTube TV launched in 2017, becoming known and available to the public at that time. Instead of taking any action, the prior owner of the ’778 patent never asserted it against Google or any other party. Years later, the current Patent Owner acquired the patent and filed suit in an opportunistic bid to capitalize on it. This “weighs against Patent Owner’s claim of strong settled expectations.” *See Shenzen Tuozhu Tech. Co. v. Stratasys, Inc.*, IPR2025-00531,

Am. as represented by the Sec’y of the Navy, IPR2025-00341, Paper 12 (P.T.A.B. June 13, 2025) (no discretionary denial despite 18-year-old patent); *Tesla v. Intel Ventures II*, IPR2025-00217, Paper 9 (P.T.A.B. June 13, 2025) (no discretionary denial despite 14-year-old patent).

Paper 10 at 3 (P.T.A.B. July 17, 2025) (that the “challenged patent[] ha[s] never been ‘commercialized, asserted, marked, licensed, or otherwise applied’ in petitioner’s ‘particular technology space’” weighs against discretionary denial).⁷ The delay of the ’778 patent owners created settled expectations for Google. Indeed, it is reasonable for a defendant to think that any dispute regarding its products would be brought soon (if ever) after a patent issued or even after the accused products launched, rather than many years later.⁸

⁷ There is also no evidence that Patent Owner commercialized a product. *See Shenzhen*, IPR2025-00531, Paper 10 at 3. At most, Patent Owner identifies the activity of its predecessors, before Patent Owner came to own the patent in April 2024. *See* Paper 6 at 3-6. Patent Owner otherwise identifies individuals associated with these predecessors (Andrew Swart and David Farber), who are not named inventors of the ’778 patent. *See, e.g., id.*

⁸ Regardless, Patent Owner only came into possession of the ’778 patent in April 2024. *See* Ex. 1027. Patent Owner cannot assert it had any settled expectation before its ownership. *See* Paper 6 at 2, 10-12.

IV. The *Fintiv* Factors Favor Referral

A. Factor 1: whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted

Factor 1 weighs in favor of referral. The district court’s dismissal of the ’778 patent from the case operatively serves as a stay pending appeal of the district court’s § 101 decision. No further work in the parallel litigation at present and through trial will affect or consider the ’778 patent. And while Sandpiper has stated that it “reserves its right to appeal the Court’s Order,” Ex. 1022 at ¶¶58, 61, Sandpiper has yet to file a notice of appeal, thus resulting in an indefinite stay of any determination on ’778 patent-specific issues. Thus, the quicker resolution of the ’778 patent is to move forward with the IPR. This weighs in favor of referral.

B. Factor 2: proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision

Factor 2 weighs in favor of referral. The current trial date in the litigation is irrelevant because the trial will not adjudicate the validity of the ’778 patent, which has been dismissed with prejudice.

Moreover, the final adjudication of the district court’s § 101 decision via a Federal Circuit appeal will occur long after any final written decision by the Board in this case. As discussed, Sandpiper has not yet appealed the district court’s § 101 decision, and it appears that it will not do so until after the district court renders a final judgment for all patents post-trial. Accounting for post-trial briefing, that final

judgment would likely come months after any trial date (e.g., the end of 2026 or beginning of 2027, assuming the trial date does not move). But any appeal would likely take longer than one year, as the Federal Circuit’s median time to disposition for district court appeals was 19.0 months in the previous fiscal year.⁹ Thus, any final resolution of the § 101 issue would likely occur no earlier than mid-2028, one and a half years after the anticipated final written decision in this case. Accordingly, even if Patent Owner were to appeal the § 101 decision, this determination would occur long after any final written decision by the Board. Factor 2 thus favors referral.

C. Factor 3: investment in the parallel proceeding by the court and the parties

Factor 3 weighs in favor of referral because there has been little investment in the litigation proceedings that involve the ’778 patent. Patent Owner points to various discovery milestones to argue that “[s]ignificant work has already been done in the parallel district court litigation.” Paper 6 at 14. But this is all irrelevant because fact discovery did not open until March 2025, six months after the ’778 patent was

⁹ United States Court of Appeals for the Federal Circuit, Median Time to Disposition in Cases Terminated After Hearing or Submission, available at <https://www.cafc.uscourts.gov/wp-content/uploads/reports-stats/FY2024/MedianDispositionTime-Merits.pdf>.

dismissed from the litigation. Paper 6 at 14. Indeed, given the early briefing and dismissal of the '778 patent from the case, there was little investment in the actual litigation proceedings as it relates to the '778 patent.

