

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION, HP INC., DELL INC., DELL TECHNOLOGIES
INC., ASUSTEK COMPUTER INC., ASUS GLOBAL PTE. LTD.,
Petitioners,

v.

LITL LLC,
Patent Owner.

IPR2024-00456
U.S. Patent No. 8,612,888

PETITIONERS' PRELIMINARY REPLY

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Patent Trial and Appeal Board
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EXHIBIT LIST

Exhibit	Description
1001	U.S. Patent No. 8,612,888 (“the ’888 Patent”)
1002	File History of the ’888 patent
1003	Declaration of Dr. Henry Houh in Support of Petition (“Houh Decl.”)
1004	Dr. Henry Houh CV
1005	RESERVED
1006	German Patent Application Publication DE10331185A1 (“Pröll”) with certified translation
1007	U.S. Patent 6,137,468 (“Martinez”)
1008	Joan Preppernau & Joyce Cox, <i>Step By Step Windows Vista</i> , Microsoft Press (Jan. 3, 2007) (“Preppernau”)
1009	U.S. Patent 5,847,698 (“Reavey”)
1010	U.S. Patent Application Publication 2006/0227122 A1 (“Proctor”)
1011	U.S. Patent Application Publication 2006/0062141 A1 (“Chandhri”)
1012	U.S. Patent Application Publication 2006/0265390 A1 (“Aldrich”)
1013	U.S. Patent No. 7,970,240 B1 (“Chao”)
1014	RESERVED
1015	RESERVED
1016	Complaint, <i>LiTL LLC v. ASUSTeK Computer Inc.</i> , No. 23-cv-00122 (D. Del. Feb. 1, 2023)
1017	Complaint, <i>LiTL LLC v. Dell Techs. Inc.</i> , No. 23-cv-0121 (D. Del. Feb. 1, 2023)

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1018	Complaint, <i>LiTL LLC v. HP Inc.</i> , No. 23-cv-00120 (D. Del. Feb. 1, 2023)
1019	Order Granting Microsoft Intervention, <i>LiTL LLC v. HP Inc.</i> , No. 23-cv-00120 (D. Del Oct. 16, 2023)
1020	Scheduling Order, <i>LiTL LLC v. HP Inc.</i> , No. 23-120 (D. Del. Jan. 11, 2024), ECF No. 44
1021	1021 Foley, James D., et al., <i>Computer Graphics Principles and Practice</i> , Second Edition in C (July 1997)
1022	1022 Dino Esposito, <i>New Graphical Interface: Enhance Your Programs with New Windows XP Shell Features</i> , MSDN Magazine
1023	1023 Maintenance & Service Guide, <i>HP Pavilion dv1600 Entertainment Notebook PC</i> (June 2006)
1024	Complaint, <i>LiTL LLC v. Lenovo (United States), Inc.</i> , No. 20-cv-00689 (D. Del. May 22, 2020)
1025	Stipulation of Dismissal, <i>LiTL LLC v. Lenovo (United States) Inc.</i> , No. 20-cv-00689 (D. Del. Feb. 3, 2023)
1026	RESERVED
1027	Fujitsu LifeBook T3000 Tablet PC review: Fujitsu LifeBook T3000 Tablet PC, available at https://www.cnet.com/reviews/fujitsu-lifebook-t3000-tablet-pc-review/
1028	HP Compaq Tablet PC TC1100 review: HP Compaq Tablet PC TC1100, available at https://www.cnet.com/reviews/hp-compaqtablet-pc-tc1100-review/
1029	1029 Acer TravelMate C110 review: Acer TravelMate C110, available at https://www.cnet.com/reviews/acer-travelmate-c110-review/
1030	OLPC XO-1 (One Laptop Per Child) review: OLPC XO-1 (One Laptop Per Child), available at https://www.cnet.com/reviews/olpcxo-1-one-laptop-per-child-review/
1031	Microsoft Indemnity Request

