UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TREND MICRO, INC.

Petitioner

v.

OPEN TEXT INC.

Patent Owner

Case IPR2023-01391

Patent No. 8,719,932

PATENT OWNER'S PRELIMINARY RESPONSE

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EXHIBIT LIST

Exhibit	Description
2001	Declaration Of Matthew L. Boney In Support Of Patent Owner's Preliminary Response
2002	Assignment of U.S. Publication No. 2007/0006310 A1 from Paul Piccard to Webroot Software, Inc. executed June 30, 2005 and Corrective Assignment
2003	Paul Piccard LinkedIn
2004	Assignment of U.S. Application No.13/490,294 from Matthew L. Boney to Webroot Software, Inc. executed on June 7, 2006
2005	*Sonrai Memory Ltd. v. Kingston Tech. Co. and Kingston Tech. Corp.,* Case No. 6:21-cv-1284-ADA, Order Denying Kingston Tech. Co. and Kingston Tech. Corp.'s Opposed Motion to Stay Pending Resolution of *Inter Partes* Review, Dkt. 94 (W.D. Tex., Oct. 18, 2022)
2006	*mCom IP, LLC v. Cisco Systems, Inc.,* Case No. 6:22-cv-00261-ADA, Order Denying Defendant's Motion to Stay Pending *Inter Partes* Review, Dkt. 42 (W.D. Tex., Oct. 20, 2022)
2007	*Intellectual Ventures I LLC et al. v. Hewlett Packard Enterprise Co.*, No. 6:21-cv-00596-ADA, Order Denying Hewlett Packard Enterprise Company's Opposed Motion to Stay Pending Resolution of *Inter Partes* Review, Dkt. 104 (W.D. Tex., Dec. 22, 2022)
2008	*Webroot, Inc. and Open Text Inc., v. AO Kaspersky Lab. et al.,* Case No. 6:22-cv-243-ADA-DTG, Dec. 9, 2022 Transcript of Motions Hearing, Dkt. 133 (W.D. Tex. Dec. 15, 2022) (excerpted)
2009	Dani Kass, "Catching Up On Patent Litigation With Judge Albright" (Law360 Mar. 14, 2023)

Exhibit	Description
2010	*Webroot, Inc. and Open Text Inc., v. Trend Micro, Inc. et al.,* Case No. 6:22-cv-243-ADA-DTG, Amend the Schedule Order, Dkt. 521 (W.D. Tex. Dec. 7, 2023)
2011	*Webroot, Inc. and Open Text Inc., v. Sophos Ltd.,* Case No. 6:22-cv-00240-ADA-DTG, Defendant Sophos Ltd.'s Final Invalidity Contentions (W.D. Tex., Nov. 1, 2022) (excerpted)
2012	*Webroot, Inc. and Open Text Inc., v. AO Kaspersky Lab. et al.,* Case No. 6:22-cv-243-ADA-DTG, Claim Construction Order, Dkt. 391 (W.D. Tex. July 25, 2023)
2013	USPTO Assignment Record for U.S. Pub. No. 2009/0144826 A2 (Prior U.S. Pub. No. 2007/0006310 A1), Application No. 11/171,924, filed Jun. 30, 2005, issued Jun. 4, 2009
2014	USPTO Assignment Record for U.S. Patent No. 8,719,932, U.S. Pub. No. 2012/0246722 A1, Application No. 13/490,294, filed Jun. 26, 2012, issued May 6, 2014

Open Text Inc. ("Patent Owner") submits this Preliminary Response to the Petition of Trend Micro, Inc. ("Petitioner") seeking inter partes review ("IPR") of U.S. Patent No. 8,719,932 ("the '932 patent").

I. INTRODUCTION

The Board should decline to institute IPR of the '932 patent because one of the publications Petitioner relies on in both its grounds is disqualified as prior art and an IPR would duplicate the parties' district court litigation efforts.

