

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner,

v.

INTERDIGITAL PATENT HOLDINGS, INC.,
Patent Owner.

IPR2024-00305
Patent 8,737,933

AUTHORIZED RESPONSE TO DIRECTOR REVIEW REQUEST

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Patent Owner rehashes failed arguments from its briefs that the Board soundly rejected. That Patent Owner disagrees with the Board’s well-reasoned analysis is no basis for Director Review. Patent Owner’s request fails because it rests entirely on alleged objective indicia of nonobviousness that are tied to a feature that was undisputedly known in the art—Bluetooth for detection and Wi-Fi for transfer. Patent Owner also identifies no supposed error by the Board that would qualify for Director Review (i.e., a legal error, an erroneous finding of material fact, an abuse of discretion, or an important issue of law or policy). Thus, the request should be denied.

**I. THE BOARD CORRECTLY REJECTED
PATENT OWNER’S COEXTENSIVENESS ARGUMENTS**

In its IPR briefing, Patent Owner argued that AirDrop, a feature created by third party Apple, is coextensive with the challenged claims (and therefore entitled to a presumption of nexus) because “none of [AirDrop’s] unclaimed features are ‘critical’ or ‘material’ to the core functionality of AirDrop, which is the seamless transfer of files between two devices.” Paper 34 at 9. The Board soundly rejected Patent Owner’s argument, explaining that:

We do not find Patent Owner’s argument persuasive. The evidence does not support Patent Owner’s contention that “[t]he only ‘critical’ feature or feature that ‘materially impacts [AirDrop’s] functionality’ is the ability to detect

other devices using Bluetooth and further establishing a Wi-Fi communication channel for the transfer of files.” Sur-Reply 8–9. On the contrary, the evidence, particularly Exhibits 2023 through 2025, 2027, and 2034, suggests that privacy, security, and technical compatibility with a large universe of other devices with which to communicate are all “material” to file transfer functionality. AirDrop would not perform as well if any of these features were eliminated, suggesting that each feature is at least “significant,” and possibly “critical,” to AirDrop’s success. We determine, therefore, that the evidence regarding these significant unclaimed features is sufficient to rebut any presumption of nexus between the claimed invention and the objective evidence relating to Apple’s commercial AirDrop product.

Paper 42 at 42.

In its Director Review request, Patent Owner argues that the Board “failed to show that the [unclaimed] features it identified are *critical* to AirDrop’s core functionality.” Paper 43 at 8 (emphasis added); *see also id.* at 9 (arguing that the AirDrop is coextensive with the claims despite its unclaimed technical compatibility feature because this feature is not “critical to the success of AirDrop”). This is not the law, and the Board carefully analyzed the evidence of record under the proper legal standard.

First, Patent Owner overlooks that it is their burden of production to show the prerequisites for a presumption of nexus, not the Board’s burden to show otherwise. *WMS Gaming Inc. v. Int’l Game Tech.*, 184 F.3d 1339, 1359 (Fed. Cir. 1999) (“The patentee bears the burden of showing that a nexus exists... .”); *Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366, 1373 (Fed. Cir. 2019).

Second, Patent Owner cites no caselaw requiring unclaimed features be “critical ... to [a product’s] core functionality.” Paper 42 at 41-42 (citing Paper 34 at 9). Indeed, there is no such requirement. Instead, presuming nexus may be appropriate “if the unclaimed features amount to nothing more than additional insignificant features.” *Fox Factory*, 944 F.3d at 1374. Thus, unclaimed features need only be significant to preclude coextensiveness. *Campbell Soup Co. v. Gamon Plus, Inc.*, 10 F.4th 1268, 1277 (Fed. Cir. 2021) (finding no presumption of nexus because the unclaimed features were “significant”). While an unclaimed feature that is “critical” is certainly sufficient to preclude coextensiveness, criticality is not required.¹

¹ By equating “significant” with “critical” (Paper 43 at 7), Patent Owner mischaracterizes *Quanergy*, which lists a critical unclaimed feature as an example of an unclaimed feature that precludes coextensiveness, not a synonym for a significant unclaimed feature. *Quanergy Sys., Inc. v. Velodyne Lidar USA, Inc.*, 24

Third, the Board analyzed numerous exhibits and both sides' experts' testimony, correctly finding that the unclaimed privacy, security, and technical compatibility features were significant. Paper 42 at 39-42. Without citing any supporting evidence, Patent Owner baselessly asserts that the unclaimed features "are not critical to the basic operation of a Bluetooth/Wi-Fi transfer system" and that "[t]he core functionality of AirDrop would remain unchanged without the privacy and encryption features cited by the Board." Paper 43 at 8. This argument should be dismissed at least because it is unfounded and contrary to the evidence cited by the Board.

