

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner,

v.

SOFTEX LLC,
Patent Owner.

Case IPR2023-01185
U.S. Patent No. 8,506,649

**PATENT OWNER'S PRELIMINARY RESPONSE
UNDER 37 C.F.R. § 42.107**

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PATENT OWNER'S EXHIBIT LIST

Exhibit	Description
2001	Biography of Blair M. Jacobs (previously submitted)
2002	Declaration of Blair M. Jacobs (previously submitted)
2003	Complaint (D.I. 1), <i>Softex LLC v. Dell Techs. Inc.</i> , Case No. 1:22-cv-01309 (W.D. Tex.)
2004	Complaint (D.I. 1), <i>Softex LLC v. HP Inc.</i> , Case No. 1:22-cv-01311 (W.D. Tex.)
2005	Complaint (D.I. 1), <i>Softex LLC v. Lenovo (Shanghai) Elecs. Tech. Co.</i> , Case No. 1:22-cv-01310 (W.D. Tex.)
2006	April 11, 2023 Email from Reuben Chen identifying Ryan M. Cooney as Microsoft counsel
2007	Appearance of Microsoft counsel Carrie A. Beyer in <i>Softex LLC v. Dell Techs. Inc.</i> , Case No. 1:22-cv-01309 (W.D. Tex.) (D.I. 35);
2008	Appearance of Microsoft counsel Kirstin L. Stoll-DeBell in <i>Softex LLC v. Dell Techs. Inc.</i> , Case No. 1:22-cv-01309 (W.D. Tex.) (D.I. 36)
2009	Appearance of Microsoft counsel Ryan M. Cooney in <i>Softex LLC v. Dell Techs. Inc.</i> , Case No. 1:22-cv-01309 (D.I. 37)
2010	Appearance of Microsoft counsel Carrie A. Beyer in <i>Softex LLC v. HP Inc.</i> , Case No. 1:22-cv-01311 (W.D. Tex.) (D.I. 33)
2011	Appearance of Microsoft counsel Kirstin L. Stoll-DeBell in <i>Softex LLC v. HP Inc.</i> , Case No. 1:22-cv-01311 (W.D. Tex.) (D.I. 34.)
2012	Appearance of Microsoft counsel Ryan M. Cooney in <i>Softex LLC v. HP Inc.</i> , Case No. 1:22-cv-01311 (D.I. 35)

Exhibit	Description
2013	June 29, 2023 Defendants’ Initial Invalidity Contentions Cover Pleading in <i>Softex LLC v. Absolute Software Corp.</i> , Case No. 1:22-cv-01308 (W.D. Tex.); <i>Softex LLC v. Dell Techs. Inc.</i> , Case No. 1:22-cv-01309 (W.D. Tex.); <i>Softex LLC v. HP Inc.</i> , Case No. 1:22-cv-01311 (W.D. Tex.)
2014	<i>Softex LLC v. Defendants</i> , 1:22-cv-01308, 1:22-cv-01309, 1:22-cv-01311 (W.D. Tex.), Ex. F-32, Defendants’ Claim Chart for WIPO Patent Publication No. 01/8445 A1 to Andrews
2015	<i>Softex LLC v. Defendants</i> , 1:22-cv-01308, 1:22-cv-01309, 1:22-cv-01311 (W.D. Tex.), Ex. F-35, Defendants’ Claim Chart for U.S. Patent Publication No. 2003/0051090 to Bonnett
2016	<i>Softex LLC v. Defendants</i> , 1:22-cv-01308, 1:22-cv-01309, 1:22-cv-01311 (W.D. Tex.), Ex. F-11, Defendants’ Claim Chart for U.S. Patent No. 6,300,863 B1 to Cotichini et al., entitled “Method and Apparatus to Monitor and Locate an Electronic Device using a Secured Intelligent Agent via a Global Network”
2017	<i>Softex LLC v. Defendants</i> , 1:22-cv-01308, 1:22-cv-01309, 1:22-cv-01311 (W.D. Tex.), Ex. F-37, Defendants’ Claim Chart for UK Patent Application No. 2,369,205 to Hayward (“Hayward”)
2018	“Microsoft expands indemnification programs for partners,” June 23, 2005 (https://www.computerworld.com/article/2557749/microsoft-expands-indemnification-program-for-partners.html)
2019	“Why Microsoft offers uncapped indemnification for open source in Azure,” November 8, 2017 (https://azure.microsoft.com/en-us/blog/why-microsoft-offers-uncapped-indemnification-for-open-source-in-azure/)
2020	Order on Motion to Dismiss (D.I. 25), <i>Softex LLC v. Dell Techs. Inc.</i> , Case No. 1:22-cv-01309 (W.D. Tex.)
2021	Order on Motion to Stay (D.I. 57), <i>Softex LLC v. Dell Techs. Inc.</i> , Case No. 1:22-cv-01309 (W.D. Tex.)

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2023	Scheduling Order (D.I. 37), <i>Softex LLC v. Absolute Software Corp.</i> , Case No. 1:22-cv-01308 (W.D. Tex.)
2024	Scheduling Order (D.I. 58), <i>Softex LLC v. HP Inc.</i> , Case No. 1:22-cv-01311(W.D. Tex.)
2025	June 23, 2023 Softex LLC's First Set of Common Requests for Production to All Defendants (Nos. 1-52)
2026	September 15, 2023 Softex LLC's Second Set of Individual Requests for Production to Dell Technologies Inc. and Dell Inc. (Nos. 10-22)
2027	September 15, 2023 Plaintiff's First Rule 30(b)(6) Deposition Notice to Defendants
2028	<i>Iron Oak Techs., LLC v. Dell Inc.</i> , No. 17-cv-999, Microsoft Corporation's Unopposed Motion to Intervene, Dkt. 26 (W.D. Tex. Feb. 21, 2018)
2029	<i>Iron Oak Techs., LLC v. HP Inc.</i> , No. 17-cv-1068, Microsoft Corporation's Unopposed Motion to Intervene, Dkt. 15 (W.D. Tex. Feb. 23, 2018)

I. INTRODUCTION

Softex LLC (“Softex” or “Patent Owner”) submits this preliminary response in accordance with 35 U.S.C. § 313 and 37 C.F.R. § 42.107 responding to the Petition for *Inter Partes* Review (“Petition”) of Claims 1-25 of U.S. Patent No. 8,506,649 (the “’649 patent”) filed by Microsoft Corporation (“Petitioner” or “Microsoft”).

Microsoft’s Petition includes four grounds as shown below:

Ground	Reference(s)	Claims	Basis
1A	Andrews	1-5, 7-13, 15-21, and 23-25	102/103
1B	Andrews-Bonnett	1-5, 7-13, 15-21, and 23-25	103
1C	Andrews-Cotichini	1-5, 7-13, 15-21, and 23-25	103
1D	Andrews-Cotichini-Hayward	6, 8, 14-16, and 22-25	103

The Board should deny institution because Microsoft fails to establish that its arguments are reasonably likely to succeed in establishing that Claims 1-25 of the ’649 patent (the “Challenged Claims”) are unpatentable.

In particular, the Board should deny institution of *inter partes* review of the ’649 patent for multiple reasons. **First**, the Petition fails to identify the real parties in interest in accordance with 35 U.S.C. § 312(a)(2). **Second**, the Board should exercise its discretion in accordance with 35 U.S.C. § 314 because the same invalidity grounds are advanced in the parallel district court litigations and Microsoft misrepresents its involvement in those litigations. **Finally**, the Board should deny institution because each of the grounds rely on Andrews as the primary reference,

which the Petitioner has failed to establish discloses or suggests multiple elements of the claimed invention relied on for the Petition. Accordingly, none of the grounds raised by the Petitioner have demonstrated a reasonable likelihood that at least one of the challenged claims is unpatentable. *See* 37 C.F.R. § 42.108(c). Hence, the Board should deny institution.

II. THE '649 PATENT

The '649 patent is directed to a system and method for securing and tracking an electronic device. Ex-1001, Abstract. At the time of the invention in the early 2000s, the inventors recognized that theft of electronic devices containing costly hardware and software had become increasingly common. *Id.*, 1:15-16. Known ways of preventing theft included physical attachment of the electronic device to the user, password protection schemes, or motion sensors and alarms. *Id.*, 1:24-30. However, such techniques did not always prevent theft, were costly, and once the electronic device was stolen, did not allow for tracking or recovery. *Id.*, 1:30-32.

The '649 patent solves the problems in the prior art by providing the claimed electronic device security and tracking system and method (ESTSM). *Id.*, 1:36-38. The ESTSM includes hardware, software and firmware components that cooperate to allow tracking, disabling and other interaction with a stolen device. *Id.*, 1:38-40. The ESTSM includes the client electronic device and the security server. An embodiment of the ESTSM is shown in Figure 56 below. *Id.*, 27:36-55.

