

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

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

Petitioners,

v.

HEADWATER RESEARCH LLC,

Patent Owner

IPR2025-01571
Patent No. 8,667,571

**PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL OF
INSTITUTION**

TABLE OF CONTENTS

I.	Introduction	1
II.	Discretionary denial is appropriate.	1
	A. Settled expectations and other factors favor denial.	1
	B. <i>Fintiv</i> factors also weigh against institution.	4
	1. <i>Fintiv</i> Factor 1: The likelihood of a stay is neutral.	5
	2. <i>Fintiv</i> Factors 2-3: Time to trial and amount of work already completed are outweighed by other factors.	6
	3. <i>Fintiv</i> Factor 4: There is likely to be substantial overlap between this IPR and the district court proceeding.	6
	4. <i>Fintiv</i> Factor 5: Petitioners are defendants in the district court litigation.	8
	5. <i>Fintiv</i> Factor 6: Other considerations support discretionary denial.	8
III.	Conclusion	9

TABLE OF AUTHORITIES

Cases

<i>Apple Inc. v. Fintiv, Inc.</i> , IPR2020-00019, Paper No. 11 (PTAB Mar. 20, 2020).....	4, 6, 8
<i>Apple Inc. v. Fintiv, Inc.</i> , IPR2020-00019, Paper No. 15 (PTAB May 13, 2020)	4, 8
<i>In re Gesture Tech. Partners, LLC</i> , No. 2025-1075, 2025 WL 3439349 (Fed. Cir. Dec. 1, 2025)	7
<i>Motorola v. Stellar</i> , IPR2024-01205, Paper 19 (Mar. 28, 2025).....	7
<i>Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC</i> , IPR2019-01393, Paper 24 (Jun. 16, 2020)	5

Statutes

35 U.S.C. § 314	1
37 C.F.R. § 42.107	1
37 C.F.R. § 42.8	5

PATENT OWNER'S EXHIBIT LIST

No.	Description
2001	Notice of Partial Settlement in <i>Headwater Research LLC v. Amazon.com Services LLC et al.</i> , No. 7:25-cv-00286-ADA (W.D. Tex. Nov. 10, 2025)
2002	Joint Motion to Dismiss in <i>Headwater Research LLC v. Samsung Electronics Co., Ltd. et al.</i> , No. 2:23-cv-103-JRG-RSP (E.D. Tex. Sept. 11, 2025)
2003	Order Granting Joint Motion to Dismiss in <i>Headwater Research LLC v. T-Mobile USA, Inc. et al.</i> , Nos. 2:23-cv-379-JRG-RSP and 2:23-cv-377-JRG-RSP (E.D. Tex. Nov. 13, 2025)
2004	Order Granting Joint Motion to Dismiss in <i>Headwater Research LLC v. AT&T Services, Inc. et al.</i> , No. 2:23-cv-00397-JRG-RSP (E.D. Tex. Nov. 13, 2025)

I. Introduction

Pursuant to the Director’s March 26, 2025 memorandum regarding Interim Processes for PTAB Workload Management (“March 26, 2025 Memo”), Patent Owner Headwater Research LLC (“Headwater”) requests that the Director exercise discretion under 35 U.S.C. § 314(a) and issue a decision denying institution of the Petition for Review of U.S. Patent No. 8,667,571 (“the ’571 patent”).

The ’571 patent issued on March 4, 2014, and as such has will have been in effect for approximately 12 years by the time any institution decision would issue. As such, the settled expectations of the parties weigh heavily against institution.

Patent Owner thus respectfully requests discretionary denial of the Petition.¹

II. Discretionary denial is appropriate.

A. Settled expectations and other factors favor denial.

35 U.S.C. § 314(a) gives the Director discretion to deny institution of an *inter partes* review. The March 26, 2025 Memorandum regarding Interim Processes for

¹ Patent Owner reserves the right to file a Preliminary Response addressing the merits of the Petition pursuant to 37 C.F.R. § 42.107(a) on the schedule set forth by regulation and consistent with the March 26, 2025, Memorandum. *See* 37 C.F.R. § 42.107(b).

PTAB Workload Management sets forth various relevant considerations that may weigh in favor of discretionary denial, including:

- Whether the PTAB or another forum has already adjudicated the validity or patentability of the challenged patent claims;
- Whether there have been changes in the law or new judicial precedent issued since issuance of the claims that may affect patentability;
- The strength of the unpatentability challenge;
- The extent of the petition's reliance on expert testimony;
- Settled expectations of the parties, such as the length of time the claims have been in force;
- Compelling economic, public health, or national security interests; and
- Any other considerations bearing on the Director's discretion.

Here, the '571 Patent issued on March 4, 2014, and has been in effect for almost twelve years. *See* Ex. 1001. Accordingly, the settled expectations of Patent Owner of being able to adjudicate its patent claims before an Article III Court weigh against institution.

