

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,

Petitioner,

v.

SPEIR TECHNOLOGIES LTD.,

Patent Owner.

Case IPR2023-0151

Patent 7,110,779

PATENT OWNER’S PRELIMINARY RESPONSE TO PETITION

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Samsung Elecs. Co. v. Blaze Mobile, Inc.,
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PATENT OWNER'S EXHIBIT LIST

Exhibit No.	Description
2001	Clerk's Notice Resetting Case Management Conference, <i>Speir Technologies Limited v. Apple Inc.</i> , No. 5:23-cv-00095-EJD, Dkt. No. 79 (N.D. Cal. Mar. 20, 2023)
2002	Docket Sheet, <i>Speir Technologies Limited v. Apple Inc.</i> , No. 5:23-cv-00095-EJD (N.D. Cal. Mar. 20, 2023)
2003	Defendant's Amended Preliminary Invalidity Contentions, <i>Speir Technologies Limited v. Apple Inc.</i> , No. 6:22-cv-00077-ADA (W.D. Tex. Oct. 26, 2022)

I. INTRODUCTION

Patent Owner Speir Technologies Ltd. (“Patent Owner”) submits this preliminary response to Petitioner Apple Inc.’s (“Petitioner”) Petition for *inter partes* review of U.S. Patent No. 7,110,779 (“the ’779 patent”).

First, the Board should exercise its discretion to deny the petition in light of a parallel district court case involving the same patent, the same claims, the same prior art, and the same parties. By the time the Board reaches an institution decision in this proceeding, the parties and the district court will have already invested significant time and resources in the case which was filed on January 10, 2022—over a year ago—and in which fact discovery is ongoing (including source code review). The parties have fully briefed Apple’s pending motion to dismiss and their claim construction disputes in anticipation of a claim construction hearing originally set to be argued on December 16, 2022. Moreover, the Petition fails to present compelling evidence of unpatentability as described below. Thus, the *Fintiv* factors strongly favor a discretionary denial.

Second, the Board should deny institution because Petitioner fails to establish a reasonable likelihood of unpatentability for the challenged claims under any Ground, let alone present compelling evidence of unpatentability. For Grounds 1-3, the Petition fails to establish that McCrady in combination with Raphaeli, Raphaeli and Rofheart, or Raphaeli and Kuwahara teach “estimating a

range ...based upon ... a plurality of determined propagation delays” as required by all challenged claims of the ’779 patent. For Ground 4, the Petition fails to establish that Rofheart in combination with Raphaeli and Godfrey teaches “estimating a range ...based upon ... a plurality of determined propagation delays” as required by all challenged claims of the ’779 patent. This is because, amongst other reasons, Petitioner improperly relies on hindsight reconstruction to attempt to cure the deficiencies of the primary references.

Even if the Board concludes that a discretionary denial is not appropriate, Petitioner has not established a reasonable likelihood of unpatentability under any ground or challenged claim. Accordingly, the Board should deny institution.

II. THE *FINTIV* FACTORS WEIGH AGAINST INSTITUTION

35 U.S.C. § 314(a) gives the Board discretion to deny institution of the requested *inter partes* review due to the advanced state of parallel district court litigation regarding the same issues. *See NHK Spring Co. v. Intrix-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential, designated May 7, 2019) (“*NHK Spring*”). The Board has set forth six factors for determining whether discretionary denial due to such parallel litigation is appropriate (the “*Fintiv* factors”):

whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;

proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;

investment in the parallel proceeding by the court and the parties;

overlap between issues raised in the petition and in the parallel proceeding;

whether the petitioner and the defendant in the parallel proceeding are the same party; and

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, designated May 5, 2020) (“*Fintiv I*”); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 7-8 (PTAB May 13, 2020) (decision denying institution of *inter partes* review) (“*Fintiv II*”). “These factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.” *Fintiv I* at 6. In evaluating the factors, “the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.*

As set forth below, the majority of *Fintiv* factors weigh against institution. To avoid duplication of efforts, wasting resources, and potentially inconsistent decisions, the Board should deny institution.

A. Factor 1: The district court has not granted a stay, nor is there any evidence that a stay will be granted.

There is presently one active district court case involving the '779 patent pending in the Northern District of California: *Speir Technologies Ltd. v. Apple Inc.*, Case No. 23-cv-00095 EJD (N.D. Cal.). This case was transferred from the Western District of Texas where it was originally filed as case No. 6:22-cv-00077-ADA (W.D. Tex.). A case management conference is set for March 30, 2023. *See* Ex. 2001 (Setting Case Management Conference).

