

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HILTI AKTIENGESELLSCHAFT,
Petitioner,

v.

SPECIFIED TECHNOLOGIES INC.,
Patent Owner.

Case No. IPR2024-00193
Patent No. 10,143,868

PATENT OWNER'S PRELIMINARY RESPONSE

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PATENT OWNER'S EXHIBIT LIST

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2001	[intentionally omitted]
2002	Appendix A to Joint Claim Construction Chart
2003	Order Denying Motion to Stay
2004	Order Denying Motion to Sever
2005	Amended Scheduling Order (Docket No. 88)
2006	Declaration of Austen C. Endersby
2007	Counterclaim Complaint (Docket No. 13)

INTRODUCTION

Patent Owner Specified Technologies Inc. (“STI” or “PO”) respectfully submits its Preliminary Response to Hilti Aktiengesellschaft’s (“Hilti” or “Petitioner”) Petition for *inter partes* review (“Petition”) of U.S. Patent No. 10,143,868 (the “’868 Patent”).

The Petition should be denied because it relies solely on conclusory attorney argument that fails to identify with particularity how the challenged claims are purportedly rendered unpatentable by the prior art. Specifically, the Petition does not set forth the proper claim constructions to be applied in the analysis. More importantly, the Petition relies on a supporting declaration from its expert, which, is little more than a carbon copy of the Petition itself.

Furthermore, Petitioner failed to act diligently, and the Board should not reward this by instituting a grossly deficient challenge to the ‘868 Patent. Petitioner waited to file its Petition until the very end of the twelve-month statutory period. Because of Petitioner’s delay, the parties have continued to expend enormous resources litigating this patent (along with several other patents).

For these reasons and those set forth below, institution should be denied.

THE '868 PATENT AND THE ASSERTED ART.

A. Invention of the '868 Patent.

Since its founding in a New Jersey garage in 1990, STI has been a leader and innovator working with the construction industry to create unique and valuable solutions to firestopping problems. For example, on October 13, 2015, the United States Patent & Trademark Office (“USPTO”) granted U.S. Patent No. 10,143,868 (Ex. 1001), titled “Cable firestopping apparatus.” (herein “the '868 Patent”).

The '868 Patent discloses a novel firestopping assembly that mitigates the risk of fire spreading through wall conduits used, e.g., to pass cables through walls. (*See, e.g.*, Ex. 1001 at 1:10-2:6, FIG. 3.) More specifically, and with reference to FIG. 3 below, the '868 Patent discloses that the apparatus 100 includes a front panel 114, 124 extending from a wall surface, an outer sealing member 160 that may contain radial slits 162, a housing having two housing members 110, 120 that, when assembled, define an inner chamber 150 containing intumescent material, and a rear panel 116, 126. (*See id.* at 1:58-2:6, FIG. 3)

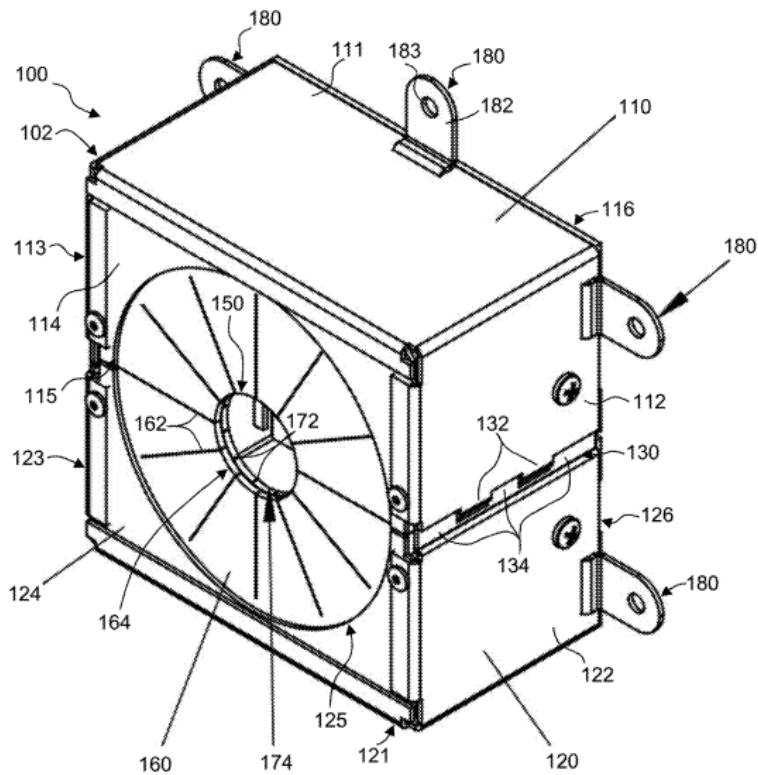


Fig. 3

(*Id.* at FIG. 3.)

