

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION

Petitioner,

v.

SOFTEX, LLC

Patent Owner.

Case No. IPR2023-01185

Patent No. 8,506,649

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

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UPDATED APPENDIX LISTING OF EXHIBITS

Exhibit	Description
1001	U.S. Patent No. 8,506,649 (“’649 patent”)
1002	Prosecution History of U.S. Patent No. 8,506,649
1003	Declaration of John Black, PhD
1004	CV of John Black, PhD
1005	WIPO Pub. No. WO2001084455 (“Andrews”)
1006	U.S. Patent Pub. No. 2003/0051090 (“Bonnett”)
1007	WIPO Pub. No. 1998/043151 (“Cotichini”)
1008	UK Pat. App. No. GB2369205A (“Hayward”)
1009	U.S. Pat. App. 60/322,252 (“Bonnett Provisional”)
1010	Kingpin and Mudge, <i>Security Analysis of the Palm Operating System and its Weaknesses Against Malicious Code Threats</i> , Proceedings of the 10 th USENIX Security Symposium (August 13-17, 2001)
1011	U.S. Pat. No. 5,764,892
1012	U.S. Patent Pub. No. 2003/0126462
1013	U.S. Patent Pub. No. 2004/0110488
1014	U.S. Pat. No. 5,987,609
1015	Microsoft Computer Dictionary, Microsoft Press (2002 5 th ed.) (excerpts)
1016	Newton’s Telecom Dictionary, CMP Books (2003 19 th ed.) (excerpts)
1017	Webster’s New World Computer Dictionary, Houghton Mifflin (2003 10 th ed.) (excerpts)
1018	WIPO Pub. No. 1996/36194
1019	UK Pat. App. No. GB2349044A

1020	<i>Softex LLC v. Absolute Software Corp., Softex LLC v. Dell Technologies Inc., Softex LLC v. HP Inc.</i> , Joint Rule 26(f) Report and Discovery Plan
1021	Fact Sheet for Senior Judge David Alan Ezra
1022	<i>Digital cellular telecommunications system (Phase 2+); Mobile Stations (MS features)</i> (GSM 02.07), Version 5.1.0, July 1996
1023	<i>Digital cellular telecommunications system (Phase 2+); International Mobile station Equipment Identities (IMEI)</i> (GSM 02.16), Version 5.2.0, August 2000
1024	<i>Digital cellular telecommunications system (Phase 2+); Numbering, addressing and identification</i> (GSM 03.03), Version 5.0.0, March 1996
1025	United States District Courts – National Judicial Caseload Profile
1026	Andrei Khurshudov, <i>The Essential Guide to Computer Data Storage From Floppy to DVD</i> , Prentice Hall (2001) (excerpts)
1027	WDTX 1:22-cv-01309-DAE Defendants Dell Technologies Inc. and Dell Inc.’s Motion to Stay Based on New Facts
1028	WDTX 1:22-cv-01311-DAE Defendant HP Inc.’s Motion to Stay Based on New Facts
1029	EDNC 5:23-cv-90-BO Excerpts from Motion Hearing
1030	WDTX 1:23-cv-31 Order Granting Defendants’ Motion to Stay Pending <i>Inter Partes</i> Review
1031	WDTX Stay Outcomes
1032	WDTX 1:22-cv-01309-DAE Joint Claim Construction Statement
1033	WDTX 1:22-cv-01311-DAE Joint Claim Construction Statement

Patent Owner (“PO”) argues that the Board should deny institution based on (i) the real parties-in-interest (“RPI”) disclosure and (ii) under 35 U.S.C. § 314. PO’s speculative RPI argument defies clear precedent that the Board should not make an RPI determination when, as here, it is unnecessary to resolve the IPR. PO’s §314 argument should be rejected because the *Fintiv* factors do not favor denial.

I. RPI Identification Does not Warrant Denial of Institution

A. Microsoft Complied with the RPI Requirement

RPI determinations are “highly fact-dependent question[s]” that must be reserved only for situations where “necessary to resolve” the “underlying proceeding.” *Unified Patents, LLC v. MemoryWeb, LLC*, Decision Granting Director Review, IPR2021-01413, Paper 76 at 5 (2023) (“*Unified Patents*”); *SharkNinja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11 (2020) (precedential).

Here, Microsoft holds a good faith belief that Microsoft is the only RPI in this proceeding. Microsoft unilaterally decided to file the Petition after PO asserted the Challenged Patent against devices with certain Microsoft operating systems. No other party instructed Microsoft to file the Petition, was involved in preparing the Petition, or is directing, controlling, or paying for any portion of this proceeding.

Nonetheless, out of an abundance of caution and to assist the Board in identifying conflicts, Microsoft disclosed that Dell, Lenovo, and HP (the “PC Manufacturers”) “have been named as defendants in co-pending litigations”

involving the '649 Patent “based, in part, on alleged activities relating to products incorporating Microsoft software.” (Pet., vii-viii). Although the PC Manufacturers may benefit from the IPR, Microsoft was acting—and continues to act—on its own behalf to prevent invalid patent claims being asserted against it or other customers.

B. Any Further RPI Determination is Unnecessary

The Board should find that Microsoft’s disclosures are sufficient and, under *Unified Patents* and *SharkNinja*, not undertake an unnecessary RPI determination.

First, the Board has allowed petitioners to proceed with Mandatory Disclosures similar to those Microsoft filed here. *See, e.g., Qualcomm Inc. v. Daedalus Prime LLC*, IPR2023-00567, Paper 13 at 3.

Second, an RPI determination would not create §315(e) estoppel because the PC Manufacturers have not filed (or been RPI) in any other proceeding before the Board regarding, nor filed civil actions asserting invalidity of, the '649 patent.

