

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ASCEND ELEMENTS, INC.,
Petitioner,

v.

DUESENFELD GMBH,
Patent Owner.

Case No. IPR2024-00948
U.S. Patent No. 11,050,097

**PETITIONER'S REPLY
TO PATENT OWNER'S PRELIMINARY RESPONSE¹**

¹ This paper was authorized by the Panel in its email of September 20, 2024.

Emphasis herein is added unless noted.

LISTING OF EXHIBITS

Exhibit	Description
1001	U.S. Patent No. 11,050,097 ("097 Patent")
1002	Patent Prosecution History for U.S. Patent No. 11,050,097
1003	Declaration of Dr. Walter van Schalkwijk
1004	U.S. Patent No. 9,780,419 ("Hanisch")
1005	U.S. Patent No. 6,447,669 ("Lain")
1006	U.S. Patent No. 9,843,077 ("Hayashi")
1007	PCT Application Publication No. WO 2010/102377 ("Stevens II")
1008	U.S. Patent No. 4,357,215 ("Goodenough")
1009	Dorella G. & Mansur M.B., A study of the separation of cobalt from spent Li-ion battery residues, 170 J. Power Sources 210 (2007) ("Dorella")
1010	U.S. Patent No. 10,396,408 ("Shin")
1011	U.S. Patent No. 5,632,863 ("Meador")
1012	<i>Duesenfeld GMBH v. Ascend Elements, Inc.</i> , Civ. A. No. 1:23-cv-01194-JFM, Scheduling Order, ECF No. 22 (D. Del. Jan. 26, 2024)
1013	Federal Court Management Statistics–Comparison Within Circuit (Dec. 31, 2023), <i>available at</i> https://www.uscourts.gov/statistics/table/na/federal-court-management-statistics/2023/12/31-3
1014	U.S. Patent No. 9,509,025 ("Iida")
1015	U.S. Patent No. 3,671,318 ("Moe")
1016	U.S. Patent No. 4,118,219 ("Elmore")
1017	U.S. Patent No. 6,524,737 ("Tanii")
1018	U.S. Patent No. 9,450,277 ("Dunagan")
1019	U.S. Patent No. 8,210,456 ("Stevens I")

Patent Owner ("PO") argues that the Petition should be denied because URT—an arm's-length supplier of equipment to Ascend—filed a separate IPR petition challenging the validity of the '097 patent three weeks prior to Ascend's petition. POPR, 39-43 (citing *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00062, Paper 11 (PTAB Apr. 2, 2019) (precedential)). But the Board has held that mere supplier/customer relationships are not "significant relationships" under *Valve*. And Director Vidal recently explained that "where, as here, the first and second petitioners are neither the same party, nor possess a significant relationship under *Valve*, *General Plastic* factor one ***necessarily outweighs*** the other *General Plastic* factors" and precludes discretionary denial. *Videndum Prod. Sols. Inc. v. Rotolight Ltd.*, IPR2023-01218, Paper 12 at 6 (Vidal Apr. 19, 2024).

Even if there were a "significant relationship," the remaining *General Plastic* factors weigh against discretionary denial.

I. DISCRETIONARY DENIAL IS IMPERMISSIBLE BECAUSE THERE IS NO "SIGNIFICANT RELATIONSHIP"

PO argues that URT and Ascend's "supplier/customer relationship is sufficient to trigger the protections afforded by *General Plastics* [*sic*]," relying on *Valve*. POPR, 41. But *Valve* did not hold that a mere supplier/customer relationship triggers the *General Plastic* analysis. Rather, the Board held that a technology licensor and licensee had a "significant relationship" where both were sued for patent infringement in the same district court case, based on the same allegedly infringing

devices, which the two petitioners co-developed. *Valve*, IPR2019-00062, Paper 11 at 9-10. Highlighting their close relationship, the second petitioner "submitted a declaration from the same expert" as the first petitioner. *Id.* at 13. Furthermore, *Valve* implicated "fairness concerns" because the second petitioner "had access to the Board's institution decision in the [first] IPR before filing the [second] Petition and used the institution decision as a guide to address the deficiencies in the [first] IPR." *Id.* at 12-13.

