

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ASSA ABLOY GLOBAL SOLUTIONS, INC., HID GLOBAL CORP.,
Petitioners,

v.

URBAN INTEL INC,
Patent Owner.

Case IPR2023-00816
Patent No. 10,657,747

**PETITIONERS' REPLY TO PATENT OWNER'S
PRELIMINARY RESPONSE**

On September 19, 2023, the Board authorized Petitioners to submit a fifteen-page reply addressing: (1) Patent Owner’s 314(a) arguments regarding *Fintiv*; (2) Patent Owner’s allegations of abuse of the IPR process; and (3) Patent Owner’s claim construction of requiring the door lock to be activated at the same time as receiving a reservation certificate. Ex-3001.

I. PETITIONERS’ SOTERA STIPULATION REMOVES OVERLAP

Under the Interim Procedure, “the PTAB will not discretionarily deny institution in view of parallel district court litigation where a petitioner presents a stipulation not to pursue in a parallel proceeding the same grounds or any grounds that could have reasonably been raised before the PTAB.” Interim Guidance, 3. Parties in district court litigations (ASSA ABLOY AB (“AAAB”), ASSA ABLOY Mobile Services AB, ASSA ABLOY Global Solutions AB, ASSA ABLOY Global Solutions, Inc. (“AAGS, Inc.”) (collectively, “AA entities”) and Marriott International Inc. (“Marriott”)), and real parties-in-interest (“RPIs”) in this proceeding (AA entities, Marriott, and HID Global Corp.), stipulate that if the Board institutes IPR on this Petition, they will not pursue in the related district court proceedings, *Liberty Access Technologies Licensing LLC v. Marriott International, Inc.*, 2:22-cv-00318 (E.D. Tex.) (“Marriott Action”), *Liberty Access Technologies Licensing LLC v. ASSA ABLOY AB et al.*, 2:22-cv-00507 (E.D. Tex.) (“Texas Action”), and *ASSA ABLOY Global Solutions, Inc. v. Liberty Access*

Technologies Licensing LLC, 1:23-cv-00756 (N.D. Ill.) (“Illinois Action”), “any ground that [Petitioners] raised or reasonably could have raised” during this proceeding. *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18-19 (PTAB Dec. 1, 2020); 35 U.S.C. § 315(d); Ex-1022.

II. PETITIONERS HAVE NOT ABUSED THE IPR PROCESS

Patent Owner’s arguments that Petitioners “abused the IPR process” are factually and legally flawed. The Board has never held that filing an IPR defensively is abusive. RPIs and Petitioners have not sought to extract payment from the Patent Owner, but rather only sought to *preempt* costly litigation. Petitioners’ IPR challenge is consistent with the Board’s primary objective to issue and maintain *valid* patents.

A. AAAB and Its Affiliates Attempted to Reasonably Engage with Liberty Before Petitioners Defensively Filed This IPR to Protect Themselves and Their Customers from Infringement Allegations

AAAB’s letters to Patent Owner prior to the parallel litigation evidence only a good faith attempt to negotiate. Prior to the letters, Patent Owner’s purported exclusive licensee, Liberty Access Technologies (“Liberty”), filed suit against Marriott, a customer of Petitioner AAGS, Inc. Ex-2001 at 1, 18 (Liberty’s Complaint against Marriott, filed Aug. 18, 2022); Ex-1011 at 30, ¶17 (Liberty’s Complaint in the Texas Action against AAAB citing Exhibit G (“Delta Hotels by Marriott...”)) as evidence of AAAB’s alleged infringement); Ex-1017 ¶¶16, 46.

The Marriott Action involved Petitioner AAGS, Inc.’s U.S. line of products, necessarily involving RPI AAAB and its affiliates. In response, AAAB sent a letter to Liberty stating:

AAAB’s award-winning mobile access technology predates Liberty’s Access Control Portfolio by many years. AAAB demonstrated this mobile access technology publicly at least as early as 2006 and offered for sale products using this technology well before the earliest priority date of any patent in Liberty’s Access Control Portfolio.

Ex-2005. RPI AAAB also stated that, as a sign of good faith, it would agree not to share its prior art with any other entity in exchange for a license to the patents. *Id.*

Two weeks later, AAAB sent a second letter to Liberty, this time identifying its own prior patent, *Elfström*, along with a claim chart mapping *Elfström* to the claims of the ’205 patent (of which the ’747 patent is a continuation). Ex-2007.

