

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,

Petitioner,

v.

HEADWATER RESEARCH LLC,

Patent Owner

IPR2026-00203
Patent No. 9,232,403

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

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TABLE OF AUTHORITIES

Cases

Motorola v. Stellar,
IPR2024-01205 Paper 19 (March 28, 2025)9

Statutes

35 U.S.C. § 3141

PATENT OWNER'S EXHIBIT LIST

No.	Description
2001	Confidential License Agreement
2002	Final Judgment in <i>Headwater Research LLC v. Samsung Electronics Co., Ltd.</i> , No. 2:23-cv-00103-JRG-RSP (E.D. Tex. May 30, 2025)
2003	Day 3 trial transcript in <i>Headwater Research LLC v. Samsung Electronics Co., Ltd.</i> , No. 2:23-cv-00103-JRG-RSP (E.D. Tex. May 30, 2025)
2004	Excerpt of the January 23, 2024 deposition transcript of Jeff Sharkey in <i>Headwater Research, LLC v. Samsung Electronics Co., Ltd. et al.</i> , No. 2:22-CV-00422-JRG-RSP (E.D. Tex.) (redacted to remove any potential confidential information)
2005	Ben Schoon, <i>Google Pixel development reportedly moving almost entirely out of China</i> , 9to5Google.com, https://9to5google.com/2026/01/13/google-pixel-development-china-report/ , Jan. 13, 2026
2006	<i>TRUMP EFFECT: A Running List of New U.S. Investment in President Trump's Second Term</i> , The White House, https://www.whitehouse.gov/articles/2026/03/trump-effect-a-running-list-of-new-u-s-investment-in-president-trumps-second-term/ (Mar. 10, 2026)
2007	Matthew Gardner, <i>Four Big Tech Companies Avoid \$51 Billion in Taxes in Wake of One Big Beautiful Bill Act</i> , Institute of Taxation and Economic Policy, https://itep.org/trump-meta-tesla-alphabet-amazon-obbba-taxes/# (Feb. 6, 2026)
2008	<i>Investing in America 2025</i> , Google, available at https://blog.google/company-news/inside-google/company-announcements/investing-in-america-2025/ (last visited Mar. 23, 2026)
2009	<i>Apple and Corning Partner to Manufacture 100 Percent of iPhone and Apple Watch Cover Glass in Kentucky</i> , APPLE,

	<p>https://www.apple.com/newsroom/2025/08/apple-corning-to-manufacture-all-iphone-apple-watch-cover-glass-in-kentucky/ (Aug. 6, 2025)</p>
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I. Introduction

The '403 patent issued on January 5, 2016 such that it has been in effect for over a decade. Additionally, the '403 patent is subject to significant licensing activity, and Google has failed to offer *any* stipulation that it will not pursue even the exact same invalidity grounds at issue here in the parallel district court litigation. Due to these and other factors, Headwater respectfully requests that the Director exercise discretion to deny institution.

II. Discretionary denial is appropriate.

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 PTAB Workload Management sets forth various relevant considerations that may weigh in favor of discretionary denial, including the settled expectations of the parties and compelling economic or national security interests.

Furthermore, Google has declined to provide *any* stipulation regarding limitations on validity defenses it may present in district court, such that if IPR is

instituted there will almost certainly be duplicative efforts and inefficiency between this case and parallel district court litigation.

As explained below, these considerations weigh heavily in favor of discretionary denial.

A. Settled expectations support discretionary denial.

The '403 patent issued on January 5, 2016 (*see* Ex. 1001), and as such has been in effect for over a decade. Headwater's settled expectations are further supported by the fact that Headwater has invested significant amounts of money in litigating its patent portfolio, and has achieved significant licensing success. *See* Ex. 2001 at 4 (confidential license fee), 31 (identification of patent).¹

These settled expectations are further confirmed by the fact that Google has already attempted (and failed) to establish invalidity of a related patent before at a jury trial. Specifically, in a trial against Samsung involving U.S. Patent No. 8,406,733 (the "'733 patent," which Google relies heavily on as supposedly

¹ Ex. 2001 is just one of several licenses to the Headwater portfolio. Although Headwater has received special authorization to file Exhibit 2001 with the Board, other agreements cannot be produced due to confidentiality restrictions which require another party's waiver of rights or a pending discovery request or court order prior to disclosure. *Cf.* Ex. 2001 at 11.