B. Summary of the Prior Art.

Each of the prior art references—Ramorino, Feil, Rigollet, and a 3M Publication—relate to a conduit or collar.

First, Ramorino discloses a collar-like shaped firestopping device intended to house a pipe that includes an expandable element having at least one intumescent material. (Ex. 1004 at Abstract.)

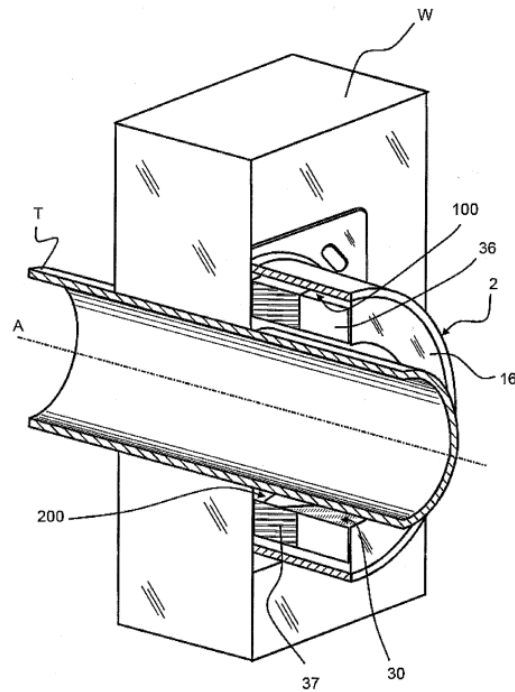
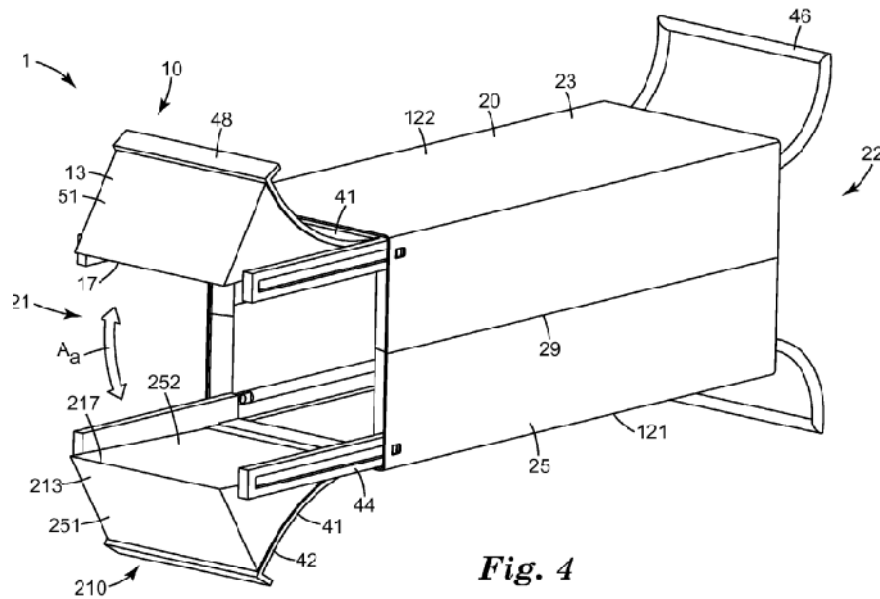


FIG. 6

(Ex. 1004 at FIG. 6.)

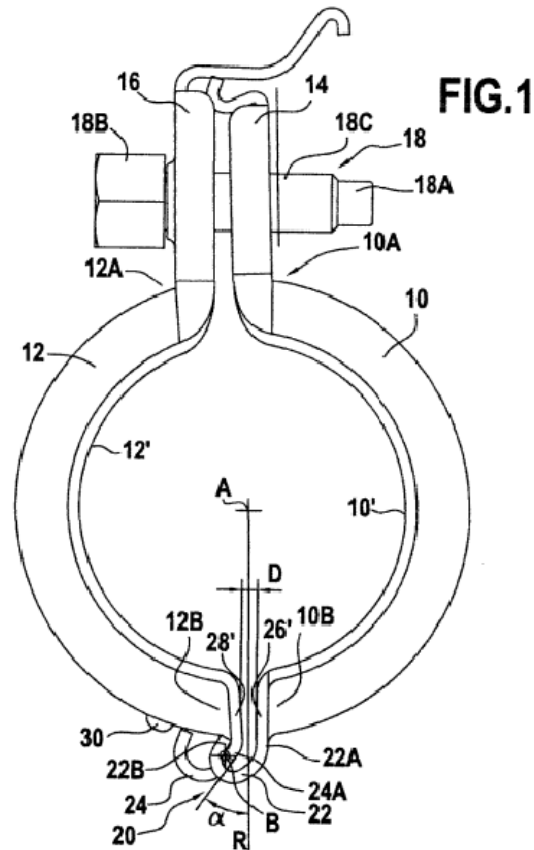
Second, Feil discloses a firestopping box having a resiliently compressible body with multiple airflow-blocking elements. (Ex. 1006 at Abstract.)



