

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CAMBRIDGE MOBILE TELEMATICS, INC.
Petitioner

v.

SFARA, INC.
Patent Owner

Case IPR2024-00952
U.S. Patent No. 8,989,952

PATENT OWNER'S PRELIMINARY RESPONSE

TABLE OF CONTENTS

TABLE OF CONTENTS.....	i
TABLE OF AUTHORITIES	iii
I. INTRODUCTION	1
II. BACKGROUND AND PROCEDURAL HISTORY	4
A. The Parallel District Court Proceeding	4
B. The Petition	8
III. THE PETITION IS DEFICIENT UNDER 37 C.F.R. § 42.104(b)(3)	10
A. All Petitioners Must Construe Challenged Claims	11
B. Petitioner Admits that the “Component” Claim Terms May Be Construed Under 35 U.S.C. § 112(f).....	11
C. The Petition’s Failure to Include Means-Plus-Function Constructions of the “Component” Terms Violates the Rules.....	13
D. The Petition is Deficient on its Face in view of <i>Orthopediatrics</i> and <i>10X Genomics</i>	14
IV. THE BOARD SHOULD EXERCISE ITS DISCRETION UNDER 35 U.S.C. § 314(a) AND <i>FINTIV</i> TO DENY INSTITUTION	17
A. <i>Fintiv</i> Sets Forth the Factors the Board Should Consider in Denying Institution Under 35 U.S.C. § 314(a)	18
B. The First Five <i>Fintiv</i> Factors Weigh in Favor of Denying Institution	20
1. <i>Fintiv</i> Factor 1 Favors Denial: A Stay in the District Court Is Unlikely.....	20
2. <i>Fintiv</i> Factor 2 Favors Denial: The Court Is Likely to Set a Trial Date Proximate to the Final Written Decision Due Date.	23
3. <i>Fintiv</i> Factor 3 Favors Denial: The Court and Parties Have Invested Substantial Resources in the Litigation.....	24

4.	<i>Fintiv</i> Factor 4 Favors Denial: There is Complete Overlap Between the Issues Raised in the Petition and in the District Court, which Petitioner has Failed to Eliminate by Stipulation	27
5.	<i>Fintiv</i> Factor 5 Favors Denial: The Petitioner is the Counterclaim-Defendant in the District Court	29
6.	Taken as a Whole, <i>Fintiv</i> Factors 1-5 Favor Denial.....	29
C.	<i>Fintiv</i> Factor 6 Favors Denial: The Petitioner Fails to Present a Compelling Case, or Even Argue That it Has Presented One	30
1.	The Petition is Deficient on its Face, So There’s No Compelling Evidence of Unpatentability	30
2.	The Petitioner Fails to Identify any Compelling Evidence of Unpatentability.....	31
D.	All Six <i>Fintiv</i> Factors Weigh in Favor of Discretionary Denial.....	32
V.	CONCLUSION.....	33
	PATENT OWNER’S EXHIBIT LIST	34
	CERTIFICATION	35
	CERTIFICATE OF SERVICE	36

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>10x Genomics, Inc. v. President and Fellows of Harvard College</i> , IPR2023-01299, Paper 15 (PTAB Mar. 14, 2024).....	<i>passim</i>
<i>Apple Inc. v. Fintiv, Inc.</i> , IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020).....	19, 24, 29
<i>Apple Inc. v. Fintiv, Inc.</i> , IPR2020-00019, Paper 15 (PTAB Mar. 20, 2020).....	<i>passim</i>
<i>Becton, Dickinson & Co. v. Baxter Int’l, Inc.</i> , IPR2018-01741, Paper 8 (Mar. 18, 2019)	3
<i>CommScope Techs. LLC v. Dali Wireless, Inc.</i> , IPR2022-01242, Paper 23 (PTAB Feb. 27, 2023).....	20, 30, 32
<i>Cuozzo Speed Techs., LLC v. Lee</i> , 579 U.S. 261 (2016).....	18
<i>Duplo U.S.A. Corp. v. MGI Digital Technology S.A.</i> , IPR2023-00936, Paper 8 (Dec. 5, 2023).....	26
<i>Eagle View Techs., Inc. v. Xactware Sols., Inc.</i> , No. 15-7025, 2016 WL 7165695 (D.N.J. Dec. 7, 2016)	21
<i>Facebook, Inc. v. Sound View Innovations, LLC</i> , IPR2017-00985, Paper 17 (PTAB Sep. 5, 2017).....	3
<i>Facebook, Inc. v. Sound View Innovations, LLC</i> , IPR2017-00998, Paper 13 (PTAB Sep. 5, 2017).....	2
<i>Google LLC v. Wildseed Mobile, LLC</i> , IPR2023-00247, Paper 10 (PTAB June 6, 2023)	28
<i>Koito Mfg. Co., Ltd. v. Turn-Key-Tech, LLC</i> , 381 F. 3d 1142 (Fed. Cir. 2004)	14