Exhibit	Description
1032	RESERVED
1033	RESERVED
1034	RealPlayer 7 Plus User Manual
1035	RESERVED
1036	Australia Patent Application Publication AU2001100022A4
1037	Apple Reinvents the Phone with iPhone, available at https://www.apple.com/newsroom/2007/01/09Apple-Reinventsthe Phone-with-iPhone/
1038	Twist and Shoot: Nokia N90 makes it première, available at https://web.archive.org/web/20140714193817/http://company.nokia.com/en/news/press-releases/2005/04/27/twist-and-shoot-nokian90-makes-its-premiere
1039	Adobe Photoshop Elements 3.0 Getting Started Guide (2004)
1040	U.S. Patent 7,433,876 (“Spivack”)
1041	An Overview of HTML+, available at https://web.archive.org/web/19970605134644/https://www.w3.org/MarkUp/HTMLPlus/htmlplus_7.html
1042	LiTL-Microsoft IPR (Protective Order) (Redline)
1043	LiTL-Microsoft IPR (Protective Order)
1044	Docket, <i>LiTL LLC v. Lenovo (United States), Inc.</i> , No. 20-cv-00689

I. INTRODUCTION

Lenovo is one of hundreds of computer manufacturers to which Microsoft supplies Windows software. When LiTL sued Lenovo in 2020 for infringement of the '888 patent, it directed its allegations at Lenovo's hardware products, but not Microsoft's software; Lenovo never sought indemnity from Microsoft under the standard supplier-customer agreement between them, and Microsoft had no right to control and did not control Lenovo's litigation. Microsoft did not provide Lenovo with funding, intervene in the suit, or participate in the prior '888 IPR proceeding. The Federal Circuit has routinely found that circumstances like these do not create privity between the parties. Accordingly, Lenovo is not Microsoft's privity.

II. FACTS

A. Microsoft's supplier agreements trigger indemnity obligations only when certain conditions are met.

Microsoft supplies Windows software to numerous computer manufacturers, including Lenovo, HP, Dell, and ASUS. Those business relationships are governed by standard agreements with provisions that LiTL argues are "substantially similar or identical" to each other. POPR 8; EX-2018, [REDACTED]. Microsoft's obligations under the agreements' indemnity provisions are triggered only when certain conditions are met, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

B. Microsoft did not indemnify Lenovo, intervene or control its defense, or participate in its IPR related to the '888 patent.

In May 2020, LiTL sued Lenovo in district court, alleging Lenovo's laptop computers infringed six patents, including the '888 patent. EX-2015. LiTL's complaint did not explicitly identify Windows functionality as the basis for its infringement allegations. *See id.* Lenovo and Microsoft entered into a Joint Defense and Common Interest Agreement three months later because [REDACTED]

[REDACTED] EX-2025, 1.¹ Lenovo requested indemnity from Microsoft for claims related to only one of LiTL's patents, U.S. 8,577,957 ("the '957 patent")—but not the '888 patent. EX-1031. As a result, Microsoft filed an IPR petition for only the '957 patent, listing Lenovo as real party in interest. IPR2021-01011, Paper 2, 2. LiTL disclaimed the challenged claims, and Microsoft's IPR was denied institution as a result. *Id.*, Paper 9, 1. Lenovo and LiTL eventually stipulated to dismissal of the district court litigation. EX-2026.

Microsoft did not intervene in the Lenovo district court proceedings. EX-1044. Given Microsoft's limited indemnity as to the '957 patent only, Lenovo maintained its own outside counsel, and Microsoft had no control over Lenovo's defense. Aside from the '957 patent, Microsoft was not involved in Lenovo's PTAB challenges related to the other patents asserted against Lenovo, including the '888 patent.

¹ All emphasis added unless stated otherwise.

C. In contrast, Microsoft is indemnifying HP, Dell, and ASUS and has intervened in the current LiTL litigations.

In February 2023, LiTL sued HP, Dell, and ASUS in district court, specifically identifying Windows functionality as the basis for its infringement allegations for certain patents including the '888 patent. HP, Dell, and ASUS requested indemnity from Microsoft [REDACTED]

[REDACTED]

[REDACTED].

