UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMAZON.COM, INC.,
AMAZON.COM SERVICES LLC, and
AMAZON WEB SERVICES, INC.,
Petitioners,

V.

SOUNDCLEAR TECHNOLOGIES LLC,
Patent Owner.

Case No. IPR2025-01096
U.S. Patent No. 9,031,259

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

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INTRODUCTION

The Director should reject Patent Owner's ("PO") request for discretionary denial. PO, a non-practicing entity, sued Petitioners in two separate district court cases asserting six patents that it acquired in 2023 from Japanese electronics maker JVC Kenwood ("JVC"). Petitioners have filed IPR petitions challenging the validity of all 6 asserted JVC patents and, in each district court case, the judge stayed the case pending IPR.

The Acting Director denied PO's request for discretionary denial in the first IPR, and the merits panel subsequently instituted the IPR. The Acting Director also denied PO's request for discretionary denial in the second IPR, and that proceeding has been referred to the merits panel with an institution decision likely in the next two weeks. Thus, at least a portion of the parties' dispute will proceed before the Board and a merits panel will be evaluating the validity of at least some of the asserted JVC patents. Denying this petition would multiply the proceedings between the parties, eliminate clear efficiencies, and waste the court's and the jury's time learning the JVC patents and evaluating validity when a merits panel—which will already be reviewing other JVC patents asserted by the same PO against the same defendants—would be in the best position to resolve the validity issue. It would be an appropriate and efficient use of Board resources to have a single panel evaluate the six asserted JVC patents and have the parties' validity disputes resolved in a

single forum rather than having PTAB and district court proceedings in parallel.

Congress created the IPR process to provide "a more efficient system for challenging patents that should not have issued" and to reduce "unwarranted litigation costs." PO's proposed approach would eliminate this efficiency and needlessly increase litigation costs. Given the early stage of the litigation and its status (stayed), the *Fintiv* factors strongly favor proceeding to the merits of this IPR.

PO raises a host of procedural arguments, including complaints about an already-denied third-party petition that challenged the '259 patent, hypothesized future claim construction positions, "insufficient notice" of the Grounds, Petitioners' reliance on expert testimony, the prior art status of the references, and others. These arguments lack merit and are meant to distract from the core issue: the claims of the '259 patent are unpatentable. With the co-pending litigation stayed, IPR instituted in related proceedings between the parties, and the Petition making a strong showing that the '259 patent never should have issued, the Director should reject PO's request for discretionary denial.

ARGUMENT

I. THIS IPR WOULD BE AN APPROPRIATE USE OF BOARD RESOURCES.

PO sued Petitioners for infringement of the '259 patent and two other patents in *SoundClear Techs. LLC v. Amazon.com, Inc.*, No. 2:24-cv-00320 (E.D. Va.) ("the

Litigation"). The Litigation is currently pending before Judge Wright Allen in Norfolk, Virginia. PO also asserted three additional patents in another district court case against Petitioners, *SoundClear Techs. LLC v. Amazon.com, Inc.*, No. 1:24-cv-01283 (E.D. Va.) ("the -1283 case"). The -1283 case is currently pending before Judge Trenga in Alexandria, Virginia. PO, a non-practicing entity, obtained the asserted patents in 2023 from Japanese electronics manufacturer JVC Kenwood.

Judge Wright Allen stayed the Litigation pending IPR. In so doing, Judge Wright Allen recognized that the Litigation was "still in the early stages" and that a stay would simplify the issues in the Litigation (either through invalidating claims or through estoppel). (EX-1101.) Judge Trenga also stayed the -1283 case, recognizing that it was "relatively early in the litigation" and that the Board's expertise would be helpful in simplifying issues. (EX-1102 at 40:21-41:15.)

Petitioners filed IPR petitions challenging the validity of all six asserted patents. The Acting Director denied PO's request for discretionary denial in the first IPR (IPR2025-00565), and the merits panel subsequently instituted that IPR. The Acting Director denied PO's request for discretionary denial in the second IPR (IPR2025-00673), and the merits panel will soon issue its institution decision in that proceeding. PO then requested discretionary denial in the next three IPRs, including this one. But with one IPR already instituted and another referred to the merits panel

(and institution likely), granting PO's requests for discretionary denial would unnecessarily multiply the proceedings and require concurrent proceedings between the parties in the PTAB and the district court. It would be an efficient use of the Board's resources to refer the remaining four IPR petitions to the merits panel, as it did the first two IPRs, so that the validity issues can be resolved by the same merits panel.

Rejecting PO's request for discretionary denial here would be consistent with the Acting Director's prior decisions. The Acting Director has held that the complexity of the co-pending district court litigations weighs against discretionary denial. *Tesla, Inc. v. Intellectual Ventures II LLC*, IPR2025-00217, Paper 9 (P.T.A.B. June 13, 2025). The district court litigations are stayed pending IPR, which will allow the Board to efficiently decide the validity issues presented. If this and the two related IPRs are discretionarily denied and the litigation resumes, then the parties' disputes will proceed before multiple tribunals and will require a jury to be empaneled to decide the validity of three JVC patents while the PTAB decides the validity of at least one, and potentially three, other JVC patents. It would be an efficient and appropriate use of the Board's resources to have a panel of three APJs, technically trained and with deep knowledge of the law, resolve the parties' disputes regarding the validity of the JVC patents. *See Tesla*, IPR2025-00217, Paper 9 at 3 ("the Board is better suited to review a large number of patents involving diverse subject matter"); *Berkshire Hathaway Energy Co. v. Birchtech Corp.*, IPR2025-

00274, Paper 23 at 2 (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.").

II. THE *FINTIV* FACTORS WEIGH AGAINST DISCRETIONARY DENIAL.

The Director should decline to exercise discretion under §314(a) because efficiency, fairness, and the merits support institution. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020) (precedential) ("*Fintiv*"). Each *Fintiv* factor regarding the Litigation is addressed below. Five factors weigh against discretionary denial and the remaining factor is neutral. Thus, discretionary denial is unwarranted.

A. Factor 1 Weighs Against Denial Because a Stay Is Likely.

Factor 1 considers whether a stay exists or is likely to be granted if a proceeding is instituted. *Fintiv*, IPR2020-00019, Paper 11 at 6-9. On July 1, 2025, the district court stayed the Litigation pending resolution of Google's IPRs of two of the asserted patents (IPR2025-00344 and IPR2025-00345). (EX-1101.) While those two IPRs have now been denied by the Acting Director, Amazon has requested that the stay remain in place pending resolution of this IPR, and Amazon's other IPRs challenging other asserted patents. The district court has not lifted the stay.

In granting the stay, the district court found that the Litigation "is still in the early stages" and would be simplified by instituted IPRs. (*Id.* at 5-6.) Accordingly,

if this IPR is instituted, it is likely that the stay will remain in place (or another stay will be granted pending resolution of this IPR). Because there is persuasive evidence that a stay does and/or is likely to exist, this factor weighs against denial. *Snap, Inc. v. SRK Tech. LLC*, IPR2020-00820, Paper 15 at 9 (P.T.A.B. Oct. 21, 2020) (precedential) (presence of a stay "weighs strongly against exercising discretion to deny institution"); *Micron Tech., Inc. v. Yangtze Memory Techs. Co., Ltd.*, IPR2025-00117, Paper 19 at 11 (P.T.A.B. June 4, 2025) (same); *see Imperative Care, Inc. v. Inari Med., Inc.*, IPR2025-00289, Paper 9 at 2 (P.T.A.B. June 12, 2025) (institution favored where "Petitioner … provides evidence that the district court is likely to grant a stay if this proceeding is instituted"); *Microsoft Corp. v. X1 Discovery, Inc.*, IPR2025-00253, Paper 13 at 2 (P.T.A.B. June 25, 2025).

