UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,

Petitioner,

v.

HEADWATER RESEARCH LLC,

Patent Owner

IPR2026-00049
Patent No. 9,179,359

PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL OF INSTITUTION

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PATENT OWNER'S EXHIBIT LIST

No.	Description
2001	Notice of Partial Settlement in *Headwater Research LLC v. Amazon.com Services LLC et al.*, No. 7:25-cv-00286-ADA (W.D. Tex. Nov. 10, 2025)
2002	Joint Motion to Dismiss in *Headwater Research, LLC v. Apple, Inc.*, No. 7:25-cv-00379-ADA (W.D. Tex.)
2003	Joint Motion to Dismiss in *Headwater Research LLC v. Samsung Electronics Co., Ltd. et al.*, No. 2:23-cv-103-JRG-RSP (E.D. Tex. Sept. 11, 2025)
2004	Order Granting Joint Motion to Dismiss in *Headwater Research LLC v. T-Mobile USA, Inc. et al.*, Nos. 2:23-cv-379-JRG-RSP and 2:23-cv-377-JRG-RSP (E.D. Tex. Nov. 13, 2025)
2005	Order Granting Joint Motion to Dismiss in *Headwater Research LLC v. AT&T Services, Inc. et al.*, 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. 9,179,359 ("the '359 patent").

The '359 patent issued on November 3, 2015, and as such has been in effect for over 10 years. Accordingly, 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 '359 Patent issued on November 3, 2015, and has been in effect for over 10 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 '359 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. 2002

(reflecting settlement of the district court case against Apple involving the '359 patent asserted).[2]

Additionally, no changes in the law support reconsideration of the validity of the '359 Patent claim, and Google does not identify any such change.

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.

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;

[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 2003–2005.

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. Google LLC*, 7:25-cv-00372-DC-DTG (W.D. Tex.).

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 Google has not even ***requested*** a stay. Therefore, this factor is neutral, if not weighing in favor of discretionary denial.

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 against Google, 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, the sole remaining claim of the '359 Patent (claim 26) is challenged such that this proceeding necessarily covers the only claim that will be addressed in the district court proceeding.

Furthermore, while Google filed a *Sotera* stipulation that it would not raise a district court "invalidity defense based on any ground that was raised or reasonably could have been raised in this inter partes review" (Paper 5 at 2), the scope of Google's stipulation is not sufficient to ensure that IPR proceedings would be a "true

alternative" to the District Court litigation. *See Motorola v. Stellar*, IPR2024-01205, Paper 19 at 3–4 (March 28, 2025) (Director vacating decision granting institution in part because the petitioner's *Sotera* "stipulation does not ensure that these [inter partes review] proceedings would be a 'true alternative' to the district court proceeding").

Here, Google's stipulation only warrants that it will not pursue the same grounds as those raised in this IPR proceeding (or that could have been reasonably raised in this IPR proceeding). This stipulation would allow Google to rely on any combinations of system art with any or all of the art asserted in its petition, and also to rely on system art in combination with any other art that "reasonably could have been raised in this inter partes review." Thus, the stipulation leaves open the potential that Google's district court invalidity theories and evidence would have significant overlap with the theories and evidence presented in this proceeding, rendering Google's stipulation insufficient to ensure the IPR proceedings are a "true alternative" to the District Court proceedings.[3]

[3] To be clear, Patent Owner is not suggesting that petitioners must give up ***every*** validity defense in the parallel District Court proceedings in order for a stipulation to be sufficient. But here, Google falls *far* short of a stipulation that would allow this proceeding to be a "true alternative" to district court invalidity proceedings, by leaving open the possibility that Google will raise the exact art raised in this proceeding before the district court (or any other art that could have been raised in this proceeding), only with some combination of system art. Google's *Sotera* stipulation thus provides no meaningful protection against multiple validity

Additionally, Google's stipulation also would allow Google to seek *ex parte* review of the '359 patent before a final written decision is reached, causing further duplication. *See In re Gesture Tech. Partners, LLC*, 160 F.4th 1317, 1321 (Fed. Cir. 2025) (upholding USPTO's decision not 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").

In short, if the Board were to grant institution in this proceeding, it would be considering the same claim of the '359 Patent that will be considered by the district court, and the same claim of the '359 Patent whose validity may subsequently be challenged again during any potential *ex parte* reexamination process. Furthermore, Google has declined to stipulate that it will not rely even on the exact same prior art (or art that reasonably could have been) raised in this proceeding before the District Court, so long as Google combines such art in some manner with system art. This leaves open the possibility of duplicative proceedings across several different forums, at odds with the purpose of the IPR process to streamline invalidity challenges.

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

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challenges across multiple tribunals, each challenge involving art that was raised or reasonably could have been raised in this proceeding.

4. *Fintiv* Factor 5: Google is the defendant 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, Google is the defendant 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 Google's assertions, the Petition fails to present any compelling merits of unpatentability. The Petition does not allege anticipation under §102, and instead 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: January 7, 2026

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 January 7, 2026 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 Petitioner:

Erika H. Arner, Reg. No. 57,540
Daniel C. Tucker, Reg. No. 62,781
Elliot Cook, Reg No. 61,769
Michael V. Young, Reg. No. 61,180
Alexander M. Boyer, Reg. No. 66,599
Bradford C. Schulz, Reg. No. 75,006
Christopher B. Anderson, Reg. No. 77,898
Umber Aggarwal, Reg. No. 76,098
Abhay A. Watwe, Reg. No. 59,461
Kathleen C. Galleher, Reg. No. 80,837
Finnegan, Henderson, Farabow, Garrett, & Dunner LLP
1875 Explorer Street, Suite 800
Reston, VA 20190-6023
erika.arner@finnegan.com
daniel.tucker@finnegan.com
elliot.cook@finnegan.com
michael.young@finnegan.com
alexander.boyer@finnegan.com
bradford.schulz@finnegan.com
christopher.anderson@finnegan.com
umber.aggarwal@finnegan.com
abhay.watwe@finnegan.com
kathleen.galleher@finnegan.com

Joshua L. Goldberg, Reg. No. 59,369
Daniel F. Klodowski, Reg. No. 72,693
Pier D. DeRoo, Reg. No. 69,340
Christopher C. Johns, Reg. No. 68,664
Kassandra M. Officer, Reg. No. 74,083

William C. Neer, Reg. No. 78,874
Kai Rajan, Reg. No. 70,110
Connor M. McGregor, Reg. No. 79,634
Heather J. Ren, Reg. No. 82,089
Finnegan, Henderson, Farabow, Garrett & Dunner, LLP
901 New York Avenue NW
Washington, DC 20001-4413
joshua.goldberg@finnegan.com
daniel.klodowski@finnegan.com
pier.deroo@finnegan.com
Christopher.Johns@finnegan.com
Kassandra.Officer@finnegan.com
william.neer@finnegan.com
kai.rajan@finnegan.com
connor.mcgregor@finnegan.com
heather.ren@finnegan.com

Benjamin A. Saidman, Reg. No. 69,325
Finnegan, Henderson, Farabow, Garrett & Dunner, LLP
271 17th Street NW, Suite 1400
Atlanta, GA 30363-6209
Phone: 404-653-6510
Fax: 404-653-6444
benjamin.saidman@finnegan.com

Yi Yang, pro hac vice to be filed
Finnegan, Henderson, Farabow, Garrett & Dunner, LLP
2 Seaport Lane, 6th Floor
Boston, MA 02210
yi.yang@finnegan.com

HeadwaterIPRTeam@finnegan.com

Date: January 7, 2026

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