(Ex. 1005 at FIG. 4.)

Third, Rigollet discloses a clamping collar comprised of two distinct half shells that can be connected using integrated hooks that are formed on the two half shells and which can then be tightened together, using a bolt, to form a tight clamp.

(Ex. 1013 at 8:26-9:8.)



(Ex. 1013 at FIG. 1.)

Fourth, the 3M Publication discloses a fire barrier pass-through device comprised of a box or cylinder to be inserted into a wall and which includes foam plugs at each end to pass a cable through. (Ex. 1006 at 2.)

ARGUMENT

Institution should be denied where, as here, the Petition fails to provide the Board notice of what it believes is the proper claim constructions to be used in any invalidity analysis, repeatedly cites to a verbatim expert declaration—which should

be given no weight—and makes conclusory and/or unsupported assertions for combining the prior art and disclosure in the prior art of the claimed limitations. As such, the Board should exercise its discretion and deny institution.

I. PETITIONER DOES NOT PROVIDE NOTICE OF ITS PROPOSED CLAIM CONSTRUCTION.

The Petition fails to present for consideration, or apply in its analysis, the claim construction positions it has taken in the pending District Court case. As the Federal Circuit has made clear, claims “must be interpreted and given the same meaning for purposes of both validity and infringement analyses.” *Kegel Co., Inc. v. AMF Bowling, Inc.*, 127 F.3d 1420, 1429 (Fed. Cir. 1997). Instead, Hilti improperly treats these claim terms like a “nose of wax,” twisting them one way for the District Court and another for this tribunal. *See White v. Dunbar*, 119 U.S. 47, 51 (1886) (prohibiting such distortion of the patent claims).

Here, Petitioner has not been forthcoming with the Board about its claim construction positions. Specifically, Petitioner has failed to provide constructions for claim terms it believes require construction and thus cannot meet its burden of proving invalidity. *See, e.g.*, 37 C.F.R. §§ 42.104(b)(3)–(4) (“[T]he petition must set forth . . . How the challenged claim is to be construed . . . [and] [h]ow the construed claim is unpatentable[.]”); Consolidated Trial Practice Guide November 2019 at 44 (“If a petitioner believes that a claim term requires an express construction, the

petitioner must include a statement identifying a proposed construction of the particular term and where the intrinsic and/or extrinsic evidence supports that meaning.”).

In the Petition, “Petitioner applies the plain and ordinary meaning of [all] claim terms.” (Pet. at 4.) However, Petitioner ***does not*** believe the plain and ordinary meaning should be given to all claim terms in the ‘868 Patent and Petitioner did not offer any analysis—even an alternative analysis—of how the prior art allegedly reads on the challenged claims under what it believes is the proper construction.

Specifically, Petitioner contends—in the District Court—that the following limitations of claims 1 and 9 either (1) need to be construed or (2) have a “plain and ordinary meaning” that has a specific meaning as follows (with notable additions by Petitioner to the construction of these terms highlighted):

Claim Term/Phrase	Hilti’s Proposed Construction
Claims 1 & 9: “moveable relative to one another”	“moveable in a defined relationship to one another”
Claim 1 “the housing including first and second housing members which are completely detachable from one another and moveable relative to one another between an assembled condition wherein the first and second housing members are interconnected and the wall surface is substantially continuous	“the housing including first and second housing members which are completely detachable from one another and moveable relative to one another while not completely detached between an assembled condition wherein the first and second housing members are interconnected and the wall surface is

Claim Term/Phrase	Hilti's Proposed Construction
about the internal chamber, and an open condition wherein at least a portion of the first and second housing members are spaced from one another such that at least a portion of the wall surface is non-contiguous to define an opening into the internal chamber”	substantially continuous about the internal chamber, and an open condition wherein at least a portion of the first and second housing members are spaced from one another such that at least a portion of the wall surface is non-contiguous to define an opening into the internal”
Claim 9: “the housing including first and second housing members which are moveable relative to one another between an assembled condition wherein the first and second housing members are interconnected and the wall surface is substantially continuous about the internal chamber, and an open condition wherein at least a portion of the first and second housing members are spaced from one another such that at least a portion of the wall surface is non-contiguous to define an opening into the internal chamber ”	“the housing including first and second housing members which are moveable relative to one another between an assembled condition wherein the first and second housing members are interconnected and the wall surface is substantially continuous about the internal chamber, and an open condition wherein at least a portion of the first and second housing members are spaced from one another such that at least a portion of the wall surface is non-contiguous to define an opening into the internal chamber such that the opening in the housing can be positioned about a sleeve, cables, or conduits and returned to the assembled condition ”

(See Ex. 2002 at 20-23.)

