

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CISCO SYSTEMS, INC.,
Petitioner

v.

ORCKIT CORPORATION,
Patent Owner.

Case IPR2023-00714
Patent No. 6,680,904

PATENT OWNER'S PRELIMINARY RESPONSE

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2002	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, Dkt. No. 28 (E.D. Tex., Nov. 4, 2022), Notice of Compliance (“11-4-2022 Notice of Compliance”)
2003	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, Dkt. No. 47 (E.D. Tex., Jan. 19, 2023), Notice of Compliance (“1-19-2023 Notice of Compliance”)
2004	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, Dkt. No. 55 (E.D. Tex., Mar. 23, 2023), Defendant’s Motion To Stay
2005	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, Dkt. No. 56 (E.D. Tex., Mar. 29, 2023), Order Denying Motion to Stay
2006	United States District Courts National Judicial Caseload Profile For the 12 Months Ending March 31, 2023 (available at https://www.uscourts.gov/sites/default/files/data_tables/fcms_na_distprof_ile0331.2023.pdf) (“March 23 Judicial Caseload Statistics”)
2007	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, Dkt. No. 50 (E.D. Tex., Feb. 3, 2023), Notice of Compliance (“2-3-2023 Notice of Compliance”)
2008	Reserved
2009	Reserved
2010	Reserved
2011	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, Dkt. No. 59 (E.D. Tex., Mar. 30, 2023), Order Granting Motion To Amend Invalidity Contentions
2012	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, Dkt. No. 61 (E.D. Tex., April 13, 2023), Order Granting Motion To Amend Invalidity Contentions
2013	“About Orckit-Corrigent: Executive Summary,” 2011.
2014	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, (E.D. Tex., April 13, 2023), Defendant’s First Amended Invalidity Contentions (Cover Pleading)

2015	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, (E.D. Tex., April 13, 2023), Defendant’s First Amended Invalidity Contentions (Exhibit A - ’904 Patent Charts)
2016	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, (E.D. Tex., April 13, 2023), Defendant’s First Amended Invalidity Contentions (Exhibit B - ’821 Patent Charts)
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2018	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, (E.D. Tex., April 13, 2023), Defendant’s First Amended Invalidity Contentions (Exhibit D - ’111 Patent Charts)
2019	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, (E.D. Tex., April 13, 2023), Defendant’s First Amended Invalidity Contentions (Exhibit E - Combination Charts)
2020	<i>Orckit Corporation v. Cisco Systems, Inc.</i> , Case No. 2:22-cv-00276, (E.D. Tex., April 13, 2023), Defendant’s First Amended Invalidity Contentions (SME Contentions)
2021	United States District Courts National Judicial Caseload Profile For the 12 Months Ending December 31, 2022 (available at https://www.uscourts.gov/sites/default/files/data_tables/fcms_na_distprofile1231.2022.pdf) (“December 22 Judicial Caseload Statistics”)

I. INTRODUCTION

Orckit Corporation (“Orckit” or “Patent Owner”) respectfully submits this Preliminary Response to Cisco Systems, Inc.’s (“Petitioner”) March 14, 2023 Petition (Paper 2) requesting review of claims 1-26 (the “Challenged Claims”) of U.S. Patent No. 6,680,904 (the “’904 Patent”).

The Board should deny institution. As will be further explained below, the Petition does not explain how its primary reference, International Patent Publication No. WO 91/14324 (“Vink”), discloses a “daisy chain” or a “packet-switched network” as recited by the independent claims. Thus, the Petition has failed to show a reasonable likelihood of success on any of the independent claims if instituted.

Further, the Board should exercise its discretion to deny institution under 35 U.S.C. § 314(a). Under § 314(a), this proceeding is well behind the related district court litigation, where trial is expected to begin in early 2024 and discovery and claim construction are already well underway. A final written decision in this proceeding would likely issue sometime around October 2024, by which point the jury will have long since rendered its verdict on the invalidity issues raised here and the litigation could already be on appeal. Accordingly, *Fintiv*’s efficiency considerations overwhelmingly favor denying institution here.

For these reasons, Patent Owner respectfully requests that institution be denied.

II. BACKGROUND

A. Procedural History

This proceeding is one of four IPRs filed by Petitioner against PO. The other IPRs are IPR2023-00401 (U.S. Pat. No. 7,545,740), IPR2023-00402 (U.S. Pat. No. 8,830,821), and IPR2023-00554 (U.S. Pat. No. 10,652,111). Each of the '740, '821, '111 and '904 Patents is currently asserted by PO against Petitioner in *Orckit Corporation v. Cisco Systems, Inc.*, Case No. 2:22-cv-00276 (E.D. Tex. July 22, 2022).

The parties in the district court litigation are currently briefing claim construction, with the Markman hearing scheduled for September 7, 2023. Ex. 2001 [First Amended Docket Control Order], 3-4. Discovery is well underway. Infringement contentions and accompanying disclosures under the local patent rules were served on November 3, 2022 and Supplemental Infringement Contentions were served on January 19, 2023. Exs. 2002, 2003 [11-4-2022 and 1-19-2023 Notices of Compliance]. Invalidity contentions and accompanying disclosures under the local patent rules were served on February 3, 2023 and have been supplemented several times, including most recently on April 13, 2023. Exs.

2001 [First Amended Docket Control Order], 4-5; 2011 [March 30, 2023 Order]; 2012 [April 13, 2023 Order]. The district court trial is scheduled to begin March 4, 2024. Ex. 2001 [First Amended Docket Control Order], 1.

Petitioner filed a motion to stay the district court litigation pending completion of these IPRs on March 23, 2023. Ex. 2004, 1. The district court denied that motion *sua sponte* on March 29, 2023. Ex. 2005, 3. Accordingly, the district court litigation continues to progress in parallel with this proceeding.

B. The History Behind Orckit Corporation's Patents

Orckit Corporation is the current assignee of the '904 Patent, which originated from the significant research and development conducted by Orckit Communications Ltd. (also known as Corrigent-Systems Ltd., referred to herein as "Orckit-Corrigent").

