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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.

Case No. IPR2024-00456
Patent No. 8,612,888

**PATENT OWNER'S SUR-REPLY IN SUPPORT OF
PATENT OWNER'S PRELIMINARY RESPONSE**

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¹ All emphasis is added herein unless otherwise indicated.

I. INTRODUCTION

Microsoft never disputes it had a formal relationship with Lenovo governed by the [REDACTED] (EX2018) *and* [REDACTED] (EX2025), nor that the [REDACTED] acknowledges [REDACTED] [REDACTED]. Paper 11 (“POPR”), 5-7.

Microsoft also never disputes it is in privity with HP, Dell, and ASUS—which use Microsoft’s same software the same way Lenovo does—[REDACTED] [REDACTED]. *Id.*, 8-9. Microsoft’s assertion that, unlike its HP, Dell and ASUS allegations that [REDACTED] (Reply, 3), LiTL’s allegations against Lenovo were [REDACTED]” (*id.*, 1) is refuted by the [REDACTED] and the evidence. POPR, 7. Microsoft never refutes that the complaints and [REDACTED] were “materially identical” across the litigations. POPR, 8 (citing evidence); EX2020 [REDACTED] [REDACTED]. Microsoft never disputes its representations to the court—that it was obligated to intervene for HP, Dell and ASUS—are an admission that the same Microsoft software on Lenovo’s computers [REDACTED] [REDACTED] of the ’888 Patent claims. POPR, 16.

Unable to refute these facts, Microsoft ignores that Congress intended that the AIA privity cover “a party that has a direct relationship to the petitioner with respect the allegedly infringing product” such as the petitioner’s “customers” that

“had been sued for infringement.” 157 Cong. Rec. S5432 (daily ed. Sep. 8, 2011).

Microsoft argues it was not in privity with Lenovo because Lenovo did not ask Microsoft for indemnification on the '888 Patent so Microsoft did not take [REDACTED]. Reply, 2. Yet, Microsoft does not dispute that limiting “privity” in this way would render it superfluous in the patent statute by limiting privies to parties that are RPIs. POPR, 19-20. Microsoft’s arguments focus on how Lenovo chose to exercise its rights under the [REDACTED] as compared to how HP, Dell and ASUS exercised theirs. But the nature of the “pre-existing substantive legal relationship” determines privity—not how a party exercises (or not) its rights under an agreement that defines the relationship. Lenovo was Microsoft’s privity. The petition is time-barred.

II. PRE-EXISTING SUBSTANTIVE LEGAL RELATIONSHIP

A. *Ventex* Confirms That Lenovo Was Microsoft’s Privity

The Board’s precedential *Ventex* decision found a privity relationship established under *Taylor*’s “pre-existing substantive legal relationship” factor based on “two contracts, a Supplier Agreement with an **obligation** to indemnify and defend, and an Exclusive Manufacturing Agreement” that “directly related to the product accused of infringing the patent at issue.” *Ventex v. Columbia Sportswear North Am.*, IPR2017-00651, Paper 148, 12-13 (Jan. 24, 2019) (precedential). Microsoft’s [REDACTED] with Lenovo similarly imposes an “obligation” to

indemnify and is directly related to the Lenovo product accused of infringing the '888 Patent. POPR, 5-7 ([REDACTED]) and 15-16

([REDACTED]). Microsoft's pre-existing substantive legal relationship with Lenovo created privity like the relationship in *Ventex* did.

Ventex addressed privity **and RPI**. Microsoft misleads (Reply, 6-7) by citing the “‘specially structured’ exclusive supply arrangement” the Board found important to its RPI analysis but not to its privity analysis. *Ventex*, 6-11 (RPI), 12-13 (privity). Microsoft similarly misleads by pointing to *Ventex*'s “proxy” analysis. Reply, 6. *Ventex* found privity established under *Taylor*'s “pre-existing substantive legal relationship” factor **and separately** under *Taylor*'s “proxy” factor. *Ventex*, 12-13 (discussing *Taylor*). Microsoft cannot distinguish *Ventex* under *Taylor*'s “pre-existing substantive legal relationship” factor. POPR, 12-15.

B. No Caselaw Supports Microsoft's Position

Microsoft alleges that “the Federal Circuit has repeatedly found that **standard** supplier-customer relationships such [as] Microsoft's business relationship with Lenovo do not create privity to trigger § 315(b)'s time bar.” Reply, 9-10 (citing *Wi-Fi One* and *WesternGeco*). Not so.

1. Microsoft's “Standard” Characterization Fails

Privity is “highly fact-dependent” and requires a “case-by-case” analysis. *WesternGeco v. ION Geophys.*, 889 F.3d 1308, 1318-1319 (Fed. Cir. 2018); Trial

Practice Guide, 13. Microsoft labelling the [REDACTED] as “standard” or “typical” (Reply, 1 and 4-5) cannot substitute for that fact-dependent case-specific privity analysis.

