UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO. LTD. and SAMSUNG ELECTRONICS AMERICA, INC.,
Petitioners,

v.

VB ASSETS, LLC,
Patent Owner

IPR2025-00868

U.S. Patent No. 8,515,765

PETITIONERS' RESPONSE TO PATENT OWNER'S DISCRETIONARY DENIAL BRIEF

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1004	Curriculum Vitae of Stuart Lipoff
1005	Ronnie. W. Smith, et al., *An Architecture for Voice Dialog Systems Based on Prolog-Style Theorem Proving*, 21(3) Computational Linguistics 281 (1995) ("Smith & Hipp")
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1015	*Nuance Buys VoiceBox Technology with Little Fanfare*, Speech Technology News (May 22, 2018), https://www.speechtechmag.com/Articles/News/Speech-Technology-News/Nuance-Buys-VoiceBox-Technology-with-Little-Fanfare-125216.aspx, accessed Aug. 18, 2025
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1028	157 Cong. Rec. 13,159 (2011)

I. Introduction

This is precisely the type of situation where *inter partes* review is an efficient use of Board resources for at least two reasons. First, the Director should not exercise discretion to deny the petition because doing so would reward Patent Owner's ("PO") gamesmanship. PO admits that the fundamental concept disclosed in the '765 patent—a cooperative conversational voice user interface—is not novel. Indeed, PO admitted in sworn testimony that the '765 patent merely applies principles disclosed in a 50 year old prior art article titled "Logic and Conversation" by a linguistics scholar named H.P. Grice to modern communications hardware ("Grice") (EX-1014.) But, PO failed to disclose this prior art publication that the forms the foundation of the purported invention of the '765 patent to the Examiner during prosecution. As a result, the Examiner did not consider the lack of novelty of the claims during prosecution.

Second, PO is not entitled to the benefit of any settled expectations of prior owners of the patent. PO is a Patent Assertion Entity ("PAE") who has owned the patent for seven years and has been defending it against invalidity challenges for nearly as long as it has owned the patent.

Third, the *Fintiv* factors do not support discretionary denial. For one, institution will be decided before the parties make meaningful investment in the district court proceeding. In particular, institution is projected to occur more than

one month before the claim construction hearing. In addition, Petitioners herein offer a "*Sotera* plus" stipulation to further limit any overlap with the district court proceeding.

Accordingly, Petitioners respectfully submit that the Director should not exercise discretionary denial.

II. Factual Background

A. Samsung Is an Innovator

Samsung is one of the most innovative companies in the world. In the United States alone, Samsung has been awarded over 145,000 patents—the most of any company. Samsung commercializes these innovations into hundreds of products and services across dozens of industries, including smartphones, cellular base stations, televisions, semiconductors, batteries for consumer products and electric vehicles, and household appliances like refrigerators, dishwashers, microwaves, and washing machines.

B. Patent Owner VB Assets, LLC

PO is a Delaware limited liability company formed solely to manage its predecessor's, VoiceBox Technologies Inc., patent portfolio. When VoiceBox Technologies was acquired by Nuance Communications in 2018 (EX-1015, 1), VB Assets, LLC was created to manage the patents still owned by VoiceBox Technologies. PO has no online presence (no website or social media) and

provides no products or services relating to "mobile technologies and social media solutions" or otherwise.

Since its creation, PO's only publicly known activity appears to have been the March 12, 2018 purchase of six related patents, including the '765 patent (*see* EX-1016), assignment of security interests in the '765 patent, and the subsequent assertion of the '765 patent against Amazon in July 2019, Petitioners in October 2024, SoundHound in November 2024, and Apple in December 2024.

C. The VBA-Samsung Texas Litigation

PO sued Petitioners for patent infringement on October 9, 2024, alleging infringement of six patents, including the '765 patent, along with three related patents (U.S. Patent Nos. 8,073,681, 10,510,341, and 10,755,699) and two patents in a different family (U.S. Patent Nos. 7,818,176 and 8,886,536). *VB Assets, LLC v. Samsung Elecs. Co. Ltd.*, No. 2:24-cv-828-JRG-RSP (E.D. Tex. filed Oct. 9, 2024). PO alleges that Petitioners' products having Bixby voice assistant version 2.0 or later installed infringe a total of 197 claims across the six asserted patents. (EX-2012, 1-2.) Petitioner has filed IPR petitions challenging all 197 claims of the six asserted patents. *See* IPR2025-00866; IPR2025-00867; IPR2025-00868; IPR2025-00869; IPR2025-00870; IPR2025-00871.

On January 7, 2025, PO served infringement contentions on the '765 patent, asserting that Petitioner's products having Bixby voice assistance version 2.0 or

later installed infringe claims 1-14 of the '765 patent. Petitioner challenges all 14 of the asserted claims in this proceeding.

III. The Examiner Erred in Issuing the '765 Patent

The '765 patent is directed to "[a] cooperative conversational voice user interface." EX-1001, Abstract. This is not a novel concept. In fact, the principle of a cooperative conversation was disclosed in 1975 by Grice. (EX-1014.) PO's was not only just aware of Grice's disclosures at the time of filing, but admitted that its patents directed to conversational language processors merely apply Grice's disclosures to a machine. In the Delaware Amazon Litigation, PO admitted that Grice's 1975 paper described "the principle of a cooperative conversation." (EX-1017, 288:18-22.) PO also admitted that Grice disclosed "the importance of using long-term and short-term shared knowledge to understand what is being said in a conversation." (*Id.*, 289:4-10.) Even more, PO admitted that its patents merely take the principles disclosed by Grice and applies them "to a machine, as opposed to human to human," admitting that the concept described in the patents "was Mr. Grice's idea, that wasn't [PO's] idea." (*Id.*, 289:11-13, 20-24.)

