

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,
Petitioner,

v.

FLYPSI, INC. (D/B/A FLYP),
Patent Owner.

Case No. IPR2023-00361
U.S. Patent No. 10,051,105

**PATENT OWNER FLYPSI, INC.'S
PRELIMINARY RESPONSE**

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PATENT OWNER'S EXHIBIT LIST

Ex. No.	Brief Description
2001	Order Denying Petition for Writ of Mandamus, No. 6:22-cv-00031-ADA, <i>Flypsi, Inc. v. Google LLC</i> , Case: 23-112, Federal Circuit, Document 19, March 6, 2023
2002	Order Denying Motion to Stay, Case Number: 6:22-cv-00031-ADA, <i>Flypsi, Inc. v. Google, LLC</i> , Western District of Texas, March 30, 2023
2003	Amended Scheduling Order, Case Number 6:22-cv-00031-ADA, <i>Flypsi, Inc. v. Google, LLC</i> , Western District of Texas, Document 112, April 21, 2023
2004	Lex Machina statistics Judge Alan D Albright of the U.S. District Court for the Western District of Texas. https://law.lexmachina.com/federal-court/district/judge/5198506/cases?pending-

I. Introduction

The '105 patent describes a novel and non-obvious invention allowing users to have multiple phone numbers for a single phone, so that the user can, for example, use a secondary phone number as a business phone number and receive calls placed to that secondary number. To accomplish this, for an incoming call to the secondary number, the invention transmits a pre-call notification with a bridge number via a data channel to the user's handset, so the handset can then select a call processing rule for that incoming call or dial the bridge number to connect to a switch, which will then connect the user to the incoming call.

Ground 1 of the Petition argues that Backhaus and Logan render independent claim 1 obvious, but fails to show obviousness for at least two reasons. First, Backhaus and Logan do not render obvious transmitting pre-call information via a "data channel." For Backhaus, the Petition relies on a transmission that is part of the call itself (not a data channel). Logan likewise does not disclose using a data channel for this alleged transmission. Second, Backhaus and Logan do not render obvious the handset dialing the bridge number to call the switch. Both Logan and Backhaus disclose connecting calls by having the switch call the handset. This is the exact opposite of what is recited in the claims.

Ground 2 of the Petition argues that Backhaus and Winbladh render the other independent claim 2 obvious, but fails to show obviousness of the limitation

that the pre-call information allows the handset to accept an incoming call by making a call (to the switch) using the bridge number. Backhaus discloses connecting calls by having the switch call the handset. As with Ground 1, this is the exact opposite of what is recited in the claims. Winbladh discloses an entirely unrelated system for calls that involves disconnects and re-dialing to avoid long-distance phone charges. These references, whether considered alone or in combination, thus fail to disclose the required method of connecting the incoming call by having the handset call the bridge number.

On top of Backhaus/Logan and Backhaus/Winbladh's failure to render obvious the above claim limitations, the Petition fails to justify any of its proposed combinations—an independent reason to deny the Petition. The references have significantly different architectures and the Petition fails to articulate what modifications or combinations it is proposing, how to make such modifications or combinations, or why a POSITA would expect such modifications or combinations to be successful. Even more troubling, the Petition does not argue motivation to combine based on the knowledge of a POSITA at the priority date. Instead, the Petition makes its combination arguments with reference to the specific claim limitations of the '105 patent, improperly using the claims themselves as a template for arguing obviousness, which the Federal Circuit has repeatedly held is an improper use of hindsight. The Board should thus deny the Petition for failure

to justify that a POSITA would be motivated to make any of the proposed combinations.

Grounds 3-6 depend on Grounds 1 and 2, and thus fail for the same reasons. The Petition thus fails to show invalidity of any claim and the Board should deny the Petition.