The district court case is not at an early stage. The case, involving four patents, was filed on January 10, 2022—over a year ago. The parties have commenced fact discovery (including source code review), fully briefed Apple's motion to dismiss, and fully briefed their claim construction disputes—which were set to be argued on December 16, 2022, the day after this case was transferred on December 15. These are not insignificant investments in the case. *See Comcast Cable Commc'ns Corp., LLC v. Finisar Corp.*, No. C 06-04206 WHA, 2007 WL 20 1052883, at *2 (N.D. Cal. Apr. 5, 2007) (“Those factors do not neatly address the case management concerns most pertinent here, namely the large investment in the unfinished claim construction process and the large investment in preparation to produce a mass of documents, most of which work would have to be reduplicated later were a stay now granted.”); *see also Polaris Innovations Ltd. v. Kingston Tech.*

Co., Inc., No. SACV-16-00300-CJC(RAOx), 2016 WL 7496740, at *2 (C.D. Cal. Nov. 17, 2016) (“[E]ven though litigation only began in February, the parties and the Court have expended non-trivial resources into this litigation. The parties have exchanged written interrogatories, requests for production, and proposed claim constructions.”).

Apple delayed filing of the present *inter partes* review until November 30, 2022, more than 8 months after infringement of the ’779 patent was first alleged in the district court action. Apple similarly delayed filing *inter partes* reviews of the remaining patents asserted in the district court action. *See Apple Inc. v. Speir Technologies Ltd.*, IPR2022-01512, Paper 1; IPR2023-00305, Paper 1; IPR2023-00496, Paper 1; IPR2023-00542, Paper 1; and IPR2023-00543, Paper 1. None of these *inter partes* reviews has been instituted. While Apple has filed a motion to stay, it further delayed doing so until February 9, 2023. Courts routinely deny motions to stay such as Apple’s—even when filed relatively early in a case—when the only action taken by a defendant is the mere filing of a petition for IPR. *See, e.g., Samsung Elecs. Co. v. Blaze Mobile, Inc.*, No. 5:21-CV-02989-EJD, 2022 WL 103552, at *4 (N.D. Cal. Jan. 11, 2022) (denying motion to stay where “[t]he case is at the pleading stage, discovery has not begun, and the Court has yet to set a schedule for the case”); *Polaris*, 2016 WL 7496740, at *2 (“While it is still somewhat early in the litigation, at this stage, Kingston has only petitioned for IPR.”); *DiCon*

Fiberoptics, Inc. v. Preciseley Microtechnology Corp., No. 15-CV-01362-BLF, 2015 WL 12859346, at *1 (N.D. Cal. Oct. 13, 2015) (denying motion to stay where “[b]oth parties agree that this case is in the early stages of litigation.”). “[T]he majority of courts ... have denied stay requests when the PTAB has not yet acted on the [IPR] petition for review.” *Capella Photonics, Inc. v. Cisco Sys., Inc.*, No. C-14-3348 EMC, 2014 WL 12957991, at *1 (N.D. Cal. Oct. 14, 2014) (citing *Loyalty Conversion Sys. Corp. v. American Airlines, Inc.*, No. 13-cv-665, 2014 WL 3736514, at *1-2 (E.D. Tx. Jul. 29, 2014)). Accordingly, Apple’s motion to stay is expected to be denied because none of Apple’s IPRs for the four patents asserted in the district court litigation have been instituted.

As explained by the Board, a stay of the district court litigation pending resolution of the PTAB proceedings “allays concerns about inefficiency and duplication of efforts.” *Fintiv I* at 6; *Fintiv II* at 12. But here, the district court has not stayed the pending litigation, nor is there any evidence that a stay will be granted. Allowing this IPR to proceed simultaneously with the district court litigation would be wasteful and inefficient. This factor weighs against institution.

B. Factor 2: The proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision.

The statutory deadline for a final written decision in this proceeding is June 22, 2024, which can be extended to December 28, 2024 for good cause or in the case

of joinder. 37 C.F.R. § 42.100. Although the pending case was set for trial on October 3, 2023, a trial date in the Northern District of California has not been set. Thus, this factor is neutral.

C. Factor 3: The parties and the courts have made a substantial investment in the parallel proceeding.

This factor relates to the “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 (emphasis added). For example, “if, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition,” this factor favors denial. *Id.* at 9-10. Claim construction orders entered by the district court likewise “indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.” *Id.* at 10.