Despite being aware of Grice's disclosures and even attributing the alleged invention of the '765 patent to Grice, PO failed to disclose to the Patent Office that the fundamental concepts underlying its alleged inventions were well known in the art. (EX-1002; EX-1017, 290:12-292:4.) Had PO disclosed Grice to the Examiner

during prosecution, the Examiner would not have allowed the claims. Accordingly, failure to disclose material teachings to the Examiner during prosecution weighs heavily against denial.

Further, Petitioners respectfully submit that the Examiner materially erred in allowing the claims of the '765 patent. When the Office materially errs during prosecution, it counsels heavily against discretionary denial. The Examiner erred in failing to identify Smith & Hipp and Quinn as relevant prior art. Had the Examiner located and reviewed these references, the claims would not have issued.

This failure constitutes material error, warranting referral of the Petition to a panel for review of this error. *See, e.g.*, *Microsoft Corp. v. Partec Cluster Competence Ctr. GmbH*, IPR2025-00318, Paper-9, 3 (June 12, 2025) (referring to the panel, despite later trial date, because "Petitioner appears to show a material error by the Office and it is an appropriate use of Office resources to review the potential error"); *Tesla, Inc. v. Charge Fusion Techs., LLC*, IPR2025-00152, Paper-11, 2 (June 12, 2025) (referring to the panel) ("Petitioner provides persuasive evidence that the Office erred in a manner material to the patentability of the challenged claims by overlooking the teachings of [a reference during prosecution]."); *Anthony, Inc. v. ControlTec, LLC*, IPR2025-00559, Paper-12, 2 (July 16, 2025) (referring to panel and finding reference not considered during prosecution showed material error for 17 and 18 year-old patents).

The facts surrounding Smith & Hipp and Guinn in this case are akin to those in *Microsoft v. XI*, IPR2025-00253, where the Director denied the patent owner's request for discretionary denial and referred the case.

In *Microsoft*, the patent owner contended the "patent examiner allowed the claims because, although the prior art of record taught 'incremental searching,' it did not teach incremental searching using two strings in the same field." IPR2025-00253, Paper 13, 2 (PTAB June 25, 2025). The Director found the petitioner provided "persuasive reasoning, supported by evidence" that the "cited prior art", which was not of record during examination, "teach both incremental searching as well as searching using two strings in the same field." *Id.*

Here, the claims of the '765 patent were allowed after PO argued that the art identified by the examiner failed to teach generating a response to an utterance with "a format based on conversation type, wherein the format is adapted to limit the user's future input user's future input to interjecting queries or requests for clarification if the user has the supporter role." (EX-1001, [1C]; EX-1002, 183-84.) Much like in *Microsoft*, as detailed in the Petition, Smith & Hipp and Guinn disclose the sole limitation leading to allowance—i.e., limitation [1C]. (Petition, 30-33, EX-1002, 183-84) (arguing applied prior art failed to disclose limitation [1C]).

In sum, the Examiner allowed the '765 patent claims despite their lack of novelty, overlooking at least two references. These material error weigh heavily against discretionary denial and should be corrected by the Board.

IV. Discretionary Denial is Not Warranted Under the Director Memo

A. The "Settled Expectations" of the Original Patent Owner do Not Inure to a PAE that Recently Acquired a Patent, Particularly in PO's Case

PO cannot reasonably claim to have "settled expectations" in the validity of a patent which it had been actively litigating for more than 5.5 out of the 7 years it had owned the patent at the time this Petition was filed. PO's purported "settled expectations" belong to the original patent owner and did not transfer to PO when it acquired the '765 patent solely for the purpose of monetizing it through litigation in which validity was certain to be a contested issue. The parties' settled expectations thus weigh against discretionary denial.

PO acquired the '765 patent on March 12, 2018. It then quickly sued Amazon on July 29, 2019. PO knew when it bought the '765 patent that innovators like Samsung would not simply lie down in the face of an infringement allegation. Indeed, PO would have understood that challenges to validity are common occurrences in patent litigation, and would thus have no expectation, let alone a "settled" expectation, that the validity of its patent would go unquestioned in any enforcement action. *Cf. Anaheim Gardens, L.P. v. United States*, 953 F.3d 1344, 1350-51 (Fed. Cir. 2020) ("the timing of the purchase and knowledge of the

purchaser"—especially "a sophisticated investor"—"are relevant considerations in determining whether a purchaser had reasonable investment-backed expectations" in the takings context); *Nordlinger v. Hahn*, 505 U.S. 1, 12-13 (1992) ("[A]n existing owner rationally may be thought to have vested expectations in his property or home that are more deserving of protection than the anticipatory expectations of a new owner at the point of purchase."). PO's "settled expectations" post-acquisition are equally nonexistent.

Petitioners' alleged knowledge of the '765 patent since 2012 is irrelevant to PO's settled expectations because PO did not own the '765 patent in 2012. And as discussed above, "settled expectations" of any predecessor-in-interest do not inure to a PAE. What's more, Petitioners' settled expectations weigh heavily against discretionary denial in this case.