Third, an RPI determination would not create a time-bar. The PC Manufacturers were not time-barred at filing, and Microsoft can amend its mandatory notices if required and maintain its original filing date. *Mayne Pharma Int’l Pty. Ltd. v. Merck Sharp & Dohme Corp.*, 927 F.3d 1232, 1240 (Fed. Cir. 2019).

Fourth, PO argues that absent an RPI determination, the PC Manufacturers will “avoid [] estoppel” and get “two bites at the [invalidity] apple.” (POPR, 25.) This is false. The PC Manufacturers have agreed (in motions) to be bound by the

FWD. EX1027, 11; EX1028, 11; EX1029. Moreover, PO will have a full opportunity in district court to argue that the PC Manufacturers are RPI. Indeed, for this reason, *Unified Patents* rejected this argument. *Unified Patents* at 3-5.

C. Baseless Bad Faith Claims Do Not Necessitate RPI Determination

Lacking a sound basis for the Board to make an RPI determination, PO crafts a narrative of alleged “bad faith” that, in its view, necessitates an RPI determination and denial of institution. PO’s arguments are factually and legally unsupported.

1. PO Merely Speculates About an RPI Relationship

PO lacks evidence to support that the PC Manufacturers are “clear” RPI. First, PO alleges a “long-standing practice” of indemnification. However, the evidence PO cites—EX2018 and EX2019—does not directly concern the present proceeding. The Board should find, as before, that this generalized evidence amounts to nothing more than “mere speculation” that the PC Manufacturers are RPI in “*this proceeding*.” See *Microsoft Corp. v. Koninklijke Philips*, IPR2017-01754, Paper 17 at 3-4 (2018) (rejecting similar evidence). Second, PO cites the allegedly “stealthy” conduct of the PC Manufacturers’ district court counsel. Colorful language aside, PO’s “evidence” is simply that Petitioner’s law firm also represents the PC Manufacturers and attended a Rule 26(f) discovery conference before formal appearance. PO cites no authority that mere overlap of counsel establishes an RPI relationship, let alone one so clear as to support a claim of “bad faith.”

2. PO's Case Law is Distinguishable

Contrary to PO's suggestion, *Ventex* did not hold that the mere existence of an indemnification obligation makes an indemnitee an RPI. In *Ventex*, the petitioner was an *exclusive supplier* to its customer, who was *funding the IPRs*. IPR2017-00651, Paper 148 at 7 (2019). The Board has declined to extend *Ventex* beyond those facts, not present here. *See, e.g., NOF Corp. v. Nektar Therapeutics*, IPR2019-01397, Paper 24 at 9-12 (2020) (distinguishing *Ventex*, finding indemnitee not RPI without "evidence that [indemnitee] ha[d] the right to control the filing of the current Petition"); *Google et al. v. CyWee*, IPR2018-01257, Paper 91 at 21 (2020).

Nor does *Taylor* dictate an RPI relationship. "The notion of 'privity' is more expansive [than RPI], encompassing parties that do not necessarily need to be identified in the petition as a 'real party-in-interest.'" Trial Practice Guide at 14. Even if privity existed, PO's reliance on *dicta* from a concurrence is misplaced.

II. Discretionary Denial Under 35 U.S.C. § 314 is Unwarranted

The *Fintiv* factors weigh against denial. *First*, shortly after PO filed its POPR, Dell and HP moved to stay the cases based on new facts (including the filing of this IPR) that obviate the Court's prior basis for denying a stay. EX1027-28. Contrary to PO's cherry-picked cases from a single judge not presiding over the co-pending cases, WDTX courts regularly stay cases pending IPR. *E.g., Rubin v. Kahoot! ASA et al.*, No. 1:23-CV-31, ECF No. 44 (W.D. Tex. Apr. 14, 2023) (granting pre-

institution stay) (EX1030); EX1031 (WDTX granting IPR stay motions above national average in 2023). **Second**, even absent a stay, these cases' trials will almost certainly occur after the FWD. *See* Pet., 84 (citing EX1025) (median time to trial 4 months after FWD). *CrowdStrike, Inc. v. Open Text Inc. et al.*, IPR2023-00126, Paper 33 at 5-7 (2023) (median time to trial 2 months after FWD weighed against denial); *accord LifeCORE Fitness, Inc. d/b/a Assault Fitness v. Woodway USA, Inc.*, IPR2023-00849, Paper 6 at 12-13 (2023). **Third**, investment in the litigation is limited. Claim construction briefing is underway, and neither side has proposed constructions for the '649 patent apart from plain and ordinary meaning. EX1032-33. The close of discovery is months away. EX2022-24. **Fourth**, the overlap is limited: the IPR petition challenges 21 non-asserted claims, and the PC Manufacturers agreed to be bound by the FWD. **Fifth**, the parties are different. Unlike *Cisco Sys., Inc. v. Estech Sys., Inc.*, where petitioner filed the petition primarily to benefit defendants, some of whom "participat[ed] in th[e] Petition," Microsoft unilaterally chose to file the Petition on its own behalf. IPR2021-00333, Paper 12 at 37 (2021). **Sixth**, PO's few criticisms of the merits rely on imported claim limitations (*e.g.*, POPR 41 (arguing unduly narrow interpretation of "identifying information")) or ignoring cited disclosures (*e.g.*, POPR 45-46 (ignoring EX1005 20:1-3, 21:3-11, 28:17-22)).

Dated: December 20, 2023

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CERTIFICATE OF SERVICE

Pursuant to 37 CFR §§42.6(e)(4)(i) et seq. and 42.105(b), the undersigned certifies that on December 20, 2023, a complete and entire copy of this Reply to Patent Owner's Preliminary Response and Exhibits EX1027-1032 were provided to the Patent Owner by serving the following counsel via email:

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