<i>Mylan Labs. Ltd. v. Janssen Pharmaceutica NV</i> , IPR2020-00440, Paper 17 (PTAB Sept. 16, 2020).....	22
<i>Orthopediatrics Corp. v. K2M, Inc.</i> , IPR2018-01546, Paper 10 (PTAB Feb. 14, 2019).....	<i>passim</i>
<i>Roku, Inc. v. Ioengine, LLC</i> , IPR2022-01554, Paper 11 (May 5, 2023).....	26
<i>Samsung Elecs. Co., Ltd v. Collect, LLC</i> , IPR2020-00476, Paper 14 (PTAB July 31, 2020).....	17
<i>Samsung Elecs. Co. v. Cal. Inst. of Tech.</i> , IPR2023-00137, Paper 10 (PTAB May 4, 2023)	22
<i>Sotera Wireless, Inc. v. Masimo Corp.</i> , IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020)	28, 29
<i>T-Mobile USA, Inc. v. Cobblestone Wireless LLC</i> , IPR2024-00136 Paper 18 (Jun. 5, 2024)	30
<i>Zhuhai Cosmox Battery Co., Ltd. v. Ningde Amperex Technology Ltd.</i> , IPR2023-00585 Paper 12 (Oct. 24, 2023)	26

Statutes

35 U.S.C. § 112(f).....	<i>passim</i>
35 U.S.C. § 314(a)	<i>passim</i>

Other Authorities

37 C.F.R. § 42.104(b)(3).....	<i>passim</i>
Consolidated Trial Practice Guide	11, 13, 14, 16
Memorandum Re: Interim Procedure for Discretionary Denials in AIA Post- Grant Proceedings with Parallel District Court Litigation (June 21, 2022)	<i>passim</i>

I. INTRODUCTION

Petitioner's Petition suffers from multiple fatal flaws. At this preliminary stage, Patent Owner raises two, each of which is an independent basis to deny institution.

First, in a parallel district court action involving the identical parties, Petitioner has asserted that certain claim terms, recited in all challenged claims, should be **governed by 35 U.S.C. § 112(f)**.¹ The Petition, however, relies on "Patent Owner's proposed . . . plain and ordinary meaning" constructions of the claims, *i.e.*, that the limitation is **not governed by section 112(f)**. Petition at 6-7; *id.* 7 n.3.

These positions are in **direct conflict** with one another. Petitioner should not be permitted to have its cake and eat it too, alleging before the district court that Section 112(f) applies, while adopting, without explanation, the exact opposite position here. Under applicable law and the Board's rules, Petitioner, not only knowing but advocating that the claims are subject to means-plus-function

¹ Section 112(f) permits a patent's claim terms to "be expressed as a means ... for performing a specified function," where such terms "shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof." 35 U.S.C. § 112(f) (2011).

interpretation, is required under the rules to explain its positions and at least provide a means-plus-function construction as an alternative. As the Board has held at least twice before in *Orthopediatrics*² and *10X Genomics*³, this failure alone, under the Board’s rules and 37 C.F.R. § 42.104(b)(3), is a basis to deny institution.⁴

² *Orthopediatrics Corp. v. K2M, Inc.*, IPR2018-01546, Paper 10 (PTAB Feb. 14, 2019) (denying institution under 37 C.F.R. § 42.104(b)(3)).

³ *10x Genomics, Inc. v. President and Fellows of Harvard College*, IPR2023-01299, Paper 15 at 2, 9-13 (PTAB Mar. 14, 2024) (denying institution under 37 C.F.R. § 42.104(b)(3)).

