UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PARSE BIOSCIENCES, INC.,
Petitioner

v.

10X GENOMICS, INC.,
Patent Owner

Case IPR2023-00955
Patent 10,240,197

PATENT OWNER'S MOTION TO TERMINATE PROCEEDINGS

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EX2001	File History of U.S. App. No. 15/677,957
EX2002	File History of U.S. App. No. 13/859,450
EX2003	Dictionary of Microbiology and Molecular Biology (2d ed. 1987)
EX2004	File History of U.S. App. No. 14/792,094
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EX2006	U.S. Patent Pub. No. 2007/0238113
EX2007	Laird *et al*., *Hairpin-bisulfite PCR: assessing epigenetic methylation patterns on complementary strands of individual DNA molecules*, 101 PNAS 204-09 (Dec. 12, 2003)
EX2008	Parse Biosciences, Inc. v. 10x, Genomics Inc., IPR2023-00876, Pap.1 (May 25, 2023)
EX2009	File History of U.S. App. No. 14/172,694
EX2010	Declaration of Sayem Osman
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EX2012	*Parse Biosciences, Inc. v. 10x Genomics, Inc.* IPR2023-00876, EX1002 (Apr. 20, 2023) (Declaration of Gregory Cooper, Ph.D.)
EX2013	Declaration of Dr. John Quackenbush
EX2014	Bruce Alberts, et al., *Molecular Biology of the Cell*, Garland Science (4th ed. 2002)
EX2015	S. Guan, A. Blanchard, P. Zhang, & Z. Zhu, *Alteration of Sequence Specificity of the Type IIS Restriction Endonuclease BtsI*, (July 26, 2010)
EX2016	Piovesan *et al., On the length, weight, and GT content of the human genome,* BMC Res. Notes 12:106 (2019) (https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6391780/#:~:text=Considering%20a%20mean%20weight%20in,units%2Fcarat.htm)
EX2017	T. Chauhan, *T4 DNA Ligase: Introduction, Functions, Applications, and Protocol*, (available at https://geneticeducation.co.in/t4-dna-ligase/)
EX2018	IPR2023-00876 Deposition Transcript of Gregory Cooper, Ph.D.
EX2019	Li *et al.*, *Amplification and analysis of DNA sequences in single human sperm and diploid cells,* Nature 335(6189):414-417 (1998)
EX2020	IPR2023-00955 Deposition Transcript of Gregory Cooper, Ph.D.

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EX2021	INTENTIONALLY OMITTED
EX2022	INTENTIONALLY OMITTED
EX2023	Excerpt of *10x Genomics, Inc. et al. v. Parse Biosciences, Inc.*, No. 22-1117-JHS, D.I. 001 (D. Del. Aug. 24, 2022) (Complaint)
EX2024	Excerpt of *Parse Biosciences, Inc. v. 10x Genomics, Inc.* IPR2023-00878, Pap.1 (Apr. 20, 2023)
EX2025	Excerpt of *Parse Biosciences, Inc. v. 10x Genomics, Inc.* IPR2023-00958, Pap.1 (May 25, 2023)
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EX2028	INTENTIONALLY OMITTED
EX2029	INTENTIONALLY OMITTED
EX2030	*10x Genomics, Inc. et al. v. Parse Biosciences, Inc.*, No. 22-1117-JHS, D.I. 121 (D. Del. Dec. 21, 2023) (Order Denying Motion to Stay)
EX2031	Excerpt of *Parse Biosciences, Inc. v. 10x Genomics, Inc.* IPR2023-00958, Pap.8 (Jan. 05, 2024) (Rehearing Request)
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EX2033	INTENTIONALLY OMITTED
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EX2035	Excerpt of *10x Genomics, Inc. et al. v. Parse Biosciences, Inc.*, No. 22-1117-JHS, D.I. 229 (D. Del. June 12, 2024) (Parse's Opposition to 10x Ltr. re Motion to Strike Portions of Cooper Report; Ex. A: Sept. 19, 2023 Parse First Amended Invalidity Contention; Ex. B: Apr. 16, 2024 Parse Second Amended Invalidity Contention)
EX2036	Excerpt of *10x Genomics, Inc. et al. v. Parse Biosciences, Inc.*, No. 22-1117-JHS, D.I. 218 (D. Del. May 30) (10x Ltr. re Motion to Strike Portions of Cooper Report; Ex. A: May 17, 2024 Expert Report of Dr. Gregory Cooper Regarding Invalidity (Excerpted))
EX2037	*10x Genomics, Inc. et al. v. Parse Biosciences, Inc.*, No. 22-1117-JHS, May 21, 2024 Email from J. Reich to D. Walter re Cooper Report