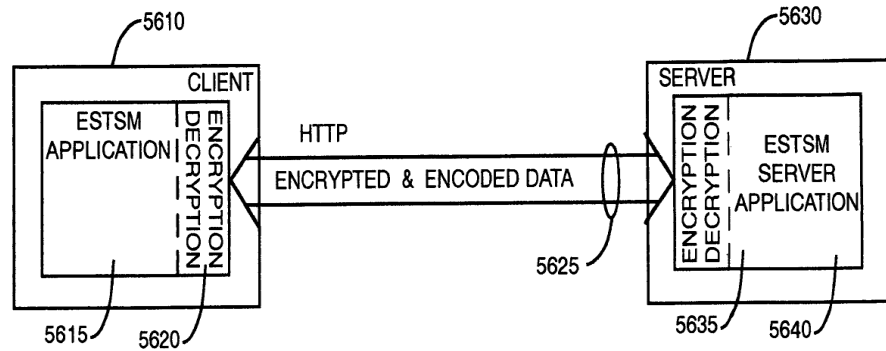


FIGURE 56

In general, the ESTSM server communicates with the ESTSM application program on the client, *i.e.*, the electronic device, and the ESTSM client application performs several tasks, including to secure, track, and disable the stolen electronic device. *Id.*, 1:41-2:15.

Registering the Device with the Server. In the registration phase, a user creates an account with ESTSM, specifying what ESTSM services they wish to purchase, and providing user and billing information. *Id.*, 7:16-22. When a user purchases the electronic device, the ESTSM components may be pre-installed and a registration screen will come up when the user starts using the electronic device. *Id.*, 7:40-44. In other embodiments, the user may request the manufacturer of the electronic device or the location where the device is purchased to pre-register the user for the ESTSM services. *Id.*, 7:49-54.

The user may choose the ESTSM services for the electronic device. *Id.*, 8:10-53. For example, the user can select a basic service with the ability to have the electronic device disabled when it is stolen, with which no other operation is performed. *Id.*, 8:24-27, Fig. 2a. The user can select a data destroy service and “the hard disk of a stolen electronic device is erased when the thief connects the electronic device to the Internet.” *Id.*, 8:42-44, Fig. 2b. A data recovery service can be chosen that allows a user to backup files to the ESTSM server before performing any other service option. *Id.*, 9:3-7.

Once the registration operation is complete, the typical user will not interact with the ESTSM until the electronic device is lost or stolen. *Id.*, 7:22-23.

Automatically Sending Identifying Information for the Electronic Device.

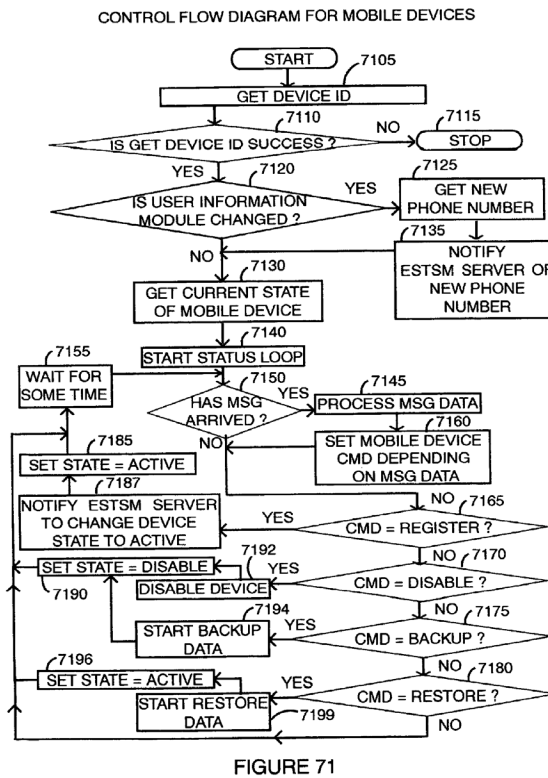
The ESTSM application component consists of two sets of programs: (1) the ESTSM application program and (2) startup program files. *Id.*, 26:11-13, Fig. 44. A startup program creates the appropriate system processes and loads and executes the ESTSM application program on the electronic device that performs most of the ESTSM operations. *Id.*, 26:18-23, Fig. 55. The ESTSM application program will check the integrity of the ESTSM components and will ensure the ESTSM is working correctly. *Id.*, 26:25-28. If it is working properly, the ESTSM application program will try to detect an Internet connection on the electronic device and if there is a connection, the ESTSM application program will try to contact the ESTSM

server. *Id.*, 26:28-42. If the application program is successful in contacting the server, the application program will then send a query to the ESTSM server. *Id.*, 26:42-50. “This query will identify the electronic device by the device system information such as serial number and model number (no other user data is sent to the server).” *Id.*, 26:48-50; *see also id.*, 33:41-47 (device identifier may include the International Mobile Equipment Identifier number, manufacturer’s model number of the mobile device, and the phone number associated with the mobile device). The ESTSM application program receives the electronic device status from the server to determine if the device is registered, and if not, the user is given the option to complete the registration process described above. *Id.*, 26:51-56.

Periodically Communicating with the Server. If the device is registered with the ESTSM server, the application component programs work together to periodically check with the ESTSM server to see if the electronic device is reported stolen and take the appropriate action. *Id.*, 26:13-17, 26:57-61. If the system is registered, and the electronic device is in an active state (*i.e.*, not stolen), the ESTSM application program will periodically contact the ESTSM server. *Id.*, 26:61-63, 27:3-6. The application component will continue to communicate periodically with the ESTSM server once the system is registered to determine if the electronic device has been reported stolen. *Id.*, 27:32-35; *see also id.*, 27:59-62.

Accepting at the Electronic Device a Message Indicating Owner Has Reported Loss or Requested Disabling. When a device has been stolen, the user can log into the ESTSM website and report the device as stolen, disable the device, or perform other device administration tasks. *Id.*, 7:24-27. If the device is reported stolen, the ESTSM server will instruct the electronic device to take the appropriate action based on the service options selected by the user (*e.g.*, disabling the electronic device, destroying the hard disk drive (HDD) data, recovering data, encrypting data and more). *Id.*, 7:33-39.

This operation is shown in Figure 71 for mobile devices. *Id.*, 33:24-25, Fig. 71. A message may be communicated from the ESTSM server to the application component. *Id.*, 34:3-6. If the application component detects that a new message has arrived, the message data is processed, and a command is extracted from the message data. *Id.*, 34:7-46. If the command is DISABLE, for example, the mobile device is disabled. *Id.*, 34:15-22. If the command is BACKUP, the ESTSM server requests that the data on the mobile device be copied to the ESTSM server. *Id.*, 34:22-25. If the command is RESTORE, the ESTSM server starts to restore backed up data to the original device or a new one. *Id.*, 34:37-41.



Automatically Disabling At Least One User Function. Once the electronic device is reported stolen by the user, the electronic device will be put in the REPORTED STOLEN state. *Id.*, 10:39-40, 13:20-24, 15:25-28. If the electronic device is connected to the Internet, the electronic device state will change to either BEING TRACKED or DISABLED state. *Id.*, 10:41-44, 13:25-39. If the user selects disable, then the electronic device is placed into the DISABLE state. *Id.*, 15:33-35, Fig. 40. The application component of the electronic device disables the device and informs the ESTSM server that the electronic device is in a disabled state. *Id.*, 15:35-

38; *see also id.*, Fig. 71, 34:15-20. The application component thus is still able to communicate with the ESTSM in the DISABLE state.

Automatically Causing Data to be Copied from the Electronic Device to the ESTSM Servers. The ESTSM may also be in the BACKUP IN PROGRESS state, in which the electronic device has been disabled and the ESTSM server is in the process of getting data from the device. *Id.*, 14:38-40. After the electronic device has been backed up, it can be placed in the DISABLED DATA BACKUP state. *Id.*, 14:29-31.

Deleting Data from Electronic Device After Backup. The ESTSM may also be in the ERASE HARDDISK state, in which the user has selected “Data Destroy Services” option when registering with the ESTSM system. *Id.*, 14:21-25; *see also id.*, 15:57-16:5. This state can be entered into after the user reports the electronic device as stolen and the device is connected to the Internet. *Id.* The application component on the electronic device erases the hard disk drive. *Id.*, 16:2-5.

Restoring the Data on the Electronic Device. The ESTSM may also be in the ACTIVE DATA BACKUP state, in which the electronic device has been re-enabled after it was in the DISABLED DATA BACKUP state. *Id.*, 14:32-37. In this state, the user may restore the data back on the electronic device from the backup on the ESTSM server. *Id.*

Protecting the Security Application on the Electronic Device. The '649 patent discloses embodiments of the invention that protect the security application from user modification. The system includes an application component, non-viewable component, and Basic Input/Output Subsystem (BIOS) component that are present on the electronic device. *Id.*, Abstract; *see also id.*, Figs. 44-50. A changeable area that acts like a file system may also be included. *Id.*, Figs. 45, 50.