Furthermore, the Board should exercise its discretion to deny the Petition under *Fintiv*. The district court litigation is set for trial six months ahead of an expected final written decision (and even median time-to-trial statistics show that trial would be expected to occur 3-7 months before a final written decision). The parties and court have engaged in substantial work in that litigation, and are expected to have almost completed fact discovery by the time of the institution decision here. Petitioner chose to offer only a very narrow stipulation regarding invalidity grounds it will pursue in the district court upon institution, which means instituting the IPR will do little, if anything, to avoid duplication of work. Finally, the merits of this Petition are far from “compelling” given the deficiencies that are apparent from the face of the prior art and highlighted in this Preliminary Response. This case thus presents a strong case for discretionary denial under *Fintiv*.

II. Overview of the '105 Patent

The '105 patent describes systems and methods for “delivering telephone calls using the combination of a data channel and a voice channel.” Ex. 1001, Abstract. The invention of the '105 patent “permit[s] the same handset to be associated with multiple secondary telephone numbers from which calls appear to have been made and to which calls appear to have been placed.” *Id.* The specification of the '105 patent describes both incoming calls (calls from a third party to one of multiple telephone numbers associated with a handset) and outgoing calls (calls from one of the telephone numbers associated with a handset to a third party), but the focus of the independent claims of the '105 patent is solely on incoming calls.

The '105 patent describes that a handset may be associated both with a “primary telephone number,” such as the one assigned at activation, and one or more “secondary telephone numbers.” *Id.*, 4:64-5:14. When a third party makes an incoming call to the user’s secondary telephone number, the call is routed to “switch 110” which coordinates with a “Call Manager 104 application” associated with a “server 100.” *Id.* at 5:51-63. The Call Manager can look up or assign a “bridge telephone number to be used for completion of the call,” which may be “automatically routed to this switch.” *Id.* at 5:66-6:4. The system then sends a “pre-call notification” to the handset that includes the “bridge telephone number.”

Id. at 6:32-37. The pre-call notification is transmitted “via the data channel connection, i.e., over the Internet 316 and Mobile Data Network 348.” *Id.* If the user accepts the call, then the application running on the handset calls the bridge telephone number to connect to the switch. *Id.* at 6:62-7:2. The switch then connects the two halves of the call, so that the parties are now connected by a voice channel. *Id.* at 7:2-6.

The ’105 patent contrasts the use of data channels, which can allow “communications between the server 100 and the handset 340 over the Internet 316” for example using “IP as a protocol,” with the use of voice channels, which allow communications “over the [Public Switched Telephone Network]” that may use “CDMA, GSM or like standards.” *Id.*, 4:35-46. In the invention of the ’105 patent, only certain functionality is performed via a data channel, such as transmitting the pre-call notification, while other functionality is performed via a voice channel, such as the handset placing an outgoing call to the bridge number.

III. Level of Skill in the Art

For the purposes of this Preliminary Response only, Patent Owner does not dispute the level of skill identified in the Petition (Petition at 4-5) because the prior art fails to invalidate under any possible level of skill.

IV. Claim Construction

The Petition does not propose any constructions. Patent Owner agrees claim construction is unnecessary at this stage because the prior art fails to invalidate under any reasonable construction of the claims. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (“[W]e need only construe terms ‘that are in controversy, and only to the extent necessary to resolve the controversy.’” (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999))).

V. The Petition fails to establish a reasonable likelihood of success of any Ground.

A. Ground 1: Backhaus and Logan do not render obvious limitation [1.g]’s requirement to transmit pre-call information including a bridge telephone number “via a data channel.”

Limitation [1.g] recites as follows:

transmitting pre-call information via a data channel to the handset under the control of the server, said pre-call information including a bridge telephone number for connecting the handset to the incoming call at the switch;
and

As discussed above in the Overview of the ’105 Patent (Section II), one of the salient features of the ’105 patent invention is a precise arrangement in which certain transmissions occur “via a data channel,” while other transmissions occur via another channel, such as a voice channel. Limitation [1.g] expressly requires

transmitting pre-call information that includes a bridge telephone number “via a data channel.”

