

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO., LTD.,
Petitioner,

v.

CARDWARE INC.,
Patent Owner.

Case IPR2023-00314
Patent 10,628,820

PETITIONER'S REPLY TO
PATENT OWNER'S PRELIMINARY RESPONSE

EXHIBITS

SAMSUNG-1001	U.S. Patent No. 10,628,820 to Wyatt (“the ’820 patent”)
SAMSUNG-1002	Excerpts from the Prosecution History of the ’820 patent (“the Prosecution History”)
SAMSUNG-1003	Expert Declaration and Curriculum Vitae of Michael Shamos, Ph.D.
SAMSUNG-1004	U.S. Pub. No. 2008/0302876 (“Mullen-876”)
SAMSUNG-1005	U.S. Pub. No. 2013/0166441 (“Kobylkin”)
SAMSUNG-1006	U.S. Pub. No. 2013/0232083 (“Smith”)
SAMSUNG-1007	U.S. Patent No. 9,600,808 (“Gomez”)
SAMSUNG-1008	U.S. Pub. No. 2008/0275779 (“Lakshminarayanan”)
SAMSUNG-1009	U.S. Pub. No. 2011/0082772 (“Hirson”)
SAMSUNG-1010	U.S. Pub. No. 2011/0191177 (“Blackhurst”)
SAMSUNG-1011	U.S. Pub. No. 2009/0144161 (“Fisher”)
SAMSUNG-1012	U.S. Pub. No. 2015/0178724 (“Ngo”)
SAMSUNG-1013	U.S. Pub. No. 2005/0043997 (“Sahota”)
SAMSUNG-1014	U.S. Pub. No. 2012/0143754 (“Patel”)
SAMSUNG-1015	U.S. Pub. No. 2011/0184867 (“Varadarajan”)
SAMSUNG-1016	U.S. Provisional Application Serial No. 61/794,891 (“the ’891 Provisional”)

SAMSUNG-1017	PCI Data Security Standard (PCI DSS), Information Supplement: PCI DSS E-commerce Guidelines (January 2013)
SAMSUNG-1018	PCI Data Security Standard, Navigating PCI DSS: Understanding the Intent of the Requirements, Version 2.0 (October 2010)
SAMSUNG-1019	Kadambi et al., <i>Near-Field Communication-Based Secure Mobile Payment Service</i> , ACM 11 th International Conference on Electronic Commerce 2009
SAMSUNG-1020	Todd Wasserman, <i>New Credit Card has LCD Screen, Touch-Sensitive Buttons</i> (Nov. 9, 2012)
SAMSUNG-1021	PCI Data Security Standard (PCI DSS), Information Supplement: PCI DSS Tokenization Guidelines, Version 2.0 (August 2011)
SAMSUNG-1022	Tim Carmody, WIRED, <i>The Smartphone in Your Pocket is a Multifunction Buying Machine</i> (Feb. 22, 2012), <i>available at</i> https://www.wired.com/2012/02/smartphone-buying-machine/ (retrieved December 22, 2022)
SAMSUNG-1023—1099	[RESERVED]
SAMSUNG-1100	Complaint for Patent Infringement, <i>Cardware Inc. v. Samsung Electronics Co., Ltd. et al.</i> , Case No. 2:22-cv-00141 (E.D. Tex. May 11, 2022)
SAMSUNG-1101	Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (June 21, 2022)
SAMSUNG-1102	Exhibit B to CardWare Inc.’s P.R. 3-1 Disclosure of Asserted Claims and Infringement Contentions, <i>Cardware Inc. v. Samsung Electronics Co., Ltd. et al.</i> , Case No. 2:22-cv-00141 (E.D. Tex. (Sept. 8, 2022)