First, the Board should deny institution because one of the publications upon which Petitioner relies for both of its grounds for obviousness was commonly owned with the patent application from which the '932 patent issued and is disqualified as prior art under 35 U.S.C. § 103(c)(1). Therefore, before even reaching the substance of the references Petitioner cites, the petition is facially deficient based on this threshold obstacle of common ownership. Given Petitioner's failure to meet its burden to provide a *prima facie* case for obviousness, the petition is not reasonably likely to succeed and must be denied.

Second, the Board should deny institution under *Fintiv* because instituting this IPR would undermine Congress's stated goals in creating IPR proceedings: to provide "quick and cost effective alternatives to litigations" and "limit unnecessary and counterproductive litigation costs." H.R. Rep. No. 112-98, pt. 1, at 40 (2011),

2011 U.S.C.C.A.N. 67, 69. An IPR here would be neither quicker than, nor an alternative to, ongoing district court litigation. The Western District of Texas ("WDTX") is scheduled to proceed to trial on the validity of the '932 patent more than four months ***before*** a final written decision on the petition would be due—so an IPR is not quicker. Moreover, the district court has indicated it will not issue a stay when, as here, it can resolve the same issues prior to the Board—so an IPR is not an alternative to litigation. Finally, a codefendant of Petitioner has asserted the same references raised in the petition, which the district court must address regardless of whether the Board institutes an IPR. Therefore, instituting an IPR would generate the unnecessary and counterproductive litigation costs that Congress sought to avoid.

II. PICCARD IS DISQUALIFIED AS PRIOR ART UNDER 35 U.S.C. § 103(c)(1)

The petition presents two grounds challenging the claims of the '932 patent:

Ground 1	Section 103(a)	Obvious over Abad in view of Piccard	Claims 1-14
Ground 2	Section 103(a)	Obvious over Kilpatrick in view of Piccard	Claims 1-14

"In an *inter partes* review, the burden of persuasion is on the Petitioner . . . . Failure to prove the matter as required by the applicable standard means that the

party with the burden of persuasion loses on that point—thus, if the fact trier of the issue is left uncertain, the party with the burden loses." *Dynamic Drinkware, LLC v. Nat'l Graphics, Inc.*, 800 F.3d 1375, 1378-79 (Fed. Cir. 2015); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1363 (Fed. Cir. 2016) (noting that a petitioner has the "burden from the onset to show with particularity why the patent it challenges is unpatentable").

Petitioner fails to show a reasonable likelihood of success as to any challenged claim because Piccard is disqualified as prior art under 35 U.S.C. § 103(c)(1) of the pre-A.I.A. statute. Both grounds in the petition rely on a purported combination with Piccard. (*See* Petition 4-5.) Section 103(c)(1) provides that "[s]ubject matter developed by another person, which qualifies as prior art only under one or more of subsections (e), (f), and (g) of section 102, shall not preclude patentability under [Section 103] where the subject matter and the claimed invention were, at the time the claimed invention was made, owned by the same person or subject to an obligation of assignment to the same person." 35 U.S.C. § 103(c)(1). Petitioner alleges that Piccard is prior art under Section 102(e). (Petition 4.) However, Petitioner overlooked the ownership of Piccard. Both Piccard and the subject matter in the application that resulted in the '932 patent were owned by, and subject to an obligation of assignment to, the same entity—Webroot Software, Inc.—at the time

the invention was made. Thus, Piccard is disqualified as prior art under 35 U.S.C. § 103(c)(1).

At the time the claimed invention in the '932 patent was made, the inventor of the '932 patent, Matthew L. Boney, was an employee at Webroot Software, Inc. and subject to an obligation to assign his inventions to Webroot Software, Inc. (EX-2001.) At the time of the filing U.S. Patent Application No. 13/490,294, which resulted in the '932 patent, Piccard was already assigned to Webroot Software, Inc. because Paul L. Piccard was also an employee at Webroot Software, Inc. when the claim invention in Piccard was made. (EX-2002; EX-2003.)