Even the district court's investment related to the § 101 motion does not support denying institution. While Patent Owner contends that the district court has "become well-versed with the underlying patented technology (per *Alice* step one), and the general state of the art and specific disclosures of the pertinent prior art (per *Alice* step two)" because of the motion, Paper 6 at 14; Ex. 2007, it declines to mention that the § 101 motion was heard and decided by Judge Philip S. Gutierrez (Ex. 2007, 1), and the case has since been *reassigned* to Judge André Birotte Jr. when Judge Gutierrez retired (Ex. 1028, 1). Thus, there is little "judicial economy" in denying institution, as Patent Owner contends. This factor thus weighs in favor of referral.

D. Factor 4: overlap between issues raised in the petition and in the parallel proceeding

Patent Owner asserts that because "Petitioner has not executed a *Sotera* stipulation," it must mean Petitioner "will assert obviousness combinations in the district court proceeding that are entirely redundant with . . . this Petition." Paper 6 at 15. To begin, this only underscores the opportunism of Patent Owner's arguments. Specifically, when addressing the *Hulu* decision, Patent Owner argues the Director

should deny institution because the district court has already found the '778 patent ineligible under § 101. Yet here, Patent Owner flips the facts and assumes this very decision is reversed, the patent survives, and the district court adjudicates patentability under §§ 102 and 103. But under either set of circumstances, there is no overlap.

First, at present, there is no duplication of effort between the Board and the district court. The district court has only analyzed the '778 patent in the context of § 101, the sole basis for its finding of invalidity. As the Board has recognized, the Board cannot assess patent eligibility under § 101 in an IPR, so there cannot be any inconsistent results or overlap in determinations between itself and the district court. *See, e.g., AviaGames, Inc.*, Paper 14 at 2-3.

Second, if the '778 patent were to survive on appeal and through a final written decision in this proceeding, such that the district court adjudicates its validity, statutory estoppel would likewise prevent duplication of efforts. Specifically, in that scenario, Google would be precluded from raising a ground that it “raised or reasonably could have raised” during this proceeding. 35 U.S.C. § 315(e)(2). Thus, under either scenario, there is no duplication of efforts.

Moreover, the Petition has no overlap with proceedings in the district court since the district court’s dismissal of the '778 patent was based on patent eligibility under § 101. This ground is not—nor could it have been—raised in the Petition. *See*

35 U.S.C. § 311(b). Conversely, the district court will not assess the '778 patent under §§ 102 or 103 prior to any potential future remand from the Federal Circuit. Factor 4 focuses on “whether the claims, grounds, arguments, and evidence are the same or substantially the same,” but here the Petition and the district court proceedings have no overlap. *Sony Grp. Corp. v. Immusic Brands, Inc.*, IPR2023-00294, Paper 10 at 12-13 (P.T.A.B. July 25, 2023) (finding *Fintiv* factor 4 weighed against discretionary denial where “the grounds raised in the Petition, under § 103, have not been raised in the district court proceeding, and cannot be prior to any potential future remand from the Federal Circuit should the § 101 determination be reversed”).

In any event, for Patent Owner to succeed with reversal of the district court’s § 101 decision, it must proceed through trial of the remaining asserted patents in the litigation (the earliest date of which would be September 2026), successfully appeal the § 101 determination (with the projected timeline of the appeal being approximately 19 months, *see supra* n.9), and then initiate further proceedings on the '778 patent. The length, cost, and delay can be curbed by the Board instituting review and adjudicating the claims now. This factor favors referral.

E. Factor 5: whether the petitioner and the defendant in the parallel proceeding are the same party

Factor 5 favors institution or is at most neutral. Although the parties are involved in parallel litigation, Patent Owner is involved in litigation against other parties, including at least Comcast and Microsoft. *See* Ex. 1024 at 18-25; Ex. 1025 at 14-22. There is no indication Patent Owner will not assert the '778 patent against future defendants should it succeed in reversing the § 101 decision at the Federal Circuit. Instituting review benefits not only the district court proceeding involving Google, but also the litigations with other potential defendants. *See Berkshire Hathaway Energy Co. v. Birchtech Corp.*, IPR2025-00274, Paper 23 at 2-3 (P.T.A.B. July 2, 2025) (“Because the litigation between the parties would proceed to several district court trials in different jurisdictions, resolving the dispute between the parties at the Office would be more efficient.”).

