

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,

Petitioner,

v.

DIALECT, LLC,

Patent Owner.

Case IPR2024-00657
U.S. Patent No. 9,263,039

**PETITIONER'S RESPONSE TO PATENT OWNER'S REQUEST FOR
DISCRETIONARY DENIAL**

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EXHIBIT LIST

No.	Exhibit Description
1001	U.S. Patent No. 9,263,039
1002	File History of U.S. Patent No. 9,263,039
1003	Declaration of Dr. Henry Houh
1004	CV of Dr. Henry Houh
1005	U.S. Patent No. 6,964,023 (“Maes”)
1006	RESERVED
1007	Second Amended Complaint
1008	RESERVED
1009	RESERVED
1010	RESERVED
1011	RESERVED
1012	RESERVED
1013	RESERVED
1014	RESERVED
1015	RESERVED
1016	RESERVED
1017	RESERVED
1018	RESERVED
1019	RESERVED
1020	RESERVED
1021	D. Walters “Deterministic Context-Sensitive Languages: Part I*” (“Walters”), INFORMATION AND CONTROL 17, 14-40 (1970)
1022	U.S. Patent Application Publication No. 2002/0133354 (“Ross”)
1023	RESERVED
1024	RESERVED
1025	RESERVED
1026	Excerpts from Microsoft Computer Dictionary, 5th edition (2002)
1027	Cattaneo, Marco EGV. “Fuzzy probabilities based on the likelihood function.” Soft Methods for Handling Variability and Imprecision. Springer Berlin Heidelberg, 2008.
1028	Shdaifat, I., Grigat, R.R. and Lütgert, S., 2001. Viseme recognition using multiple feature matching. In INTERSPEECH (pp. 2431-2434).
1029	EDTX Calendar, Judge Gilstrap
1030	RESERVED
1031	RESERVED
1032	PPLA

1033	PDF of webpage (https://www.geekwire.com/2018/nuance-communications-buys-voicebox-technologies-scooping-another-seattle-area-company/)
1034	PDF of webpage (https://news.microsoft.com/source/2022/03/04/microsoft-completes-acquisition-of-nuance-ushering-in-new-era-of-outcomes-based-ai/)
1035	RESERVED
1036	Redacted Opposition to Bank of America, N.A.’s Motion to Dismiss the Second Amended Complaint
1037	RESERVED
1038	Notice of Filing Date
1039	PDF of USPTO Assignment Record Webpage
1040	RESERVED
1041	RESERVED
1042	RESERVED
1043	RESERVED
1044	RESERVED
1045	RESERVED
1046	RESERVED

Pursuant to the Director’s Memorandum issued on March 26, 2025, Petitioner Microsoft Corporation (“Petitioner” or “Microsoft”) files this Response on discretionary denial (“Response”), setting forth reasons why the Director should not exercise discretion to deny the Petition for *inter partes* review (“Petition”) of claims 13-15, 17 and 18 of U.S. Patent No. 9,263,039 (the “’039 Patent”), as asserted by Dialect, LLC (“Patent Owner”) in its Request for Discretionary Denial (“Request”).

I. INTRODUCTION

Petitioner respectfully requests that the Board not exercise its discretion to deny institution of Microsoft’s Petition for IPR under *Fintiv* or any other discretionary factors. Under the Director’s March 26 Memorandum, a Patent Owner “may file a brief explaining any applicable bases for discretionary denial of institution” “**within two months** of the date on which the PTAB enters a Notice of Filing Date” for a petition.¹ Patent Owner’s Request should therefore be waived in its entirety because the PTAB filed its Notice of Filing Date for this Petition on April 15, but Patent Owner filed its Request for Discretionary Denial on June **16**, without

¹ Director’s Memorandum on Interim Processes for PTAB Workload Management, March 26, 2025 (“March 26 Memorandum”) (emphasis added), <https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf>.

demonstrating good cause as required under 37 C.F.R. § 42.5(c)(3).² Exhibit 1038. For this reason alone, Patent Owner has waived its opportunity to file a Request for Discretionary Denial, and the Director should accordingly reject its Request.