PO argues that it "expects the stay to be lifted … very shortly." (Paper 6 ("PO Req.") at 40.) As discussed above, the stay has not been lifted. Despite the stay, PO argues that Factor 1 is "at the very least neutral" (*id.*) because, *if institution is denied*, the stay would be lifted. The Board has rejected similar arguments. For example, in *Snap*, the Board explained that arguments about what a district court would do if institution is denied amount to "unfounded speculation as to how the court might proceed." *Snap*, IPR2020-00820, Paper 15 at 9 (rejecting arguments regarding potential trial date based on schedule set by the court before the stay). Rather, because "the District Court's stay of the litigation pending denial of institution or a final

written decision allays concerns about inefficiency and duplication of efforts[,]" the presence of a stay "weighs strongly against exercising discretion to deny institution." *Id.*; *see also id.* at 18 (declining to exercise discretion to deny institution). The same is true here.

Thus, *Fintiv* Factor 1 weighs against denial.

B. Factor 2 Weighs Strongly Against Denial.

Factor 2 considers the proximity of the district court's trial date to the Board's projected statutory deadline. *Fintiv*, IPR2020-00019, Paper 11 at 6-9. Here, Factor 2 weighs strongly in favor of denying PO's request because no trial date has been set in the Litigation and any trial would occur far later than the projected statutory deadline for issuing a FWD in this IPR. *Imperative Care*, IPR2025-00289, Paper 9 at 2 (institution favored where "no trial date is scheduled in the district court"); *Microsoft*, IPR2025-00253, Paper 13 at 2 (same); *Amazon.com, Inc. v. Nokia Techs. OY*, IPR2024-01140, Paper 9 at 9 (P.T.A.B. Feb. 12, 2025); *Aptiv Servs. US, LLC v. Microchip Tech., Inc.*, IPR2024-00646, Paper 11 at 32 (P.T.A.B. Sept. 25, 2024).

PO argues that according to time-to-trial statistics, not only will trial occur before the projected FWD deadline, it will occur within 2 months of a decision denying institution. (PO Req. at 25-27.) This is unrealistic. The Litigation has been stayed since the beginning of July and was "still in its early stages" at that time. (EX-1101.) The case will not be ready for trial in less than three months; even if the

stay were to be lifted, fact discovery, expert discovery, claim construction briefing, and dispositive motions would still lie ahead. Indeed, the Board has recognized that median time-to-trial statistics are not helpful in cases, like here, where a longer schedule is needed. *See Ericsson Inc. v. XR Commc'ns LLC*, IPR2024-00613, Paper 9 at 34 n.12 (P.T.A.B. Oct. 9, 2024) ("median-time-to trial information" not useful where circumstances "do[] not reflect the normal course of a litigation"). A closer look at statistics tracking patent cases in the EDVA show their lack of reliability: few cases go to trial, and those that do require a long time to do so. Of cases filed in the past 10 years, only six have had a jury trial, and the average time to reach that milestone is more than 28 months.[1] (EX-1103 (statistics from Docket Navigator).) Thus, the Litigation would not be expected to go to trial until September 2026 at the earliest. And, with no trial date set and the stay likely to continue (*supra* §II.A), there is good reason to think the Litigation would substantially exceed EDVA's average.

Because no trial date has been scheduled and there is good reason to think that even if the Litigation is not stayed, trial would occur at the earliest around the same time as the final written decision in this case, this factor strongly favors institution.

[1] Cases reaching a bench trial have an even longer average time of 48 months, and only one case of any type (jury or bench) has gone to trial in less than two years. (EX-1103.)

C. Factor 3 Weighs Against Denial.

Factor 3 considers the investment in the parallel proceeding by the court and the parties. *Fintiv*, IPR2020-00019, Paper 11 at 9-12. "This investment factor is related to the trial date factor, in that more work completed by the parties and court in the parallel proceeding tends to support the arguments that the parallel proceeding is more advanced, a stay may be less likely, and instituting would lead to duplicative costs." *Id*. at 10. As part of this factor, the Office may consider whether the district court has issued a claim construction order or other substantive orders related to the patent-at-issue in the petition. *See id.* at 10, 10 n.17.

PO does not dispute that the Litigation is in its early stages. (*See* PO Req. at 29-31, 42-45.) Instead, it argues that Petitioners should have filed this IPR prior to filing certain motions in the Litigation. (*Id.*) PO's argument is unavailing.

Prior to being stayed, the Litigation was still in the pleading stage. Amazon's motion to dismiss was granted in part, but PO had not yet amended its complaint in response. (*See* EX-2004.) As PO admits, discovery has not started. (PO Req. at 42.) And in addition to fact discovery, the case must still progress through claim construction, expert discovery, and dispositive motions. The district court itself acknowledged that the case was "still in its early stages" when it was stayed. (EX-1101.)

Under such circumstances, this factor weighs against denial because the remaining investment that would be required to bring the litigation to trial "far outweighs" the investments that have already been made in the litigation. *Snap*, IPR2020-00820, Paper 15 at 11 ("Where the District Court has not issued claim construction orders and the discovery process is not yet complete, the remaining investment of time and effort likely necessary to bring co-pending litigation to trial appears to far outweigh that which has already been invested.").

PO's assertion that "the district court and the parties have invested considerable time and resources in the district court cases" is misleading and incorrect. (PO Req. at 43.) First, PO inappropriately relies on effort expended in the Google case, which is wholly irrelevant to the analysis here and results entirely from PO's choice to sue Google and Amazon in parallel. *Shenzhen Carku Tech. Co., Ltd. v. Noco Co.*, IPR2020-00944, Paper 20 at 56-69 (P.T.A.B. Nov. 12, 2020) (inappropriate to "engage[] in selective 'mix and match' of separate facts in different cases" for *Fintiv* analysis without persuasive reason); *Global Tel*Link Corp. v. HLFIP Holding, Inc.*, IPR2021-00444, Paper 14 at 12-13 (P.T.A.B. July 22, 2021) (same). And second, regarding the Litigation, PO merely relies on Amazon's single motion to dismiss, which hardly represents "considerable time and resources." *Toast, Inc. v. Gratuity, LLC*, IPR2023-01408, Paper 11 at 8-10 (P.T.A.B. Mar. 27, 2024) (*Fintiv* factor 3 favors institution even where district court has resolved motion to dismiss under

§101). The district court has not invested any time analyzing infringement issues or invalidity issues under §§102 or 103. Instead, the issues raised in the district court—invalidity under §101 and noninfringement—could not be raised in an IPR and are appropriately addressed by the district court at the pleading stage. *See* Fed. R. Civ. P. 12(b)(6) (motions for failure to state a claim upon which relief can be granted "must be made before pleading if a responsive pleading is allowed").

PO's cited case is not to the contrary. (PO Req. at 44 (citing *10X Genomics, Inc. v. President & Fellows of Harvard Coll.*, IPR2023-01299, Paper 15 at 18 (P.T.A.B. Mar. 7, 2024)).) In *10X*, not only had the district court addressed two motions to dismiss, it had also completed claim construction and resolved several discovery disputes, and the parties had completed document production. *10X*, IPR2023-01299, Paper 15 at 18. Such investment has not happened here.

Also, little risk of duplicative costs exists in this case. With the litigation stayed, if any claims were to survive this IPR and the litigation were to resume after the Board's final written decision, Amazon would be estopped from arguing invalidity based on any ground raised in this IPR or that reasonably could have been raised. 35 U.S.C. §315(e)(2).

Thus, this factor weighs against denial.

D. Factor 4 Weighs Against Denial.

Factor 4 considers the overlap between issues raised in the petition and in the

parallel proceeding. *Fintiv*, IPR2020-00019, Paper 11 at 12-13. Where a petition includes the same or substantially the same claims, grounds, arguments, and evidence presented in the co-pending district court litigation, there may be "concerns of inefficiency and the possibility of conflicting decisions." *Id.*

Here, the district court case is stayed and, if any challenged claims were to survive this IPR, Amazon would be statutorily estopped from raising in the litigation any grounds that were raised or reasonably could have been raised in the Petition. 35 U.S.C. §315(e)(2). Thus, the stay obviates concerns of inefficiency and the possibility of conflicting decisions. *Snap*, IPR2020-00820, Paper 15 at 15-16 (stay of litigation "obviat[es] concerns of inefficiency and conflicting decisions while providing the possibility of simplifying issues for trial in the parallel District Court proceeding"); *Fintiv*, IPR2020-00019, Paper 11 at 6 (a stay "allays concerns about inefficiency and duplication of efforts").