The objective assignment record confirms that Piccard and the '932 patent application were owned by Webroot Software, Inc. at the time the invention was made. An assignment of the entire right, title, and interest in Piccard to Webroot Software, Inc. was executed on June 30, 2005. (EX-2002.) Likewise, an assignment of the entire right, title, and interest in the application that resulted in the '932 patent, from Matthew L. Boney to Webroot Software, Inc. was executed on June 7, 2006. (EX-2004.) Moreover, the assignment records at the U.S.P.T.O further verify common ownership. The assignment records for Piccard show that the assignment to Webroot Software, Inc. was recorded with the U.S.P.T.O. on June 30, 2005. (EX-

2013.)[1] Similarly, the assignment records for the '932 patent show that the assignment from Matthew L. Boney to Webroot Software, Inc. was recorded with the U.S.P.T.O. on June 15, 2012. (EX-2014.)

Webroot Software, Inc. was the owner of both Piccard and the application that resulted in the '932 patent at the time the invention claimed in the '932 patent was made. For purposes of this analysis, Patent Owner need not identify the specific date of the invention. Rather, the relevant period is June 30, 2005 (the filing date of Piccard, EX-1007) to April 20, 2006 (the effective filing date of the application that resulted in the '932 patent, EX-1001). Because Petitioner alleges that Piccard is prior art, Petitioner cannot contend that the invention claimed in the '932 patent pre-dates Piccard because then Piccard would not be prior art for that additional reason. And the invention claimed in the '932 patent existed no later than the constructive

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[1] The assignment records at the U.S.P.T.O. for Piccard reflects a publication number of U.S. 2009/0144826, which is a republication of U.S. Pub. No. 2007/0006310 that Petitioner relies on. However, this difference does not impact the common ownership analysis because both the 2007 publication and 2009 republication resulted from the U.S. Patent Application No. 11/171,924, and that application was assigned to Webroot Software, Inc. (*See* EX-2013.)

reduction to practice that occurred as of the application's effective filing date. Throughout this time period, *i.e.*, June 30, 2005 to April 20, 2006, Mr. Boney was an employee of Webroot Software, Inc. and obligated to assign his inventions to the company. (EX-2001.) Therefore, common ownership with Piccard occurred at the time the invention claimed in the '932 patent was made.

Accordingly, because Piccard and the application that resulted in the '932 patent were both owned by Webroot Software, Inc. at the time the invention was made, Piccard fails to qualify as prior art. *See Global Tel*Link Corp. v. Securus Tech., Inc.*, IPR2014-000825, Paper 36 at 11-15 (PTAB Dec. 2, 2015) (finding a patent owner met its burden of production to show a reference was disqualified as prior art where the patent owner submitted assignment records of the reference and patent application showing common ownership). Petitioner has failed to meet its burden to show that Piccard—upon which Petitioner relies for every ground in the petition—is prior art, and therefore the Board should deny institution on this basis alone.

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

The '932 patent is one of dozens of patents asserted in claims and counterclaims among four different parties in a series of cases pending in the Western District of Texas. The district court has already issued its claim

constructions and is on track to adjudicate the same prior art and invalidity grounds raised in the petition months before the Board would issue a final written decision. Instituting a parallel IPR proceeding that lags far behind the district court would needlessly increase the cost of resolving the underlying dispute. The Board should therefore exercise its discretionary authority to deny institution under 35 U.S.C. § 314(a).

Because Congress's goal in enacting post-grant proceedings like IPRs was "to … limit unnecessary and counterproductive litigation costs," Director Vidal has instructed the Board not to institute IPRs that would "increase, rather than limit, litigation costs." Director's Memo, *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* ("Guidance") at 1 (June 21, 2022).

Instituting this IPR would cause just such an increase. The reasons are easy to see: a district court stay is out of the question, and the district court will consider similar arguments presented in the petition. Accordingly, the Board and the district court will labor to decide the very same issues with the district court well ahead of—and scheduled to reach a final decision months before—the Board. The year-long parallel tracks of two adjudicatory bodies will "increase, rather than limit, litigation costs," create "potential conflict between the … (PTAB) and district court

proceedings," and generally increase "the potential for inefficiency and gamesmanship." Guidance at 1. This is precisely the situation that Director Vidal sought to avoid when she instructed the Board to take "a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review." *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 6 (PTAB Mar. 20, 2020).