Nonetheless, should the Board still entertain Patent Owner’s Request despite Patent Owner’s unexcused failure to timely file, it must be noted at the outset that Patent Owner’s reliance on Bank of America, N.A.’s (“BANA”) co-pending litigation to analyze the *Fintiv* factors is entirely predicated upon a fundamental misinterpretation that BANA is included as the Petitioner, or at the very least, that BANA’s litigation should influence the *Fintiv* factors under Microsoft’s Petition. It would be unduly prejudicial for the Board to discretionarily deny Microsoft’s Petition based upon BANA’s litigation when Petitioner is not a party to it, and further, denying institution here would deny Petitioner its day in court to challenge the validity of the ’039 Patent in its preferred forum. *See Taylor v. Sturgell*, 553 U.S. 880, 892 (2008) (“A person who was not a party to a suit generally has not had a ‘full and fair opportunity to litigate’ the claims and issues in that suit.”).

² Patent Owner understood that the Notice of Filing Date for this Petition was April 15, 2025. *See* Request at 22 (chart illustrating relevant dates).

II. THE PARTIES' SETTLED EXPECTATIONS WEIGH AGAINST DISCRETIONARY DENIAL

As noted in the March 26 Memorandum, the Director considers the “[s]ettled expectations of the parties” to be a relevant discretionary consideration consistent with *Fintiv*, *General Plastic*, and *Advanced Bionics*.³ Here, the parties’ respective expectations weigh heavily against discretionary denial.

First, Patent Owner cannot have settled expectations in the patent before it owned the patent and it only acquired the ’039 Patent fewer than three years before this petition was filed. Further, the ’039 Patent was never asserted in any litigation prior to Patent Owner’s ownership, demonstrating that settled expectations could not have been created or assumed before that time. *Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12 (June 26, 2025) (a patent being in force for years but not asserted during that time does not create settled expectations). Nor can Patent Owner claim that it has any settled expectations arising from practicing the ’039 Patent, because Patent Owner is a non-practicing entity that was formed just before its

³ March 26 Memorandum (citing *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential); *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (Sept. 6, 2027) (precedential as to § II.B.4.i); *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (Feb. 13, 2020) (precedential)).

acquisition of the '039 Patent, which drastically reduces any remaining weight this factor may have had in Patent Owner's favor.

In comparison, Petitioner's settled expectations are deeply seated for precisely the inverse reason. Prior to Patent Owner taking ownership of the '039 Patent, it was owned from 2015 to 2021 by Petitioner's wholly owned subsidiary, Nuance Communications, Inc. ("Nuance"). And when Nuance sold the patent to Patent Owner's predecessor, Nuance retained a license to the '039 Patent that extended to Nuance's customers. BANA is a customer of Nuance, and Nuance jointly developed the accused technology with BANA. Exhibit 1032. Thus, Petitioner would naturally expect that it and its customers would be safe from litigation on patents that Nuance owned while jointly developing technology used by its customers. Those settled expectations were upended, however, when Patent Owner asserted the '039 Patent against Petitioner's customer BANA, accusing that same technology of infringement.⁴ Indeed, Nuance's relationships with its customers, and in turn Petitioner's settled expectations, were built on the shared goal of jointly developing technology, not the threat of patent litigation. Thus, the litigation involving

⁴ See generally *Dialect LLC v. Bank of Am., N.A.*, No. 2:24-cv-00207 (E.D. Tex. June 26, 2025) ECF Nos. 76-1, 87-1 (demonstrating BANA's assertion of license defense).

Petitioner's customer BANA has undeniably disturbed Petitioner's settled expectations, and therefore **weighs greatly against** discretionarily denying Petitioner's opportunity to challenge the '039 Patent before the Patent Office.

III. EVEN IF THE DIRECTOR WERE TO APPLY *FINTIV*, IT DOES NOT FAVOR DISCRETIONARY DENIAL

The *Fintiv* factors, as addressed by Patent Owner in its Request(s) for Discretionary denial, all factors support the institution of the IPR.

In light of Patent Owner's unsupported reliance on BANA supposedly being a co-petitioner to this Petition for purposes of its analysis under the *Fintiv* factors, Petitioner believes it would be illustrative to address the sixth and fifth *Fintiv* factors at the forefront, acknowledging that this starting point frames, and indeed, tilts, the ensuing factor-by-factor analysis against discretionary denial.

