

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

META PLATFORMS, INC.,
Petitioner,

v.

EIGHT KHZ, LLC,
Patent Owner.

Case IPR2023-01019
Patent 10,368,179 B1

**PATENT OWNER'S SUR-REPLY
IN SUPPORT OF ITS PRELIMINARY RESPONSE**

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Federal Cases

<i>Asetek Danmark A/S v. Coolit Systems, Inc.</i> , IPR2020-00825, Paper 12.....	1, 2, 3
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Federal Statutes

<u>35 U.S.C. §§ 102 and 103</u>	1
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EXHIBIT LIST

Ex.	Description
2001	Defendants' Preliminary Invalidity Contentions
2002	U.S. District Court Order in <i>Eight kHz, LLC v. Meta Platforms, Inc.</i> , No. 6:22-cv-00575-ADA-DTG (W.D. Tex. Jun. 3, 2022), Granting Motion to Extend Scheduling Order Deadlines
2003	Memorandum from Katherine K. Vidal on Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (June 21, 2022)
2004	Lex Machina, Patent Cases (All Judges) Time to Trial, U.S. District Court for the Western District of Texas, September 9, 2023
2005	Lex Machina, Patent Cases (Judge Alan D. Albright) Time to Trial, U.S. District Court for the Western District of Texas, September 9, 2023
2006	Declaration of Dr. Durand R. Begault regarding U.S. Patent Nos. 10,368,179 and 10,448,184
2007	Curriculum Vitae (CV) of Dr. Durand R. Begault
2008	Defendant's Final Invalidity Contentions, Ex. E-10, October 18, 2023
2009	Defendant's Final Invalidity Contentions, Ex. D-10, October 18, 2023
2010	Defendant's Final Invalidity Contentions, October 18, 2023
2011	Defendant's Final Invalidity Contentions, Ex. F-09, October 18, 2023

I. PETITIONER’S LATE-FILED *SOTERA*-LIKE STIPULATION FAILS TO ELIMINATE CONCERNS REGARDING OVERLAPPING ISSUES

Petitioner’s *Sotera*-like stipulation (Paper 7 at 1-2, citing Ex. 1141) agreeing not to pursue in the parallel district court litigation the same grounds or any grounds that could have reasonably been raised before the PTAB does not limit unnecessary and counterproductive litigation costs, and should be given little weight. Petitioner’s express reservation to raise §§102 and 103 invalidity challenges in the advanced district court proceeding based on materially identical system prior art render this IPR an inefficient avenue to address patentability issues and leaves the door open to a duplication of efforts and the possibility of conflicting decisions:

This stipulation is not intended, and should not be construed, to limit Meta’s ability to assert invalidity of the asserted claims of the ’179, ’184, ’836, ’737, ’316, ’509, ’090, ’196, and ’628 patents on any other ground (e.g., invalidity under 35 U.S.C. §§ 102 and 103 not available in IPR and under 35 U.S.C. §§ 101 and 112), regardless of whether IPRs are instituted.

Ex. 1141 at 4 (emphasis added).

The PTAB has held that “excluding system art” from a *Sotera*-like stipulation “does not eliminate” “concerns regarding overlapping issues.” *Asetek Danmark A/S v. Coolit Systems, Inc.*, IPR2020-00825, Paper 12 at 13-14 (“*Asetek*”). Thus,

Petitioner's narrow stipulation should carry little to no weight in the *Fintiv* analysis. *Id.*, 14 (giving Petitioner's stipulation excluding system art minimal weight). Accordingly, and at the very minimum—given the similarity between Petitioner's stipulation in this case and that at issue in *Asetek*, and its carve-out for system art, the stipulation only marginally weighs in favor of institution, if at all.

Be that as it may, Patent Owner believes that, compared to *Asetek*, this case presents a more compelling reason for the PTAB to invoke its discretionary power to deny institution. In *Asetek*, the system art did not overlap with the prior art patents and/or printed publications identified in the petition. There, “[i]n the district court case” the petitioner “asserts invalidity arguments based on the combination” of system art and prior art patents and publications. *Id.*, 13. The Petitioner in this case has gone further, by also advancing invalidity grounds in the district court that rely entirely on system art that fully overlaps with prior art used in the Petition.

