UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner

v.

INTERDIGITAL PATENT HOLDINGS, INC.
Patent Owner

Case No. IPR2024-00305
U.S. Patent No. 8,737,933

PATENT OWNER'S REQUEST FOR REHEARING BY THE DIRECTOR

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2001	Declaration of George Edwards *(previously submitted)*
2002	June 21, 2022 Memorandum from Director Vidal to the Members of the Patent Trial and Appeal Board regarding Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation *(previously submitted)*

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I. INTRODUCTION

Vacatur of the Board's FWD[1] is required because the Board failed to properly credit compelling secondary considerations of non-obviousness that definitively establish the patentability of all Challenged Claims.[2] The claims of the '933 and '054 Patents recite novel methods and systems for transferring data between nearby devices that has been widely adopted and emulated across the industry—by entities such as Apple, Microsoft, Google, and Samsung.

As Patent Owner's arguments and evidence demonstrate, Apple's introduction of AirDrop in 2013 set a new industry standard, and since then, competitors have repeatedly tried to develop alternative wireless media transfer systems. But these competitors have reverted to the claimed approach: Bluetooth detection of nearby devices followed by Wi-Fi transfer of media, underscoring the non-obviousness and industry-wide recognition of the claimed inventions.

Nevertheless, the Board erroneously discounted the overwhelming evidence

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[1] "FWD" refers to Paper 42 in both IPR2024-00306 ("306 IPR") and IPR2024-00305 ("305 IPR"), which were consolidated into a single FWD. *See* FWD at 2.

[2] Claims 1–9, 11, 13, 14, 20–31, 33, 35, 36, and 42–44 of U.S. Patent No. 8,737,933 B2 ("the '933 patent") and claims 1, 3–10, 12, 14, 15, 21, 23, 25–32, 34, 36, 37, 43, 46, 47, 49, and 50 of U.S. Patent No. 9,173,054 B2 ("the '054 patent")

of secondary considerations, including commercial success, industry praise, widespread copying, long-felt but unresolved need, and licensing activity. The Board's conclusion that these indicia did not outweigh the evidence of obviousness was based on a flawed analysis of nexus, improperly focusing on alleged unclaimed features of AirDrop—such as device visibility controls, security, and Apple ecosystem integration—as being material to its success, rather than recognizing that the core claimed functionality was the driver of industry adoption and emulation.

The Board further erred by requiring direct sales or market share data specifically attributable to AirDrop, disregarding substantial industry commentary and market behavior demonstrating the commercial impact of the claimed invention. The Board's findings that industry praise and copying were too general, and that the long-felt need did not predate AirDrop, are contrary to the record, which shows that the claimed solution addressed a persistent problem unmet by prior art and was rapidly adopted as the industry benchmark. For these reasons, the Board's decision must be vacated and the Challenged Claims found patentable in view of the compelling secondary considerations that establish their nonobviousness.

II. BACKGROUND

The PTAB consolidated the two IPR proceedings due to the substantial overlap in the asserted prior art, expert testimony, and legal issues. *See* FWD at 2-3. In each IPR, Petitioner asserted that the challenged claims were obvious over

combinations of prior art references, primarily Ahya and McKillop. *Id*. at 10-11. Patent Owner did not argue the merits of the prior art mappings. *Id*. at 13 ("Patent Owner does not address the asserted prior art in its briefing.").

Patent Owner instead argued that the challenged claims of the '933 and '054 patents are patentable based on strong objective indicia of non-obviousness, focusing primarily on Apple's AirDrop feature as a coextensive embodiment of the claimed inventions. *See* 305 IPR, Paper 22 (PO Resp.) at 9-40, 48-50; 306 IPR, Paper 22 (PO Resp.) at 9-40, 48-50. Patent Owner asserted that AirDrop practices all elements of the claims, particularly the use of Bluetooth for detecting nearby devices and Wi-Fi for transferring files, and that this combination is at the core of AirDrop's functionality. *See* 305 IPR, Paper 22 (PO Resp.) at 11-33; 306 IPR, Paper 22 (PO Resp.) at 11-33. Patent Owner contended that a presumption of nexus exists between the claimed inventions and AirDrop, as the claims are embodied in and coextensive with AirDrop while any additional features are insignificant to the core claimed functionality. *See* 305 IPR, Paper 22 (PO Resp.) at 33-36; 306 IPR, Paper 22 (PO Resp.) at 33-36. Patent Owner further argued that the commercial success, industry praise, widespread copying by competitors (such as Google, Microsoft, and Samsung), and the long-felt but unresolved need for seamless file transfer between devices all directly result from the unique characteristics of the claimed inventions. *See* 305 IPR, Paper 22 (PO Resp.) at 37-50; 306 IPR, Paper 22 (PO Resp.) at 37-50.