1. Factor Six (Other Factors) Weighs Against Discretionary Denial

Compelling reasons exist for the Board to evaluate the '039 Patent on the merits and not discretionarily deny the Petition, particularly as it relates to Petitioner's settled expectations and Patent Owner's distinct lack thereof. As noted above, Patent Owner's existence, along with its ownership of the '039 Patent, is relatively recent, so its assertion that it has settled expectations should be

disregarded. Patent Owner was only formed as a company in April 2022⁵—ostensibly for the purchase and assertion of this and other technically related patents. Moreover, public assignment records show that the '039 Patent changed hands several times prior to the filing of this Petition, including ownership by Nuance—a wholly owned subsidiary of Petitioner—from 2015 to 2021. Exhibit 1039. During that time, Nuance never asserted the '039 Patent.⁶ Furthermore, Nuance's assignment of the '039 Patent included a license back that extended to Nuance customers, which includes BANA. Exhibit 1032. Nuance also acquired VoiceBox Technologies, Inc. (the original assignee of the '039 Patent) in or around 2018, and Petitioner Microsoft, in turn, acquired Nuance in 2022. Exhibits 1033, 1034. Later that same year, the assignment of the '039 Patent to Patent Owner was recorded.

⁵ See <https://comptroller.texas.gov/taxes/franchise/account-status/search/32083980899> (Effective SOS Registration Date of 04/05/2022).

⁶ In contrast, during this same time period, Nuance was no stranger to asserting patents it owned. See, e.g., *Nuance Commc'ns, Inc. v. Omilia Nat. Language Sols., Ltd.*, No. 1:19-cv-11438 (D. Mass. 2019) (asserting eight patents other than those asserted by Patent Owner against BANA); see also *Nuance Commc'ns, Inc. v. MModal LLC*, No. 1:17-cv-01484 (D. Del. 2017) (asserting six patents other than those asserted by Patent Owner against BANA).

Thus, Patent Owner only recently acquired ownership of the '039 Patent—not even three years ago as of the filing of this Response—severely limiting what settled expectations it purports to have.

Petitioner, on the other hand, is a corporation actively developing in the technology space with a customer who now unexpectedly faces litigation on accused technology jointly developed by Petitioner's subsidiary, Nuance, who owned the '039 Patent at the time. Petitioner, therefore, has deeply settled expectations that its customers would be safe from litigation under these circumstances. This is particularly true here where Nuance received a license back to the '039 Patent that extended to its customers (*see* Exhibit 1032), **and** where Nuance entered into agreements with BANA to develop that accused technology, which included a broad license to any Preexisting IP owned by Nuance related to the services Nuance provided.⁷ Indeed, Nuance's relationships with its customers, and in turn Petitioner's settled expectations, were built on the shared goal of jointly developing technology, not the threat of patent litigation. Thus, the litigation involving Petitioner's customer, BANA, undeniably disturbed Petitioner's settled expectations, and therefore **weighs**

⁷ *See generally Dialect LLC v. Bank of Am., N.A.*, No. 2:24-cv-00207 (E.D. Tex. June 26, 2025) ECF Nos. 76-1, 87-1 (demonstrating BANA's assertion of license defense).

greatly against discretionarily denying Petitioner’s opportunity to challenge the ’039 Patent.

Although the ’039 Patent was issued nine years ago, it was owned by Nuance for over six of those years, throughout which time Nuance was working closely with BANA to develop the accused technology, and was never asserted in litigation by Nuance (or any owner-predecessor), even though Nuance was recognized as an industry leader in this technology space. *See supra* n.2. The absence of any assertion of the ’039 Patent, not just during Nuance’s ownership, but by any owner of the ’039 Patent before Patent Owner, further underscores Petitioner’s settled expectations.