Again, AAAB reiterated its offer to not share its prior art with other entities and to forego invalidation proceedings in exchange for a license. *Id.* Liberty refused to engage in negotiations, but instead chose to file suit in district court. POPR at 11.

Patent Owner’s lawsuit clarified Patent Owner’s accusations against AAAB directly and further implicated AAAB’s U.S. affiliates. Thereafter, Petitioners diligently worked to file the instant Petition—challenging the ’747 patent not as an abusive tactic, but to establish that the ’747 patent is invalid. This fact pattern is

distinct from all prior findings of abuse before the Board and aligns with the intent of the AIA.

B. Petitioners Never Sought to “Extract Payment” From Liberty, the Only Circumstance the Board has Found Abusive

Petitioners and RPIs never sought payment from Liberty. To the contrary, they sought to *avoid* paying Liberty an unmerited fee for patents post-dating technology AAAB had been using for years before the patent’s priority date—not to mention to avoid costly litigation. This is not abusive.

In the two cases where the Board has taken punitive action for IPR abuse, unlike here, the petitioner demanded *payment* from the patent owner. In *Patent Quality Assurance v. VLSI Technology LLC*, IPR2021-01229, Paper No. 102 (P.T.A.B. Dec. 22, 2022) (Precedential), the Director dismissed petitioner Patent Quality Assurance (PQA) from the proceeding because “PQA abused the IPR process by filing this IPR, and threatening to file another IPR petition seeking to join a related, instituted IPR ... , **in an attempt to extract payment from [Patent Owner].**” *Id.* at 4.¹ Similarly, in *OpenSky Industries, LLC, v. VLSI Technology LLC*, IPR2021-01064, Paper No. 102 at 29 (P.T.A.B. Oct. 4, 2022) (Precedential), the Director found “[u]sing AIA post-grant proceedings, including the IPR process, **for the sole purpose of extracting payment** is an abuse of process warranting

¹ Emphases and colors are added unless otherwise noted.

sanctions.”

Neither of these findings apply to the instant case. Here, RPIs and Petitioners did not demand payment of any kind from Patent Owner or its purported licensee Liberty. Patent Owner wrongly equates a request for a license to abuse. That Patent Owner asserts that it “feel[s] as if it was being extorted,” POPR at 10, does not mean that it was or that licensing negotiations are evidence of extortion. Indeed, Patent Owner provides no such evidence. Further, Patent Owner fails to provide a single case on the issue of prelitigation letters supporting its positions. POPR at 7-14.² Importantly, parties routinely enter pre-litigation negotiations, and every court considering the question of whether a plaintiff may send a pre-litigation negotiation letter has rejected the idea that these letters amount to bad faith or extortion.³ It cannot be true that Patent Owners that initiate

² Patent Owner includes a general cite to *Fintiv* regarding “a wholistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” POPR at 13. But prelitigation letters like the subject December 2022 letters, as demonstrated herein, are *encouraged* by courts.

³ See, e.g., *Globtrotter Software, Inc. v. Elan Computer Group, Inc.*, 362 F.3d 1367, 1377 (Fed. Cir. 2004) (requiring an “objectively baseless test” to determine whether a prelitigation communication is in bad faith); *Sosa v. DIRECTV, Inc.*, 437

pre-litigation negotiation, under a threat of litigation, are acting in good faith, but a party facing an active lawsuit and further imminent litigation, like AAAB, who initiates negotiations, is not. Thus, AAAB's attempt to negotiate a license was not an abuse of the IPR process.

C. RPI AAAB's Request for a License Was Not "Objectively Baseless"—It Was in Good Faith Because a "Reasonable Litigant" Would Expect the '747 Patent to Be Invalid

The Federal Circuit applies an "objectively baseless" test to determine whether a prelitigation communication is in bad faith—that bad faith exists if "no reasonable litigant could realistically expect success on the merits." *Globtrotter*,

F.3d 923, 939 (9th Cir. 2006) ("It is certainly possible, perhaps even likely, that the threat of being faced with a costly lawsuit induced 'fear' in [the recipient of a prelitigation letter], but extortion requires more than fear."); *Coastal States Mktg., Inc. v. Hunt*, 694 F.2d 1358, 1367 (5th Cir. 1983) ("If litigation is in good faith, a token of that sincerity is a warning that it will be commenced and a possible effort to compromise the dispute."); 1 Philip E. Areeda & Herbert Hovenkamp, *Antitrust Law* ¶ 205e, at 237–38 (2d ed. 2000) ("Although a mere threat directed at one's competitor to sue or to seek administrative relief does not involve or 'petition' the government, *it would be anomalous and socially counterproductive to protect the right to sue but not the right to threaten suit.*").

