UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CISCO SYSTEMS, INC.,

Petitioner,

v.

LIONRA TECHNOLOGIES LIMITED,

Patent Owner.

Case IPR2023-00703
Patent 8,566,612

PATENT OWNER'S PRELIMINARY RESPONSE

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PATENT OWNER'S EXHIBIT LIST

Exhibit No.	Description
2001	Order, *Lionra Technologies Limited v. Fortinet, Inc.*, No. 2:22-cv-00322-JRG-RSP (Lead Case), Dkt. No. 21 (E.D. Tex. Oct. 24, 2022)
2002	Docket Control Order, *Lionra Technologies Limited v. Fortinet, Inc.*, No. 2:22-cv-00322-JRG-RSP (Lead Case), Dkt. No. 59 (E.D. Tex. Dec. 2, 2022)
2003	Docket Sheet, *Lionra Technologies Limited v. Fortinet, Inc.*, No. 2:22-cv-00322-JRG-RSP (Lead Case) (E.D. Tex. July 19, 2023)
2004	Order, *MyPort, Inc. v. Samsung Electronics Co., Ltd.*, *et al.,* No. 2:22-cv-00114-JRG (E.D. Tex. June 12, 2023)
2005	Defendants' Invalidity Contentions, *Lionra Technologies Limited v. Fortinet, Inc.*, No. 2:22-cv-00322-JRG-RSP (Lead Case) (E.D. Tex. Feb. 10, 2023)
2006	U.S. District Courts—Federal Court Management Statistics–Profiles—During the 12-Month Periods Ending March 31, 2018 Through 2023 available at https://www.uscourts.gov/statistics/table/na/federal-court-management-statistics/2023/03/31-1
2007	U.S. Patent No. 7,493,659 ("Wu et al.")
2008	U.S. Patent Publication No. 2003/0014627 ("Krishna et al.)

I. INTRODUCTION

Patent Owner Lionra Technologies Ltd. ("Patent Owner") submits this preliminary response to Petitioner Cisco Systems Inc.'s ("Petitioner") Petition for *inter partes* review of U.S. Patent No. 8,566,612 ("the '612 patent").

First, the Board should exercise its discretion to deny the petition in light of a parallel district court case involving the same patent, overlapping claims, the same prior art, and the same parties. By the time the Board reaches an institution decision in this proceeding, the parties and the district court will have already invested significant time and resources in the case which was filed on August 8, 2022 – over a year before the institution decision is due. Fact discovery is ongoing (including source code review). By the date of the institution decision, the parties will have substantially completed document production and claim construction discovery. A Final Written Decision will not be due until five (5) months ***after*** trial is scheduled to begin on May 20, 2024. The *Fintiv* factors strongly favor a discretionary denial.

II. THE *FINTIV* FACTORS WEIGH AGAINST INSTITUTION

35 U.S.C. § 314(a) gives the Board discretion to deny institution of the requested *inter partes* review due to the advanced state of parallel district court litigation regarding the same issues. *See NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential, designated May 7,

2019) ("*NHK Spring*"). The Board has set forth six factors for determining whether discretionary denial due to such parallel litigation is appropriate (the "*Fintiv* factors"):

> whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
>
> proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
>
> investment in the parallel proceeding by the court and the parties;
>
> overlap between issues raised in the petition and in the parallel proceeding;
>
> whether the petitioner and the defendant in the parallel proceeding are the same party; and
>
> other circumstances that impact the Board's exercise of discretion, including the merits.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 5-6 (PTAB Mar. 20, 2020) (precedential, designated May 5, 2020) ("*Fintiv I*); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 7-8 (PTAB May 13, 2020) (decision denying institution of *inter partes* review) ("*Fintiv II*"). "These factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding." *Fintiv I* at 6. In evaluating the factors, "the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review." *Id.*

As set forth below, all of the *Fintiv* factors weigh against institution. To avoid duplication of efforts, wasting resources, and potentially inconsistent decisions, the Board should deny institution.