Additionally, the factor of “[w]hether the PTAB or another forum has already adjudicated the validity or patentability of the challenged patent claims”⁸ weighs strongly against discretionary denial for the simple reason that, in fact, no other forum has yet fully adjudicated the validity or patentability of the ’039 Patent. In fact, other Patents owned by Dialect—from the same inventor and directed to the same technology—have been found by the Patent Office (at least preliminarily) to be invalid. For example, U.S. Patent No. 8,849,654, a continuation of the patent family containing U.S. Patent Nos. 8,195,468 and 8,447,607, as well as U.S. Patent No 9,031,845, which share multiple inventors and technology with the ’039 Patent,

⁸ March 26 Memorandum.

were both granted institution in petitions brought by Google against Patent Owner. *See* IPR2024-00750, IPR2024-00752. Thus, the fact that the Board previously determined related or similar claims to be unpatentable should also tip the balance against discretionary denial. *POSCO Co., Ltd. v. ArcelorMittal*, IPR2025-00370, Paper 10 (June 25, 2025) (“The fact that the Board previously determined related claims to be unpatentable ... tips the balance against discretionary denial. It is an appropriate use of Office resources to provide consistency and predictability to the public, and to ensure that a patent applicant or owner does not take action inconsistent with the judgment in a prior Office proceeding.”).

A third additional factor weighing against discretionary denial is the complexity and diversity of the litigation. The PTAB has held that a “large number and vast scope of the patents asserted in the district court litigation weighs against discretionary denial as the Board is better suited to review a large number of patents involving diverse subject matter.” *Tesla, Inc. v. Intell. Ventures II LLC*, IPR2025-0017, Paper 9 (Director June 13, 2025). *See, e.g., Tesla, Inc. v. Intell. Ventures II LLC*, IPR2025-00340; IPR2025-00342; IPR2025-00343 (July 2, 2025) (incorporating the analysis of IPR2025-0017 and finding that the discretionary considerations do not favor discretionary denial for the same reasons). Given the number and diversity of patents asserted in the district court litigation, this factual analysis similarly weighs against discretionary denial.

As for Patent Owner’s argument that no reason has been provided for allegedly delaying the filing of this Petition, Petitioner directs the Board to *Fintiv* Factor three of this Response, and particularly to Patent Owner’s amendment to its infringement contentions, which occurred just over four months from the filing of this Petition, which the PTAB has previously found was a reasonable amount of diligence. *See Samsung Elecs. Co., Ltd. v. Mullen Indus. LLC*, IPR2024-01472, Paper 9 at 10 (Mar. 31, 2025).

With respect to Patent Owner’s “weak challenges” argument, Patent Owner asserts that the teachings of priority ordering in Ross “has nothing to do with any comparison of text combinations from a current user query.” Request at 25. Not true. Patent Owner ignores the Petition’s explanation of Ross also disclosing the “comparing ...” step (element 13.5). Petition at 48-53. By way of example, the Petition cites the below passage from Ross:

Recognition messages 68 from the speech engine interface 30 are tested by the context manager 50 against the active grammars in the context list 62 in priority order. When a successful match is found, ... the priority of the matching grammar (i.e., selected context 72) is raised.

Petition at 51 (citing Ross at [0034]). As the Petition explains in detail, Ross’s disclosures of finding a successful match constitutes the “comparing ...” step, as required in element 13.5. Furthermore, the Petition explains with the help of an

example in Ross (see Petition at 51 citing Ross at [0041]-[0051]) how finding a match in Ross involves using information from a current user query compared against entries stored in Ross’s grammar.

Patent Owner also argues that “accessing *a plurality* of domain agents” is missing in Ross. Request at 26. Not true. The Petition explains with the help of an example in Ross of an electronic mail application and a calendar application (“a plurality of domain agents”) both accepting the user’s utterance, which discloses Ross accessing both applications as required in element [13.6]. Petition at 53-54 (citing Ross at [0053], [0045], and [0051]).

In conclusion, the settled expectations of Petitioner and its customers are rooted in collaborative, well-understood business practices, which Patent Owner now attempts to upend by undermining the trust between Petitioner and its customers that is essential to innovation and commercial progress. Weighing this factor in favor of Patent Owner would set a troubling precedent that would force companies to operate under the constant threat that patents previously owned by their trusted business partners could later be transferred and opportunistically weaponized against them or their customers, creating a chilling effect on the innovation ecosystem by reducing the willingness of companies to engage in collaborative development.