After reviewing the evidence and arguments, the PTAB found that Petitioner had demonstrated that all challenged claims of both the ’933 and ’054 patents were unpatentable as obvious over the cited prior art. *See generally* FWD. The Board also determined that Patent Owner had not established a sufficient nexus between the objective evidence of non-obviousness and the claimed inventions, and that the evidence of obviousness outweighed any secondary considerations. *Id*.

III. STANDARD

Requests for Director Review of a Board’s final written decision are limited to: (a) an abuse of discretion; (b) important issues of law or policy; (c) erroneous findings of material fact; or (d) erroneous conclusions of law.

IV. ARGUMENT

The Board erred in its determination that there was neither a presumptive nexus nor a nexus-in-fact between the objective evidence of non-obviousness and the claimed invention as embodied in AirDrop. The record demonstrates that AirDrop practices every element of the challenged claims, making it coextensive with the claimed invention and entitling Patent Owner to a presumption of nexus under Federal Circuit precedent. The Board’s reliance on additional, unclaimed AirDrop features—such as device visibility controls, security, and ecosystem integration—to defeat coextensiveness was misplaced, as these features are not critical to AirDrop’s core file-sharing functionality. Even if the presumption of

nexus were not applied, the evidence of commercial success, industry praise, and widespread copying is directly attributable to the unique characteristics of the claimed invention, establishing a nexus-in-fact. Accordingly, the Board's contrary findings were legally erroneous and unsupported by the record.

A. The Board Erred In Its Discounting Of The Presumption Of Nexus Between The Claimed Invention And Apple's Airdrop Product Due To Unclaimed Features.

The Board erred in its holding that a presumption of nexus does not exist between the objective evidence of non-obviousness (such as commercial success, industry praise, copying, and long-felt but unresolved need) and the claimed invention, as allegedly embodied in Apple's AirDrop product. *See* FWD at 35-42

The Board recognized that a presumption of nexus may be appropriate when a patentee shows that the objective evidence is tied to a specific product that "embodies the claimed features, and is coextensive with them." FWD at 36. The Board found that, although AirDrop may practice each element of the claims, it is not coextensive with the claimed invention. *See* FWD at 38 (the Board did not conclusively rule on whether AirDrop embodied the challenged claims, as it found such a determination unnecessary). The Board determined that AirDrop includes significant unclaimed features—such as device visibility controls, security/encryption, and deep integration within the Apple ecosystem—that materially impact its functionality and commercial appeal. FWD at 39 ("AirDrop

includes significant unclaimed features that are likely to have been major contributors to any commercial success or industry praise that Apple's AirDrop-equipped devices have enjoyed"). In the Board's view, these features are not merely insignificant add-ons but are critical to AirDrop's success. *Id*. at 39-42.

Because AirDrop is not coextensive with the claimed invention, the Board held that the presumption of nexus was rebutted. *Id*. The Board found that the commercial success and industry praise associated with AirDrop could not be presumed to be attributable to the patent alone. *Id*. The Board erred in its analysis.

1. AirDrop is coextensive with the claimed invention.

The Board's conclusion that a presumption of nexus does not exist is fundamentally flawed because it misapplies the legal standard for coextensiveness and the presumption of nexus. The record demonstrates that AirDrop practices each and every element of at least Claims 1 and 23 of the '933 Patent. Detailed claim mapping and technical analysis show that AirDrop's core functionality—detecting nearby devices using Bluetooth and transferring files over Wi-Fi—tracks precisely with the limitations of the challenged claims. *See* 305 IPR, Paper 22 (PO Resp.) at 11-33; 306 IPR, Paper 22 (PO Resp.) at 11-33.