The Petition relies exclusively on Backhaus for this limitation and makes two alternative arguments. *See* Petition at 30-36. Under its first theory, the Petition alleges that the relationship number (the alleged “bridge telephone number”) is provided in the “calling party field of the call placed from SLS platform 115 to subscriber TD 110.” Petition at 32 (quoting Ex. 1005, [0055]). But there is no teaching in Backhaus, and no argument in the Petition, that this “calling party field of the call” is a “data channel” or that it is any different from the call itself (e.g., a voice channel). To the contrary, the plain language used by Backhaus—“calling party field *of the call*”—confirms this field is part of the call itself. Ex. 1005, [0055] (emphasis added). Furthermore, the surrounding teachings in Backhaus further support that this “calling party field” is part of the call itself. Backhaus begins describing an incoming call scenario in paragraph 52, where the third party making the incoming call does not yet have an assigned relationship number. *See id.*, [0052]. In paragraph 53, the relationship number is created. *Id.*, [0053]. Then, in paragraph 54, “SLS platform 115 places the call to the primary number ... per its primary service provider 201.” *Id.*, [0054]. Thus, the “calling party field of the call” in paragraph 55, which the Petition relies on, is part of the call itself.

The Petition further alleges that “[a] POSITA would have understood that the encoded message ... is transmitted via a ‘data channel’ because Backhaus discloses that a voice path is not connected until the call is answered by the callee.” *Id.* at 33 (citing Ex. 1005, [0052], [0056]). But this argument is not consistent with the claim language. The claim recites that the recited pre-call information is transmitted via a “data channel.” The Petition’s argument, however, focuses on when a *voice path* for an incoming call is connected. Thus, the Petition’s argument regarding the timing of an incoming *voice path* being connected is immaterial to whether a pre-call transmission occurs via a “data channel.”

Moreover, the Petition’s argument also fails as a matter of common sense. It is true that, when making phone calls—including on conventional, landline phones—“a voice path is not connected until the call is answered by the callee.” Petition at 33. But the fact that the voice path is not connected until the call is answered does not mean that there is a separate “data channel” being used prior to the moment of connection. The Petition fails to justify this leap in logic or the introduction of a second channel not mentioned in Backhaus’s paragraphs 52-56. Nor does the Petition argue that the use of a data channel for this particular transmission is somehow inherent. The Petition merely offers an unsupported conclusion, which cannot meet Petitioner’s burden of showing obviousness.

The Petition next argues that “a POSITA would have been motivated to implement this feature in Backhaus. Backhaus discloses that IP-based communications may be used for establishing the relationship between various numbers and associated databases.” Petition at 33. The Petition further alleges that Backhaus teaches that IP-based communication minimizes delay, which would allegedly motivate a POSITA to make this modification. *Id.* at 33-34. But this argument relies on improper hindsight. The Petition does not explain why the particular recited transmission of pre-call information should occur via a data channel while other transmissions remain via voice channels, and a generic teaching that IP communications may minimize delay cannot support the specific modification the Petition proposes. *See Johns Manville Corp. v. Knauf Insulation, Inc.*, IPR2018-00827, Paper 9 at 13 (PTAB Oct. 16, 2018) (informative) (denying institution for failure to justify obviousness combinations because “the reasons for such modifications ... are not adequately supported”); *ATD Corp. v. Lydall, Inc.*, 159 F.3d 534, 546 (Fed. Cir. 1998) (“Determination of obviousness can not be based on the hindsight combination of components selectively culled from the prior art to fit the parameters of the patented invention.”). Moreover, the Petition does not explain why the alleged minimization in delay would be important for pre-call information and it would not. If there is a noticeable difference in delay between IP and voice channel communications, presenting the pre-call information

using IP before the voice call is ready would lead to a bad user experience because the user would be able to see a call but not be able to accept it, which would be confusing and frustrating for the user. If there is not a noticeable difference in delay, then there would be no motivation to make this change. Either way, the Petition has failed to show obviousness under its first theory.

The Petition next argues, under its second theory, that when the user makes an outgoing call to a new number, the SLS platform “then returns the next available relationship number to TD 110.” Petition at 34. But this is not relevant to the claim, which relates to an *incoming* call. Limitation [1.g] expressly requires “said pre-call information including a bridge telephone number for connecting the handset to *the incoming call* at the switch.” Thus, there must be an incoming call at the switch. In the Petition’s second theory, there is no such call; instead, the user is placing an outgoing call. Thus, the Petition’s second theory fails to disclose limitation [1.g].