Therefore, the settled expectations of the parties, along with all other considerations incorporated in Factor six as described above, **weigh strongly against discretionary denial.**

2. Factor Five (Same Party) Weighs Strongly Against Discretionary Denial

Despite Patent Owner’s repeated assertions, Petitioner and BANA are not the “same party.” They are two separate parties, and BANA is just one of Petitioner’s many customers. Moreover, it was Patent Owner’s burden to demonstrate Petitioner and BANA are the “same party,” and it has failed to do so. In particular, Patent Owner provides no analysis as to why BANA should be treated as a co-petitioner, and for that reason alone the Director should reject its assertion that they are the same party.

As the Board has repeatedly held, *Fintiv* Factor five weighs against denial when the petitioner is unrelated to the defendant in the earlier court proceeding. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 6 (P.T.A.B. Mar. 20, 2020) (precedential); *Samsung Bioepis Co., Ltd v. Regeneron Pharms., Inc.*, IPR2023-00884, Paper 13 at 71 (Nov. 17, 2023) (“It is undisputed that Petitioner is not a party to the district court action, which we determine weighs very heavily against exercising our discretion to deny institution.”); *see also POSCO*, IPR2025-00370, Paper 10 at 2 (June 25, 2025) (“Petitioner is not a party in the ITC investigation. Rather, Petitioner’s customer, listed as a real party-in-interest in the petition, is a

party in the ITC proceeding.”). This clear distinction is not only dispositive as to the fifth *Fintiv* factor, but, as illustrated below, also fundamentally undermines Patent Owner’s argument that the vendor-customer relationship between Petitioner and BANA could support discretionary denial under any other factor.

Indeed, Petitioner and BANA here possess nothing more than a “contractual and fairly standard customer-manufacturer relationship,” which is not “sufficiently close that both should be bound” by BANA’s litigation. *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1321 (Fed. Cir. 2018). Petitioner and BANA have simply entered a services contract, which does not in itself involve a high degree of commonality of proprietary and financial interest between the parties. And although an arm’s-length indemnification agreement exists between Petitioner and BANA, that “does not amount to a sufficiently-close relationship to warrant finding” that Petitioner and BANA are the same party. *Id.* at 1321–22; *see also Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1340–41 (Fed. Cir. 2018) (petitioner clearly had its own independent interest in challenging the asserted patent through IPR based on its manufacture of the assertedly infringing products). While Petitioner and BANA have “a common desire” to see the ’039 Patent invalidated, that does not mean that Petitioner and BANA are treated as the same party for the purposes of the *Fintiv* analysis. *See WesternGeco*, at 1321.

Petitioner’s arguments here are also inconsistent with its arguments in the BANA litigation. While Petitioner argues that similarity in the issues raised between this Petition and BANA’s litigation weigh in favor of discretionary denial under Factor five, Patent Owner itself has argued in the BANA litigation that the interests of Petitioner as the provider of services are *distinct* from those of BANA, claiming BANA is merely a customer to certain functionalities of the product accused in the BANA litigation separate and apart from Petitioner. Indeed, Patent Owner has taken the position in the BANA litigation that “Nuance [now owned by Petitioner] did *not* develop Erica’s Natural Language Understanding technology—the core technology covered by the Asserted Patents.”⁹ Patent Owner’s claims of overlap are belied by its contrary positions in the BANA litigation, and therefore the issues raised in the BANA litigation should be found sufficiently discrete as to weigh this factor against denial.

Accordingly, *Fintiv* Factor five **weighs heavily against discretionary denial** and should be dispositive of the *Fintiv* analysis.

1. Factor One (Likelihood of Stay) Weighs Against Discretionary Denial

⁹ *Dialect LLC v. Bank of Am., N.A.*, No. 2:24-cv-00207 (E.D. Tex. June 26, 2025) ECF Nos. 65, 67 at 2 (emphasis added); *see also* Exhibit 1036.

Factor one of the *Fintiv* analysis **weighs against** discretionary denial. As indicated above in discussing Factor five, Microsoft, not BANA, is the Petitioner—and there is no parallel district court proceeding for Microsoft involving the '039 Patent, so there is no district case to be stayed involving Petitioner Microsoft.

Given Microsoft's role as Petitioner with no parallel district court proceeding involving the '039 Patent, *Fintiv* Factor one weighs against discretionary denial.