Orckit was founded in 1990 by Izhak Tamir and Eric Paneth. In September 1996, Orckit announced an Initial Public Offering (IPO) of 3.3 million ordinary shares at a public offering price of \$16.00; but its initial public offering on the Nasdaq over-the-counter exchange was postponed due to oversubscription because of excess public demand for its shares. *See* <https://en.wikipedia.org/wiki/Orckit-Corrigent>.

Over the years, Orckit-Corrigent and its subsidiaries developed and sold

products in a variety of telecommunications areas, including DSL, Packet Transport Networks (PTN), Carrier Ethernet technologies, PWE (Pseudo-Wire Emulation) technology, and Resilient Packet Ring (RPR) technology, which was developed and introduced to the market as the IEEE 802.17 Standard, part of the company's packet transport technology. In 2007, Orckit-Corrigent launched its CM4000 PTN line of products, which were purchased and deployed by telecom providers worldwide, including leading Indian carrier Bharat Sanchar Nigam Ltd. (BSNL); T-Systems (Deutsche Telekom) in Germany; Tele2, a leading Pan-European Scandinavian Service Provider; redIT (formerly MetroNet) in Mexico, and others. At one time, Orckit-Corrigent had offices in Israel, the United States, India, Japan, Korea, Germany, Russia, Brazil, Mexico, Thailand, and the Philippines.

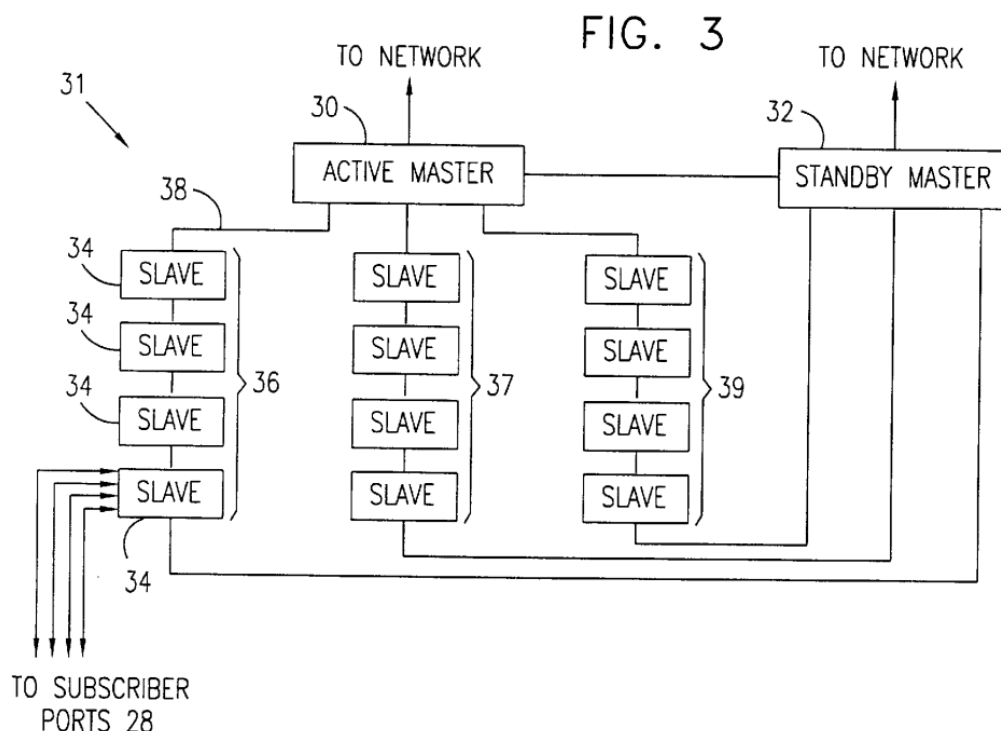
Through its history, Orckit-Corrigent invested over \$200M in research and development and developed an extensive patent portfolio practiced by its products, notably, the CM-4000 product family, which was a series of packet transport network switches (consisting of, among other products, the CM-4140, CM-4206 and CM-4314T/4314 models), and the CM-401x portfolio of switches that included the CM-4011, CM-4012 and CM-4013 products. Ex. 2013, [Orckit-Corrigent Executive Summary].

Orckit-Corrigent's products offered networking infrastructure for the delivery of residential, business, and mobile backhauling services in packet-based networks. By the early 2000s, Orckit-Corrigent was a pioneer in telecommunications, with revenues some years exceeded \$500M from sales to various tier 1 global telecommunications providers.

Despite its early success, following the “dot-com bust,” Orckit-Corrigent found itself amassing ever increasing debt. In 2012, Orckit-Corrigent was ultimately forced to enter into debt restructuring/bankruptcy proceedings in Israel. In 2016, Orckit IP purchased all of Orckit-Corrigent’s patents, including the ’904 Patent.

C. The ’904 Patent

The ’904 Patent is titled “Bi-directional chaining of network access ports” and describes a network access apparatus including first and second master units, each having a physical interface to a packet-switched network and linked to a plurality of slave units by physical interface lines in one or more daisy chains. Ex. 1001, abstract. Figure 3 shows an exemplary apparatus:

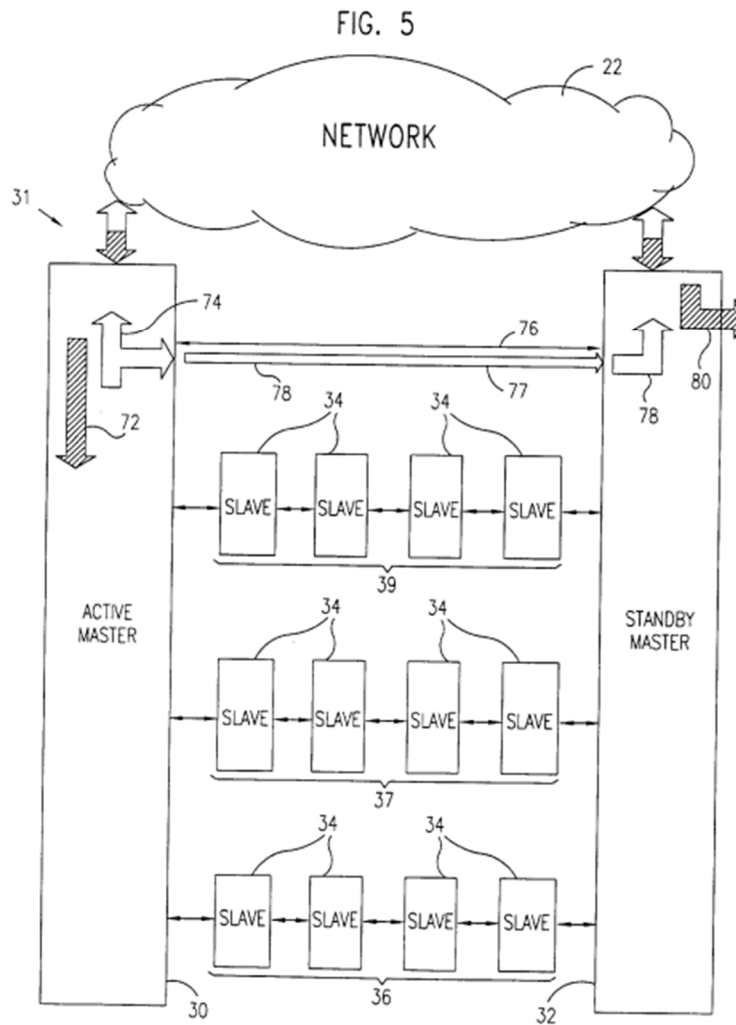


Ex. 1001, Fig. 3.

In the apparatus of Fig. 3, two mutually-linked masters 30 and 32 are further linked to a plurality of slaves 34 by daisy chains 37, 38, and 39. Ex. 1001, 6:21-36. “Each slave comprises multiple subscriber ports 28, which link system 31 to respective subscriber locations.” *Id.* “Master 30 is termed the active master, because in normal operation of system 31, i.e., in the absence of faults in the system, downstream traffic from the network is routed from master 30 down chains 36, 37 and 39 to the respective slaves 34. Upstream traffic from the slaves is likewise routed up the chains to master 30.” Ex. 1001, 6:38-54. “In case of a fault in one of chains 36, 37 or 39[,] the traffic direction in all or a part of the faulty

chain is reversed. Packets are then directed between some of the slaves and standby master 32, rather than directly between the slaves and active master 30. When a serious failure occurs in the active master, all traffic may be directed through the standby master.” Ex. 1001, 6:38-54.

“FIG. 5 is a block diagram that schematically illustrates details of data packet flow in system 31 under normal, fault-free conditions.” Ex. 1001, 8:31-41.



Ex. 1001, Fig. 5. “Hatched arrows, such as an arrow 72, represent downstream data flow, while unfilled arrows, such as an arrow 74, represent upstream data flow.

Packets received from network 22 are routed by active master 30 down each of chains 36, 37 and 39, as indicated by arrow 72.” Ex. 1001, 8:31-41. The ’904 Patent suggests that advantages of this architecture include limiting the effects of faults in the slaves, as well as “that additional slaves may be added to the chains as needed, without having to change the number of interfaces associated with masters 30 and 32.” Ex. 1001, 2:46-52, 6:34-36.

The ’904 Patent has 6 independent claims (1, 4, 9, 11, 14, 19) and 20 dependent claims, all of which are at issue in this proceeding. Consistent with the description in the ’904 Patent, the claims recite apparatus, systems, and methods comprising, for example, first and second master units interfaced with a packet-switched network and linked to a plurality of slave units in one or more daisy chains.

D. Prosecution History

The ’904 Patent was filed as Appl. No. 09/472,683 on December 27, 1999. Ex. 1001. On February 4, 2003, the Examiner issued a non-final rejection rejecting some claims based on applicant-admitted prior art but allowing others. Ex. 1002, 157. On June 18, 2003, Applicant traversed the rejection by amending the rejected

claims to recite additional elements, such as “a second slave unit connected to the first slave unit but not to the first or second master unit.” Ex. 1002, 169. The ’683 Application subsequently issued as the ’904 Patent on January 20, 2004. Ex. 1001.

E. Petitioner’s Cited References

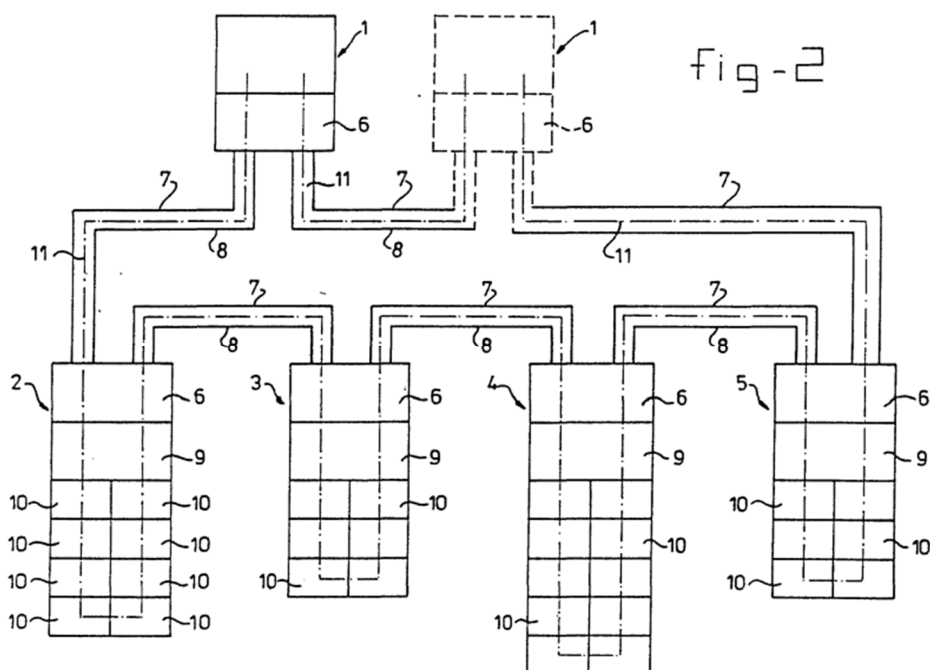
The Petition asserts the following two grounds:

Ground	Claims	Basis
#1	1-26	35 U.S.C. § 103 (AIA) over Vink and Patrick
#2	1-26	35 U.S.C. § 103 (AIA) over Vink, Patrick and Applicant-Admitted Prior Art (AAPA)

Paper 2, 2. Petitioner relies on Vink as the primary reference in both grounds, supplementing its teachings with Patrick and AAPA.