Petitioner fails to disclose, much less apply these constructions to the prior art, in the Petition. (*See generally* Pet.) For example, there is no discussion in the Petition about how the prior art teaches first and second housing members that are moveable “in a defined relationship” to one another. (*See id.*) Because Petitioner

believes the claims should be construed in a manner not set forth in the Petition, the Petition is defective. *See* 37 C.F.R. §§ 42.104(b)(3)–(4).

Accordingly, institution should be denied.

II. THE PETITION IS DEFICIENT AND FAILS TO ESTABLISH, WITH PARTICULARITY, THAT ANY CHALLENGED CLAIM IS UNPATENTABLE.

Under 35 U.S.C. § 312(a)(3), a petition may be considered “only if ... the petition identifies, in writing and *with particularity*, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim.” (emphasis added). In addition, 37 C.F.R. § 42.104(b)(5) requires that the petition “identify[] specific portions of the evidence that support the challenge.” Section 42.22 further mandates that each petition must include a “detailed explanation of the significance of the evidence” relied upon. 37 C.F.R. § 42.22(a)(2). Here, the Petition meets none of these requirements.

A. The Declaration of Mr. Puchovsky Is a Near Verbatim Copy of the Petition and Should Be Given No Weight.

As an initial matter, Hilti’s Petition and its supporting expert declaration of Mr. Puchovsky should both be given no weight because they are little more than verbatim copies of one another and provide nothing more than conclusory attorney argument. Expert testimony is entitled to no weight where—as here—it provides no

additional insight, analysis, or evidence beyond the attorney arguments in the Petition. *Xerox Corp et al. v. Bytemark, Inc.*, IPR2022-00624, Paper 9 (PTAB Aug. 24, 2022) (precedential) (citations omitted). Where a “cited declaration testimony is conclusory and unsupported [it] adds little to the conclusory assertion for which it is offered to support, and is entitled to little weight.” *Id.*; see also *Apple Inc. v. Uniloc Luxembourg SA*, IPR2017-02202, Paper 8 at 16-17 (PTAB May 1, 2018) (giving no weight to an “unsupported verbatim statement” in an expert’s declaration).

The Board regularly gives little to no probative weight to expert declarations that parrot the petition’s arguments and, in turn, denies institution. For example, in *Kinetic Technologies, Inc. v. Skyworks Solutions, Inc.*, the Board gave the expert’s testimony “no probative weight” and denied institution, in part, because the petitioner’s expert declaration contained multiple paragraphs of argument that were identical to arguments set forth in the petition. IPR2014-00529, Paper 8 at 14 (PTAB Sep. 23, 2014) (holding that “merely repeating an argument from the Petition in the declaration of a proposed expert does not give that argument enhanced probative value.”). Likewise, in *Facebook, Inc. v. Voxer IP LLC*, the Board denied institution upon finding that the petitioner’s expert’s arguments “mirror the arguments set forth in the [p]etition” and therefore petitioner had not provided support for its claim that the prior art disclosed a claimed limitation. IPR2021-00399, Paper 8 at 22 (PTAB

July 21, 2021); *see also Volkswagen Group of America, Inc. v. StratosAudio, Inc.*, IPR2021-00717, Paper 12 at 36-38 (PTAB Nov. 12, 2021) (denying institution after finding expert declaration that contained identical arguments to petition provided little probative value).

Hilti's Petition and the supporting declaration of Mr. Puchovsky use the same unique verbiage, recite the same sentences without any (or at least any substantive) differences, emphasize the same points in the same way, and have the same footnotes. Further, Mr. Puchovsky often fails to cite to any additional supporting evidence or provide any technical reasoning to support his statements.

For example, as motivation to combine Ramorino and Feil with Rigollet, both the Petition and the supporting declaration rely on Feil's disclosure of "interlocking teeth" and then conclusorily state:

A POSITA would understand the "interlocking teeth" of Feil to refer to the type of simple hinge of Rigollet. Specifically, Rigollet's hook system discloses the same concept as "interlocking teeth." Thus, a POSITA would understand that it would be advantageous to implement the type of detachable hinged arrangement of Rigollet in Ramorino consistent with Feil's disclosure.