The application component runs within the operating system environment and is responsible for communicating with the ESTSM server through the Internet. *Id.*, 17:49-52. The BIOS component “maintains the secured environment of the application component and non-viewable components.” *Id.*, Abstract. The BIOS component in the electronic device ensures that the application component cannot be removed from the system or bypassed in any way. *Id.*, 17:62-64. Each time the electronic device boots up, the BIOS component will check the integrity of the ESTSM non-viewable component and application component, and will restore files if they have been tampered with. *Id.*, 18:3-8. The BIOS component will also ensure that the application component has run properly on the previous device boot and will take action if it is determined that an attempt to bypass the application component has occurred. *Id.*, 18:8-12. Together, the BIOS component and the non-viewable component will ensure that someone cannot bypass or circumvent the ESTSM application component from running. *See id.*, 18:13-19:7, 19:27-54.

III. THE ALLEGED PRIOR ART

A. Andrews (Ex-1005)

Andrews discloses a method of communicating between a portable computing device and a host computer. Ex-1005, Abstract, 3:2-3.

Figure 6 shows a host computer 12 and a portable computing device 14. *Id.*, Fig. 6. The host computer 12 is typically linked to a database 18 and is configured to execute operating system 76 and host software 94. *Id.* The host software is configured to communicate with database 18, which is configured to store client data 100, a contact log 102, uploading files 104 received from portable computing devices 14, and downloadable files 106 to be sent to portable computer devices by the host computer 12. *Id.*, 14:9-12.

The portable computing device 14 is a client computing device such as a laptop computer. *Id.*, 8:18-19. The portable computer device 14 typically includes a central processing unit 22, memory 24, and a mass storage device 26, each linked to a bus 28. *Id.*, 10:3-4, Fig. 2. Memory 24 typically includes random access memory (RAM) 30, read only memory (ROM) 32, and basic input output system (BIOS) 34, which contains software routines necessary to start-up and operate the portable computing device 14. *Id.*, 10:9-11, Fig. 2. The portable computing device 14 is configured to execute operating system 38 upon startup. *Id.*, 11:16-17.

Portable computing device 14 also typically is configured to execute client software 112. *Id.*, 15:8-9.

Client software 112 typically includes a registration program 120 configured to receive user information and detect a hardware and software configuration of portable computing device 14. *Id.*, 16:9-11, Figs. 6, 7. User information 125 typically includes a user name 126, user gender 128, user demographic information 130, and user contact data 138. *Id.*, 18:14-18, Fig. 7. User information 125 is typically entered by the user via menu options on a registration menu, and is sent to host computer 12 for storage in database 18. *Id.*, 19:1-3. The hardware and software configuration is also typically entered by the user, or alternatively detected by the client software, during the registration process. *Id.*, 24:19-21. The portable computing device hardware and software configuration 168 typically includes a modem driver type and may also include a browser type, operating system type, available memory, available plug-in applications, and other parameters. *Id.*, 24:16-19, Fig. 7.

Additionally, client data 100 stored on the database 18 typically includes a client ID 122 and a product identifier 124. *Id.*, 18:2-3, Fig. 7. Client ID 122 is typically an identification number assigned by the host computer 12 to portable computing device 14. *Id.*, 18:4-5. Host computer 12 assigns the client ID when the user registers the client software on portable computing device 14. *Id.*, 18:5-7.

Product identifier 124 is a code assigned to a particular version of client software 112 on the personal computing device 14. *Id.*, 18:7-9. The product identifier is used by the host computer to determine what type of product is installed on the portable computing device 10, including whether the client software is either a security product or an information distribution product. *Id.*, 18:9-11.

The registration program is configured to initially contact the host and transmit to the host gathered user information 125 and hardware and software configuration 168. *Id.*, 16:11-14. This is shown below in Figure 12:

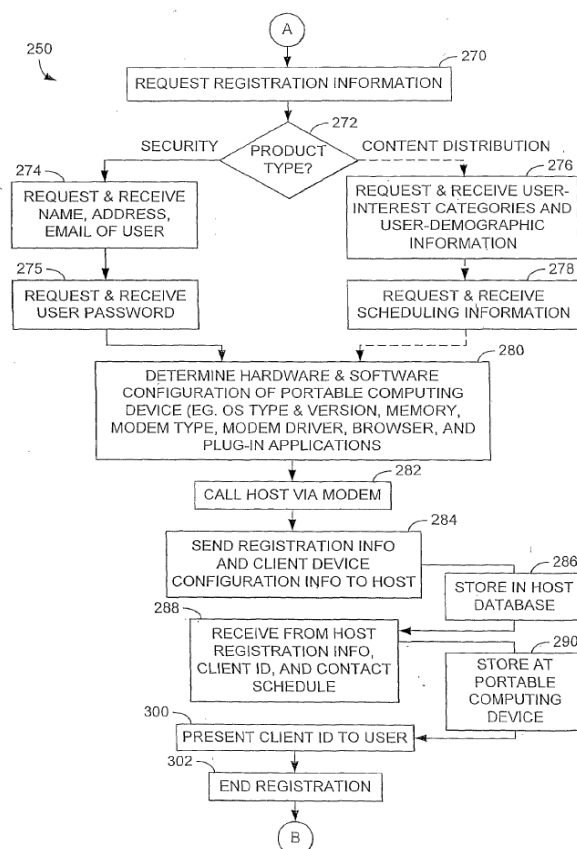


FIG. 12

If the client software 112 is not registered, the disclosed method 250 includes requesting registration information at 270 via the registration program. *Id.*, 33:21-23, Fig. 12. The registration program may gather different information depending on the product type, *i.e.*, security or content distribution product, and may reference the product identifier stored in the client software and later transfer it to the database 18. *Id.*, 33:23-34:6. For either a security or content distribution product, the method will request and receive user information. *Id.*, 34:16-35:14. Following receipt of user information, the method includes determining a hardware and software configuration 168 of the portable computing device 14. *Id.*, 35:15-19. The host computer 12 is then contacted and the registration information gathered and the hardware and software configuration 168 of the portable computing device 14 are sent to the host computer and stored in database 18. *Id.*, 36:1-6.

Client data 100 in database 18 also typically includes a reported status 148 of portable computing device 14. *Id.*, 19:6-7, Fig. 7. **The status of portable computing device 14 is typically reported by an interest holder in portable computing device 14**, and may be reported via a telephone call, email, online form, or any other suitable communications method. *Id.*, 19:7-13. The reported status may include NORMAL, MISSING, LOST, STOLEN, UNAUTHORIZED USE, MESSAGE QUEUED, PAYMENT DUE, and/or DELINQUENT. *Id.*, 19:14-16.

After reported status 148 is received, it is stored in the client data 100 in the database. *Id.*, 37:10-12.

Client data 100 also typically includes one or more responsive actions 150 corresponding to each possible status 148. *Id.*, 21:3-4. The responsive actions 150 are typically RETRIEVE FILE, DELETE FILE, LOCK-UP DEVICE, TRACK LOCATION, SEND MESSAGE, DOWNLOAD FILE, EXECUTE FILE, SEND BILL, and SEND PAYMENT REMINDER. *Id.*, 21:12-14. The responsive actions may be implemented singularly or in combination in response to a particular status, and the actions will cause the host computer 12 to instruct the portable computing device 14 accordingly. *Id.*, 21:14-24:15; *see also id.*, Fig. 8, 28:17-22, Fig. 9, 30:12-14.

Client data 100 also typically includes a contact schedule 176. *Id.*, 25:12-22. Client software 112 typically includes a check-in program 118 that is configured to launch at start-up of the portable device 14. *Id.*, 16:15-16. The check-in program is configured to wait until the next scheduled check in time to attempt to contact the host computer 12, according to a contact schedule. *Id.*, 15:19-20, 16:16-18.

B. Bonnett (Ex-1006)

Bonnett was considered by the Examiner during the prosecution of the '649 patent. Ex-1001, 2. Bonnett discloses an apparatus and method for secure firmware

upgrades from an external host computer. *See* Ex-1006, [0006]. Security application programs are not discussed in Bonnett. *See id.*, [0018]-[0019].

In one embodiment, an appliance comprises a memory comprising at least a hidden partition of memory operable to store at least a portion of a program capable of contributing to functions of the appliance. *Id.*, [0007]. The appliance includes an external interface operable to provide access to at least an open portion of the memory and to receive a program update. *Id.*, [0007], [0008]. The hidden partition is inaccessible through the external interface and at least a portion of the program resides in the hidden portion. *Id.* The hidden partition disclosed in Bonnett is thus hidden from the host computer. *See id.*, [0057]; *see also* Ex-1009, ¶ 4, at 3 (“The portable device moves this software from the partitions exposed to the host computer to a partition hidden from the host computer.”). The appliance further includes a controller operable to modify at least a portion of the program on the hidden portion based at least in part on the update received at the external interface. Ex-1006, [0057].