1. Vink (Ex. 1005)

International Patent Publication No. WO 91/14324 to Vink is titled “Method and communication system for the bit-serial exchange of data” and describes a system comprising a master station (1) connected to substations (slaves) (2, 3, 4, 5) via transmission rings (7, 8) as shown by Figure 2 below:



Ex. 1005, Figure 2. “The master 1 and the slaves 2, 3, 4, 5 are mutually connected via a double-ring transmission system composed of transmitting/ receiving units 6 and transmission lines 7, 8. The transmission lines 7, 8 may, for example, consist of coaxial cable, optical fibre cable and the like.” Ex. 1005, 15:31-35.

“The master station and the substations of said communication system each form a node between which information is bit-serial exchanged.” Ex. 1005, 11:9-11.

“Each slave 2, 3, 4, 5 comprises a control module 9 which is connected to the associated transmitting/receiving unit 6 and to which one or more input (I) and/or output (O) module(s) are connected. The number of I/O modules 10 to be connected to a control module may vary from slave to slave depending on its function, for

example controlling a measurement and control process.” Ex. 1005, 15:36-16:4. “The operation of the relevant transmission ring 7, 8 can be monitored by means of line error detectors 15.” Ex. 1005, 17:10-13. “[T]he data bits by the slave or the I/O modules can take place in synchronism with the transmission of the data bits via the transmission system 7, 8. All these features result in a transparent communication structure.” Ex. 1005, 17:25-29.

2. Patrick (Ex. 1006)

U.S. Patent No. 5,790,541 to Patrick et al. (“Patrick”) is titled “Apparatus, method, system and system method for distributed routing in a multipoint communication system” and describes a method and system “for distributed internetwork routing of information in a communication system.” Ex. 1006, abstract. The system may comprise a primary station 101 connected to a network 105 and a plurality of secondary stations 110 as shown in Fig. 1. Ex. 1006, 3:11-15. The connection between the primary station and secondary stations may be a hybrid optical fiber, a coaxial cable, a fiber optic cable, a twisted pair wires, or wireless and satellite communication. Ex. 1006, 3:15-20. The connection between the primary station and the network may be through “the Internet, on line services, telephone and cable network.” Ex. 1006, 3:20-24.

Patrick further discloses that, in the prior art, a terminal may be connected to

a MAC network such as a LAN or ATM network. Ex. 1006, 5:39-49, 2:36-39. Patrick however criticizes these connections as “problematic”: “The prior art routing methodology illustrated in FIGS. 6 and 7, as mentioned above, is problematic when applied to the IP routing protocol in a centralized network involving potentially thousands of geographically distributed secondary nodes. Such a network is envisioned when ATM or other metropolitan-area networks provide connections of millions of consumer homes to the Internet. The principal problem is the relative dearth of IP addresses, as the IP protocol uses only 32 bits to encode both the network portion and the host portion of the internetwork address.” Ex. 1006, 8:36-56.

III. CLAIM CONSTRUCTION

For purposes of this preliminary response, Patent Owner does not propose any terms for express construction. Petitioner proposes a construction of the term “second master unit” as “a standby master that receives upstream packets from the first master unit during normal operations.” Paper 2, 13-15. At this stage of the proceeding, Patent Owner takes no positions regarding this construction and the Board therefore need not construe this term. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (noting that the Board need only construe terms “that are in controversy, and only to the extent necessary to resolve the controversy”). Patent Owner reserves its right to dispute

Petitioner's construction and to construe additional terms in this or other proceedings involving the '904 Patent.

IV. PERSON OF ORDINARY SKILL IN THE ART

Petitioner states that “a [POSITA] would have had a bachelor's degree in computer science, computer engineering, electrical engineering, or equivalent training, or approximately two years of experience working in the field of information technology and networking as of December 27, 1999. Lack of professional experience can be substituted by additional education, and vice versa.” Paper 2, 12.

For purposes of this Preliminary Response only, Patent Owner does not dispute Petitioner's definition.

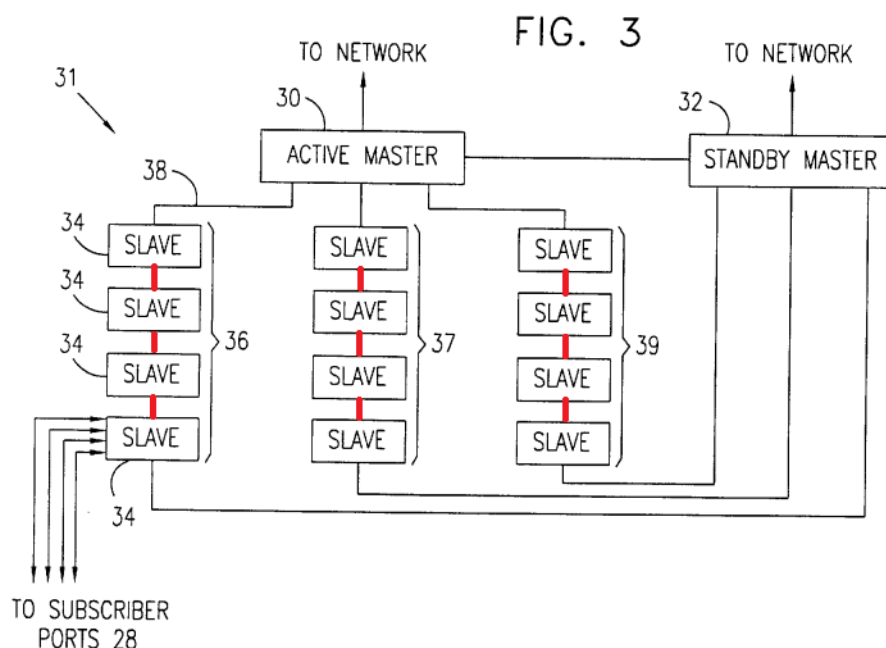
V. THE PETITION FAILS TO SHOW VINK DISCLOSES OR SUGGESTS MULTIPLE ELEMENTS OF THE INDEPENDENT CLAIMS

Each of the challenged independent claims recite slave units coupled or linked in one or more “daisy chains.” Ex. 1001, 11:40-14:65. The independent claims further recite master units comprising an interface to a “packet-switched network.” *Id.* The Petition relies upon Vink as disclosing both daisy chains and network interfaces, and further alleges that a POSITA would combine Vink with Patrick or

applicant-admitted prior art to arrive at an interface to a packet-switched network. But as explained below, Petitioner has not met its burden of showing that Vink discloses a “daisy chain” or a “packet-switched network” of the independent claims (or that it can be combined with another reference to satisfy a “packet-switched network”).