A. <u>Factor 1</u>: The district court has not granted a stay, nor is there any evidence that a stay will be granted.

There is presently one active consolidated district court case involving the '612 patent pending in the Eastern District of Texas: *Lionra Technologies Limited v. Fortinet, Inc.*, No. 2:22-cv-00322-JRG-RSP (Lead Case). This case was consolidated with Member Cases *Lionra Technologies Limited v. Cisco Systems, Inc.*, No. 2:22-cv-00305-JRG-RSP (E.D. Tex.) and *Lionra Technologies Limited v. Palo Alto Networks, Inc.*, No. 2:22-cv-00334-JRG-RSP (E.D. Tex.). *See* Ex. 2001, Order, *Lionra Technologies Limited v. Fortinet, Inc.*, No. 2:22-cv-00322-JRG-RSP (Lead Case), Dkt. No. 21 (E.D. Tex. Oct. 24, 2022) (Consolidating cases). Jury selection is scheduled for May 20, 2024. *See* Ex. 2002, Docket Control Order, *Lionra Technologies Limited v. Fortinet, Inc.*, No. 2:22-cv-00322-JRG-RSP (Lead Case), Dkt. No. 59 (E.D. Tex. Dec. 2, 2022). This is "a deadline that cannot be changed without an acceptable showing of good cause. Good cause is not shown merely by indicating that the parties agree that the deadline should be changed." Ex. 2002 at 5.

The district court case is not at an early stage. The case against Cisco was

filed on August 8, 2022 – which will be more than a year before an institution decision is due in three months. *See* Ex. 1010, Complaint.

Fact discovery is ongoing (including source code review). By the date the institution decision is due, the parties will have substantially completed document production and claim construction discovery. *See* Ex. 2002 at 4. A Final Written Decision will not be due until five (5) months ***after*** trial is scheduled to begin with jury selection on May 20, 2024. *See Id.* at 1.

This has been an actively litigated matter with 126 docket entries to date. *See* Ex. 2003, Docket Sheet, *Lionra Technologies Limited v. Fortinet, Inc.*, No. 2:22-cv-00322-JRG-RSP (Lead Case), (E.D. Tex. July 19, 2023). Nevertheless, and notwithstanding the number of defendants in this consolidated case, no party has filed a motion for a stay.

And it is unlikely that a stay would be granted in the district court. *Trover Group, Inc. v. Dedicated Micros USA*, No. 2:13-cv-1047-WCB, 2015 WL 1069179, at *6 (E.D. Tex. Mar. 11, 2015) (Bryson, J.) ("This Court's survey of cases from the Eastern District of Texas shows that when the PTAB has not yet acted on a petition for *inter partes* review, the courts have uniformly denied motions for a stay."); *see also Samsung Elecs. Co. Ltd. v. Evolved Wireless LLC*, IPR2021-00950, Paper 10 at 10-11 (PTAB Nov. 29, 2021) ("*Evolved*") (finding this factor weighed in favor of denial and denying institution where patent owner showed a stay was unlikely based

on the advanced stage of the case and the court's past decisions denying stays); *Samsung Elecs. Co. Ltd. v. Clear Imaging Research, LLC*, IPR2020-0152, Paper 12 at 12-13 (PTAB Mar. 3, 2021) (denying institution because, in part, Judge Gilstrap deemed unlikely to stay a case in similar circumstances).

The Eastern District of Texas is likely to find that a stay in this situation would unduly prejudice Patent Owner, disfavoring a stay. *See, e.g.,* Ex. 2004, Order, *MyPort, Inc. v. Samsung Electronics Co., Ltd.*, *et al.,* No. 2:22-cv-00114-JRG (E.D. Tex. June 12, 2023) at 4 (Noting that patent owner has an interest in the timely enforcement of its patent rights and that granting a stay could delay the case by nearly two years where the PTAB decision is not due until over two months after jury trial is set to begin.). The district court is also likely to find that the stage of litigation disfavors a stay. As noted above, by the date an institution decision is due in this proceeding, the parties will have substantially completed document production and claim construction discovery in the district court and, as further evidenced by the docket sheet, a substantial amount of work and financial resources have been invested in the district court case. Under similar circumstances, the district court has found that the stage of litigation disfavors a stay. *Id.* at 5.

Moreover, because Cisco has asserted multiple invalidity theories and there are other defendants who are asserting invalidity defenses, a stay in the district court would be unlikely to simplify the issues. *See, e.g.,* Ex. 2005, Defendants' Invalidity

Contentions, *Lionra Technologies Limited v. Fortinet, Inc.*, No. 2:22-cv-00322-JRG-RSP (Lead Case) (E.D. Tex. Feb. 10, 2023). As the district court recently noted, when a party has raised multiple invalidity theories that will not go before the PTAB, a stay would leave in limbo these invalidity theories that will not go before the Board, weighing against a stay. *MyPort* at 6-7.

As explained by the Board, a stay of the district court litigation pending resolution of the PTAB proceedings "allays concerns about inefficiency and duplication of efforts." *Fintiv I* at 6; *Fintiv II* at 12. But here, the district court has not stayed the pending litigation, nor is there any evidence that a stay will be granted. Allowing this IPR to proceed simultaneously with the district court litigation would be wasteful and inefficient. This factor weighs against institution.