disclosing the same technology²), Google presented a corporate witness via an attorney that represents Google. *See* Ex. 2003, at e.g., 705–06 (Lance Yang presenting Todd Hansen, a Google corporate representative, and the court instructing the jury “that Mr. Hansen is a Google employee and that Google has a financial interest in this case”); Ex. 2004 at 9:7–9 (Lance Yang appearing “on behalf of Google” in another litigation involving Samsung). The jury, however, found the ’733 patent to be infringed and not invalid. Ex. 2002 at 2. And although Google and Samsung filed an IPR on the ’733 patent in which the PTAB ultimately held the challenged claims unpatentable, Patent Owner is appealing that decision. Given that Google already participated in a jury trial with a final verdict in which it attempted and failed to invalidate claims it contends are similar to those at issue here, Google should not be given a second bite at the apple in this proceeding.³

² Patent Owner disagrees that the ’733 patent and the ’403 patent have the same scope. For instance, the independent claims of the ’403 patent require a “secure interprocess communication service,” which is not recited in the ’733 patent. However, Google treats these patents as functionally identical for purposes of its analysis (*see, e.g.*, Pet. at 1, discussing the ’733 patent in the introduction to the Petition), such that based on Google’s own analysis Google should have understood Plaintiffs’ allegations against Samsung to similarly implicate the ’403 patent.

³ Google may argue that the IPR involving the ’733 patent undermines these

Additionally, Google has made no allegation of examiner error. *See generally* Petition. For instance, Google provides no allegation that the examiner failed in his consideration of any reference of record. *See generally id.* Google also provides no allegation that the examiner should have found any of the prior art references Google relies upon. *See generally id.* To the extent Google alleges that the examiner erred by simply not finding the same references Google chose for its IPR—it is unclear what the basis for any such allegation should be. However, such a hindsight-based approach should not be used to infer examiner error. Once a particular reference has been identified by a petitioner, it will almost always be possible, *with hindsight knowledge of that reference*, to create a seemingly straightforward search strategy which will return that reference. However, using a prior art reference to generate a search strategy in hindsight is irrelevant to whether it would have been apparent *to an examiner without knowledge of that specific reference* to conduct that exact search. What is far more difficult is constructing the appropriate search strategy *without* knowing what the landscape of prior art looks like in its entirety, which is

expectations. But importantly, Headwater’s investment in litigation (and Headwater’s jury verdict involving the ’733 patent) giving rise to settled expectations occurred *before* the final written decision in the IPR involving the ’733 patent, such that Headwater developed its settled expectations prior to any adverse finding before the PTAB.

what United States patent examiners are tasked with doing. And distilling examiner error to search strategy assumes that the examiner did not have independent knowledge of the types of teachings relied upon by the patent challenger.

Furthermore, even to the extent Google ultimately *does* allege examiner error, that should not impact Headwater or Google's settled expectations. Settled expectations relate to settled expectations of the *parties*, not the settled expectations of the examiner who allowed the patent. *See* March 26, 2025 Memorandum Regarding Interim Processes for PTAB Workload Management at 2 (discussing “[s]ettled expectations *of the parties*”). Headwater had no reason to suspect that the examiner committed any error. And to the extent Google had reason to suspect that the examiner committed material error when it was developing and utilizing the products accused of infringing the '403 patent, Google should not have waited to bring the instant patent challenge.

In sum, the settled expectations of the parties (including the duration of time the '403 patent has been in effect, Google's attempt and failure to invalidate a related patent before an Article III court, and substantial licensing activity relating to the '403 patent) weigh heavily in favor of discretionary denial.

B. Despite receiving significant tax advantages under President Trump’s policies, Google does not manufacture the relevant products in America and has committed to relatively low investments in other areas.

On March 11, 2026, the Director issued a memorandum titled “Additional Discretionary Institution Considerations—U.S. Manufacturing and Small Business Use of AIA Proceedings.” *See* https://www.uspto.gov/sites/default/files/documents/Additional_Discretionary_Institution_Considerations_US_Manufacturing_and_Small_Business_Use_of_AIA_Proceedings.pdf.