Moreover, even under the Petition’s second theory, Backhaus never states that this transmission occurs “via a data channel.” The cited portion of Backhaus does not identify any specific channel as being used for this transmission. *See* Ex. 1005, [0074]. The Petition argues that “TD 110 may communicate with SLS platform 115 using various protocols/mechanisms” that allegedly include IP, cellular, Wi-Fi and other protocols. Petition at 35 (citing Ex. 1005, [0072]-[0073]).

But the mere fact that Backhaus describes that unspecified communications can occur via various channels is not enough. These disclosures are never tied to the particular communication at issue and the Petition offers no specific motivation for using a data channel for that specific communication.

The expert declaration submitted with the Petition addressing limitation [1.g] is substantially identical to the Petition. *See* Ex. 1002, ¶¶ 101-111. This conclusory declaration should be given little, if any, weight. *Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 9 at 15 (PTAB Aug. 24, 2022) (precedential) (“We have reviewed this excerpt from Dr. Jones’ declaration and note that it merely repeats, verbatim, the conclusory assertion for which it is offered to support. ... Thus, the cited declaration testimony is conclusory and unsupported, adds little to the conclusory assertion for which it is offered to support, and is entitled to little weight.”). Additionally, because the expert declaration contains no explanation or analysis beyond that in the Petition, the expert declaration fails to show obviousness for the same reasons described above.

The Petition therefore fails to show that Backhaus and Logan render obvious limitation [1.g], and thus Ground 1 fails to show obviousness of any claim.

B. Ground 1: Backhaus and Logan do not render obvious limitation [1.h] or [1.i].

Limitations [1.h] and [1.i] recite as follows:

[1.h] receiving, at the server via the data channel, an electronic indication of a selection of a call processing rule for handling the incoming call to the secondary telephone number, or

[1.i] establishing a voice channel connection between the handset and the switch as a result of the handset calling the switch using the bridge telephone number.

Because limitation [1.h] concludes with “or,” the prior art must render obvious either limitation [1.h] or [1.i] in order to render obvious claim 1.

1. Backhaus and Logan do not render obvious limitation [1.h]’s requirement to receive “via the data channel” a “selection of a call processing rule” for “the incoming call.”

Limitation [1.h] requires receiving “via the data channel”—i.e., the same data channel referenced in limitation [1.g]—a “selection of a call processing rule” for handling “the incoming call.”

The Petition makes two arguments for this claim. First, the Petition argues this limitation “could be understood as a process for the server to receive a user’s selection of a call processing rule, which is stored in the computer memory, consistent with as recited in limitation [1.c].” Petition at 36. The Petition then cites generic disclosures of providing settings for handling calls, not connected to any specific call. *Id.* at 37-38. This first argument is inconsistent with the claims and improperly conflates limitations [1.c] and [1.h]. Limitation [1.h] requires a transmission via “the data channel,” which refers back to limitation [1.g], which

recited transmitting pre-call information about “the incoming call at the switch.” Limitation [1.h] also recites that the selection of a call processing rule is for “the incoming call.” The plain claim language thus confirms that limitation [1.h] relates to a call processing rule for a specific incoming call and not call processing rules in general. The Petition’s first argument is thus inconsistent with the claims.

The Petition’s second argument is that Backhaus and Logan allegedly show “a process for the server to receive a user’s selection of a call processing rule for handling a *pending* incoming call.” Petition at 38. The Petition alleges that “a group member may handoff incoming calls without answering the phone by activating on the handset a command that is then ‘communicat[ed] to the server.’” *Id.* at 38-39 (quoting Ex. 1015, [0069]). But paragraph 69 does not state that such a communication occurs “via the data channel.” Ex. 1015, [0069]. And paragraph 68, which the Petition also relies on, states that the user can decline a call “by merely pressing a button on their handset.” *Id.*, [0068]. This is the same way that users decline calls that occur via conventional cellular voice telephony and thus does not support the contention that such communication occurs “via the data channel” as recited in limitation [1.h]. The Petition argues that “Logan’s MNC communicates with the server via an Internet-based application (‘via the data channel’)” (Petition at 39), but the fact that some communications allegedly occur

via the internet does not render obvious this specific limitation occurring “via the data channel.”