Under controlling precedent, a presumption of nexus is proper when the objective evidence is tied to a specific product that "embodies the claimed features, and is coextensive with them." *Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366,

1373 (Fed. Cir. 2019); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1319 (Fed. Cir. 2015) ("If a product both embodies the claimed features and is coextensive with the claims at issue, a nexus is presumed. In other words, a nexus exists if the commercial success of a product is limited to the features of the claimed invention.") (cleaned up). The evidence here, including the mapping tables and technical documentation, establishes that AirDrop is not merely related to, but is coextensive with, the claimed invention. 305 IPR, Paper 22 (PO Resp.) at 11-33; 306 IPR, Paper 22 (PO Resp.) at 11-33.

2. Insignificant unclaimed features (like device visibility or encryption) do not defeat the presumption of a nexus.

The Board's reliance on the presence of additional AirDrop features—such as device visibility controls, encryption, and Apple ecosystem integration—to defeat coextensiveness is contrary to Federal Circuit precedent. *Fox Factory* makes clear that "there is rarely a perfect correspondence between the claimed invention and the product," and that a product is coextensive if it is "essentially the claimed invention." 944 F.3d at 1374. The mere existence of unclaimed features does not defeat the presumption of nexus unless those features are "significant," i.e., "critical" and "materially impact[] the product's functionality." *See Quanergy Sys., Inc. v. Velodyne Lidar USA, Inc.*, 24 F.4th 1406, 1418 (Fed. Cir. 2022); *see also Volvo Penta of the Americas, LLC v. Brunswick Corp.*, 81 F.4th 1202, 1210 (Fed. Cir.

2023) ("The inclusion of noncritical features does not defeat a finding of a presumption of nexus."); *PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC,* 815 F.3d 734, 747 (Fed. Cir. 2016) (stating that a nexus may exist "even when the product has additional, unclaimed features").

Here, the Board failed to show that the additional features it identified are critical to AirDrop's core functionality—seamless, proximity-based file sharing. The heart of AirDrop's commercial success and industry praise is its ability to detect nearby devices using Bluetooth and transfer files over Wi-Fi, which is precisely what the claims require. *See* 305 IPR, Paper 22 (PO Resp.) at 37-40; 306 IPR, Paper 22 (PO Resp.) at 37-40. Any additional features are, at most, enhancements or design choices that do not materially alter the core inventive concept.

For example, the Board focuses on privacy and encryption features to show AirDrop is not coextensive with the claimed invention. FWD at 39-40. But while privacy controls (such as device visibility settings) and encryption (to secure file transfers) are valuable additions, they are not critical to the basic operation of a Bluetooth/Wi-Fi transfer system for general users. The core functionality of AirDrop would remain unchanged without the privacy and encryption features cited by the Board—contrary to the Board's position. FWD at 42 ("AirDrop would not perform as well if any of these features were eliminated"). This suggests that these device visibility and encryption are not "significant" or "critical" to AirDrop's success. *Id.*

And the Board's assertion that AirDrop is not coextensive with the claimed invention because it is only a component of a larger Apple product (such as an iPhone) in Apple's larger ecosystem is misplaced. FWD at 40-41. While Apple's ecosystem may have contributed to AirDrop's reach, that does not defeat that fact that AirDrop and its ilk (Nearby Share, Quick Share, etc.) are all embodiments of and coextensive with the claims. If it was Apple's specific ecosystem that was critical to the success of AirDrop, all Apple software would be successful, which Patent Owner demonstrated was not the case. *See* 305 IPR, Paper 34 (PO Sur-Reply) at 37-40; 306 IPR, Paper 34 (PO Sur-Reply) at 9-10.[3]

B. The Board Erred In Its Finding That There Was No Nexus-In-Fact Between The Evidence Of Non-obviousness Presented And The Patented Invention.

In the Final Written Decision, the Board explained that, absent a presumption of nexus, the Patent Owner must prove that the secondary considerations (such as commercial success, industry praise, copying, and long-felt but unresolved need) are the direct result of the patented features, not due to other factors. FWD at 43. The

[3] Petitioner's argument to the contrary is supported by a ***single*** article and outweighed by the significant evidence that Patent Owner put forward. *See* 305 IPR, Paper 33 (Pet. Reply) at 16 (citing only EX2023); 306 IPR, Paper 16 (Pet. Reply) at 16 (citing only EX2023).