SAMSUNG-1103	United States District Courts National Judicial Caseload Profile, <i>available at</i> https://www.uscourts.gov/sites/default/files/fcms_na_distprofile0630.2022_0.pdf (retrieved November 11, 2022)
SAMSUNG-1104	Sample Docket Control Order for Patent Cases, <i>Cardware Inc. v. Samsung Electronics Co., Ltd. et al.</i> , Case No. 2:22-cv-00141 (E.D. Tex.)
SAMSUNG-1105	Plaintiff CardWare Inc’s Disclosure of Asserted Claims and Infringement Contentions, <i>Cardware Inc. v. Samsung Electronics Co., Ltd. et al.</i> , Case No. 2:22-cv-00141 (E.D. Tex. (Sept. 8, 2022)
SAMSUNG-1106	Board Email Authorizing Petitioner’s Reply to Preliminary Response and Patent Owner’s Sur-Reply to Petitioner’s Reply to Preliminary Response (May 12, 2023)
SAMSUNG-1107	Order Denying Motion to Stay, <i>Cardware Inc. v. Samsung Electronics Co., Ltd. et al.</i> , Case No. 2:22-cv-00141 (E.D. Tex.) (Feb. 16, 2023)
SAMSUNG-1108	Memorandum Order Denying Motion to Transfer, <i>Cardware Inc. v. Samsung Electronics Co., Ltd. et al.</i> , Case No. 2:22-cv-00141 (E.D. Tex.) (April 8, 2023)
SAMSUNG-1109	United States District Courts National Judicial Caseload Profile (March 2023 Reporting Period), <i>available at</i> https://www.uscourts.gov/sites/default/files/data_tables/fcms_na_distprofile0331.2023.pdf (retrieved May 17, 2023)
SAMSUNG-1110	Samsung’s Updated <i>Fintiv</i> Stipulation in <i>Cardware Inc. v. Samsung Electronics Co., Ltd. et al.</i> , Case No. 2:22-cv-00141 (E.D. Tex.) (April 18, 2023)
SAMSUNG-1111	Email Exchange with Board Regarding Scope of Petitioner’s Updated Stipulation (May 1, 2023 and May 9, 2023)

I. Developments Related to the E.D. Texas Litigation Since Petition Filing

In the nearly five months since the Petition was filed on December 23, 2022, circumstances related to the co-pending litigation in E.D. Texas (2:22-cv-00141) have developed that bear on evaluation of the *Fintiv* factors. Petitioner moved to stay the litigation on Feb. 1, 2023. The motion was denied as premature, but the denial was without prejudice and the motion may be renewed after institution. SAMSUNG-1107. Additionally, Petitioner's motion to transfer the litigation to N.D. Cal. was denied by the magistrate judge, but Petitioner has raised objections to the denial that remain pending before the court. SAMSUNG-1108. Further, the median time-to-trial in E.D. Tex. decreased to 19.0 months. SAMSUNG-1109, 35.

In view of these developments and the current posture of the litigation, Petitioner served Patent Owner with a new stipulation providing that, if this IPR is instituted, Petitioner will not pursue an invalidity defense in the E.D. Texas litigation with respect to the claims of the '820 Patent in the instituted IPR based on (i) any of the same grounds in the instituted IPR or (ii) any prior art reference that forms the basis of any ground in the instituted IPR. SAMSUNG-1110; *see also* SAMSUNG-1106; IPR2021-00545, Pap. 11 at 8-9 (PTAB Sept. 8, 2021) (permitting updated stipulation after POPR). Petitioner confirms that this stipulation covers references that have the same (or substantially the same) disclosure but are not part of the grounds in the Petition. SAMSUNG-1111.

II. The *Fintiv* Factors Strongly Favor Institution on the Merits

A holistic view of the *Fintiv* factors overwhelmingly supports institution.

Regarding **Factor 1**, Petitioner maintains all rights to move for a stay of the E.D. Texas litigation at a later time. Petitioner's earlier motion to stay was not considered on the merits. It was rather denied as premature, without prejudice. SAMSUNG-1107 ("In this district, courts usually deny motions for stay when the PTAB has not acted on a petition for *inter partes* review."). This factor remains, at worst, neutral. IPR2019-01393, Pap. 24 at 7 (PTAB June 16, 2020) (informative).

