PUBLIC VERSION

**UNITED STATES PATENT AND TRADEMARK OFFICE**

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**BEFORE THE PATENT TRIAL AND APPEAL BOARD**

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SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC
Petitioner

v.

GREENTHREAD LLC
Patent Owner

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Case IPR2023-01244
U.S. Patent No. 11,121,222

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# PETITIONER'S AUTHORIZED REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE

Patent Owner (PO) Greenthread LLC's privity arguments are based on (a) arms-length product sales by Petitioner to Intel and [redacted]; and (b) an agreement (EX2022) between PO and a third party, RPX, that did not involve Petitioner in any respect. Patent Owner's Preliminary Response (POPR) at 1-2. Neither theory has merit. Arms-length product sales do not create privity, and PO cannot manufacture privity (between Petitioner and Intel or [redacted]) through an agreement that Petitioner was not involved in or aware of, and that does not involve Petitioner, Intel, or Sony as parties. The POPR is based entirely on PO's privity argument. The Board should reject this argument and institute *inter partes* review.

## I. THE BOARD NEED NOT ADDRESS WHETHER [redacted] IS A PRIVY

Even if [redacted] were a privy of Petitioner (which it is not), "it would not create a time bar or estoppel under 35 U.S.C. 315." *Shark Ninja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11 at 18 (PTAB Oct. 6, 2020). A gating question under Section 315(b) is whether the petition was "filed more than 1 year after the date on which [the alleged privy was] served with a complaint alleging infringement of the patent." 35 U.S.C. § 315(b). Here, PO did not add [redacted] as a party to PO's litigation campaign until PO filed a second amended complaint on January 23, 2023 in the [redacted] litigation. (EX1048). PO did not include [redacted] as a party in the original complaint (EX2018) or the first amended complaint (EX1049) in the [redacted] litigation, and PO does not argue otherwise. In sum, because PO did

not serve [redacted] with a complaint alleging infringement until January 23, 2023 or later, and because Petitioner filed its petitions in July 2023, whether [redacted] is a privy of Petitioner "has no material impact on this proceeding." *See, e.g., Google LLC v. DDC Technology, LLC*, IPR2023-00707, Paper 27 at 38-40 (PTAB Oct. 25, 2023) (declining to consider RPI issues when the alleged RPI was added as a party in an amended complaint within one year of the filing of the petition). Petitioner will not address [redacted] further in this Reply, although *every argument* and *every factual statement* made below with reference to Intel applies equally to [redacted].

## II. PETITIONER IS NOT IN PRIVITY WITH INTEL

This petition has nothing to do with Intel. Petitioner promptly filed its petitions on the '222 and '842 Patents in July 2023 after PO sued Petitioner on April 21, 2023. Although PO had previously sued Intel, Petitioner had no involvement in PO's lawsuit with Intel. Petitioner was a stranger in all respect to PO's lawsuit with Intel. On April 26, 2023, five days after PO sued Petitioner, PO notified the Board in the Intel IPRs that PO and Intel had "reached a settlement." *See, e.g.*, IPR2023-00420, Paper 8 at 3. As part of PO's "settlement" with Intel, PO and Intel jointly moved to terminate Intel's IPRs on the '222 and '842 Patents on May 18, 2023, which was a full two months before onsemi filed its petitions. Petitioner had no involvement in Intel's "settlement" with PO and was not aware that a "settlement" was even occurring.

As it turns out, PO did not "settle" with Intel. Instead, PO entered into an agreement with RPX in which PO gave RPX the right to grant a sublicense to Intel. *See* EX2022 ("the RPX Agreement"). The IPR dismissals were apparently a product of the RPX Agreement. Notably, when Petitioner filed its IPRs, Petitioner had not seen the RPX Agreement. To this day, RPX and PO have barred Petitioner from seeing an unredacted copy of the RPX Agreement. Thus, according to PO's logic, Petitioner is barred on the basis of an agreement that Petitioner is not a party to, did not negotiate, and cannot even see in its entirety.

**A. Legal Standard**

"The standards for the privity inquiry must be grounded in due process" and "the reach of privity cannot extend beyond the limits of due process." *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1319 (Fed. Cir. 2018); *see also Taylor v. Sturgell*, 553 U.S. 880, 893-95 (2008). A relationship between Petitioner and a third party does not by itself create privity. "[T]he mere existence of some relationship between a petitioner and another entity is not sufficient—that relationship must be related to the lawsuit and be sufficiently close that it can be fairly said the petitioner had a full and fair opportunity to litigate the validity of the patent in that lawsuit." *Google,* IPR2023-00707, Paper 27 at 37. The Federal Circuit in *WesternGeco* held that privity concerns "whether the petitioner and the prior litigant's relationship—as it relates to the lawsuit—is

sufficiently close that it can be fairly said that the petitioner had a full and fair opportunity to litigate the validity of the patent in that lawsuit," and "whether the petitioner is simply serving as a proxy to allow another party to litigate the patent validity question that the other party raised in an earlier filed litigation." *WesternGeco,* 889 F.3d at 1319. Here, neither prong of *WesternGeco* is satisfied.