Moreover, this appears to be the first time the Petition suggests using “Logan’s MNC” to handle incoming calls, and the Petition never explains what this proposed combination is, how it would work, or why a POSITA would be motivated to use Logan’s system to handle incoming calls when Backhaus already has its own system for handling calls. This vague, unsupported obviousness theory is improper and fails to meet Petitioner’s burden. *See Johns Manville*, IPR2018-00827, Paper 9 at 13 (“the extent of the modifications proposed by Petitioner, the reasons for such modifications, and whether there would be a reasonable expectation of success are not adequately supported.”).

As above, the expert declaration for limitation [1.h] (Ex. 1002, ¶¶ 112-119) is substantially identical to the Petition’s argument, and thus fails to show obviousness for the same reasons.

The Petition therefore fails to show that Backhaus and Logan render obvious limitation [1.h].

2. Backhaus and Logan do not render obvious limitation [1.i]’s requirement of establishing a voice channel “as a result of the handset calling the switch using the bridge telephone number.”

The Petition does not contend that Backhaus and Logan render obvious limitation [1.i], and they do not. To the contrary, Backhaus expressly teaches that

it connects an incoming call by the SLS platform making a call to the handset. *E.g.*, Ex. 1005, [0054]; *see also infra* limitation [2.b] (which contains substantially similar requirement that the *handset* call the bridge number). Thus, Backhaus operates in exactly the opposite manner as the claim limitation, which requires the *handset* call the switch.

The Petition therefore fails to show that Backhaus and Logan render obvious limitation [1.i].

* * *

Because the Petition has failed to show that Backhaus and Logan render obvious either limitation [1.h] or [1.i], Ground 1 fails to show obviousness of any claim.

C. Ground 2: Backhaus and Winbladh do not render obvious limitation [2.b]’s requirement that the pre-call information “allows the telephone handset to accept the incoming call ... by making a first bridge call using the first bridge telephone number.”

Limitation [2.b] recites as follows:

B) transmitting, from the server to the telephone handset via at least one data channel, pre-call information including the first bridge telephone number, whereby the pre-call information allows the telephone handset to accept the incoming call to the secondary telephone number by making a first bridge call using the first bridge

telephone number to connect the incoming call to the telephone handset via the switch.

This limitation requires transmitting pre-call information that “allows the telephone handset to accept the incoming call to the secondary telephone number *by making a first bridge call* using the first bridge telephone number to connect the incoming call to the telephone handset via the switch.” Thus, the handset must initiate a call to the switch (by using the bridge telephone number) to connect the call.

Backhaus expressly teaches that it connects an incoming call by the SLS platform making a call to the subscriber:

the SLS platform 115 may proceed to establish the second half of the call—the call from the SLS platform 115 to the subscriber’s TD 110. The SLS platform 115 places the call to the primary number 1.408.544.1212 that points to subscriber TD 110 per its primary service provider 201.

Ex. 1005, [0054]. This is exactly the opposite of the claim limitation. The Petition does not appear to contend that Backhaus ever discloses the handset making a call to the bridge number to connect an incoming call, and it does not.

The Petition then turns to Winbladh to argue obviousness of this limitation. Petition at 47-52. As described by the Petition, Winbladh appears to be a system for managing end to end connections between terminals on wireless phone networks. Petition at 47-48. Backhaus, however, is much more limited: it

discloses an SLS platform used only in connection with calls to and from virtual secondary lines. Backhaus expressly teaches that calls to the primary number are handled “as is understood in the art.” Ex. 1005, [0033]. The Petition never explains how or why a POSITA would combine these two systems together given their vastly disparate scopes. For example, would this combination require controlling the entire telephone system from end to end (as Winbladh appears to contemplate)? And how would that be consistent with Backhaus’s express disclosure that its system is designed to work with “cross-carrier” users who have different providers for primary and secondary lines (e.g., Ex. 1005, [0122])? The Petition never addresses these issues because the Petition entirely fails to articulate what its specific proposed combination is, much less justify that a POSITA would be motivated to make that specific combination or would have an expectation that the specific modifications necessary would be successful. *See Johns Manville*, IPR2018-00827, Paper 9 at 13 (denying institution for failure to justify obviousness combinations because “the extent of the modifications proposed by Petitioner, the reasons for such modifications, and whether there would be a reasonable expectation of success are not adequately supported.”).