The [REDACTED] defines a substantive legal relationship governing [REDACTED]. POPR, 5-6. There is nothing “standard” about the [REDACTED], and Microsoft cites no *evidence* to the contrary. That Microsoft uses similar terms in its [REDACTED] with other leading laptop makers (Reply, 4-5) does not overcome Lenovo being a privy of Microsoft for two reasons. First, it does not make the [REDACTED] a “standard agreement” for evaluating privity—there is no exception to the pre-existing substantive legal relationship analysis for *Microsoft’s* agreements. Second, HP, Dell, and ASUS are all indisputably *in privity with Microsoft* [REDACTED]. POPR, 8-9.

2. Microsoft’s Cases are Distinguishable

a. Microsoft Misrepresents *Wi-Fi One’s* Holding

Microsoft argues that Lenovo cannot be Microsoft’s privy because Microsoft did not “control” Lenovo’s defense and was not “involved” in Lenovo’s IPR. Reply at 2, 5 and 9-10. That misconstrues *Wi-Fi One v. Broadcom*, 887 F.3d 1329, 1340-1341 (Fed. Cir. 2018) and is not the law. Control of prior litigation is a separate *Taylor* factor (four) than the “pre-existing substantive legal relationship” *Taylor* factor (two) that LiTL relies on. POPR, 12-15.

In *Wi-Fi One*, the Federal Circuit evaluated privity in terms of a petitioner’s

control of prior litigation based on indemnity because that was the *patent owner's argument* to the Board. *See WesternGeco*, 889 F.3d at 1320 n.7 (explaining that *Wi-Fi One* “found that the Board properly focused on the factors that the patent owner raised in its argument, i.e., whether the IPR petitioner had been in control of a prior litigation.”). Whether a party had “control” of prior litigation “is *not the exclusive analytical pathway for analyzing privity*... but [is] one of a variety of considerations.” *Id.* at 1320. LiTL’s privity argument does not rely on Microsoft’s “control” of prior litigation so *Wi-Fi One* does not apply.

Control is not required to establish privity under *Taylor*’s “pre-existing substantive legal relationship” factor that LiTL relied on and Microsoft’s authority is not to the contrary. POPR, 19-20 (limiting “privity” in this way would render it superfluous in the patent statute by limiting privies to parties that are RPIs).

b. Microsoft’s Reliance on *WesternGeco* Fails

WesternGeco described a petitioner [ION] and alleged privity [PGS] as having a “contractual and fairly standard customer-manufacturer relationship.” *WesternGeco*, 889 F.3d at 1321. Microsoft never discusses any terms of the ION/PGS agreement(s), let alone compare them to the Microsoft/Lenovo [REDACTED] [REDACTED] or explain how or why the Microsoft/Lenovo relationship is “fairly standard” in the same way as the ION/PGS relationship. Microsoft cannot carry its burden by failing to wrestle with the facts relevant to privity given that privity is a

“highly fact-dependent question.” *Id.*, 1318-19.

WesternGeco is factually distinguishable. The Court found that substantial evidence supported the Board’s finding that “the evidence did not show any ***obligation*** of ION to defend PGS from a patent infringement lawsuit” due in part to the “undefined nature of the underlying agreements.” *Id.*, 1321. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] POPR, 9. *WesternGeco*’s finding that ION and PGS were not “proxies for the other” (Reply, 4) is irrelevant. Proxy is a ***different Taylor*** factor (five) than the pre-existing substantive legal relationship factor (two) argued here. POPR, 15 (a single *Taylor* factor suffices for privity).

c. Microsoft’s Reliance on *Samsung* Fails

Microsoft’s reliance on the non-precedential *Samsung* decision fails. Reply, 4-5. Microsoft never explains how any Microsoft/Lenovo [REDACTED] term(s) correspond to term(s) in unidentified agreements in *Samsung*, or how the Microsoft/Lenovo relationship corresponds to the “customer-manufacturer relationship” in *Samsung*. Reply, 4. Microsoft relies on the *Samsung* panel’s finding that Samsung/Google agreements did not create a “common venture or enterprise” (Reply, 4), but that

was the panel’s **RPI** analysis—not its privity analysis. *Samsung Elecs. v. Netlist*, IPR2022-00615, Paper 62 at 7-20 (RPI) and 21-27 (privity). Additionally, the Board’s no “common venture or enterprise” finding was based on Samsung providing Google with DRAM components that did not **alone** infringe the challenged patent and that had substantial uses apart from infringement. *Id.*, 10. Here, Lenovo was Microsoft’s [REDACTED], and Microsoft never denied that its representations to the courts that Microsoft [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] POPR, 15-16.