C. Cotichini (Ex-1007)

Cotichini was considered by the Examiner during the prosecution of the '649 patent. Ex-1001, 1. Cotichini relates to a security apparatus and method for retrieving lost or stolen electronic devices. Ex-1007, 3:28-29. The system includes a host system, a communications link, and agent within an electronic device. *See*

id., 4:4-8, 12:3-11, 71:2-7, Fig. 1. The agent will establish a communications link between the device and the host system and transmit identifying indicia for the device. *Id.*, 20:3-6, 71:9-12. The host system will compare the information against a list of reported lost and stolen computers. *Id.*, 15:10-21, 16:15-22, 22:2-24. The host system can then determine the location of the device based on tracing of the communications link. *Id.*, 23:20-25, 31:29-31, 41:30-42:2, 71:13-14. If the device is on the list of stolen computers, further processing includes placing a call with the local authorities or the owner. *Id.*, 28:28-29:5, 30:27-33.

D. Hayward (Ex-1008)

Hayward discloses a personal data device and protection system and method for storing and protecting personal data. Ex-1003, Abstract. A two-part code enables access to the data, wherein part of the code is stored in the memory and the other part is stored in the data storage and processing module. *Id.* When the two parts of the code do not correspond, the personal data in the memory is deleted. *Id.*; *see also id.*, 1:23-2:6. The device can communicate with a remote server for transmitting a copy of the personal data using a synchronization authentication code. *Id.*, 2:13-19, 9:19-10:2. An up-to-date version of the personal data can be stored on the server by comparing the data stored on the device with the data stored on the server. *Id.* 10:2-5. The data on the devices can therefore be synchronized with the data on the server when the device connects to the Internet. *Id.*, 10:20-21.

The operation of the synchronization authentication code is illustrated by Fig. 1B. *Id.*, Fig. 1B, 15:8-27. Data protection software compares the two parts of the code, including one stored in the processor 16 and one stored on the smart card 19. *Id.*, 15:9-12. If there is no code on the smart card, or if it does not correspond to that stored on the telephone, the data protection software initiates the deletion step 1040. *Id.*, 15:12-17. In addition, the data protection software may notify the service provider to disable, at step 1050, normal operation of the telephone. *Id.*, 15:17-19. Thus, if the device is stolen, and the smart card replaced, it will not function because the codes will not match. *Id.*, 15:19-20. Nor can the device be operated with the existing smart card because the service provider cancelled the service. *Id.*, 15:20-22.

IV. LEVEL OF ORDINARY SKILL

A person of ordinary skill in the art (POSITA) in the timeframe of the invention would have a bachelor's degree in computer science, electrical engineering, computer engineering, or a similar technical field, with five years of experience in the field of computer security systems. Additional experience could substitute for less education, and additional education could likewise substitute for less experience.

V. CLAIM CONSTRUCTION

The claims in an *inter partes* review are construed using the same standard that applies in district court proceedings, as set forth in *Phillips*, 415 F.3d 1303 (Fed.

Circ. 2005) (*en banc*); 37 C.F.R. § 42.100(b). Claim terms are afforded “their ordinary and customary meaning,” which is “the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention.” *Phillips*, 415 F.3d at 1312–13. The Board only construes the claims when necessary to resolve the underlying controversy. *Toyota Motor Corp. v. Cellport Sys., Inc.*, IPR2015-00633, Paper 11 at 16 (Aug. 14, 2015) (citing *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)).

Patent Owner does not believe express claim construction is necessary for any claim terms because no terms are in controversy. Each term should be given its ordinary and customary meaning.

VI. THE PETITION FAILS TO IDENTIFY ALL REAL PARTIES-IN-INTEREST AS REQUIRED BY 35 U.S.C. § 312(A)(2)

Section 312(a)(2) requires that the “petition identif[y] all real parties in interest.” This provision serves important notice functions to patent owners, including to identify whether the petitioner is barred from bringing an IPR due to a real party-interest (“RPI”) that is time-barred or otherwise estopped, and to the Board, to identify conflicts of interests that are not readily apparent from the identity

of the petitioner. *See* Patent Trial and Appeal Board Consolidated Trial Practice Guide, 12 (Nov. 2019) (“TPG”).¹

The obligation to identify RPIs is predicated on certain binding good faith obligations. *See* 37 C.F.R. § 42.11(a) (duty of good faith and candor in proceedings). Here, however, Petitioner has violated its obligations by failing to concede entities it is indemnifying and defending in parallel district court litigations are RPIs. The Board should find that Dell, Inc., Dell Technologies, Inc., (collectively, “Dell”), HP Inc., (“HP”), Lenovo (Shanghai) Electronics Technology Co. Ltd., Lenovo Group, Ltd., Lenovo Beijing, Ltd., Lenovo PC HK Limited, and Lenovo (United States), Inc. (collectively, “Lenovo”) (all collectively together, the “PC Manufacturers”) are RPIs because Microsoft is acting on their behalf in this IPR and simultaneously in the district court litigations.

A. The PC Manufacturer Litigations and Microsoft’s Preexisting Legal Relationships with the PC Manufacturers

On December 14, 2022, Softex filed patent infringement cases asserting the ’649 patent against the PC Manufacturers in the Western District of Texas. *Softex*

¹ United States Patent and Trademark Office, Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019), <https://www.uspto.gov/sites/default/files/documents/tpgnov.pdf>.

LLC v. Dell Techs. Inc., Case No. 1:22-cv-01309 (W.D. Tex.); *Softex LLC v. HP Inc.*, Case No. 1:22-cv-01311, *Softex LLC v. Lenovo (Shanghai) Elecs. Tech. Co.*, Case No. 1:22-cv-01310 (W.D. Tex.).² Dell, HP and Lenovo each manufacture PCs that are sold with Microsoft software that together is accused of infringing the '649 patent. *See* Exs. 2003-2005. Microsoft is not a named Defendant in the PC Manufacturer cases, but provides the software accused of causing infringement. *Id.*

On April 11, 2023, counsel for Microsoft, while not admitted as counsel in the district court cases, surreptitiously attended a private meet and confer in the Dell and HP district court litigations, unbeknownst to Softex and unannounced by Microsoft's counsel. Ex. 2006.

² The Lenovo case was subsequently transferred to the Eastern District of North Carolina and has been stayed pending the outcome of the Texas litigations. *See Softex LLC v. Lenovo (Shanghai) Elecs. Tech. Co.*, Case No. 5:23-cv-00090 (E.D.N.C.).

To: Chen, Reuben <rchen@cooley.com>; Casey L. Shomaker <cshomaker@McKoolSmith.com>; Keefe, Heidi <hkeefe@cooley.com>; Leeper, Allie Dunworth <aleeper@cooley.com>; Armon, Orion <oarmon@cooley.com>; Knight, Dustin M <dknight@cooley.com>; Christina Ondrick <condrick@McKoolSmith.com>; John Holley <jholley@McKoolSmith.com>; Elizabeth Bernard <ebarnard@McKoolSmith.com>
Cc: Softex_MS <Softex_MS@mckoolsmith.com>
Subject: Re: Softex v. Lenovo - Amended Complaint

[External]

Hey Reuben,

We noticed a Ryan C on the call today and I thought he was a Cooley associate. Can you please clarify for us who Ryan C is? I am concerned we may have had an interloper. Our preference is to limit calls to counsel who are representing parties in the case.

Thanks,
Blair

From: Chen, Reuben <rchen@cooley.com>
Sent: Tuesday, April 11, 2023 8:37 PM
To: Blair Jacobs <bjacobs@McKoolSmith.com>; Casey L. Shomaker <cshomaker@McKoolSmith.com>; Keefe, Heidi <hkeefe@cooley.com>; Leeper, Allie Dunworth <aleeper@cooley.com>; Armon, Orion <oarmon@cooley.com>; Knight, Dustin M <dknight@cooley.com>; Christina Ondrick <condrick@McKoolSmith.com>; John Holley <jholley@McKoolSmith.com>; Elizabeth Bernard <ebarnard@McKoolSmith.com>
Cc: Softex_MS <Softex_MS@mckoolsmith.com>
Subject: RE: Softex v. Lenovo - Amended Complaint

Hey Blair,

Ryan C is outside counsel for Microsoft and I believe Dell and HP (but he would have to confirm).

Thanks,
Reuben

That unauthorized counsel, as well as the lead and backup counsel for Microsoft in this proceeding, thereafter entered an appearance in the district court cases on behalf of Dell and HP on May 4, 2023. Exs. 2007-2012. Invalidity contentions asserting the *same grounds* as the Petition were served in the Dell and HP cases on June 29, 2023, right before Microsoft filed the Petition. *See* Exs. 2013 at, e.g., 23, 34, 39 (identifying Andrews, Bonnett, Cotichini and Hayward), 2014-2017 (claim charts for each reference).