2. Factor Two (Timing of Trial) Weighs Against Discretionary Denial

Factor two of the *Fintiv* analysis weighs heavily against discretionary denial for the clear reason that the '039 Patent is not asserted in any litigation to which Petitioner is a party, and therefore there is no trial date at which Petitioner will have the opportunity to challenge the '039 Patent.

Nonetheless, even if Patent Owner's reliance on the BANA litigation were given any credence, the deadlines Patent Owner relies upon have already been extended by roughly three months across the board.¹⁰ Critically, under the latest schedule, the parties to the BANA litigation will not reach a claim construction

¹⁰ *Dialect LLC v. Bank of Am., N.A.*, No. 2:24-cv-00207 (E.D. Tex. June 26, 2025)

ECF No. 85.

hearing until October 29, 2025, nor will trial occur until May 4, 2026, which also assumes that no further delays to the schedule occur. *Id.*

3. Factor Three (Investment in Parallel Proceeding) Weighs Against Discretionary Denial

Factor three weighs against discretionary denial. Patent Owner states “both Patent Owner and Petitioner will have expended considerable resources in the parallel litigation, including on the merits of Petitioner’s invalidity positions” (Request at 11); however, once again, Patent Owner’s reliance on the BANA litigation to perform analysis of the *Fintiv* factors as though Petitioner is a named party to the BANA litigation is flawed, and ignores the reality that Petitioner is not a party to the litigation and should be able to choose its preferred forum to challenge the validity of the ’039 Patent, particularly when its customer has been accused of infringement.

Patent Owner also faults Petitioner for filing during the latter half of the permissible statutory period set by the filing of Patent Owner’s Complaint against BANA. Putting aside the fact that Petitioner is not a party to the BANA litigation, the Board has found that similar diligence by a petitioner was reasonable and weighed against denial. *See Samsung Elecs. Co., Ltd. v. Mullen Indus. LLC*, IPR2024-01472, Paper 9 at 10 (Mar. 31, 2025) (“Petitioner’s diligence in filing its Petition (a) less than five months after receiving Patent Owner’s infringement contentions and (b) prior to the parties briefing claim construction issues weighs

against exercising discretionary denial.”). Even so, Patent Owner has twice amended its infringement contentions, including on November 22, 2024, which substantively modified its contentions against every patent asserted in the BANA litigation.

This Petition was therefore timely, and Patent Owner has not pointed to any tactical advantage gained from the alleged delays in the filing of the petition, which further weighs against denial. *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 19 (Sep. 12, 2018) (precedential) (“The Petition, therefore, was timely, and Patent Owner does not apprise us of any tactical advantage, or opportunity for tactical advantage, that Petitioner gained by waiting to file the Petition.”).

Furthermore, Petitioner has dedicated a significant amount of resources to this Petition, which it would have hoped to avoid if a resolution with Patent Owner was reached. But given that the BANA litigation remains, Petitioner was without option but to proceed as diligently as possible to file this Petition. Denial of this Petition at this stage would be premature, and would render all of Petitioner’s efforts in vain, which weighs against denial—particularly when Petitioner would otherwise be denied the opportunity to challenge the ’039 Patent in its preferred forum.

Accordingly, this factor **weighs against** discretionary denial.

4. Factor Four (Overlap of Issues) Weighs Against Discretionary Denial

Factor four of the *Fintiv* analysis weighs against denial because Petitioner is not a party to the BANA litigation, and therefore, no overlap of issues exists.

Both Petitioner and BANA offered a *Sotera* stipulation upon institution to ensure that overlap is reduced as far as possible. Historically, a *Sotera* stipulation has “weigh[ed] strongly in favor of not exercising discretion.” *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12, at 19 (PTAB Dec. 1, 2020) (precedential).

Further, recent PTAB decisions show that *Sotera* stipulations are still given significant weight in *Fintiv* analysis. *See, e.g., Samsung Elecs. Co. v. Harbor Island Dynamic LLC*, IPR2024-01403, Paper 9, at 39 (PTAB Mar. 24, 2025); *SAP Am., Inc. v. Cyandia, Inc.*, IPR2024-01433, Paper 13, at 12 (PTAB Apr. 7, 2025); *MediaTek Inc. v. ParkerVision, Inc.*, IPR2025-00030, Paper 9, at 21–22 (PTAB Mar. 31, 2025). Recent guidance from the USPTO has further bolstered the significance of a timely filed *Sotera* stipulation in stating that it is “highly relevant” when considering a holistic *Fintiv* analysis, including Factor four.¹¹

¹¹ Memorandum on Guidance on USPTO’s recession of “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court

Taken together, the facts of this Petition and PTAB precedent indicate that Factor four of *Fintiv* **weighs against** discretionary denial.