Confirming this conclusion, every one of the *Fintiv* factors weighs for discretionary denial:

(1) A stay of the co-pending district court litigation—involving 27 patents and three defendants—is highly unlikely. Petitioner cannot avoid a district court trial based on an institution of this petition, and trial on the petition will not narrow the issues on which discovery and trial must proceed. Indeed, the '932 patent is currently asserted against three defendants—Petitioner and two co-defendants, Sophos and Kaspersky—in a now-consolidated case. Moreover, neither of Petitioner's codefendants have agreed not to litigate the validity of the '932 patent in the district court if the Board institutes this IPR.

(2) Trial in the district court is scheduled to occur more than four months before a final written decision, and the district court case is on track for that trial date.

(3) The parties and district court have already invested heavily in carrying the parallel litigation past claim construction and well into discovery.

(4) Petitioner's stipulation not to pursue certain grounds in the district court if IPR is instituted carries no weight because it does not bar the other defendants in the parallel litigation from litigating substantially the same invalidity challenges before the district court.

(5) Petitioner will get its chance to make its arguments before the district court because Petitioner is a defendant in the parallel litigation.

(6) The petition's grounds of unpatentability are weak because one of the publications Petitioner relies on in both its grounds for obviousness is disqualified as prior art.

Thus, every *Fintiv* factor here weighs for discretionary denial. The district court is well on its way to an efficient resolution of the disputes between Patent Owner, Petitioner, and Petitioner's codefendants. Both the goals of the AIA and the general welfare of the patent system would be best served by denying institution.

A. *Fintiv* Factor 1: The District Court Has Not Granted And Will Not Grant A Stay

The first *Fintiv* factor asks "whether [1] the court granted a stay or [2] evidence exists that one may be granted if a proceeding is instituted." *Fintiv*, IPR2020-

00019, Paper 11 at 6.[2] Here, the undisputed answer to both questions is ***no***: no stay has been requested or ordered, and Petitioner has identified no evidence that one will (or even might) be granted if a proceeding is instituted. To the contrary, all evidence indicates that a stay is out of the question.

The district court has stated expressly that it considers issue simplification "the most important factor" in deciding whether to stay patent litigation[3]—and here,

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[2] The decision in *Fintiv* addresses various scenarios that may indicate whether a stay may be granted. *Fintiv*, IPR2020-00019, Paper 11 at 6-9. However, nothing in *Fintiv* suggests that these are the only scenarios that a panel may consider. In particular, *Fintiv* does not hold that an actual denial of a stay is the only consideration relevant to this factor. Rather, *Fintiv* contemplates that any type evidence may be relevant. For example, *Fintiv* holds that one way to "support the arguments that … a stay may be less likely, and instituting would lead to duplicative costs" is to show the "work completed by the parties and court in the parallel proceeding." *Fintiv* IPR2020-00019, Paper 11 at 10.

[3] *See, e.g.*, EX-2005, *Sonrai Memory Ltd. v. Kingston Tech. Co., Inc.*, No. 6:21-cv-1284-ADA, slip op. at *4-5 (W.D. Tex. Oct. 18, 2022) (denying a stay following

a stay would not simplify anything. The validity of the '932 patent will be litigated in the district court, whether this petition is instituted or not, because the patent is asserted against two other defendants, neither of whom have promised to forego their validity challenges in the district court based on this institution decision.

