Filed: August 16, 2024

Filed on behalf of: Aylo Freesites Ltd

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AYLO FREESITES LTD,
Petitioner

v.

WELLCOMEMAT, LLC,
Patent Owner

IPR2024-00710
U.S. Patent No. 8,307,286

PETITIONER'S REPLY TO
PATENT OWNER'S PRELIMINARY RESPONSE[1]

[1] The Board authorized Petitioner to file this Reply in an email sent August 9, 2024.

TABLE OF AUTHORITIES

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Cases

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Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC,
IPR2019-01393, Paper 24 (PTAB June 16, 2020) 4

Statutes

35 U.S.C. § 314(a) 1

EXHIBIT LIST

Exhibit	Description
1001 (EX1001)	U.S. Patent No. 8,307,286 ("'286 patent")
1002 (EX1002)	Declaration of Henry Houh, Ph.D.
1003 (EX1003)	*Curriculum Vitae* of Henry Houh, Ph.D.
1004 (EX1004)	U.S. Patent Application Publication No. 2005/0081159 ("Gupta")
1005 (EX1005)	U.S. Patent Application Publication No. 2005/0144305 ("Fegan")
1006 (EX1006)	U.S. Patent Application Publication No. 2005/0210145 ("Kim")
1007 (EX1007)	U.S. Patent Application No. 09/911,293; Publication No. 2002/0069218 ("Sull")
1008 (EX1008)	WO 2003/067594 A1 ("Vasilevsky")
1009 (EX1009)	U.S. Patent Application Publication No. 2003/0093790 ("Logan")
1010 (EX1010)	File wrapper for U.S. Patent No. 8,307,286
1011 (EX1011)	Ulead DVD MovieFactor 2 User Guide
1012 (EX1012)	U.S. Patent Application Publication No. 2004/0230600 ("Devore")
1013 (EX1013)	U.S. Patent Application Publication No. 2003/0231198 ("Janevski")

Exhibit	Description
1014 (EX1014)	U.S. Patent No. 6,637,031 ("Chou")
1015 (EX1015)	U.S. Patent Application Publication No. 2002/0065879 ("Ambrose")
1016 (EX1016)	U.S. Patent Application Publication No. 2001/0020255 ("Hofmann")
1017 (EX1017)	Excerpts from Microsoft Computer Dictionary, 5th Ed. (2002)
1018 (EX1018)	"Signal." Merriam-Webster.com Dictionary, Merriam-Webster, https://www.merriam-webster.com/dictionary/signal (accessed March 29, 2024)
1019 (EX1019)	EDTX Order Staying Proceedings Pending IPR in Case Nos. 2:20-cv-00193-JRG-RSP, 2:20-cv-00198-JRG-RSP, 2:20-cv-00192-JRG-RSP, 2:20-cv-00200-JRG-RSP, 2:20-cv-00128-JRG-RSP, 2:20-cv-00210-JRG-RSP
1020 (EX1020)	National Judicial Caseload Profile Statistics as of June 30 2024
1021 (EX1021)	WellcomeMat's June 10, 2024 1st Amended Initial Infringement Contentions
1022 (EX1022)	August 9, 2024 Ltr re WellcomeMat's Deficient ROG Responses

Petitioner ("Aylo") submits this authorized reply to Patent Owner's ("WellcomeMat") Corrected Preliminary Response ("POPR") (Paper 7), to address 35 U.S.C. § 314(a) and *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential) ("*Fintiv*").