Publicly available information confirms that Microsoft has a long-standing practice of offering indemnification to the PC Manufacturers. *See, e.g.,* Ex. 2018,

Ex. 2019 (“Microsoft has offered indemnification protection to our customers for years.”). The clandestine appearance of Microsoft’s counsel in two of the pending district court litigations confirms that the PC Manufacturers requested Microsoft’s involvement, and Microsoft is indemnifying and defending the PC Manufacturers against the claims in the district court litigations at their behest. Petitioner’s counsel’s furtive conduct, viewed in conjunction with a subsequent appearance to represent Dell and HP in the district court cases, leaves no doubt that non-parties to this Petition have a “preexisting, established relationship with the petitioner.” *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018) (“AIT”).

B. The PC Manufacturers are Real Parties-in-Interest

“Determining whether a non-party is a ‘real party in interest’ demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.” *Id.*

As articulated by the Federal Circuit, in determining whether the PC Manufacturers are RPIs in this case, the Board should consider (1) whether PC Manufacturers’ have an interest in and will benefit from Petitioner’s actions and (2) whether Petitioner can be said to be representing PC Manufacturers’ interest or acting as a proxy for the PC Manufacturers. *See id.* at 1353. Although there are

many factors relevant to the RPI inquiry, important inquiries are whether a non-party “desires review of the patent” and whether the petition was filed at the behest of a non-party. TPG 14, 16–17; *AIT*, 897 F.3d at 1351 (quoting with approval the TPG’s inquiry into whether the “petition has been filed at a nonparty’s ‘behest’”).

The Board’s precedential decision in *Ventex Co. v. Columbia Sportswear N.A., Inc.*, compels a finding that the PC Manufacturers are RPIs. IPR2017-00651, Paper 148 (PTAB Jan. 24, 2019). In *Ventex*, the Board found that Ventex’s customer, Seirus, who had been sued by the patent owner for infringement, was an RPI. *Id.* at 7-11. Ventex manufactured Heatwave fabric for Seirus and indemnified Seirus against legal claims related to that material. *Id.* at 7. Seirus’ products that were accused of infringement incorporated the Heatwave fabric made by Ventex. *Id.* “In that sense,” the Board explained, “Seirus is a clear beneficiary of Ventex’s efforts in this *inter partes* review, and it follows readily that Ventex represents Seirus’s interests in this proceeding.” *Id.* at 8. The Board found that “[b]ased on our review of the contractual relationship between the parties and the record as a whole, we conclude that Seirus will benefit from Ventex’s actions and Ventex represents Seirus’s interests in this action.” *Id.* at 10.

Consideration of the factors addressed in *Taylor v. Sturgell* provide further support that the PC Manufacturers are RPIs. 553 U.S. 880, 894–95 (2008). Those factors apply to real party in interest as well as privity inquiries. *See AIT*, 897 F.3d

at 1360 (Reyna, J., concurring) (“The Supreme Court did not limit the application of the framework to either real party in interest or privity; it equally applies to both.” (citing *Taylor*, 553 U.S. at 894 n.8)). In *Taylor*, the Supreme Court provided a non-exhaustive list for examining whether the legal relationship between two parties establishes that one is the privy of the other: (1) an agreement between the parties to be bound; (2) pre-existing substantive legal relationships between the parties; (3) adequate representation by the named party; (4) the nonparty’s control of the prior litigation; (5) where the non-party acts as a proxy for the named party to relitigate the same issues; and (6) where special statutory schemes foreclose successive litigation by the non-party (e.g., bankruptcy and probate). 553 U.S. at 893-85. A finding under any factor can establish privity and RPI. *PayPal, Inc. v. PersonalWeb Techs., LLC*, IPR2019-01111, Paper 27 at 12 (PTAB Nov. 22, 2019) (“Each ground alone is sufficient to establish privity between a nonparty and a named party in the prior litigation.” (citing *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1319-20 (Fed. Cir. 2018))).

Here, Petitioner’s counsels’ stealthy activities in a district court meet and confer and subsequent appearance to represent the PC Manufacturers in the district court cases is strong evidence that Microsoft is representing the PC Manufacturers’ interests pursuant to a pre-existing legal relationship and the PC Manufacturers are the beneficiaries. It is the PC Manufacturers who stand accused of infringing the

'649 patent in the district court litigation and who will benefit from this IPR. Beyond this, just as in *Ventex*, the business relationship between Petitioner and the PC Manufacturers, and Petitioner's desire to shield its customers from infringement lawsuits, "strongly suggest" that Microsoft filed the Petition, at least in part, on the PC Manufacturers' behalf. *Ventex*, Paper 148 at 9.

Microsoft cannot dispute that it has a longstanding business relationship with the PC Manufacturers and is indemnifying and defending the underlying district court litigation at the request of the PC Manufacturers. Petitioner is thus acting as a proxy for the PC Manufacturers in order to avoid the estoppel effects of this proceeding, *i.e.*, to wrongly provide the parties with two bites at the apple. Microsoft is a privy **and** the PC Manufacturers are RPIs. *See PayPal*, Paper 27 at 20-23 (finding Amazon was a privy to Petitioners based on indemnification obligations); *see also Intel Corp. v. U.S. Int'l Trade Comm'n*, 946 F.2d 821, 839 (Fed. Cir. 1991) (finding an indemnification agreement alone enough to find privity); *AIT*, 897 F.3d at 1362 (Reyna, J. concurring) (finding under *Taylor*, "non-party preclusion could apply between an indemnitor and an indemnitee."). There simply cannot be any credible assertion that a determination of invalidity based on this Petition would not inure to the benefit of the PC Manufacturers in the district court litigations.

C. The Board Should Address Now Whether the Real Parties-in-Interest Were Improperly Excluded

Contrary to Petitioner's claim (Pet., vii), whether the PC Manufacturers are RPIs should be resolved at this time. A petition will be accorded a filing date and may be considered *only* if it "identifies all real parties in interest." 35 U.S.C. § 312(a)(2); 37 C.F.R. §§ 42.106, 42.104, 42.8(b)(1). The Petition currently is defective under § 312(a)(2) because it fails to properly identify RPIs.

Any amendment by Microsoft to properly identify the RPIs at institution decision would be futile, as the Petition's new filing date would be more than a year after the filing of the litigation. The Board should not allow amendment without a new filing date, as the record here demonstrates that Microsoft is engaging in bad faith gamesmanship by attempting to shield clear beneficiaries from estoppel implications, while at the same time wrongly forcing Softex to brief this issue notwithstanding clear Supreme Court and Federal Circuit precedent establishing that the PC Manufacturers are RPIs. *See Aerospace Commc'ns Holdings Co. v. Armor All/Step Prods. Co.*, IPR2016-00441, Paper 12 at 3 (PTAB June 28, 2016) (permitting amendment and maintaining original filing date only "[a]bsent any indication of an attempt to circumvent estoppel rules, a petitioner's bad faith, or prejudice to a patent owner caused by the delay." (quoting *Elekta, Inc. v. Varian Med. Sys., Inc.*, IPR2015-01401, Paper 19 at 3 (PTAB Dec. 31, 2015))).

Furthermore, discussed in detail *infra*, Petitioner seeks to simultaneously litigate the same invalidity contentions in two fora. Petitioner has purposefully omitted the PC Manufacturers and intends to pursue the *same* prior art grounds simultaneously before the PTAB and in district court *through* the PC Manufacturers. This type of sophistry is precisely the reason why RPI requirements exist—to prevent a patent owner from being dragged into an IPR by a petitioner and then “forced to defend against later judicial or administrative attacks on the same or related grounds by a party that is so closely related to the original petitioner as to qualify as a real party in interest.” *AIT*, 897 F.3d at 1350. *Unified Patents, LLC v. MemoryWeb, LLC* and *SharkNinja Operating LLC v. iRobot Corp.*, cited by Petitioner, are thus inapplicable here as Petitioner has purposefully omitted parties to gain a strategic advantage and has *not* offered to add the parties as RPIs. *See* Pet., vii (citing *Unified Patents*, IPR2021-01413, Paper 76 at 4-5 (PTAB May 22, 2023); *SharkNinja Operating*, IPR2020-00734, Paper 11 at 18-20 (PTAB Oct. 6, 2020)). The Board should find that the Petition is defective under § 312(a)(2) and deny institution.

VII. THE BOARD SHOULD EXERCISE ITS DISCRETION UNDER 35 U.S.C. § 314(A) TO DENY THE PETITION

The Board should separately exercise its discretion under 35 U.S.C. § 314(a) to deny the Petition based on the state of the related litigation. Institution of an *inter*

partes review is discretionary. *See* 35 U.S.C. § 314(a) (stating “[t]he Director *may not* authorize an inter partes review to be instituted...” (emphasis added); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”). Under § 314(a), the Board, on behalf of the Director, possesses “broad discretion” in deciding whether to institute an *inter partes* review. *See Saint Regis Mohawk Tribe v. Mylan Pharms. Inc.*, 896 F.3d 1322, 1327 (Fed. Cir. 2018).