III. MICROSOFT IS NOT IN PRIVITY WITH LENOVO.

Taylor v. Sturgell, 553 U.S. 880 (2008) identified six considerations that are exceptions to the general rule against nonparty preclusion. Consideration of these *Taylor* factors and the determination of privity is “a flexible analysis that seeks to determine whether the relationship between the purported privy and the relevant other party is sufficiently close such that both should be bound by the trial outcome and related estoppels.” *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1336 (Fed. Cir. 2018) (internal quotations omitted); *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1319 (Fed. Cir. 2018). “In other cases, it may be more relevant to determine whether the petitioner is simply serving as a proxy to allow another party to litigate the patent validity question.” *WesternGeco*, 889 F.3d at 1319.

LiTL argues that Lenovo is Microsoft’s privy based on two *Taylor* factors: 1) existence of a pre-existing substantive legal relationship between the parties and 2) an agreement to be bound. However, neither factor gives rise to privity.

A. Microsoft’s supplier agreement does not give rise to privity.

Contrary to LiTL’s arguments, Microsoft’s supplier agreement with Lenovo does not give rise to privity under the second *Taylor* factor, which considers whether “nonparty preclusion may be justified based on a variety of pre-existing ‘substantive legal relationship[s]’ between the person to be bound and a party to the judgment.” *Taylor*, 553 U.S. at 894. The Federal Circuit and the Board have consistently found that typical supplier-customer agreements like Microsoft’s [REDACTED], even with indemnity provisions, do not create the type of “substantive legal relationship” that establishes privity.

Standard supplier agreements do not create privity. A “contractual and fairly standard customer-manufacturer relationship regarding the accused product” does not suggest a “relationship is sufficiently close that both should be bound by the trial outcome and related estoppels” or that the parties “were litigating ... as proxies for the other.” *WesternGeco*, 889 F.3d at 1321-22; *Samsung Electronics Co. v. Netlist, Inc.*, IPR2022-00615, Paper 64, 14 (June 30, 2023) (finding that parties in a “standard customer-manufacturer relationship” are not privies because “[t]here is no common venture or enterprise created by these agreements, nor is there any representation of the interests of one by the other that arises from these agreements such that Petitioner should be bound or estopped by the actions [of the customer]”). [REDACTED] is a standard supplier agreement that LiTL admits is “substantially similar or identical” to Microsoft’s supplier agreements with other Microsoft customers, including HP, Dell, and ASUS. *Compare* EX-2018, *with* EX-2032-34; POPR, 8-9, 14. Such

standard supplier agreements do not create privity. *WesternGeco*, 889 F.3d at 1321-22; *Wi-Fi One*, 887 F.3d at 1340-41; *Samsung*, IPR2022-00615, Paper 64, 14.

Nor do the indemnification provisions in [REDACTED] create privity. As an initial matter, even actual indemnification alone does not generally create privity. *Wi-Fi One*, 887 F.3d at 1340-41. But here, the circumstances are even further afield—Microsoft never actually indemnified Lenovo for the '888 patent because unlike HP, Dell, and ASUS, Lenovo never requested such indemnity. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] *See supra*, Section III.C.2.

The joint defense agreement also did not create privity. In fact, the Federal Circuit and the Board's guidelines counsel the opposite. *WesternGeco*, 889 F.3d at 1321 (“[A] common desire among multiple parties to see a patent invalidated, without more, does not establish privity.”); PTAB Consol. Trial Practice Guide, 17 (“[I]f Party A is part of a Joint Defense Group with Party B in a patent infringement suit, and Party B files a PGR petition, Party A is not...a ‘privity’ for the purposes of the PGR petition based solely on its participation in that Group.”).