The Petition’s only proposed justification for its combination is that “long distance or international calls are relatively expensive.” Petition at 50. But this rationale makes no sense in the context of Backhaus. In Backhaus, the second call

leg is placed from the switch to the user's handset. Ex. 1005, [0054]. If the Backhaus second call leg is long distance, then reversing the direction of the call and having the handset call the switch instead would also be long distance, so there would be no motivation to make the Petition's proposed alteration to Backhaus. If the Backhaus second call leg is already local, then reversing the direction would also be local and would not save any money and thus there would be no motivation to combine. Either way, this motivation does not support the proposed obviousness combination.

Moreover, the proposed combination would create difficulties with Backhaus's relationship numbers. If the relationship numbers must be local, then they would not work when a user is traveling (or would have to be regenerated every time the user leaves one calling zone for another). Moreover, whether a particular number is local or not may also depend on the handset's carrier, whether the user is roaming, whether the user's carrier has deals with the operators of any local cell towers, or other unknown factors. The Petition ignores all these difficulties to simply cherry-pick elements of Winbladh to try to match the claims, but that is an improper-hindsight driven way to argue obviousness and fails to meet Petitioner's burden. *In re Gorman*, 933 F.2d 982, 987 (Fed. Cir. 1991) ("It is impermissible, however, simply to engage in a hindsight reconstruction of the claimed invention, using the applicant's structure as a template and selecting

elements from references to fill the gaps.”); *see also* *ATD*, 159 F.3d at 546 (“Determination of obviousness can not be based on the hindsight combination of components selectively culled from the prior art to fit the parameters of the patented invention.”).

The Petition further argues that “[i]t was well known to accept an incoming call by making an outbound call to a bridge number.” Petition at 50 (citing Ex. 1021, [0016]). But Exhibit 1021 relates to switching between data and voice mode in a wireless phone. *See* Ex. 1021, [0016]. The bridge number there is unrelated to allowing handsets to use multiple numbers, as in the ’105 patent. Moreover, the mere fact that a limitation may have been known in one entirely unrelated context does not support that it would have been obvious to incorporate such feature into Backhaus (or Winbladh). *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (“a patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art.”).

Finally, the Petition contends that a “POSITA would have the skill in implementing, and expectation of success in achieving, the above-discussed Backhaus-Winbladh combination given the well-known call-back process and similarity of the Backhaus and Winbladh’s systems.” Petition at 51. The Petition also alleges the combination “would have involved applications of known

technologies (e.g., known use of a server for connecting two legs of a call) according to known methods (e.g., known techniques for connecting to an incoming call by calling the server provided telephone number) to yield the predictable result.” *Id.* These highly conclusory allegations gloss over the significant differences in Backhaus and Winbladh and fail to show what modifications are necessary, how to perform those modifications, or why a POSITA would expect those specific modifications to be successful. *Johns Manville*, IPR2018-00827, Paper 9 at 13.

As above, the expert declaration for limitation [2.b] (Ex. 1002, ¶¶ 133-146) is substantially identical to the Petition’s argument, and thus fails to show obviousness for the same reasons.

The Petition therefore fails to show that Backhaus and Winbladh render obvious limitation [2.b], and thus Ground 2 fails to show obviousness of any claim.

D. Ground 2: Backhaus and Winbladh do not render obvious claims 3, 4, or 6-11.

Claims 3, 4, and 6-11 depend (ultimately) on claim 2 and thus incorporate all of claim 2’s requirements. Because Backhaus and Winbladh do not render obvious claim 2, they cannot render obvious claims 3, 4, or 6-11.