Moreover, the validity of the '932 patent will be litigated in the district court alongside issues regarding *26 other* patents asserted by and against Petitioner and *two other* defendants—issues that the district court is highly unlikely to delay deciding in favor of letting the Board proceed with *this* IPR. The case against Petitioner

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IPR institution because issue simplification was the "most important factor" and the Court had already held a *Markman* hearing and "expended significant resources"); EX-2006, *mCom IP, LLC v. Cisco Sys., Inc.*, No. 6:22-00261-ADA, slip op. at *5 (W.D. Tex. Oct. 20, 2022) (finding "simplification is not likely" where the IPR did not challenge all of the claims asserted in the district court, since the other claims would still require a trial); EX-2007, *Intellectual Ventures I LLC v. Hewlett Packard Enterprise Co.*, No. 6:21-cv-00596-ADA, slip op. at *7 (W.D. Tex. Dec. 22, 2022) (denying a stay following IPR institution , as even IPR estoppel would not simplify the invalidity case, given the defendants' reliance on prior art systems).

alone involves seventeen patents—eleven asserted by Patent Owner and six asserted in counterclaims by Petitioner.

The table below lists the patents, parties, and IPR petitions involved in this highly complex litigation:

Table 1. Patent Owner's Asserted Patents Against Each WDTX Defendant and Resulting Review Petitions

Patent	Kaspersky	Sophos	Trend Micro
8,719,932	IPR2024-00297	IPR2023-00732 (Denied) IPR2024-00253	IPR2023-01391
8,201,243	IPR2024-00292	IPR2023-00731 (Denied) IPR2024-00252	IPR2023-01390
8,181,244	Asserted; no IPR	Asserted; no IPR	IPR2023-01392
11,409,869	IPR2023-01160	PGR2023-00031 (Denied)	IPR2023-01380
8,418,250	IPR2023-01334	IPR2023-0699	IPR2023-00655 (Denied) IPR2024-0106
8,726,389	IPR2024-0035	IPR2023-00633	IPR2023-01459
10,599,844	Asserted; no IPR	IPR2023-00528 (Denied)	IPR2023-00662 (Denied)
9,413,721	*N/A*	IPR2023-00491 (Denied)	*N/A*
9,578,869	IPR2023-01199	Asserted; no IPR	IPR2023-00677 (Denied)
10,257,224	IPR2023-01011	Asserted; no IPR	IPR2023-00657 (Denied)

Patent	Kaspersky	Sophos	Trend Micro
10,284,591	IPR2023-00895 (Denied)	Asserted; no IPR	IPR2023-00692 (Denied)
8,856,505	Asserted; no IPR	Asserted; no IPR	Asserted; no IPR
8,763,123	*N/A*	Asserted; no IPR	*N/A*
8,438,386	*N/A*	*N/A*	*N/A*
10,025,928	*N/A*	*N/A*	*N/A*

As U.S. Magistrate Judge Gilliland noted during a December 9, 2022 hearing, this is "a phenomenal case that I'm hoping one day maybe people will write songs about because it is about as complicated as you're going to get with patent cases." (EX-EX-2008 52.) Consequently, should the Board institute trial on this petition, the institution will not cause the district court to stay this complex litigation.

Second, the district court has been clear in public comments that it will not stay cases where, as here, the court can resolve the case as quickly as the Board can:

> [T]here's no unfairness to either side by not staying a case for the PTAB when I can try the case as quickly as they can resolve it…. And so far, I think that's proven to be true.

(EX-2009 3.) Indeed, as commentators have observed, "Judge Albright almost never stays proceedings to let the PTAB make its decision first." (*Id.* 2.)

Judge Albright's public comments apply squarely to the situation here. Trial in the district court case against Petitioner is currently scheduled for November

2024. (EX-2010.) The Board's final written decision if IPR is instituted would not be expected until late mid-March 2025. Judge Albright's public comments indicating that his practice is to deny a stay in precisely the circumstances presented here is further evidence that he would not stay the WDTX case in response to institution of an IPR here. (EX-2009 3.)