The instant circumstances are nothing like the sole supplier-customer case LiTL cites.² POPR, 12 (citing *Ventex Co. Ltd. v. Columbia Sportswear N. Am., Inc.*,

² LiTL also cites *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336 (Fed. Cir. 2018). That case addressed whether petitioner RPX, an entity whose “publicly stated business solutions is to file IPRs where its clients have been sued by non-

IPR2017-00651, Paper 148, 12-13 (January 24, 2019)). Unlike in *Ventex*, Microsoft and Lenovo do not have the type of “specially structured” exclusive supply arrangement the Board found supported privity. And unlike in *Ventex*, where the Board found the customer’s payments under an exclusivity agreement correlated with the IPR-related legal fees incurred by the manufacturer, here LiTL cannot point to any evidence of unusual, suspect arrangements suggesting Lenovo is using Microsoft as a proxy to skirt the §315(b) time-bar provision—including because Lenovo has already settled its dispute with LiTL. Thus, the factors in *Ventex*’s privity finding between a manufacturer and its time-barred customer simply are not present here.

Microsoft’s supplier agreement and joint defense agreement with Lenovo did not create a “substantive legal relationship” sufficient to establish privity under the second *Taylor* factor.

B. Microsoft’s agreement to indemnify Lenovo under certain unmet conditions was not an agreement to be bound by the Lenovo IPR.

Microsoft’s indemnification agreement with Lenovo also does not give rise to privity under the first *Taylor* factor, which LiTL misapplies. Under this factor, “a person who agrees to be bound by the determination of issues in an action between others is bound in accordance with the terms of his agreement.” *Taylor*, 553 U.S. at

practicing entities to ‘reduce expenses for [its] clients,’” should have included its time-barred client as an RPI. Thus, *RPX* involved a vastly different relationship between a petitioner and a time-barred party, and did not address privity. *Id.* at 1344 n.1 (“we need not address in this opinion whether *RPX* and Salesforce were in privity”).

893. For example, parties to multiple related litigations may agree to be bound to the outcome of a “test case.” *Id.* at 893-94. The first *Taylor* factor, in other words, simply affirms that privity may derive not only from a sufficiently close relationship, but also from an express agreement to be bound.

LiTL does not and cannot point to any agreement from Microsoft to be bound by the outcome of Lenovo’s district court litigation or IPR. And LiTL overreaches, absent any supporting authority, by suggesting this *Taylor* factor could apply to bind Microsoft to the outcome of Lenovo’s litigation or IPR based on a standard agreement to indemnify, much less one in which the conditions triggering the obligation to indemnify were never met. POPR, 15-20. There is no language in [REDACTED] indemnification provision that states or suggests any agreement from Microsoft to be bound by the determination of Lenovo’s IPR or any other action involving Lenovo to which Microsoft is not a party or real party in interest. Indeed, as discussed above, the Federal Circuit has determined that an indemnification relationship, without control over the litigation or significant participation in it, does not give rise to privity. *See Wi-Fi One*, 887 F.3d at 1337, 1341 (affirming Board’s finding that “indemnity payments and minor participation in a trial are not sufficient to establish privity”). Thus, LiTL’s attempt to argue that Microsoft had an indemnity obligation despite the fact that the conditions that would trigger that obligation were unmet makes no difference. POPR 16-20. Either way, the indemnity provision is not an agreement to be bound by the outcome of an action and is insufficient to establish privity.

LiTL’s cited cases do not assess privity under § 315(b) and address only *when* a duty to indemnify applies—not whether providing indemnity, in the first instance,

can, under the first *Taylor* factor, constitute an indemnitor's "agreement to be bound" by the outcome of the first action.³ (It cannot.) LiTL does not otherwise explain how an indemnity agreement is an agreement to be bound.