IV. THE BOARD SHOULD NOT DENY INSTITUTION UNDER 35 U.S.C. § 325(d)

Petitioners do not dispute that the first part of the *Advanced Bionics* framework is met because the Petition presents prior art previously presented to the Office, but that art was not considered. As for the second part of that framework, denial under § 325(d) is not warranted because the three relevant *Becton* factors, as applied in *Ecto World*, weigh against discretionary denial of this Petition. *Ecto World LLC v. RAI Strategic Holdings, Inc.*, IPR2024-01280, Paper 13 (May 19, 2025) (precedential as to (§ A) (citing *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 8 (PTAB Feb. 13, 2020)); see also *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (Dec. 15, 2017) (precedential as to section III.C.5, first paragraph). As emphasized in *Ecto World*, the Board expressly recognized that “the Board should consider a petitioner’s argument based on the volume of the references submitted to the Office during examination,” and highlighted that an unusually large

Litigation,” March 24, 2025, at 2–3, https://www.uspto.gov/sites/default/files/documents/guidance_memo_on_interim_procedure_recission_20250324.pdf.

number of references can weigh against discretionary denial under section 325(d). *Ecto World*, Paper 13 at 6. Thus, the fact that the '039 Patent has 687 “References Cited,” as shown on the face of the '039 Patent, immediately weighs against discretionary denial under section 325(d), as it raises a substantial likelihood that the Examiner could not have meaningfully considered each reference in depth. *See* Exhibit 1001.

For example, *Becton* factor “c” weighs against denial, as the file history of the '039 Patent demonstrates that the Examiner could not have properly evaluated all the relevant incorporated references and the relevant incorporated references did not form the basis of their conclusions. Neither Maes nor Ross were cited or considered by the Examiner during prosecution of the '039 Patent. While the face of the '039 Patent does include Maes and Ross as “References Cited,” the '039 Patent includes over 680 references, further supporting that the Examiner did not have the opportunity nor time to properly review the combination of Maes and Ross. Because the Examiner could not have substantively reviewed Maes and Ross (alone or in a combination), the Examiner’s rejections did not address the arguments as highlighted by the strength of Petitioner’s Grounds. *CrowdStrike, Inc. v. Webroot Inc.*, IPR2023-00126, Paper 9 at 14 (PTAB May 5, 2023) (“[the Board] cannot determine the extent to which [cited reference] was evaluated during the examination because it was never used in a rejection” and because “[cited reference]

was not the basis of a rejection, there is no overlap of arguments.”); *Sci. Design Co. Inc. v. Shell Oil Co.*, IPR2022-00158, Paper 7 at 24–26 (PTAB Apr. 4, 2022) (declining to exercise discretion under § 325(d) based on “credit[ing] Petitioner’s argument that although the references ‘were cited in an IDS, together with 111 references, none of them was used in any rejections, or otherwise addressed by the examiner”). Therefore, given that the Maes and Ross patents were not included in the Examiner’s substantive analysis, they did not form the basis of the Examiner’s opinions, and as a result, factor “c” favors institution.

Similarly to *Becton* factor “c,” factor “e” also favors institution. The file history of the ’039 Patent demonstrates that the Examiner erred in their analysis of the prior art based on the apparent absence of any review of the relevant references. Therefore, the Examiner materially erred by not substantively evaluating the Maes and Ross references against the ’039 Patent during prosecution, and further erred by failing to reject any claims as obvious over the two patents as highlighted by the strength of Petitioner’s Proposed Grounds. Where a reference was never “substantively discussed by the Examiner[,]” “a petitioner’s showing that the challenged claims are unpatentable over the asserted prior art may itself be evidence of material error by the Office during prosecution.” *Quasar Sci. LLC v. Colt Int’l Clothing, Inc. d/b/a Colt LED*, IPR2023-00611, Paper 10 at 14 (PTAB Oct. 10, 2023). Further, the Examiner never had an opportunity to evaluate the validity of the