(*See* Pet. at 43-44 (citing Ex. 1003 at ¶ 80).) No further analysis on this motivation to combine Ramorino and Rigollet is provided in either the Petition or supporting declaration. The Petition makes other conclusory assertions related to the alleged

motivation to combine, all which cite a verbatim recitation of the argument in the declaration of Mr. Puchovsky. Moreover, no further analysis, explanation, or one citation of support is provided for such comments. For example:

Petition	Puchovsky Declaration ¹
<u>Petition at 44-45:</u> In addition, to the benefits discussed above with respect to retrofitting applications, a POSITA would be motivated to implement the hinged mechanism of Rigollet in Ramorino because doing so would save money relative to a separate hinge component. <i>Id.</i>, ¶81. The integrated hooking mechanism of Rigollet avoids that cost. <i>Id.</i> Moreover, Rigollet’s mechanism results in a more straightforward manufacturing process because there is no need to separately affix a hinge. <i>Id.</i>	<u>Puchovsky Declaration at ¶ 81:</u> In addition, to the benefits discussed above with respect to retrofitting applications, a POSITA would be motivated to implement the hinged mechanism of Rigollet in Ramorino because doing so would save money relative to a separate hinge component. The integrated hooking mechanism of Rigollet avoids that cost. Moreover, Rigollet’s mechanism results in a more straightforward manufacturing process because there is no need to separately affix a hinge.
<u>Petition at 45:</u> Combining Ramorino and Feil in further view of Rigollet merely involves combining prior art elements according to known methods to yield predictable results, and use of known techniques to improve similar devices in the same way. <i>See KSR Int’l Co. v. Teleflex Inc.</i>,	<u>Puchovsky Declaration at ¶ 82:</u> Combining Ramorino and Feil in further view of Rigollet merely involves combining prior art elements according to known methods to yield predictable results, and use of known techniques to improve similar devices in the same way.

¹ The paragraphs have been combined/split to better show the mirrored nature of the arguments. In addition, Patent Owner has highlighted language that is not verbatim. However, any passage that is substantially similar has been highlighted the same color. For example, there are flipped sentences and substitutions of “extremely” for “very.”

Petition	Puchovsky Declaration ¹
550 U.S. 398, 415-421 (2007); Ex. 1003, ¶82. In particular, a POSITA would have recognized that both Ramorino and Feil are used to solve the same firestopping problem (e.g., slowing the passage of fire through openings created by pipes and other conduits running from one room to another, at least partially through the use of intumescent materials), and use mechanical features to open/close the firestopping device. Ex. 1003, ¶82. In fact, Feil expressly discloses that the disclosed “sleeve 20” may be constructed so as to include a “circular cross-section,” similar to Ramorino. Id.; Ex. 1005 at 15:7-11. The detachable hinged arrangement of Feil is readily adaptable to the hinged clamshell device of Ramorino, as one of a limited number of commonly available methods to assemble/disassemble a housing. Ex. 1003, ¶82. Rigollet would be understood to disclose a hinged clamshell pipe clamp and its applicability to firestopping a pipe, cables, etc. would have been readily apparent to a POSITA. Id.	In particular, a POSITA would have recognized that both Ramorino and Feil are used to solve the same firestopping problem (e.g., slowing the passage of fire through openings created by pipes and other conduits running from one room to another, at least partially through the use of intumescent materials), and use mechanical features to open/close the firestopping device. The detachable hinged arrangement of Feil is readily adaptable to the hinged clamshell of Ramorino, as one of a limited number of commonly available methods to assemble/disassemble a housing. In fact, Feil expressly discloses that the disclosed “sleeve 20” may be constructed so as to include a “circular cross-section,” similar to Ramorino. Ex. 1005 at 15:7-11. Rigollet would be understood to disclose a hinged clamshell pipe clamp and its applicability to firestopping pipe, cables, etc. would have been readily apparent to a POSITA.
<u>Petition at 45-46:</u> [A] POSITA would understand that having a hinge mechanism that allows for complete detachability of a hinged device would be an obvious design	<u>Puchovsky Declaration at ¶ 83:</u> [A] POSITA would understand that having a hinge mechanism that allows for complete detachability of a hinged device would be an obvious design

Petition	Puchovsky Declaration ¹
choice among an extremely finite number of design choices. Id., ¶83. Feil and Rigollet disclose that such arrangements were known, which is confirmed by the background pipe collar references discussed supra (at 38-42). Id. And a POSITA would identify one of only two possible design choices, either: a) a design in which the hinged device does not allow for complete detachability or b) a design in which the hinge in the device allows for complete detachability. Id.	choice among a very finite number of choices. Feil and Rigollet disclose that such arrangements were known, which is confirmed by the background pipe collar references discussed supra (¶¶71-76). Accordingly, a POSITA would identify one of two design choices, either: a) a design in which the hinged device does not allow for complete detachability or b) a design in which the hinged device allows for complete detachability.

The same copying of arguments can be seen throughout Ground 1A. For example, the first two paragraphs of Limitation 1a are the same as the two cited paragraphs of the Puchovsky declaration, yet nothing in the Petition is quoted as coming from the declaration. (*Compare* Pet. at 47-48 *with* Ex. 1003 ¶¶ 86-87.) The arguments related to Limitations 1b, 1c, 1d, and 1e are mostly verbatim across the two documents. (*Compare* Pet. at 53-58 *with* Ex. 1003 ¶¶ 95-101.) The Petition and supporting declaration continue to parrot each other throughout Ground 1A. *Compare* Pet. at 59-62 (argument for how claims 2-6 of Ground 1A are purportedly rendered obvious by the prior art) *with* Ex. 1003 ¶¶ 102-106 (nigh verbatim argument); *compare also* Pet. at 62-72 (argument for how claim 9 of Ground 1A is

purportedly rendered obvious by the prior art) *with* Ex. 1003 ¶¶ 107-120 (same text).)