Even if the case had not been stayed, Petitioners' *Sotera* stipulation "mitigates any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions."[2] *Sotera Wireless, Inc. v. Masimo*

[2] Petitioners are unsure why PO believes the statement in the Petition (Paper 1 ("Pet.") at 80) is not a *Sotera* stipulation. (*See* PO Req. at 45-47.) Nor are Petitioners required to file such a stipulation in the district court when they have already made the representation in the Petition. *Qualcomm Inc. v. Network Sys. Techs., LLC*, IPR2024-00343, Paper 11 at 53-54 (P.T.A.B. June 21, 2024) (rejecting patent owner argument that *Sotera* stipulation must be filed in district court).

Corp., IPR2020-01019, Paper 12 at 19 (P.T.A.B. Dec. 1, 2020). PO attempts to minimize the stipulation by arguing that Amazon may rely on system art. (PO Req. at 45-46.) But the parties have not yet exchanged contentions, rendering PO's argument speculative.

As the Office has recognized, where "the present case does not involve 'substantial investment' in the District Court Litigation per *Fintiv* factor 3 … even discounting the weight of Petitioner's *Sotera* stipulation as the Director did [in *Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 (P.T.A.B. Mar. 28, 2025)], … the *Fintiv* factors as a whole indicate that the efficiency and integrity of the patent system are best served by instituting review." *Liberty Energy, Inc. v. U.S. Well Svcs., LLC*, IPR2025-00031, Paper 9 at 18-19 (P.T.A.B. Apr. 29, 2025); *see also Nikon Corp. v. Optimum Imaging Techs., LLC*, IPR2024-01374, Paper 19 at 20-22 (P.T.A.B. Apr. 29, 2025) ("even considering the presence of system art as a mitigating factor in favor of Patent Owner, we still find that the *Sotera* stipulation significantly reduces the overlap between the district court litigation and this IPR"). And, should any claims survive, any overlap may benefit the district court's analysis of what remains. *MED-EL Elektromedizinische Geräte GmbH v. Sonova AG*, IPR2020-00176, Paper 13 at 15 (P.T.A.B. June 3, 2020) (overlap "may inure to the district court's benefit … by simplifying issues for trial").

Thus, this factor weighs against denial.

E. Factor 5 Is Neutral.

Factor 5 considers whether the parties are the same. *Fintiv*, IPR2020-00019, Paper 11 at 13-14. Where the parties are the same, the Board has held that this factor is "neutral or, at most, weighing slightly in favor of exercising discretion to deny institution." *Snap*, IPR2020-00820, Paper 15 at 16. Regardless, this factor does not outweigh the other *Fintiv* factors, which weigh strongly against discretionary denial. *Id.*

F. Factor 6 Weighs Against Denial.

Factor 6 considers "other circumstances" that impact discretionary denial, such as the merits of the petition. *Fintiv*, IPR2020-00019, Paper 11 at 14-16. This factor weighs against discretionary denial because the merits of the Petition are strong. PO's contrary arguments fail.

1. The Prior Art Is Strong.

PO does not identify any deficiencies in the prior art in its Request. (PO Req. at 48-49.) PO relies on its not-yet-filed POPR and POR; Petitioners here may seek a reply to the POPR to address merits issues that impact *Fintiv* factor 6. (*Id.*) However, as of now, PO has identified no weaknesses in the Petition, and in fact the Petition shows that the prior art discloses each limitation of the challenged claims and renders them obvious. (*See generally* Pet.)

2. Petitioners' Expert Declaration Is Proper.

PO argues that Amazon's expert declaration is entitled to little or no weight because it merely restates the Petition. (PO Req. at 49-50.) PO's arguments misunderstand the law.

PO relies on *Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 9 at 15-17 (P.T.A.B. Aug. 24, 2022), but the Board has explained that the expert testimony in *Xerox* was entitled to little weight because it was "conclusory and lacking supporting evidence or technical reasoning." *Unified Patents, LLC v. Togail Techs., Ltd.*, IPR2023-00338, Paper 7 at 11 (P.T.A.B. Aug. 18, 2023). The Board does "*not* accord the [expert] testimony little or no weight simply because it is verbatim to what Petitioner states in the Petition. The *Xerox* case … does not require or indicate otherwise." *Id.* (emphasis added); *see also Amazon.com, Inc. v. Nokia Techs. OY*, IPR2024-00691, Paper 10 at 65-66 (P.T.A.B. Sept. 24, 2024).

"Rather, the critical inquiry is whether a declaration discloses underlying facts or data on which the opinion is based." *Bizlink Tech., Inc. v. Anderson Power Prods., Inc.*, IPR2024-00687, Paper 7 at 27-28 (P.T.A.B. Nov. 22, 2024). This is exactly what Petitioners' expert declaration does. The declaration discloses, in detail, the underlying facts (e.g., the disclosures in the references, the expert's

knowledge and experience, etc.) on which his opinions are based.[3] Thus, it is entitled to its full weight. *See Hum Indus. Tech., Inc. v. Amsted Rail Co., Inc.*, IPR2023-00540, Paper 10 at 37 (P.T.A.B. Aug. 11, 2023) ("If declaration testimony is supported sufficiently and, in turn, supports contentions in the Petition, we do not give it little to no weight simply because it is repeated in the Petition[.]"); *Nintendo Co., Ltd. v. Am. GNC Corp.*, IPR2024-00668, Paper 10 at 42-43 (P.T.A.B. Sept. 10, 2024). Indeed, the Board has recognized that it is logical for the Petition and the expert declaration to be similar as the declaration supports the invalidity grounds in the Petition. *Hum*, IPR2023-00540, Paper 10 at 37 (finding overlap results from the petition citing the expert declaration without any deviation from the matters to which the expert testifies); *Nintendo*, IPR2024-00668, Paper 10 at 42 (same). Thus, PO's arguments regarding Petitioners' expert declaration do not warrant denial.

Accordingly, the *Fintiv* factors as a whole weigh against denial.

III. THE *GENERAL PLASTIC* FACTORS DO NOT FAVOR DENIAL.

The Office considers the *General Plastic* factors when deciding whether to institute in view of a previously filed petition challenging the same patent. *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (P.T.A.B. Sept. 6, 2017) (precedential). Here, PO argues that the factors "support discretionary

[3] PO's reliance on *Facebook, Inc. v. Windy City Innovations, LLC*, 973 F3d 1321 (Fed. Cir. 2020) is also inapposite for at least this reason.

denial because the instant Petition is a follow-on petition to [Google's] IPR2025-00345." (PO Req. at 14.) PO is incorrect.

A. The *General Plastic* Factors Do Not Favor Denial Because Amazon and Google Have No Significant Relationship.

The first *General Plastic* factor asks "whether the same petitioner previously filed a petition directed to the same claims of the same patent." *Gen. Plastic*, IPR2016-01357, Paper 19 at 16. This factor has been extended to cover situations where the petitioner has "a significant relationship" with the previous petitioner. *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00062, Paper 11 at 9-10 (P.T.A.B. Apr. 2, 2019) (precedential). Here, because Amazon and Google are not the same petitioner, PO argues that Amazon and Google have a significant relationship. (PO Req. at 15-16.) Not so.

PO admits that "Google and Amazon are different entities."[4] (*Id.* at 15.) PO merely argues that because PO sued both Google and Amazon in the same venue regarding the same patents, asserting them against Google and Amazon's different and competing products, Google and Amazon have a significant relationship. (*Id.*) The Director and Board have rejected this argument many times.

For example, in *Ford Motor Co. v. Neo Wireless LLC,* IPR2023-00763, Paper

[4] For this reason, PO's reliance throughout its brief on the Google IPR and Google's actions or knowledge with respect to the '259 patent and PO's litigation against Google is inappropriate and irrelevant.