The Director's recent guidance in *Intel Corp. v. Proxense LLC* is enlightening. IPR2025-00327, 328, 329, Paper 12, 2-3 (PTAB June 26, 2025). In *Intel*, the Director explained:

> There may be persuasive reasons why the Board should review challenged claims several years after their issuance date. For example, … a patent may have been in force for years but may not have been commercialized, asserted, marked, licensed, or otherwise applied in a petitioner's particular technology space, if at all. These non-exclusive examples provide considerations that weigh against a patent owner's claim of settled expectations and bears on the Director's discretion.

Id.

Here, PO has no product that practices the alleged invention of the ’765 patent. Further, PO admits that Petitioners first introduced the product that PO accuses of infringement in October 2017. (PO Br., 10.) Despite this, neither PO nor its predecessor ever asserted the ’765 patent against Petitioners during the life of the patent, which issued on August 20, 2013. (*See* EX-1001; PO Br., 9.) PO instead waited until October 2024 to sue (EX-2004)—over seven years after Petitioners first introduced the product PO accuses of infringement. Analogizing to real property law, the settled expectations of an alleged violator would exceed those of the property owner under such circumstances. *See, e.g.*, Restatement (First) of Prop. § 459 cmt. a (1993) (“Through lapse of time old rights become obscure. A long continued use raises reasonable expectations of its continuance.”). Petitioners’ consistent and continuous use of the accused products, with no competing commercialization or enforcement for eight years should weigh heavily against discretionary denial. *See Intel*, IPR2025-00327, Paper 12, at 2-3. Petitioners had no reason to believe they would be sued for infringement and relied on these settled expectations.

B. There Has Been No Prior Adjudication of the ’765 Patent

The has been no prior proceeding concerning the claims of the ’765 patent. PO is wrong in its argument that prior adjudication of a different patent, U.S.

8,073,681 (’681 patent), should be considered in whether to grant review of the ’765 patent. The Director’s Memo states that a relevant consideration is “whether the PTAB or another forum has already adjudicated the validity or patentability of the ***challenged patent claims***.” (EX-2002, 2.) (emphasis added).) The ’765 patent has never been challenged outside of PO’s recent flurry of litigation and no authority has ruled on the validity or patentability of the patent claims.

Petitioners do not dispute the ’765 patent issued from a continuation application of U.S. Patent Application 11/580,926, now the ’681 patent. PO also acknowledges the patents share a common specification, but that is where the similarities end. The claims of the ’765 patent do not substantially overlap with the ’681 patent. The dependent claims of the ’765 patent recite limitations that include the different “conversation types,” specifically “query conversation,” “didactic conversation” and “exploratory conversation.” These terms are not used in any ’681 claim. The claims of the ’765, as a result, are materially different than the parent patent.

The prior adjudication of a related patent with different claim limitations cannot weigh against institution where the claims are materially different. Patentability is affected by a material difference between claims. *In re Arunachalam*, 709 F. App'x 699 (Fed. Cir. 2017); *see also NetSoc, LLC v. Oath Inc*., 18-12267, 2020 WL 419469 (S.D.N.Y. Jan. 24, 2020). Rather, the fact that

the ’765 claims have never been adjudicated clearly weighs in favor of institution, as PTAB, nor another forum, has decided the validity or patentability of the ’765 claims.

C. Petitioners’ Reliance on Expert Testimony Provides Helpful Context to the Board

Petitioners’ expert declaration provides helpful information regarding the unpatentability of the challenged claims. The Petition’s reliance on expert testimony does not mandate discretionary denial. Instead, the Board’s April 25, 2025 FAQ-21 states only that “extensive reliance on expert testimony … *may* suggest that the questions are better resolved in an Article III court.” (EX-2003, 6, Q-21) (emphasis added).) Under the specific facts of this case, Petitioners’ reliance on expert testimony is appropriate and helpful. The level of detail is also consistent with the PTAB’s November 2019 Consolidated Trial Practice Guide (“CTPG”), which states:

> Expert testimony may have many uses. For example, it may be used to explain the relevant technology to the panel. It may also be used to establish the level of skill in the art and describe the person of ordinary skill in the art. Experts may testify about the teachings of the prior art and how they relate to the patentability of the challenged claims. Expert testimony may also be offered on the issue of whether there would have been a reason to combine the teachings of references in a certain way, or if there may have been a reasonable expectation of success in doing so.

(CTPG, 34-35.)

Petitioners' expert declaration helpfully addresses many of these uses. For example, Mr. Lipoff identifies the qualifications and experience of a POSITA. (EX- 1003, ¶¶99-100.) He explains the teachings of the prior art (*see, e.g.*, EX-1003, ¶¶102-30) and how they invalidate the challenged claims (EX-1003, ¶¶144-266). Further, despite PO's arguments otherwise (at 14), Mr. Lipoff also details why a POSITA would have been motivated to combine the prior art and why there would be a reasonable expectation of success in doing so. (EX-1003, ¶¶131-143.) In short, Mr. Lipoff's expert declaration provides "helpful context" regarding the prior art (EX-2003, 6, Q-21) and addresses key issues relating to the unpatentability of the challenged claims of the '765 patent. Though PO asserts the Petition relies on expert testimony to "fill gaps of the prior art" (PO Br., 13), it fails to specifically identify any such "gaps" supposedly filled.