As discussed above, the parties have commenced fact discovery (including source code review), fully briefed Apple’s motion to dismiss, and fully briefed their claim construction disputes—which would have been heard on December 16, 2022 if the case had not been transferred on December 15. As shown in the district court docket sheet, the courts and the parties have made a substantial investment in the parallel proceeding. *See* Ex. 2002 (Docket Sheet).

Thus, the parties and the court will have invested significant time and resources in the litigation by the time the Board reaches an institution decision in

this matter. This favors discretionary denial. *Fintiv I* at 10; *Fintiv II* at 13-14 (finding that “the level of investment and effort already expended on claim construction and invalidity contentions” favored denial).

D. Factor 4: There is complete overlap between this IPR and the district court proceedings.

This factor looks at “whether all or some of the claims challenged in the petition are also at issue in district court,” and whether the “petition includes the same or substantially the same claims, grounds, arguments, and evidence” as the parallel district court case. *Fintiv I* at 12-13.

Here, Petitioner has challenged all of the claims of the ’779 patent. Petitioner’s Amended Preliminary Invalidity Contentions in the district court case identify the same McCrady, Raphaeli, Kuwahara and Rofheart references asserted in the Petition as prior art that anticipates and/or renders obvious the asserted claims. *See Ex. 2003* at 39-44. Although there is another secondary reference cited in the Petition for one of the four grounds, that reference, Godfrey, is substantially the same as the other references as demonstrated by the Petitioner’s reliance on the other references to challenge the same claims in the first three grounds. Thus, there is also complete overlap with respect to Petitioner’s invalidity arguments and evidence. That the district court case involves additional prior art references not asserted in this IPR is “not relevant to the question of the degree of overlap for this factor.”

Fintiv II at 15. The fact that the Petition challenges additional claims does not warrant institution. *See, e.g., Next Caller Inc. v. TRUSTID, Inc.*, IPR2019- 00961, Paper 10 at 14 (PTAB Oct. 16, 2019) (denying institution where the district court case involved only a subset of the challenged claims).

In sum, this IPR and the district court case involve the same claims—which will be construed under the same *Phillips* standard—and substantially the same prior art (and, as discussed below, the same parties), which raises substantial “concerns of inefficiency and the possibility of conflicting decisions.” *Fintiv I* at 12. This factor thus weighs in favor of a discretionary denial. *See Fintiv II* at 15; *NHK Spring* at 19–20.

E. Factor 5: Petitioner is a defendant in the district court litigation.

There is no dispute that Petitioner is the defendant in the district court litigation. “Because 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.

F. Factor 6: The petition is without merit and unlikely to succeed.

The Board may consider other circumstances in the exercise of its discretion, including the merits of the case. *Fintiv I* at 14. However, “a full analysis of the merits is not necessary to evaluate this factor.” *Fintiv II* at 17. Nevertheless, it is important to note that the Petitioner’s arguments are based entirely on alleged obviousness combinations (Petition at 1) in which neither of the primary references

(McCrady or Rofheart) disclose “estimating a range ...based upon ... a plurality of determined propagation delays” as required by all challenged claims of the ’779 patent. Under these circumstances, it cannot be said that the Petition presents a compelling unpatentability challenge. Moreover, and as discussed below, a preliminary analysis of Petitioner’s grounds shows that Petitioner relies on impermissible hindsight reconstruction. When considered together with the five other *Fintiv* factors discussed above, this factor also favors discretionary denial.

III. THE PETITION RELIES ON IMPERMISSIBLE HINDSIGHT RECONSTRUCTION FOR A CLAIM LIMITATION APPEARING IN EVERY CHALLENGED CLAIM.

Although Patent Owner chooses to reserve the bulk of its arguments on the merits at this stage, Patent Owner does not waive any arguments, including, but not limited to, whether the Godfrey reference is entitled to a priority date under Section 102(e) based on the provisional application.

A. There is no reason other than hindsight reconstruction to modify McCrady or Rofheart to include “estimating a range ...based upon ... a plurality of determined propagation delays” as required by all challenged claims of the ’779 Patent.