Regarding privacy features, the Board relied on testimony of Patent Owner's own expert, Dr. Edwards, explaining that "[d]evice visibility was ... important to give users the sense that they could still control their privacy." Paper 42 at 39 (quoting EX2001, ¶137). The Board further cited Patent Owner's own exhibits (EX2009, EX2014, and EX2027) showing that AirDrop allowed users to make themselves visible to only contacts (Paper 42 at 39) and quoted the explanation from Petitioner's expert, Mr. Rysavy, that such privacy "gives users the peace of mind

F.4th 1406, 1418 (Fed. Cir. 2022) ("Other unclaimed features, *like* a critical unclaimed feature ... indicate that the claim is not coextensive with the product.") (emphasis added) (internal quotation marks omitted).

that they can prevent their devices from appearing to every other nearby device.” Paper 42 at 40 (quoting EX1086, ¶16).

On security, the Board similarly cited Patent Owner’s own exhibits (EX2014, EX2023) showing that AirDrop is fully encrypted and quoted Patent Owner’s and Petitioner’s experts’ explanations that such encryption is important because it prevents unauthorized access and interception of shared files by third parties. Paper 42 at 40 (quoting EX2001, ¶59; EX1086, ¶17).

On technical compatibility, the Board quoted Patent Owner’s own exhibit (EX2023) and both sides’ experts’ testimony showing that the compatibility features offered enhanced benefits that drove AirDrop’s success. Paper 42 at 40-41.

Thus, the Board carefully analyzed the record evidence and explained why the unclaimed features were significant. Director Review should not be granted just because Patent Owner does not like the outcome of this well-reasoned analysis.

Patent Owner’s *Volvo Penta* decision reinforces that the Board was correct in finding no coextensiveness. Paper 43 at 7-8 (citing *Volvo Penta of the Americas, LLC v. Brunswick Corp.*, 81 F.4th 1202, 1210 (Fed. Cir. 2023)). As explained in Petitioner’s Reply (Paper 33 at 7), the Federal Circuit in *Volvo Penta* affirmed the Board’s no coextensiveness finding because the Patent Owner Response included only one conclusory sentence asserting that the product was coextensive with the claims and pointed to evidence showing only that the product embodied the claims.

Volvo Penta, 81 F.4th at 1211. Similarly, here, Patent Owner’s Response provided only a conclusory assertion that “the patented invention is coextensive with AirDrop” (Paper 22 at 34) and pointed to charts (Paper 22 at 11-33) showing only that AirDrop allegedly embodied the claims. Paper 22 at 33-34. As explained in the Reply, “[t]hat lack of analysis and evidence, alone, is fatal to Patent Owner’s presumption arguments.” Paper 33 at 7.

II. THE BOARD CORRECTLY REJECTED PATENT OWNER’S NEXUS-IN-FACT ARGUMENTS

On commercial success, the Board addressed Patent Owner’s evidence (EX2023, EX2024, EX2025, and EX2027) and found it unpersuasive because, while “Apple products ... were undoubtedly successful ... Patent Owner’s evidence ... does not establish how many, if any, sales were driven by the introduction of AirDrop in Apple’s devices. Nor [did] it establish whether *any* sales were generated by the unique characteristics of the claimed invention.” Paper 42 at 45 (emphasis in original) (internal quotation marks omitted).

Patent Owner mischaracterizes the Board’s findings, alleging that the Board wrongly concluded “that commercial success is merely attributable to Apple products generally.” Paper 43 at 10. This is not what the Board found. While the Board acknowledged that Apple products were successful, it found that Patent

Owner had failed to establish that AirDrop's success was due to the unique characteristics of the claimed invention. Paper 42 at 45.

Patent Owner then wrongly asserts that the Board failed "to properly analyze and consider this evidence," without providing any explanation as to how the Board allegedly failed to analyze and consider the evidence. Paper 43 at 12. Though Patent Owner complains that it could not have obtained better evidence (Paper 43 at 11-12), this is speculative and irrelevant. The Board analyzed Patent Owner's evidence, and correctly found it to be deficient. That Patent Owner wishes it had offered better evidence is not a reason to grant Director Review.

On industry praise, the Board found that Patent Owner's evidence showed that the alleged "praise was largely due to extraneous factors ... rather than from features corresponding to non-novel aspects of the claimed invention." Paper 42 at 47. Patent Owner mischaracterizes the Board's findings, asserting that the Board found the "industry praise for Airdrop [] attributable solely to Apple's ecosystem and user experience." Paper 43 at 12. Not so. The Board found that the alleged praise was "largely"—not solely—due to these and other extraneous factors. Paper 42 at 47.

The Board carefully analyzed Patent Owner's cited evidence (EX2023, EX2024, EX2025, EX2027) and correctly found that it was unpersuasive because it was too generic and not tied to the allegedly non-novel feature of the claimed invention: Bluetooth for detection and then Wi-Fi for transfer. Paper 42 at

47-48. Patent Owner's request confirms that the praise is not tied to the Bluetooth to Wi-Fi switch, but more generically to AirDrop's "ability to enable seamless, wireless sharing." Paper 43 at 13. Indeed, Patent Owner cites no evidence praising AirDrop's Bluetooth to Wi-Fi switch. Some of the authors of the cited exhibits may have thought AirDrop was a great product feature, but none of them said this was due to AirDrop's alleged use of Bluetooth for detection and Wi-Fi for transfer. Thus, the Board correctly found that, even if AirDrop included the Bluetooth to Wi-Fi switch, this was not the basis for the alleged praise.