⁴ In an earlier case involving similar procedural facts, the Board denied institution under 35 U.S.C. § 314(a). *Facebook, Inc. v. Sound View Innovations, LLC*, IPR2017-00998,-01002, Paper 13 (PTAB Sep. 5, 2017). In *Facebook*, the petitioner argued an “ordinary and customary meaning” construction in its petition but a means-plus-function construction in the district court. *Id.* at 8, 14. The Board denied institution based on petitioner’s failure to “explain the reason for [its] change of heart” and “failure to ... provide us with means-plus-function constructions as required by our Rules.” *Id.* at 17-18. “The Board has denied institution where a petition did not provide a construction for a term that was

Second, the Board should decline to institute trial under 35 U.S.C. § 314(a) and the decision in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 (PTAB Mar. 20, 2020) (precedential). The six *Fintiv* factors are intended to “avoid duplicative efforts between the PTAB and the Federal Courts”—precisely what will occur if trial is instituted in this proceeding. *See* Memorandum Re: Interim Procedure for Discretionary Denials in AIA Post- Grant Proceedings with Parallel District Court Litigation (June 21, 2022), available at https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf (“Director’s Memo”) at 6. Here, a stay is unlikely (*Fintiv* factor 1), the parties and the court have invested substantial resources in the parallel litigation, and Petitioner waited a full year after being served with a counterclaim for infringement before filing the

subject to § 112, ¶ 6. ... Based on our own review of the Board’s decisions addressing this circumstance, **the majority approach is to deny institution or find that the petitioner failed to carry its burden as to the challenges impacted by the means-plus-function issue.**” *Becton, Dickinson & Co. v. Baxter Int’l, Inc.*, IPR2018-01741, Paper 8 at 12-13 (Mar. 18, 2019) (emphasis added) (collecting cases; citing, *inter alia*, *Facebook, Inc. v. Sound View Innovations, LLC*, IPR2017-00985, Paper 17 at 13–14 (PTAB Sep. 5, 2017)).

Petition (*Fintiv* factor 3)—factors which both weigh heavily in favor of discretionary denial. Moreover, the district court is likely to set a trial date before the due date for final written decision (*Fintiv* factor 2), the Grounds in the Petition rely on references and obviousness theories that are simultaneously being asserted by Petitioner in the district court (*Fintiv* factor 4), and the parties in both proceedings are identical (*Fintiv* factor 5), each of which also weigh in favor of denial. When taken together with the Petition’s fatal deficiency under 37 C.F.R. § 42.104(b)(3) and Petitioner’s failure to identify any compelling evidence of unpatentability (*Fintiv* factor 6), all six *Fintiv* factors strongly favor the Board exercising its discretion to deny institution under 35 U.S.C. § 314(a).

Accordingly, Patent Owner respectfully requests that the Board decline to institute trial.

II. BACKGROUND AND PROCEDURAL HISTORY

A. The Parallel District Court Proceeding

Patent owner Sfara, Inc. (“Sfara” or “Patent Owner”) and Cambridge Mobile Telematics, Inc. (“Petitioner” or “CMT”) are “fierce competitors in the burgeoning First Notice of Loss market with insurance carriers, where low-speed crash detection via smartphone is the ‘holy grail.’” EX2002, 13; *see* EX2001, Complaint, ¶ 5 (“Sfara directly competes with CMT in the telematics industry.”).

Prior to Sfara’s U.S. Patent No. 8,989,952 (“the ’952 Patent”), existing crash-detection telematics solutions required dedicated hardware installed in the vehicle or attached to the vehicle, *i.e.*, the embedded or attached telematics equipment connected to the vehicle’s on-board diagnostics (“OBD”) to collect driving data, exchange information in real-time, and facilitate voice-based communication or being a stand-alone device being connected via direct cellular connection to a telematics control center. *See* EX2002 at ¶ 34. The invention of the ’952 Patent solves the OBD reliance problems of the prior art by enabling a communication device to accurately determine whether a vehicle has crashed without accessing the OBD of the vehicle. *See* EX2002 at ¶ 36.

On March 10, 2023, Petitioner sued Patent Owner in the District of New Jersey, alleging infringement of two CMT patents in a case captioned *Cambridge Mobile Telematics, Inc. v. Sfara, Inc.*, No. 3:23-cv-01368. *See* EX2001, ¶¶ 44-69.

On June 7, 2023, Patent Owner answered Petitioner’s complaint and counterclaimed against Petitioner for infringement of the ’952 patent.⁵ EX2002, ¶¶

⁵ Sfara also counterclaimed against CMT for infringement of U.S. Patent No. 9,333,946 (“the ’946 patent,” the subject of IPR2024-966) as well as for breach of contract and the invalidity and unenforceability of CMT’s asserted patents in view of, *inter alia*, the ’952 patent. EX2002 ¶¶ 53-124.