I. *FINTIV* FACTORS 1-5 WEIGH AGAINST DENIAL

Factor 1: Patent Owner argues that this factor "strongly weighs against institution" because "it is well known that EDTX courts are reluctant to issue stays" and that a stay is unlikely due to "a trial date of July 7, 2025, that is well in advance of the September 29, 2025, due date for a final written decision." Paper 7 at 45. This is not correct. The underlying district court litigation is before Chief District Judge Gilstrap and Magistrate Judge Payne who recently stayed litigations when IPR was instituted against all asserted claims[2] especially when, as here, the institution decision came before the *Markman* hearing and before discovery closes. *See, e.g.*, *Resonant Sys., Inc. v. Samsung Elecs. Co.*, No. 2:22-cv-00423-JRG, 2024 WL 1021023, at *4 (E.D. Tex. Mar. 8, 2024) (granting stay where the *Markman* hearing had not yet taken place and "the parties still ha[d] the bulk of depositions ahead of them"); *Broadphone LLC v. Samsung Elecs. Co.*, No. 2:23-cv-00001-JRG-RSP,

[2] Though Patent Owner recently asserted dependent claim 17 of the '286 Patent in the district court litigation, Petitioner has filed a petition challenging this claim in IPR2024-01101. Thus, all asserted claims are subject to pending IPRs. Petitioner intends to seek leave to move to consolidate IPR2024-01101 (challenging only claim 17) with the instant IPR (challenging claims 13-15 and 18-20).

2024 WL 3524022, at *2 (E.D. Tex. July 24, 2024) (granting stay where "[a] significant amount of discovery remains" and "the claim construction hearing has not occurred"). As an additional example, the same judges issued a stay pending an instituted Aylo-filed IPR even ***after*** the *Markman* hearing occurred. EX1019. The *Markman* hearing here is scheduled for January 17, 2025—nearly three months ***after*** the deadline for institution (EX2001, 3) and a trial date is not likely until after FWD, which increases the likelihood of a stay (*see* Factor 2, *infra*). Regardless, the Board should decline to "speculate" that a stay would not be granted.[3] *See, e.g.*, *Protect Animals with Satellites v. OnPoint Sys*., LLC, IPR2021-01483, Paper 11 at 11-12 (Mar. 4, 2022). Thus, this factor weighs in favor of institution or is at least neutral.

Factor 2: Though jury selection is scheduled for July 7, 2025, a trial will likely occur months later. It is the EDTX's "long-standing practice . . . to set multiple cases to begin trial on the same day. . . . Sometimes none of the cases set for a particular trial date settle, meaning that the Court then has a backlog of cases to try later." *Atlas Global Techs. LLC v. TP-Link Techs*., No. 2:21-cv-00430- JRG, 2023 WL 5512068, at *1 (E.D. Tex. Aug. 25, 2023); *see also Apple Inc. v. Koss Corp*., IPR2021-00255, Paper 22 at 11 (PTAB June 3, 2021) (finding "whether the Texas court's trial takes place before, contemporaneously with, or after" FWD "involves speculation"

[3] Petitioner has moved for a stay and, even if the motion is denied without prejudice prior to institution, Petitioner will renew the motion upon institution.

relying on, *inter alia*, "the propensity of the Texas court to reschedule trials").

Additionally, Director Vidal's June 21, 2022 memo ("Guidance Memo") recognizes that "[a] court's scheduled trial date . . . is not by itself a good indicator of whether the district court trial will occur before" the FWD and permits evidence of "the most recent statistics on median time-to-trial for civil action." Guidance Memo, 8. Further, "when other relevant factors weigh against exercising discretion to deny institution or are neutral, the proximity to trial should not alone outweigh all of those other factors." *Id.* Patent Owner relies on statistics from **2023** to argue that the median time from filing to disposition supports a July 2025 trial (Paper 7 at 45-46), but the most recent 2024 statistics show the median time has been increasing, putting the trial date in November 2025. EX1020, 35 (21.6 months median time to trial). Indeed, the average time to trial from 2019-2024 is 19.7 months, meaning trial would still occur at about the same time as the FWD in late September 2025.

Where a scheduled trial date is before the FWD date, but court statistics indicate that the trial may not actually occur until around the same time as the FWD, the Board has found that it "cannot say with any degree of assurance that the trial would take place before a final written decision issues." *Precision Planting LLC, v. Maschio Gaspardo S.p.A*, IPR2024-0008, Paper 12 at 16-17 (Mar. 26, 2024). Here, the statistics show that despite the district court schedule, the actual trial date will likely not occur until months later—after the late September 2025 FWD due date, or

at least around the same time. Thus, this factor also weighs in favor of institution.