Instead, LiTL assumes without support that the first *Taylor* factor applies to indemnification relationships. Based on that erroneous assumption, it then argues that even though Microsoft did not actually provide Lenovo indemnity with respect to the '888 patent, Microsoft was "obligated" to defend Lenovo in the prior litigation in the same way it was obligated to defend HP, Dell, and ASUS in the current litigations. Here, too, LiTL is wrong. The conditions required to trigger the Lenovo indemnity were not met, so even putting aside LiTL's misapplication of the first

³ *Intel Corp. v. U.S. Int'l Trade Comm'n*, 946 F.2d 821, 837-38 (Fed. Cir. 1991) assessed privity in the context of whether the doctrine of assignor estoppel applied to companies that had a number of close contacts to an estopped inventor, one of which was an indemnification agreement. *Intel* was decided before *Taylor*, was not cited in *Taylor*, and does not address the "agreement to be bound" *Taylor* factor. The other two cases LiTL cites address indemnification obligations of an insurer under state law and are thus inapplicable to this *Taylor* factor and the facts at issue here. *Ortega-Maldonado v. Allstate Ins. Co.*, 519 F. Supp. 2d 981 (D. Minn. 2007); *Exec. Risk Indem., Inc. v. Jones*, 171 Cal. App. 4th 319 (2009). Indeed, *Exec. Risk* expressly states that *Taylor* does not apply to its analysis. 171 Cal. App. at 334 n.12 ("The claims and issues in this case are entirely different than those litigated in *Taylor*; consequently, *Taylor* does not alter the analysis or result in this case.").

Taylor factor, Microsoft had no obligation to indemnify and did not “agree to be bound” under the circumstances.

LiTL wrongly suggests [REDACTED] is the only condition to Microsoft’s indemnity obligation. POPR, 17 [REDACTED]. But another condition required to trigger Microsoft’s indemnity obligation under [REDACTED] with respect to third-party claims is [REDACTED] EX-2018, [REDACTED]. LiTL does not dispute Lenovo chose to retain control over its defense to LiTL’s ’888 patent claims. [REDACTED] indemnity provisions also refer to the indemnitee as [REDACTED]. *Id.* LiTL acknowledges Lenovo chose not to request indemnity from Microsoft with respect to the ’888 patent. POPR, 16-18. Given the failure [REDACTED], Microsoft had no obligation to indemnify.

Microsoft’s indemnification agreement with Lenovo is not an agreement to be bound and does not establish privity under the first *Taylor* factor.

C. Barring Microsoft’s petition under § 315(b) would be inequitable.

LiTL’s flawed reasoning would lead to absurd results, creating estoppel ramifications for the supplier every time a customer is sued, regardless of whether the lawsuit identifies the supplier’s product, and regardless of whether the supplier has any involvement in, much less control over, the customer’s litigation defense. This is not and cannot be the law. Accordingly, the Federal Circuit has repeatedly found

that standard supplier-customer relationships such Microsoft's business relationship with Lenovo do not create privity to trigger § 315(b)'s time bar on petitions. *See WesternGeco*, 889 F.3d at 1321-22; *Wi-Fi One*, 887 F.3d at 1340-41.

Further, in the Lenovo litigation, LiTL directed its '888 patent infringement allegations to hardware manufactured by Lenovo, not software developed by Microsoft. EX-2020 [REDACTED]

[REDACTED]. Accordingly, Lenovo did not request indemnity for those claims, and Microsoft [REDACTED]

[REDACTED]. Absent a substantive legal relationship to the Lenovo litigation, Microsoft had no reason to challenge the '888 patent within Lenovo's time bar. This "practical situation" counsels against applying a time bar under § 315(b) when Microsoft had neither reason nor opportunity to challenge the '888 patent (e.g., by controlling the Lenovo defense) when it was asserted against Lenovo. *Id.* Now that LiTL's litigation directly implicates Microsoft products as the basis for its '888 patent infringement assertions, it would be inequitable for Microsoft to be precluded from challenging the '888 patent's validity merely because LiTL previously asserted the '888 patent against another of Microsoft's customers.

* * *

Based on the above, Petitioners have met their burden of persuasion to show that this Petition is not time-barred under §315(b).

Dated: June 3, 2024

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on June 3, 2024 true and correct copies of the foregoing PETITIONERS' PRELIMINARY REPLY was served via electronic mail upon the following counsel of record for Patent Owner:

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