

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. IPR2025-01368
U.S. Patent No. 9,223,487

**PETITIONERS' SUR-REPLY
REGARDING DISCRETIONARY DENIAL**

I. Efficiency Warrants Institution Here.

PO's assertion that the "relevant facts present here exactly mirror those in *Hulu*" is incorrect. (Paper 12 ("PO Rep.") at 1-2.) As Petitioners explained, *Hulu* is distinguishable for several reasons, including that the district court proceeding is stayed and IPRs have already been instituted for co-asserted patents, which would make this IPR an efficient use of Board resources. (Paper 9 ("Opp.") at 2-3.)

PO also argues that *Hulu* does not require every patent asserted in parallel district court litigation to be invalid under § 101 for *Hulu*'s holding to apply. (PO Rep. at 2.) But *Hulu* did not address that issue because, in that case, *every* asserted patent claim *was* invalid. (See Opp. at 2-3.) The circumstances are different here.

PO further asserts that Petitioners' efficiency arguments were rejected by *Hulu*. (PO Rep. at 2-3.) But *Hulu* never addressed efficiency considerations when an IPR has already been instituted for co-asserted patents and the district court case is stayed pending resolution of those IPRs rather than proceeding to the Federal Circuit.¹ Under the facts here, efficiency favors institution. Indeed, PO never explains why it would be more efficient for the Board to consider the patentability of only two of the asserted patents but not consider the third patent.

The *Fintiv* factors also plainly favor institution here. Rather than addressing

¹ For the same reason, PO's citation to *Google LLC v. Bootler, LLC*, IPR2025-00967, Paper 10 at 2-3 (P.T.A.B. Oct. 31, 2025) is also inapposite.

the factors, PO merely offers the conclusory, incorrect assertion that efficiency is best served by denying institution. (PO Rep. at 3.) It is not. (Opp. at 3-5.)

II. PO’s *Advanced Bionics* Argument Fails.

PO attempts to disguise the weakness of its *Advanced Bionics* analysis by arguing that PO’s theory is “still relevant under the Board’s holistic ... approach.” (PO Rep. at 4.) But PO’s *Advanced Bionics* analysis involves a single, secondary reference; the Grounds involving that reference rely on primary references that were never considered by the Office; and additional references never considered by the Office make up the entirety of additional Grounds covering all challenged claims. Thus, denial under *Advanced Bionics* is not warranted. (Opp. at 5-8.) Moreover, Petitioners do not “merely point[] to the other prior art references” relied on. (PO Rep. at 4.) Rather, Petitioners showed how the invalidity arguments in the Petition rest entirely on references that were never considered. (Opp. at 6-7.) PO’s argument that Petitioners “fail[] to identify even *one* specific way in which the Examiner erred” is likewise incorrect. (PO Rep. at 4.) Indeed, the entire Petition shows how issuing the challenged claims over clearly invalidating prior art was material Examiner error. (Opp. at 7-8.) Thus, PO’s *Advanced Bionics* arguments fail.

III. The Settled-Expectations Standard Violates the APA.

PO wrongly asserts that no APA violation occurred because Petitioners have an opportunity to be heard in the present briefing. (PO Rep. at 4-5.) PO relies on

TQ Delta, LLC v. DISH Network LLC, 929 F.3d 1350, 1356 (Fed. Cir. 2019), but *TQ Delta* addressed 5 U.S.C. § 554(b), which dictates that “[p]ersons entitled to notice of an agency hearing shall be timely informed of ... the matters of fact and law asserted.” *Id.* at 1354-55, 1354 n.2. The appellant there argued the PTAB failed to provide advance notice of a claim construction applied in a FWD. *Id.* The Federal Circuit rejected this argument because the appellant received notice that satisfied § 554(b). *Id.* at 1356. But here, Petitioners do not rely on § 554(b).