For example, in both IPR2023-01019 (regarding the '179 Patent) and IPR2023-01020 (regarding the '184 Patent), Petitioner relies on the combination of Clement, Osman, and Sauk in its primary ground. Papers 2 at 2. In the district court proceeding, Petitioner relies on the Sony Playstation VR System (“Sony PSVR System”) as system art against both the '179 and '184 Patents. Ex. 2001 at 154-156 and 181-185 (first invalidity contentions); Ex. 2010 at 195-197, and 227-229 (final invalidity contentions); and Ex. 2008 (regarding the '179 Patent), and 2009

(regarding the ‘184 Patent). It is clear from Petitioner’s October 18th Final Invalidity Contentions, that it intends to rely on Clement and Sauk in combination with the Sony PSVR System:

Sony PSVR System, alone or in view of one or more of the prior art references and products identified in Sections IV.J.4, 5, 6, 7, 8, and/or IV.J.12, and/or Section IV.E, for example and without limitation (i) Sony PSVR System **and Clement and Sauk 903** and/or Jang, (ii) Sony PSVR System and Sawyer, **and Sauk 903** and/or Jang, (iii) Sony PSVR System and Kraver, **and Sauk 903** and/or Jang, (iv) Sony PSVR System and Ashforth, **and Sauk 903** and/or Jang, and (v) Sony PSVR System and Pedrotti, **and Sauk 903** and/or Jang, which a POSA would have known and been motivated to combine for at least the reasons explained in the following subsections.

Ex. 2010 at 206 (emphasis added). These combinations raise the same overlapping issue concerns the PTAB noted in *Asetek*.

Additionally, Petitioner explicitly relies on Osman to teach functionalities in its Sony PSVR System charts against other patents in suit. See, e.g., Ex. 2011 at 1 (regarding the ‘737 Patent in IPR2023-01021):

On information and belief, **functionalities included in the PSVR System are described by U.S. Patent No. 9,037,468 (“Osman”)** as

shown in Exhibit F-01. The exemplary citations and disclosures in Exhibit F-01 are incorporated by reference herein as if set forth below.

Although Petitioner did not directly appeal to Osman in its Sony PSVR System charts for the '179 and '184 Patents (perhaps anticipating Eight kHz raising this very point), relying on Osman in its Sony PSVR System charts for other patents provides an avenue for Petitioner to raise Osman to the jury in its invalidity case. This risks significant jury confusion that Osman teaches Sony PSVR System functionalities with respect to the '179 and '184 Patents as well.

Since Petitioner has carved out of its stipulation the right to assert overlapping system art in the parallel district court proceeding, institution of this IPR would not address the risk of “inconsistent outcomes between the PTAB and the district court” that a *Sotera* stipulation is normally expected to address. Ex. 2003 at 7. Petitioner chose to allocate its word count in the Petition to other issues, barely mentioning discretionary factors in a single perfunctory paragraph. Paper 2 at 64-65; Paper 6 at 51. Director Vidal’s memorandum addressing *Sotera* stipulations issued in 2022, well before the filing of this Petition, and Petitioner has not addressed why it could not have submitted the stipulation upon filing. Ex. 2003 at 1. Petitioner has failed to address good cause to entertain this late-filed *Sotera*-like stipulation. The Board should disregard Petitioner’s *Sotera*-like stipulation and deny institution of this IPR in view of the *Fintiv* factors as a whole.

II. DESPITE PATENT OWNER'S INADVERTENT CITATION TO A PRIOR SCHEDULING ORDER, ANALYSIS UNDER FACTOR 3 REMAINS THE SAME

As a result of several district court orders resetting the *Markman* hearing, fact discovery in the parallel district court proceeding was revised to open October 5, 2023 and close February 16, 2024. Ex. 1143. This revision moves the close of fact discovery two months from the date stated in the POPR, and the August 12, 2024 trial date remains unchanged. Paper 6 at 55, 57; and Ex. 1143 at 3.

III. CONCLUSION

Petitioner's *Sotera*-like stipulation does not fully commit Petitioner to the IPR process as an alternative to district court litigation to address the question of validity of the '179 Patent, and does not mitigate concerns of conflicting decisions and duplicative efforts between the district court and the PTAB. Eight kHz thus respectfully requests that the Board exercise its discretion and decline to institute review.

Case No. IPR2023-01019
Patent No. 10,368,179 B1

Date: October 25, 2023

Respectfully submitted,

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §42.6(e), the undersigned hereby certifies that the above-captioned Eight KHZ LLC's Patent Owner Sur-Reply in Support of its Preliminary Response, and its cited exhibits, were served via electronic mail, as authorized by Petitioner's Mandatory Notices, on October 25, 2023 at the following email correspondence addresses of record:

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