Paper 10
Filed: February 9, 2026

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,

Petitioner,

v.

HEADWATER RESEARCH LLC,

Patent Owner.

Case No. IPR2026-00049
U.S. Patent No. 9,179,359

PETITIONER'S OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL OF INSTITUTION

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I. INTRODUCTION

The Director should reject Patent Owner's request for discretionary denial (Paper 9, "DD Req."), consider the Petition (Paper 1, "Pet.") on the merits, and institute this IPR.[1]

First, the Office erred when issuing the '359 patent, as Patent Owner's recent disclaimer and the Board's findings in IPR2024-01407 confirm. In IPR2024-01407, the petitioner alleged that the '359 patent was unpatentable in view of the same *Shell* and *Cole* references also presented in this Petition. In response, Patent Owner disclaimed 28 of the 29 claims in the '359 patent and focused its preliminary response on claim 26. The Board nonetheless found that claim 26—the sole remaining claim—was likely unpatentable in view of the ***same art*** presented in this Petition. Although that institution decision was later vacated under *Fintiv* based on drastically different facts, the *Fintiv* factors strongly favor referral here.

The prosecution history (EX1002) confirms the Office's error because it

[1] Petitioner reserves the right to challenge the March 26, 2025 *Interim Processes for PTAB Workload Management*, including that document's list of "relevant considerations," at least because that document is legally invalid as (1) exceeding the Director's authority, (2) arbitrary and capricious, and (3) adopted without notice-and-comment rulemaking.

demonstrates that the Examiner failed to conduct a "thorough and complete search of the prior art" as required by the M.P.E.P. M.P.E.P. § 904.02. Had the Examiner conducted prior art searches based on the claim language, the Examiner would have found *Shell* or another reference that renders the challenged claim unpatentable. The Office should correct these prior errors because both the merits and the discretionary denial factors favor referral and institution.

Second, Patent Owner cannot credibly claim settled expectations in a patent where it recently disclaimed all but one claim and the Board previously found that claim likely to be unpatentable. The Board's prior institution on the merits under the same ground presented in this Petition negates any settled expectations as to patentability. And while Patent Owner cites to the age of the '359 patent and purported licenses, those considerations do not overcome the Office's need to correct its demonstrated error in issuance. Nor does Patent Owner acknowledge its own recognition that the majority of the original claims may not have been patentable when it disclaimed 28 of the 29 claims. Nonetheless, the Director has declined to discretionarily deny institution, even for patents far older than the '359 patent, when the petitioner shows a material error in issuance, as here. Moreover, Patent Owner's litigation settlements do not support settled expectations as they are generally contemporaneous with when Petitioner filed this Petition.

Third, the *Fintiv* factors weigh strongly against denial because the district

court's trial date is set nine months after the latest possible final written decision, there has been almost no investment in the parallel litigation, there is no overlap in issues between proceedings, and the Petition has strong merits that Patent Owner has not disputed.

The Petition should be considered on the merits and instituted.

II. INSTITUTION IS REQUIRED TO CORRECT MATERIAL ERRORS AND IS AN APPROPRIATE USE OF THE OFFICE'S RESOURCES

The Office materially erred when it allowed the '359 patent to issue.

A. The Office Has Already Determined There Is a Reasonable Likelihood that the Challenged Claim Is Unpatentable

In IPR2024-01407, the Board already found there is a reasonable likelihood that sole remaining claim 26 is unpatentable based on the combination of *Shell* and *Cole*—the same ground in the present Petition. *Compare* Pet., *with* EX1018, 5, 29 (IPR2024-01407 DI). The history of this IPR and the Board's prior determination show that the Office previously erred in issuing the '359 patent.

Samsung filed a petition in IPR2024-01407 challenging originally issued claims 1-29 of the '359 patent. EX1020 (IPR2024-01407 Petition). Patent Owner then disclaimed "all claims of the '359 patent except for claim 26." EX1021, 1 (IPR2024-01407 Prelim. Resp.); EX1018, 2 (IPR2024-01407 DI) ("Patent Owner also disclaimed claims 1–25 and 27–29 of the '359 patent, leaving only dependent claim 26 at issue in this proceeding."); EX1022 (IPR2024-01407 EX3001)

(Disclaimer). The Board rejected Patent Owner's pre-institution arguments and found there was a reasonable likelihood that claim 26 is unpatentable. EX1018, 5, 29 (IPR2024-01407 DI). The Board's prior Institution Decision for claim 26 explains why Patent Owner's prior arguments as to patentability were incorrect and confirms there was material error in issuance worth examining in IPR. *See generally* EX1018 (IPR2024-01407 DI). This prior institution history also shows that Patent Owner has no settled expectations with respect to the '359 patent. Moreover, Patent Owner's own actions confirm that it did not have any settled expectations of patentability. When confronted with the same prior art at issue here, instead of explaining why the original claims were patentable, Patent Owner chose to disclaim 28 out of the original 29 claims.