The Board’s precedential decisions in *Apple Inc. v. Fintiv Inc.* and *NHK Spring Co., Ltd. v. Intri-Plex Technologies, Inc.* explain that the Board should consider “whether efficiency, fairness, and the merits support the exercise of authority to deny institution.” IPR2020-00019, Paper 11 at 5 (PTAB Mar. 20, 2020) (precedential); IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential). The advanced state of a parallel district court action may warrant exercising discretion on behalf of the Director to deny a petition for *inter partes* review. *See NHK Spring*, Paper 8 at 20; *Fintiv*, Paper 11 at 5–6, 8. Here, the Board should exercise the discretion to deny institution based on the state of the district court litigations and its precedent under *NHK Spring* and *Fintiv*.

A. Discretionary Denial is Appropriate Under *Fintiv*

The Board’s precedential decision in *Fintiv* identified six factors for consideration in determining whether to deny institution under § 314(a) where there is co-pending district court litigation:

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 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.

Fintiv, Paper 11 at 5–6.

In evaluating these factors, the Board “takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* at 6. The analysis is guided by the USPTO Director’s Memorandum issued on June 21, 2022, titled “Interim Procedure for Discretionary Denials in AIA Post Grant Proceedings with Parallel District Court Litigation” (“Interim

Procedure”).³ As stated in the Interim Procedure, the *Fintiv* factors “focus on the interplay between IPRs and district court litigation,” and “[t]hrough that focus, the *Fintiv* factors seek to avoid duplicative efforts between the PTAB and federal district courts.” Interim Procedure, 6.

Here, institution of this Petition would be inefficient because it is based on prior art that was already advanced in the district court litigation. Microsoft, through the PC Manufacturers, already submitted invalidity contentions on June 29, 2023 with the same arguments that Petitioner advances here, *prior to filing this Petition*. Ex. 2013. This proceeding would not be the only forum addressing invalidity challenges to the ’649 patent—three additional district court cases are already addressing the same invalidity challenges. This reason, as well as other *Fintiv* factors, favors discretionary denial.

³United States Patent and Trademark Office, Interim Procedure for Discretionary Denials in AIA Post Grant Proceedings with Parallel District Court Litigation (June 21, 2022),

https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621.pdf.

1. The Parallel Texas District Court Litigations

Two district court cases are currently pending involving the '649 patent against Dell and HP in the Western District of Texas. An additional case alleging infringement of the '649 patent against software manufacturer Absolute is also pending in Texas. *Softex LLC v. Absolute Software Corp.*, Case No. 1:22-cv-01308 (W.D. Tex.). In each of these cases, five additional patents and concomitant causes of action are asserted. *E.g.*, Ex. 2003.

In these co-pending cases, Softex already defeated Dell's and HP's motion to dismiss the complaint. *E.g.*, Ex. 2020. The district court also has received briefing, heard oral argument, and issued an order denying Dell's and HP's attempt to stay the case under the customer suit exception and traditional stay factors. Ex. 2021. Scheduling Orders have been entered that place the Dell, HP and Absolute cases on the same schedule. Exs. 2022-2024. Initial infringement and invalidity contentions have been exchanged. Ex. 2022. Invalidity contentions asserting the same grounds as the Petition were served in the Texas cases on June 29, 2023. Exs. 2013-2017. Fact discovery is ongoing, *see* Ex. 2022, with multiple rounds of written discovery exchanged and depositions noticed for completion before institution decision. *See, e.g.*, Exs. 2025-2027. The claim construction briefing process will be completed in December 2023. *See* Ex. 2022.

2. Factor 1: The Court Has Not Stayed the District Court Case and is Highly Unlikely to Do So

A stay of a related proceeding pending resolution of the PTAB trial “allays concerns about inefficiency and duplication of efforts.” *Fintiv*, Paper 11 at 6. No party has moved to stay the ongoing Texas district court cases in view of the IPR filing nor indicated an intent to do so. Even if any party does so move, multiple considerations indicate that a stay will almost certainly not be granted in the related litigation. Dell and HP already lost an attempt to stay the case under the same factors the court would address if they did move. *See MiMedx Grp., Inc. v. Tissue Transplant Tech. Ltd.*, No. SA-14-CA-719, 2015 WL 11573771, at *2 (W.D. Tex. Jan. 5, 2015); *Dwyer v. USAA Sav. Bank*, No. SA-17-CA-252-FB, 2017 WL 7805760, at *1 (W.D. Tex. Nov. 21, 2017). And, Western District of Texas has typically denied motions to stay litigations based on instituted IPR proceedings. *See, e.g., Ravgen, Inc. v. Lab’y Corp. of Am. Holdings*, No. W20-CV-00969-ADA, 2022 WL 4240937 (W.D. Tex. Aug. 16, 2022) (denying post-institution motion to stay); *Sonrai Memory Ltd. v. LG Elecs. Inc.*, No. 6:21-cv-00168-ADA, 2022 WL 2307475 (W.D. Tex. June 27, 2022) (same).

Additionally, the ’649 patent is only one of six patents asserted in the parallel district court litigations, and IPRs have not been filed for the other five patents, making a stay highly unlikely. *See Smart Mobile Techs. LLC v. Apple Inc.*, No. 6:21-

CV-00603-ADA, 2023 WL 5051374, at *5 (W.D. Tex. Aug. 8, 2023) (denying a stay where PTAB denied institution on one asserted patent and the IPRs would therefore not resolve the action). Accordingly, *Fintiv* Factor 1 favors discretionary denial. See *Samsung Elecs. Co., Ltd. v. Cal. Inst. Tech.*, IPR2023-00137, Paper 10 at 11 (PTAB May 4, 2023) (finding Factor 1 favors discretionary denial when stay is unlikely).

3. Factor 2: Trial May Proceed Before Final Written Decision

If the Petition is instituted, final written decision is due by January 2025. The Scheduling Order in the parallel district court litigation contemplates completion of pre-trial dispositive motions in September 2024. *E.g.*, Ex. 2022. Though no trial date is set, trial may be scheduled before or around final written decision. This factor favors discretionary denial or should be considered neutral, with denial of institution favored under the other *Fintiv* factors. See *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 15 (PTAB Dec. 1, 2020); see also *Fintiv*, Paper 11 at 9 (“If the court’s trial date is at or around the same time as the projected statutory deadline or even significantly after the projected statutory deadline, the decision whether to institute will likely implicate other factors discussed herein, such as the resources that have been invested in the parallel proceeding.”).

4. Factor 3: The Parties and the Court Have Invested Substantial Resources into the Litigation and Will Invest Even More Before an Institution Decision

The parties and the district court have invested substantial resources into the co-pending litigations. Initial infringement and invalidity contentions have already been served. Fact discovery is ongoing and will only be a few months from completion at the time of institution decision. The claim construction process is started and briefing will complete a month before an institution decision, with the *Markman* hearing to follow. Moreover, Softex already prevailed on *multiple* attempts by Dell and HP to dismiss and stay the co-pending cases. Accordingly, *Fintiv* Factor 3 favors discretionary denial. *See Fintiv*, Paper 15 at 14 (reasoning that factor 3 favored discretionary denial based on efforts already invested into claim construction and invalidity contentions).

5. Factor 4: There is Complete Overlap of Issues Raised in the Petition and District Court Cases

This factor evaluates “concerns of inefficiency and the possibility of conflicting decisions” when substantially identical prior art is submitted in both the district court and the *inter partes* review proceedings. *Fintiv*, Paper 11 at 12. The Board should consider whether “the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding.” *Id.* The parties’ invalidity contentions in the district court rely on the *same* prior art grounds advanced in the Petition. Concerns of inefficiency and the

possibility of conflicting decisions are thus particularly strong here and favor denial. *See Fintiv*, Paper 15 at 15; *see also ZTE (USA) Inc., v. Fractus, S.A.*, IPR2018-01451, Paper 12 at 20 (PTAB Feb. 19, 2019) (denying institution where the Board was “persuaded that granting institution would have the Board consider the same prior art and essentially identical evidence and arguments already under consideration in the Texas District Court Case”).

And, though fewer claims are at issue in the district court litigations,⁴ the parties broadly make the *same* arguments using the *same* references as the Petition with respect to the limitations found in the Challenged Claims. *See, e.g.*, Ex. 2013 at 23 (citing Andrews, Bonnett, Cotichini, and Hayward as “Non-Modifiable Memory Area References”); 33-34 (citing Andrews as a “Disable Reference”); 39 (citing Andrews and Hayward as “Data Destruction References”); 40-41 (citing Andrews, Hayward and Cotichini as “Data Copying References”); 51 (citing Andrews, Hayward and Cotichini as “Interval Messaging References”); 53-54 (citing Andrews and Hayward as “Registration References”); 56-57 (citing Andrews, Hayward and Cotichini as “Automatic Identification References”); 74-77 (incorporating all of these in the invalidity analysis). It is still inefficient to proceed here because the district court will resolve validity of enough overlapping claims

⁴ Softex asserts claims 1, 7, 9 and 15 of the ’649 patent in the Texas cases.

and limitations to resolve key issues in the Petition. *See Fintiv*, Paper 11 at 13; *Next Caller Inc. v. TrustID Inc.*, IPR2019-00961, Paper 10 at 14-16 (PTAB Oct. 16, 2019) (denying institution where the district court involved only a subset of claims at issue in the petition because the claims all are directed to the same subject matter).

