UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

META PLATFORMS, INC.,
Petitioner,

v.

EIGHT KHZ, LLC,
Patent Owner.

Case IPR2023-01023
Patent 10,798,509 B1

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

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Asetek Danmark A/S v. Coolit Systems, Inc.,
IPR2020-00825, Paper 12 ..... 2, 3, 4

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35 U.S.C. §§ 102 and 103 2

EXHIBIT LIST

Ex.	Description
2001	Declaration of John C. Hart, Ph.D
2002	CV of John C. Hart, Ph.D
2003	Defendants' Preliminary Invalidity Contentions
2004	U.S. District Court Order in *Eight kHz, LLC v. Meta Platforms, Inc*., No. 6:22-cv-00575-ADA-DTG (W.D. Tex. Aug. 30, 2023), Granting Joint Motion to Amend Scheduling Order
2005	U.S. District Court Order in *Eight kHz, LLC v. Meta Platforms, Inc*., No. 6:22-cv-00575-ADA-DTG (W.D. Tex. Sep. 11, 2023), Resetting Markman Hearing Via Zoom
2006	Memorandum from Katherine K. Vidal on Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (June 21, 2022)
2007	Lex Machina, Patent Cases (All Judges) Time to Trial, U.S. District Court for the Western District of Texas, September 9, 2023
2008	Lex Machina, Patent Cases (Judge Alan D. Albright) Time to Trial, U.S. District Court for the Western District of Texas, September 9, 2023
2009	U.S. District Court Minute Entry in *Eight kHz, LLC v. Meta Platforms, Inc*., No. 6:22-cv-00575-ADA-DTG (W.D. Tex. Oct. 3, 2023), Denying Motion to Transfer Venue
2010	Defendant's Final Invalidity Contentions, October 18, 2023
2011	Defendant's Final Invalidity Contentions, Ex. G-09, October 18, 2023

I. META'S REPLY EXCEEDS THE BOARD'S AUTHORIZED SCOPE

Meta filed nine IPRs against patents asserted by 8KHZ in the Western District of Texas. Paper 2 at 71; Ex. 1141. Though all petitions were filed on June 8 or 9, 2023, the Notices of Filing Date Accorded for three petitions[1] issued nearly a month before the remaining six.[2] Meta's Reply (Paper 8; "Reply") attempts to exploit these staggered filings and exceed the Board's permitted scope of reply.

In the first noticed cases, Meta was authorized to file a reply limited to only the district court's schedule and a *Sotera* stipulation. Here, again Meta was authorized to file a Reply "limited to only the issues of the district court's schedule and *Sotera* stipulation." Ex. 1144 at 1. Meta filed the same *Sotera*-like stipulations as in the first noticed cases, but the remaining content fails to address the district court's schedule, and instead directly responds to the *Sotera* arguments 8KHZ made in its Sur-Replies in the first noticed cases. Meta's arguments here exceed the scope authorized, fail to show good cause, and should be disregarded.

II. META'S LATE-FILED *SOTERA*-LIKE STIPULATION FAILS TO ELIMINATE CONCERNS REGARDING OVERLAPPING ISSUES

Meta's stipulation (Paper 8 at 1-2, citing Ex. 1141) does not limit unnecessary and counterproductive litigation costs, and should be given little weight. Meta's

[1] IPR2023-01019, -01020, and -01024.

[2] IPR2023-01003, -01004, -01005, -01021, -01022, and -01023.

express reservation to raise §§102 and 103 invalidity challenges in the advanced district court proceeding based on materially identical system prior art renders 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).[3]

The PTAB has held "excluding system art" from a *Sotera*-like stipulation "***does not eliminate***" "concerns regarding overlapping issues." *Asetek Danmark A/S*

[3] Petitioner argues that the Board should simply defer to Petitioner's judgment that its stipulation conforms to *Sotera*. Reply 2. But in the cited *Hunter's Mfg. Co*. case, the Board actually based its conclusion "upon Petitioner's representations ***and the language of the stipulation itself*** . . ." IPR2023-00407, Paper 13 at 9. That stipulation attempted no reservations: patent owner's concern was the petition did not address all claims asserted in the litigation. *Id.*, Paper 9 at 67. Here, Meta reserves overlapping art against the petitioned claims.