Factor 3: Patent Owner only argues that by the institution date "the parties will have submitted their infringement contentions and invalidity contentions" and "exchanged their initial positions on disputed claim terms." Paper 7 at 46. But this "investment" is minimal compared to what still lies ahead. And although some discrete and limited depositions relating to ESI and venue discovery will have taken place, the bulk of discovery indisputably remains uncompleted. The parties will not have briefed claim construction or even exchanged preliminary constructions. EX2001, 4-5. Under these circumstances, this factor favors institution because "[a]lthough the parties and the court have invested some effort, a significant portion of work remains to be done in the district court proceeding—e.g., the completion of fact and expert discovery and dispositive motions." IPR2021-01483, Paper 11 at 15.

Factor 4: Petitioner stipulates that if IPR is instituted, it will not pursue in the underlying litigation the same invalidity grounds advanced here. *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 12 (PTAB June 16, 2020) (informative) (stipulating to not pursue the same grounds is accorded "marginal" weight against discretionary denial); *Biotech Se and Pfizer Inc. v. Moderna TX Inc.*, IPR2023-01358, Paper 19 at 28 (PTAB March 19, 2024) (same). Thus, this factor weighs at least marginally in favor of institution.

Factor 5: While the same parties (and RPIs) to this IPR are also named in the

litigation, the Board routinely institutes IPR under these circumstances. *See, e.g.*, IPR2021-01483, Paper 11 at 11-17. This factor is at least neutral.

II. THE PETITION ESTABLISHES COMPELLING MERITS

The Board need not reach *Fintiv* factor 6 because factors 1-5 do not favor discretionary denial. But factor 6 additionally favors institution because the Petition raises strong merits-based challenges. Patent Owner only challenged one or two limitations for most Grounds, conceding the other limitations are disclosed. And Patent Owner's challenges are weak. For example, Patent Owner only challenged limitation 13.1 in Ground 2, alleging that Fegan failed to disclose editing in a server-side environment while admitting that it explicitly teaches that "the systems and methods are hosted in an entirely server-side environment." Paper 7 at 26 (citing EX1005, ¶[0008]). This shows a compelling meritorious challenge because this "evidence, if unrebutted at trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence." Guidance Memo, 4.[4]

III. CONCLUSION

Because every factor weighs against discretionary denial or is at least neutral, the Board should not exercise its discretion under *Fintiv* and should institute IPR.

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[4] Patent Owner asserts it practices the '286 Patent. But it did not so allege originally, only making this assertion **after** this IPR was filed. EX1021, 3. And in response to Petitioner's interrogatory asking for all evidence that Patent Owner offered a license to Petitioner but Petitioner refused, Patent Owner has provided none. EX1022, 6.

DATED: August 16, 2024

Respectfully submitted,

By: /Frank M. Gasparo/

Frank M. Gasparo (Reg. No. 44,700)
Attorney for Petitioner
VENABLE LLP
151 W. 42nd Street, 49th Floor
New York, NY 10036
T 212-370-6273
F 212-307-5598
fmgasparo@Venable.com

CERTIFICATE OF SERVICE

I hereby certify that on this date, true and correct copies of the foregoing Petitioner Reply to Patent Owner's Corrected Preliminary Response and accompanying exhibits were served via electronic service by email at the following addresses:

jim@carmichaelip.com
schreiner@carmichaelip.com
stevemcbride@carmichaelip.com
mitch@carmichaelip.com
susan@carmichaelip.com
WellcomeMatIPR@Carmichaelip.com

DATED: August 16, 2024

Respectfully submitted,

By: /Frank M. Gasparo/

Frank M. Gasparo (Reg. No. 44,700)
Attorney for Petitioner
Venable LLP
151 West 42nd Street, 49th Floor
New York, NY 10036
T 212-370-6273
F 212-307-5598
fmgasparo@Venable.com