These settled expectations are bolstered by the fact that the '571 patent (along with numerous other patents owned by Patent Owner) is subject to significant licensing activity, including a recent license to Apple. *See* Ex. 2001 (referencing "a worldwide settlement whereby Headwater licensed its patents to Apple"); Ex. 1050

(reflecting settlement of the district court case against Apple involving the '571 patent asserted).²

Additionally, no changes in the law support reconsideration of the validity of the '571 Patent claims, and Petitioners do not identify any such change.

Furthermore, the Petition relies extensively on *nearly 200 pages* of expert testimony (Ex. 1003) to explain the relevance of the prior art, even though witness credibility is better evaluated by a District Court than the PTAB (which typically does not consider live witness testimony). And the fact that Petitioners require this extensive expert testimony, coupled with the fact that the Petition does not even allege any anticipatory prior art, shows that the unpatentability challenge here is not strong.

Accordingly, these considerations weigh heavily in favor of discretionary denial of institution. And as discussed in the following section, many of the *Fintiv* factors additionally weigh against institution.

² The terms of the Apple license are confidential, and the terms of and in some cases the existence of other licenses are also confidential. While Headwater cannot disclose the exact details of its licenses and settlements, additional publicly available evidence of licensing and settlement activity of the Headwater portfolio can be found in court documents at Exhibits 2002–2004.

B. *Fintiv* factors also weigh against institution.

In addition to the factors discussed above, the Board has set forth six factors for determining whether discretionary denial in light of parallel litigation is appropriate:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party;
6. other circumstances that impact the Board's exercise of discretion, including the merits.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 5-6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv I*”). In evaluating these factors, the Board “takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 7-17 (PTAB May 13, 2020) (informative) (“*Fintiv II*”).

As explained below, many of the *Fintiv* factors weigh in favor of discretionary denial in light of the related district court litigation of *Headwater Research LLC v. Amazon.com Inc. et al.*, No. 7:25-cv-00286 (W.D. Tex). Patent Owner notes that

although another case involving the '571 patent against Apple was previously proceeding, the parties have settled that case. *See* Ex. 1050.³

1. *Fintiv* Factor 1: The likelihood of a stay is neutral.

Fintiv Factor 1 looks to “whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted.” *Fintiv I* at 5-6.

The Board ordinarily “will not attempt to predict” how a district court will proceed if a stay has not been granted. *See Sand Revolution II, LLC v. Cont’l Intermodal Group-Trucking LLC*, IPR2019-01393, Paper 24 at 7 (June 16, 2020) (informative). Here, not only has a stay not been granted, but Petitioners have not even ***requested*** a stay. Therefore, this factor is neutral, if not weighing in favor of discretionary denial.

³ Petitioners identify “approximately 75 lawsuits” as supposedly being “related matters” (Pet. 83), even though ***only two*** of those cases—7:25-cv-00318 and the now-settled 2:25-cv-00897—actually involved the '571 patent at issue here. *See* Pet. 99, 100 (only two cases listed in the appendix of alleged related matters that involve the '571 patent). This is improper because 37 C.F.R. § 42.8(b)(2) states that “related matters” are “any other judicial or administrative matter that would affect, or be affected by, a decision in this proceeding,” and Petitioners cannot plausibly articulate how ***every*** listed case would affect or be affected by this IPR. Presumably, Petitioners included an improperly broad designation of related matters to argue that a high volume of related matters weighs against discretionary denial, but Petitioners cannot justify their designation of each of these cases as related matters under § 42.8(b)(2). To even plausibly make that argument, Petitioners would need to articulate ***how*** these cases would affect or be affected by this proceeding. And by over-designating these allegedly “related matters” in a manner contrary to the requirements of § 42.8(b)(2), Petitioners have made it impossible for Patent Owner to focus on the matters that Petitioners might ultimately articulate as being “related” under the proper standard.

2. *Fintiv* Factors 2-3: Time to trial and amount of work already completed are outweighed by other factors.

Fintiv Factor 2 looks to “proximity of the court's trial date to the Board's projected statutory deadline for a final written decision.” *Fintiv I* at 5-6. *Fintiv* Factor 3 looks to “amount and type of work already completed in the parallel litigation by the court and the parties at the time of the institution decision.” *Fintiv I* at 9.

Here, a trial date has not yet been set in the district court litigation, and the case is still in its relatively early stages. However, even to the extent these factors do not weigh in favor of discretionary denial, numerous other factors discussed above and below weigh more heavily in favor of discretionary denial.

3. *Fintiv* Factor 4: There is likely to be substantial overlap between this IPR and the district court proceeding.

Fintiv Factor 4 evaluates “concerns of inefficiency and the possibility of conflicting decisions” when substantially identical prior art is submitted in both the district court and the IPR proceeding. *Fintiv I* at 12. Here, all claims of the '571 Patent (claims 1–30) are challenged such that this proceeding necessarily covers all claims that will be addressed in the district court proceeding.