### B. Petitioner Had No Involvement in the Intel Lawsuit, and Intel Has Had No Involvement in this Proceeding

Petitioner had no involvement in the Intel litigation, and the timing of that litigation is informative. PO and Intel filed a "Notice of Settlement" and moved for a stay of the district court action in the District of Oregon on April 12, 2023 (EX1050), which was nine days before PO sued Petitioner. Thus, before Petitioner was aware of any risk of being sued by Greenthread, PO had already resolved its dispute with Intel. In addition, any suggestion that Petitioner is "serving as a proxy" for Intel in this IPR is equally wrong. Intel has had no involvement in this proceeding. And, as a matter of logic, there is no motivation or basis for Intel to be involved in this proceeding in view Intel's settlement with PO. *See id.* (notifying the District of Oregon "that all matters in controversy between [PO and Intel] have been settled in principle"). The Board also need look no further than PO's POPR, which states on page 3 that "Greenthread granted Intel [] a license for past infringement and a license to Greenthread's patents." There is no explanation in logic, fact, or reason for Petitioner to be operating as a proxy for Intel, which is

already licensed and released. In sum, PO cannot show that Petitioner and Intel are privies under the IPR privity test set out in *WesternGeco*.

### C. Petitioner's Standard Manufacturer/Customer Relationship with Intel Does Not Create a Privity Relationship

The Federal Circuit, as well as countless Board panels, have held that a standard manufacturer/customer relationship, even with indemnity provisions, does not establish privity. *See, e.g., WesternGeco,* 889 F.3d at 1319-1322; *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1340–41 (Fed. Cir. 2018); *Samsung Electronics Co. Ltd. v. Netlist Inc.,* IPR2022-00615, Paper 64 at 22-26 (PTAB, June 30, 2023). Further, that one of "Petitioner's data sheets describe[s] its NCP81248 product as being 'optimized for Intel's . . . CPUs,' and includes an 'Intel Proprietary Interface'" (POPR, 14) is irrelevant. Product compatibility does not establish a privity relationship. *See Assa Abloy AB v. CPC Patent Tech. Pty., Ltd.*, IPR2022-01093, Paper 20 at 25-27 (PTAB Feb. 2, 2023) (sending products to Apple for certification and designing products to operate on the Apple platform does not create a privity relationship with Apple). Finally, contrary to PO's vague assertions on pages 13-15 of its POPR, there is no evidence that onsemi products were "at issue" or otherwise accused of infringement in any previous case.

The indemnification provisions in Petitioner's Standard Terms and Conditions of Sale (EX2010) ("Standard T&Cs") also do not create privity with Intel because the indemnification clause is standard and "non-specific."

*WesternGeco,* 889 F.3d at 1319-21. Contrary to PO's assertions, Section 7(b) of Petitioner's Standard T&Cs does not "require[] Petitioner 'to defend any claim' that its product 'infringes any patent.'" POPR, 18. Instead, Section 7(b) provides for indemnification, but only if, *inter alia*, Petitioner "is "promptly notified in writing of the claim." EX2010, 3. The Board has held that similar indemnification provisions are "standard" and do establish privity. *See Assa Abloy AB*, Paper 20 at 33. Petitioner did not indemnify or even receive a request for indemnification from Intel. Petitioner had and continues to have no obligation to indemnify Intel with respect to PO's long-resolved lawsuit against Intel.

PO's cited cases are distinguishable and involve involvement and control across litigation proceedings. In *Ericsson*, the agreement "obligate[d] Petitioner to indemnify" and the petitioner "ha[][d] agreed to do so." *Ericsson Inc. v. Regents of Univ. of Minnesota*, IPR2017-01197, Paper 56 at 8, 10 (PTAB Sept. 18, 2020). In contrast with the egregious facts of *Ventex*, Petitioner's standard relationship with Intel is not "exclusive" and Intel did not fund this IPR or any litigation involving Petitioner. *Ventex Co. Ltd. v. Columbia Sportswear North America,* IPR2017-00651, Paper 148 at 12-14 (PTAB Jan. 24, 2019). *Ericsson* and *Ventex* could not be more different than the present case: (1) Intel has not been involved in Petitioner's district court litigation or with this IPR; (2) Intel has not exercised any direction, control, or funding of this IPR; and (3) Petitioner was not involved in

any of the district court litigations and prior IPRs between PO and Intel.

PO's theory that, because Petitioner supplies products to Intel, Petitioner is an "agent" of Intel is also not correct. The requirements for agency are well known in American law, and do not apply to these facts: "An agency relationship is a fiduciary relationship that arises when one person (a 'principal') manifests assent to another person (an 'agent') that the agent shall act on the principal's behalf and subject to the principal's control, and the agent manifests assent or otherwise consents to act." *In re Google LLC*, 949 F.3d 1338, 1345 (Fed. Cir. 2020) (quoting Restatement (Third) of Agency § 1.01). A legal conclusion that arms-length supplier agreements create an agency relationship would be legally groundbreaking and have widespread ramifications beyond this IPR proceeding.