53-80.⁶ Less than three months after the counterclaim was asserted, Sfara served CMT with its initial infringement contentions. *See* EX1006. And nearly ten months after that, and **exactly 363 days** after being served with the infringement counterclaim, CMT filed its Petition. *See* Paper 2 (“Petition”).

In the interim, and as of the date of this paper, the parties have fully briefed their claim construction positions (May 24, 2024) and have filed two Joint Claim Construction and Prehearing Statements. *See* EX1008; EX2003, Dkt. Nos. 100-101; EX2004; EX2005. CMT argued that three claim terms it calls the “component” terms are subject to means-plus-function interpretation under 35 U.S.C. §112(f); Sfara argued that these terms should have their “plain and ordinary meaning,” but offered its own alternative construction under §112(f). EX1008, 2-3 (identifying so-called “‘Component’ Terms”), 9-37; EX2004, 3-4, 11-23 (same).⁷

Fact discovery is nearly complete and closes September 27, 2024; expert discovery closes February 5, 2025. EX2006. Sfara has supplemented its

⁶ On June 21, 2023, the case was assigned to Judge Robert A. Kirsch. *See* EX2003, Dkt. No. 26.

⁷ Petitioner has also argued that other terms containing the word “component” should be construed under § 112(f), and Patent Owner has provided alternative constructions for those as well. *Id.*

infringement contentions, and CMT has served and supplemented its invalidity contentions that relate to the '952 patent, which in part are based on obviousness challenges based on U.S. Patent Nos. 9,390,625 to Green("Green") and U.S. Patent No. to 9,311,271 to Wright ("Wright"). EX2007, ¶¶ 5-9; EX2008, 33; EX2009, EX2010. The parties have exchanged and responded to 65 interrogatories. EX2007, ¶ 10. CMT served, and Sfara has responded to, 301 requests for admission. *Id.* ¶ 11. The parties have exchanged and responded to 307 requests for production, with CMT producing 15,839 documents, representing over 140,000 pages, and Sfara producing 3307 documents, totaling over 37,000 pages. *Id.*, ¶ 12. The parties have taken 20 depositions, including six third party depositions, and two expert depositions regarding claim construction of the '952 and '946 Patents, with at least four more depositions still to be taken by the close of fact discovery. *Id.*, ¶ 13.

Moreover, the parties have briefed, and the court has decided, multiple motions involving the '952 patent, including CMT's Motion to Dismiss and Sfara's Motion to Strike, CMT's applications to supplement its Invalidity Contentions and compel certain discovery, and CMT's motion to further supplement its invalidity contentions. *See* EX2003, Dkt. Nos. 65, 69-71, 85-87, 110, 112, 122-124, 127-128.

In short, the litigation is at an advanced stage, with the court and parties having already expending substantial resources (which will continue up to the institution due date), with the court poised to resolve a claim construction dispute involving the potential means-plus-function interpretation of the so-called “component” terms.

B. The Petition

The Petition was filed June 5, 2024⁸ and challenges all claims of the ’952 patent asserted in the litigation, namely claims 1-18. Petition at 1; *See* EX1006, 2-3; EX2008, 9. CMT raises two Grounds, namely “Ground 1: Green renders claims 1-18 obvious;” and “Ground 2: Wright in view of Green renders claims 1-18 obvious.”⁹ Petition at 1-2.

⁸ Although required to do so, CMT has failed to inform the District Court of the Petition or its petition in IPR2024-00966. *See* EX2011, 3-4.

⁹ Each of these Grounds completely overlaps with CMT’s invalidity contentions. *See* EX2008 at 33 (“Obviousness Combinations for the ’952 Patent” for “each limitation of each of the Asserted Claims of the ’952 patent” include “Wright ... alone;” and “Wright ... in combination with ... Green.”); EX2009, EX2010 (claim charts applying Wright and Green to the asserted claims).

In its cursory “Claim Construction” section, Petitioner states that “[t]he Board need not expressly construe any term for purposes of this proceeding,” and that “Petitioner applies the plain and ordinary meaning to the claim terms.” Petition at 6. Petitioner admits that in the parallel litigation “the parties dispute the construction of ... terms in the ’952 patent,” but asserts that the “constructions applied in this Petition” are the “plain and ordinary meaning” constructions¹⁰ proposed by Patent owner in the litigation.” *Id.*, 7-9. In a footnote, Petitioner admits that “[i]n the district court litigation, the parties dispute whether certain claim terms should be interpreted as means-plus-function terms. Petitioner asserts that the ‘component’ terms in the Challenged Claims should be means-plus-function terms under §112(f) and that such terms are indefinite.” *Id.*, 7 n.3 (citing EX1008, 9-16, 21-23, 26-37); *see* EX1008, 2-3; EX2004, 3-4.

