

Paper No. ____

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

VALVE CORPORATION,
Petitioner,

v.

IMMERSION CORPORATION
Patent Owner.

Case No. IPR2024-00477
Patent No. 7,336,260

REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE

TABLE OF AUTHORITIES

CASES

<i>Analog Devices, Inc. v. Xilinx, Inc.</i> , IPR2020-01625, Paper 10 (P.T.A.B. April 23, 2021).....	2
<i>Apple Inc. v. Fintiv, Inc.</i> , IPR2020-00019, Paper 11 (P.T.A.B Mar. 20, 2020).....	1
<i>Apple Inc. v. Speir Techs., Ltd.</i> , IPR2023-00151, Paper 9 (P.T.A.B. June 9, 2023).....	1, 2, 3
<i>Beckman Coulter, Inc. v. Sirigen II Ltd.</i> , IPR2022-01203, Paper 12 (P.T.A.B. Jan. 6, 2023).....	1, 3, 4
<i>Facebook, Inc. v. Palo Alto Rsch. Ctr. Inc.</i> , IPR2021-01434, Paper 11 (P.T.A.B. April 4, 2022).....	2
<i>Lyft, Inc. v. AGIS Software Dev. LLC</i> , IPR2022-00513, Paper 11 (P.T.A.B. June 2, 2022).....	1
<i>Owens Corning Roofing & Asphalt, LLC v. Kirsch Rsch. and Dev., LLC</i> , IPR2020-01389, Paper 11 (P.T.A.B. Feb. 18, 2021)	2
<i>Snap, Inc. v. SRK Tech. LLC</i> , IPR2020-00820, Paper 15 (P.T.A.B. Oct. 21, 2020).....	1, 2, 3
<i>Sotera Wireless, Inc. v. Masim Corp.</i> , IPR2020-01019, Paper 12 (P.T.A.B. Dec. 1, 2020).....	2, 3
<i>Zhuhai Cosm Battery Co. v. Maxell, Ltd.</i> , IPR2022-00984, Paper 8 (P.T.A.B. Sept. 29, 2022)	3
<i>Zhuhai Cosmx Battery Co. v. Ningde Amperex Tech. Ltd.</i> , IPR2023-00587, Paper 12 (P.T.A.B. Sept. 22, 2023)	3

Given the district court’s stay order, which also vacated the original trial date, the *Fintiv*¹ factors weigh even more heavily against discretionary denial than they did when Valve filed its petition. Immersion’s arguments to the contrary lack merit and ignore Board precedent.

Factors One and Two. The district court has stayed the parties’ litigation pending institution decisions in this and several other IPR proceedings. EX2004 at 1. “[B]ecause a stay ‘allays concerns about inefficiency and duplication of efforts,’ factors 1 and 2 strongly weigh against the exercise of discretion” to deny institution. *Apple Inc. v. Speir Techs., Ltd.*, IPR2023-00151, Paper 9 at 8 (June 9, 2023) (quoting *Fintiv* at 6); see also *Snap, Inc. v. SRK Tech. LLC*, IPR2020-00820, Paper 15 at 8-9 (Oct. 21, 2020) (precedential as to § II.A) (“The granting of a stay...weigh[s] strongly against exercising discretion to deny institution.”); *Beckman Coulter, Inc. v. Sirigen II Ltd.*, IPR2022-01203, Paper 12 at 20 (Jan. 6, 2023) (similar); *Lyft, Inc. v. AGIS Software Dev. LLC*, IPR2022-00513, Paper 11 at 6 (June 2, 2022) (finding stay alone sufficient to “decline to exercise our discretion to deny institution”).

The district court also vacated the June 2025 trial along with all other deadlines in the case. EX2004 at 8. This development further weighs against discretionary denial. *E.g., Owens Corning Roofing & Asphalt, LLC v. Kirsch Rsch.*

¹ *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential)

and Dev., LLC, IPR2020-01389, Paper 11 at 11 (Feb. 18, 2021) (finding factors one and two “weigh strongly against” discretionary denial where litigation is stayed and no trial date is set); *Facebook, Inc. v. Palo Alto Rsch. Ctr. Inc.*, IPR2021-01434, Paper 11 at 9-11 (April 4, 2022) (similar); *Analog Devices, Inc. v. Xilinx, Inc.*, IPR2020-01625, Paper 10 at 5-6 (April 23, 2021) (similar).

Factor 3. As the district court observed, the litigation “is in its early stages,” Valve’s motion to dismiss is still pending, only “minimal documents” have been exchanged, and no depositions have occurred. EX2004 at 5. Given the stay, the case will remain in its early stages and Factor 3 thus weighs against discretionary denial. *Speir*, IPR2023-00151, Paper 9 at 8 (factor three weighs against denial where case was stayed *before* an order issued on a pending motion to dismiss); *Snap*, IPR2020-00820, Paper 15 at 10-11 (factor three weighs against denial where “the district court has not issued orders related to the patent at issue in the petition”).

Factor 4. Immersion argues that because Valve did not include a *Sotera* stipulation with its petition, factor four weighs in favor of discretionary denial. POPR at 67 (arguing Valve “is seeking two bites at the apple”). This argument is a red-herring. Because the district court litigation is stayed, Valve will already be subject to statutory estoppel should the Board institute trial and reach a final written decision. In other words, the district court’s stay has already mitigated the risk of duplicative invalidity efforts that a *Sotera* stipulation is intended to address. *Sotera*

Wireless, Inc. v. Masim Corp., IPR2020-01019, Paper 12 at 19 (Dec. 1, 2020) (precedential as to § II.A) (explaining stipulation “mitigates any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions”); *cf. Zhuhai Cosm Battery Co. v. Maxell, Ltd.*, IPR2022-00984, Paper 8 at 4 (Sept. 29, 2022) (explaining that a *Sotera* stipulation is not “a prerequisite for institution”).

The *Zhuhai* decision that Immersion cites (POPR at 58) is distinguishable for precisely this reason—it did not involve a stay. *Zhuhai Cosmx Battery Co. v. Ningde Amperex Tech*, IPR2023-00587, Paper 12 at 9 (Sept. 22, 2023). *Zhuhai* also found Factor 4 “weighs against denial,” even though a *Sotera* stipulation was not provided. *Id.* at 15. The *Zhuhai* panel denied institution principally because—unlike here—a trial was “likely to occur months before” the FWD. *Id.* at 12.

As the Board has explained, given the current stay, “the Board will address patentability issues prior to the district court reaching them, which reduces concerns on inefficiency and conflicting results.” *Spier*, IPR2023-00151, Paper 9 at 9 (finding factor four weighs against discretionary denial); *Snap*, IPR2020-00820, Paper 15 at 15-16 (similar). This factor thus weighs against discretionary denial and the lack of a *Sotera* stipulation is irrelevant. *Beckman*, IPR2022-01203, Paper 12 at 23 (finding lack of a stipulation immaterial given district court stay).

Factor 5. With the district court litigation stayed, this factor now weighs firmly against discretionary denial because the Board will reach a final written decision before any jury trial. *Beckman*, IPR2022-01203, Paper 12 at 24.

Respectfully submitted,
Valve Corp.

Date: May 31, 2024

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

I certify that on May 31, 2024, I will cause a copy of the foregoing document, including any exhibits or appendices filed therewith, to be served via electronic mail, as previously consented to by Patent Owner, upon the following:

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