Exhibit	Description
EX2038	*10x Genomics, Inc. et al. v. Parse Biosciences, Inc.*, No. 22-1117-JHS, May 28, 2024 Email from D. Walter to J. Reich re Cooper Report
EX2039	*10x Genomics, Inc. et al. v. Parse Biosciences, Inc.*, No. 22-1117-JHS, D.I. 224 (D. Del. June 06, 2024) (Parse Ltr. Requesting New Trial Date)

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In its Petition, Parse Biosciences, Inc. ("Petitioner"/"Parse") promised the Board and Patent Owner 10x Genomics, Inc. ("PO") that, in exchange for avoiding discretionary denial, "***[i]f instituted***, Petitioner will stipulate to ***not pursuing, in the district court litigation, invalidity arguments based on any instituted IPR ground***." Pet.75-76.[1] Parse received the benefit of its bargain: the Board declined to invoke its discretion and instituted trial. Parse then apparently decided—***unilaterally***—to withdraw from that stipulation without telling the Board or alerting PO. Since Parse has violated its stipulation, PO has had to engage in the very type of duplicative, wasteful efforts these stipulations are intended to avoid. PO respectfully requests this proceeding be terminated. §§42.20, 42.5(a), 42.72.

I. FACTUAL BACKGROUND

In the co-pending district court litigation, PO accused Parse of infringing six patents in two families: three Brenner Patents and three Giresi Patents. EX2023, 1. Parse then filed IPRs on all six patents in three different waves, each including the same *Sand Revolution* stipulation quoted above. Pap.1; EX2008; EX2024-EX2027. The Board granted the first Brenner IPR on October 13, 2023 and denied institution of the later-filed Brenner IPRs (including the present IPR) on December 18, 2023,

[1] Unless stated, statutory and regulatory citations are to 35 U.S.C. or 37 C.F.R., as context indicates, internal citations omitted, and emphases/annotations are added.

less than a year before scheduled the December 2, 2024 district court trial. Pap.7; *Parse Biosciences, Inc. v. 10x, Genomics Inc.*, IPR2023-00876, Pap.7 (Oct. 13, 2023); *Parse Biosciences, Inc. v. 10x Genomics, Inc.* IPR2023-00958, Pap.7 (Dec. 13, 2023). Parse sought to stay the district court case based on the first instituted Brenner IPR, but was denied on December 21, 2023. EX2030.

On January 2 and 5, 2024, Parse, represented here by many of the same counsel as in litigation (*e.g.*, EX2035, 2), moved for rehearing of non-institution in IPR2023-00955 and IPR2023-00958 (the "second" and "third" "Brenner IPRs"). Pap.8, 16; EX2031, 1-2. Parse did ***not*** seek to withdraw its stipulation despite being fully aware that the statutory deadline for the final written decision to issue would be ***well after the scheduled December 2, 2024 trial date in the co-pending district court litigation***. EX2032, 9. Parse's rehearing requests were promptly granted on February 5, 2024. Pap.9; *Parse Biosciences, Inc. v. 10x Genomics, Inc.* IPR2023-00958, Pap.9 (Feb. 05, 2024). Parse's stipulations from the second and third Brenner IPRs went into effect as of that date. Parse then renewed its motion to stay the litigation, which was denied even before PO had submitted a brief. EX2034.