D. PO's "Other Factors" Do Not Warrant Denial

PO accuses Petitioners of intentionally "avoid[ing] or delay[ing]" a streamlined trial by filing IPR petitions challenging all six asserted patents. (PO Br. 16.) PO makes hay of the timing of Petitioners' filings, pointing out that Petitioners filed its six petitions by May 2025, when PO's complaint was filed in October 2024. But, Petitioners did not receive PO's infringement contentions until January 2025. Petitioners then swiftly filed all six petitions within four months of

receiving PO's infringement contentions. Petitioners were efficient in filing their petitions and did not attempt to game the system, as PO alleges.

Further, PO argues that Petitioners attempt add inefficiencies by filing six IPR petitions which will "create duplicative workloads, inefficiency, and potential for inconsistent results." (PO Br., 16.) This argument is purely speculative. As discussed in more detail below, there is currently no objective evidence regarding whether a stay in the litigation will be granted, but Judge Gilstrap routinely grants motions to stay in circumstances when all asserted claims of all asserted patents are challenged in the instituted IPRs. *See infra* § V.A. Accordingly, PO's arguments are unpersuasive.

V. Discretionary Denial Is Not Warranted Under *Fintiv*

A. Factor One Is Neutral or Favors Petitioners

Factor one considers "whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, 6 (PTAB Mar. 20, 2020) (precedential). This factor is neutral because no litigation stay has been requested and no objective evidence exists regarding whether a stay in the litigation will be granted. The Board's practice is not to speculate regarding how a motion to stay may be decided. *Google LLC v. Mullen Indus. LLC*, IPR2025-00021, Paper 14, 8-9 (PTAB May 14, 2025).

If Petitioners' IPR Petitions are instituted, PO cannot credibly oppose a stay. In their brief, PO fails to acknowledge that Judge Gilstrap almost always grants uncontested motions to stay pending IPR. Specifically, Judge Gilstrap has granted over 88% (39/44) uncontested motions to stay pending IPR presented since 2014. (EX-1018.)

Here, a decision instituting IPR would occur on or around November 20, 2025. Additionally, as all six petitions were filed within 17 days of each other; the latest decision instituting IPR would occur on or around December 10, 2025. The claim construction hearing is scheduled to occur on January 13, 2026. Accordingly, all institution decisions would take place over a month before the *Markman* hearing. Judge Gilstrap has granted motions to stay filed on similar timelines. *See, e.g.*, *Commc'n Techs., Inc. v. Samsung Elecs. Am., Inc.*, No. 2:21-cv-00444-JRG-RSP, Dkt. No. 134, 1-2 (E.D. Tex. Feb. 2, 2023) (granting motion to stay 13 days before *Markman* hearing where IPR instituted seven weeks before *Markman* hearing).

Indeed, Judge Gilstrap has stayed cases based on IPR institution even after a *Markman* hearing where going forward would otherwise "risk[] an inefficient consumption of limited judicial resources." *Netlist, Inc. v. Micron Tech., Inc.*, No. 2:22-cv-00203-JRG-RSP, Dkt. No. 493, 1-2 (E.D. Tex. Feb. 10, 2024) (*sua sponte* staying case pending IPR after issuing *Markman* opinion and while summary

judgment was pending); *see also STA Grp. LLC v. Motorola Sols., Inc.*, No. 2:22-cv -00381-JRG-RSP, 2024 WL 2852961, *2 (E.D. Tex. June 5, 2024) (granting motion to stay after issuing *Markman* order).

Petitioners' decision not to file a motion to stay prior to a decision on institution does not mean Judge Gilstrap is unlikely to stay the district court case. (PO Br., 17.) Judge Gilstrap routinely stays cases where the motion to stay is first filed after IPR is instituted. *See, e.g.*, *Cellspin Soft, Inc. v. ByteDance Ltd.*, No. 2:23-cv-00496-JRG-RSP, Dkt. No. 106, 5 (E.D. Tex. Jan. 26, 2025); *Broadphone LLC v. Samsung Elecs. Co., Ltd.*, No. 2:23-cv-00001-JRG-RSP, Dkt. No. 54, 1-2 (E.D. Tex. July 24, 2024); *Commc'n Techs.,* No. 2:21-cv-00444-JRG-RSP, Dkt. No. 134, 1-2. Petitioners anticipate filing a motion to stay within days after institution of its pending IPR petitions.

Additionally, Petitioner's swift action to file after receiving PO's infringement contentions weighs in favor of Judge Gilstrap granting a motion to stay. *See, e.g.*, *Harbor Island Dynamic, LLC v. Samsung Elecs. Co., Ltd.*, No. 2:24-CV-00140-JRG-RSP, Dkt. No. 81, 1-2 (E.D. Tex. May 19, 2025) (granting motion to stay where petitions were filed roughly seven months after complaint filed); *Broadphone LLC*, No. 2:23-cv-00001-JRG-RSP, Dkt. No. 54, 1-2 (granting motion to stay where petition was filed ten months after the suit was initiated). Petitioners filed this Petition less than seven months after the complaint was filed and 109

days after receiving PO's infringement contentions. Additionally, all six petitions were filed within 17 days of each other.

PO's argument that Judge Gilstrap will not grant a motion to stay unless Petitioners prevail on all six IPR challenges is inapposite. PO is merely speculating on the likelihood of Petitioner's success on institution of all six IPRs. (PO Br. 18.) Where there is reasonable likelihood some claims under review may be valid, Judge Gilstrap has granted motions to stay. *See Village Green Technologies, LLC v. Samsung Electronics Co LTD et al,* No.2:22-cv-00099-JRG, Dkt. No. 48, 6 (E.D. Tex. Jan. 25, 2023).

