

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

VALVE CORPORATION,
Petitioner,

v.

IMMERSION CORPORATION,
Patent Owner.

Case IPR2024-00477
Patent 7,336,260

PATENT OWNER'S SUR-REPLY

I. INSTITUTION SHOULD BE DENIED UNDER 35 U.S.C. § 314(a)

Patent Owner respectfully requests that the Board exercise its discretion under *Fintiv* to deny institution of the Petition. *See* Paper 7 at 62-68. In reply, Petitioner overstates the significance of the stay to the Board's analysis under *Fintiv* by failing to properly account for Petitioner's decision not to file a *Sotera* stipulation. A *Sotera* stipulation may not be a "prerequisite" for institution, *Zhuhai Cosmx Battery Co. v. Maxell, Ltd.*, IPR2022-00984, Paper 8 at 4 (Sept. 29, 2022), but Petitioner's refusal to file one undercuts the relevance of the stay to the Board's exercise of discretion under *Fintiv*. The Board should give less weight to the stay due to Petitioner's failure to file a *Sotera* stipulation.

The PTAB found in *Sotera* that a stipulation not to pursue invalidity grounds duplicative of those raised in an IPR petition in district court "mitigates any concerns of duplicative efforts between the district court and the Board." *Sotera Wireless, Inc. v. Masim Corp.*, IPR2020-01019, Paper 12 at 19 (Dec. 1, 2020). Ignoring this, Petitioner argues "the district court's stay has already mitigated the risk of duplicative invalidity efforts that a *Sotera* stipulation is intended to address." Reply at 6. There are at least two problems with Petitioner's argument. First, the statutory estoppel referenced by Petitioner applies only if the Board institutes proceedings; thus, Petitioner's argument that the stay "has already mitigated" the risk of duplicative invalidity efforts presumes that the Board will institute proceedings. This

presumption is unwarranted on the merits. *See* Paper 7 at 1-62. The fact remains that if the Board denies institution, the district court case will resume and Petitioner will get a second bite, raising the same arguments again. Second, Petitioner's argument effectively voids *Sotera* by arguing that ***failing*** to file a stipulation not to pursue duplicative grounds and ***presuming that the Board will institute proceedings*** is equivalent to filing a *Sotera* stipulation. This makes no sense. Petitioner preserved its right to pursue the same arguments it advances in the petition in the district court if the Board denies institution. It would fly in the face of *Fintiv* and *Sotera* for the Board to rely on Petitioner's attempt to have two bites at the invalidity apple as the basis to decline to exercise its discretion not to institute the petition.

None of the decisions cited by Petitioner directly address whether the Board should decline to exercise its discretion under *Fintiv* to deny institution of the petition when a district court has entered a pre-institution stay.

First, Petitioner cites *Apple Inc. v. Speir Techs., Ltd.*, IPR2023-00151, Paper 9 at 8 (June 9, 2023) for the general proposition that a stay can allay concerns about inefficiency and duplicative efforts. Reply at 5. But in *Apple*, petitioner stipulated that “[i]f instituted, Petitioner will not pursue in the litigation invalidity challenges against the ’779 patent that are the same as Grounds 1 – 4 in this Petition” which the PTAB found “mitigates the risk of duplicative effort.” IPR2023-00151, Paper 9 at 9. Petitioner has made no such stipulation here.

Second, the other decisions relied on by Petitioner for the same proposition are no more helpful. Although the PTAB ultimately found under the circumstances that the failure to provide a *Sotera* stipulation did not by itself warrant exercising its discretion not to institute review in *Beckman Coulter, Inc. v. Sirigen II Ltd.*, the PTAB acknowledged that “[a] petitioner stipulating not to pursue ‘any ground raised or that could have been reasonably raised’ weighs strongly in favor of not exercising discretionary denial.” IPR2022-01203, Paper 12 at 23 (Jan. 6, 2023). If filing a *Sotera* stipulation can weigh strongly in favor of not exercising discretionary denial, failing to do so cannot be neutral. And although the PTAB declined to exercise its discretion to deny institution in *Lyft, Inc. v. AGIS Software Dev. LLC*, the decision itself does not contain any analysis of the relevant factors. *See* IPR2022-00513, Paper 11 at 6 (June 2, 2022). Petitioner speculates that the “stay alone” supported the PTAB’s reasoning, but this is merely an unsupported inference.

Third, several decisions cited by Petitioner involved stays to which the patent owner had stipulated. In *Snap, Inc. v. SRK Tech. LLC*, the parties stipulated to a stay. *See* IPR2020-00820, Paper 15 at 10 (Oct. 21, 2020). In *Facebook, Inc. v. Palo Alto Rsch. Ctr. Inc.*, the parties jointly stipulated to a stay of the district court proceeding and petitioner additionally stipulated “not to pursue invalidity of the challenged claims as to any instituted ground.” IPR2021-01434, Paper 11 at 9-11 (April 4, 2022). In *Analog Devices, Inc. v. Xilinx, Inc.*, the parties jointly stipulated to a stay

of the district court proceedings. *See* IPR2020-01625, Paper 10 at 5-6 (April 23, 2021). A stipulated stay can appropriately be treated differently than an opposed stay.

Finally, *Owens Corning Roofing & Asphalt, LLC v. Kirsch Rsch. and Dev., LLC*, IPR2020-01389 did not address whether petitioner had filed a *Sotera* stipulation. *See* Paper 11 at 9-13 (Feb. 18, 2021).

Petitioner made the tactical decision not to file a *Sotera* stipulation so that it can revisit the same invalidity arguments presented to the Board in the district court if the Board denies institution. Petitioner continues to refuse to file the stipulation. It would undermine both *Fintiv* and *Sotera* for the Board to ignore Petitioner's failure to stipulate that it will not make duplicative invalidity arguments in the district court as a reason not to exercise its discretion under *Fintiv* to deny institution. Petitioner has signaled that it will raise the same arguments in the district court. The Board should conserve resources and let it do so.

Respectfully Submitted,

Dated: June 14, 2024

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Patent Owner's Sur-Reply
IPR2024-00477 (U.S. Patent No. 7,336,260)

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CERTIFICATE OF SERVICE

As authorized by Patent Owner's Mandatory Notice, I hereby certify that on June 14, 2024, a copy of this document has been served in its entirety by electronic mail on Petitioner's lead and backup counsel.

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