

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NANOBEBE US INC.,
Petitioner

v.

MAYBORN (UK) LIMITED,
Patent Owner

Case IPR2023-00465
Patent 11,207,244

**PATENT OWNER'S PRELIMINARY SUR-REPLY
TO PETITIONER'S PRELIMINARY REPLY**

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EXHIBITS

EX2001	U.S. Patent No. 6,645,228
EX2002	U.S. Patent No. 6,745,912
EX2003	GROWTH IS FED BY INNOVATION FOR MAKER OF BABY PRODUCTS, <i>Simon Whiteside</i> , The Journal, Manufacturers' League (Thursday, February 19, 2015)
EX2004	Reserved
EX2005	Reserved
EX2006	Petitioner's '244 Patent Invalidity Contentions, <i>Nanobebe US Inc. v. Mayborn (UK) Limited et al.</i> , Case No. 1:21-cv-08444 (S.D.N.Y.)
EX2007	Complaint, <i>Mayborn (UK) Limited, et al. v. Comotomo Inc. et al.</i> , Case No. 1:22-cv-00694 (S.D.N.Y.)
EX2008	Markman Order, <i>Nanobebe US Inc. v. Mayborn (UK) Limited et al.</i> , Case No. 1:21-cv-08444 (S.D.N.Y.)
EX2009	First Amended Case Management Plan and Scheduling Order, <i>Nanobebe US Inc. v. Mayborn (UK) Limited et al.</i> , Case No. 1:21-cv-08444 (S.D.N.Y.)
EX2010	Joint Status Letter, <i>Nanobebe US Inc. v. Mayborn (UK) Limited et al.</i> , Case No. 1:21-cv-08444 (S.D.N.Y.)
EX2011	Declaration of John S. Goetz
EX2012	Letter Motion to Withdraw as Counsel, <i>Nanobebe US Inc. v. Mayborn (UK) Limited et al.</i> , Case No. 1:21-cv-08444 (S.D.N.Y.)
EX2013	Initial Conference, <i>Nanobebe US Inc. v. Mayborn (UK) Limited et al.</i> , Case No. 1:21-cv-08444 (S.D.N.Y.)

I. Petitioner's Delay Achieved Unfair Tactical Advantages

Petitioner does not dispute several important facts. First, its infringement risk surfaced contemporaneously with Comotomo's. Second, it challenges a subset of the claims Comotomo challenged. Third, it waited to file on the very last day of the statutory deadline, after obtaining Patent Owner's preliminary response to the Comotomo petition. (*Compare* POPR, 12-14, *with* Reply, 1-2.) These facts are pertinent to Factor 1 and also provide context for Factors 2-5. (*See* POPR, 13-14; *Shenzhen Silver Star*, IPR2018-00761, Paper 15 at 17 (PTAB Sep. 5, 2018) ("it is generally unfair for one defendant to wait for a 'test case' . . .").

Even if Factor 1 does not, by itself, weigh against institution, Factors 2-5 overwhelmingly favor denial. Relevant to Factors 2, 4, and 5, the record shows that Petitioner delayed its Petition for months with no legitimate reason for doing so. (*See infra*, §§ II & III). The record also shows—and Petitioner does not deny—that Petitioner benefited from having access to Patent Owner's defense strategy and critique of the Comotomo prior art. (*See infra*, § IV). The *Western Digital* and *Ebates Performance Marketing* decisions that Petitioner cites are inapposite because they did not involve inequities comparable to those at issue here. (*See* Reply, 1-2.) For example, in *Western Digital*, the patent owner could not identify any specific tactical advantages gained by the timing and serial nature of the petition. (*See* IPR2018-00084, Paper 14 at 17.) Not so here, where Petitioner's unfair advantages

are undisputed. (*See* POPR, 10-12, 16; *infra*, § III.) In *Ebates Performance Marketing*, the delayed timing was a result of the patent owner suing the second petitioner years after settling with the first petitioner. (*See* IPR2018-00084, Paper 7 at 1.) There, any advantages gained by the second petitioner were caused by the patent owner and, thus, not unfair. Here, Petitioner and Comotomo are contemporaneous defendants, and the delayed, unfair timing is Petitioner's doing.

II. Petitioner's Excuses Are Not Plausible

Petitioner offers three reasons for its lengthy delay. All should be rejected. First, Petitioner claims to have been “devoting its limited resources to an attempt to mediate with [Patent Owner].” (Reply, 3.) Not true. There was nothing “devoted” about Petitioner's approach to mediation. Petitioner's proffered sales data conflicted with publicly available information, and Petitioner failed to make a genuine settlement offer. All the while, Petitioner was paying its lawyers to conduct discovery that it refused to postpone. (EX2010, pp.1-2; EX2011; EX2013, 8:6-16.)

In any event, Petitioner's declarant, Mr. Lanternari, admits that Nanobebe “decided” to pursue IPR after it deemed mediation fruitless “in early May 2022” but did not “retain[] IPR counsel [until] September 2022.” (EX1023, ¶¶10-11.) So even Petitioner's dubious mediation rationale leaves four months of delay unaddressed.