'039 Patent in light of Dr. Houh's expert testimony supporting this Petition. *SanDisk Techs., Inc. v. Polaris Powered Techs., LLC*, IPR2025-00517, Opposition to Request for Discretionary Denial, at 28 (June 24, 2025) (citing to the principle that the missing review of expert testimony was evidence of error by the Examiner). Further, the Board has found the *Becton* factors favor institution where even a single noncumulative secondary reference distinguished the prior-art ground, regardless of other overlapping references. *Oticon Med. AB v. Cochlear Ltd.*, IPR2019-00975, Paper 15 at 9–20 (PTAB Oct. 16, 2019) (precedential).

Finally, the file history of the '039 Patent shows that *Becton* factor “f” also favors institution. As stated above, the Examiner could not have meaningfully considered each reference cited on the information disclosure sheet of the '039 Patent in depth, thus neglecting to closely address relevant patents, and other patents incorporated by reference within those patents, when forming the basis of their rejection. *See Ecto World*, Paper 13 at 6–7. The Examiner also was unable to consider the testimony of a person skilled in the art in conjunction with the evidence to which said person skilled in the art cites. This neglected collage of relevant prior art and supporting evidence more than satisfies the *Becton* requirement of additional evidence and facts so as to warrant reconsideration of the prior art and arguments. Therefore, *Becton* factor “f” also favors institution.

In sum, denial under section 325(d) is not warranted because the three *Becton* factors, as applied in *Ecto World*, weigh against discretionary denial of this Petition.

V. THE MARCH 26 MEMORANDUM VIOLATES THE ADMINISTRATIVE PROCEDURES ACT

While the above briefing addresses the USPTO’s most recent guidance on institution as Petitioner understands it, Petitioner respectfully submits that the March 26 Memorandum violates the Administrative Procedures Act (“APA”), and requests that the USPTO Director maintain the standards for institution in place at the time this Petition was filed, until such time as new guidance is issued following a proper notice and comment period. Not only was the March 26 Memorandum required to be proclaimed through notice-and-comment rulemaking because it is a binding agency policy,¹² but the March 26 Memorandum, as written, exceeds the Director’s authority under the AIA. The March 26 Memorandum introduces nebulous and arbitrary factors that improperly apply retroactively to already-filed petitions such as this one and improperly attempts to give the Director absolute discretion over whether to institute an IPR outside the scope of its statutory authority to do so under 35 U.S.C. § 314.

Many of the new “considerations” proposed in the March 26 Memorandum fail to “set[] forth the standards for the showing of sufficient grounds to institute a

¹² *Mendoza v. Perez*, 754 F.3d 1002, 1020 (D.C. Cir. 2014).

review under section 314(a).” 35 U.S.C. § 316(a). By way of example, the “considerations” lack Federal Circuit or PTAB precedent, such that Petitioner is unable to hypothesize how they may be applied by the Director, which is exacerbated in light of the fact that the “considerations” purportedly apply retroactively to this already-filed Petition.¹³

Due to the unpredictability and procedural deficiencies of the March 26 Memorandum described above, Petitioner respectfully requests that the Board and Director maintain the standards for institution in place at the time this Petition was filed.

VI. CONCLUSION

For the reasons stated above, Petitioner respectfully requests that the Board not exercise its discretion to deny Petitioner’s Petition for IPR of the ’039 Patent.

Dated: July 16, 2025

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¹³ March 26 Memorandum (“The processes described herein will be implemented in IPR and PGR proceedings where the deadline for the patent owner to file a preliminary response has not yet passed.”).

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CERTIFICATE OF COMPLIANCE

The undersigned certifies that the foregoing PETITIONER'S RESPONSE TO PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL complies with the applicable type-volume limitation. According to the word-processing system's word count, the brief contains 5,163 words, excluding the parts of the brief exempted by 37 C.F.R. § 42.24(c)(1).

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6(e) and 42.105(a), I certify that, on July 16, 2025, I caused to be served true and correct copy of the foregoing “PETITIONER’S RESPONSES TO PATENT OWNER’S REQUEST FOR DISCRETIONARY DENIAL” by electronic mail on counsel of record for Patent Owner as follows:

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