E. Grounds 3-6 fail for the same reasons as Grounds 1 and 2.

Ground 3 relates solely to claim 5, which depends from claim 2. *See* Petition at 74-76. The Petition does not allege that any aspect of this three-

reference combination is relevant to claim 2. *Id.* Thus, Ground 3 fails for the same reason Ground 2 failed to render obvious claim 2.

Grounds 4, 5, and 6 correspond to Grounds 1, 2, and 3, respectively. For these Grounds, the Petition relies on Taylor in relation to the “switch” recited in various claim limitations. *See* Petition at 76-79. The Petition does not contend that any disclosure in Taylor is relevant to the disputed limitations of claims 1 and 2 discussed above. *Id.* Thus, Grounds 4, 5, and 6 fail for the same reasons that Grounds 1, 2, and 3 fail, respectively: the prior art fails to render obvious either claims 1 or 2 (upon which all other challenged claims depend).

VI. The Board should deny the Petition under *Fintiv*.

The Board should exercise its discretion to deny institution under 35 U.S.C. § 314(a), in view of *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”) and the USPTO Memorandum, Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (“Guidance Memo”) (June 21, 2022).

A. Factor 1: whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted.

The Petition’s sole argument under this factor was based on its mandamus petition relating to a motion to transfer, which has since been denied (Exhibit 2001), and its motion for stay relating to that mandamus petition, which has also been denied (Exhibit 2002). As the Petition concedes, the pending litigation is not

stayed. There is no longer any pending motion to stay, so this factor is neutral. *Nokia of Am. Corp v. Godo Kaisha IP Bridge 1*, IPR2022-00755, Paper 9 at 9 (PTAB Nov. 2, 2022) (“Because neither party has requested a stay pending this proceeding, we determine that Factor 1 is neutral.”).

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

The case is set for trial on February 19, 2024. Ex. 2003. Trial is thus set to occur around six months before the expected final written decision date of August 8, 2024. Although the Guidance Memo does indicate that scheduled trial dates may not always be reliable, here the close proximity of the trial date suggests that it is more likely to be accurate. Further, the court in the district court litigation has already denied a motion to stay and both the court and the parties have made substantial progress in the case (*see* Factor 3 below), further supporting that the trial date is more likely to be accurate. *See Nokia*, IPR2022-00755, Paper 9 at 10 (where trial is scheduled shortly after institution decision, and “Petitioner offers no evidence that the trial in the Texas case will be delayed significantly,” holding this factor weighs in favor of denying the Petition).

The Petition bases its argument on median time-to-trial statistics for the Western District of Texas. But even applying the Petition’s statistics of 28 months, trial would occur in May 2024, and the expected final written decision date is August 8, 2024. Thus, trial would still precede the final written decision by around

three months, which weighs in favor of denial. Further, the Petition relies on time-to-trial statistics for the entire Western District of Texas, but more specific statistics for Judge Albright, who is presiding over the case, show that trial is likely to occur faster. *See* Ex. 2004 (Lex Machina statistics showing Judge Albright’s median time-to-trial is 688 days, which is about 23 months). Applying those more-specific statistics, trial would occur in December 2023 or January 2024, which is at least seven months before the expected final written decision date in this IPR.

Thus, the proximity of trial—under either the currently-set trial date, the less-specific time-to-trial statistics, or the more-specific time-to-trial statistics—weighs in favor of denying the Petition.

C. Factor 3: investment in the parallel proceeding by the court and the parties.

The Petition’s sole argument under this factor is the contention that “[t]he district court case is in the early stages.” Petition at 80. This is simply not true. The parties have invested significant time and resources in the district court litigation. For example, the court has performed claim construction, decided a motion to transfer, and decided a motion to stay. The parties have engaged in substantial discovery, including production and review of source code, depositions, service of final contentions, written discovery, and document production. Further, by the time an institution decision would occur in this IPR, the parties are scheduled to be just weeks away from completing fact discovery (August 22,

2003), with expert discovery set to close in October 2023, just a couple months after the institution date. Ex. 2003. Thus, at the time of institution, the litigation will be at an extremely advanced stage, with discovery nearly over. This factor, therefore, strongly weighs in favor of denying the Petition. *See Nokia*, IPR2022-00755, Paper 9 at 11 (“The record shows that the parties’ and the District Court’s investment in the Texas case has been extensive, as all work except for the trial itself appears to be complete. This factor weighs heavily in favor of exercising our discretion to deny the Petition.”).