Even where no stay has been requested, the Board has found Factor 1 to favor discretionary denial where (as here) "Petitioner present[ed] no evidence that it has requested a stay [] or that a stay is likely." *Luxshare Precision Industry v. Amphenol Corp.*, IPR2022-00132, Paper 10, at 9 (PTAB May 3, 2022). And such a decision is particularly appropriate where the circumstances show that "a stay … is unlikely." *Nintendo Co. v. Gamevice, Inc.*, IPR2020-01197, Paper 13, at 11-12 (PTAB Jan. 12, 2021); *Samsung Elecs. Co. v. Clear Imaging Research LLC*, IPR2020-01399, Paper 13 at 11-12 (PTAB Feb. 3, 2021) (holding Factor 1 may weigh for denial where there is evidence that the district court is unwilling "to avoid duplicative efforts and await the PTAB's final resolution"); *Motorola Mobility LLC v. Ironworks Patents, LLC*, IPR2021-00421, Paper 11 at 7-8 (PTAB July 22, 2021).

In sum, the district court has not granted a stay and there is no evidence suggesting that the district court would grant a stay of a multi-patent, multi-defendant case so that the Board can reach a decision months *after* the current trial

date on *just one* patent. Factor 1 weighs in favor of discretionary denial. *Samsung*, IPR2020-01399, Paper 13 at 11-12; *Motorola*, IPR 2021-00421, Paper 11 at 7-8.

B. *Fintiv* Factor 2: The District Court Trial Is Expected Before The Projected Statutory Deadline

Factor 2—the implications of the district court and IPR schedules—also weighs for denial. "[A] parallel proceeding in an advanced state implicates considerations of efficiency and fairness, which can serve as an independent reason to apply discretion to deny institution." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 11-12, 17 (PTAB May 13, 2020) (informative); Guidance at 1.

Here, an IPR would extend months past the parallel district court litigation. Trial is currently scheduled for early November 2024. (EX-2010.) Should the Board institute, its final written decision deadline would be in mid-March 2025, over four months after the currently scheduled trial against Petitioner.

Thus, if the Board institutes IPR here, the IPR proceedings would not produce a result before the trial. Instead, the parties would waste a year expending precisely the "duplicative," "unnecessary[,] and counterproductive litigation costs" that the AIA was designed to avoid. *Fintiv*, IPR2020-00019, Paper 11 at 5 (citing *Magellan Midstream Partners L.P. v. Sunoco Partners Mktg. & Terms. L.P.*, IPR2019-01445, Paper 12 at 10 (PTAB Jan. 22, 2020)); *see id.*, Paper 15 at 17 (discretionarily denying institution where district court trial was scheduled two months before the final

decision deadline); *NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (*precedential*) (finding that institution of IPR when the district court trial would resolve validity before the PTAB "would not be consistent with an objective of the AIA…to provide an effective and efficient alternative to district court litigation"); *Samsung Elecs. Co. v. California Institute of Tech.*, IPR2023-00131, Paper 10 at 15, 24 (PTAB May 4, 2023) (discretionarily denying institution where "[r]egardless of whether we consider the scheduled trial date or the trial date expected based on time-to-trial statistics, the trial in the underlying litigation would commence several months before the expected date of our final written decision"); *Eclinical Works, LLC v. Decapolis* LLC, IPR2022-00229, Paper 10 at 9 (PTAB Apr. 13, 2022) (discretionarily denying institution where WDTX trial was scheduled "roughly one to two months before any final decision would have been due").

Because the district court will resolve validity before the Board reaches its final written decision, the second *Fintiv* factor also favors discretionary denial.

C. *Fintiv* Factor 3: The Parties Have Invested Significant Resources In The Parallel District Court Proceeding

Factor 3—the resources invested in the parallel district court proceeding—favors denial "if, at the time of the institution decision, the district court has issued substantive orders related to the patent." *Fintiv*, IPR2020-00019, Paper 11 at 9-10;

see also id. at n.16 (collecting cases). Fintiv holds specifically that "claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial." *Id.* at 10.

The parties have invested significant resources in the parallel litigation over the last twenty-one months. For example, the parties exchanged infringement and invalidity contentions long ago (in October 2022 and February 2023 respectively), the district court has held multiple *Markman* hearings, and it issued its claim construction order for the '932 patent on July 25, 2023. (EX-2012.)