F. Factor 6: other circumstances that impact the Board’s exercise of discretion, including the merits.

Factor 6 weighs in favor of institution. Patent Owner does not substantively contest the merits of the Petition at all. Instead, it alleges, without any analysis or support, that the “merits . . . are weak.” Paper 6 at 15. But the Petition presents compelling merits based on prior art the Examiner should have identified—including Fransdonk, which anticipates the majority of the '778 patent’s claims. This warrants institution. *See Microsoft*, IPR2025-00318, Paper 9 at 3 (examiner error outweighed

Fintiv); *cf. Skullcandy, Inc. v. Earin AB*, IPR2025-00690, Paper 9 at 2 (P.T.A.B. July 31, 2025) (finding a material error during examination weighed in favor of institution as part of *Fintiv* Factor 6 analysis).

V. Google’s Reliance on Expert Testimony Is Not Excessive or Improper

A. The Petition Does Not Rely On Expert Testimony to Fill Gaps

Contrary to Patent Owner’s arguments, Google does not overly rely on expert testimony or use it to “fill in the gaps of the prior art.” Paper 6 at 16-17. Rather, the Petition submits that Fransdonk anticipates or renders obvious 17 of the 20 claims based on its own disclosures, and that Norris, Carle, and/or Foti alternatively teach certain features expressly. Indeed, Patent Owner does not make any specific argument in this regard except to vaguely reference nineteen different claims or claim limitations for which the Petition allegedly relies on expert testimony for “the understanding and interpretation of a POSA.” Paper 6 at 16-17. Regardless, Google’s explanation of what a POSITA would have understood or recognized in the prior art does not amount to “gap filling.” To the contrary, explaining how a POSITA would have understood the asserted art, and how and why a POSITA would have combined references, is required to establish obviousness. *KSR Int’l Co. v. Teleflex, Inc.*, 550 U.S. 398, 401 (2007); *Koninklijke Philips N.V. v. Google LLC*, 948 F.3d 1330, 1337 (Fed. Cir. 2020) (“[I]nquiry into whether any ‘differences’

between the invention and the prior art would have rendered the invention obvious to a skilled artisan *necessarily depends* on such artisan’s knowledge.”).

B. Patent Owner Has Not Presented Competing Expert Testimony

Patent Owner contends that it “will present competing expert testimony,” and further that it will be so extensive that resolution is purportedly better suited for district court litigation. *See* Paper 6 at 17. But Patent Owner’s assertion that it will file competing expert testimony does not substitute for actually presenting such testimony here.

Moreover, the Board is well suited to make factual findings, including what the prior art discloses and whether there is sufficient motivation to combine. *See Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1079 (Fed. Cir. 2015) (“Board members, because of expertise, may more often find it easier to understand and soundly explain the teachings and suggestions of prior art”); *Brand v. Miller*, 487 F.3d 862, 869 (Fed. Cir. 2007) (“PTAB’s expertise appropriately plays a role in interpreting record evidence.” (internal quotations omitted)). The Board is also capable of making determinations about expert testimony, including weighing the credibility of opposing experts. *See Trs. of Columbia Univ. in City of N.Y. v. Illumina, Inc.*, 620 F. App’x 916, 922 (Fed. Cir. 2015) (Board is “entitled to weigh the credibility of the witnesses in light of their qualifications and evaluate their assertions accordingly”); *see also Inwood Lab ’ys., Inc. v. Ives Lab ’ys., Inc.*, 456 U.S.

844, 856, (1982) (“Determining the weight and credibility of the evidence is the special province of the trier of fact.”); *Yorkey v. Diab*, 601 F.3d 1279, 1284 (Fed. Cir. 2010) (“We defer to the Board’s findings concerning the credibility of expert witnesses.”). Patent Owner does not explain how or why a dispute between experts (if there will be one) is better suited for resolution in district court.

C. Criticizing Reliance on Expert Testimony Contradicts the AIA’s Particularity Requirements and Ignores That Testimony’s Role in Providing Substantial Evidence

Patent Owner faults Google for relying “heavily on expert arguments and inferences to fill in the gaps of the prior art, and to explain why the prior art would be modified and combined to . . . arrive at the challenged claims.” Paper 6 at 16. This argument should be rejected.

As an initial matter, Google’s citations are expected given the obviousness grounds in the Petition and the technical analysis needed to support those grounds. Indeed, the IPR statute requires that grounds be identified with particularity, and specifically contemplates petitioners using “evidence that supports the grounds for the challenge to each claim, including . . . affidavits or declarations.” *See* 35 U.S.C. § 312(a)(3)(B). Google’s citations—to its expert and objective evidence—comport with this clear statutory direction and simply underscore the ample factual support provided in the Petition. Suggesting that Google curb its citations contradicts the requirement that substantial evidence support any obviousness positions. *Compare*

Paper 6 at 15-17, *with, e.g., Quanergy Sys., Inc. v. Velodyne Lidar USA, Inc.*, 24 F.4th 1406, 1413 (Fed. Cir. 2022); *Shoes by Firebug LLC v. Stride Rite Children’s Grp., LLC*, 962 F.3d 1362, 1372 (Fed. Cir. 2020) (affirming the Board’s findings based on weight of expert testimony).