28 at 3 (P.T.A.B. Mar. 22, 2024), the Director explained that "the Board does not recognize a 'significant relationship' between parties having different accused products that merely engage in court-ordered pretrial coordination." And in *Monolithic Power Sys., Inc. v. Greenthread, LLC*, IPR2024-00552, Paper 26 at 7-11 (P.T.A.B. Oct. 11, 2024), the Board found that members of a joint defense group accused of infringing the same patent, but with different accused products, did not have a significant relationship. PO does not even identify coordination of any kind here—it merely alleges that Amazon and Google refer to each other's filings. Such facts cannot support finding a significant relationship.[5]

The Director has found that when two petitions challenge the same patent, but "the first and second petitioners are neither the same party, nor possess a significant relationship under *Valve*, *General Plastic* factor one *necessarily outweighs* the other *General Plastic* factors." *Videndum Prod. v. Rotolight*, IPR2023-01218, Paper 12 at 5-6 (P.T.A.B. Apr. 19, 2024) (emphasis added). Thus, the other *General Plastic* factors need not be evaluated to decide that, because Amazon and Google are neither the same party nor possess a special relationship, *General Plastic* does not favor denial.

[5] Nor does *Valve* compel a different result. *Valve* involved a case where the two petitioners were accused of infringement with the same accused product and were in a licensing relationship with one another. *Valve*, IPR2019-00062, Paper 11 at 9-10. That is not the case here.

B. The Remaining Factors Also Do Not Favor Denial.

The Director has held that "[w]here the first-filed petition under factor 1 was discretionarily denied … factors 1-3 only weigh in favor of discretionary denial when there are "road-mapping" concerns under factor 3 or other concerns under factor 2." *Code200, UAB v. Bright Data Ltd.*, IPR2022-00861, Paper 18 at 5 (P.T.A.B. Aug. 23, 2022). No such concerns exist here. As PO admits, Petitioners filed this Petition in June 2025, more than a month before PO filed its POPR in the Google IPR. (PO Req. at 18.) Thus, Petitioners gained no road-mapping benefit. And in that case, where the two petitions were filed by different parties without any collaboration or road-mapping, factors 2, 4, and 5, which assess whether a petitioner could or should have raised challenges earlier, are of limited relevance. *ShenZhen Apaltek Co., Ltd. v. Asetek Danmark A/S*, IPR2022-01318, Paper 7 at 11 (P.T.A.B. Feb. 6, 2023) (collecting cases). Furthermore, factors 6 and 7 consider efficiency. With the Google IPR discretionarily denied, there is no efficiency concern in proceeding with this IPR. Accordingly, the remaining *General Plastic* factors do not favor denial here.

IV. ADDITIONAL DISCRETIONARY FACTORS FAVOR INSTITUTION.

A. The Settled-Expectations Standard, If Applied, Favors Institution.

PO argues that it has settled expectations regarding the '259 patent's validity

because it issued in 2015. (PO Req. at 12-14.) The settled-expectations standard should not be applied here. (*Infra* §IV.C.) However, even if it is applied, this argument fails for several reasons.

First, the '259 patent is one of several patents challenged by Petitioners that are each asserted in litigation between the parties, and other asserted patents have issued much more recently. For example, the '337 patent (*see* IPR2025-00565) issued in 2021 and the '675 patent (*see* IPR2025-00673) issued in 2022. Those proceedings were referred to the Board, and one has already been instituted. Thus, PO has no settled expectations of validity with respect to those patents, and it would be an efficient and appropriate use of Board resources to address the validity of the '259 patent along with the '337 and '675 patents. *See Embody, Inc. v. LifeNet Health*, IPR2025-00248, Paper 13 at 2-3 (P.T.A.B. June 26, 2025) (where "Patent Owner has not developed strong settled expectations" as to a newer-issued patent, "it is an efficient use of Board resources to address the related patent" that issued earlier); *Yealink Network Tech. Co., Ltd. v. Barco NV*, IPR2025-00491, Paper 18 (P.T.A.B. June 25, 2025) (no settled expectation of validity for patent issued in 2020); *Cambridge Indus. v. Applied Optoelecs.*, IPR2025-00434, Paper 11 (P.T.A.B. June 26, 2025) (no settled expectation of validity for patents issued in 2019 and 2020).

Second, PO is a non-practicing entity formed for the purpose of bringing lawsuits to enforce the '259 patent and other patents.[6] To the extent PO had any "settled expectations" when acquiring the patents, those expectations were that any accused infringer would have the opportunity to file IPR petitions and that the IPRs would be instituted if the challenger could meet the standard for institution (i.e., a reasonable likelihood that at least one claim is unpatentable). (*See infra* §IV.C.1.) Under such circumstances, PO's settled expectation was—or should have been—that the patents' validity would be reviewed.

To the extent Petitioners had any "settled expectations" at all, for more than a decade their "settled expectations" have been that if an invalid patent is asserted against them, they could file IPR petitions and use the cost-efficient mechanism for resolving validity challenges as Congress intended. Furthermore, when the '259 patent issued, it was assigned to a large technology company, JVC Kenwood Corporation. (EX-1001, 1.) Such companies rarely assert patents, and are substantially more likely to negotiate and license patents rather than assert them. Even if Amazon had known about the '259 patent, it would have had no reason to believe that JVC Kenwood would assert it against Amazon. Nor would Amazon have had reason to believe that JVC Kenwood would transfer the patent to a non-practicing entity like

[6] PO was formed and acquired the asserted patents, including the '259 patent, in 2023. (*See* EX-2027 at 1.) Less than eight months later, PO sued Petitioners in the Litigation.

PO or that the patent would be asserted against Amazon. *Cf. Globus Med., Inc. v. Spinelogik, Inc.*, IPR2025-00225, Paper 8 at 2 (P.T.A.B. Jun. 12, 2025) ("discretionary denial is not appropriate" where the petitioner "expected non-enforcement of the challenged patent").

Thus, the parties' settled expectations favor institution.

B. PO's Myriad Objections Are Unavailing.

PO raises several additional arguments that the Acting Director previously rejected. *See Amazon.com, Inc. v. SoundClear Techs LLC*, IPR2025-00565, Paper 6 (PO's discretionary denial brief) at 16-23, 27-43; *id.*, Paper 11 (decision referring petition to Board). They should also be rejected here.

1. PO's Speculation Regarding Future Claim Construction Proceedings Lacks Merit.

PO argues that Petitioners will "attain an unfair strategic advantage" because PO speculates that Petitioners will take "diametrically opposite claim construction approaches" before the Board and the district court. (PO Req. at 32-37.) PO speculates that Amazon may seek to apply broad constructions in the IPR and narrow constructions in the Litigation. (*Id.* at 33.) This argument fails for many reasons.

First, PO speculates that Amazon will seek allegedly contradictory constructions but offers no evidence supporting this speculation. (*Id.* at 32-37.) Instead, PO relies on statements made by Google, which is not a party to this proceeding or to the Litigation. (*Id.*) This approach is improper.

Second, PO's argument is based on a misunderstanding of when claim construction is necessary. It is entirely possible (even likely) that no claim construction is needed to resolve the invalidity issues in an IPR, but claim construction is necessary to resolve infringement issues in the district court. *See, e.g.*, *Chanel, Inc. v. Molo Design, Ltd.*, IPR2022-00543, Paper 7 at 9-10 (P.T.A.B. Aug. 12, 2022). Many such examples exist. For example, if a claim limitation recited "about 50 mg" of a certain ingredient, no construction would be necessary in an IPR where the prior art expressly disclosed using exactly 50 mg of the ingredient. But that same limitation might require construction in a litigation if the accused product included 52.2 mg of the ingredient. Because the issues before the district court differ from the issues in this IPR, it is possible for disputes that are immaterial in this IPR to require claim construction in the district court. But this possible need for claim construction in the district court does not show any contradiction in Amazon's positions. Nor has PO shown any. (*See* PO Req. at 32-37.)