Moreover, Petitioner opted not to present a *Sotera* stipulation⁵ in its Petition, nor have all RPIS submitted a *Sotera* stipulation, which would leave Microsoft free to continue pursuing its arguments through the PC Manufacturers even if it did submit a *Sotera* declaration. Accordingly, *Fintiv* Factor 4 favors discretionary denial. *See Fintiv*, Paper 15 at 15 (“[B]ecause the identical claims are challenged based on the same prior art in both the Petition and in the District Court, this factor weighs in favor of discretionary denial in this case.”).

6. Factor 5: Petitioner and the Defendants in the District Court Case are the Same Party

While Petitioner is not a named party to the Texas litigations involving the PC Manufacturers, there can be no reasonable doubt that Petitioner is directing and controlling defense of those proceedings, including the invalidity challenges. As discussed *supra*, Petitioner is indemnifying and defending the PC Manufacturers in the parallel district court proceedings and its counsel has appeared in the Dell and HP district court litigations. Accordingly, *Fintiv* Factor 5 favors discretionary

⁵ *See* Interim Procedure, 3 (citing *Sotera*, Paper 12 (precedential as to § II.A)).

denial. *Fintiv*, Paper 15 at 15; *see also Cisco Sys., Inc. v. Estech Sys., Inc.*, IPR2021-00333, Paper 12 at 14 (PTAB July 7, 2021) (“We conclude from the undisputed facts that although Petitioner is not a party, the overlap between the defendants in the Texas Litigations and the real parties-in-interest in this proceeding who have participated in the Petition is substantial, and favors exercising our discretion to deny institution.”).⁶

7. Factor 6: Fatal Flaws in the Petition Favor Discretionary Denial

Given the flaws in the Petitioner’s arguments discussed *infra* in Section VIII, the Petition falls well-short of the “compelling merits” standard required to avoid a discretionary denial based on *Fintiv* Factors 1-5. *See* Interim Procedure, 4; *see also Samsung*, Paper 10 at 15-16. No challenge by Petitioner is sufficiently strong to override concerns about duplication of efforts by the Board and the district court. This factor, too, favors discretionary denial.

⁶ Even when a petitioner is unrelated to a defendant (which is not the case here), if the issues are the same as, or substantially similar to, those about to be litigated, the Board may, nonetheless, exercise the authority to deny institution. *Fintiv*, Paper 11 at 14. Microsoft failed to even address the district court proceedings involving the ’649 patent and discuss why addressing the same or substantially the same issues would not be duplicative, as it should have. *See id.*; Pet., 84-86.

B. Other Circumstances Weigh in Favor of Discretionary Denial

The *Fintiv* factors are not exclusive and the Board can consider other evidence that bears on its discretion under § 314(a). The Board may deny institution if other pertinent circumstances are present, such as abuse of process by a petitioner. Interim Procedure, 9. Here, Microsoft's efforts to provide the PC Manufacturers two bites at the validity apple further warrants denial of institution. Microsoft cannot in good faith dispute that the PC Manufacturers are RPIs based on binding Federal Circuit and Supreme Court precedent. Instead, Microsoft is forcing Softex to brief the issue and endure increased costs and effort, when it will undoubtedly seek to amend the Petition to concede the RPIs following Softex's preliminary response.

Moreover, Microsoft misleadingly claims to this Board that it "is not a defendant in any of the parallel cases" in an attempt to avoid discretionary denial under *Fintiv*. Pet., 85. Microsoft cannot dispute that it has stepped into the shoes of the PC Manufacturers in the district court litigations to meet its obligations and defend the litigation as the Microsoft software is directly implicated in the infringement allegations concerning the '649 patent. Despite its clandestine early efforts to hide its involvement in the district court cases, Microsoft's *same* counsel in this proceeding have entered appearances in the district court litigations. To initiate indemnification, the PC Manufacturers must give control of the case to Microsoft by tendering the defense, and Microsoft is now representing their interests

through its counsel. Microsoft’s contention that it is not a defendant wrongly omits the crucial fact that it is defending its customers against the allegations of infringement of the ’649 patent based on Microsoft software in the PC Manufacturers’ computers. *See* Ex. 2028 at 1; Ex. 2029 at 1 (Microsoft arguing it is a “true defendant” in litigation against Dell and HP involving infringement allegations against Windows functionality).

The Board should not countenance such behavior. Microsoft’s chicanery and misleading statements further weigh in favor of discretionary denial.

**VIII. PETITIONER HAS NOT ESTABLISHED A REASONABLE
LIKELIHOOD OF PROVING ANY CHALLENGED CLAIM IS
INVALID**

Petitioner bears the “burden to prove that all claimed limitations are disclosed in the prior art.” *PAR Pharm., Inc. v. TWI Pharms., Inc.*, 773 F.3d 1186, 1194 (Fed. Cir. 2014). Petitioner has not met that burden. The Petition fails to present a reasonable likelihood of success because *all grounds* fail to disclose or suggest the claimed “automatically sending identifying information for the mobile electronic device to the security service” and “accepting a notification at the mobile electronic device from the security service” limitations of each independent claim.

A. Limitations [1E]/[9C]/[17D]/[25C]: “automatically send[ing] identifying information for the mobile electronic device to the security service”

Petitioner relies on Andrews for the so-called “Sending Identifying Information Limitations” ([1E]/[9C]/[17D]/[25C]) in the independent claims for all grounds in the Petition. Pet., 21-24, 58-59, 69-74, 79; Ex-1003, ¶¶ 153-156, 204, 225, 244, 319, 341, 361, 379, 437, 466, 486, 504.

By the plain language of the claims, this limitation of each independent claim requires *automatically* sending identifying information *for the electronic device*. In one embodiment in the specification, this is described as automatically happening at startup, so that the system can use this information to determine whether registration is required. Ex-1001, 26:42-56; *see also id.*, 1:48-52 (“If the electronic device is not registered for ESTSM services, then upon first time power-on and connection to the ESTSM server of the electronic device that includes ESTSM software and firmware, the user is prompted to register for different ESTSM services.”). The initial query to the ESTSM server identifies the electronic device by the device system information, such as the serial number and model number, and no other user information is sent. *Id.*, 26:48-51; *see also id.*, Fig. 55 (showing sending “system information to ESTSM server” after startup). If the identifying information indicates that the device is registered with the ESTSM server, the electronic device can then

receive a response from the ESTSM server indicating whether or not the electronic device is reported stolen. *Id.*, 26:57-61, Fig. 55.

Petitioner first points to Andrews' disclosure of the "hardware and software configuration" of the device that is determined after the registration process has been initiated by the user. Pet., 21-23; Ex-1005, 16:11-14, 24:16-19, 35:15-26:6; Ex-1003, ¶¶ 153-155. This fails to disclose or suggest the claimed limitation for multiple reasons. **First**, Petitioner fails to point to any disclosure of "identifying information for the electronic device." Hardware and software configuration does not identify the electronic device, *e.g.*, such that it can be used to determine whether the device is registered or stolen in accordance with the operation of the claimed invention, and this disclosure of Andrews does not meet the plain language of the claims. Indeed, Petitioner's expert does not opine that this information is "identifying information for the electronic device" but merely "pieces of information [that] describe[] an aspect of the client device." Ex-1003, ¶ 153. Nothing disclosed in Andrews *identifies the device*, as opposed to describing components such as the modem, browser or operating system types, which can be the same for multiple devices.

Second, there is no disclosure in Andrews of "identifying information" being *sent automatically*. Andrews discloses that the user must initiate the registration process first before any information is sent. Ex-1005, 24:19-21 ("The hardware and

software configuration is typically entered by the user, or alternatively detected by the client software, during the registration process.”); *see also id.*, 16:9-11 (“Client software 112 typically includes a registration program 120 configured to receive user information”); Pet., 17 (“The ‘client software 112’ *enables an owner of the device to request to register the device* with the remote host computer.”); Ex-1003, ¶ 149 (“In my opinion, Andrews discloses that the ‘client software 112’—and, more specifically, the registration program—*enables an owner of the device to request to register the* portable computing device with the host computer (and its associated database).”) (emphasis in originals).

