

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FOIL BOARDING COMPANY, INC.

Petitioner,

v.

MHL CUSTOM, INC.

Patent Owner

U.S. Patent No. 9,586,659

IPR Case No.: IPR2024-00085

**PATENT OWNER'S SUR-REPLY TO PETITION FOR *INTER PARTES*
REVIEW OF U.S. PATENT NO. 9,586,659 REGARDING *FINTIV*
FACTORS**

EXHIBIT LIST

Exhibit No.	Description
2001	<i>MHL v. Foil Boarding Company, Inc.</i> , 3:22-cv-21258 – Scheduling Order (DN31)
2002	Foil Boarding Company, Inc. Invalidity Contentions
2003	WayBack Machine archives for the URL for Evolo Report and Dr. Kутtenkeuler's website
2004	Wayback Machine Archive Information
2005	Båtnytt Publisher Information via WayBack Machine (Certified Translation)
2006	Declaration of Dr. Timothy Takahashi
2007	YouTube Help – Change Video Settings
2008	Declaration of Nicholas Leason
2009	Excerpts of Expert Report of Christopher Barry
2010	Declaration of Jacob Langelaan
2011	Declaration of Cort Larned
2012	"Here's a Surfboard That Can 'Fly'", The Weekly Journal, Oct. 30, 2019
2013	"The innovative surfing tech making waves", BBC, March 14, 2022
2014	"David Carson Rises Up", Standup Journal: A Water Lover's Magazine, March 25, 2020

2015	"Feel the Thrill of Flying and Surfing With Lift Foil's LIFT3 eFoil", Interesting Engineering, September 8, 2021
2016	"eFoils are the Next Personal Watercraft", BoatingMag.com, August 14, 2021
2017	"Lift Electric Hydrofoil", Uncrate
2018	"Omeir Saeed: Alladin May Ditch His Magic Carpet for This", Tech Times, September 4, 2020
2019	"This 'flying' surfboard can help anyone master the waves", TechNow, July 7, 2017, MHL_0100400-401
2020	"Lift eFoil Is a Motorized Hydrofoil That Lets You Surf Above the Water", The Daily Want
2021	Magic surfing experience with eFoil boards, Inspired by Sports, September 30, 2019
2022	"Electric Flying Surfboard? Yep", September 7, 2017, MHL_0100431-433
2023	<i>MHL Custom, Inc. v. Waydoo USA, Inc., et al.</i> (D. Del. 1:21-cv-00091), DN 220
2024	<i>MHL Custom, Inc. v. Waydoo USA, Inc., et al.</i> (D. Del. 1:21-cv-00091), DN 257
2025	<i>MHL Custom, Inc. v. Waydoo USA, Inc., et al.</i> (D. Del. 1:21-cv-00091), DN 153 "Memorandum and Opinion"
2026	Default Protective Order
2027	REDACTED - Patent Owner's Preliminary Response to the Petition for <i>Inter Partes</i> Review of U.S. Patent No. 9,359,044
2028	REDACTED - Declaration of Nicholas Leason
2029	<i>MHL v. Foil Boarding Company, Inc.</i> , 3:22-cv-21258 – Joint Claim Construction Statement and Chart (DN37)

On April 3, 2024 the Board *sua sponte* authorized additional briefing on the *Fintiv* factors raised in the Patent Owner's Preliminary Response. Despite Petitioner's response arguing the contrary, "concerns regarding inefficiency and the possibility of conflicting decisions" still weigh in favor of denying institution. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020) (precedential).

As Patent Owner's Updated Mandatory Notices and Petitioner's Reply outline, the parties agreed to a stipulation requesting a stay of the District Court litigation subsequent to Patent Owner's Preliminary Response, which the District Court ordered on March 21, 2024. *See* EX1024. However, the stay of the parallel proceeding is only one of the *Fintiv* factors (Factor 1) and is not alone dispositive.

Factor 2 is the proximity of the court's trial date to the Board's projected statutory deadline for a final written decision. The USPTO Director's Guidance Memo provides that in addition to the estimated trial date (which was November 2024 prior to the recent stay), the Board looks to the median time from filing to disposition of the civil trial in the district in which the parallel litigation resides. *See* Katherine K. Vidal, *Interim Procedure For Discretionary Denials in AIA Post-Grant Proceedings With Parallel District Court Litigation* (June 21, 2022), available at: [https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621 .pdf](https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621.pdf). According

to U.S. Courts Statistics and Reports, the district in which the parallel litigation resides, the Northern District of Florida, has a median time from filing to disposition of 18.3 months for civil cases. U.S. District Courts—Federal Court Management Statistics—Comparison Within Circuit—During the 12-Month Period Ending December 31, 2023, available at: <https://www.uscourts.gov/statistics/table/na/federal-court-management-statistics/2023/12/31-3>.

The Complaint for patent infringement was filed by Patent Owner in the District Court on October 21, 2022. Therefore, although the case is currently stayed, should institution be denied it is highly likely that the District Court case would quickly resume, and proceed expeditiously to trial. Accordingly, the merits of the case would be adjudicated along a similar timeline in the District Court should the Board deny institution. This factor weighs in favor of denying institution, or in the alternative is neutral.

