

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

VECTOR FLOW, INC.,
Petitioner,

v.

HID GLOBAL CORPORATION,
Patent Owner.

Case No. IPR2023-00353
U.S. Patent No. 8,234,704

**PATENT OWNER'S SUR-REPLY TO
PETITIONERS' REPLY TO
PATENT OWNER'S PRELIMINARY RESPONSE¹**

¹ Authorization for this sur-reply appears in the Director Review decision dated August 10, 2023 (Paper 11 at 8).

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I. THE LATE SOTERA ATTEMPT IS NOT AUTHORIZED AND INEFFECTIVE

To secure Director Review, Petitioner alleged that it was not allowed an opportunity to address the impact of assignor estoppel on the *Fintiv* analysis (even though its Petition already identified assignor estoppel on pg. 8). But in the Reply, Petitioner reversed course and instead used the Reply to belatedly offer a *Sotera* stipulation *eight months* after the filing of the Petition and *more than a month* after institution had rightly been denied. Such gamesmanship should not be tolerated, as “[p]ermitting a petitioner to *wait and see if the Board denies institution under Fintiv*, and then *offer such a stipulation for the first time on rehearing*, frustrates these goals and would **open the door to gamesmanship.**” *NXP USA v. Impinj, Inc.*, IPR2021-01556, Paper 13 at 4 (PTAB precedential).

Prior to the denial of institution, Petitioner never indicated any interest in a *Sotera* stipulation. Petitioner failed to mention *Sotera* (i) in its Petition, (ii) in meeting-and-conferring about its request for a pre-institution reply brief with Patent Owner, (iii) in its email to the Board requesting a pre-institution reply brief (Ex. 3001 at 2), and (iv) in any follow-up communications to Patent Owner or the Board. Instead, and at the risk of a *Fintiv* denial, Petitioner made a deliberate strategic decision to keep its options open by challenging the claims using the same grounds in both District Court and the PTAB.

The Director's decision did not invite a strategic redo. Authorization for limited briefing was premised on issues that the Director believed Petitioner "could not have addressed" or "did not have the opportunity to address." Paper 11 at 7. A *Sotera* stipulation was not one of them.² *NXP* dictates that Petitioner's late *Sotera* attempt, after institution denial, is gamesmanship and should not be permitted.³

II. PETITIONER'S REPLY ARGUMENTS DO NOT WARRANT A DIFFERENT OUTCOME

Petitioner argues that because the assignor-estoppel motion might prevent it from raising at District Court trial substantially the same invalidity arguments, it cannot raise those arguments in a parallel proceeding (for purposes of *Fintiv* Factor 4).⁴ Yet in *Fintiv* itself, the Board **rejected** a similar argument—finding that potential presentation of arguments at trial was "not persuasive" and holding that "because the *identical claims are challenged based on the same prior art in both*

² Briefing was authorized on "the scheduled trial date," "the claim construction order," and on "median time-to-trial" statistics (Paper 11 at 7). Telling of its ruse, Petitioner fails to substantively address any of these authorized topics.

³ No exhibits were authorized, so Petitioner put its *Sotera* attempt in the body of its brief. This fails to conform to the separate stipulation document in *Sotera*.

⁴ If Petitioner is also complaining about fairness, it is not entitled to IPR institution, and could still try to ask the Office to initiate a reexamination proceeding.

the Petition and in District Court,” Factor 4 favors denial. *Apple v. Fintiv*, IPR2020-00019, Paper 15 at 15 (PTAB informative). Petitioner has already “raised” substantially the same grounds both here and in District Court. The Board should find—as it did in *Fintiv*—that Factor 4 favors continued denial.

To the extent the Factor 4 analysis changes, it can only shift towards neutral. Petitioner admits that it is “unlikely that the litigation will generate any final ruling on assignor estoppel prior to a Final Written Decision.” Paper 13 at 2. Speculating as to what *might* happen in District Court results, at best, in a neutral weighing of Factor 4.

Petitioner also seeks to shift its burden to identify “[h]ow the challenged claim is to be construed” (37 C.F.R. § 42.104(b)(3)) to Patent Owner. Paper 13 at 3. The Board correctly exposed weaknesses as to the Petition’s merits: “[a] conclusion of unpatentability cannot ‘plainly’ follow from an analysis that declines to offer nothing more than ‘possibilities’ as to how the claims might be understood.” Paper 8 at 25. The weak merits confirm that discretionary denial is appropriate, while also highlighting an alternative reason to deny institution.

III. CONCLUSION – A *FINTIV* DENIAL REMAINS APPROPRIATE

Petitioner’s decision to file its Petition at the absolute last moment, its consistent strategy to forgo giving up any invalidity arguments (until institution was discretionarily denied), and its gamesmanship over *Sotera* all results in the *Fintiv* factors continuing to favor denial of institution.

Dated: September 7, 2023

Respectfully Submitted,

/ *Alexander B. Stein* /

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), a complete copy of this PATENT OWNER'S SUR-REPLY TO PETITIONERS' REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE was emailed to Petitioner by serving their counsel of record using the following email addresses:

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