Although the Decision on Institution in IPR2024-01407 was later vacated, that ruling was only on procedural *Fintiv* grounds. *See* EX1019 (IPR2024-01407 Order Vacating DI). As explained below in Section IV, those *Fintiv* issues are not present here. Nor has Patent Owner suggested that the Board erred in its prior merits determination, despite having the opportunity to do so under *Fintiv* Factor 6, which Patent Owner acknowledges "includ[es] the merits" of the Petition. *See* DD Req. 8-9 (citation omitted).

The Director should allow the Office to correct its error and refer for a merits determination (which the Board has already found favors institution).

B. The Examiner Erred During Prosecution by Overlooking Material Prior Art, Including *Shell*

During prosecution, the Examiner issued a first action allowance, without issuing any substantive rejections. *See* EX1002, 55, 174-180. The file history does not contain any Examiner search strategies or results, only a search notes document that alludes to generic classification searches and a list of references cited by the examiner without further details on how those references were identified. EX1002, 181, 296; *see generally* EX1002. The lack of search strategies suggests that the Examiner did not conduct a thorough search as required by M.P.E.P. § 904.02. The Examiner, at most, conducted broad classification-based searches and does not appear to have narrowed those searches based on claim language or other criteria.

Had the Examiner conducted claim-language-based searches, he would have found relevant references, such as *Shell*. The Board's prior determination that the combination of *Shell* and *Cole* presents a reasonable likelihood that claim 26 is unpatentable (including the limitations of claim 1) confirms that the Examiner erred in searching and that the Office issued the '359 patent in error.[2] *See Anthony Inc. v. ControlTec, LLC*, IPR2025-00559, Paper 12 at 2-3 (Director July 16, 2025)

[2] Indeed, *Shell* and *Cole* formed the basis for Samsung's petition that caused Headwater to disclaim the vast majority of the '359 patent's claims.

(declining to discretionarily deny petition when petitioner showed material error where examiner issued notice of allowance without substantive office action and, in doing so, overlooked relevant prior art teachings); *Xencor, Inc. v. Merus N.V.*, IPR2025-00604, Paper 12 at 3-4 (Director July 17, 2025) (declining to discretionarily deny petition where petitioner showed material error because prior art references—one not cited in prosecution and one cited in IDS—disclosed the allegedly novel claim limitation).

Had the Examiner used the claim language to craft searches to limit the number of results, he would have found *Shell* or another reference that renders the claim unpatentable.[3] For example, searching for U.S. patents and publications before January 28, 2009 (the earliest claimed priority date of the '359 patent), and (i) "connect" within the same sentence as "control," (ii) "network" within the same sentence as "available," (iii) "network" within the same sentence as "access" and "condition," (iv) "notify" within the same sentence as "application," (v) "active" within five words of "application," and (vi) the words "API" and "modem," yields 178 results, with *Shell* being the 3rd result.[4] EX1023, 1 (Search 1); EX1024, 1

[3] A similar *Cole* application, U.S. Patent Application Publication No. 2008/0080457, was cited in the Applicant's IDS but overlooked by the Examiner. EX1002, 605.

[4] The 1st and 2nd results are also references listing *Shell* as the lead inventor.

(Results 1). Moreover, adding "different," recited in claim 26, such that "connect" is within the same sentence as "control" and "different," limits the results to 63, with *Shell* being the 3rd result.[5] EX1025, 1 (Search 2); EX1026, 1 (Results 2). The exemplary searches returning *Shell* are:

Search String	Total Results	*Shell* Result
(APD/01/01/2001->01/28/2009) AND (((connect) WITH (control)) AND (API) AND ((network) WITH (available)) AND ("active application"~5) AND (network WITH access WITH condition)) AND ((notify) WITH (application)) AND (modem)	178	3
(APD/01/01/2001->01/28/2009) AND (((connect) WITH (control)) WITH (different)) AND (API) AND ((network) WITH (available)) AND ("active application"~5) AND (network WITH access WITH condition) AND ((notify) WITH (application)) AND (modem)	63	3

Had the Examiner conducted a claim-language-based search, he would have

[5] The first two results remain the same.

found *Shell* or another piece of prior art that renders the claims unpatentable. Because the Examiner's search was flawed, he did not have these teachings and thus erred in his conclusion of patentability.