B. <u>Factor 2</u>: The proximity of the court's trial date to the Board's projected statutory deadline for a final written decision.

The statutory deadline for a final written decision in this proceeding is October 25, 2024, which can be extended to April 25, 2025, for good cause or in the case of joinder. 37 C.F.R. § 42.100.

Jury selection in the district court is scheduled for May 20, 2024. *See* Ex. 2002. This is "a deadline that cannot be changed without an acceptable showing of good cause. Good cause is not shown merely by indicating that the parties agree that the deadline should be changed." *Id.* at 5.

Even if the Board disregards the scheduled trial date, an analysis of the current median time-to-trial statistics still weighs against institution. *See* Ex. 2006, U.S. District Courts—Federal Court Management Statistics–Profiles—During the 12-Month Periods Ending March 31, 2018 Through 2023. The most recent statistics, for a 12-month period ending March 31, 2023, show a median time-to-trial in the Eastern District of Texas of 19.0 months. *Id.* at 35. Accordingly, the projected trial date for purposes of *Fintiv* in accordance with Director's June 21, 2022 Memorandum on Discretionary Denials would be March 8, 2024 – before even the scheduled trial date and well before the expected timing of a Final Written Decision if proceedings are instituted. It is certainly ***not*** around the same time or after the projected statutory deadline for the PTAB's final written decision.

This factor weighs against institution.

C. <u>Factor 3</u>: The parties and the courts have made a substantial investment in the parallel proceeding.

This factor relates to the "amount and type of work already completed in the parallel litigation by the court and the parties ***at the time of the institution decision***." *Fintiv I* at 9 (emphasis added). For example, "if, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition," this factor favors denial. *Id.* at 9-10. Claim construction orders

entered by the district court likewise "indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial." *Id.* at 10.

As discussed above, fact discovery is ongoing (including source code review). By the date the institution decision is due, the parties will have substantially completed document production and claim construction discovery. *See* Ex. 2002 at 4. As shown in the district court docket sheet, the courts and the parties have made a substantial investment in the parallel proceeding. *See* Ex. 2003 (Docket Sheet).

Thus, the parties and the district court will have invested significant time and resources in the litigation by the time the Board reaches an institution decision in this matter. This favors discretionary denial. *Fintiv I* at 10; *Fintiv II* at 13-14 (finding that "the level of investment and effort already expended on claim construction and invalidity contentions" favored denial).

D. Factor 4: There is complete overlap between this IPR and the district court proceedings.

This factor looks at "whether all or some of the claims challenged in the petition are also at issue in district court," and whether the "petition includes the same or substantially the same claims, grounds, arguments, and evidence" as the parallel district court case. *Fintiv I* at 12-13.

Here, Petitioner has challenged all of the asserted claims of the '612 patent. Petitioner's Amended Preliminary Invalidity Contentions in the district court case

identify the same Pham, Wu, Collins, and Krishna references asserted in the Petition as prior art that anticipates and/or renders obvious the asserted claims. *See* Ex. 2005 at 29-31. Thus, there is complete overlap with respect to Petitioner's invalidity arguments and evidence. That the district court case involves additional prior art references not asserted in this IPR is "not relevant to the question of the degree of overlap for this factor." *Fintiv II* at 15. The fact that the Petition challenges additional claims does not warrant institution. *See, e.g.*, *Next Caller Inc. v. TRUSTID, Inc.*, IPR2019- 00961, Paper 10 at 14 (PTAB Oct. 16, 2019) (denying institution where the district court case involved only a subset of the challenged claims).

In sum, this IPR and the district court case involve the same claims—which will be construed under the same *Phillips* standard—and substantially the same prior art (and, as discussed below, the same parties), which raises substantial "concerns of inefficiency and the possibility of conflicting decisions." *Fintiv I* at 12. This factor thus weighs in favor of a discretionary denial. *See Fintiv II* at 15; *NHK Spring* at 19–20.

E. <u>Factor 5</u>: Petitioner is a defendant in the district court litigation.

There is no dispute that Petitioner is the defendant in the district court litigation. "Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial." *Fintiv II* at 15.

F. <u>Factor 6</u>: Other circumstances that impact the Board's exercise of discretion, including the merits.

The Board may consider other circumstances in the exercise of its discretion, including the merits of the case. *Fintiv I* at 14. However, "a full analysis of the merits is not necessary to evaluate this factor." *Fintiv II* at 17. And, it is important to note that the compelling merits standard is a higher standard than the standard for institution set by statute. "A challenge can only 'plainly lead to a conclusion that one or more claims are unpatentable' if it is highly likely that the petitioner would prevail with respect to at least one challenged claim." *OpenSky Indus., LLC v. VLSI Tech. LLC*, IPR2021-01064, Paper 102, 49 (PTAB Oct. 4, 2022) (precedential). Petitioner has not done so here, and, when considered together with the five other *Fintiv* factors discussed above, this factor also favors discretionary denial.