Unsurprisingly, Ground 1B and Ground 2 suffer from the same deficiency. Except for some errant sentences, quotes, and a handful of rephrasings, the Petition’s arguments—for combining the prior art to render all challenged claims purportedly obvious in Ground 1B and rendering the claim 9 purportedly obvious in view of Feil in Ground 2—can be found nearly verbatim in the Puchovsky declaration. (*Compare* Pet. at 72-80 (Ground 1B arguments) *with* Ex. 1003 ¶¶ 121-142 (recitation of same Ground 1B arguments); *compare* Pet. at 81-89 (Ground 2 arguments) *with* Ex. 1003 ¶¶ 143-159 (recitation of same Ground 2 arguments).) The same is true for the limitation-by-limitation analysis. (*See* Pet. at 59-66 (arguments for how the prior art purportedly disclose Limitations 6a1, 6b1, 6a2, 6b2, 6c, 6d, and 6e of Ground 1B) *with* Ex. 1003 ¶¶ 118-127 (nigh verbatim the same argument).)

Even when the Petition and supporting declaration are not carbon copies of each other, the testimony relied upon in the declaration is conclusory and unsupported. For example, the Petition relies only on Mr. Puchovsky for the plain meaning of a “panel.” (*See* Pet. at 48-49 (citing Ex. 1003 ¶¶ 88-89).) However, Mr. Puchovsky fails to provide any cited support or explanation for why a POSITA would understand the plain meaning of the term panel as flat (in this context) or

curved portions (in some other unidentified context) or layers that are “physically separate from components of the housing” and/or “fully integrated into the housing.” (See Ex. 1003 ¶ 88.)

Because the “cited declaration is conclusory and unsupported, adds little to the conclusory assertion[s] for which it is offered to support... [it should be] entitled to little weight.” See *Xerox*, IPR2022-00624, Paper 9 at 15 (citing 37 C.F.R. § 42.65(a); other citations omitted). Thus, the Petition presents nothing more than conclusory attorney arguments. Under these facts, and for the additional reasons articulated *infra* Section II(B), institution should be denied.

B. The Petitioner Fails to Provide Adequate Motivation to Combine the Prior Art.

“[B]ecause inventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known[,] it can be important to identify a reason that would have prompted a [POSITA] to combine the elements in the way the claimed new invention does.” *Personal Web Tech., LLC v. Apple, Inc.*, 848 F.3d 987, 991-92 (Fed. Cir. 2017) (quoting *KSR Int’l Co. v. Teleflex, Inc.*, 550 U.S. 398, 418-19 (2007)). A failure to explain “how or why the references would be combined to arrive at the claimed invention” leaves “only hindsight bias that *KSR* warns against.” *Metalcraft of Mayville, Inc. v. The Toro Co.*, 848 F.3d 1358, 1367

(Fed. Cir. 2017) (citing *KSR*, 550 U.S. at 421). Accordingly, it is important to provide an explanation of “how the combination of the [prior art] references was supposed to work.” *Personal Web*, 848 F.3d at 994. “[T]his analysis should be made explicit.” *Id.* at 992 (citing *KSR*, 550 U.S. at 418).

As explained *supra*, the Petition makes conclusory statements that a POSITA would have understood Feil’s “interlocking teeth” refer to Rigollet’s “simple hinge” and therefore be motivated to implement Rigollet’s hinge in Ramorino. (Pet. at 44 (citing only Ex. 1003 ¶ 80).) No analysis is provided in the Petition—or the verbatim declaration—that provides any explanation for why a POSITA would purportedly understand Feil’s disclosure of “interlocking teeth” to refer to or be considered the same concept as the “simple hinge” of Rigollet, why it would purportedly be advantageous to implement Rigollet’s hinge into Ramorino, or how a POSITA would purportedly make such a combination. (*See id.*)

The Petition further states that a POSITA would be motivated to “implement the hinged mechanism of Rigollet in Ramorino” to allegedly “save money” and result in “a more straightforward manufacturing process.” (Pet. at 44-45 (citing Ex. 1003 ¶ 81).) The Petition relies entirely on the exact same conclusory motivation to combine argument in Mr. Puchovsky’s declaration. (*See* Ex. 1003 ¶ 81.) Mr. Puchovsky fails to cite any evidence or provide any analysis to support his opinion

that molding multiple structures into the fire stopping apparatus to allow for an integrated hinging mechanism and means to tighten the apparatus. (*See id.*) For instance, not only does Mr. Puchovsky fail to explain the costs of using Ramorino's hinge design but fails to provide any analysis for why molding hooks 122, 124, 32 and 34 into the fire stopping apparatus and then providing the bolt 18 and accompanying structure to tighten the clamp would be cheaper. (*See id.*) Such conclusory reasons to combine the art must be rejected. *KSR*, 550 U.S. at 418. This analysis in Ground 1A is incorporated by reference in Ground 1B. (Pet. at 74.)