Board found that, despite Patent Owner's arguments and evidence tying AirDrop's success to the claimed Bluetooth detection and Wi-Fi transfer combination, the objective evidence was not directly attributable to the unique features of the claimed invention. *Id.* at 43-55. The Board determined that commercial success was linked to Apple products generally, not the claimed invention; industry praise was due to factors like Apple's ecosystem and user experience, not the specific technical features; evidence of copying was insufficient, as there was no clear proof competitors used Bluetooth and Wi-Fi in the same way or actually copied the patented features; and the alleged long-felt need was not shown to exist before AirDrop's introduction. *Id*. at 43-53. The Board is wrong on each front.

1. The commercial success and industry praise are directly attributable to the claimed invention.

The Board's conclusion that commercial success is merely attributable to Apple products generally, and not to the claimed invention, overlooks the unique and transformative impact AirDrop had on the market. FWD at 43-45. While Apple does not release AirDrop-specific sales figures due to its integration within Apple devices, the commercial success of AirDrop is well-documented through widespread industry commentary and user adoption. 305 IPR, Paper 22 (PO Resp.) at 37-40; 306 IPR, Paper 22 (PO Resp.) at 37-40. AirDrop is not just another feature—it fundamentally changed how users share content, as evidenced by headlines such as

"How iOS 7's AirDrop Could Transform the Way We Share" and reviews calling it "a fantastic technological implementation of frictionless file sharing" and "a great way to share files between systems, even big ones like video files or Photoshop files." 305 IPR, Paper 22 (PO Resp.) at 38; 306 IPR, Paper 22 (PO Resp.) at 38. Reviewers noted that "we've never encountered any system that makes it so easy to pass a file from one device to another." 305 IPR, Paper 22 (PO Resp.) at 38; 306 IPR, Paper 22 (PO Resp.) at 38.

This level of acclaim and adoption is not generic to all Apple products, but is specifically tied to AirDrop's technical solution: the combination of Bluetooth detection and Wi-Fi transfer, which was not previously available in the industry. Despite this, the Board found that absent "evidence of numerical sales figures or market shares to demonstrate commercial success" the industry praise only was not enough to show commercial success. FWD at 44-45. To support its position, the Board relies on the *Apple Inc. v. Samsung Electronics Co. Ltd.*, 839 F.3d 1034, 1054–56 (Fed. Cir. 2016), but this reliance is misplaced in the IPR context. There Apple was able to get discovery from a competitor (Samsung) about its internal praise for a feature, which the Federal Circuit found important. *See id.* at 1053-1054 ("Such internal documents from the patentee's top competitor represent important admissions, acknowledging the merits of the patented advance over the then state of the art and can be used to establish industry praise."). Here, the Patent Owner and

the Petitioner are not competitors and, even if the parties were, the limited IPR discovery process would not have produced the same information as a fulsome discovery in a district court litigation. *See* PTAB Trial Guide Nov. 2019 at 22-29.

There is no bright line rule defining what is necessary to establish a nexus between commercial success and the claimed invention. Although the Patent Owner did not conduct a consumer survey or present internal competitor documents like those introduced in *Apple*, the lack of such evidence should not detract from the substantial evidence of industry and expert recognition that has been provided. The significant praise for AirDrop, as demonstrated through expert testimony and industry articles and reviews, is sufficient to support a nexus. *See* 305 IPR, Paper 22 (PO Resp.) at 37-40; 306 IPR, Paper 22 (PO Resp.) at 37-40. The law does not require any specific form of evidence to make this showing, and alternative forms of recognition can adequately establish the necessary connection. Accordingly, the Board's failure to properly analyze and consider this evidence constitutes error.

2. The industry praise is rooted in the claimed technical features, not merely apple's ecosystem.

The Board's assertion that industry praise for AirDrop is attributable solely to Apple's ecosystem and user experience, rather than the technical features of the claimed invention, is contradicted by the record. FWD at 45-48. Industry and consumer commentary consistently highlight AirDrop's technical innovation,

specifically its ability to enable seamless, wireless sharing without the need for physical contact or cumbersome setup—a capability that is a direct result of the patented combination. 305 IPR, Paper 22 (PO Resp.) at 37-40; 306 IPR, Paper 22 (PO Resp.) at 37-40. If AirDrop's success were merely a function of Apple's importance in the marketplace, there would be no reason for competitors such as Google and Microsoft to attempt to replicate its functionality or acquire companies working on similar technology. 305 IPR, Paper 22 (PO Resp.) at 40-48; 306 IPR, Paper 22 (PO Resp.) at 40-48.