Petitioner's argument that it has presented a "particularly strong" case of unpatentability, based solely on alleged obviousness and not anticipation, should be rejected. As an initial matter, the four different references relied upon by Petitioner do not disclose all of the elements of the challenged claims, which is presumably why Petitioner relies on alleged obviousness.

Moreover, the substance of at least two of these references was considered during the prosecution of the '612 patent. Petitioner relies on U.S. Patent No. 7,424,744 ("Wu") for every obviousness combination (Paper No. 1, Petition, at 18),

but another Wu patent, U.S. Patent No. 7,493,659, commonly assigned and filed the same day with a substantially similar disclosure, was a cited reference that was considered during the patent prosecution. *See* Ex. No. 2007, U.S. Patent No. 7,493,659 ("Wu et al."). *Compare*, *e.g.*, Ex. No. 1005, Fig. 4 *and* Ex. No. 2007, Fig. 4; Ex. No. 1005, Fig. 3 *and* Ex. No. 2007, Fig. 2; Ex. No. 1005, Fig. 6 *and* Ex. No. 2007, Fig. 5; Ex. No. 1005, 1:9-2:10 *and* Ex. No. 2007, 1:9-2:10. Petitioner also relies on another reference, Krishna, for two of the grounds in the petition. *See* Paper No. 3 at 20. Petitioner's Krishna reference, U.S. Patent No. 7,996,670, is substantively similar to the Krishna et al. reference cited during the '612 patent prosecution, both of which claim priority to the same provisional application, No. 60/142,870, were commonly assigned, have overlapping inventors, and have identical abstracts. *Compare* Ex. No. 1006 and Ex. No. 2008.

Furthermore, the Petition improperly relies on conclusory assertions that are copied verbatim from the supporting declaration that are improper under *Xerox Corp. et al. v. Bytemark, Inc.,* IPR2022-000624, Paper 9 (Aug. 24, 2022) (Precedential (as of Feb. 10, 2023)) ("*Xerox"*). Citations to an expert declaration that merely repeat the conclusory assertions for which they are offered to support are entitled to little weight and cannot present compelling evidence of unpatentability. *Xerox* at 15. As noted in *Xerox,* "[t]his is particularly problematic in cases where, like here, expert testimony is offered not simply to provide a

motivation to combine prior-art teachings, but rather to supply a limitation missing from the prior art." *Id.* at 16.

As set forth above, the Petition does not present a reasonable likelihood of invalidity under any ground or challenged claim, let alone compelling evidence of unpatentability, and factor 6 weighs against institution. All six *Fintiv* factors strongly favor discretionary denial, and the Petition should be denied.

III. CONCLUSION

All of the *Fintiv* factors strongly favor discretionary denial, and the Petition should be denied for this reason alone.

IV. MANDATORY NOTICES – Related Matters – 37 C.F.R. §42.8(b)(2)

The '612 Patent is the subject of a civil action captioned: *Lionra Technologies Limited v. Fortinet, Inc.*, No. 2:22-cv-00322-JRG-RSP (Lead Case) (E.D. Tex.) and Member Cases *Lionra Technologies Limited v. Cisco Systems, Inc.*, No. 2:22-cv-00305-JRG-RSP (E.D. Tex.) and *Lionra Technologies Limited v. Palo Alto Networks, Inc.*, No. 2:22-cv-00334-JRG-RSP (E.D. Tex.).

Respectfully submitted,

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Date: July 25, 2023

CERTIFICATE OF WORD COUNT (37 C.F.R. § 42.24(d))

The undersigned hereby certifies that the word count in this Patent Owner Preliminary Response is 2,768 words, as counted by the word-processing program Microsoft Word that was used to generate this Patent Owner Preliminary Response, where such word count excludes the table of contents, table of authorities, mandatory notices, certificate of service, appendix of exhibits, claim listing, and this certificate of word count. This Patent Owner Preliminary Response is in compliance with the 14,000-word limit set forth in 37 C.F.R. § 42.24(b)(1).

Date: July 25, 2023

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CERTIFICATE OF SERVICE (37 C.F,R. § 42.6(e))

The undersigned hereby certifies that the above document was served on July 25, 2023, by filing this document through the Patent Trial and Appeal Case Tracking System as well as delivering a copy via electronic mail upon the following attorneys of record for the Petitioner:

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