Thus, at bottom, whether the parallel case will be stayed is still to be determined and the Board "will not attempt to predict how the district court … will proceed" regarding potential stays "because the court may determine whether or not to stay any individual case … based on a variety of circumstances and facts." *Sand Revolution II, LLC v. Cont'l Intermodal Grp.-Trucking LLC*, IPR2019-01393, Paper 24, 7 (PTAB Jun. 16, 2020); *see also Hulu, LLC v. SITO Mobile R&D IP, LLC*, IPR2021-00298, Paper 11,11 (PTAB May 19, 2021) (because "neither party has produced evidence that a stay has been requested[,]" "[w]e decline to infer, based on actions taken in a different case with different facts, how the District Court would rule should a stay be requested by the parties in the parallel case here.") (partially quoting *Fintiv*).

B. Factor Two: The District Court's Trial Date Is Uncertain.

Factor two considers the "proximity of the court's trial date to the Board's projected statutory deadline for a final written decision." *Fintiv*, IPR2020-00019, Paper 11, 6. The district court litigation is currently scheduled for trial on July 6, 2026 (EX-2011, 1), which is approximately four and a half months before the Board would issue a final written decision if institution is granted. This date, however, is hardly certain—as it currently stands, Judge Gilstrap has a total of 13 patent infringement trials set for the week of July 1, 2026 and 4 patent infringement trials scheduled for June 29, 2026. (EX-1019.) So it is unlikely that Petitioners will proceed to trial at that time.

Statistics maintained by the "United States District Court – Judicial Caseload Profile" indicate that, as of March 31, 2025, the median time to trial in civil cases in the Eastern District of Texas is 25.9 months. (EX-1020, 35.) This projects a trial date around December 4, 2026, two weeks before the expected FWD date in four of six IPRs and almost a week *after* the FWD is expected in two of six IPRs. Where the district court trial is expected to take place around two months before the FWD date, the Board generally considers this factor to be neutral or weigh only "slightly" in favor of discretionary denial. *See, e.g.*, *Hulu LLC v. SITO Mobile R&D IP, LLC*, IPR2021-00158, Paper 9, 9-10 (Apr. 20, 2021) (granting institution where FWD was over one month after anticipated trial date,

reasoning that where trial date and FWD data are at or around same time, efficiency and fairness concerns are not particularly strong and other factors should be considered); *Apple Inc. v. Koss Corp.*, IPR2021-00255, Paper 22, 10-12 (PTAB June 3, 2021) (granting institution where FWD expected two months after anticipated trial date); *Quibi Holdings, LLC v. JBF Interlude 2009 Ltd*, IPR2021-00231, Paper 10, 8 (June 7, 2021) (granting institution where FWD expected seven weeks after anticipated trial date).

While PO argues that the relevant metric is Judge Gilstrap's time to jury trial after January 1, 2020, this number is misleading because Judge Gilstrap's caseload has significantly increased in the last two years. From 2020 to 2023, there were an average of 348 cases before Gilstrap each year. (EX-1021.) The number of cases before Judge Gilstrap increased steadily in 2024, with a total of 799 cases. (*Id.*) In the first eight months of 2025 alone, Judge Gilstrap has seen a total of 659 cases assigned to his docket. (*Id.*) Judge Gilstrap's increased caseload will likely result in an increased time to trial, making it even more unlikely that Petitioners will proceed to trial at the scheduled time. In any event, PO's argument that a gap of over five months between FWD and trial weighs in favor of denial is unsupported by previous board decisions. The Board has previously instituted IPR even in cases where the FWD issues five months after the projected trial date. *See, e.g., Taiwan Semiconductor Manufacturing Company Ltd. v. Fraunhofer-Gesellschaft zur*

Förderung der angewandten Forschung eV, IPR2020-01669, Paper 13 (April 15, 2021) (finding factor two weighed in favor of granting institution where trial date was seven months away and acknowledging it could be further delayed).

Thus, at most, Factor 2 is neutral. Indeed, one study found that, when the Board exercised discretionary denial based on future trial dates, the Board incorrectly guessed the actual trial date 94% of the time (48 out of 51 discretionary denials). (EX_1022, 2.) Indeed, the Board has previously noted that "scheduled trial dates are unreliable and often change." (EX_1023, 8.)

C. Factor Three: Little Investment Relating to Invalidity Will Have Occurred in the Litigation by the Institution Deadline

The consideration of investment in parallel litigation focuses on efforts relating to invalidity issues raised in the Petition—not on litigation efforts generally. *See, e.g.*, *Apple, Inc. v. Koss Corp.*, IPR2021-00381, Paper 15, 16 (PTAB July 2, 2021) ("On the current record, the District Court Lawsuit is still in the early stages, with very little investment pertaining to the invalidity issues raised in the Petition."); *Dell Techs. Inc. v. WSOU Investments, LLC*, IPR2021-00272, Paper 13, 10 (PTAB July 1, 2021) ("much of [the parties'] invested effort is unconnected to the patentability challenges presented here"); *Hulu, LLC*, IPR2021-00158, Paper 9, 11 ("Based on the present record, we are persuaded by Petitioner's showing that the district court and the parties have not invested substantially in the merits of the invalidity positions.")