At bottom, Petitioner's standard relationship with Intel did not provide Petitioner a "full and fair" opportunity to challenge the validity of any patents in any previous matter. Petitioner was a stranger to the Intel litigation, with no say in how the claims were litigated and how they were resolved. Accordingly, Petitioner does not have a "substantive legal relationship" with Intel and is not in privity with Intel. *Taylor*, 553 U.S. at 893-95; *WesternGeco,* 889 F.3d at 1319-22.

### D. PO's Agreement with an Unrelated Third Party Does Not Establish a Privity Relationship Involving Petitioner

The RPX Agreement is between PO and RPX. Petitioner is not a party to the RPX Agreement, was not involved in preparing or negotiating the agreement,

and was not even aware of the agreement's existence until after it was executed. Petitioner's undersigned counsel did not receive the RPX Agreement until October 2023, and Petitioner's in-house counsel was not allowed to see a redacted version of the agreement until the beginning of November.[1]

PO's convoluted arguments about the RPX Agreement are disconnected from the central test of a privity inquiry: Is there a basis to bind Petitioner to the prior cases involving Intel? *See WesternGeco,* 889 F.3d at 1319. Viewed through that proper lens, PO's agreement with RPX is meaningless — not least because the RPX Agreement could not have provided Petitioner the ability to litigate patent

[1] Petitioner did not stick "its head in the sand" on the RPX Agreement. Although PO's counsel offered to show Petitioner's counsel a set of agreements in May 2023, the offer was in the context of settlement and an effort by PO to prove the dollar value of previous agreements. When PO refused to allow Petitioner's in-house counsel to see the proffered agreements, receiving the agreements for settlement became pointless. To be clear, PO never told Petitioner's counsel in this period that Petitioner was licensed to sell to Intel (as PO now contends). News of Petitioner's "license" to sell to Intel came up much later in October as part of PO's manufactured argument that Petitioner was actually time-barred because of an agreement that Petitioner was not a party to and, to that point, had not even seen.

validity in those prior cases; the RPX Agreement *ended* those prior cases. Moreover, there is no case law support for any suggestion that an agreement between PO and a third party (RPX) creates privity between Petitioner and another third party to the Agreement. PO is seeking to bar Petitioner from enforcing its legal rights due to an agreement that PO negotiated with a third party, RPX. No Board panel or Court has ever found privity on similar facts. PO's reliance on *Taylor* and *Ventex* as precedent for a "pre-existing substantive legal relationship test" involving Petitioner and Intel is also misplaced. In *Taylor* and *Ventex*, the agreement at issue was *between the two parties* that were purportedly in privity (*i.e.*, between A and B). These are not our facts. Nothing in *Taylor* or *Ventex* suggests that an agreement between A and B creates privity between C and D.

License and exhaustion do not establish privity between Petitioner and Intel. PO's assertion that Petitioner has *admitted* that Petitioner sold licensed products to Intel is false, and PO's allegation that Petitioner's sales to Intel are both licensed and infringing is nonsensical. A licensed sale is not infringing. 35 U.S.C. § 271(a) ("whoever without authority . . . ."). PO's apparent position is that sales to Intel are infringing in district court, but licensed here (for the sake of PO's privity argument). But any license or exhaustion outcomes are the result of *PO's actions,* beginning when PO entered the RPX Agreement, and RPX later sublicensed Intel (if such a sublicense was in fact granted). PO itself created this manufactured

privity situation, and PO cannot "ignore[] the practical consequences of its own actions that precipitated the current situation." *Assa Abloy AB v. CPC Patent Tech. Pty., Ltd.*, IPR2022-01006, Paper 47 at 18, 42, 45-47 (PTAB Nov. 30, 2023).

**E. Petitioner's Burden Shifting Arguments are Unavailing**

PO has attempted to create a narrative that Petitioner has somehow failed to prove a required negative. To allege a privity relationship, a PO must "produce *some* evidence that tends to show that a particular third party should be named a [privy]." *Worlds Inc. v. Bungie, Inc.,* 903 F.3d 1237, 1243–44 (Fed. Cir. 2018). Once the PO has made the required showing, Petitioner retains the burden of persuasion to show that its petitions are not time-barred. *Id*. at 1242.

Here, PO has not come forward with *any* evidence (much less *some* evidence) that tends to show that Intel and Petitioner are privies. The RPX Agreement, a standard manufacturer/customer relationship between Intel and Petitioner, and the lack of involvement of Intel and Petitioner in each other's proceedings *does not tend to show* privity for this proceeding. In sum, Petitioner has met its burden to show that its petitions are not time-barred. Although the Board requested that Petitioner not provide testimonial evidence with this Reply, if permitted, Petitioner could provide testimonial evidence that would directly support the factual assertions included in this Reply. Petitioner has identified all privies, and institution is respectfully requested.

Dated: December 13, 2023

Respectfully submitted,

*/Roger Fulghum/*
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PUBLIC VERSION

## CERTIFICATE OF SERVICE

In accordance with 37 C.F.R. § 42.6(e), the undersigned certifies that on December 13, 2023, a complete and entire copy of the foregoing **PETITIONER'S AUTHORIZED REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE** and supporting exhibits were served on Patent Owner via electronic mail at the below addresses:

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