362 F.3d at 1376 (quoting *Profl Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 57 (1993)). The Federal Circuit applies the same question to prelitigation communications. *Id.*, 1376-77.

Like the defendant in *Globtrotter*, Patent Owner “has not even attempted to make such a showing [of objective baselessness] here.” *Id.*, 1377. Nevertheless, the provided claim chart in Petitioners’ second letter (Ex-2007)—and the Petition itself—proves these letters were in good faith: the ’205 patent and its continuations are invalid over multiple grounds, including over patents authored and owned by AAAB and its affiliates. AAAB and Petitioner AAGS, Inc. have also raised allegations of invalidity, along with inequitable conduct, at court, further evidencing the good faith basis of the December 2022 letters. Ex-1020 at 26-32, 34-35 (Petitioner AAGS, Inc.’s invalidity and inequitable conduct allegations in the Illinois Action); Ex-1021 at 61-67 (AAAB’s invalidity and inequitable conduct allegations in the Texas Action). Indeed, Patent Owner’s disputes in this proceeding on the merits are based on Patent Owner’s new, flawed claim construction positions. *Infra* Section III. Because the December 2022 letters contain no objectively baseless claims or falsehoods and were sent in good faith, their existence is not evidence of abuse, and should not influence whether the Petition should be instituted.

**D. Petitioners’ IPR Is Consistent with the Intent of the AIA—
Offering Defendants in Litigation a Forum to Present Invalidity
Challenges, with a Vested Interest in Cancelling Invalid Patents**

Petitioners’ conduct here is in the spirit of the AIA, which sought to provide an expedient and less costly patent dispute resolution process. Opining on the proper use of the PTAB, the Director recognized that “those entities subject to current or future assertions, or potential assertions, and the public, have a vested interest in canceling invalid patents.” *Patent Quality Assurance*, IPR2021-01229, Paper No. 102 at 49. Here, Liberty launched its patent dispute campaign by suing Petitioners’ customer, and, after early resolution failed, suing AAAB. Petitioners then opted for the expedient and less costly route of IPRs. Given the suit against Marriott at the time of AAAB’s letters, and the suit against AAAB as of the filing of this proceeding, RPIs and Petitioners are exactly the entities the Director recognizes as having a “vested interest in canceling invalid patents”—“those entities subject to current or future assertions, or potential assertions.” *Id.*

E. Patent Owner’s Inequitable Conduct Is Irrelevant

Finally, Patent Owner accuses RPI AAAB of offering to “bury”⁴ alleged inequitable conduct. Whether Patent Owner did or did not engage in inequitable

⁴ Patent Owner purports to quote this word, POPR at 12, but it notably does not exist in any exhibit—AA entities and Petitioners never used it.

conduct during prosecution of the '205 patent is irrelevant to this proceeding because the PTAB cannot decide inequitable conduct claims.⁵

Patent Owner's main evidentiary support is that AAAB allegedly raised inequitable conduct allegations as a bullying tactic only because AAAB and its affiliates have not raised its inequitable conduct allegations at court. POPR at 11. But, Patent Owner is wrong. AAAB and Petitioner AAGS, Inc.'s inequitable conduct claims and the underlying factual bases are readily available in the Answer filed on May 8, 2023 in the Illinois Action and in the Answer filed on September 8, 2023 in the Texas Action. Ex-1020, at 27-32; Ex-1021, at 61-67. Thus, Patent Owner has known for months of the inequitable conduct claims, despite its claims otherwise, disproving any argument of Petitioner wrongdoing.