The Director should allow the Board an opportunity to correct this error by declining to discretionarily deny this IPR.

III. SETTLED EXPECTATIONS FAVOR A MERITS CONSIDERATION

Patent Owner argues two bases for settled expectations, but neither supports discretionary denial here.[6] First, Patent Owner argues that the '359 patent is more than six years old. Second, Patent Owner provides a handful of litigation settlements as evidence of licensing. These do not favor denial.

A. The Age of the '359 Patent Does Not Overcome the Office's Material Error

Patent Owner argues that the '359 patent "has been in effect for over 10 years" and that this supports settled expectations. DD Req. 2. But the Director has found

[6] The Director's application of "settled expectations" exceeds the Director's authority under the APA and is barred by judicial estoppel based on the Office repeatedly advancing the position that patentees lack an expectation that their patents will not be challenged. *See Celgene Corp. v. Peter*, 931 F.3d 1342, 1361-62 (Fed. Cir. 2019); *see also* 5 U.S.C. § 706(2)(A).

that showings of the Office's prior error outweigh the age of a patent. For example, the Director has referred petitions challenging patents that issued 17 and 18 years earlier where the examiner overlooked teachings in the prior art. *See Anthony*, IPR2025-00559, Paper 12 at 2-3. Similarly, the Director has referred a petition when the examiner overlooked material teachings of a reference, even though the patent issued nine years earlier, about the same as the '359 patent. *Xencor*, IPR2025-00604, Paper 12 at 2-4.

That is the case here. As explained above, after Samsung challenged the '359 patent, Patent Owner recently disclaimed 28 claims and the Board subsequently found that there is a reasonable likelihood that sole remaining claim 26 is unpatentable. EX1018, 5, 29 (IPR2024-01407 DI); EX1021, 1. Patent Owner, knowing of this prior institution and its decision to disclaim 28 out of 29 claims, cannot have settled expectations based on the age of the patent. *See supra* Section II. The '359 patent's age—which is 7-8 years less than the referred petitions in *Anthony*—does not prevent the Office from correcting its prior error here.

B. Patent Owner's Licenses Do Not Create Settled Expectations

Patent Owner's settlement-based licenses (EX2001-EX2005) do not favor denial. DD Req. 2-3. Each of these settlements occurred around the time Petitioner filed its Petition. *Compare* Pet. (filed October 31, 2025), *with* EX2001, 1 (settlement entered October 28, 2025; notice provided November 18, 2025); EX2002, 1 (Motion

to Dismiss filed October 30, 2025); EX2003, 1 (Motion to Dismiss filed September 11, 2025); EX2004, 1-2 (dismissing case November 13, 2025); EX2005, 1-2 (dismissing case November 13, 2025). Such contemporaneous settlements cannot demonstrate any settled expectations. Otherwise, a patent owner could manufacture "settled expectations" by asserting its patent and settling the case anytime a petition was filed.

Patent Owner also fails to show that these licenses relate to the '359 patent. For example, in *Headwater Research LLC v. AT&T Services, Inc.*, No. 2:23-cv-00397-JRG-RSP (E.D. Tex.), Patent Owner only asserted U.S. Patent Nos. 8,589,541 and 9,215,613. Settling that case does not demonstrate licensing of the '359 patent.[7]

Patent Owner relies on alleged confidentiality to shield its licenses from scrutiny by the Board. The licenses may show that Patent Owner's activities are merely an attempt to extract litigation settlements, rather than the licensee's desire to practice the patents. Without the ability to determine whether Patent Owner's

[7] Any request by Patent Owner to supplement its limited argument should be denied. Patent Owner's DD Request was less than 9 pages, leaving ample space (11 pages) if it had any further argument regarding the licensing of the '359 patent. *See* DD Req.

licenses are merits-driven or nuisance-driven, the Director should not give Patent Owner's settlement-based licenses any weight in favor of discretionary denial.

Finally, Patent Owner also has not shown licensing activity of ***any patent*** other than litigation-driven settlements. Patent Owner's argument and evidence therefore do not favor discretionary denial of the Petition.

C. Petitioner Expeditiously Filed Its Petition Two Months After Being Sued

Petitioner filed its Petition on October 31, two months after being sued. *Compare* Pet. (filed Oct. 31, 2025), *with* EX1027 (Complaint filed Aug. 27, 2025) *and* EX1028 (Complaint filed Nov. 7, 2025). That expeditiousness favors referral to a merits panel.