With reference to Ground 2, the Petition relies on a combination of multiple different embodiments without sufficiently articulating a motivation to combine those embodiments. *See, e.g., Abiomed, Inc. v. Maquet Cardiovascular, LLC*, IPR2017-01204, Paper 8 at 8-12 (PTAB Oct. 23, 2017) (denying petition because petitioner did not persuasively explain why the various embodiments are interchangeable or that one of skill in the art would have been motivated to combine the features in the manner proposed by the petitioner). Here, Petitioner speciously states that because Feil discloses a list of "exemplary embodiments" and then proceeds to list 23 distinct embodiments having different features, a POSITA would understand that all of the embodiments "may be combined with each other." (Pet. at

81 (citing Ex. 1005 at 15:40-20:22; Ex. 1003 ¶ 143 (verbatim recitation of Petition).)

This is insufficient and merely a recitation of improper hindsight.

Accordingly, the Petition is deficient and institution should be denied.

III. THE BOARD SHOULD EXERCISE ITS DISCRETION TO DENY INSTITUTION.

The Board should exercise discretion to deny institution because the District Court is better suited to more fairly determine the validity of the '868 Patent on an accurate and complete record, where the Parties have already spent significant time and resources, where Petitioner is more forthcoming, and where Petitioner will present actual evidence (as opposed to the conclusory and verbatim recitations described above) if it so chooses. The Board has complete discretion to deny a petition for reasons that relate to fundamental issues of fairness and abuse of process. 35 U.S.C. § 314(a). The Board considers six factors that it should weigh to determine whether efficiency, fairness, and the merits support denial based on a parallel proceeding:

- 1) Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
- 2) Proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
- 3) Investment in the parallel proceeding by the court and the parties;

- 4) Overlap between issues raised in the petition and the parallel proceeding;
- 5) Whether the petitioner and the defendant in the parallel proceeding are the same parties; and
- 6) Other circumstances that impact the Board's exercise of discretion, including the merits.

Apple, Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 6 (PTAB Mar. 20, 2020) (Precedential).

As demonstrated herein, the majority of the factors counsel against institution.

A. Factor 1 Supports Denial or Is Neutral.

The District Court has already denied Hilti's motions to stay and/or sever the '868 Patent case in the District Court litigation. (Ex. 2003; Ex. 2004.) Therefore, the Delaware case is likely to progress until at least the end of May or early June, after the claim construction hearing and through the conclusion of document production. (*See* Ex. 2005 (document production concludes on May 3, 2024).)

In addition, even assuming the Delaware court reconsiders a stay request post-institution, it is unlikely to grant such a request. In denying Hilti's motion to stay, the District Court noted the litigation was "not exactly in its infancy" and highlighted that the case has been pending for nearly a year and half and all involved—the Court

and the Parties—have been expending resources during that time. (*See* Ex. 2003.) Further, in denying Hilti’s motion to sever, the District Court found there are “common issues of fact or overlapping evidence regarding the claims as to the [‘868 Patent] on the one hand, and the rest of the patents in the instant case on the other hand.” (Ex. 2004 (finding that each party has products that purportedly read on the ‘868 Patent and on other patents at issue).) Further, based at least in part on the fact the parties are already going to address—with respect to other patent claims that will move forward in the case—similar evidence and arguments the parties would address with respect to the ‘868 Patent claims, the court found that addressing the ‘868 Patent claims separately from the rest of the other patents would likely mean “the expenditure of additional court and party resources.” (*Id.*)

Moreover, as further described with respect to factors 3-4, the Parties have expended—and will continue to expend—significant resources on discovery, claim construction, etc. and but for a finding that every claim is invalid, the Board will not resolve issues that will simplify the District Court case. For example, Petitioner has not raised the same claim construction issues here that it insists are necessary to resolve in the District Court case. (*See supra* § I.)

That is, there is no evidence the District Court case will be stayed in the event of institution. Regardless, the Board has reiterated that it does not attempt to predict

how a district court will rule on a stay request. *See, e.g., EClinicalWorks, LLC v. Decapolis LLC*, Case IPR2022-00229, Paper 10 at 8 (PTAB Apr. 13, 2022).

Therefore, this factor weighs against institution or is, at best for Petitioner, neutral.