A. The Petition Does Not Explain How Vink’s Architecture Satisfies the Recited “Daisy Chain”

Each of independent claims 1, 4, 9, 11, 14, and 19 recite slave units coupled or linked in one or more “daisy chains.” Ex. 1001, 11:40-14:65. As the ’904 Patent explains, “[e]ach daisy chain includes at least a first slave unit connected by one of the physical interface lines to the first master unit and a last slave unit connected by another of the physical interface lines to the second master unit.” Ex. 1001, abstract. This is further illustrated by ’904 Patent, Figure 3 (annotated below) which shows one physical interface line (annotated in red) connecting each slave 34 in daisy chains 36, 37, and 39:

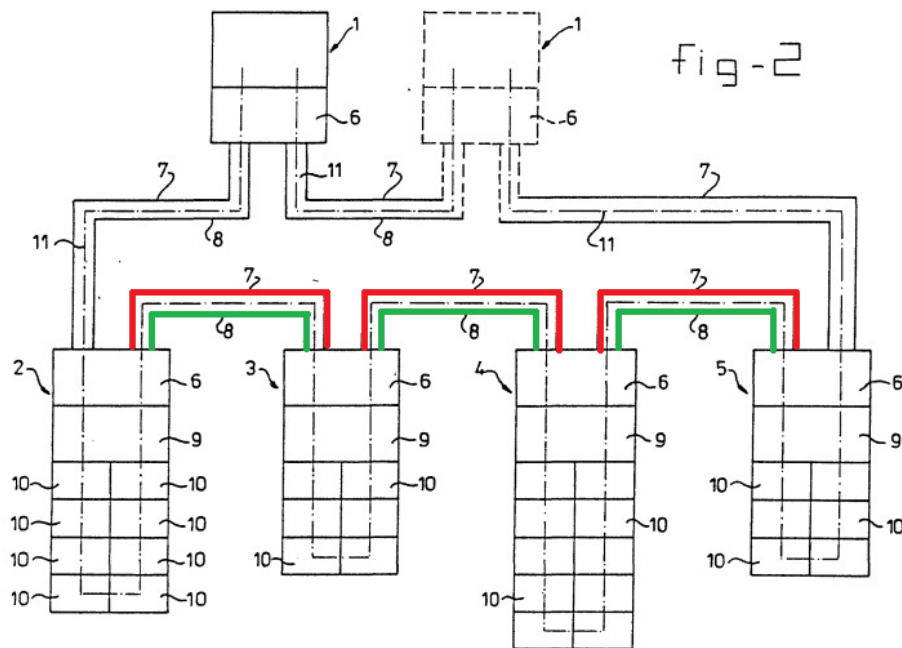


Ex. 1001, Fig. 3 (annotated).

The '904 Patent explains that “in normal operation, downstream data packets received from the network are passed from the first master unit to each of the daisy chains via the first slave unit in each chain, and upstream data packets received by the slaves in each chain from the subscriber lines are passed via the first slave unit in the chain to the first master unit for transmission over the network.” Ex. 1001, 3:7-14. The '904 Patent explains further that “in case of a fault at a location in one of the daisy chains, data flow in a portion of the daisy chain between the location of the fault and the second master unit is reversed, so that the downstream data packets are passed from the second master unit to the slave units in the portion of the daisy chain via the last slave unit in the chain, and the upstream data packets are passed

by the last slave unit to the second master unit...the downstream packets for the slave units in the portion of the daisy chain between the location of the fault and the second master unit are conveyed to the second master unit from the first master unit via another one of the daisy chains.” Ex. 1001, 3:6-33.

Vink, in contrast, shows slave units connected in parallel with two separate transmission lines (referred to as first transmission ring 7, annotated in red, and second transmission ring 8, annotated in green) between each of slaves 2, 3, 4, and 5:



Ex. 1005, Figure 2, 17:3-12. Petitioner has not shown that a fault in Vink’s transmission rings would cause the Vink system to operate in the manner described

by column 3 lines 6-33 of the '904 Patent where “data flow in a portion of the daisy chain between the location of the fault and the second master unit is reversed.” Nowhere does Vink describe its transmission rings as having a functionality of reversing data flow between a fault and the second master unit.

Despite these differences, the Petition does not explain how Vink’s transmission ring system satisfies a “daisy chain” as claimed or why the differences are immaterial. For these reasons, Petitioner has not met its burden of showing that Vink teaches or suggests the “daisy chain” recited by the claims of the '904 Patent.

B. The Petition Does Not Explain How Vink Satisfies a “Packet-Switched Network” Required by the '904 Patent

The independent claims of the '904 Patent recite master units “comprising a physical interface to a packet-switched network.” Ex. 1001, 11:40-14:65.

Vink explicitly and repeatedly confirms that its system is directed to a synchronous network:

“A control module (9) comprises means (16) coupled to the control means (35) for *controlling in a synchronised manner* the connected I/O modules (10) ...” Ex. 1005, abstract.

“[T]he invention provides a method of serially exchanging data bits... characterised by... supplying control information to the I/O modules to enable the I/O modules to present *in a mutually synchronised manner*, at their output side, the data bits supplied by the at least one master and

to record *in a mutually synchronised manner*, at their input side, data bits for supply to the at least one master.” Ex. 1005, 5:15-33.

“It is consequently possible to activate all the I/O modules *simultaneously or in a mutually synchronised manner*,” Ex. 1005, 5:38-6:1.

“In order to bring about a synchronised control of the I/O modules...”
Ex. 1005, 6:28-29.