The Petition also includes a section giving short shrift to the *Fintiv* factors. Petition at 86-89. Petitioner asserts that “a trial [in the litigation] may not be held

¹⁰ Petitioner misleadingly omits any reference to Patent Owner’s own alternative means-plus-function construction of these same claim terms. *See* EX1008, 9-37; EX2004, 11-23. Petitioner’s statements implying that Patent Owner’s position in the litigation includes only “plain and ordinary meaning” constructions are simply false.

until 2026 (*Fintiv* factor 2), claims that the litigation is in an “early stage” (*Fintiv* factor 3), and argues that “the estoppel provisions of §315(e)(2)” eliminate any “risk of overlapping and conflicting findings” (*Fintiv* factor 4). *Id.* Petitioner entirely fails to address the substance of *Fintiv* factors 1 and 5. *Id.*, 86 n.9.

Regarding *Fintiv* factor 6, Petitioner states that the Grounds in the Petition “present compelling evidence of unpatentability,” although it fails to identify evidence supporting anything beyond merely “a reasonable likelihood that [Petitioner] will prevail on one or more of the grounds set forth herein.” *Id.*, 1, 87-88.

The Petition thus includes Grounds entirely duplicative of those presented in the parallel litigation, takes a claim construction position contrary to the one CMT argues there, and merely skims over the six *Fintiv* factors.

III. THE PETITION IS DEFICIENT UNDER 37 C.F.R. § 42.104(b)(3)

As set forth above, Petitioner’s “plain meaning” claim construction is diametrically opposed to its means-plus-function construction in the district court. Petitioner fails to explain why its position is different in the two proceedings and has provided no alternative means-plus-function construction or presented evidence that it would prevail under such construction in this proceeding. Having twice before rejected precisely this sort of gamesmanship by denying institution under 37 C.F.R. § 42.104(b)(3), *see Orthopediatrics*, IPR2018-01546, Paper 10 and *10x Genomics*, IPR2023-01299, Paper 15, the Board should do so here.

A. All Petitioners Must Construe Challenged Claims

The rules regarding the content of a petition, and what claim construction information must be included, are clear: “A petition must set forth “[h]ow the challenged claim is to be construed.” 37 C.F.R. § 42.104(b)(3). “Where the claim to be construed contains a means-plus-function or step-plus-function limitation as permitted under 35 U.S.C. [§] 112(f), the construction of the claim must identify the specific portions of the specification that describe the structure, material, or acts corresponding to each function.” *Id.*

Moreover, the Board’s rules go further. “Where claim language **may be construed** according to 35 U.S.C. § 112(f), a petitioner **must provide a construction**.” Consolidated Trial Practice Guide (“CTPG”) 45 (emphases added) (citing 37 C.F.R. § 42.104(b)(3)). A petitioner “may choose to elaborate why § 112(f) should or should not apply to the limitation at issue,” but “[a] petitioner who chooses not to address construction under § 112(f) **risks failing to satisfy the requirement of 37 C.F.R. § 42.104(b)(3)**.” *Id.* (emphasis added)

B. Petitioner Admits that the “Component” Claim Terms May Be Construed Under 35 U.S.C. § 112(f)

As discussed above, CMT has plainly stated that phrases it has called the “component” terms “**should be** means-plus-function terms under §112(f).” Petition at 7 n.3 (emphasis added). Moreover, in the litigation, Petitioner identified these three “component” terms as the “most significant” and “dispositive,” and argued

that their construction under §112(f) would “dispose” of Patent Owner’s infringement claims against Petitioner:

With respect to Sfara’s asserted patents, CMT contends that construction of the listed “component” terms—specifically, whether those terms are means-plus-function limitations governed by 35 U.S.C. § 112(f), and if so, whether the specification properly discloses corresponding structure for the recited function in those limitations—will be **most significant** to the resolution of the case and/or will be case or claim **dispositive** or substantially conducive to promoting settlement. The listed limitations appear in each of the asserted independent claims in Sfara’s ’952 and ’946 patents. Thus, if the Court agrees that these limitations are (1) means-plus-function limitations governed by § 112(f) and (2) indefinite under § 112(f) for failure to disclose corresponding structure, all asserted claims from the Sfara patents will be disposed of.

