

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

VECTOR FLOW, INC.,
Petitioner

v.

HID GLOBAL CORPORATION,
Patent Owner

Case IPR2023-00353
Patent 8,234,704 B2

**PETITIONER'S PRELIMINARY REPLY IN SUPPORT OF
PETITION FOR *INTER PARTES* REVIEW¹**

¹ This preliminary reply addressing discretionary denial under § 314(a) was authorized by the Decision of the Director dated August 10, 2023. (Paper 11.)

On August 10, 2023, the Director vacated the decision denying institution of IPR and remanded to allow Petitioner to file a reply to address Patent Owner's discretionary denial arguments under § 314(a). (Paper 11.) Petitioner respectfully submits that discretionary denial is inappropriate.

First, although Petitioner does not believe that discretionary denial would otherwise be appropriate as explained below, Petitioner will streamline the § 314(a) issue by hereby stipulating that, in the event of institution, Petitioner will not pursue in the parallel litigation any ground that was raised in IPR, or any ground that reasonably could have been raised in IPR (*i.e.*, any ground under §§ 102 or 103 on the basis of prior art patents or printed publications). This stipulation mirrors the stipulation provided by the IPR petitioner in *Sotera Wireless, Inc. v. Masino Corp.*, No. IPR2020-01019, Paper 12, at 12-13 (PTAB Dec. 1, 2020) (precedential), and should resolve any concerns regarding potential overlap and conflicting rulings. And consistent with *Sotera*, this stipulation does not affect other defenses in the litigation that cannot be raised in IPR, such as § 101 or § 112. *Id.* at 18-19.

Second, aside from the *Sotera* stipulation, intervening developments in the parallel litigation weigh against discretionary denial. After the filing of the IPR petition, Patent Owner brought a motion for summary judgment in the district court asking that Petitioner be barred from presenting any patent invalidity defenses based on assignor estoppel. (EX1013, at 14 (“Assignor estoppel applies as a matter of law

to preclude *all* of Vector Flow’s invalidity defenses, not only prior art focused defenses....”) (italics in original).² Patent Owner’s motion remains pending and, as a result, Petitioner’s ability to present invalidity defenses in the parallel litigation remains up in the air. Patent Owner’s pending motion nevertheless undermines its arguments for discretionary denial because, as the Director noted here, it “could eliminate the overlap between this proceeding and the parallel litigation” (Paper 11, at 7 (emphasis added).) Even if the district court disagrees with Patent Owner on applicability of assignor estoppel, Patent Owner could appeal that decision to the Federal Circuit. It is thus unlikely that the litigation will generate any final ruling on assignor estoppel prior to a Final Written Decision here.

Third, the Director noted that Patent Owner presented median time-to-trial statistics regarding the district judge and a scheduling order entered after the IPR petition was filed. (Paper 11, at 4-5, 7.) But these arguments, and the relevance of *Fintiv* factors 1-5 generally, depend on the assumption that invalidity will be heard and decided at the trial in the litigation. In light of Patent Owner’s pending assignor estoppel arguments, and the *Sotera* stipulation provided by Petitioner above, the timing of trial in the parallel litigation is no longer relevant to § 314(a).

² As the Petition noted, assignor estoppel does not apply to IPR. (See Paper 2, at 8.)

Fourth, with respect to *Fintiv* factor 6, there was no basis for Patent Owner’s argument that the petition is weak on its merits. (Paper 7, 17-18.) Patent Owner presented few substantive arguments in its Preliminary Response and submitted no contrary expert testimony. In finding a lack of a “compelling” meritorious challenge, the Board stated that the IPR petition did not take a “firm position” on the interpretation of “**unique**” and “**exclusively**” as recited in claim 11. (Paper 8, at 24-25.) But that did not reflect weakness in the IPR petition, but simply a desire to streamline issues for the Board. The Petition acknowledged an issue regarding potential scope of these limitations but identified what appeared to be their narrowest reasonable interpretation (*i.e.*, that the claimed access privileges and credentials were “not shared by any other user or user profile in the system”), and then explained why they would have been obvious under that interpretation. (Paper 2, at 40-41.) This approach relieves the Board from the claim construction burden of determining where the terms fall within the continuum of broader constructions. *See Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (“[O]nly those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy.”). Patent Owner did not, for its part, offer any definitive contrary position on the interpretation of these or any other terms of the ’704 patent, or present any evidence challenging Petitioner’s analysis.

Patent Owner’s § 314(a) arguments should thus be rejected.

Dated: August 24, 2023

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify, pursuant to 37 C.F.R. Sections 42.6, that a complete copy of the attached **PETITIONER'S PRELIMINARY REPLY IN SUPPORT OF PETITION FOR *INTER PARTES* REVIEW**, are being served via electronic mail on the 24th day of August, 2023, the same day as the filing of the above-identified document in the United States Patent and Trademark Office/Patent Trial and Appeal Board, upon the Patent Owner's attorneys of record in this proceeding as follows:

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DATED: August 24, 2023

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