Next, Patent Owner asserts, without any supporting caselaw, that the Board wrongly discounted the value of its industry praise evidence because "the law does not require that industry praise come exclusively from technical experts or specialized industry publications." Paper 43 at 13. But the Board carefully explained that:

Patent Owner has not shown the authors of the particular articles cited had the technical qualifications necessary to comment knowledgeably on technical aspects of the AirDrop feature. Their praise of the AirDrop feature is general and based on a consumer's perspective, and there is no specific praise of the switch from Bluetooth to Wi-Fi that is the essence of the claimed invention.

Paper 42 at 46-47.

On copying, Patent Owner is unable to identify any error in the Board's analysis and instead substitutes a legally incorrect argument that competitors' efforts to develop similar file-sharing solutions is somehow sufficient to prove copying. Paper 43 at 14-15. The Board laid out the proper legal standard for establishing copying: there "must be at least some evidence of actual copying," such as "incriminating internal documents, or direct evidence such as disassembling a patented prototype, photographing its features, and using the photograph as a blueprint to build a replica." Paper 42 at 51-52 (internal quotation marks omitted). "[M]ere similarities between an issued patent and a commercial product do not, on their own, establish copying." Paper 42 at 51. The Board then carefully considered Patent Owner's copying evidence and found that it did not come close to meeting this exacting legal standard. Paper 42 at 49-52.

Specifically, the Board correctly found that "only Microsoft's Near Share and Google's Nearby Share ... can use Bluetooth for detection and Wi-Fi for data transfer[,] and that even these technologies "are not identical to AirDrop." Paper 42 at 51 (internal quotation marks omitted). Moreover, the Board found that there was "not even a minimal showing that Apple's competitors had access to the AirDrop feature, particularly its use of Bluetooth for detection and Wi-Fi for file transfer." Paper 42 at 52. Thus, the Board correctly concluded that "the evidence in

the record demonstrates nothing more than that competitors such as Microsoft and Google have attempted to compete with AirDrop.” Paper 42 at 52.

On long-felt need, Patent Owner mischaracterizes the Board’s findings and continues to misstate the law. The Board correctly explained that the long-felt need must exist “*on the patent’s filing date*” (emphasis in original) (Paper 42 at 53). Yet Patent Owner wrongly argues that “[t]he Board’s conclusion that the long-felt need did not exist prior to AirDrop’s introduction is inconsistent with the record.” Paper 43 at 15. This mischaracterizes the Board’s findings. The Board correctly found that Patent Owner failed to establish that the long-felt need existed before the patent’s filing date. Paper 42 at 53 (“A need that arises only after a patent issues is not objective evidence that the patent claims were non-obvious when issued. In this case, Patent Owner has not met its burden to produce such evidence.”). Patent Owner points to inferior solutions like Bump or Android Beam that allegedly predate AirDrop, but fails to establish that these products predate the patent’s filing date, much less that there was a recognized pre-patent need to improve these allegedly inferior products. Paper 43 at 15.

**III. PATENT OWNER’S OBJECTIVE INDICIA
LACK A NEXUS BECAUSE THEY ARE TIED
TO A FEATURE THAT WAS UNDISPUTEDLY KNOWN IN THE ART**

Every one of Patent Owner’s object indicia are tied to a feature known in the prior art: Bluetooth for detection and Wi-Fi for transfer. Paper 43 at 1, 3, 6, 8, 10,

11, 14; Paper 22, 1-2, 39, 43-45, 47, 48. The Petition and the Reply cite numerous prior art references showing that this feature was known. Paper 2 at 4-5, 14; Paper 33 at 24 (citing, e.g., EX1005; EX1006; EX1010; EX1013). Patent Owner does not dispute that this feature was known. The Board also correctly found that this feature was known. Paper 42 at 42. Thus, Patent Owner's entire challenge fails because, even if there was a basis for finding a presumption of nexus and/or a nexus in fact, there can be no nexus for any of the alleged objective indicia because they are all tied to a feature known in the prior art. *Novartis AG v. Torrent Pharms. Ltd.*, 853 F.3d 1316, 1330-1331 (Fed. Cir. 2017) (affirming PTAB finding of no nexus for claim feature that was described in prior art publications); *ABT Sys., LLC v. Emerson Elec. Co.*, 797 F.3d 1350, 1361-1362 (Fed. Cir. 2015) (applying same principle in finding no commercial success or long-felt need); *Yita LLC v. MacNeil IP LLC*, 69 F.4th 1356, 1364 (Fed. Cir. 2023) (“[O]bjective evidence of nonobviousness lacks a nexus if it exclusively relates to a feature that was *known* in the prior art[.]”) (emphasis in original) (internal quotation marks omitted).

Respectfully submitted,

Dated: July 30, 2025

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**CERTIFICATE OF SERVICE
IN COMPLIANCE WITH 37 C.F.R. § 42.6 (e)(4)**

The undersigned certifies that on July 30, 2025, a complete copy of
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