At best, the Andrews disclosure relied on by Petitioner and its expert suggests that the client software can *detect* or *determine* the hardware and software configuration *during the registration process*. And, while Petitioner claims “[a] POSITA would have understood Andrews to disclose automatically sending this information from the portable computing device to the host computer” (Pet., 24 (citing Ex-1003, ¶¶ 154-155; Ex-1005, 24:16-21)), the Andrews disclosure cited in the Petition does not disclose *automatically sending* the hardware and software configuration and the disclosed “registration process” counsels against any automatic process. Petitioner cannot rely on the *ipse dixit* of its expert to fill in a claim limitation. *See Arendi S.A.R.L. v. Apple Inc.*, 832 F.3d 1355, 1362 (Fed. Cir. 2016). This opinion is also directly contrary to the disclosure of Andrews, which

clearly shows that sending any hardware or software configuration happens only *after* the user has initiated and completed the registration process, and not automatically as claimed. *See* Ex-1005, Fig. 12. That the information in Andrews is *not* sent automatically as claimed is demonstrated by Figure 12, showing that the registration information (entered by the user) is sent *with* the hardware and software configuration at the same time. *Id.*

Therefore, contrary to Petitioner’s argument (Pet., 24), the user does initiate the sending of any hardware or software configuration through completion of the registration process. Petitioner’s further attempt to rely on Andrews’ disclosure of the registration program sending a “product identifier” fails for the same reasons. Pet., 24; Ex-1003, ¶ 156; Ex-1005, 18:7-10 (“Product identifier 124 is a code assigned to the particular version of client software 112 on personal computing device 14. The product identifier is used by the host to determine what type of product is installed on portable computing device 10.”); 33:23-34:2 (“The registration program may gather different information depending on the type of client software 112 installed on portable computing device 14.”); 34:2-13 (referencing a product identifier 124 stored within the client software that indicates whether it is a security product or a content distribution product). The product identifier disclosed in Andrews is not the claimed “identifying information for the electronic device,” as this information at best indicates what software product is on

the electronic device and is also gathered as registration information via the registration program. Ex-1005, 33:21-23 (“As shown in Fig. 12, if it is determined at 260 that the client software 112 is not registered, the method 250 typically further includes requesting registration information at 270 via registration program 120.”).

“[T]he ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention.” *Phillips*, 415 F.3d at 1313. “[T]he person of ordinary skill in the art is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification.” *Id.* When read in the context of the claim and the specification, the claimed “identifying information” is identifying the *device*, not the software or a component, and is necessary for the claimed operation. Simply detecting and sending “pieces of an aspect of a client device” or a product identifier during registration does not disclose or suggest the claimed operation.

Andrews fails to disclose the claimed “automatically sending identifying information for the electronic device.” And, because Andrews is the reference relied on for this claim limitation for all grounds presented in the Petition, and for each Challenged Claim as presented in the Petition, the Petition must fail. *See Harmonic*, 815 F.3d at 1363 (“In an IPR, the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable.”); *see also* 37 C.F.R.

§ 42.104(b)(3)-(4) (requiring a petition for *inter partes* review to identify how the challenged claim is to be construed and where each element of the claim is found in the prior art patents or printed publications relied upon).

B. Limitations [1G]/[9E]/[17F]/[25D]: “accepting a notification at the mobile electronic device from the security service”

Petitioner relies on Andrews for the so-called “Security Notification Limitations” ([1G]/[9E]/[17F]/[25D]) for all grounds in the Petition. Pet., 27-28, 58-59, 69-74, 79; Ex-1003, ¶¶ 168-171, 208, 229, 246, 323, 345, 365, 381, 441, 470, 490, 506. In turn, Petitioner further relies on its discussion of the so-called “Periodic Communications Limitations” to support its argument that Andrews discloses the “Security Notification Limitations.” Pet., 27. Specifically, Petitioner claims Andrews discloses that “the host computer sends to the portable computing device a ‘reported status 148 of portable computing device.’” Pet., 25; *see also* Pet., 27-28 (“[D]uring operation the computing device receives a ‘reported [device] status’ in response to periodically establishing communication with the host computer. This ‘reported [device] status’ is ‘typically reported by an interest holder in a portable computing device, ... such as a corporate or individual owner of the device.’” (quoting Ex-1001, 19:6-13)); Ex-1003, ¶ 127 (“In response to checking in with the host computer, client software receives a ‘reported stats [*sic*] 148 of portable computing device 14.’ Andrews, 19:6-13.”).

The “reported status 148 of portable computing device” that the Petition relies on, however, is *not* a status reported *from* the host computer to the portable computing device. The disclosure from Andrews relied on in the Petition makes clear that the “reported status” is reported to the host computer by an interest holder via suitable communications methods:

Client data 100 also typically includes a reported status 148 of portable computing device 14. The status of portable computing device 14 is typically reported by an interest holder in portable computing device 14. As used herein, the term “interest holder” refers to a party who has an interest in the portable computing device, such as a corporate or individual owner of the device, a lessor, lender, or other financier of the device, or a user of the device. The status may be reported via a telephone call, email, online form, or virtually any other suitable communications method.

Ex-1005, 19:6-13. Andrews does not disclose, as Petitioner and its expert claim, that the computing device receives the “reported status 148” from the host computer.

As the claim language of the “Security Notification Limitations” requires “accepting a notification at the mobile electronic device from the security service,” Petitioner has not presented a sufficiently clear mapping or analysis of limitations [1G]/[9E]/[17F]/[25D] as it was required to do. *Amazon Web Services, Inc. v. Saint Regis Mohawk Tribe*, IPR2019-00103, Paper 22, at 17 (PTAB May 10, 2019) (“The burden is on Petitioner, not the Board, to specify with particularity how [the prior art] teaches [the claimed elements].”); see also *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1369 (Fed. Cir. 2016) (“It is of the utmost

importance that petitioners in the IPR proceedings adhere to the requirement that the initial petition identify ‘with particularity’ the ‘evidence that supports the grounds for the challenge to each claim.’” (quoting 35 U.S.C. § 312(a)(3))).

C. Petitioner Cannot Fill in These Missing Limitations with § 103

Though the Petition purports to rely on an obviousness ground for Andrews alone, the Petition fails to set forth such a basis. Ground 1A, which the Petition characterizes as a ground under “102/103” (Pet., 1, 2, 9) and relies exclusively on for limitations [1E]/[9C]/[17D]/[25C] and [1G]/[9E]/[17F]/[25D], contains no actual obviousness analysis and does not even mention “obvious” in the analysis of the independent claims—which is a fatal flaw for an obviousness ground. *Kranos Corp. v. Riddell, Inc.*, IPR2016-01646, Paper 10 at 68 (PTAB Feb. 14, 2017) (“[O]bviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” (quoting *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007))).

It is well established in patent law that: “The question of obviousness is resolved on the basis of underlying factual determinations, including (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of skill in the art; and (4) where in evidence, so-called secondary considerations.” *Apple Inc. v. Yu*, IPR2019-01258, Paper 29 at 39 (PTAB

Jan. 5, 2021) (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966)). By not addressing what is missing from Andrews such that an obviousness modification would be made, for example, the Petition’s analysis is flawed at least with respect to the second *Graham* factor.

Additionally, the Petition does not analyze for Andrews whether a POSITA would have had a reasonable expectation of success regarding any hypothetical obviousness implementation (to the extent the Petition even sets forth an obviousness argument, which Softex does not concede)—which is a required component of obviousness analysis even for a single-reference obviousness ground as in the Petition. *In re Stepan Co.*, 868 F.3d 1342, 1346 n.1 (Fed. Cir. 2017) (“The dissent suggests the PTO need not establish a reasonable expectation of success where there is a single prior art reference. ... We do not agree.”).

Petitioner has only presented analysis regarding what Andrews allegedly ***discloses*** for limitations [1E]/[9C]/[17D]/[25C] and [1G]/[9E]/[17F]/[25D], not what it renders obvious. And, the Board cannot deviate from what is presented in the Petition. *See M & K Holdings, Inc. v. Samsung Elecs. Co.*, 985 F.3d 1376, 1385 (Fed. Cir. 2021). Any deviation from what is presented by the Petition would create unfair surprise and violate the Administrative Procedures Act (APA). *See id.* at 1384. Petitioner is, therefore, confined to its arguments for the claims challenged in each ground as to what Andrews allegedly ***discloses***. Petitioner cannot win on an

obviousness ground for the above limitations of the independent claims when Petitioner and its expert have not even addressed any obviousness analysis or what is missing from Andrews that Petitioner might be using obviousness to bridge.

IX. CONCLUSION

For all the reasons discussed above, the Board should deny institution of Microsoft's Petition for *inter partes* review of the '649 patent.

Dated: October 24, 2023

Respectfully submitted,

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CERTIFICATE OF WORD COUNT

The undersigned hereby certifies that the portions of the above-captioned **PATENT OWNER'S PRELIMINARY RESPONSE** specified in 37 C.F.R. § 42.24 have 10,471 words, in compliance with the 14,000 word limit set forth in 37 C.F.R. § 42.24(b)(1). This word count was prepared using Microsoft Word 2016.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing **PATENT OWNER'S PRELIMINARY RESPONSE** and supporting exhibits were served electronically via e-mail on October 24, 2023, in its entirety on the following counsel of record for Petitioner:

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