On April 16, 2024 Parse served second amended invalidity contentions that were near-verbatim disclosures of its pre-institution invalidity contentions and carried forward a section from its original contentions incorporating by reference its invalidity arguments from Parse's six IPR petitions. EX2035, 2, 7-8, 13, 17. Then,

on May 17, 2024, Parse served its Opening Expert Report on invalidity in the district court ***with the same three instituted IPR grounds it stipulated it would not present*** for each of the three Brenner patents. EX2036, 6-16, 72. PO promptly asked Parse to confirm it would withdraw those grounds on May 21, 2024. EX2037. Parse refused. EX2038, 2. Parse asserted for the first time that there were substantial and unforeseeable circumstances that justified Parse reneging on its three *Sand Revolution* in the Brenner IPRs. *Id.* Parse argued it somehow could not have anticipated that the final written decisions would not have issued prior to trial. *Id.* at 1. PO moved in district court to strike the IPR grounds, and Parse moved to delay trial until after the final written decisions. EX2036, 1; EX2039, 1. Those motions are pending.

II. ARGUMENT

A. The Petition Should Be Terminated Because Parse Broke The Promise It Made In Connection With Obtaining Institution

"The Board may terminate a trial without rendering a final written decision, ***where appropriate***." §42.72. And as the Federal Circuit has held, agencies like the Board "possess inherent authority to reconsider their decisions, subject to certain limitations, regardless of whether possess explicit statutory authority to do so." *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, 839 F.3d 1382, 1385-86 (Fed. Cir. 2016) (holding Board's reconsideration of its decision to institute permissible, final and non-appealable). Where the underlying bases of institution have been called into question or fundamentally altered, reconsideration of that decision is

proper. *See Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, IPR2014-00607, Pap.65, 20-21 (May 22, 2015) (granting motion to terminate where petitioner's assertion that a party was not an RPI was later shown to be incorrect), *aff'd* 839 F.3d at 1385-86; *Corning Optical Commc'ns RG, LLC v. PPC Broadband, Inc.*, IPR2014-00440, Pap.68, 25-26 (Aug. 18, 2015) (similar); *Apple, Inc. v. Universal Secure Registry,* CBM2018-00025, Pap.42, 20 (Nov. 26, 2019) (terminating proceeding where institution was premised on the patent being a covered business method); *SK Hynix Inc. v. Netlist, Inc.*, IPR2017-00561, Pap.36, 8-9 (July 5, 2018) (terminating proceeding as to claim 1, which had been invalidated in a decision affirmed by the Federal Circuit, "to avoid wasting the resources of the Board").

Consistent with the Director's June 21, 2022 *Interim Procedure for Discretionary Denials*, 7 ("*Fintiv* Guidance"), Parse made a promise to the Board and PO as a *quid pro quo*: a *Sand Revolution* stipulation to obtain institution and avoid discretionary denial. Pet.75-76. And the Board (and patentees) are entitled to rely on petitioners like Parse to keep their promises. This IPR should be terminated for the simple reason that a fundamental underpinning Parse urged for the Board's institute decision—Parse's *Sand Revolution* promise—has changed. To secure institution, Parse—invoking the Board's efficiency-driven *Fintiv* policy—promised to proceed on the IPR grounds ***in only one forum: the PTAB***. Breaking that promise ***after*** institution, Parse is now ***actively pursuing the identical grounds in both the PTAB***

and the district court. The balance promised for institution no longer exists, and this proceeding should be terminated. Termination will have the added benefit of protecting the integrity and efficient functioning of the Board: Parse cannot be allowed to promise one thing to achieve institution, and then break its promise after getting what it wants. Stunningly, though, Parse ***expressly seeks the Board's blessing to break that promise***, hoping the Board will "soften[]" and allow Parse to "***present our defense both in the district court and the PTAB***." *E.g.*, Pap.21, 13:8-14:8 ("***we should have the opportunity to be able to present this twice***"). Condoning Parse's behavior will surely encourage others to repeat it.