Here, by the November 2025 institution deadline, the amount of work related to invalidity in the district court litigation will remain minimal. To date, as PO concedes, the only invalidity-specific work is service of infringement and invalidity contentions and Petitioners' service of third-party subpoenas. (*See* PO Br., 21.) Even by November 2025, "substantial work [will] remain[] to be done **as it relates to invalidity**: fact discovery is in its early stages, expert reports are not yet due, and substantive motion practice is yet to come." *Dell*, IPR2021-00272, Paper 13, 10 (emphasis added); *see also* EX-2011, 3-4 (fact discovery, expert report, and dispositive motion deadlines all occurring after November 2025).

PO wrongly contends that factor 3 "weighs heavily against institution" (at 21) where, as here, there has been minimal investment into invalidity in the district court litigation and an institution decision will occur before a *Markman* hearing. Rather, under similar circumstances, the PTAB has found this factor to weigh against denying institution. *Snap, Inc. v. SRK Tech. LLC*, IPR2020-00820, Paper 15, 10-11 (PTAB Oct. 21, 2020) (precedential) (finding factor weighs against institution when no claim construction has issued and no significant discovery had been completed); *Juniper Network, Inc. v. Packet Intel. LLC*, IPR2020-00336, Paper 21, 18 (PTAB Sep. 10, 2020) ("the investment of time and effort that remains to bring the co-pending litigations to trial appears to far outweigh that which has already been invested" when discovery is not yet complete and district

court has not issued a decision on claim construction); *Samsung Elecs. Co., Ltd. v. Headwater Rsch. LLC*, IPR2024-01396, Paper 13, 7 (PTAB Apr. 1, 2025) (finding the fact that "claim construction proceedings will not have completed and the district court will not have issued any substantive orders" by the time of the institution decision "weighs against denial" despite "the parties [] likely [having] done some work"); *Mobileye Glob., Inc. v. Facet Tech. Corp.*, IPR2024-01110, Paper 16, 12-13 (PTAB Mar. 5, 2025) (weighing against denial and instituting in absence of claim construction and other substantive orders from district court).

Moreover, the district court has not issued any substantive order with respect to the '681 patent and no such substantive orders are expected prior to institution. *Fintiv*, IPR2020-00019, Paper 11, 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.").

Accordingly, factor three weighs against discretionary denial.

D. Factor Four: Petitioners' *Sotera* Stipulation, As Amended Herein, Removes Any Overlap With the Litigation

In its Petition filed on April 24, 2025, Petitioners stipulated, consistent with *Sotera*, that "if IPR is instituted, Petitioner will not pursue in the related district court proceeding any ground that Petitioner raised or reasonably could have raised against the challenged claims during the instituted IPR." (Petition, 63.) With this stipulation, *Fintiv* factor four weighs against discretionary denial.

As an initial matter, PO presently asserts 197 claims in six asserted patents in the co-pending litigation. PO will doubtlessly narrow its case in the district court prior to trial—meaning that there will be claims addressed in the IPR proceedings that will not be addressed by the district court. The challenges to these unaddressed claims weigh against discretionary denial. *Palo Alto Networks, Inc. v. Centripetal Networks, LLC*, IPR2021-01157, Paper 10, 14 (PTAB Mar. 15, 2022) (declining to invoke § 314(a) and finding factor four weighs against discretionary "[t]aking into account the [*Sotera*-type] stipulation and the number of claims challenged in this proceeding that will not be addressed by the district court"). *See also Tesla v. Intell. Ventures II*, IPR2025-00217, Paper 9, 3 (PTAB June 13, 2025) (denying request for discretionary denial, because, in part of the "large number and vast scope of the patents asserted in the district court litigation").

Substantively, PO contends that Petitioners' *Sotera* stipulation will not reduce overlap in proceedings because, in their preliminary invalidity contentions, Petitioners have asserted various system art references and reserved the right to assert the system art in combination with the prior art references identified in their contentions. (PO Br., 25-26.) Initially, Petitioners do not rely on any of the prior art references discussed in the Petition anywhere in their claim charts for the system art references. Moreover, PO's argument assumes that, if institution is granted, Petitioners will present any of the asserted system art at trial in combination with

the references discussed in the Petition. But this is pure speculation on PO's part. Aside from the references discussed in this Petition, Petitioners have identified twenty-one other prior art references that could be combined with the system art. (EX-2014, 42-43.) Petitioners have not decided what prior art or combinations of prior art they will ultimately pursue in the district court case, particularly given that Petitioners' invalidity expert report is not due until February 17, 2026. (EX-2011, 4.)

Amended *Sotera* Stipulation

Notwithstanding the foregoing, in view of the Director's Decision Granting Patent Owner's Request for Discretionary Denial and Denying Institution of Inter Partes Review in *Shenzen Tuozhu Tech. Co., Ltd. v. Stratasys, Inc*., IPR2025-00354, Paper 11, 2-3 (PTAB June 12, 2025), Petitioners agree that if IPR is instituted, they will not pursue in the related district court proceeding the grounds raised or any other grounds that could have reasonably been raised before the PTAB in the instituted proceeding(s) or any "combinations of the prior art asserted in the corresponding IPR proceeding(s) with unpublished system prior art." Moreover, Petitioners agree that if IPR is instituted, they will not pursue in the

related district court litigation any commercial prior art theory that is coextensive with prior art presented to the Board.[1]

E. Factor Five: Petitioners Are Defendants in the E.D. Texas Litigation

Petitioners agree that they are also defendants in the E.D. Texas litigation.

F. Factor Six: Other Circumstances Weigh Against Discretionary Denial

Factor six considers "other circumstances that impact the Board's exercise of discretion, including the merits." Petitioners address here the relevant considerations from the Director's March 26, 2025 Memorandum.

