

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 B2

**PATENT OWNER'S SUR-REPLY TO PETITIONER'S REPLY TO THE
PRELIMINARY PATENT OWNER RESPONSE**

Exhibit	Description
2001	Biography of Blair M. Jacobs
2002	Declaration of Blair M. Jacobs
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)
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

Exhibit	Description
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.)
2022	Scheduling Order (D.I. 61), <i>Softex LLC v. Dell Techs. Inc.</i> , Case No. 1:22-cv-01309 (W.D. Tex.)
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)

Exhibit	Description
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)
2030	Excerpts of Microsoft Corporation's Responses and Objects to Softex's Subpoena, dated December 18, 2023
2031	H. Keefe Appearance (D.I. 11), <i>Softex LLC v. Dell Techs. Inc.</i> , Case No. 1:22-cv-01309 (W.D. Tex.)
2032	H. Keefe Appearance (D.I. 11), <i>Softex LLC v. HP Inc.</i> , Case No. 1:22-cv-01311(W.D. Tex.)
2033	E-mail thread between C. Beyer and J. Holley, dated between December 4, 2023 and December 7, 2023
2034	Softex's Opposition to HP Inc.'s Motion to Stay (D.I. 92), <i>Softex LLC v. HP Inc.</i> , Case No. 1:22-cv-01311(W.D. Tex.)
2035	Softex's Opposition to Dell Inc.'s Motion to Stay (D.I. 94), <i>Softex LLC v. Dell Techs. Inc.</i> , Case No. 1:22-cv-01309 (W.D. Tex.)

I. MICROSOFT DOES NOT COME CLOSE TO SHOWING THAT THE PC MANUFACTURERS ARE NOT RPIS

Microsoft's strained and incorrect interpretation of the Supreme Court's decision in *Taylor* demonstrates the paucity of support for the RPI position it now advances. According to Microsoft, "*Taylor* does not dictate an RPI relationship." Microsoft Response ("Br."), 4. Microsoft is wrong. "As stated in the Trial Practice Guide, there are 'multiple factors relevant to the question of whether a non-party may be recognized as' an **RPI**." *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1342 (Fed. Cir. 2018) (citing *Taylor v. Sturgell*, 553 U.S. 880, 893–895, 893 n.6 (2008)). *See also* Trial Practice Guide, 77 FR 48756 (citing *Taylor*).

Those factors indisputably favor a finding that the PC Manufacturers are RPIS. POPR, 24-25. Microsoft does not deny that it is representing the PC Manufacturers pursuant to a pre-existing legal relationship. *Id.* Nor that it filed the Petition, at least partially, on the PC Manufacturers' behalf. *Id.*

Microsoft attempts to evade the critical indemnification issue through deflection, arguing that Softex's evidence that Microsoft is indemnifying the PC Manufacturers purportedly "does not directly concern [this IPR] proceeding." Br., 3. Microsoft's criticism rings hollow. Despite requesting additional briefing to address the RPI issue—which it failed to adequately address in its Petition—Microsoft again declined to produce the highly relevant indemnification agreements between it and the PC Manufacturers. Br., 3 Microsoft does not deny

that it is obligated contractually to defend and indemnify the PC Manufacturers. *Id.* When asked for the agreements, Microsoft responded, “that it will not produce documents (to the extent any exist)....” Ex. 2030, 9-10.

Microsoft’s refusal to produce such critical information violates its duty of candor and is clearly an effort to obfuscate or hide the nature of its relationships with the PC Manufacturers, likely because such evidence would confirm that the PC Manufacturers are RPIs. *See* 37 C.F.R. § 42.11; 37 C.F.R. § 11.18(b)(1).

Compounding its problems, Microsoft now represents, for the first time, that its lawyers were actually representing the PC Manufacturers when they surreptitiously interloped on private meetings. Br., 3. Microsoft’s representation is false; Cooley represented the PC Manufacturers at that time. Exs. 2031-32. Microsoft’s law firm did not enter appearances for the PC Manufacturers until a month later. *Compare* Ex. 2006 (interloping occurred on April 11, 2023) *with* Exs. 2007-12 (entering an appearance in May). Microsoft misrepresents the timing of these acts because, again, the true facts damage Microsoft’s position irrevocably.

Perhaps most damaging, Microsoft fails to dispute that it copied the PC Manufacturers’ prior art and the Grounds they developed *in the litigations* to write the Petition. POPR, 21 (citing Exs. 2013-17). Microsoft bizarrely contends that despite copying the PC Manufacturers’ invalidity Grounds, the PC Manufacturers did not direct or control this proceeding. That argument simply defies logic. *See In*

re Guan Inter Partes Reexamination Proceeding, Control No. 95/001,045, Decision Vacating Filing Date, at 8 (a party that provides the prior art on which the review is based is directing or controlling the review and is an RPI).

II. The Board Needs to Make an RPI Determination

Microsoft stretches in attempting to analogize this case to *Unified Patents* and *Shark Ninja*. Unlike those cases, Microsoft obtained the PC Manufacturers' contentions, copied them, and refused to be estopped under § 315(b). While the PC Manufacturers have apparently agreed to be "bound" by the final written decision, they have refused to agree that "bound" means estopped under § 315(b) and have dodged the issue. Ex. 2033 (highlighted portions). The PC Manufacturers plainly intend to raise Grounds they could have raised should this petition be instituted and the claims survive, directly contrary to Congress' intent. Notably, Absolute Software recently filed a follow-on petition (IPR2024-00288), which also has Grounds copied from the PC Manufacturers' Grounds.