v. Coolit Systems, Inc., IPR2020-00825, Paper 12 at 13-14 ("*Asetek*"). Thus, Meta's narrow stipulation should carry little to no weight in the *Fintiv* analysis. *Id.* 14 (giving a stipulation excluding system art minimal weight). Accordingly, and ***at the very minimum***—given the similarity between Meta's stipulation in this case and that in *Asetek*, and its carve-out for system art, this stipulation only marginally weighs in favor of institution, if at all.[4]

Compared to *Asetek*, this IPR presents a more compelling reason for the Board 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 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. Here, Meta goes further, by also advancing invalidity grounds in the district court that rely

[4] Meta does not address *Asetek*, or identify any cases where the Board found a stipulation reserving the right to assert overlapping system art to be a proper *Sotera* stipulation. Meta merely points to *Cisco Sys*. alleging the Board "expressly authorized" a *Sotera* stipulation with "similar" language to Meta's. Reply 3. Contrary to Meta's implication, the Board merely authorized petitioner to file a *Sotera* stipulation; there was no other briefing or other discussion of the carve-out language afterward.

entirely on system art that fully overlaps with prior art used in the Petition. For example, Meta relies on Pedrotti in view of Jang and Begault for Ground 1, and McCulloch in view of Pedrotti and Flaks for Ground 2. Paper 2 at 2-3. In district court, Meta relies on the Sony PSVR System as system art against the '509 Patent. Ex. 2010 at 285-286 (final invalidity contentions); and Ex. 2011. It is clear from Meta's October 18th Final Invalidity Contentions that it intends to rely on nearly the exact same set of references that it represents to the Board is sufficient to invalidate the claims, under the guise of somehow "combining" them with system art such as 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.1, 3-5, and/or 9, and/or Section IV.F, including in view of application(s) covered in Section IV.J.12, for example and without limitation (i) Sony PSVR System ***and Pedrotti and Flaks 968***, including in view of Job Simulator, (ii) Sony PSVR System and Ashforth and Gorzel, including in view of Job Simulator, (iii) Sony PSVR System ***and McCulloch***, including in view of Lovitt and/or Job Simulator, (iv) Sony PSVR System ***and Jang, including in view of Begault 2000*** and/or Second Life . . .

Ex. 2010 at 267 (emphasis added). These combinations raise the same overlapping issue concerns the PTAB noted in *Asetek*.

Since Meta carved out of its stipulation a right to assert overlapping system art in the district court, institution of this IPR increases the risk of "inconsistent

outcomes between the PTAB and the district court" that a *Sotera* stipulation is expected to address. Ex. 2004 at 7.[5] The Petition devotes a single perfunctory paragraph to discretionary factors. Paper 2 at 70; Paper 7 at 52. The Interim Procedures issued in 2022, well before the filing of the Petition. Meta did not address good cause why it could not submit a stipulation at filing or why the Board should entertain this late-filed stipulation now. The Board should disregard Meta's stipulation and deny institution of this IPR in view of the *Fintiv* factors as a whole.

III. CONCLUSION

Meta's late-filed stipulation with an express reservation to maintain materially the same grounds, arguments, and evidence in the district court does not fully commit Meta to the IPR process as an alternative to district court litigation to address the question of validity of the '509 Patent, and does not mitigate concerns of conflicting decisions and duplicative efforts between the district court and PTAB. 8KHZ respectfully requests the Board exercise its discretion and decline to institute review.

[5] Meta argues the Board should disregard the reservation in its stipulation and leave its interpretation to the district court. Reply 3. This simply reinforces that Meta seeks to use the same art in both proceedings and why this stipulation falls outside the ambit of the Director's Interim Procedures.

Date: November 13, 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 November 13, 2023 at the following email correspondence addresses of record:

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