Fact discovery is substantially underway. (EX-2010.) Petitioner has produced over 4,000 documents and Patent Owner has made approximately 48TB of source code available. The Court has also held multiple discovery hearings, and Patent Owner has noticed over 98 depositions across the litigations.

Furthermore, Petitioner's and Patent Owner's experts have already invested many hours preparing for their reports by reviewing the patent, prior art, and the defendants' invalidity contentions, as well as traveling to review source code. *See Regeneron Pharms. Inc. v. Novartis Pharma AG*, IPR2020-01317, Paper 15 at 17 (PTAB Jan. 15, 2021) (denying institution where the parties had expended considerable resources in claim construction, substantial fact discovery, and preparation for expert reports). Institution will not reduce the substantial expenses

in the related litigation, as the district court trial will be held months before the Board reaches its final written decision.

Furthermore, Petitioner's delay in filing this Petition further weighs for denial. Petitioner waited more than eight months after receiving Patent Owner's infringement contentions before filing its petition. During this time, Petitioner knew that the parties were investing in a rapidly proceeding litigation. Petitioner offers no explanation for its delay, which weighs for denial. *Fintiv,* IPR2020-00019, Paper 11 at 11-12; *Regeneron*, IPR2020-01317, Paper 15 at 17 (finding that even where the petition was filed "less than a month after learning of the complaints," the investment by the parties in the parallel proceeding "outweighs the effort expended so far in this proceeding").

D. *Fintiv* Factor 4: The Issues And Parties Overlap Significantly

Factor 4—the degree of overlap between the issues in the petition and those before the district court—also strongly supports denial.

Regarding this fourth factor, *Fintiv* explains that "concerns of inefficiency and the possibility of conflicting decisions [are] particularly strong" where "the Board [is] presented with substantially identical prior art arguments…at issue in district court." *Fintiv*, IPR2020-00019, Paper 11 at 12. "Accordingly, if the petition includes

the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial." *Id.*

Petitioner has stipulated that, if IPR is instituted, Petitioner will not raise in the parallel District Court proceedings any ground raised or that could have been reasonably raised in the IPR. (Petition 61.) However, under the circumstances here, the stipulation carries no weight because it does not bar the other defendants in the parallel litigation from litigating substantially the same invalidity challenges before the district court. Instituting an IPR would both multiply the burden on Patent Owner and create the possibility of inconsistent decisions between the district court and the Board.

Consequently, Petitioner's stipulation does not "mitigate[] any concerns of duplicative efforts between the district court and the Board," or "of potentially conflicting decisions." *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020); *Google LLC v. EcoFactor, Inc.*, IPR2021-00454, Paper 9 at 12-14 (PTAB July 22, 2021) (denying institution based on *Fintiv*, even where co-defendants in the parallel litigation provided matching *Sands Revolution* stipulations). Thus, Factor 4 weighs in favor of discretionary denial.

E. *Fintiv* Factor 5: Both Parties Are Parties In The Parallel Litigation

Factor 5—the overlap of the parties between the petition and the parallel litigation—suggests denial because Petitioner is a defendant in the parallel litigation and, as such, will have a full, fair opportunity to litigate its invalidity contentions. Under *Fintiv*, "[i]f a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion to deny institution." *Fintiv*, IPR2020-00019, Paper 11 at 13-14. That is not the case here because Petitioner is a defendant in the litigation. Accordingly, the circumstances raise no fairness concerns that denial would deprive Petitioner of its "day in court." *See Vizio, Inc. v. Maxell, Ltd.*, IPR2022-01459, Paper 7 at 21-22 (PTAB Apr. 11, 2023) ("Because Petitioner is the litigation defendant, factor 5 weighs in favor of discretionary denial"); *Nokia of Am. Corp. v. Godo Kaisha IP Bridge*, IPR2022-00755, Paper 9 at 13 (PTAB Nov. 2, 2022) (holding that Factor 5 weighed for discretionary denial where Petitioner was defendant in parallel proceeding).