Microsoft again attempts to mislead this court by arguing that even if the PC Manufacturers were RPIs, they would not be estopped under § 315(e) because the PC Manufacturers do not challenge the validity of the '649 patent. Br. 2. This simply is not true. Microsoft literally copied the PC Manufacturer's invalidity contentions. Had the PC Manufacturers been properly listed as RPIs, they would unquestionably be estopped. *See* 35 U.S.C. § 315(e)(2).

Microsoft cites inapposite cases in trying to salvage the Mandatory Disclosure shortcomings. In *Qualcomm* the Board expressly noted “[a]t this stage, neither party challenges [the] identifications” of the real parties in interest. IPR2023-00567, Paper 13 at 3. That is very different from the situation we have here. Similarly, unlike the unnamed RPIs in *Mayne*, the PC Manufacturers have not committed to being estopped under § 315(e). *Mayne Pharma Int'l Pty. Ltd. v. Merck Sharp & Dohme Corp.*, 927 F.3d 1232, 1239 (Fed. Cir. 2019). Moreover, when Microsoft filed its petition, it failed to identify all real parties in interest, which differentiates this from *Lumentum Holdings*, upon which *Mayne* is founded. *Lumentum Holdings, Inc. v. Capella Photonics, Inc.*, 2016 WL 2736005, at *3 (PTAB Mar. 4, 2016). The Board should deny institution for failing to list all RPIs.

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

Microsoft’s additional briefing provides almost no response to Softex’s *Fintiv* arguments. Microsoft ignores that the ’649 patent is only one of six asserted in the district court litigation. Br., 4-5, POPR, 32-33. Microsoft does not respond to any of the relevant case law showing that the Western District of Texas does not stay cases when a subset of the asserted patents are challenged at the PTAB. *Id.* Instead, Microsoft baldly criticizes the clear precedent as “cherry-picked.” Br., 4. Microsoft ignores Dell and HP’s earlier losses on the customer suit exception stay motion and ignores that the renewed motions have little basis for pursuing. Exs.

2034, 2035. Equally weak is Microsoft's irrelevant case (Ex. 1030), where, unlike here, discovery had not commenced, and there was no challenge to the pre-institution motion to stay pending IPR on *every* asserted patent. Ex. 1030, 1, 2, 5. Microsoft also cites a generic statistic (Ex. 1031) that is silent about seven stayed cases, why they were stayed, or whether every asserted patent was challenged.

Next, Microsoft speculates about when the trial will occur, ignoring that pre-trial motions are due *three months* before the FWD is expected. POPR, 33. Microsoft next wrongly contends that limited discovery has occurred despite lacking knowledge of this as a third party. Br., 5. In reality, discovery has been expansive, and fact discovery cuts off in just a few months. POPR, 34. Finally, Microsoft wrongly states that "limited" overlap exists between the IPR and the district court case. Br., 5. In reality, the IPR grounds completely overlap with the invalidity contentions, and no *Stotera* stipulation has been provided. POPR, 36. The *Next Caller* and *ZTE (USA)* cases, which Microsoft failed to address, conclude this type of overlap favors denial. *Id.*, 35-36.

Lastly, Microsoft's misstatements about the party directing and controlling the district court case warrant a *Fintiv* denial. *Id.*, 36-37. Microsoft's argument also ignores that the petition overlooked claim limitation and fails to address any of the additional factors favoring denial. *Id.*, 38-39. The Board should exercise its discretion and deny IPR institution.

Dated: December 27, 2023

Respectfully submitted,

/John Holley/

John Holley

Reg. No. 65,683

JHolley@mckoolsmith.com

Blair M. Jacobs (*pro hac vice*)

BJacobs@mckoolsmith.com

Christina Ondrick

Reg. No. 46,198

COndrick@mckoolsmith.com

Elizabeth Bernard

Reg. No. 51,465

EBernard@mckoolsmith.com

MCKOOL SMITH, P.C.

1999 K St. NW, Suite 600

Washington, DC 20006

Telephone: (202) 370-8300

Facsimile: (202) 370-8344

CERTIFICATION OF SERVICE

The undersigned hereby certifies that a copy of this **PATENT OWNER'S
SUR-REPLY TO PETITIONER'S REPLY TO THE PRELIMINARY
PATENT OWNER RESPONSE** has been served on Petitioner via email on the
following counsel of record for Petitioner:

Carrie A. Beyer
FAEGRE DRINKER BIDDLE & REATH LLP
320 S. Canal St., Suite 3300
Chicago, IL 60606
carrie.beyer@faegredrinker.com

Kirstin Stoll-DeBell
Zachary D. Kachmer
FAEGRE DRINKER BIDDLE & REATH LLP
1144 15th Street, Suite 3400
Denver, Colorado 80202
kirstin.stolldebelle@faegredrinker.com
zach.kachmer@faegredrinker.com

Dated: December 27, 2023

By: /John Holley/
John Holley, Reg. No. 65,683