The Petition does not distinguish between estimating a range based upon a plurality of determined propagation delays and estimating a range based upon an average of a plurality of determined propagation delays. *See* Petition at vi-vii, claim element [1.d.iii], “estimating a range to said target wireless communication device

based upon a plurality of determined propagation delays”; *Id.* at vii, claim element [2], “estimates the range based upon an average of the propagation delays”; *Id.* at ix, claim element [13.d.iii] “estimating a range to said target WLAN device based upon an average of a plurality of determined propagation delays”; *Id.* at xi, claim elements [18.g] “estimating a range to the target wireless communications device based upon a plurality of determined propagation delays” and [19] “estimates the range based upon an average of the propagation delays”; *Id.* at xiii, claim elements [27.e] “estimating a range to the target wireless communications device based upon a plurality of determined propagation delays” and [28] “estimates the range based upon an average of the propagation delays.” In particular, the Petitioner asserts that these claim limitations are all met by a combination of either the McCrady and Raphaeli references (Petition at 27-29) or the Rofheart, Raphaeli and Godfrey references (Petition at 70). The Petition relies on the arguments made for claim element [1.d.iii] for the corresponding claim limitations in claims, 2, 13, 18, 19, 27 and 28. *See* Petition at 28, 29, 71, and 72.

The Petition does not argue that either the McCrady reference or the Rofheart reference discloses estimating a range to a device based upon an average of a plurality of propagation delays. Rather, the Petition makes conclusory assertions that a POSITA would have incorporated an averaging technique, as allegedly disclosed by Raphaeli, into either the McCrady system, Petition at 8-12, or the

Rofheart system, Petition at 54-57. However, the Petition does not provide a persuasive explanation as to why, absent hindsight reconstruction, a POSITA would have done so.

There is no evidence that the system McCrady teaches was deficient or insufficiently accurate for its intended purposes. In fact, McCrady “is capable of determining position location to an accuracy of less than one meter in a severe multipath environment.” Apple-1005 at 6:26-27. Moreover, McCrady recognizes that less accuracy may be appropriate, as “the TOA processor is capable of providing two selectable levels of accuracy; a one meter accuracy and a three meter accuracy (the accuracy refers to the resultant range estimate).” *Id.* at 13:50-53. Given that McCrady already discloses the desired accuracy, and even teaches that less accuracy may be desirable, there would be no need to add additional complexity or processing time by adding an averaging technique such as allegedly disclosed in Raphaeli to McCrady.

The Petition is similarly deficient with respect to Rofheart. Again, there is no evidence that Rofheart teaches a system that was deficient or insufficiently accurate for its intended purpose. In fact, Rofheart discloses just the opposite, teaching that “an ultra wide bandwidth system having 3 GHz of bandwidth has a range resolution of 1 meters. Even greater bandwidth systems can accomplish resolutions on the order of centimeters.” Apple-1009 at 17:4-7. The Petition does

not provide a persuasive explanation as to why, absent hindsight reconstruction, a POSITA would have added additional complexity or processing time by incorporating an averaging technique as allegedly disclosed by Raphaeli in the system disclosed in Rofheart.

Moreover, even if there was a proper motivation to combine either McCrady or Rofheart with Raphaeli, which there is not, Petitioner has not established that a POSITA would have combined the references to achieve the claimed invention.

IV. CONCLUSION

The *Fintiv* factors strongly favor discretionary denial, and the Petition should be denied for this reason alone. Furthermore, Petitioner has not established a reasonable likelihood of unpatentability under any ground or challenged claim because the primary references do not disclose or teach an important limitation appearing in every claim and the Petition is impermissibly relying on hindsight reconstruction in attempt to remedy this deficiency.

V. MANDATORY NOTICES – Related Matters – 37 C.F.R. §42.8(b)(2)

The '779 Patent is the subject of a civil action captioned: *Speir Technologies Ltd. v. Apple Inc.*, Case No. 23-cv-00095 EJD (N.D. Cal.) which was transferred from Case No. 6:22-cv-00077-ADA (W.D. Tex.).

Case IPR2023-01511
Patent No. 7,321,777

Date: March 22, 2023

Respectfully submitted,

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CERTIFICATE OF WORD COUNT (37 C.F.R. § 42.24(d))

The undersigned hereby certifies that the word count in this Patent Owner Preliminary Response is 3,011 words, as counted by the word-processing program Microsoft Word that was used to generate this Patent Owner Preliminary Response, where such word count excludes the table of contents, table of authorities, mandatory notices, certificate of service, appendix of exhibits, claim listing, and this certificate of word count. This Patent Owner Preliminary Response is in compliance with the 14,000-word limit set forth in 37 C.F.R. § 42.24(b)(1).

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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 22, 2023, by filing this document through the Patent Trial and Appeal Case Tracking System as well as delivering a copy via electronic mail upon the following attorneys of record for the Petitioner:

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