PO appears to conflate Petitioners' position in its IPRs (that no construction is necessary) with an affirmative argument for a "broad" or "plain and ordinary meaning" construction. (*See, e.g.*, *id.* at 33.) This is a misunderstanding of the situation and the applicable law. Petitioners' position in this proceeding is that no claim construction is necessary because the prior art discloses each claim limitation *under any reasonable construction*. PO repeatedly complains that Petitioners may

advance inconsistent or contradictory claim construction positions. But that is simply not the case—Petitioners have only stated that no claim construction is necessary to resolve the invalidity challenges in the IPRs, while acknowledging that claim construction may be necessary in the district court to resolve infringement questions. Such an approach is commonplace in IPR proceedings. *See Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (claim construction limited to terms "that are in controversy, and only to the extent necessary to resolve the controversy"); *CrowdStrike, Inc. v. Open Text Inc.*, IPR2023-00124, Paper 11 at 12-13 (P.T.A.B. June 15, 2023) ("it is not unusual for a patent litigation defendant to pursue an IPR based on a broader construction … while also taking a narrower position in the district court. We find nothing inherently wrong with that").

PO cites *Cambridge Mobile Telematics, Inc. v. Safara, Inc.*, IPR2024-00952, Paper 12 (P.T.A.B. Dec. 13, 2024) (informative), but that case is easily distinguished.[7] First, in *Cambridge*, the claim construction question at issue was whether the claims included means-plus-function limitations under §112(f). *Cambridge*, IPR2024-00952, Paper 12 at 5-9. As the Board noted, when a means-plus-function construction is at issue, "37 C.F.R. §42.104(b)(3) mandates that the Petition 'identify

[7] PO also relies on "FAQ 11," which comes from the Office's *FAQs for Interim Processes for PTAB Workload Management* (https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management). Those FAQs have been superseded. *Interim Director Discretionary Process* (https://www.uspto.gov/patents/ptab/interim-director-discretionary-process).

the specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function.'" *Id.* at 8. The Board found the petition failed to do so, which was the basis of its decision. *Id.* at 8-9. But here, no party has advanced a means-plus-function construction in any forum. Second, any inconsistency between the petitioner's IPR and district court constructions was not merely speculative—the petitioner advocated for a means-plus-function construction in the district court and provided a different construction to the Board that it admitted it did not believe was correct. *Cambridge*, IPR2024-00952, Paper 12 at 7. Not so here, where PO has identified no construction it believes is actually inconsistent.

The case in *10X Genomics, Inc. v. Bio-Rad Lab'ys, Inc.*, IPR2020-00086, Paper 8 (P.T.A.B. Apr. 27, 2020) was likewise different from the one here. There, a petitioner submitted two alternative claim constructions to the Board. *Id.* at 9. Unlike here, the petitioner there believed that construction of those claim terms was relevant to the invalidity challenges raised in the petition. Indeed, the Board construed two claim terms and found that "no other claim term requires express construction for purposes of this Decision," and cited *Nidec* and *Vivid*.[8] Thus, *10X* is entirely consistent with Petitioners' approach here.

To the extent any claim survives this IPR and the Litigation resumes, and PO

[8] The Board regularly cites *Nidec* and *Vivid* for this proposition, rendering PO's argument that they are "inapplicable" outlandish. (PO Req. at 32.)

believes that Amazon is contradicting itself, PO can raise that issue with the district court. The district court can then adopt the correct claim construction in view of the full IPR record, which will form part of the patent's prosecution history. *See Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353, 1361 (Fed. Cir. 2017). Developing the full IPR record is the best way to prevent all parties from taking contradictory positions. As PO admits, the claims must be construed consistently for invalidity and non-infringement. Developing a complete record of any claim constructions that PO attempts to advance in this IPR to avoid invalidity will ensure that the district court has all the information it needs to ensure consistency.

2. Petitioners Are Not Seeking an "Advisory Opinion."

PO argues that Amazon is seeking an "advisory opinion" from the Board because the Board would issue a final written decision "without knowing whether or how any claim terms will later be construed before the district court." (PO Req. at 38.) But district court litigation is routinely stayed so that the Board, which is well qualified to construe claims, can do so and render a decision on validity. Indeed, district courts often stay cases specifically so they can obtain the benefit of the Board's expertise. *E.g., Intirion Corp. v. College Prods., Inc.*, No. 5:23-cv-04023, 2024 WL 3747178 at *4 (N.D. Iowa Aug. 9, 2024) ("Courts have observed that it is often prudent for a court to await the [USPTO's] reassessment of the patents at issue before resuming litigation over the validity, enforceability, or infringement of those

patents." (internal quotation marks omitted)). To the extent any claims survive, the district court will have the benefit of the IPR record—both the Board's expertise and the parties' arguments—when resolving any further claim construction issues that may be relevant to the Litigation.

3. The Board Is Well-Equipped to Handle the Issues Presented.

PO argues that "wholesale disagreement between experts is much better resolved before an Article III court and by a jury." (PO Req. at 50-51.) First, this argument ignores that PO has submitted *no* expert testimony. It is likely that PO's expert, should PO choose to submit testimony from one, will agree with Amazon's expert on many topics, particularly when cross examined under oath. Thus, it would be premature for the Director to find that there are "wholesale disagreements" as to how a POSITA would have understood a prior art reference, whether certain features are disclosed or would have been obvious, and other issues. PO's argument hinges on hypothetical disputes unsupported by evidence and should be rejected.

Second, PO ignores that the Board routinely evaluates expert testimony; indeed, experts feature in nearly every IPR. And the Board is "entitled to weigh the credibility of the [experts] in light of their qualifications and evaluate their assertions accordingly." *Trs. of Columbia Univ. v. Illumina, Inc.*, 620 F. App'x 916, 922 (Fed. Cir. 2015). PO provides no basis for its assertion that "a jury will have to weigh the testimony and balance credibility of the experts" when the Board is entitled to do

just that. (PO Req. at 39.)

PO's argument that the Office should "defer to the district court" because additional testimony may be needed likewise misses the point. (PO Req. at 39-40.) PO relies on "product prior art," but such prior art cannot be presented in an IPR and is thus irrelevant here. (*Id.* at 39); 35 U.S.C. §311(b). And PO relies on testimony from the inventors, which it claims "relates to issues of validity and infringement." (PO Req. at 39.) PO does not specify how the inventors' testimony is relevant to the validity issues presented in this proceeding. (*Id.*) Nor, of course, is infringement relevant to this proceeding.

Accordingly, the Board is completely capable of resolving the issues raised in the Petition, and should do so.

4. The Petition Provides Notice of the Grounds.

PO next argues that Petitioners "conflate[] obviousness and anticipation" and that the Petition's arguments are "stated in a shrouded and inseparable manner." (PO Req. at 51-53.) Not so.

Petitioners clearly identify the statutory basis for each Ground at the beginning of the Petition: "Petitioners request cancellation of claims 1-20 under 35 U.S.C. §103[.]" (Pet. at 7.) PO complains about the language "disclose and render obvious" (PO Req. at 51) in sentences like "As discussed for claim 5, Chen discloses or renders obvious determining the DOA based on the signals' magnitudes." (Pet. at 27).

But this sentence merely summarizes how, for a prior claim, Petitioners argued that Chen discloses that limitation through particular disclosure and, in addition, renders it obvious through additional disclosure. (*See id.* at 26.)

The Petition identifies where elements are disclosed, or alternatively explains why such element is obvious if the PO argues the element is missing in the art. The Petition does not conflate anticipation or obviousness. Moreover, as described below, the Petition analyzes the *Graham* factors. (*Infra* §IV.B.6.) Thus, contrary to PO's arguments, the Petition does not fail to provide notice of the Grounds.

5. The Petition Is Presented with Particularity.

PO argues that Petitioners failed to establish a reasonable likelihood that several references used in the Petition are prior art printed publications. (PO Req. at 54-56.) Specifically, PO argues that a "bare citation" to certain paragraphs of Dr. Hall-Ellis's declaration was insufficient to meet Petitioners' burden, citing *Hulu, LLC v. Sound View Innovations, LLC*, IPR2018-01039, Paper 29 at 13 (P.T.A.B. Dec. 20, 2019) (precedential). (PO Req. at 54-56.) PO is incorrect. *Hulu* merely requires that the petition "identify, with particularity, evidence sufficient to establish a reasonable likelihood that the reference was publicly accessible before the critical date of the challenged patent[.]" *Id.* Petitioners have done so.