1. The Petition Presents a Compelling Case of Unpatentability

The Petition, in light of the asserted prior art and the accompanying expert Mr. Lipoff, presents a compelling case of unpatentability under Ground 1 (based on the Smith & Hipp-Guinn combination). PO's arguments do not compel a different result.

[1] Petitioners have offered this amended *Sotera* stipulation in IPR No. IPR2025-00866. (EX-1024.) PO confirmed that it "does not oppose Petitioners' request for leave to file the stipulation as an exhibit so long as Patent Owner is afforded the opportunity to address the new stipulation in a reply to the request for discretionary denial." (EX-1025.)

a. The Smith & Hipp-Guinn combination discloses "determining the conversation type corresponding to the natural language utterance"

PO misconstrues Petitioners' argument, asserting that it "turns on the logical fallacy that if the computer is in control, the combined system is necessarily operating in 'directive mode.'" (PO Br., 31.) Petitioners do not rely on a "logical fallacy." Instead, Petitioners' argument turns on the plain disclosures of Smith & Hipp and Guinn.

First, Smith & Hipp explains that in "directive mode" the computer is determined to be the leader and has "complete dialog control." (EX-1005, 283, 289.) In contrast, in "suggestive mode" the system still has some control over the dialog but in a less forceful manner and in "declarative mode" the user generally controls the dialog but the computer remains cooperative. (EX-1005, 283, 289.)

Then, Guinn discloses a "continuous mode" where "the more knowledgeable agent (defined by which agent's first-ranked branch is more likely to succeed) is initially given initiative [(control)]." (EX-1006, 281.) Guinn explains that the initiative levels are defined "based on 1) explicit and implicit initiative-changing utterances and 2) competency evaluation." (*Id.*, 279; EX-1003, ¶125.) Accordingly, applying Guinn's continuous mode to Smith & Hipp's four initiatives, if the combined system ranks the computer as more likely to succeed, it will give the computer initiative (control). (EX-1003, ¶178.) The user is not given any control

when this initiative has been chosen, evidenced by the fact that Guinn explains that, once the computer is given initiative, the user can only regain control if the chosen branch fails. (EX-1006, 281; EX-1003, ¶128.) Because the computer therefore has "complete dialog control" Guinn's computer initiative corresponds with Smith & Hipp's "directive mode."

b. The Smith & Hipp-Guinn combination discloses "generating a response to the natural language utterance with a format based on the conversation type, wherein the format is adapted to limit the user's future input to interjecting queries or requests for clarification if the user has the supporter role."

PO then argues that Smith & Hipp does not disclose adapting a response format to limit the user's future input because the system does not account for changes in predictability of user inputs throughout initiative modes. (PO Br., 32-33.) But, accounting for a change in predictability of input is irrelevant to the limitations at issue. Limitation [1C]/[10C] is directed to generating a response that is formatted to limit a user's future input to interjecting queries or questions for clarification in a situation where the computer has dialog control. The claims are not directed to addressing predictability of user input, but to formatting a response in a specific way to drive the direction of the conversation.

Smith & Hipp discloses exactly that. When the Smith & Hipp system is operating in directive mode, the computer takes complete dialog control, wherein "[n]o interruptions to other subdialogs are allowed." (EX-1005, 289.) Accordingly,

the user is limited to only certain responses, such as interjecting queries or requests for clarification, and cannot interrupt or engage in subdialog. Further, as Mr. Lipoff explains, Smith & Hipp discloses using assertive statements that are likely to maintain dialog control with the user to achieve this result. (EX-1003, ¶ 184.)

c. Guinn's Teachings Are Directly Applicable to the Smith & Hipp System

Contrary to PO's assertions, Guinn explains that its teachings are directly applicable to the Smith & Hipp system. PO asserts that "Petitioners wrongly assume that Guinn was referring to the cited Smith & Hipp (Ex. 1005) paper." (PO Br., 34.) Not so. Petitioners' expert, Mr. Lipoff, explains that while "Guinn was referencing a different reference published by Smith and Hipp than the article used in Ground 1 of this petition . . . both articles concerned the same underlying spoken dialogue system." (EX-1003, ¶ 138.) Nowhere do Petitioners assume that Guinn refers directly to Smith & Hipp. Instead, Petitioners argue that a POSITA would understand Guinn's teachings to be directly applicable to the Smith & Hipp system due to Guinn's reference to a "Smith 1995" paper discussing the same system. (EX-1003, ¶ 136; Pet. 14-15.)

PO further mischaracterizes Petitioners' motivation to combine by asserting that it relies solely on Guinn's reference to "Smith 1995." (PO Br., 33-34.) This assertion is plainly inaccurate. Petitioners also argue that Smith & Hipp expressly motivates the combination by identifying a limitation in its system, namely the

inability to automatically switch between initiative modes, as a problem in need of resolution. (Petition, 30-31.) Petitioner then explain that Guinn confirms that its disclosures resolve the problem identified by Smith & Hipp by allowing either the computer or the user to be in control of the dialog at any point. (Petition, 30-31.) Accordingly, the motivation to combine is not limited to a single citation, but is also supported by the complementary disclosures of both Smith & Hipp and Guinn.

Therefore, PO's arguments are unpersuasive.