Further, the Board's dismissal of the industry praise evidence is unsupported by any citation to authority and is based solely on the fact that the praise appeared in consumer journals. The Board does not point to any legal precedent or rule that would categorically exclude evidence of industry praise simply because it originates from publications such as *Forbes* or *MacWorld*. Instead, the Board summarily discounts the value of this evidence on the grounds that the articles were written from a consumer's perspective and that the authors may lack technical qualifications. However, the law does not require that industry praise come exclusively from technical experts or specialized industry publications. What matters is whether the praise is directed to the features of the claimed invention and reflects the views of those familiar with the relevant technology.

The Board's approach effectively disregards the substance of the praise and

its relevance to the claimed invention, focusing instead on the credentials of the authors without any supporting authority for such a requirement. FWD at 46. In doing so, the Board fails to engage with the actual content of the evidence and offers no legal basis for its exclusion. This unsupported dismissal undermines the proper consideration of relevant secondary indicia of non-obviousness.

3. Evidence of copying demonstrates the industry's recognition of the claimed invention's value.

The Board's finding that there was ***no*** proof competitors used Bluetooth and Wi-Fi in the same way or actually copied the patented features is not supported by the industry's response to AirDrop. FWD at 48-52. After AirDrop's introduction, major competitors—including Google, Microsoft, and Samsung—made concerted efforts to develop and launch their own versions of seamless file-sharing solutions that mirrored AirDrop's core functionality. *See* 305 IPR, Paper 22 (PO Resp.) at 40-47; 306 IPR, Paper 22 (PO Resp.) at 40-47. Google's acquisition of Bump, the development of Files Go, and the eventual launch of Nearby Share all reflect attempts to replicate AirDrop's Bluetooth-based discovery and Wi-Fi-based transfer paradigm. *See* 305 IPR, Paper 22 (PO Resp.) at 40-41, 44-46; 306 IPR, Paper 22 (PO Resp.) at 40-41, 44-46. Microsoft's Nearby Sharing and Samsung's Quick Share similarly adopted this model. 305 IPR, Paper 22 (PO Resp.) at 42-44, 46-47; 306 IPR, Paper 22 (PO Resp.) at 42-44, 46-47. Industry reviews and product

documentation explicitly compare these features to AirDrop, and the timing of their development—following AirDrop's success—demonstrates that these efforts were direct responses to AirDrop technology. 305 IPR, Paper 22 (PO Resp.) at 48-49; 306 IPR, Paper 22 (PO Resp.) at 48-49.

4. The long-felt but unresolved need was satisfied only by the claimed invention.

The Board's conclusion that the long-felt need did not exist prior to AirDrop's introduction is inconsistent with the record. FWD at 52-53 Before AirDrop, the industry relied on less effective solutions like Bump or Android Beam, which required physical contact or were limited in speed and convenience. *See* 305 IPR, Paper 22 (PO Resp.) at 39-40; 306 IPR, Paper 22 (PO Resp.) at 39-40. The fact that no one—including industry leaders—implemented the patented combination prior to AirDrop, despite the clear demand, demonstrates that the solution was not obvious. *See* 305 IPR, Paper 22 (PO Resp.) at 51; 306 IPR, Paper 22 (PO Resp.) at 51; *Circuit Check Inc. v. QXQ Inc.*, 795 F.3d 1331, 1337 (Fed. Cir. 2015) (affirming a finding of non-obviousness and stating "[w]ith respect to long-felt need, the jury heard testimony that the industry tried multiple prior art marking methods preceding Circuit Check's invention.").

V. CONCLUSION

For these reasons, the Director should vacate the Board's FWD.

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CERTIFICATION OF SERVICE

The undersigned hereby certifies that the above-captioned **PATENT OWNER'S REQUEST FOR REHEARING BY THE DIRECTOR** is being served on counsel for petitioner via electronic mail on, in its entirety on the following counsel of record for Petitioner:

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