EX1008, 2 (emphasis added); *see id.* 2-3 (listing “component” terms); *see* EX2004, 2-4 (same). Patent Owner, which has proposed a “plain and ordinary meaning” construction of these terms in the litigation, has also provided its own means-plus-function construction as an alternative. *Id.*, 9-37. Accordingly, Petitioner knew that the “component” terms may be subject to interpretation under 35 U.S.C. § 112(f) but ignores its district court constructions here, instead presenting constructions in its Petition that are diametrically opposed.

C. The Petition’s Failure to Include Means-Plus-Function Constructions of the “Component” Terms Violates the Rules

Surprisingly, given its repeated arguments that its means-plus-function interpretation of the three “component” terms would be “dispositive” in the litigation (EX1008, EX2004), Petitioner fails to explain why it has allegedly adopted “Patent Owner’s” constructions for purposes of the Petition. Petition at 7-9. Moreover, Petitioner has not attempted to present its means-plus-function constructions as an alternative or argue that the prior art it cites renders the claims anticipated or obvious under the construction it advanced in district court. *See id.*

Thus, in this proceeding, Petitioner has failed to fulfill the most basic requirements with regard to its proposed constructions in the district court, let alone establish unpatentability under those constructions. Section 42.104(b)(3) requires that, where a construction under Section 112(f) is implicated, the Petition “must identify the specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function.” The Board’s CTPG is in accord: “Where claim language **may be construed according to 35 U.S.C. § 112(f)**, a petitioner **must provide a construction** that includes both the claimed function and the specific portions of the specification that describe the structure,

material, or acts corresponding to each claimed function.” CTPG at 45 (emphasis added). Petitioner has plainly failed to meet these basic requirements.¹¹

D. The Petition is Deficient on its Face in view of *Orthopediatrics* and *10X Genomics*

CMT is not the first petitioner to attempt this strategy; the Board has denied institution in two previous IPR proceedings with strikingly similar procedural facts.

In *Orthopediatrics*, the petitioner argued that “Petitioner does not believe any specific claim term of the Challenged Claims requires construction for the purposes of this petition” and that “this petition is based on the [plain and ordinary meaning] claim constructions urged by Patent Owner in the related district court

¹¹ Furthermore, as to its proffered construction, Petitioner compares the “component” claim terms to the prior art without saying what “plain and ordinary” meaning is being applied. Instead, CMT simply repeats each “component” claim term, and then asserts that it is shown by the prior art. *See generally* Petition at 13-85 (comparing claims to prior art without once identifying a “plain and ordinary meaning” for any “component” terms). A “general and conclusory” comparison of claim language to the prior art “does not suffice as substantial evidence of invalidity.” *Koito Mfg. Co., Ltd. v. Turn-Key-Tech, LLC*, 381 F.3d 1142, 1152 (Fed. Cir. 2004).

litigation,” despite petitioner’s pressing of a means-plus-function construction in that litigation. *Orthopediatrics Corp. v. K2M, Inc.*, IPR2018-01546, Paper 10 at 10-11 (PTAB Feb. 14, 2019) (denying institution under 37 C.F.R. § 42.104(b)(3)).

The Board held that:

Petitioner should have either provided reasons why these limitations are not governed by 35 U.S.C. § 112¶ 6, or Petitioner should have provided an explicit claim construction as required by our rules. ... [W]here Petitioner advocated for a different claim construction in the related district court litigation, we determine that construction of the claim term in dispute is necessary for the resolution of issues before us. Lacking such claim construction, **the Petition fails to comply with 37 C.F.R. § 42.104(b)(3).**

Id. at 11 (emphasis added). In denying institution, the Board concluded that “Petitioner has the burden to show a reasonable likelihood of prevailing in showing that at least one claim is unpatentable[.] ... By failing to reconcile its proffered claim construction here with its very different construction proffered in District Court ... Petitioner fails to satisfy this burden. *Id.*