D. Factor 4: overlap between issues raised in the petition and in the parallel proceeding.

Petitioner has offered only that it “will not pursue the IPR grounds in the district court litigation” (Petition at 81) but has not offered the broader stipulation endorsed by the Board in *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18-19 (PTAB Dec. 1, 2020) (precedential as to § II.A) (stipulation also included not raising “any other ground ... that was raised or could have been reasonably raised in an IPR”).

The Board has recognized that this narrower stipulation only mitigates concerns about overlap “to some degree” and thus, at best, only “weighs marginally in favor of not exercising discretion to deny institution.” *Sand Revolution II, LLC v. Cont’l Intermodal Grp. – Trucking LLC*, IPR2019-01393, Paper 24 at 12 (PTAB June 16, 2020) (informative). Moreover, as the Board has

recognized, the Guidance Memo “does not suggest that we should refrain from denying the Petition on the basis of Petitioner’s narrower stipulation.” *Nokia*, IPR2022-00755, Paper 9 at 13 (denying institution under *Fintiv* and holding that identical stipulation “is unlikely to significantly prevent our duplication of work” and thus this factor was neutral).

E. Factor 5: whether the Petitioner and the defendant in the parallel proceeding are the same party.

The Petitioner and Patent Owner are the same parties in the district court litigation, so this factor weighs in favor of exercising discretion to deny the Petition. *Nokia*, IPR2022-00755, Paper 9 at 13.

F. Factor 6: other circumstances that impact the Board’s exercise of discretion, including the merits.

The Petition provides virtually no analysis of Factor 6, asserting—without any explanation—that “the merits of Petitioner’s arguments are compelling.” Petition at 81. As the Director recently confirmed in a precedential decision, the compelling merits standard “is a higher standard than the standard for institution set by statute” and requires specific analysis explaining how the standard is met— “[m]erely pointing to [] analysis under the lower institution standard is insufficient.” *CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 at 3-5 (PTAB Feb. 27, 2023) (precedential). The compelling merits standard requires that “the evidence, if un rebutted in trial, would plainly lead to a

conclusion that one or more claims are unpatentable by a preponderance of the evidence.” Guidance Memo at 4.

This Petition plainly fails to satisfy the compelling merits standard. For the reasons explained above, the evidence does not lead to a conclusion of invalidity because the Petition’s proposed combinations fail to render obvious limitations [1.b], [1.g], [1.h], [1.i], or [2.b], and Petitioner has failed to justify its proposed combinations, instead improperly relying on hindsight. This failure is apparent from the face of the prior art, as explained above, and the Board can reach this conclusion without relying on any rebuttal expert or evidence. More evidence of the failure to meet the compelling merits standard is that the expert declaration, at least for the key disputed limitations, is substantially identical to the Petition, without any further analysis or explanation of the knowledge of a POSITA. As explained above, the Board should give little weight to this conclusory declaration and the fact that Petitioner submitted such a conclusory declaration highlights the weakness of its Petition. This factor, therefore, weighs in favor of denial.

VII. Conclusion

For at least the foregoing reasons, the Petition has failed to show that any claim is invalid, and the Board should deny the Petition. Further, the Board should exercise its discretion to deny the Petition under *Fintiv*.

Dated: May 8, 2023

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CERTIFICATE OF COMPLIANCE

This preliminary response complies with the word count limits set forth in 37 C.F.R. § 42.24(a)(1)(i) & (b)(1), because this preliminary response contains 6,103 words, excluding the parts of the preliminary response exempted by 37 C.F.R. § 42.24(a)(1) and determined using the word count provided by Microsoft Word, which was used to prepare this preliminary response.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing PATENT OWNER FLYPSI, INC.'S PRELIMINARY RESPONSE and Exhibits 2001-2004 were served electronically via email on May 8, 2023, in their entirety on the following counsel of record:

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