IV. THE *FINTIV* FACTORS WEIGH AGAINST DISCRETIONARY DENIAL

The *Fintiv* factors weigh strongly against discretionary denial. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5-6 (Mar. 20, 2020) (precedential). Factors 2, 3, 4, and 6 weigh strongly against denial and Factor 1 weighs against denial or is, at worst, neutral.

A. Factor 1: Is Neutral or Weighs Against Denial

Patent Owner acknowledges that the Board will not speculate on any stay, rendering Factor 1 neutral. DD Req. 4.

There is no support for Patent Owner's suggestion that Factor 1 might

"favor … discretionary denial." DD Req. 4. Based on the Office's precedential guidance in *Fintiv*, if this factor is not neutral, it weighs against denial. This proceeding is ***pre***-institution, but the Factor 1 analysis must also consider the likelihood of a ***post***-institution stay. As *Fintiv* explains, leaving the possibility open for a post-institution stay weighs against discretionary denial, even in cases that were not stayed pre-institution. *See Fintiv*, IPR2020-00019, Paper 11 at 6-7 (denial of pre-institution stay without prejudice "has usually weighed against exercising authority to deny institution under *NHK*"). This is particularly true where the record suggests the district court may entertain a post-institution motion to stay. *See, e.g.*, *Peter Pedersen v. Ziff Davis, Inc.*, No. 6:22-cv-00597-ADA-DTG, Dkt. 37 (W.D. Tex. Feb. 5, 2024) (granting post-institution stay when plaintiff was a nonpracticing entity and discovery had not started); *Power2B, Inc. v. Samsung Elecs. Co.*, No. 6:20-cv-01183-ADA-DTG, Dkt. 100 (W.D. Tex. May 13, 2022) (granting post-institution stay when fact discovery was in early stages and expert discovery had not begun). Here, Patent Owner points to nothing that suggests the district court would not entertain such a motion, particularly given that the district court trial is scheduled nine months after a final written decision would be due in this proceeding. *See infra* Section IV.B. Thus, this factor weighs against denial or is, at worst, neutral.

B. Factor 2: Trial Is Set for Nine Months After the Latest Possible Final Written Decision, Which Weighs Strongly Against Denial

Factor 2 weighs strongly against discretionary denial. Although Patent Owner states that "a trial date has not yet been set" (DD Req. 5), on January 8, 2026, the district court issued a scheduling order setting jury selection for December 6, 2027. *See* EX1031 (indicating that Case No. 7:25-cv-00518 will proceed on the same schedule as Case No. 7:25-cv-00372 (EX1029)). A final written decision must issue no later than March 7, 2027—nine months ***before*** the scheduled district court trial begins. This weighs strongly against discretionary denial. *FreightCar Am., Inc. v. Nat'l Steel Car Ltd.*, IPR2025-01046, Paper 20 at 2 (Director Oct. 10, 2025); *Am. Airlines, Inc. v. Intell. Ventures I LLC*, IPR2025-00785, Paper 11 at 2-3 (Director Aug. 29, 2025).

The time-to-trial data suggests that the trial will be delayed further. The median time-to-trial for civil cases in the Western District of Texas is 32.0 months. EX1030, 37 (Sep. 2025 Statistics). Patent Owner filed its Complaint asserting the '359 patent on August 27, 2025, placing the median time-to-trial date at April 27, 2028. That is nearly six months after the current trial schedule, which would be more than ***thirteen months after*** the latest possible final written decision date. EX1027 (Complaint in 7:25-cv-00372); EX1028 (Complaint in 7:25-cv-00518).

Because the Board will reach a final written decision months before trial in

the parallel proceeding, Factor 2 weighs strongly against discretionary denial.

C. Factor 3: No Investment Has Occurred in the Parallel District Court Proceeding

Factor 3 weighs strongly against discretionary denial. Patent Owner admits that "the [district court] case is still in its relatively early stages." DD Req. 5. Patent Owner has not identified any actions that favor discretionary denial. *See generally* DD Req.

According to the scheduling order, at institution, Patent Owner will have, at most, served infringement contentions and Petitioner may have served invalidity contentions. EX1029, 2-3 (7:25-cv-00372 Scheduling Order). But claim construction will not have begun, the *Markman* hearing will be almost four months away, and fact discovery will not even open until after the *Markman* hearing in July 2026. EX1029, 3-4 (7:25-cv-00372 Scheduling Order). Beyond that, fact discovery will not close for almost another year, opening expert reports are set for exchange a year after institution in March 2027, the final pretrial conference is not set until November 2027, and jury selection is not set until December 6, 2027. *See* EX1029, 4-5 (7:25-cv-00372 Scheduling Order). As such, at institution, substantially all of the litigation will remain ahead, weighing strongly against discretionary denial. *SAP Am., Inc. v. Cyandia, Inc.*, IPR2024-01433, Paper 13 at 10-11 (Apr. 7, 2025).