More recently, in *10X Genomics*, the patent owner sued Vizgen, the petitioner’s exclusive licensee, for patent infringement; the petitioner then challenged the asserted patent in an IPR. *10x Genomics, Inc. v. President and Fellows of Harvard College*, IPR2023-01299, Paper 15 at 2, 9-13 (PTAB Mar. 14, 2024) (denying institution under 37 C.F.R. § 42.104(b)(3)). The Board noted that “in this proceeding, Petitioner relies on Vizgen’s interpretation that the phrase is

not governed by § 112(f), but in the district court proceeding, Petitioner takes the opposite position, arguing that the claim phrase is governed by § 112(f).” *Id.* at 9. “[A]lthough Petitioner adopted Vizgen’s position in district court that § 112(f) does not apply and that no construction is necessary, Petitioner chose not to argue § 112(f) does apply in the alternative, despite knowing that it is a claim term in dispute in the district court.” *Id.* at 11. “**Petitioner is now left with the consequences of its strategic choice to not address § 112(f) in the Petition here.**” *Id.* (emphasis added) (citing CTPG 45). “Petitioner should have provided reasons why the limitation is not governed by § 112(f) or provided an express construction of the claim phrase.” *Id.* at 13 (citing *Orthopediatrics*, IPR2018-01546, Paper 10 at 11). “Thus, we find the Petition is **deficient on its face** under 37 C.F.R. § 42.104(b)(3), as merely stating “no construction [is] necessary”—while knowing the construction is actually disputed under § 112(f)—is not sufficient for purposes of institution.” *Id.* at 13 (emphasis added).

Here, Petitioner’s deliberate, calculated strategy—proposing claim constructions that are diametrically opposed to the means-plus-function constructions it argued were “dispositive” in the district court¹²—is precisely the sort of gamesmanship the Board rejected in *Orthopediatrics* and *10x Genomics*. As in those cases, Petitioner’s position that “[t]he Board need not expressly construe any term” (Petition at 6) while knowing it propounded inconsistent

constructions under § 112(f) in the parallel litigation, coupled with the Petition's omission of means-plus function constructions and invalidity evidence as an alternative, renders the Petition deficient on its face under 37 C.F.R. § 42.104(b)(3) and the CFTG. Petitioner's failure to meet these basic requirements warrants denying institution, and CMT should be left with the consequences of its strategic choice to not address § 112(f) in its Petition. *See Orthopediatrics*, IPR2018-01546, Paper 10 at 11; *10x Genomics*, IPR2023-01299, Paper 15 at 13.

IV. THE BOARD SHOULD EXERCISE ITS DISCRETION UNDER 35 U.S.C. § 314(a) AND *FINTIV* TO DENY INSTITUTION

Even if Petitioner could meet the standard for institution on the merits—which it cannot—the Board should deny institution under 35 U.S.C. § 314(a) and *Fintiv*. Petitioner's bare-bones discussion of the *Fintiv* factors suggests that it has a problem. It does. *See* Petition at 86-88.

Why? Because a stay in the litigation is unlikely (*Fintiv* factor 1), a trial date is likely be set before the time the final written decision is due in this proceeding (*Fintiv* factor 2), the district court and the parties have already invested substantial resources (*Fintiv* factor 3), there is complete overlap between the Grounds asserted in the Petition and the invalidity arguments there, with no stipulation to remove that overlap (*Fintiv* factor 4), Petitioner is the counterclaim-defendant in the litigation (*Fintiv* factor 5), and Petitioner fails, for multiple reasons, to present a

“compelling” case (*Fintiv* factor 6).¹² Because *Fintiv* factors 1-5, taken as a whole, strongly favor denying institution, and because the Petition is both deficient and lacks compelling evidence, Patent Owner respectfully requests that the Board exercise its discretion under 35 U.S.C. § 314(a) to deny institution.

A. *Fintiv* Sets Forth the Factors the Board Should Consider in Denying Institution Under 35 U.S.C. § 314(a)

Institution of an *inter partes* review under 35 U.S.C. § 314(a) is “discretionary.” *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016). The Board has set forth certain factors (“the *Fintiv* factors”) that may be considered in determining whether to exercise its discretion under 35 U.S.C. § 314(a) to deny institution based on the advanced stage of a parallel proceeding, namely:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;

¹² The Petition does not substantively address factors 1 and 5, merely concluding—without explanation—that “*Fintiv* factors 1 and 5 do not outweigh the remaining factors here.” Petition at 86 n.9.

5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 5-6 (PTAB Mar. 20, 2020)

(precedential). “[I]n evaluating the factors, the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* at 6. “[T]he *Fintiv* factors seek to avoid duplicative efforts between the PTAB and the Federal Courts.” Director’s Memo at 6.