VI. Compelling Economic and Public Interest Concerns Favor Referral

A. Compelling Economic Interests Favor Referral

Compelling economic interests favor referral. Google’s strong economic presence in the United States has contributed to American innovation for almost 30 years. Ex. 1029; *see also* Ex. 1030 (Google investments have facilitated innovation, supporting the goals of the USPTO, including by investing in research and development to power American technological leadership, and create leaps in AI and quantum computing that advance national security). Google employs over 100,000 people, many in the United States and contributing to continued economic growth. Ex. 1031.

Patent Owner suggests Google’s size favors denial here, but provides no explanation as to why that is the case. *See* Paper 6 at 17-18. Restricting PTAB access by foreclosing a means for certain companies to challenge patents, as Patent Owner proposes, is contrary to the AIA, which allows *broad access* to any member of the public, stating that “*a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent.*” *E.g.*, 35 U.S.C.

§ 311(a). Denying petitions based on the size of a petitioner is at least a failure to engage in proper rulemaking, and at worst, an unlawful decision that would exceed the Office’s authority to prescribe regulations related to IPRs. *See, e.g.*, 35 U.S.C. § 316(a).

On the other hand, Patent Owner is a holding company formed within the last two years. *See* Ex. 1023. It describes itself as a “spin off” and purports to own and manage “Sandpiper’s CDN technology, software, and intellectual property.” *Id.* But Patent Owner does not practice the claimed invention or sell any products related to the claimed technology. In other words, it does not contribute to or otherwise use its intellectual property for the advancement of economic interests in the United States. This favors institution in this case.

While Patent Owner argues that “the AIA was also a reaction to the financial hardship many smaller defendants faced with complex commercial litigation,” Paper 6 at 17-18, the legislative history it cites does not support this broad proposition. The AIA was certainly designed to “reduce[] unwarranted litigation costs,” but this was not limited to savings for only some parties or courts. Ex. 1026, 39-40. Indeed, it is Google that is faced with costly litigation, and utilization of an IPR would help reduce those costs for both Parties, as it would simplify the issues in district court. Economic interests thus favor referral.

B. Compelling Public Interests Favor Referral

Compelling public-interest factors also favor referral. One motivation behind the AIA was “improving patent quality and providing a more efficient system for challenging patents that should not have issued.” Ex. 1026, 39-40. The strong merits in the petition suggest instituting would accomplish the AIA’s goals of streamlining the litigation and reducing litigation costs.

Moreover, neither Patent Owner nor any prior owner asserted the ’778 patent against Google since the patent’s issuance. As discussed further *supra*, there are compelling economic and efficiency reasons to have the Board assess the patentability of all claims under §§ 102 and 103. Conversely, there are substantial negative economic consequences to all Parties and the public if the claims must be adjudicated in more expensive and time-consuming litigation following appeal of the § 101 judgment. Although the ’778 patent is not presently asserted against other litigants, institution and a finding of unpatentability would prevent the Patent Owner from unjustifiably asserting the ’778 patent against others in the future.

VII. The Office’s “Material Error” During Prosecution Favors Referral

The Office committed a “material error” during prosecution when it failed to find, consider, and evaluate pertinent prior art showing the unpatentability of the challenged claims. *See, e.g., Microsoft*, IPR2025-00318, Paper 9 at 3; *Ecto World*, IPR2024-01280, Paper 13 at 5; *Xencor, Inc. v. Merus N.V.*, IPR2025-00604, Paper

12 at 3 (P.T.A.B. July 17, 2025). The Director has consistently found that such an error by the Office can outweigh other factors that may otherwise favor denial. *Microsoft*, IPR2025-00318, Paper 9 at 3 (finding “it is an appropriate use of Office resources to review the potential error,” and reasoning this error required review, even though the parties had a trial date “preced[ing] the date projected for a Board final written decision”); *Eunsung Glob. Corp. v. HydraFacial LLC*, IPR2025-00445, Paper 14 at 2-3 (P.T.A.B. July 10, 2025) (finding “Petitioner provides persuasive reasoning” that denial is not appropriate “due to a material error in examination,” even though the challenged patent “issued in 2017, and this would ordinarily favor denying institution”); *Tesla, Inc. v. Charge Fusion Techs., LLC*, IPR2025-00152, Paper 11 at 2 (P.T.A.B. June 12, 2025) (referring and finding the “[p]etitioner provides persuasive evidence that the Office erred in a manner material to the patentability of the challenged claims by overlooking the teachings of [a prosecution reference]”); *Anthony Inc. v. ControlTec, Inc.*, IPR2025-00559, Paper 12 at 2 (P.T.A.B. July 16, 2025) (referring and finding showing of material error favored referring to panel for both 17- and 18-year-old patents).