“[T]he data received are fed to the control module 9 connected to the multiplexer 12 which, in the exemplary embodiment shown, is arranged to exchange information with the master in accordance with the known Synchronous Data Link Control (SDLC) protocol...” Ex. 1005, 17:13-17.

“This achieves the result that the transfer of the data bits by the slave or the I/O modules can take place in synchronism with the transmission of the data bits via the transmission system 7, 8.” Ex. 1005, 17:25-29.

Nowhere does Vink suggest a packet-switched network.

While the Petition does allege that “Vink with Patrick (and AAPA for Ground 2) suggests masters with a physical interface to an external packet-switched network” (Paper 2, 26), the Petition does not explain how a synchronous network

such as Vink's would be compatible with a packet-switched network. To the extent that a synchronous network is not a "packet-switched network," the Petition also does not propose any modifications that might render a synchronous network a "packet-switched network," nor does the Petition explain how Vink's synchronous system would interface with a packet-switched network. Without an explanation for how a POSITA could modify Vink to arrive at the claimed packet-switched network, Petitioner has not met its burden of showing the '904 Patent obvious in view of Vink and Patrick or the applicant admitted art.

Thus, the Petition has not demonstrated that Vink would be combined with Patrick or AAPA to arrive at a packet-switched network.

VI. THE BOARD SHOULD EXERCISE DISCRETION UNDER SECTION 314 AND DENY INSTITUTION FOR ALL GROUNDS

There is no requirement that the Board institute IPR. *See, e.g., Harmonic Inc. v. Avid Tech.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016). "[T]he PTO is permitted, but never compelled, to institute an IPR proceeding." *Id.* Rather, the decision to institute is delegated to the Board and is purely discretionary.

35 U.S.C. § 314(a) gives the Board discretion to deny institution because of efficiency considerations stemming from parallel proceedings on the same patent. *See NHK Spring Co. v. Intrix-Plex, Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential, designated May 7, 2019) ("*NHK Spring*"). The PTAB has set

forth six factors for determining whether discretionary denial due to efficiency considerations relating to parallel proceedings is appropriate (the “Fintiv factors”):

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

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv I*”), 6; *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 (PTAB May 13, 2020) (order denying institution) (informative, designated July 13, 2020) (“*Fintiv II*”), 7-8.

The Director has issued additional guidance on the application of *Fintiv*. See Katherine K. Vidal, *Interim Procedure for Discretionary Denials in AIA Post-Grant*

Proceedings with Parallel District Court Litigation (June 21, 2022)¹ (“*Fintiv* Memo”); *see also OpenSky Indus., LLC v. VLSI Tech. LLC*, IPR2021-01064, Paper 102, 49–50 (PTAB Oct. 4, 2022) (precedential) (“*OpenSky*”) and *CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022- 01242, Paper 23 (PTAB Feb. 27, 2023) (precedential) (“*CommScope*”). Under the interim *Fintiv* Memo, if the Board “determines that the information presented at the institution stage presents a compelling unpatentability challenge, that determination alone demonstrates that the PTAB should not discretionarily deny institution under *Fintiv*.” *Interim Fintiv* Memo, 4–5. However, *OpenSky* and *CommScope* make clear that the compelling merits standard is a significantly higher standard than the institution standard, requiring that it be “highly likely that the petitioner would prevail with respect to at least one challenged claim.” *OpenSky*, 49; *CommScope*, 3–4. Further, “compelling merits” should be considered only after a determination that the first five *Fintiv* factors favor discretionary denial. *CommScope*, 4–5. Additionally, the currently pending Advance Notice of Proposed Rulemaking (ANPRM) should eliminate the

¹ Available at https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf

“compelling merits” aspect of the interim *Fintiv* memo.

Here, all six *Fintiv* factors weigh in favor of discretionary denial, and there are no “compelling merits” that support institution. Accordingly, the Board should exercise its discretion and deny institution.

A. Factor 1

The first *Fintiv* factor—regarding whether a motion to stay has been granted or denied without prejudice pending an institution decision—weighs in favor of denial. The Petition argues that this factor is neutral because “[n]o motion to stay has been filed.” Paper 2, 99. This statement is no longer true. Shortly after filing IPRs against each of Patent Owner’s patents, Petitioner *did* file a motion to stay. That motion to stay was promptly *denied* by the District Court. Accordingly, because the District Court has already denied Petitioner’s motion to stay, this factor strongly favors discretionary denial.

Specifically, Petitioner filed a motion to stay the district court litigation pending *inter partes* review on March 23, 2023. Petitioner argued to the Court that it “should stay this case because [Petitioner] filed IPR petitions on every asserted claim in this case.” Ex. 2004, 1. Six days later, on March 29, 2023, the District Court *sua sponte* denied Petitioner’s motion to stay, noting that trial is set for March 4, 2024, which is *seven months before* the earliest expected final written decision. Ex.

2005, 3. Even if IPR was instituted the day after the submission of this Preliminary Response, which would be an unprecedented occurrence at the PTAB, trial would still occur over *four months* before the expected final written decision in this IPR. Therefore, the facts that caused the District Court to reject Petitioner’s motion to stay would still be true even if this IPR were instituted, and the District Court would almost certainly deny a renewed motion to stay. The first *Fintiv* factor thus weighs in favor of denying institution.

B. Factor 2

The second *Fintiv* factor—the proximity of the court’s trial date to the Board’s projected statutory deadline for a Final Written Decision—weighs in favor of denial. Trial is scheduled to begin March 4, 2024. Ex. 2001, [First Amended Docket Control Order], 1. Based on the Notice of Filing Date Accorded in this proceeding (April 13, 2023), a Final Written Decision is expected shortly before October 13, 2024. Thus, a Final Written Decision is not expected until roughly seven months after the jury verdict.

The Petition argues that “the projected trial date—based on median time-to-trial statistics—is in August of 2024, ‘around the same time’ as the Board’s expected Final Written Decision.” Paper 2, 99. The Petition is wrong.