The Board's decision in *Meta Platforms, Inc. v. Eight kHz, LLC*, IPR2023-01005, Paper 9 at 23-28 (P.T.A.B. Jan. 9, 2024) is instructive. There, the Board

found that the petitioner met its burden, and did not improperly incorporate the declaration by reference, because the petitioner "identifie[d] the statutory provision, 35 U.S.C. §102(a)(1), under which [the reference] wa[s] a prior art printed publication, and cite[d] particular paragraphs of the declaration as supporting that contention, such that Patent Owner was able to address the substance of the allegedly supporting evidence in its Preliminary Response." *Id.* at 27. The same is true here. The Petition identified the statutory provision (§102(b)) and cited to EX-1021, Dr. Hall-Ellis's declaration. (Pet. at 8-9.) Because Dr. Hall-Ellis's declaration clearly shows by bolded headers which paragraphs correspond to which reference (*see generally* EX-1021), PO can easily tell which paragraphs to look at, such that PO is "able to address the substance of the allegedly supporting evidence in its Preliminary Response[.]" *Meta*, IPR2023-01005, Paper 9 at 27. However, PO has not identified any reason to doubt Dr. Hall-Ellis's conclusion that the references she reviewed were publicly available more than one year before the '259 patent's priority date. (PO Req. at 54-56.)

Furthermore, PO's reliance on *BabyBjörn AB v. The ERGO Baby Carrier, Inc.*, IPR2025-00110, Paper 20 (P.T.A.B. Apr. 22, 2025) to argue that Petitioners failed to "discuss in the Petition *any* evidence" that the references were publicly accessible is incorrect and misplaced. (PO Req. at 19-20.) In *BabyBjörn*, the petition had "no citation, no discussion, and no support" other than a copyright

notice in the reference itself to show that the reference was a printed publication. IPR2025-00110, Paper 20 at 13-15. By contrast, here, Petitioners provided, and cited to, ample evidence in Dr. Hall-Ellis's declaration to show that Kim and Brandstein were publicly available.[9] Thus, PO's arguments fail.

6. The Petition Analyzed Obviousness Under the *Graham* Factors and *KSR*.

PO next argues the Petition did not address the *Graham* factors and *KSR*. (PO Req. at 56-62.) This is incorrect.

The Supreme Court has set out four factors for analyzing obviousness: (1) the scope and content of the prior art; (2) the differences between the claimed invention and the prior art; (3) the level of ordinary skill in the pertinent art; and (4) secondary considerations of non-obviousness. *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17-18 (1966). The Petition addresses these factors.

The vast majority of the Petition is dedicated to analyzing the "scope and content" of the prior art references upon which Petitioners rely. And, where any differences between the prior art and the claims exist—or potential differences that PO

[9] Nor have Petitioners incorporated Dr. Hall-Ellis's declaration by reference. The Petition explicitly argues that Kim and Brandstein "were publicly available more than one year before the '259 patent's U.S. filing date." (Pet. at 9.) Dr. Hall-Ellis reached the same conclusion and her declaration merely provides the evidence she used to do so. (EX-1021 ¶51.)

may argue exist—the Petition addresses those differences by showing why any modification would have been obvious. (*See, e.g.*, Pet. at 16-19.) The Petition also addressed the level of skill in the art (*id.* at 9 (citing EX-1002 at ¶¶27-31) and secondary considerations (*id.* at 79).

PO claims that the Petition does not identify any "gaps" in the prior art and therefore does not adequately address the second *Graham* factor. (PO Req. at 56-58.) But the Petition analyzes the differences, if any, between the claimed invention and the prior art. *See Aruba Networks, LLC v. Sipco, LLC,* IPR2021-00787, Paper 7 at 16-17 (P.T.A.B. Oct. 12, 2021) (*Graham* factor 2 satisfied where a petitioner "explains what features of [the references] it relies on and points out where the primary reference may not teach a feature and, in that case, explains what features of the supporting references it relies on and how they are to be combined"). For example, the Petition explained in Ground 1B that if the Chen-Li combination does not disclose or render obvious using VAD and SSL to help select a voice-dominant signal or enable an adaptive filter, doing so would have been obvious in view of Florencio. (Pet. at 33.) In other words, to the extent that Chen and Li did not provide the required disclosure, then it could be found in Florencio as described in Ground 1B. The Petition continues by explaining that the combination would have been obvious to a POSITA under a *KSR* analysis. (*Id.* at 33-36.)

PO raises four criticisms about the obviousness analyses in the Petition. Although Petitioners address PO's attorney argument here, Petitioners note that these arguments merely reflect PO's disagreement with Petitioners' expert. The Board should resolve these disputes after a full trial.

First, PO incorrectly argues that the Petition "provides purely conclusory obviousness statements." (PO Req. at 59.) Both the Petition and Petitioners' expert thoroughly address every limitation and, where obviousness is argued, provide specific rationales as to why a POSITA would have been motivated to modify the primary reference or combine the references' teachings. For example, in Ground 1C, the Petition identifies *five* motivations to modify Chen and Li to use both phase-based- and magnitude-based-differences to determine DOA. (Pet. at 42-43.) The Petition also explains that a POSITA would have expected to succeed in such modification because the techniques were well-known and because the references taught how to implement the combined approach in a similar device. (*Id.* at 43.) The reasoning is not mere boilerplate, but rather a full analysis of why the claims would have been obvious to a POSITA.

If PO believes that the obviousness rationales lack merit or that a POSITA would have not been so motivated, PO should submit testimony from an expert during the trial phase and that expert will be subject to cross-examination. PO's attorney argument is no substitute for competent evidence.

PO's second and third arguments are that Petitioners fail to show that any results would have been predictable or that a POSITA would have had a reasonable expectation of success. Again, these portions of the Petition are supported by sworn testimony of Petitioners' expert, whom PO will have an opportunity to cross-examine during the trial phase. If PO believes that the results would not have been predictable or that a POSITA would not have had a reasonable expectation of success, then it can submit testimony from its own expert and the Board can resolve those disputes.

Fourth, PO argues that the Petition's analysis of the level of ordinary skill in the art is insufficient. (PO Req. at 61-62.) But Petitioners' expert explained the level of skill in the art in his declaration. (EX-1002 at ¶¶27-31.) Moreover, the expert explained the background in the art, including what information was known at the time. (*Id.* at ¶¶32-40.) Thus, Petitioners met their burden.

PO's cases do not support PO's argument. In *Ex Parte Jud*, the Board of Patent Appeals and Interferences concluded the examiner met her burden to prove the skill level because she outlined "what one would know from references[.]" *Ex Parte Jud*, No. 2006-1061, at 9 (B.P.A.I. Jan. 30, 2007). In *Dionne*, the Board of Patent Appeals and Interferences similarly explained the level of skill should be supported by "standard texts and other publicly available documents[.]" *Dionne v. Liotta*, Int. No. 104, 333, 2001 WL 37113864 at *4 (B.P.A.I Oct. 31, 2001). These

cases comport with the Board's approach in the IPR context, where the level of ordinary skill may be based on the documentary evidence of record (e.g., the prior art) and an expert's experience. *Magic Leap, Inc. v. Percept Techs. Inc.*, IPR2023-00495, Paper 10 at 6-10 (P.T.A.B. Aug. 3, 2023). Here, Amazon's expert provided support for the level of skill, explaining the technical background, the references, and relying on his own experience in the field. (EX-1002 at ¶¶27-40.)

7. PO's Litigation Against Google Is Not Relevant.

PO argues that institution here "will immediately prejudice SoundClear" because it would "delay the resolution of SoundClear's Google case[.]" (PO Req. at 28-29.) This argument fails for many reasons.

First, the Office's decision to institute an IPR should not depend on patent owner's decision to assert its invalid patents against other parties.

Second, PO's argument that the Google case would be delayed "by two or three years" is misleading because it includes the time for appeal. (PO Req. at 29 n.14.) The reality is that, with appeals, it will take several years to resolve PO's disputes regardless of whether this IPR is instituted.

Thus, PO's arguments are unavailing.

