

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TOAST INC.,

Petitioner,

v.

GRATUITY, LLC,

Patent Owner.

IPR2023-01408
U.S. Patent No. 9,741,050 B2

PATENT OWNER'S PRELIMINARY SUR-REPLY ADDRESSING *FINTIV*

Mail Stop PATENT BOARD
Patent Trial and Appeal Board
US Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
Submitted Electronically via PTAB E2E

Pursuant to the Board’s instructions of January 23, 2024, Patent Owner Gratuity, LLC (“Gratuity”) submits this Preliminary Sur-Reply responding to Petitioner’s Preliminary Response (“PPR”) addressing *Fintiv* factors 2 and 3.

Petitioner bemoans the rescheduling of the Markman hearing in the parallel district court litigation as “likely” to move the scheduled trial date, impacting *Fintiv* factor No. 2. (PPR at 1.) But the court’s rescheduling of ***only*** the Markman hearing actually supports Patent Owner’s position as set forth in its Preliminary Response. (POPR at 8-9.) If the district court intended—or even contemplated—adjusting the entire case schedule including the trial date, it could have simply rescheduled the entire case or at least ordered a status conference to discuss such a broad amendment to the schedule. Instead, the court did neither. It moved *only* the Markman hearing date, demonstrating an intent to maintain the present trial date and overall schedule.

Further, Petitioner fails to explain how rescheduling of the Markman hearing alone has any impact on the Board’s institution decision. Indeed, because the claim constructions Toast has advanced before the district court are *inconsistent* with the positions Toast urges the Board to adopt in this IPR (multiple proposed constructions in the district court versus only “plain and ordinary” meaning here), granting Toast’s Petition would only lead to inconsistent results. Accordingly, in addition to the reasons set forth in Patent Owner’s Preliminary Response, (POPR at 8-9), the

rescheduling of just the Markman hearing further supports denial of Toast's Petition under *Fintiv* factor 2.

Regarding *Fintiv* factor 3, Petitioner mischaracterizes the status of the district court litigation. (PPR at 2.) Between November 2022 and June of 2023, the district court dedicated significant time and resources to Toast's Motion to Dismiss under 35 U.S.C. §101. After considering the parties' extensive briefing on the technology and conducting a full hearing, the court issued its order confirming the '050 patent's eligibility, providing a detailed record of its months of effort to guide and assist the newly assigned Judge. The parties also submitted Opening Claim Construction Briefs, and are in the midst of preparing responsive briefing, including the depositions of experts, leading up to the Markman hearing of May 6, 2024.

Toast similarly mischaracterizes the status of discovery in the district court litigation. (PPR at 1.) In August of 2023, Patent Owner served discovery on Toast including 84 requests for documents and 13 interrogatories. Patent Owner is now preparing to depose Toast's expert and other Toast employees. Toast's failure to comply with its discovery obligations belies its argument that discovery is not ongoing. Accordingly, in addition to the reasons set forth in Patent Owner's Preliminary Response, (POPR at 9-10), these additional facts support denial of Toast's Petition under *Fintiv* factor 3, given the district court's continued investment of time and resources to the parallel litigation.

For these reasons, as well as those in Patent Owner's Preliminary Response, the Board should deny institution of the Petition.

Respectfully submitted,

Dated: February 6, 2024

DEVLIN LAW FIRM LLC

/ Timothy Devlin /

Timothy Devlin

Reg. No. 41,706

Alan Wright

Reg. No. 40,438

1526 Gilpin Ave.

Wilmington, DE 19806

Phone: (302) 449-9010

tdevlin@devlinlawfirm.com

awright@devlinlawfirm.com

Attorneys for Patent Owner

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), the undersigned certifies that on February 6, 2024, the foregoing document is being served via electronic mail upon the following counsel of record for Petitioner:

LEAD COUNSEL	BACKUP COUNSEL
Sanjeet Dutta (Reg. No. 46,145) Goodwin Procter LLP 601 Marshall Street Redwood City, CA 94063 sdutta@goodwinlaw.com Tel: (650) 752-3100 Fax: (650) 853-1038	Srikanth Reddy (<i>Pro hac vice</i> application to be filed) sreddy@goodwinlaw.com Goodwin Procter LLP 100 Northern Avenue Boston, MA 02210 Tel: (617) 570 1000 Fax: (617) 523-1231 Andrew S. Ong (Reg. No. 69,076) Goodwin Procter LLP 601 Marshall Street Redwood City, CA 94063 aong@goodwinlaw.com

/ Timothy Devlin /
Timothy Devlin