First, the Petition cites no evidence suggesting that the median time-to-trial

statistics for the Eastern District of Texas would result in a projected trial date in August of 2024. *Id.* Indeed, the most recently available statistics (for the period ending March 31, 2023) indicate a time-to-trial in the Eastern District of Texas of 19.0 months. Ex. 2006 [March 23 Judicial Caseload Statistics], 35; *see also* Ex. 2021 [December 22 Judicial Caseload Statistics], 35 (same). This 19-month median time-to-trial given in the most recent statistics is in line with historical time-to-trial statistics for the Eastern District of Texas. See Ex. 2006, 35 (indicating median time-to-trial ending on March 31 of 20.2 months for 2018, 18.3 months for 2019, 17.7 months for 2020 and 19.5 months for 2021); Ex. 1013 (indicating median time-to-trial for year ending on June 30 of 22.0 months for 2017, 19.2 months for 2018, 17.5 months for 2019, 17.7 months for 2020 and 20.4 months for 2021); Ex. 2021 (indicating median time-to-trial for year ending on December 31 of 20.4 months for 2017, 19.0 months for 2018, 17.8 months for 2019, 17.5 months for 2020 and 23.0 months for 2021). Using the current median time-to-trial for the Eastern District of Texas (19.0 months), and based on the district court filing date of July 22, 2022, the projected trial date in the district court litigation would fall somewhere around February 2024.

Second, the Petition fails to account for the fact that deadlines in an IPR are calculated from the mailing of the Notice of Filing Date, not from the filing date of

the Petition. *See* 37 C.F.R. § 42.107(b) (“The preliminary response must be filed no later than three months after the date of a notice indicating that the request to institute an inter partes review has been granted a filing date.”); 35 U.S.C. §§ 314(b), 316(a)(11) (timing based on receipt of the preliminary response under section 313). The Notice of Filing Date was mailed on April 13, 2023—almost a month after the filing date of the Petition—and the Final Written Decision is therefore not expected until October 2024. Based on the February 2024 projected trial date (which is roughly a month before the currently scheduled trial date), the district court trial would occur approximately 8 months before an expected final written decision in this IPR. Accordingly, using either the actual scheduled trial date in this matter or the median time-to-trial statistics for the Eastern District of Texas, trial is expected to conclude at least seven or eight months before a final written decision is due in this matter.

Under *Fintiv* factor 2, this weighs heavily in favor of discretionary denial. *See Fintiv I*, 9 (“If the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this factor in favor of exercising authority to deny institution under *NHK*.”). Further, denying institution here will result in one of the primary objectives of the AIA, which is “to provide an effective and efficient alternative” to parallel litigation. *NHK Spring*, 19-20 (*quoting General Plastic Indus.*

Co., Ltd. v. Canon Kabushiki Kaisha, IPR2016-01357, Paper 19, 15-19 (PTAB Sept. 6, 2017) (precedential, designated Oct. 18, 2017). If IPR were instituted, any potential FWD would issue well after trial concludes. Thus, instituting IPR here cannot be viewed as an “alternative” to litigation. Rather, it would simply be more litigation. Accordingly, factor 2 weighs in favor of denying institution.

C. Factor 3

The third *Fintiv* factor—which 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”—also favors denial. *Fintiv I*, 9-12. Significant work in the parallel litigations has already taken place as of the submission date of this Preliminary Response. The parties are already actively pursuing discovery and have collectively produced over 2.4 million pages in discovery to date. The parties have already served interrogatories and received responses. Infringement contentions and accompanying disclosures under the Local Patent Rules were served on November 3, 2022, and Supplemental Infringement Contentions were served on January 19, 2023. Exs. 2002, 2003 [11-4-2022 and 1-19-2023 Notices of Compliance]. Invalidity contentions and accompanying disclosures under the local patent rules were served on February 2, 2023, and have already been supplemented several times. Exs. 2007 [2-3-2023 Notice of Compliance]; 2011 [March 30, 2023 Order]; 2012 [April 13,

2023 Order]. These contentions consist of dozens of charted references totaling over 7,500 pages of claim charts, along with hundreds of additional background references. Ex. 2014 [First Amended Invalidity Contentions (Cover Pleading)], 8-14, 18-35; Exs. 2015-2020 [Invalidity Contention Claim Charts].

Additionally, the court and the parties will complete a significant amount of additional work by the time of the institution decision. The *Markman* hearing in this matter is scheduled for September 7, 2023. Ex. 2001 [First Amended Docket Control Order], 3. The typical practice of the judge assigned to the district court litigation is to provide preliminary constructions at the time of the Markman hearing; thus, the claims of the '904 Patent will likely be construed by the district court by early September—before the time an institution decision is expected.

By the time of the institution decision in this IPR, discovery in the district court litigation will be nearly complete. The deadline to substantially complete document production and exchange privilege logs is July 27, 2023, and all fact discovery closes on October 19, 2023. Ex. 2001 [First Amended Docket Control Order], 3-4. Expert discovery will close on November 20, 2023, and summary judgment motions are due November 27, 2023. Ex. 2001 [First Amended Docket Control Order], 3-4.

Thus, Factor 3 favors discretionary denial because significant substantive

work will have already been completed in the district court litigation by the time of the institution decision. *See Fintiv II* (“Based on the level of investment and effort already expended on claim construction and invalidity contentions in the District Court, this factor weighs somewhat in favor of discretionary denial in this case.”).

D. Factor 4

The fourth *Fintiv* factor—which relates to overlap between issues raised in the petition and in the parallel proceeding—largely weighs in favor of denying institution. Each claim at issue in the parallel litigation is also at issue in the Petition. Further, the primary reference (Vink) relied-upon by the Petition is also the primary reference of Petitioner’s district court invalidity contentions. Ex. 2014, 8 (identifying Vink as prior art to the ’904 Patent). Although Petitioner has not previously identified Patrick, the Petition relies on Patrick only to suggest interfacing with an external network (*see, e.g.*, Paper 2, 23 (“Connecting masters to an external network, such as the Internet (as taught by Patrick)”)), which it readily admits is cumulative with applicant-admitted prior art and potentially many other secondary references. Thus, validity in this IPR turns on Vink and overlaps with Petitioner’s Vink arguments before the District Court. *Fintiv I*, 12 (“if the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial.”).