C. The Settled-Expectations Standard Should Not Be Applied Here.

In numerous recent IPRs, the Acting Director relied on a patent owner's so-called "settled expectations" of patent validity. *See, e.g., Amazon.com, Inc. v. Audio*

Pod IP, LLC, IPR2025-00757, Paper 15 at 2 (P.T.A.B. Aug. 14, 2025). The Director's "settled expectations" standard should not be employed here because doing so would violate the Administrative Procedure Act ("APA") and the Constitution.

1. Background of the Settled Expectations Standard

a. Since Congress Enacted the AIA, the PTO Consistently Instituted IPRs Without Regard for the Challenged Patent's Age.

The America Invents Act (AIA) created the IPR process. The IPR provisions of the AIA took effect in 2012. For the next twelve years, the PTO consistently instituted IPRs without regard for the challenged patent's age. For example, the very first IPR challenged a patent that was more than eight years old at the time the IPR petition was filed. *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 1 at 1 (P.T.A.B. Sept. 16, 2012) (challenging a patent issued on "August 17, 2004"). The PTO instituted this IPR with no mention of "settled expectations" or any six-year threshold. *Garmin*, IPR2012-00001, Paper 15 (P.T.A.B. Jan. 9, 2013).

As another example, the PTO instituted an early IPR (filed by some of the Petitioners here) in 2014 even though the patent at issue was more than fifteen years old. *Amazon.com, Inc. v. Personalized Media Commc'ns, LLC*, IPR2014-01527, Paper 7 (P.T.A.B. Mar. 26, 2015). The PTO has instituted hundreds of other IPRs, if not thousands, against patents that were far more than six years old.

b. The PTO Previously Rejected Settled-Expectations Arguments.

In 2018, the Board rejected a patent owner's settled-expectations argument in a decision designated precedential. *NHK Spring Co. Ltd. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 19 (P.T.A.B. Sept. 12, 2018) (precedential). The patent there was more than seventeen years old and the petitioner had known about the patent "for more than ten years." *Id.* However, the Board was "not persuaded that this lapse in time favors denying review." *Id.*

In *Microsoft Corp. v. Dareltech, LLC*, IPR2020-00483, Paper 11 at 13 (P.T.A.B. Sept. 16, 2020), the Board addressed a Patent Owner's argument that it had "developed and implemented the claimed invention in reliance on the [challenged] patent." The Board rejected this argument because it was "not persuaded that reliance on a patent is a proper basis for denying a petitioner the ability to challenge the patentability of the claims in a patent." *Id.*

Petitioners are not aware of any decisions to the contrary in the first twelve years following the enactment of the AIA.

c. The PTO Previously Convinced the Federal Circuit that Patent Owners Have No Settled Expectations that Preclude IPR.

In *Celgene Corp. v. Peter*, 931 F.3d 1342, 1361-62 (Fed. Cir. 2019), a patent owner claimed an expectation that its pre-AIA patents could not be challenged via IPR proceedings, which did not exist at the time the patents issued. *Id.* at 1358. But

the PTO disagreed, arguing that the patent owner was not entitled to any such expectation—even though the patents were more than fifteen years old at the time. *Id.*; *see also id.* at 1346 (identifying U.S. Patent Nos. 6,045,501 and 6,315,720). Accepting the PTO's arguments there, the Federal Circuit held: "the expectation that patent owners have had for nearly four decades" is "that patents are open to PTO reconsideration and possible cancelation." *Id.* at 1361-62.

d. The PTO's Longstanding Policy Permitted IPRs Even when the Challenged Patents Were So Old that They Had Expired.

From the very beginning, the PTO's rules governing IPRs made clear that IPRs were available even for very old patents. Specifically, the original PTO rule governing claim construction in IPRs expressly provided for challenges to patents that would be expired before the deadline for any final written decision in an IPR. *See* 37 C.F.R. §42.100(b) (2012). Although the PTO later amended this claim-construction rule, it continued its policy of allowing IPRs against expired patents. *E.g.*, *Apple, Inc. v. Gesture Tech. Partners, LLC,* IPR2021-00922, Paper 10 at 17-19 (P.T.A.B. Nov. 29, 2021). And the Federal Circuit affirmed that longstanding policy—holding that IPR remains available even after the challenged patent expires. *Apple Inc. v. Gesture Tech. Partners, LLC,* 127 F.4th 364, 369 (Fed. Cir. 2025).

e. The PTO Abruptly Reversed Its Longstanding Policy by Announcing a New Six-Year Standard for "Settled Expectations."

Earlier this year, the Acting Director issued a memorandum entitled "Interim Processes for PTAB Workload Management," which described a new procedure for evaluating discretionary denial factors before an institution decision. (Memorandum from Acting Director Stewart, Interim Processes for PTAB Workload Management (March 26, 2025) ("Stewart Memo").) In this memo, the Acting Director articulated for the first time that among the "relevant considerations" for discretionary denial, the PTO would consider "[s]ettled expectations of the parties, such as the length of time the claims have been in force[.]" (*Id.* at 2.) But the Acting Director did not specify at that time how long the claims would need to be in force before such "settled expectations" would apply. Nor did she explain that settled expectations alone, once established, would typically be sufficient to outweigh every other factor.

The Acting Director's rollout of the new settled-expectations standard began in June with *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10 (P.T.A.B. June 6, 2025), in which she found that "settled expectations favor denial" because "one of the patents has been in force since as early as 2012." *Id.* at 3. Later in June, the Acting Director issued another "settled expectations" denial in *Dabico Airport Sols. Inc. v. AXA Power APS*, IPR2025-00408, Paper 21 (P.T.A.B. June 18, 2025). In that case, the challenged patent had "been in force almost eight years."

Id. at 2. *Dabico* held that this period of less than eight years was long enough to create settled expectations barring IPR. To explain this holding, the decision cited the six-year period that limits infringement damages under 35 U.S.C. § 286. *Id.* at 3. *Dabico* applied the Acting Director's new "settled expectations" standard based solely on the passage of time, explaining that "actual notice of a patent or of possible infringement is *not* necessary to create settled expectations." *Id.* (emphasis added).

Over the months of June and July, it became clear that the Acting Director had adopted a six-year rule; that is, if a patent issued more than six years before the filing of the IPR petition, she consistently held that settled expectations favored denial. *Compare, e.g.*, *Amgen Inc. v. Bristol-Myers Squibb Co.*, IPR2025-00601, Paper 9 at 2-3 (P.T.A.B. July 24, 2025) (settled expectations favor denial for patents issued six and seven years earlier) *with WebGroup Czech Republic, A.S. v. Dish Techs. LLC*, IPR2025-00467, Paper 14 at 2 (P.T.A.B. July 16, 2025) (no settled expectations for patents issued 2-6 years earlier). Although the Acting Director has identified exceptions to the six-year standard, they are narrow and rarely available. *See, e.g.*, *Embody, Inc. v. LifeNet Health*, IPR2025-00248, Paper 13 at 2-3 (P.T.A.B. June 26, 2025) (where "Patent Owner has not developed strong settled expectations" as to a recently issued patent, "it is an efficient use of Board resources to address [a] related patent" that issued earlier); *Globus Med., Inc. v. Spinelogik, Inc.*, IPR2025-

00225, Paper 8 at 2 (P.T.A.B. June 12, 2025) (rejecting settled expectations argument where "the challenged patent expired almost four years ago due to non-payment of maintenance fees"). Apart from such narrow exceptions, the Acting Director has established a consistent policy of immunizing patents from IPR if they are more than six years old.

2. Applying the New Settled Expectations Standard Here Would Violate the APA.

The Director should not apply the settled expectations analysis here because doing so would violate the APA in at least five ways.

a. The New Settled Expectations Standard Contravenes Precedent.