Furthermore, the Office’s claim that it is applying a “holistic assessment” is not sufficient to avoid APA scrutiny. *Texas v. United States*, 787 F.3d 733, 763 (5th Cir. 2015) (purported “case-by-case” analysis was “merely pretext”). The decisions applying “settled expectations” show that the Office has created a presumptive rule, which can violate the APA even if the presumption is rebuttable. *Texas Med. Ass’n v. HHS*, 587 F. Supp. 3d 528, 540-43 (E.D. Tex. 2022); *see also Nat’l Min. Ass’n v. Dep’t of Lab.*, 292 F.3d 849, 865 (D.C. Cir. 2002) (setting aside presumptive rule).

IV. PO’s Due Process Arguments Are Meritless.

PO first argues that because the Office has discretion to not institute an IPR, Petitioners were not deprived of any protected property interest. (PO Rep. at 5.) But PO fails to rebut Petitioners’ showing that prior Office policy created self-imposed limits on its discretion. (*E.g.*, Opp. at 19-20.) PO does not dispute that such self-imposed limits can create a protected property interest. Thus, the facts here are

distinguishable from *American Manufacturers* and *Castle Rock*, where no interest existed. The Due Process clause protected Petitioners’ right to *not* have this IPR denied based on the mere age of the patent. *See Brown v. Eppler*, 725 F.3d 1221, 1226 (10th Cir. 2013) (self-imposed limits can create a property interest); *Furlong v. Shalala*, 156 F.3d 384, 395 (2d Cir. 1998) (“pattern of ALJ decisions” created a property interest); *Logan v. Zimmerman Brush Co.*, 455 U.S. 422, 429-30 (1982).

PO also argues that due process exists because Petitioners have the opportunity to be heard in this briefing. (PO Rep. at 5.) PO cites *Alberico v. United States*, 783 F.2d 1024, 1027 (Fed. Cir. 1986), which stated in dicta that an opportunity to be heard satisfied Due Process when discharging a felon from the military. *Id.* at 1027. But *Alberico* does not control here because Petitioners do not challenge termination of military service or other government employment. Rather, Petitioners challenge a retroactive reversal of a long-established policy, where due process requires more than a belated opportunity to be heard after the policy has already changed. *See Fuentes v. Shevin*, 407 U.S. 67, 81 (1972) (“If the right to notice and a hearing is to serve its full purpose ... it must be granted at a time when the deprivation can still be prevented”). Because the Office changed its policy retroactively, the Due Process clause demands a reasoned explanation for the change in position and an effort to account for reliance interests when changing course. (Opp. at 19-20.) The Office failed to meet these requirements and therefore violated the Constitution. (*Id.*)

Furthermore, “[t]he Due Process Clause limits the extent to which the Government may retroactively alter the legal consequences of ... past conduct.” *PHH Corp. v. CFPB*, 839 F.3d 1, 46-47 (D.C. Cir. 2016), *order vacated* (Feb. 16, 2017) *and restated in relevant part*, 881 F.3d 75, 83 (D.C. Cir. 2018). For example, in *Princess Cruises, Inc. v. United States*, 397 F.3d 1358 (Fed. Cir. 2005), the Federal Circuit held that an agency could not apply a new standard to conduct preceding its promulgation. *Id.* at 1363-67. *Princess Cruises* involved a significant change in the law because the agency there established a standard that was “nowhere to be found in” the “statute or regulations.” *Id.* And the Federal Circuit held that it would have been unfair to apply the new standard when it was too late to comply. *Id.*

The same is true here. The settled-expectations standard is nowhere to be found in the statutes or regulations. It is too late for Petitioners to comply; there is no way for Petitioners to travel back to before the ’487 patent was six years old to file a petition for IPR. Instead, as in *Princess Cruises*, there was a “common [industry] understanding” that parties “had no need to” file IPR before a six-year deadline. *Id.* Had Petitioners known of the Office’s new standard at the time, they could have searched for the ’487 patent and petitioned for IPR years ago. At the very least, Petitioners could have avoided filing a futile petition and expending funds on non-refundable fees. Accordingly, the Office’s retroactive application of settled expectations to deny the Petition here would violate Petitioners’ due process rights.

Respectfully submitted,

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November 24, 2025

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **PETITIONERS’
SUR-REPLY REGARDING DISCRETIONARY DENIAL** is being served on
November 24, 2025, via e-mail on counsel of record for Patent Owner at the address
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