D. Factor 4: There Is No Overlap Between Proceedings, and Petitioner's *Sotera* Stipulation Eliminates Any Potential Overlap

Factor 4 weighs strongly against discretionary denial because there is no overlap between the proceedings. Patent Owner speculates about hypothetical overlap, but it has not identified any ***actual*** overlap between the proceedings. *See* DD Req. 5-7. This speculation obfuscates the most important points: (1) there is ***no overlap*** because invalidity contentions have not been served and may not be served by institution, and (2) Petitioner's *Sotera* stipulation (which would take effect upon institution before invalidity contentions are due in the parallel proceeding) "ensures that an [IPR] is a 'true alternative' to the district court proceeding" and "weighs strongly in favor of not exercising discretion to deny institution." *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18-19 (Dec. 1, 2020) (precedential). Thus, Factor 4 weighs against discretionary denial because there are not, and will not be, any overlapping issues between the proceedings.

Patent Owner's hypothetical reexamination is just that. DD Req. 7. No parallel reexamination exists, nor would Petitioner have reason to file one if this IPR is instituted. Moreover, Petitioner is unaware of any decision where the Board or Director required a petitioner to stipulate away reexaminations. Nor is there any reason to do so because the Office can stay any reexamination pending the outcome of the IPR to avoid any duplication.

Patent Owner's contention that Petitioner's *Sotera* stipulation "leaves open the possibility of duplicative proceedings" is incorrect. DD Req. 7. Petitioner's stipulation, the statutory estoppel under Section 315(e), and the Board's ability to stay any reexamination make duplication at the district court or the Office impossible on the unpatentability grounds presented in this IPR.

Factor 4 therefore weighs strongly against discretionary denial.

E. Factor 5: The Parties Are the Same

Recent decisions have indicated this is neutral or only slightly favors denial. *Innolux Corp. v. Phenix Longhorn LLC*, IPR2025-00043, Paper 10 at 13 (May 15, 2025).

F. Factor 6: Strong Merits Show the Office Erred and Weighs Against Denial

Factor 6 also weighs against discretionary denial. DD Req. 8-9. Patent Owner does not provide any meaningful argument under Factor 6, and does not dispute the merits of the Petition or its showing that the claims are unpatentable based on the proposed grounds, which the Board already found demonstrate a reasonable likelihood of unpatentability. *See generally* DD Req. Patent Owner's failure to

dispute the Petition's merits weighs against denial.[8] *E.g.*, *Samsung Elecs. Co. v. SiOnyx, LLC*, IPR2024-01431, Paper 21 at 17 (Apr. 10, 2025) (granting institution when "Patent Owner provides very little argument, on the merits …"). Factor 6 "includ[es] the merits" of the Petition, and the Board has previously rejected Patent Owner's arguments on the merits when finding there is a reasonable likelihood that the challenged claim is unpatentable. *See supra* Section II.A.

Patent Owner argues that "[t]he Petition does not allege anticipation under §102, and instead relies solely on obviousness under §103." DD Req. 8.[9] That is irrelevant—both obviousness and anticipation challenges are meritorious. *See KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 419 (2007) ("If the claim extends to what is obvious, it is invalid under § 103."). Indeed, the simplicity of the Petition's obviousness rationale—power management, a known topic as long as electronic devices have existed (*see* Pet. 20-24, 39-40, 57-58)—explains why Patent Owner has not challenged the merits: because it cannot meaningfully do so. Factor 6

[8] Any request by Patent Owner to dispute the merits in a Pre-Institution Reply should be denied. Patent Owner's DD Request was less than 9 pages, leaving ample space (11 pages) if it had any credible merits argument. *See* DD Req.

[9] Patent Owner also repeats the age of the '359 patent, which does not favor denial, as explained above. DD Req. 8-9.

therefore weighs against discretionary denial.

V. CONCLUSION

Petitioner respectfully requests that the Director decline to exercise discretion to deny institution and requests merits consideration and institution of this Petition.

Date: February 9, 2026

Respectfully submitted,

/Erika H. Arner/
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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **Petitioner's Opposition to Patent Owner's Request for Discretionary Denial of Institution** was served on February 9, 2026, via email directed to counsel of record for the Patent Owner at the following:

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