AAAB's December 23, 2022 letter properly stated that AAAB and its affiliates are under no obligation to report the "*potential* inequitable conduct" and that any such obligation is on the Patent Owner. Ex-2008 at 1. Patent Owner conflates a duty of disclosure by the patent owner or applicant to the USPTO, with what Patent Owner appears to allege is a duty of disclosure by a third party, which

⁵ Although AAAB's inequitable conduct claims primarily concern the '205 Patent, Ex-1020, at 61-67, Petitioners discuss them here because Patent Owner accuses Petitioners of wrongdoing concerning the present IPR. POPR at 10-12.

does not exist. *Compare* M.P.E.P. § 2001 (quoting *In re Tendler*, Proceeding No. D2013-17 (USPTO Jan. 1, 2014) (“If a **party to a USPTO proceeding** discovers that an earlier position taken in a submission to the USPTO ... was incorrect ..., **the party must** correct the record”) with *id.* (“During prosecution, third parties **may** have an opportunity to disclose information to the USPTO,” or “third parties **may** disclose information directed to issued patents.”). Thus, neither Petitioners nor RPIs ever violated or proposed violating a duty of disclosure.

III. THE BOARD SHOULD REJECT PATENT OWNER’S NEW, INCORRECT CLAIM CONSTRUCTION ARGUMENTS

Patent Owner raises two new, incorrect claim construction arguments that (1) “door lock activation” means something other than the processor enabling the door lock, POPR at 20; and (2) “door lock activation” must occur at the same time that “[the reservation certificate] is transmitted, as required by claim 1.” POPR at 21.

Patent Owner’s new constructions should be rejected entirely. But, regardless of what construction is used, Patent Owner’s claims are invalid because *Knutsson* renders obvious the claimed limitations alone or in combination with other art. Pet. 7-72.

A. Claim 1: Liberty Seeks to Read New, Unsupported Lock Limitations into Independent Claim 1

Patent Owner incorrectly asserts that “door lock activation” equates to unlocking or locking the door. POPR at 20. But, Claim 1 does not require “unlocking or locking the door” but merely “activat[ing] the door lock.” Claim 1 recites:

“[1D(ii)] wherein the application wirelessly transmits the reservation certificate to the access device using the communication setting upon receipt of a command **to activate the door lock**; [1E] wherein the access device receives the reservation certificate from the application based on use by the application of the communication setting, and **the processor activates the door lock** based on at least the receipt of the reservation certificate.”

Nothing in the plain language of the claim requires a “locking” or “unlocking” of the door lock when it is “activate[d].” The actual words chosen by the applicant matter. *Abtox, Inc. v. Exitron Corp.*, 122 F.3d 1019, 1023, 43 USPQ2d 1545, 1548 (Fed.Cir.1997) (“[T]he language of the claim frames and ultimately resolves all issues of claim interpretation.”); *Hoganas AB v. Dresser Indus., Inc.*, 9 F.3d 948, 950, (Fed. Cir. 1993) (“It is improper for a court to add ‘extraneous’ limitations to a claim, that is, limitations added wholly apart from any need to interpret what the patentee meant by particular words or phrases in the claim.”). Here, the applicant chose to claim “the processor activates the door lock” instead of any unlocking or locking, and thus unlocking or locking cannot be read into the claims.

The specification informs the understanding of the claims. *Phillips v. AWH*

Corp., 415 F.3d 1303, 1315 (Fed. Cir. 2005). In this case, the specification refers to both activation of an access device, '747 patent, 2:7-11, Abstract, and “unlock[ing] the door.” '747 patent, 6:24-26. This indicates that the two terms are different and do not overlap because, in claim construction, different terms have different meanings. *See CAE Screenplates Inc. v. Heinrich Fiedler GmbH & Co.*, 224 F.3d 1308, 1317 (Fed. Cir. 2000). Thus, the choice of “activat[ing] the door lock” in claim 1 reflects a choice by the applicant that cannot now be reversed to include a different term from the specification. *Phillips*, 415 F.3d at 1319-20. Thus, the specification also confirms that activating the door lock and unlocking or locking the door lock are two distinct terms that have two distinct meanings.

During prosecution, the Patent Owner clarified the meaning of “activat[ing] the door lock” means to enable the door lock and does not mean to lock or unlock the door lock. For example, while prosecuting the related '205 patent, the Patent Owner distinguished the claims over the prior art, explaining that the prior art did not “teach or suggest that ... the processor is configured **to activate the door lock to allow the same portable terminal to unlock the door lock** the processor controls during the interval of the reservation.” Ex-1023, at 263; *see id.*, 251-54, 256, 259, 260. “The prosecution history of a related patent can be relevant if, for example, it addresses a limitation in common with the patent in suit.” *Advanced Cardiovascular Sys., Inc. v. Medtronic, Inc.*, 265 F.3d 1294, 1305 (Fed. Cir.