B. The Circumstances Do Not Justify Parse's Pocket Veto

Parse's sole justification for reneging on its stipulation is "substantial unforeseeable and changed circumstances," which Parse identifies as the timing resulting from its request for rehearing. EX2038, 1. But the final written decision would have issued after the trial regardless. Parse argues that, because of its request for rehearing, two of the three Brenner IPRs will not reach final written decisions prior to trial—an excuse it raised only after PO caught it violating its stipulation (and the same excuse Parse also initially raised for the first Brenner IPR, despite there being no request for rehearing in that first IPR).[2] EX2038, 1. However, the non-institution

[2] Parse only agreed to abide by the first Brenner IPR stipulation after the June 18,

decisions for the second and third Brenner IPRs issued December 13 and 18, 2023. Pap.7; *Parse,* IPR2023-00958, Pap.7. Thus, even had those IPRs been initially instituted ***without any rehearing, the final written decisions still would not have been due until after the scheduled December 2, 2024 trial***. Parse surely contemplated this possibility when it filed its Petition. Indeed, the potential for a final written decision deadline falling after trial is the factual scenario that most typically gives rise to *Fintiv* concerns (and related stipulations, such as the *Sand Revolution* stipulation here) to begin with. Thus, the only "changed circumstance" is that, rather than being statutorily estopped from presenting its IPR defenses at trial—as Parse may have assumed would be the case—Parse's stipulation has its expected impact on Parse's district court case. ***Parse cannot repudiate the stipulation now because it is operating as intended***.

And, since the December 2, 2024 trial date was set in March 2023 (EX2032, 9), ***11 months before Parse moved for rehearing***, Parse was certainly aware when it sought rehearing on January 2, 2024 (Pap.8)—11 months from trial—that the final written decision deadlines could not possibly come before that trial.

There is also no injustice in forcing Parse to proceed to trial without its IPR combinations, as Parse now argues. EX2039, 1. Indeed, Parse just reaffirmed to the

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2024 Board call. EX3001.

Board that—if it "can't present our defense both in the district court and the PTAB" simultaneously—Parse wants the ***Board*** to decide its challenges. *E.g.*, Pap.21, 13:8-14:8. And Parse was certainly not "forced" into making its Petition stipulations; rather, Parse made that tactical choice so the Board would institute IPRs the Brenner IPRs. Contrary to Parse's assertion that it was ***penalized*** for its representations, Parse ***obtained the benefit*** of those representations because the Board granted institution, putting these disputes in the forum Parse says it prefers. It is, instead, PO who has been and will continue to be prejudiced if Parse is permitted to continue burdening PO with duplicative simultaneous litigation of the same defenses in both the PTAB and the district court (where Parse is forcing expert responses and depositions to arguments it promised not to pursue), and to proceed to both trial before the jury and, in a second bite at the apple,[3] a final Board decision on identical defenses. *Cf. Sand Revolution II, LLC v. Continental Intermodal Grp.–Trucking LLC*, IPR2019-01393, Pap.24, 12 & n.5 (June 16, 2020) (informative) (*Sand Revolution* stipulations meant to "help ensure that an IPR functions as a true ***alternative***"). Parse

[3] Despite representing to both the district court and the Board that Parse "has no desire to" present its IPR defenses "to both the PTAB and the district court jury" (EX3001, 2), Parse now admits its "position is that, you know, ***we should have the opportunity to be able to present this twice***." Pap.21, 13:8-14:8.

continues to benefit from its decision to violate its stipulation as it continues to litigate with the hopes of preserving the Grounds in both forums—and Parse is even being permitted to decide after this motion is decided whether to be terminated here and litigate the Grounds in the district court, or to file a stipulation in the district court and proceed on the Grounds in the PTAB. *See* Pap.22. Parse should certainly not get to proceed in ***both*** forums, having promised to proceed only here.

C. Parse's Repudiation Has Harmed the Office and PO

While not required for termination, the harm to the Office and PO caused by Parse's violation further support termination of the proceeding.