That at least one other defendant is litigating substantially the same petitioned issues in the district court further supports denial. (EX-2011.) *Fintiv* holds that, "[e]ven when a petitioner is unrelated to a defendant, however, if the issues are the same as, or substantially similar to, those . . . about to be litigated, or other circumstances weigh against redoing the work of another tribunal, the Board may,

nonetheless, exercise the authority to deny institution." *Fintiv*, IPR2020-00019, Paper 11 at 14. Because of this consideration, *Fintiv* goes on to require that "[a]n unrelated petitioner . . . discuss why addressing the same or substantially the same issues would not be duplicative of the [other] case even if the petition is brought by a different party." *Id.*

Petitioner offers no such explanation here, leaving serious concerns of duplicative work by adjudicators. Any public-policy concerns regarding patent validity will be thoroughly addressed by the parallel litigation. Consequently, this factor too weighs for discretionary denial.

F. *Fintiv* Factor 6: The Petition Does Not Present "Compelling Evidence of Unpatentability"

Factor 6—the merits of the petition—also counsels for denial because the Petitioner fails to show a "reasonable likelihood" that it would prevail on any challenged claim. *See* 35 U.S.C. § 314(a). Petitioner attempts to cobble together disclosures in disparate documents with no explanation of how portions of the disclosures would logically fit together or why a POSITA would be motivated to combine the disclosures. However, even setting aside those deficiencies in Petitioner's proposed combinations, one of the references in each of Petitioner's combinations is not prior art. As addressed above, Piccard and the application from which the '932 patent issued were commonly owned, and thus Piccard is disqualified

as prior art. Because Petitioner fails to meet its burden to provide a *prima facie* case for obviousness, the petition is not reasonably likely to succeed and therefore may not be instituted.

Even if the petition did have a "reasonable likelihood" of succeeding (it does not), it certainly would not pass the higher threshold of a "compelling" unpatentability challenge that could preclude discretionary denial. Guidance at 4. "[T]he compelling merits standard is a higher standard than the standard for institution set by statute." *Commscope Techs. v. Dali Wireless, Inc.*, IPR 2022-01242, Paper 23, at 3 (PTAB Feb. 27, 2023). That higher standard requires that the petition is "highly likely" to succeed on the merits. *Id.* at 4. The opposite is true here.

* * *

In sum, all six factors weigh for discretionary denial. Accordingly, Patent Owner respectfully requests that the Board exercise its discretion to deny institution.

IV. OTHER LIMITATIONS NOT ADDRESSED

At this preliminary stage, Patent Owner addresses those deficiencies in the prior art which clearly show a lack of reasonable likelihood of the petition's success. Patent Owner's decision not to address certain limitations or secondary prior art

references at this preliminary stage in no way reflects Patent Owner's agreement with the petition or lack of dispute as to additional limitations.

V. THERE ARE SECONDARY CONSIDERATIONS OF NONOBVIOUSNESS

Patent Owner contends that secondary objective indicia of nonobviousness exist and reserves its right to provide evidence on this point, should the Board institute.

VI. CONCLUSION

For the foregoing reasons, the Board should deny institution.

Date: December 18, 2023

Respectfully submitted,

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CERTIFICATION OF WORD COUNT

The undersigned hereby certifies that the portions of the above-captioned **PATENT OWNER PRELIMINARY RESPONSE** specified in 37 C.F.R. § 42.24 have 4,779 words, in compliance with the 14,000 word limit set forth in 37 C.F.R. § 42.24. This word count was prepared using Microsoft Word 365 V.2022.

Date: December 18, 2023

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing **PATENT OWNER PRELIMINARY RESPONSE** and all supporting **EXHIBITS 2001-2014** were served by filing the documents through the Patent Trial and Appeal Case Tracking System (P-TACTS) and courtesy copies were also served via electronic mail, in their entireties on the following:

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