B. Factor 2 Is Neutral.

The statutory deadline for a final written decision in this proceeding will be approximately May 17, 2025, i.e., one year and three months after the filing of this response. *See* 35 U.S.C. §§ 314(b)(1), 316(a)(11). This could be extended to November 17, 2025, for good cause. *See* 37 C.F.R. § 42.100(c) (allowing a 6-month extension for good cause).

Trial in the Delaware court is scheduled for October 2025. That is, trial is scheduled for only a few months after the Final Written Decision—or before the Final Written Decision is due if a good cause extension is taken. Notably, however, it was Petitioner who delayed this proceeding. Petitioner has one year from the service of a complaint for infringement to file an IPR. 35 U.S.C. § 315(b). Petitioner waited until the very end of this twelve-month period to file the Petition. Petitioner should not be allowed to now argue that it needs a speedy resolution of this issue. That is, while this factor may favor institution, it is only one factor and should be countered by Petitioner's own delay in filing its Petition. *See, e.g., 3Shape Trios A/S*

v. Densys Ltd., IPR2021-00236, Paper 12 at 9-10 (PTAB May 20, 2021) (denying institution due to Petition’s failure to provide evidence of diligence in filing the Petition).

Therefore, this factor should be neutral.

C. Factor 3 Supports Denial.

By the time an institution decision is reached, the Delaware case will be at an advanced stage. “[I]f, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition,” this factor favors denial. *See Fintiv*, IPR2020-00019, Paper 11 at 9-10 (further stating “district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial”).

The parties have been vigorously litigating these issues since September 2022. In this approximate year and a half, the Parties have exchanged multiple infringement and invalidity positions, exchanged over 38,000 documents, taken five depositions and noticed at least one other deposition, filed numerous motions, engaged experts, exchanged multiple rounds of claim construction briefing and will complete claim construction briefing on March 4, 2024, and are currently preparing for a claim construction hearing. (*See Ex. 2006*, ¶¶ 2-5.) Indeed, the Delaware court

has issued at least four substantive orders related to the ‘868 Patent and will likely issue its Markman decision in short order. (*Id.*)

Again, the reason that the Delaware case will be so far along at the time an institution decision is made is because Petitioner unduly delayed in filing its Petition, waiting nearly the whole year after service of the infringement complaint. (*See* Ex. 2007.) Petitioner offers no explanation for this delay, which warrants denial. (*See* Pet. at 77-79.) *See also 3Shape Trios*, IPR2021-00236, Paper 12 at 9-10 (denying institution “in light of the advanced stage of the district court proceeding, and the investment by the court and parties, and the Petition’s failure to provide evidence of diligence in filing the Petition”).

Notably, Petitioner does not address this factor and thus tacitly concedes that this factor weighs against institution. (Pet. at 89-93.) Because there has been substantial investment in the parallel proceedings by both the parties and the court, and Petitioner has offered up no explanation for its delay in filing the Petition, this factor weighs against institution.

D. Factor 4 Indisputably Supports Denial.

Petitioner tacitly concedes this factor [overlap with the issues in the District Court case] weighs against institution. (Pet. at 89-93 (failing to address factor 4 and

thus admitting this factor weighs against institution.) Therefore, this factor weighs against institution.

E. Factor 5 Supports Denial.

There is no dispute that Petitioner is a counterclaim defendant in the Delaware case. This weighs in favor of denial. *See Apple, Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 15 (PTAB May 13, 2020) (“Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.”). Petitioner does not contest this. (*See* Pet. at 89-93.)

F. Factor 6 Supports Denial.

As explained *supra*, each of Petitioner’s grounds is weak and relies on conclusory and unsupported statements. (*See supra* §§ I, II.) Further, Petitioner has elected to be less than forthcoming with the Board, including by failing to present claim construction positions it believes to be necessary and correct and therefore must necessarily be assessed and applied for any finding of invalidity. (*See supra* § I.) That is, not only does the Petition fail to present a compelling unpatentability challenge, the Petitioner should not be rewarded for its deception. Further, Petitioner does not contest that this factor weighs against institution. (Pet. at 89-93.)

This factor weighs heavily against institution.

CONCLUSION

For the reasons stated herein, the Board should not institute *inter partes* review of the '868 Patent.

Dated: February 26, 2024

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CERTIFICATE OF WORD COUNT

Pursuant to 37 CFR § 42.24(d), the undersigned hereby certifies that the foregoing Patent Owner's Preliminary Response contains 5,481 words using the word count feature of Microsoft Word.

Dated: February 26, 2024

/s/ Lukas Toft

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §42.6(e), I certify that on this 26th day of February 2024, a copy of PATENT OWNER’S PRELIMINARY RESPONSE was served by electronic mail on Petitioner’s counsel, lead and back-up, as follows:

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Counsel for Petitioner has consented to service of all documents via electronic email. *See* Petition, Paper 1 at 81.

Dated: February 26, 2024

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