The same result is required here because the Examiner erred by failing to identify the anticipatory Fransdonk reference during prosecution due to the Examiner’s unduly narrow and faulty search strategy.

Specifically, the Examiner committed two critical errors in his search that caused him to overlook Fransdonk. First, the Examiner limited the majority of his searches to U.S. Class 725 (“Interactive Video Distribution Systems”). Ex. 1002 at 366-370 (examiner search notes and history, showing that 38 of the Examiner’s 58 searches were limited to Class 725)¹⁰; *see also id.* at 248-251 (earlier search history showing similar limitation to Class 725). But Fransdonk is not in Class 725, so these searches that were limited only to Class 725 had no chance of uncovering it. The Examiner’s focus on Class 725 for the majority of his searches excluded huge swaths of relevant prior art, including Fransdonk.

Second, the Examiner’s remaining searches that were not Class-limited were also unduly narrow from the outset and had no chance of identifying relevant art like Fransdonk. Specifically, the Examiner began a non-Class-specific search using query S11: “video and stream\$3.” Ex. 1002 at 366. But this search returned so many results (246,206) that the examiner immediately overcorrected and unduly narrowed the next search S12 to require “S11 and (subscript\$3 adj database).” Ex. 1002 at 366.

¹⁰ Specifically, searches S1 and S44 are limited to Class “725.” Ex. 1002 at 366, 368. Each of searches S2-S10, S30-S33, S35-S43, and S45-S58 depend and build on (directly or indirectly) searches S1 or S44, combining for 38 of the Examiner’s 58 total searches. *Id.* at 336-370.

This search effectively requires use of the phrase “subscription database” because it requires “subscript\$3” to appear immediately before “database” and no other meaningful word fits into “subscript\$3.” Every other non-Class-specific search depended and built on (directly or indirectly) search S12. Ex. 1002 at 366-370 (showing searches S13-S29 and S34 all requiring S12 or one of its subsidiary searches). Despite its anticipatory nature, Fransdonk does not use the precise phrase “subscription database,” even though it repeatedly uses the words “subscription” and “database.” It was error for the Examiner to focus his non-Class-specific searches on requiring this narrow phrase. Doing so caused the Examiner to overlook the anticipatory Fransdonk reference.

Indeed, Patent Owner does not contest that Fransdonk is highly relevant and anticipates nearly every claim of the '778 patent. While Patent Owner summarily declares that the Petition is “weak,” Paper 6 at 2, 15, it offers no argument or evidence to support its conclusory assertion. And for good reason—Petitioner showed Fransdonk anticipates nearly every aspect of all claims in the '778 patent. The Examiner’s failure to find Fransdonk because of his unduly limited search methodology demonstrates material error that the Office should correct and further supports referral to the panel for a determination on the merits.

VIII. Conclusion

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

Dated: September 18, 2025

Respectfully submitted,

/Erika H. Arner/

Erika H. Arner, Lead Counsel
Reg. No. 57,540

CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24 and the Memorandum on Interim Processes for PTAB Workload Management, dated March 26, 2025, Petitioners certify that the word count of the foregoing **Petitioner's Opposition to Patent Owner's Request for Discretionary Denial of Institution** as measured by Microsoft Word is 6,247 words, excluding those portions identified in 37 C.F.R. § 42.24(a).

/Erika H. Arner/

Erika H. Arner, Lead Counsel
Reg. No. 57,540

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **Petitioner's Opposition to Patent Owner's Request for Discretionary Denial of Institution** was served electronically via email on September 18, 2025, in its entirety on the following:

Jason D. Eisenberg
jasone-PTAB@sternekessler.com

Daniel S. Block
dblock-PTAB@sternekessler.com

Kristina Caggiano Kelly
kckelly-PTAB@sternekessler.com

Steven M. Pappas
spappas-PTAB@sternekessler.com

PTAB@sternekessler.com

Dated: September 18, 2025

/Daniel E. Doku/

Daniel E. Doku
Senior Litigation Paralegal
Finnegan, Henderson, Farabow,
Garrett & Dunner, LLP