Despite having a market capitalization of over three trillion dollars as of March 27, 2026, Google does not provide manufacturing capabilities for *any* of the Google Pixel phones (which Google contends are at issue in the related declaratory judgment matter *Google LLC v. Headwater Research LLC*, No. 5:25-cv-7453 (N.D. Cal.)) in the United States. *See* Ex. 2005 (<https://9to5google.com/2026/01/13/google-pixel-development-china-report/>) (discussing Google moving its manufacturing capabilities for Pixel phones from China to Vietnam).⁴

⁴ In contrast, Apple, which took a worldwide license to Headwater’s patents, manufactures at least some iPhone components in the United States. *See, e.g.*, Ex. 2009 at 2 (August 6, 2025 press release: “Apple is making a new \$2.5 billion commitment to produce all of the cover glass for iPhone and Apple Watch in

Notably, even as investments pertain to non-manufacturing activities, Google lags far behind other technology companies of comparable size that have pledged new investments in manufacturing under President Trump’s initiative “to revitaliz[e] America industry”; for instance, Apple, Meta, and NVIDIA have *each* pledged more than \$500B in investments, and Amazon invested \$340B in 2025 alone (plus an additional \$34B for projects in Pennsylvania, North Carolina, and small towns across America). *See* Ex. 2006 (<https://www.whitehouse.gov/articles/2026/03/trump-effect-a-running-list-of-new-u-s-investment-in-president-trumps-second-term/>) at 1. In contrast, Google has pledged a comparatively sparse \$25B investment over two years. *Id.* at 3. This puts Google far behind not only the other mega-cap companies discussed above, but also significantly behind much smaller companies AT&T, Micron, IBM, and Anthropic, and on par with relatively unknown Vantage Data Centers. *Id.* at 1–3. Google’s investment also lags behind numerous smaller *non-U.S.* companies including Taiwan Semiconductor Manufacturing Company, AstraZeneca, Roche, GSK, and Hyundai.⁵ *Id.* at 1–2.

Corning’s Harrodsburg, Kentucky, manufacturing facility. This means that 100 percent of the cover glass on iPhone and Apple Watch units sold worldwide will be made in the U.S. for the first time.”).

⁵ Google may point to announcements regarding other investments. *See* Ex. 2008

Google’s commitment to United States investment is particularly low in light of Google’s \$18.4B *reduction* in tax payments in 2025 alone that resulted from President Trump’s One Big Beautiful Bill Act. *See* Ex. 2007 (<https://itep.org/trump-meta-tesla-alphabet-amazon-obbba-taxes/>). This reduction in tax payments is the reduction for 2025 alone (*see id.*)—presumably, Google’s reduced payments will be similar (if not greater) in the coming years. Both Amazon and Meta received less of a tax discount under the One Big Beautiful Bill Act (*see id.*), yet pledged *far* more in United States investments (*see* Ex. 2006 at 1, 3).

To be clear, only *manufacturing* should be considered under the March 11, 2026 memorandum. However, the extent Google attempts to argue that non-manufacturing investments should weigh in favor of discretionary denial, Headwater believes that such investments should (1) not be considered, but (2) even if considered, should weigh *against* discretionary denial given the limited scope of such investments relative to Google’s size (one of only three companies *in the world* to have a market capitalization of over three *trillion* dollars as of March 23, 2026).

(<https://blog.google/company-news/inside-google/company-announcements/investing-in-america-2025/>). However, even Google’s own blog regarding a “Collection” of announcements regarding “Investing in America” highlights well under \$100B in investments (*see id.*), which is far less than other technology companies of comparable size (*see* Ex. 2006).

C. Google has additionally failed to offer any stipulation regarding invalidity defenses in its declaratory judgment action involving the '403 patent.

On September 3, 2025, Google filed an action for declaratory judgment of non-infringement of the '403 Patent in the Northern District of California. *See Google LLC v. Headwater Research LLC*, No. 5:25-cv-7453 (N.D. Cal.). That litigation is subject to motion practice, with Google attempting to keep the litigation in the Northern District of California and Headwater seeking to transfer the case to the Eastern District of Texas (or in the alternative, dismiss the case).

Although Google has not yet raised invalidity defenses in that proceeding, Google has not stipulated that it will not do so after it receives Headwater's compulsory infringement counterclaims. And Google has offered *no* stipulation regarding the scope of prior art it may rely on in district court proceedings. By failing to offer *any* stipulation whatsoever, Google reserves the right to raise the *exact same* invalidity grounds before the district court that it has asserted before the PTAB.

Thus, far from ensuring 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)), Google has reserved for itself the right to make these IPR proceedings *entirely duplicative* with the district court litigation. The potential for duplicative proceedings between this case and the district court proceedings weighs heavily in favor of discretionary denial.

III. Conclusion

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

Date: March 27, 2026

Respectfully submitted,

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

The undersigned hereby certifies that the above document was served on March 27, 2026, by filing this document through the Patent Trial and Appeal Case Tracking System (P-TACTS) as well as delivering a copy via electronic mail upon the following attorneys of record for Petitioner:

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