Furthermore, Petitioners have declined to file a stipulation in this proceeding. *See generally* Petition. The lack of **any** stipulation ensures that the invalidity challenges would substantially overlap between the IPR and the district court litigation (including the exact same art relied upon in the Petition). It also would

allow Petitioners to seek *ex parte* review of the '571 patent before a final written decision is reached, causing further duplication. *See In re Gesture Tech. Partners, LLC*, No. 2025-1075, 2025 WL 3439349, at *3 (Fed. Cir. Dec. 1, 2025) (upholding USPTO's decision to terminate a reexamination requested by a petitioner in an IPR in which a final written decision had issued because "the estoppel provision of 35 U.S.C. § 315(e)(1) is inapplicable against the Patent Office to ongoing *ex parte* reexamination proceedings").

The Board has held this factor to weigh significantly against institution in cases even where the petitioner *did* offer a stipulation. For instance, the Board has previously held that even a *Sotera*-type stipulation is insufficient to "ensure that these [*inter partes* review] proceedings would be a 'true alternative' to the district court proceeding." *Motorola v. Stellar*, IPR2024-01205, Paper 19 at 3–4 (Mar. 28, 2025). This rationale applies with far more force where, as here, Petitioners have offered no stipulation whatsoever.

In short, if the Board were to grant institution in this proceeding, it would be considering the same claims of the '571 patent which would be independently tried before a district court, and which may subsequently be challenged again during any potential *ex parte* reexamination process. This is the opposite of efficiency and contravenes the purpose of *inter partes* reviews.

Thus, *Fintiv* Factor 4 weighs strongly in favor of discretionary denial.

4. *Fintiv* Factor 5: Petitioners are defendants in the district court litigation.

Fintiv Factor 5 looks to “whether the petitioner and the defendant in the parallel proceeding are the same party.” *Fintiv I* at 5-6. Specifically, when “the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.” *Fintiv II* at 15. Here, Petitioners are defendants in the parallel litigation.

Thus, *Fintiv* Factor 5 weighs in favor of discretionary denial.

5. *Fintiv* Factor 6: Other considerations support discretionary denial.

Fintiv Factor 6 looks to “other circumstances that impact the Board's exercise of discretion, including the merits.” *Fintiv I* at 5-6. This factor also weighs heavily against institution for at least two reasons.

First, contrary to Petitioners’ assertions, the Petition fails to present any compelling merits of unpatentability. The Petition does not present anticipatory prior art under §102. Instead, the Petition relies solely on obviousness under §103. *See generally* Petition. Patent Owner reserves the right to highlight specific deficiencies in its POPR merit-based briefing.

Second, as discussed above, the factors discussed in the Director’s March 26, 2025 Memorandum regarding Interim Processes for PTAB Workload Management weigh ***strongly*** in favor of discretionary denial, including the length of time the

challenged patent has been in effect.

Thus, *Fintiv* Factor 6 weighs strongly in favor of discretionary denial.

III. Conclusion

Patent Owner respectfully requests that the Director exercise discretion under Section 314(a) to deny institution.

Date: December 23, 2025

Respectfully submitted,

/James A. Milkey/
James A. Milkey, Reg. No. 79,503
RUSS, AUGUST & KABAT
12424 Wilshire Blvd., 12th Fl.
Los Angeles, CA 90025

Counsel for Patent Owner

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

The undersigned hereby certifies that the above document was served on December 23, 2025 by filing this document through the Patent Trial and Appeal Case Tracking System (PTACTS) as well as delivering a copy via electronic mail upon the following attorneys of record for Petitioners:

Jennifer Bailey (Reg. No. 52,583)
Robin A. Snader (Reg. No. 66,085)
Adam Sandwell (Reg. No. 72,484)
ERISE IP, P.A.
7015 College Blvd., Suite 700
Overland Park, Kansas 66211
jennifer.bailey@eriseip.com
PTAB@eriseip.com
robin.snader@eriseip.com
adam.sandwell@eriseip.com

Christina Canino (Reg. No. 83,366)
ERISE IP, P.A.
717 17th Street, Suite 1400
Denver, Colorado 80202
Telephone: (913) 777-5600
Fax: (913) 777-5601
christina.canino@eriseip.com

Jessica Kaiser (Reg. No. 58,937)
PERKINS COIE LLP
1900 Sixteenth Street, Suite 1400
Denver, CO 80202-5255
Phone: (303) 291-2300
kaiser-ptab@perkinscoie.com

Christopher Marando (Reg. No. 67,898)
PERKINS COIE LLP
700 Thirteenth Street N.W.
Suite 800

Washington, DC 20005-3960
Phone: (202) 654-6200
Marando-ptab@perkinscoie.com

Thomas Millikan (Reg. No. 72,316)
PERKINS COIE LLP
11452 El Camino Real
Suite 300
San Diego, CA 92130-2080
Millikan-ptab@perkinscoie.com

Matthew Lembo (Reg. No. 75,633)
PERKINS COIE LLP
1155 Avenue of the Americas 22nd Floor
New York, NY 10036-2711
Phone: (332) 238-2757
Lembo-ptab@perkinscoie.com

Date: December 23, 2025

Respectfully submitted,

/James A. Milkey/
James A. Milkey, Reg. No. 79,503
RUSS, AUGUST & KABAT
12424 Wilshire Blvd., 12th Fl.
Los Angeles, CA 90025

Counsel for Patent Owner