Since *Valve*, the Board has rejected the argument that a supplier/customer relationship alone warrants discretionary denial under *Valve* and *General Plastic*. For instance, in *Nokia of Am. Corp. v. General Access Sols., Ltd.*, IPR2024-00461, Paper 13 at 17-18 (PTAB June 14, 2024), the Board held that "the mere existence of a supplier-customer relationship" did not trigger *Valve* absent evidence of indemnity or privity. Similarly, in *Streck, Inc. v. Ravgen, Inc.*, IPR2021-01577, Paper 20 at 17-18 (PTAB Apr. 22, 2022), the Board found that a supplier/customer relationship was not a "significant relationship" because, *inter alia*, petitioners were not both named as defendants, there was no indemnification agreement, and the petitioners did not assist one another in the respective petitions.

At least the same distinctions apply here: (i) only Ascend is accused of infringement in *any* district court litigation; (ii) Ascend did not wait for an institution decision or POPR on URT's petition, but filed its own petition only three weeks later;

(iii) there is no indemnification agreement between Ascend and URT; (iv) neither petitioner assisted with the other's petition; and (v) if only URT's petition were instituted, URT could voluntarily terminate its Petition at any time, leaving Ascend with no recourse. In short, Ascend and URT are two separate parties acting independently to protect their own interests. Ascend's mere purchase of "certain equipment" (POPR, 42) from URT does not establish a "significant relationship."

The Director recently held that discretionary denial is inappropriate where "the first and second petitioners are neither the same party, nor possess a significant relationship under *Valve*." *Videndum*, IPR2023-01218, Paper 12 at 6. In those situations, "*General Plastic* factor one *necessarily outweighs* the other *General Plastic* factors." *Id.*; *id.* ("*General Plastic* has not been extended to any cases in which the first and second petitioners *do not have* a significant relationship.") (emphasis in original). Accordingly, discretionary denial is impermissible, and analysis of the remaining *General Plastic* factors is unnecessary.

II. EVEN IF THERE WERE A "SIGNIFICANT RELATIONSHIP," DISCRETIONARY DENIAL IS INAPPROPRIATE

Even if the Board were to determine that there is a "significant relationship," the remaining *General Plastic* factors weigh against discretionary denial.

Regarding the second factor—"whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it"—PO argues that "[b]oth parties knew, or should have known, about

this same constellation of prior art at or near the time the District Court litigation was filed." POPR, 43. This is inapposite because "this factor is most relevant to situations in which the *same petitioner* files two petitions at different times." *Nichia Corp. v. Document Security Sys., Inc.*, IPR2018-01165, Paper 11 at 20 (PTAB Dec. 11, 2018). PO cites no case suggesting that the second factor should be applied to two different petitioners filing two separate petitions. Accordingly, this factor is, at most, neutral.

The third factor—"whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition"—weighs against discretionary denial because Ascend filed its Petition months prior to PO filing its POPR to the URT petition. Indeed, absent concerns such as "road-mapping," where "the later petition is . . . refined based on lessons learned from later developments," factors 2-3 do not weigh in favor of discretionary denial, and Ascend's Petition should be evaluated on the merits. *Code200, UAB v. Bright Data, Ltd.*, IPR2022-00861, Paper 18 at 5-6 (Vidal Aug. 23, 2022) (precedential).

Regarding the fourth factor—"the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition"—Ascend filed its Petition promptly, more than five months

before the statutory deadline, and prior to service of its invalidity contentions in the district court litigation. *See* EX1012, 9. There was no undue or strategic delay.

Regarding the fifth factor—"whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent"—Ascend filed its Petition a mere three weeks after URT filed its Petition. This close timing belies any suggestion of improper road-mapping or unfair gamesmanship.

The sixth and seventh factors—"the finite resources of the Board" and "the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review"—weigh against discretionary denial because Ascend's Petition is strong on the merits. *See Code200*, IPR2022-00861, Paper 18 at 6 ("[T]he Board's mission to improve patent quality and restore confidence in the presumption of validity that comes with issued patents outweighs the impact on Board resources needed to evaluate the merits of a petition.") (quotation marks omitted).

For the foregoing reasons, Ascend requests that the Board institute IPR of the challenged claims, and cancel them.

Respectfully submitted,

Dated: September 27, 2024

/s/ Andrew D. Gish
Andrew D. Gish (Reg. # 67,562)

CERTIFICATE OF SERVICE

The undersigned hereby confirms that the foregoing Petitioner's Reply to Patent Owner's Preliminary Response were caused to be served on Patent Owner on September 27, 2024, via email, at the following addresses:

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Dated: September 27, 2024

/s/ Andrew D. Gish
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