Regarding **Factors 2 and 4**, the POPR arguments with respect to these factors and the recent decrease in median time-to-trial in E.D. Texas are negated by Petitioner's strengthened stipulation. SAMSUNG-1110. The scheduled trial date in E.D. Texas is set to commence no sooner than February 2024, i.e., just about five months before the projected FWD deadline in this IPR (July 2024). SAMSUNG-1104. The scheduled trial date is already later than the median time-to-trial and should be used for *Fintiv* evaluation. IPR2022-01304, Pap. 11 at 11 (PTAB Mar. 22, 2023) ("Director's Memo does not state that median time-to-trial statistics are ... a trial date, or otherwise replace consideration of a trial date ...").

The Board has consistently found stipulations scoped similarly to Petitioner's updated stipulation here compelling to justify institution with similar (and often even larger) gaps between the scheduled trial date and the projected

FWD deadline. Indeed, Petitioner’s updated stipulation is modeled after the stipulation offered in IPR2022-00079, which the Board expressly found “mitigates any concerns of duplicative efforts between the district court and the Board”—despite an even larger 8-9 month gap there. IPR2022-00079, Pap. 9 at 11-13 (PTAB May 25, 2022); *see also*, IPR2020-00859, Pap. 13 at 14-16 (PTAB Nov. 5, 2020) (“weigh[s] strongly against exercising discretion”); IPR2021-01306, Pap. 10 at 10-11 (PTAB Jan. 7, 2022) (“alleviates concerns”). Petitioner’s updated stipulation in fact leaves only meaningfully different prior art for use in E.D. Tex. (e.g., Shoemaker, Assora, Hathaway, Google Wallet).

Regarding **Factor 3**, Petitioner’s undisputed diligence in filing the Petition just ~3.5 months after Patent Owner’s service of preliminary infringement contentions and identification of asserted claims heavily favors institution. *See* Pet., 72-74; IPR2022-00079, Pap. 9 at 11, IPR2021-01306, Pap. 10 at 8-10.

Regarding **Factors 5 and 6**, the former is neutral while the latter strongly favors institution based on compelling merits, unshaken by the POPR. Pet., 72-73.¹

¹ The POPR’s citation to the institution denial in *Ericsson*, IPR2022-01233 (Pap. 12) is inapt. Unlike the present case, trial there was “imminent,” the petitioner delayed filing for nearly 9 months from receipt of infringement contentions, and the parties’ litigation investment was far greater at institution than it will be here.

Respectfully submitted,

Dated 05/19/2023

/Nicholas W. Stephens/

W. Karl Renner, Reg. No. 41,265

Jeremy J. Monaldo, Reg. No. 58,680

Nicholas Stephens, Reg. No. 74,320

Daniel D. Smith, Reg. No. 71,278

Fish & Richardson P.C.

60 South Sixth Street, Suite 3200

Minneapolis, MN 55402

T: 202-783-5070

F: 877-769-7945

Attorneys for Petitioner

CERTIFICATE OF SERVICE

Pursuant to 37 CFR §§ 42.6(e)(4) and 42.205(b), the undersigned certifies that on May 19, 2023, a complete and entire copy of this Petitioner's Reply to Patent Owner's Preliminary Response and accompanying exhibits were provided by email to the Patent Owner by serving the correspondence address of record as follows:

Matt Berkowitz
Patrick Colsher
Yue (Joy) Wang
REICHMAN JORGENSEN LEHMAN & FELDBERG LLP
100 Marine Parkway, Suite 300
Redwood Shores, CA 94065

Email: mberkowitz@reichmanjorgensen.com
pcolsher@reichmanjorgensen.com
ywang@reichmanjorgensen.com

_____/Diana Bradley/
Diana Bradley
Fish & Richardson P.C.
60 South Sixth Street, Suite 3200
Minneapolis, MN 55402
Tel: 858-678-5667