VI. Discretionary Denial Would Contradict the Purposes of the AIA.

Nearly 15 years ago in 2011, Congress passed the Leahy-Smith America Invents Act ("AIA") to address flaws in the patent system. Of particular concern was the proliferation of low-quality patents and the corresponding rise in abusive enforcement. *See, e.g.*, *Thryv, Inc v. Click-To-Call Techs., LP*, 590 U.S. 45, 54 (2020) ("Congress, concerned about overpatenting and its diminishment of competition, sought to weed out bad patent claims efficiently."); (EX-1026, 39-40 ("[Q]uestionable patents [were] too easily obtained and too difficult to challenge.").) With these concerns in mind, Congress identified as one of the primary goals of the AIA "establish[ing] a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs." (*Id.*, 40.)

A critical part of the AIA's new system was the creation of the PTAB and IPR process, which was designed to combat general flaws in the patent system like low patent quality and costly and inefficient district court litigation, as well as problems directly associated with enforcement of low quality patents such as forum shopping and the economic impact of such litigation. (*See id.*)

A. Weeding Out Bad Patents and Providing an Alternative to Costly and Inefficient District Court Litigation

In passing the AIA, Congress recognized that the USPTO, constrained by limited time and resources, had increasingly allowed the issuance of patents that did not meet the statutory standard. IPR (along with the AIA's new Post-Grant Review proceeding) would provide a system "for challenging [these] patents that should not have issued," "improv[ing] patent quality and restor[ing] confidence in the presumption of validity that comes with issued patents in court." (EX-1026, 39-40, 48.) As the Supreme Court acknowledged, "inter partes review protects 'the public's paramount interest in seeing that patent monopolies are kept within their legitimate scope.'" *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 584 U.S. 325, 336-37 (2018) (quoting *Cuozzo Speed Techs. v. Com. for Intell. Prop.*, 579 U.S. 261, 279-80 (2016)).

Congress also enacted IPR to alleviate the high costs associated with defending patent infringement claims in district court, costs that frequently exceed millions of dollars regardless of patent quality. (*See* EX-1026, 40 (AIA designed to

"establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs").) IPR was expressly intended to provide a "quick and cost effective alternative[] to litigation," (*id.*, 48), allowing accused infringers to challenge patents early and at significantly reduced expense. The AIA ensured that proceedings before the PTAB would be streamlined and time-limited, providing that final decisions must be issued within 12-18 months of institution. 35 U.S.C. § 316(a)(11). This expedited framework allows accused infringers to avoid the burdens of lengthy district court litigation, instead resolving disputes at a fraction of the cost and time typically required in Article III courts. (*See id.*, 40.)

B. Curbing NPE Forum Shopping and Reducing Economic Impact of Litigating Bad Patents

Through creation of the PTAB and IPR, Congress aimed to curtail NPE litigation tactics like forum shopping and reduce the economic impact of NPE-driven litigation on innovators and the judicial system.

Congress created in the PTAB a centralized administrative forum for post-grant validity challenges. By enabling accused infringers to challenge questionable patents through IPR, with its procedural efficiencies and a lower burden of proof than district court litigation (preponderance of the evidence rather than clear and convincing), the AIA was intended to substantially diminish the strategic advantage of filing in any particular district court.

When "patents that should not have issued" (EX-1026, 39-40) are litigated, they waste time and money that innovators could otherwise spend on R&D, as well as the judicial resources required to maintain sometimes years-long infringement suits.

The AIA's creation of the PTAB and IPR and limitations on joinder served to improve patent quality, reduce the costs and inefficiencies of district court litigation, and curb forum shopping—benefits Congress recognized would disincentivize litigation of low quality patents and thus reduce its economic impact on innovators and the judicial system. (*See, e.g.*, EX-1026, 39-40 ("[Q]uestionable patents [were] too easily obtained and too difficult to challenge."); EX-1027, 56 (noting the importance of the AIA to "address this problem of nonpracticing entities that we believe exploit flaws in the current patent system").)

C. Congress Deliberately Set a One Year Statutory Bar to Give Petitioners a "Reasonable Opportunity" to Prepare Their Case

Congress held healthy debates over the length of time that a litigant defending patent infringement claims would have to file an IPR petition. In the bill passed in the Senate, litigants had 6 months to file an IPR petition. The final bill extended this provision to one year for reasons summarized in the Congressional Record:

> High-technology companies, in particular, have noted that they are often sued by defendants asserting multiple patents with large numbers

> of vague claims, making it difficult to determine in the first few months of the litigation which claims will be relevant and how those claims are alleged to read on the defendant's products. Current law imposes no deadline on seeking inter partes reexamination. And in light of the present bill's enhanced estoppels, it is important that the section 315(b) deadline afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation.

(EX-1028 (Sen. Kyl).)

VII. Conclusion

For the reasons above, Petitioners respectfully submit that discretionary denial is inappropriate. The Director should refer the Petition to a three-member panel for consideration on the merits.

Date: August 20, 2025

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CERTIFICATE OF WORD COUNT UNDER 37 CFR § 42.24(d)

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that this Opposition to Patent Owner's Discretionary Denial Brief complies with the type-volume limits of the March 26 Stewart Memorandum because it contains 7,206 words according to the word-processing system used to prepare this Opposition, excluding the words in the Table of Contents, Table of Authorities, List of Exhibits, Certification Under § 42.24(d), and Certificate of Service. This word count was prepared using Microsoft Word.

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CERTIFICATE OF SERVICE

The undersigned certifies that a true copy of Petitioners' Response to Patent Owner's Discretionary Denial Brief and any new exhibits identified in the above Table of Exhibits have been served on the Patent Owner via e-mail to the following counsel of record:

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