3. Microsoft’s [REDACTED] Argument Fails

The pre-existing substantive legal relationship between Microsoft and Lenovo establishes privity **regardless** of whether Microsoft “actually indemnified” Lenovo in the previous litigation. Microsoft cites no authority that establishing privity under **this** *Taylor* factor requires that Lenovo “requested...indemnity” or that Microsoft “actually indemnified” Lenovo. Reply, 5. Microsoft does not dispute that “actual indemnification” would have made Microsoft an RPI. POPR, 19-20. Section 315(b) privity cannot **require** an RPI relationship without rendering “privity of the petitioner” meaningless. *Id.*

4. Microsoft’s [REDACTED] Created an Indemnity Obligation

Even if the Board were to find that a pre-existing substantive relationship

must carry an indemnity obligation to establish privity (it does not), the [REDACTED]
[REDACTED]. Microsoft does not dispute that the [REDACTED] indemnity provisions
are [REDACTED] which
Microsoft represented to the courts created “defense and indemnity *obligations* to
[HP, Dell, and ASUS] relating to [their] use of Microsoft’s Windows Operating
System” under the ’888 Patent. POPR, 9. That should end the matter.

Microsoft’s assertion that the [REDACTED] imposed “no obligation to indemnify”
(Reply, 5) fails. [REDACTED]
[REDACTED]. Microsoft does not
dispute that [REDACTED]. POPR, 17.

Microsoft’s assertion that the term [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] Agreement
to perform future actions are not conditions precedent to an indemnification
obligation arising. *Cf. Omni MedSci, Inc. v. Apple Inc.*, 7 F.4th 1148, 1152 (Fed.
Cir. 2021) (inventor “will assign” rights is “an agreement to assign rather than a
present assignment”). [REDACTED]

[REDACTED] as a *condition precedent* to Microsoft's indemnity obligation arising. Moreover, this is Microsoft's agreement. EX2018, 1 (Microsoft logo). Any ambiguity concerning whether an alleged condition to

[REDACTED]
[REDACTED] must be construed against Microsoft. *See Turner Constr. Co. v. United States*, 367 F.3d 1319, 1321 (Fed. Cir. 2004).

Microsoft does not dispute that it bears the burden to establish that §315(b) does not time-bar its petition. POPR, 4. Yet, Microsoft provided no evidence that Lenovo [REDACTED]
[REDACTED] on Microsoft's indemnity obligation arising. The nature of the Microsoft/Lenovo relationship placed them in privity with respect to LiTL's infringement allegations on the '888 Patent.

III. AGREEMENT TO INDEMNIFY CREATES PRIVACY

The Federal Circuit has found that "an indemnification agreement...*has alone been enough to find privity.*" POPR, 15 (quoting *Intel*). Microsoft relegates to a footnote its assertion that LiTL's cases are distinguishable because they address privity in other contexts. Reply, 8. That distinction is immaterial because Microsoft never disputes that "Congress intended common law principles to govern the scope of an AIA 'privity.'" POPR, 9-10 (citing authority); *see also* Trial Practice Guide, 13-18 (citing cases in other contexts). Microsoft quibbles about

whether establishing privity this way fits under the *first Taylor* factor. But *Taylor*'s list of factors is "non-exhaustive" (*Ventex* at 12) and not a "definitive taxonomy." *Taylor v. Sturgell*, 553 U.S. 880, 893 n.6 (2008). Microsoft cannot carry its burden by failing to meaningfully address the *substance* of LiTL's argument that Microsoft's agreement to indemnify Lenovo established "privity." Microsoft cannot deny that it *agreed* to indemnify and [REDACTED]

[REDACTED]

IV. THE EQUITIES FAVOR FINDING PRIVACY

Microsoft made the strategic decision to sit back when [REDACTED] Lenovo was sued. Microsoft did so despite now admitting [REDACTED] [REDACTED] of the '888 claims (POPR, 15-16), and that Microsoft and Lenovo shared an interest [REDACTED] [REDACTED] (*id.*, 7). Microsoft was not transparent and never explained the substance [REDACTED] [REDACTED]. *Id.*, 7-8, 17-18.

After Lenovo's IPR failed to achieve Microsoft's "interest" in invalidating the '888 Patent, Microsoft filed this Petition to take another bite at the apple years after its partner Lenovo had been sued. "Privy" is in §315(b) "to safeguard patent owners from having to defend...against [such] belated administrative attacks by related parties." *Id.*, 10 (quoting *RPX*). This Petition is time-barred.

Respectfully submitted,

Date: June 17, 2024

/ Richard Giunta/

Richard F. Giunta, Reg. No. 36,149

CERTIFICATE OF SERVICE UNDER 37 C.F.R. § 42.6 (e)(4)

I certify that on June 17, 2024, I will cause a copy of the foregoing document, including any exhibits filed therewith, to be served via electronic mail, as previously consented to by Petitioner, upon the following:

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