Harm to the Office. *Fintiv* exists to police the "potential for inefficiency and gamesmanship in AIA proceedings" that run parallel to related district court litigations, particularly when overlapping issues raise "concerns of inefficiency and the possibility of conflicting decisions." *Fintiv* Guidance at 1, 7. *Sand Revolution* stipulations, like Parse's, are meant to mitigate those concerns and "help ensure that an IPR functions as a ***true alternative*** to litigation in relation to grounds that could be at issue in an IPR." *Sand Revolution*, IPR2019-01393, Pap.24, 12 & n.5. Parse's invoking *Sand Revolution* to win institution, only to break that promise afterwards, violates these policy goals, undermines the Office's safeguards against inefficiency and gamesmanship, and invites public distrust of the patent system. Parse's active two-forum litigation on its IPR grounds after promising to choose just one undercuts

Congress's goal of a more efficient "alternative to district court litigation…." *Patent Quality Assurance, LLC v. VLSI Tech. LLC*, IPR2021-01229, Pap.102, 39 (Dec. 22, 2022) (precedential). It also has forced the Office (and the district court) to needlessly expend resources resolving Parse's engineered dispute, including resolving this motion (and the district court having to resolve two related motions).

Harm to PO. Parse's intentional violation has harmed, and continues to harm, PO as it continues to have to litigate in two forums. PO relied on Parse's explicit promise in the Petition and, given the Office's precedent weighing such stipulations, did not pursue *Fintiv*-related issues or arguments. The Board then instituted. Pap.9. But because Parse is, in fact, pursuing identical grounds in litigation, PO is now forced to carry the needless, wasteful burden of defending its patent simultaneously against the same invalidity grounds in two different forums (as well as the costs of responding to and attempting to remedy Parse's violation in both forums). *Compare* Pap.10, 11 *with* EX2032, 11-12. And PO's quiet title is further prejudiced by potentially conflicting decisions between the PTAB and district court. Parse, through its misconduct, is improperly using AIA proceedings as "tools of patent owner harassment." *Patent Quality*, IPR2021-01229, Pap.102, 39.

D. PO Has Not Acquiesced To Parse's Repudiation

Parse has asserted, including on a call with the Board, that PO waited until the

cake was baked and its district court expert reports were served to raise this stipulation. But Parse chose to proceed without raising any question of withdrawing its stipulation. There was no gamesmanship by PO and was certainly no prejudice to Parse. Parse's assertion from the June 18, 2024 call with the Board—that, if PO had raised this earlier, Parse would have proceeded differently with its expert reports—is easily dismissed. Parse could have chosen to include more grounds in its expert reports, but did not. EX2032, 5. And in any case, any consequence of Parse's secret repudiation of its stipulation should fall on Parse, not PO.

And Parse's other assertion on the Board call that PO waited to raise this stipulation violation is also incorrect. Parse's invalidity contentions *prior to institution* incorporated by reference the invalidity arguments Parse made in its six Petitions. EX2035, 2, 7-8, 13, 17. PO reasonably believed Parse's copy-paste amended April 16, 2024 contentions (including the same section incorporating its IPR arguments, with some revisions to other sections to cite additional evidence (*id.*)), was not an attempt by Parse to violate its representations. PO did not expect Parse would intentionally violate a stipulation it made to the Board. But just a few weeks later, when Parse served its expert report detailing the IPR grounds, PO promptly raised this issue and moved to strike those defenses.

III. CONCLUSION

PO respectfully requests this proceeding be terminated.

Respectfully submitted: /*Megan Raymond*/ July 16, 2024

CERTIFICATE OF PAGE COUNT

The undersigned certifies that the foregoing PATENT OWNER'S MOTION TO TERMINATE PROCEEDINGS complies with the 10-page limitation in Paper 22.

Dated: July 16, 2024

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of PATENT OWNER'S MOTION TO TERMINATE PROCEEDINGS has been served in its entirety by causing the aforementioned document to be electronically mailed to the following attorneys of record for the Petitioner listed below:

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