Petitioner's second plea that it experienced an “unavoidable delay associated with the withdrawal of its litigation counsel” is equally suspect. (Reply, 3.)

Petitioner “retained IPR counsel in September 2022,” the same month its district court counsel withdrew. (*Id.*) Thus, Petitioner admits changing litigation counsel did not delay hiring IPR counsel. Additionally, the withdrawal of Petitioner’s district court counsel in September does not account for the many months, starting in April 2022, when Petitioner possessed the asserted art and still chose not to pursue IPR. Finally, none of this was “unavoidable.” (*Id.*, 3.) Indeed, it was Petitioner’s doing. Petitioner’s original litigation counsel said it sought withdrawal “because Nanobebe . . . made GT’s representation unreasonably difficult.” (EX2012, p.1.)

Petitioner’s third reason fails too. It rests on the meaningless assertion that Petitioner is “a start-up company with negative cash flow.” (Reply, 3.) So what? Some of the world’s foremost companies—e.g., Uber, Snapchat, Spotify, and Twitter—are (or were) start-ups that raised millions (and even billions) of dollars from investors without turning a profit. Nor does Petitioner attempt to explain why or how its financial situation changed between April 2022, when it disclosed the asserted prior art, and September 2022, when it hired IPR counsel. Throughout this period, Petitioner litigated aggressively in District Court, drafting written discovery, taking two inventor depositions, briefing claim construction issues, and putting on a technology tutorial for the Court. (EX2010, pp.1-2; EX2011; EX2013, 8:6-16.)

Simply put, Petitioner’s litigation tactics are not consistent with a party having cash flow problems. Petitioner’s tactics have consistently increased litigation costs,

not decreased them. It was Petitioner who eschewed Amazon's low-cost patent evaluation process and escalated the parties' dispute to district court litigation. (*See* POPR, 7.) It was Petitioner who rejected Patent Owner's proposal to stay all discovery until after the District Court's *Markman* order. (EX2010, pp.1-2; EX2011; EX2013, 8:6-16.) And it was Petitioner who hired separate IPR counsel to file this Petition and litigate the same validity issues in two different forums. (POPR, 19.)

III. Petitioner's Excuses Are Legally Insufficient

Petitioner does not argue that its delay was shorter or that its reasons are superior to what the Board criticized in *Valve*. (*See* POPR, 18-19, *Valve* comparison.) Instead, Petitioner erroneously suggests *Valve* is irrelevant because Petitioner is separate from Comotomo under *General Plastic* Factor 1. (Reply 3-4.) *Valve* is precedential in its entirety, including the discussion under Factors 4 and 5, which are not limited to scenarios where the same petitioner filed both petitions.

IV. Petitioner Does Not Deny Its Unfair Tactical Advantages

Patent Owner detailed multiple unfair tactical advantages that Petitioner obtained due to its nine-month delay. (*See* POPR, 10-12, 16.) Incredibly, Petitioner does not deny any of them. (*See* Reply, 4.) All Petitioner says is that its Petition "addresses different prior art" and, thus, does not "refine" Comotomo's petition. (*Id.*) The reality is that Comotomo's prior art references were in Petitioner's invalidity contentions (*see* POPR, 10-12), and after months of studying how Patent

Owner exposed the defects in those references, Petitioner decided that its Petition should “address[] different prior art.” (Reply, 4.) Strategically using different prior art in this way is precisely the sort of advantage that is unfair and should not be countenanced. The precedential *Code200 v. Bright Data* decision that Petitioner relies on does not endorse these tactics. (Reply, 4.) That case involved the unique fact pattern of a petitioner that filed a mirror-image copycat petition for purposes of pursuing joinder to an instituted proceeding. In *Code200 v. Bright Data*, “not refined” means the second petition is materially the same as the first petition, a requirement of joinder. (IPR2022-00861, Paper 18 at 5.) The facts here are different. Petitioner does not seek joinder and benefited from having months to leverage Patent Owner’s preliminary response to the Comotomo petition.

V. Denial Will Conserve the Parties’ and the Board’s Limited Resources

Petitioner does not dispute the facts Patent Owner set forth under Factors 6 and 7. (*Compare* POPR, 20-21, *with* Reply, 4-5.) This proceeding is not an efficient alternative to the co-pending litigation because Petitioner sat on its hands for months. Nor is the Petition “compelling” on the merits. (Reply, 5) The District Court’s rejection of Petitioner’s claim construction arguments does not improve the Petition. (*Id.*) It only shows that Petitioner does not understand the ’244 Patent or the law. Besides, Patent Owner’s Preliminary Response explains why the Petition fails under both Petitioner’s defective constructions and Patent Owner’s correct constructions.

Respectfully submitted,

Date: May 12, 2023

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§42.6(e), the undersigned certifies that on May 12, 2023, a complete and entire copy of this Patent Owner's Preliminary Sur-Reply and its supporting exhibits were provided via email to Petitioners by serving the correspondence email address of record as follows:

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