2001)). Here, “activate the door lock” is required in both the ’205 patent and the ’747 patent. Claim 1; Ex-1023 at 309. Thus, for consistency, the plain and ordinary meaning of “activat[ing] the door lock” means to enable the door lock (e.g., to lock or unlock). Patent Owner’s suggestion that “activat[ing]” the door lock is anything other than enabling the door lock, POPR at 20, should thus be rejected.

The prosecution history of the ’205 patent is important because the ’747 patent has a terminal disclaimer stemming from the ’205 patent. “[A] terminal disclaimer is a strong clue that a patent examiner and, by concession, the applicant, thought the claims in the continuation lacked a patentable distinction over the parent.” *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1168 (Fed. Cir. 2018). The ’747 patent has a terminal disclaimer over U.S. Patent No. 10,049,514, Ex-1002, at 39-40, which has a terminal disclaimer back to U.S. Patent No. 9,911,258, Ex-1025, at 75-76, which has a terminal disclaimer back to U.S. Patent No. 9,373,205. Ex-1024 at 95-96. Accordingly, the prosecution history of the ’205 patent confirms an understanding of “activat[ing]” the door lock consistent with “enabling” the door lock to lock or unlock.

B. Claim 1: Patent Owner Seeks to Read New, Unsupported Time Limitations into Independent Claim 1

Patent Owner incorrectly asserts that “door lock activation” must occur at the same time that “[the reservation certificate] is transmitted, as required by claim 1.” POPR at 21. The claim itself proves this cannot be true. Claim 1 recites:

“[1D(ii)] wherein the application wirelessly transmits the reservation certificate to the access device using the communication setting upon receipt of a command to activate the door lock; [1E] wherein the access device receives the reservation certificate from the application based on use by the application of the communication setting, and the processor **activates the door lock based on at least the receipt of the reservation certificate.**”

The plain language of the claim does not support Patent Owner’s construction. The claim does not require any time limitation regarding when the door lock is activated compared to receipt of the reservation certificate. Again, the Federal Circuit has cautioned against reading a limitation from the specification into the claims. *Phillips*, 415 F.3d at 1323. Nothing in the language of claim 1 requires or implies a time limitation of when the certificate is received versus when door lock activation occurs. *Id.*, 1314, 1323. Accordingly, Patent Owner’s construction should be denied.

Indeed, claim 1 recites “the processor activates the door lock based on **at least** the receipt of the reservation certificate,” which allows other steps or considerations for the door lock to be activated. Patent Owner confirms that claim 1 requires “[t]he processor [being] configured not only to receive a reservation certificate but also to compare the interval of the reservation certificate to a current time, determine whether the certificate is current, and control a door lock and unlock the door if certain criteria are met (*e.g.*, the reservation is current).” POPR at 15 (citing claim 1). Patent Owner thus admits “activat[ing] cannot occur at the

same time as “receiv[ing]” because other steps can occur in between. Petitioners agree that steps at the access device like decryption (required by dependent claim 4) can occur before a door lock is activated. Thus, claim 1 does not require receiving steps and unlocking steps to occur at the same time.

Thus, the claim language contradicts Patent Owner’s construction requiring timing between when “the application wirelessly transmits the reservation certificate to the access device” and when “the processor activates the door lock.”

C. Patent Owner’s Analysis for the Remainder of the Claims Falls With Its Analysis for Claim 1

Patent Owner provides no further analysis regarding independent claim 13 or any of dependent claims 2-12 or 14. Thus, Patent Owner’s arguments rely entirely on its flawed analysis for claim 1, which is incorrect for the reasons discussed above.

IV. CONCLUSION

Institution is proper because *Fintiv* cannot apply to this proceeding, Petitioners have acted consistently within the bounds of the AIA in good faith, and Patent Owner’s sole dispute for Grounds 1-4 depends on incorrect constructions.

Date: October 4, 2023

Respectfully Submitted,

/Kara A. Specht/

Kara A. Specht, Reg. No. 69,560
Counsel for Petitioners

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **Petitioners' Reply to Patent Owner's Preliminary Response** was served electronically via email on October 4, 2023, in its entirety on the following:

C. Matthew Rozier
matt@rhmttrial.com

James F. McDonough, III
jim@rhmttrial.com

Patent Owner has consented to service by email.

Date: October 4, 2023

By: /Lisa C. Hines/
Lisa C. Hines
Senior Litigation Legal Assistant

Finnegan, Henderson, Farabow,
Garrett & Dunner, LLP