The APA requires that agency action which is "not in accordance with law" must be set aside. 5 U.S.C. §706(2)(A). The Acting Director's new "settled expectations" policy is not in accordance with law because it contradicts *Celgene*. As a matter of law, *Celgene* held that patent owners have no expectation that their patents will be immune from challenges at the PTO. *Celgene Corp. v. Peter*, 931 F.3d 1342, 1361-62 (Fed. Cir. 2019). To the contrary, "the expectation that patent owners have had for nearly four decades" is "that patents are open to PTO reconsideration and possible cancelation." *Id.* at 1361-62. Immunizing patents from IPR, for a reason that the Federal Circuit expressly held does *not* confer immunity, is contrary to law.

b. The New Settled Expectations Standard Is Inconsistent with the AIA.

Agency action that is "in excess of statutory jurisdiction, authority, or limitations" must also be set aside. 5 U.S.C. §706(2)(C). Because the Director's settled expectations standard presumptively bars challenges to patents more than six years old, it is contrary to the AIA. The AIA sets the "filing deadline" for IPRs as the later of "the date that is 9 months after the grant of a patent" or the date of termination of any PGR. 35 U.S.C. §311. Thus, Congress knew how to create time-based deadlines for filing IPRs. Congress chose to impose only a *lower* limit of nine months on the patent's age, without imposing any upper limit.

The Federal Circuit has consistently found that patents can be challenged in IPR at any time after the nine-month period of 35 U.S.C. §311, including after their expiration. *Samsung Elecs. Am., Inc. v. Prisua Eng'g Corp.*, 948 F.3d 1342, 1346 (Fed. Cir. 2020) (IPRs "can be requested at any time during a patent's enforceability period, with certain restrictions"); *Apple Inc. v. Gesture Tech. Partners, LLC*, 127 F.4th 364, 368-70 (Fed. Cir. 2025) (expired patents can be challenged). Because the new settled-expectations standard effectively sets a filing deadline different from the one that Congress enacted, it exceeds the PTO's statutory authority.[10]

[10] For the same reasons, the new settled-expectations standard contravenes the Constitution's separation of powers. *See, e.g., Util. Air Regul. Grp. v. EPA*, 573

c. The New Settled Expectations Standard Is Arbitrary and Capricious Because It Is Contrary to Congressional Intent.

The APA also requires setting aside agency action that is "arbitrary" or "capricious." 5 U.S.C. §706(2)(A). Agency action is arbitrary and capricious when "the agency has relied on factors which Congress has not intended it to consider." *Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983). Here, the new settled-expectations standard relies on a six-year upper limit for the age of challenged patents, even though Congress intended only a nine-month lower limit. (*Supra* §IV.C.1.e.) Thus, the settled expectations analysis is arbitrary and capricious.

d. The New Settled Expectations Standard Is Arbitrary and Capricious Because It Violates the Change-in-Position Doctrine.

The change-in-position doctrine holds that agency action is arbitrary and capricious when the agency "changed existing policy" without displaying "awareness that it [was] changing position" or offering "good reasons for the new policy," including taking into account "serious reliance interests" related to its prior policy.

U.S. 302, 322-27 (2014) (agency's rule "would deal a severe blow to the Constitution's separation of powers" where it was "inconsistent with" the statutory structure and goes "beyond the bounds of its statutory authority" (internal quotation marks and citation omitted)).

FDA v. Wages & White Lion Invs., L.L.C., 145 S. Ct. 898, 918 (2025); *Encino Motorcars, LLC v. Navarro*, 579 U.S. 211, 221-22 (2016). Here, the new settled-expectations standard changes longstanding policy by presumptively barring IPRs against patents more than six years old, even though the PTO had previously allowed IPR challenges throughout a patent's lifetime (and even after expiration). (*Supra* §IV.C.1.) The PTO made this change without offering good reasons or accounting for serious reliance interests of parties like Petitioners, who developed and coordinated district court and IPR strategies based on the PTO's prior policies. Accordingly, application of the settled expectations standard here would be arbitrary and capricious.

e. Enacting the New Settled-Expectations Standard Without Notice-and-Comment Rulemaking Violates the APA.

Under the APA, agencies must promulgate substantive rules (e.g., those that "effect a change in existing law or policy or … affect individual rights and obligations") through notice-and-comment rulemaking; agency action that fails to comport with this requirement must be set aside. *Coal. for Common Sense in Gov't Procurement v. Sec'y of Veterans Affs.*, 464 F.3d 1306, 1317 (Fed. Cir. 2006) (vacating VA letter for failing to follow notice-and-comment procedures). The new settled expectations standard is such a substantive rule because it imposes a presumptive obligation on petitioners to challenge patents within six years of their issuance. Moreover,

new approach to settled expectations alters the "substantive standards by which the USPTO evaluates" IPR petitions and thus is subject to notice-and-comment rule-making. *See In re Chestek PLLC*, 92 F.4th 1105, 1110 (Fed. Cir. 2024). Because the PTO failed to enact the settled expectations policy through notice-and-comment rulemaking, any application of it here would be required to be set aside.

3. Applying the New Settled Expectations Standard Here Would Be Unconstitutional.

Applying the new settled expectations standard to deny institution of the Petition here would violate the Due Process Clause of the Fifth Amendment Under the Due Process Clause, the government cannot deprive parties of protected property rights without "constitutionally adequate procedures." *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 541 (1985). The "property" interests subject to procedural due process protection include "a broad range of interests that are secured by 'existing rules or understandings.'" *Perry v. Sindermann*, 408 U.S. 593, 601 (1972) (citation omitted).

Even where an agency is conferred broad discretion, the agency may constrain its own discretion and in doing so create a cognizable property interest. *See Brown v. Eppler*, 725 F.3d 1221, 1226 (10th Cir. 2013) ("the district court overlooked the possibility the [agency] had constrained its own discretion to deny service to a sufficient extent as to give rise to a 'legitimate claim of entitlement' to service"). Agencies may adopt such constraints on their own discretion by way of "the

consistent practice of a decisional body—even in the absence of express regulatory language," *Tarpeh-Doe v. U.S.*, 904 F.2d 719, 724 (D.C. Cir. 1990), or a "constant, consistent pattern of ALJ decisions," *Furlong v. Shalala*, 156 F.3d 384, 395 (2d Cir. 1998). Here, Petitioners were entitled to rely on the PTO's longstanding policy of allowing patents to be challenged in IPRs many years after they issued, and even after they expired. (*Supra* §IV.C.1.) The Due Process clause protects this reliance interest. *Brown*, 725 F.3d at 1226; *Furlong*, 156 F.3d at 395.

"To satisfy the Due Process Clause, [an agency] must at a minimum 'provide regulated parties fair warning of the conduct a regulation prohibits or requires.'" *Mexichem Fluor, Inc. v. EPA*, 866 F.3d 451, 462 (D.C. Cir. 2017). When an agency changes a policy from one which "engendered serious reliance interests, due process considerations of fair notice and fundamental fairness demand a reasonable explanation for the agency's change in position" as well as requiring the agency to "take into account reliance interests when changing course." *Cemex Inc. v. Dep't of the Interior*, 560 F. Supp. 3d 268, 281-82 (D.D.C. 2021). Here, applying the new settled expectations standard would give Petitioners no such fair notice. Instead, doing so would retroactively apply a standard that did not exist at the time Petitioners filed

this IPR.[11] By preventing Petitioners from accessing the IPR process that was available to them under the prior policy, and ignoring their serious reliance interests, discretionary denial would violate Petitioners' due process rights.

For these reasons, the new settled expectations standard should not be applied.

CONCLUSION

For the reasons set forth in the Petition and herein, the challenges here represent an appropriate use of Board resources. Accordingly, Petitioners respectfully request that the Director deny PO's Request for Discretionary Denial and refer the Petition to the Board.

Respectfully submitted,
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September 24, 2025

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[11] The filing date of the Petition was June 2, 2025. (Pet.) That was *before* the Acting Director began applying the settled expectations standard in *iRhythm*. (*Supra* §IV.C.1.e.)

CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. §42.24(d), the undersigned certifies that this **PETITIONERS' OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL** contains 11,012 words according to the word-processing program used to prepare this paper excluding the portions exempted under 37 C.F.R. §42.24(a)(1).

September 24, 2025

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **PETITIONERS' OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL** is being served on September 24, 2025, via e-mail on counsel of record for Patent Owner at the addresses below:

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