The Petition asserts that “Petitioner stipulates that if the IPR is instituted, Petitioner will not pursue the same grounds in the district court litigation.” Paper 2, 100. As Petitioner’s cite confirms, such stipulations are referred to as “*Sand Revolution*”-style stipulations, after the stipulation filed in *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 (PTAB June 16, 2020), where Petitioner filed a stipulation that it “will not pursue the same grounds in district court litigation.” *Id.* at 11-12. The PTAB has routinely found similar stipulations weigh only “marginally in favor of not exercising discretion to deny institution.” *Id.*, 12; *LG Elecs., Inc. v. Ancora Techs., Inc.*, IPR2021-00581, Paper 16, 9-10 (PTAB June 10, 2021) (same); *Google LLC v. EcoFactor Inc.*, IPR2021- 00454, Paper 9 (PTAB July 22, 2021) (same); *Samsung Electronics Co. Ltd. v. California Institute of Tech.*, IPR2023-00130, Paper 10, 19-20 (PTAB May 4, 2023) (same); *Roku, Inc. v. IOENGINE, LLC*, IPR2022-01554, Paper 11, 13-14 (PTAB May 5, 2023) (same).

The Board routinely assigns almost no weight to *Sand Revolution*-style stipulations such as the one Petitioner filed here. As the Board previously found, *Sand Revolution*-style stipulations do little to eliminate overlap with the district court litigations. Here, Petitioner’s stipulation merely agrees not to assert the exact same combination of references in the district court as it asserts in the Petition if this IPR

is instituted. Paper 2, 100. This concession is almost meaningless because, as discussed above, Petitioner relies on Patrick only for interfacing with an external network, which, Petitioner alleges that applicant admitted is prior art and may potentially be disclosed by many other secondary references. Petitioner's IPR challenge rises or falls based entirely on Vink, but if Petitioner were not to prevail in this IPR, Petitioner's stipulation not to pursue the precise grounds of this IPR permits it to return to district court and reassert Vink using a different secondary reference in place of Patrick. Thus, Petitioner's stipulation does almost nothing to eliminate the potential overlap with the district court litigation because its stipulation implicitly permits it to essentially relitigate Vink. Moreover, Petitioner has not yet filed this stipulation in the district court litigation.

The Board has routinely denied institution in situations like here where the other factors clearly favored non-institution, even where Petitioners offered stronger stipulations than the one offered here. For example, in *LG Elecs., Inc. v. Ancora Techs., Inc.*, No. IPR2021-00581, Paper 16, 9-10 (PTAB June 10, 2021), the Board denied institution despite Petitioner's stipulation "it will not subsequently assert invalidity in the district court on the same grounds asserted in the IPR or on the basis of the Hellman reference, either alone or in combination with any other reference." *Id.* Unlike Petitioner's stipulation here, the Petitioner in *Ancora* agreed to a blanket

stipulation not to assert the primary referenced Hellman under any circumstance. The Board there agreed with Patent Owner that, even with Petitioner's stipulation, "there is significant overlap between the issues raised in the Petition and in the parallel district court proceeding." *Id.* Similarly, in *Samsung Electronics Co., LTD. v. California Institute of Technology*, IPR2023-00130, Paper 10 (PTAB May 4, 2023), the Board denied institution notwithstanding a stipulation it characterized as "broader to some degree than the stipulation discussed in *Sand Revolution*" because "the trial in the Underlying Litigation would commence several months before the expected date of our final written decision" and the fact that there had been significant investment in the litigation. *Id.*, 16-20.

The facts here are similar to *Ankora* and *Samsung* except Petitioner has filed a weaker stipulation than in *Ankora* or *Samsung*. Accordingly, any marginal weight Petitioner's stipulation is entitled to does not outweigh the other factors.

E. Factor 5

The fifth *Fintiv* factor—whether the petitioners and the defendant in the parallel proceedings are the same parties—weighs in favor of discretionary denial. There is no dispute that the parties here are the same as the parties in the litigations. *Fintiv II*, 15 ("Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial."). Thus, this

factor weighs in favor of discretionary denial.

F. Factor 6

The sixth *Fintiv* factor—relating to other circumstances that impact the Board’s exercise of discretion, including the merits—weighs in favor of discretionary denial. As demonstrated in Section V above, Petitioners have not met their burden of showing that the Challenged Claims are more likely than not obvious in view of the combinations of Vink, Patrick, and AAPA, much less a high likelihood of prevailing as required to show “compelling merits.” *See Fintiv I*, 15 (“if the merits of the grounds raised in the petition are a closer call, then that fact has favored denying institution when other factors favoring denial are present”); *Commscope Technologies LLC, v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23, 5 (precedential) (“Merely pointing to [] analysis under the lower institution standard is insufficient to demonstrate that the Petition presents a compelling unpatentability challenge.”). Specifically, for the reasons described above, the Petition does not explain why Vink discloses a “daisy chain” or is compatible with a “packet-switched network” as recited by the independent claims.

Petitioner’s allegations that the Petition’s “evidence of unpatentability is compelling” (Paper 2, 100) are the type of unsupported attorney argument rejected by *Commscope*. In particular, Petitioner’s allegations merely “point[] to its analysis

under the lower § 314 standard.” *Commscope*, IPR2022-01242, Paper 23. *See* Paper 2, 100 (simply stating that “the evidence of unpatentability is compelling” with no explanation for why the evidence is compelling). Thus, this factor favors discretionary denial.

Thus, all six *Fintiv* factors weigh in favor of discretionary denial. The Board should use its discretion to deny institution of this IPR.

VII. CONCLUSION

For the foregoing reasons, the Board should deny institution of this IPR.

Date: July 13, 2023

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITS

This Patent Owner's Preliminary Response ("POPR") consists of 6,274 words, excluding table of contents, table of authorities, certificate of service, this certificate, or table of exhibits. The POPR complies with the type-volume limitation of 14,000 words as mandated in 37 C.F.R. § 42.24. In preparing this certificate, counsel has relied on the word count of the word-processing system used to prepare the paper (Microsoft Word).

Dated: July 13, 2023

/Minghui Yang/
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the following documents were served
by electronic service, by agreement between the parties, on the date below:

**PATENT OWNER'S PRELIMINARY RESPONSE
EXHIBITS 2001-2021**

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