Paper No. 16
August 24, 2021

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZYXEL COMMUNICATIONS CORPORATION,

Petitioner,

v.

UNM RAINFOREST INNOVATIONS,

Patent Owner.

IPR2021-00734
Patent No. 8,265,096

PATENT OWNER UNM RAINFOREST INNOVATIONS' SUR-REPLY TO PETITIONER'S REPLY

1. *FINTIV* FACTOR 2

Although the Dell and ZyXEL litigations have been stayed pending UNM's lawsuit in New Mexico state court to quiet title to the '326, '096, and '204 patents (*UNM v. ITRI, et al.*, case number D-202-CV-2021-02803), the defendant has challenged the jurisdiction of the state court over it as a foreign entity. If this case is dismissed, the Dell and ZyXEL trials will be resumed. If this occurs even within the next 6 months, it remains very likely that the Dell and ZyXEL trials will occur before the final written decision in this matter, expected in Oct. 2022. *Fintiv* factor 2 thus still favors denying institution.

2. ZYXEL'S IMPROPER *IN REM* PROCEEDING

A. The Board Cannot Adjudicate this Proceeding Without a Determination of the True Patent Owner

ZyXEL improperly filed its Petition *in rem*, in violation of 35 U.S.C. § 311(a), which authorizes a person to "file with the Office a petition to institute an *inter partes* review of the patent." ZyXEL's *in rem* Petition does not satisfy the *inter partes* requirement of the provision. Title 35 which provides the IPR framework, explicitly requires participation by the patent owner. For example, 35 U.S.C. § 312(a)(5) requires the petitioner to provide a copy of the petition and other documents "to the patent owner or, if applicable, the designated representative of the patent owner." The remaining provisions of that section also require participation of the patent owner in numerous aspects. *Id.* at §§

313-316. Proper compliance with these provisions requires a determination of who the patent owner is. ZyXEL itself has called this condition precedent into question by filing its Petition not as an *inter partes* petition, but instead as an *in rem* petition against the patent itself. (Paper 1 at caption). ZyXEL confirmed its position by serving its Petition as required by § 312(a)(5) on ITRI (the Industrial Technology Research Institute), whom ZyXEL believes to be the actual patent owner. ZyXEL thus explicitly acknowledged the issue of patent ownership in this forum. Although ZyXEL now states that it does not seek to challenge patent ownership before the PTAB, by proceeding only against the patent itself, ZyXEL has squarely brought the issue of patent ownership into this IPR. Regardless, this issue *must be resolved* before this IPR can proceed under Title 35. Proceeding further—when patent ownership is unclear—risks proceeding without the patent owner, in clear violation of the procedures required by statute. If the Board decides to proceed with this IPR, the Board must determine who the true patent owner is *before* proceeding. This panel can decide patent ownership and confirm UNM's rightful ownership based on USPTO Assignment Records. *See* Ex. 2012.

B. If the Board Will Not Decide Patent Ownership, It Must Stay The Proceeding Until The Issue Is Resolved

The AIA explicitly allows only Sections 102 or 103 to be raised in an IPR. 35 U.S.C. § 311(b) (stating that "[a] petitioner in an *inter partes* review

may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications."). An IPR petition is not the proper forum, for example, to raise grounds based on 35 U.S.C. § 101. *Id.* Similarly, an IPR would not ordinarily be considered the proper forum to raise challenges to a patent's ownership. ZyXEL's improper *in rem* IPR defeats the very purpose of the *inter partes* aspect of this reexamination, which is intended to allow the benefit of cogent arguments regarding validity brought by two interested parties. Although ZyXEL seeks to dodge the ownership question by referring to UNM as the mere "assignee of record," ZyXEL itself opened the door by choosing to file these proceedings against the patents themselves.

Thus, if the Board chooses not to determine ownership, this proceeding should be stayed until either a final determination of patent ownership is reached, or ZyXEL stipulates that UNM is indeed the patent owner. Indeed, ZyXEL and every other alleged infringer has moved to stay all district court proceedings to await determination of the true Patent Owner. This IPR to invalidate the patent is *the only proceeding* the alleged infringers want to pursue regardless of any concerns about patent ownership. In this Sur-Reply, UNM thus moves to stay pending the State Court's decision on patent ownership. If requested, UNM will provide additional briefing regarding its request to stay.

Potentially continuing this proceeding without the true Patent Owner, as ZyXEL argues, would be in waste, as the proper Patent Owner did not get the opportunity to participate as required. In short, this IPR cannot proceed until patent ownership is definitively established, and unless the Board determines that UNM is the true patent owner, the IPR must be stayed.

C. If The Board Adjudicates Patent Ownership, It Must Do So Before Addressing The Substantive Merits To Allow Participation By The Patent Owner

As stated in *Sec. 2.A.*, *supra*, Title 35 explicitly requires participation by the patent owner and accords it various rights and responsibilities in its participation in an IPR. 35 U.S.C. §§ 312-316. Proceeding with an IPR in a way that substantively affects the rights of the patent owner without its participation would amount to a violation of Title 35.

3. CONCLUSION

For the foregoing reasons, discretionary denial or, at a minimum, a stay until patent ownership is definitively established, is appropriate. In the event the Board addresses the threshold issue of determining the patent owner, it must do so *before* reaching the substantive merits of the Petition to afford the true Patent Owner an opportunity to partake in defense of its intellectual property.

Date: August 24, 2021 Respectfully submitted,

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6(e)(4) and 42.25(b), the undersigned certifies that on August 24, 2021, a complete copy of *Patent Owner UNM Rainforest Innovation's Sur-Reply To Petitioner's Reply* was filed electronically through the Patent Trial and Appeal Board's PTABE2E System and provided, via electronic service, to the Petitioner by serving the correspondence address of record as follows:

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Dated: August 24, 2021

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