Factor 3, which examines the investment in the parallel proceeding, also weighs in favor of denying institution. Petitioner asserts that “there has been nominal investment in the parallel proceeding, and the Petitioner was diligent in filing the Petition.” Petitioner’s Reply to Preliminary Response Regarding Fintiv Factors (“Pet. Reply”), p. 3. This is not accurate. Both infringement contentions and invalidity contentions have been served in the parallel litigation. Fact discovery

was ongoing until the recent stay, with 8574 documents (over 3,650,300 pages) being produced by Petitioner and 1731 documents (over 5,430 pages) being produced by Patent Owner. Further, a joint claim construction statement and chart was filed with the District Court prior to the stay. See EX2029. Considerable investment has been made in the parallel proceeding. Additionally, Petitioner waited until the proverbial 11th hour to file its Petition by filing on the last day before the statutory deadline – allowing the parallel litigation to proceed for a year.

Factor 4, which is the overlap between the issues raised in the petition and in the parallel proceeding, is neutral. Although Petitioner has offered a *Sotera* stipulation in their reply (Pet. Reply, p. 3), this does not obviate potential inefficiencies as outlined below with respect to Factor 6.

Factor 5, whether the Petitioner and the defendant in the parallel proceeding are the same party, also weighs in favor of denying institution, as the Petitioner and defendant in the parallel proceeding are both Foil Boarding Company, Inc.

Factor 6, which is other circumstances that might impact the Board's exercise of discretion, also weighs in favor of denying institution. Petitioner claims that because the parallel proceeding has been stayed that "any potential concerns of inefficiency or conflicting decisions are wholly abrogated". Pet. Reply, p. 2-3. Petitioner neglects to inform the Board that in the joint claim construction statement in the parallel litigation, which was filed after Patent Owner's Preliminary Response,

Petitioner asserts different claim constructions from those presented in the Petition. *See* EX2029; Petition, p. 12-13. For example, Petitioner states in the Petition that the term “[a] passively stable, weight shift controlled person hydrofoil watercraft” in claim 1 does not need to be construed and should be given its plain and ordinary meaning. Petition, p. 13. In contrast, Petitioner asserts in the District Court that the term “passively stable” in the same phrase should be construed as “[h]aving an initial tendency to return to its original condition when disturbed in pitch, yaw, and roll”.¹ EX2029, p. 16-17. Further, in the parallel proceeding Petitioner submits proposed constructions for several other claim terms that Petitioner asserts in the Petition do not need construction. *See* EX2029; Petition, p. 18-25. For example, in the parallel proceeding Petitioner proposed constructions for each of the following terms of claim 1 (that Petitioner asserts in the Petition do not need construction): (1) “the floatation device having a forward section, a middle section, and a rear section”; (2) “a strut having an upper end and a lower end, the upper end fixedly interconnected with the flotation device between the middle section and rear section of the flotation

¹ Petitioner's inconsistencies are further evidenced by the fact Petitioner cites to a prior district court's claim construction of the parent patent (U.S. Patent No. 9,359,044) in co-pending IPR2024-00086, but neglects to inform the Board of the same district court's construction of the term “passively stable” in the '659 Patent. *See* EX2025, p. 7. Furthermore, 37 C.F.R. § 42.104(b)(2) requires the Petition to “identify...[h]ow the challenged claim is to be construed”, and Petitioner asserts in this forum no construction is needed while simultaneously providing a proposed construction in the parallel proceeding.

device”; (3) “fixedly interconnected”; and (4) “the watercraft having no moveable steering system”. See EX2029.

If the Board “were to adopt Petitioner’s claim construction as presented in the Petition, and if the district court were to adopt Petitioner’s claim constructions as proposed there, the subsequent decisions issued in reliance on these inconsistent claim constructions may lack ‘uniformity’ . . . and may undermine the ‘predictability’ of the [‘659] patent’s claim scope and the ‘integrity of the patent system’ overall.” *Kiosoft Technologies, LLC v. Payrange, Inc.*, IPR2021-0086, Paper 12, p. 16 (P.T.A.B. Mar. 22, 2021) (citing *Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board*, 83 Fed. Reg. at 51,342). Petitioner has failed to even acknowledge these differences in its proposed constructions. Accordingly, the “potential problems inherent in the inconsistent claim constructions set forth by Petitioner between the Petition and its proposals at the district court warrant [the Board finding] that factor 6 weighs in favor of denying institution”. *Id.*

A holistic evaluation of the *Fintiv* factors demonstrates that the efficiency and integrity of the system are best served by denying institution of the Petition.

Dated: April 12, 2024

Respectfully submitted,

/Megan E. Gibson/

Robert J. Theuerkauf (Reg. No. 55,843)

Lead Counsel

Megan E. Gibson (Reg. No. 76,236)

Eric S. Barr (Reg. No. 60,150)

Backup Counsel

GRAY ICE HIGDON

3939 Shelbyville Road, Suite 201

Louisville, Kentucky 40207

Telephone: (502) 677-4729

Facsimile: (502) 561-0442

rjt@grayice.com

mgibson@grayice.com

ebarr@grayice.com

ATTORNEYS FOR PATENT OWNER

MHL CUSTOM, INC.

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), the undersigned certifies that on April 12, 2024, a copy of the Patent Owner's Sur-Reply to Petition and new Exhibit 2029 are being served by electronic mail on the following counsel of record:

Hunter Adams
Douglas Bridges
453 Dauphin St., 2nd Floor
Mobile, AL 36602
hunter@adamsiplaw.com
bridges@capitallegalgroup.com

Dated: April 12, 2024

/Megan E. Gibson/

Megan E. Gibson

Reg. No. 76,236