The Director of the U.S.P.T.O. has clarified that the Board should decline to exercise its discretion to deny institution where: (a) a petition presents compelling evidence of unpatentability; (b) a request for denial under *Fintiv* is based on a parallel ITC proceeding; or (c) a petitioner stipulates not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could have reasonably been raised in the petition. *See* Director’s Memo at 2–3.

In addition, the Board should consider any compelling merits under factor 6 only if *Fintiv* factors 1–5 favor discretionary denial. *See CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 at 4-5 (PTAB Feb. 27, 2023) (precedential).

B. The First Five *Fintiv* Factors Weigh in Favor of Denying Institution

Here, discretionary denial is warranted under § 314(a) and *Fintiv* because: a stay in the litigation is extremely unlikely (*Fintiv* factor 1); there is every reason to believe that trial in the District of New Jersey will occur before the Board's projected statutory deadline for any final written decision (*Fintiv* factor 2); the district court and the parties have already substantially invested in claim construction and fact discovery (and will soon commence expert discovery), as well as having expended significant resources in motion practice, and will continue to do so even before the Board's institution decision is due (*Fintiv* factor 3); the identical prior art and invalidity theories in the Grounds are being relied upon by Petitioner in the district court proceeding without any stipulation to reduce the overlap (*Fintiv* factor 4); and the parties to this proceeding are the same as in the district court proceeding (*Fintiv* factor 5). Thus, the first five factors, taken together, strongly favor denying institution.

1. *Fintiv* Factor 1 Favors Denial: A Stay in the District Court Is Unlikely

The first *Fintiv* factor favors denying institution, as there is no reasonable likelihood of a stay in the district court with respect to the '952 patent. The '952 patent is only one of four patents at issue in the parallel district court litigation, and patent infringement by CMT is only one of several causes of action in that litigation, which also includes CMT's assertions of patent infringement against

Sfara, Sfara's breach-of contract claim against CMT, and Sfara's declaratory judgement claims for invalidity and unenforceability that rest, in part, on the disclosures in Sfara's asserted patents, which are prior art to CMT's asserted patents. *See* EX2001, ¶¶ 44-69; EX2002, ¶¶ 28-124.

Moreover, Patent Owner does not intend to request a stay if trial is instituted, and neither the Petition nor CMT's litigation submissions suggest that Petitioner intends to move for a stay if trial is instituted. In fact, CMT has not even informed the district court of the Petition, even though Judge Kirsch ordered it to do so. *See* EX2010, 3-4. That CMT has not moved for a stay is not surprising, as the procedural history of the district court case suggests any such motion is unlikely to be successful. The Patent Owner and Petitioner are direct competitors (*see* EX2002, 13; EX2001, ¶ 5), which in the District of New Jersey weighs against a stay. *See Eagle View Techs., Inc. v. Xactware Sols., Inc.*, No. 15-7025, 2016 WL 7165695, at *5 (D.N.J. Dec. 7, 2016) ("Courts are generally reluctant to grant a stay in a matter where the parties are direct competitors on the rationale that a stay would likely cause the non-movant to lose substantial profits and goodwill on the market. ... Here, the Court finds the parties are in fact direct competitors and, thus, this sub-factor weighs against a stay due to the likelihood of prejudice to plaintiffs."). Furthermore, in the litigation, CMT has argued that its indefiniteness arguments against the '952 patent, which are based on its proposed means-plus-

function constructions, may be “dispositive” of Sfara’s infringement claims, making a stay of CMT’s prior-art based litigation defenses unlikely to simplify the issues in the case. EX1008, 2-3; *see* EX2004, 2-4 (same); *see Samsung Elecs. Co. v. Cal. Inst. of Tech.*, IPR2023-00137, Paper 10 (PTAB May 4, 2023) at 11 (noting that a district court was “unlikely to grant” a stay where “the advanced stage of the underlying litigation disfavors a stay and that a stay is unlikely to simplify the issues in the underlying litigation”).

Where, as here, it is “unlikely the district court proceeding will be stayed,” the Board has held that this factor “favors exercising our discretion to deny institution.” *See 10x Genomics*, IPR2023-01299, Paper 15 at 15; *see Mylan Labs. Ltd. v. Janssen Pharmaceutica NV*, IPR2020-00440, Paper 17 at 14 (PTAB Sept. 16, 2020) (*Fintiv* factor 1 “leans towards denial of institution” where the facts “indicate that no stay is likely to be entered”). Here, because there is every reason to believe that no stay will be entered in the district court case, and Petitioner has essentially conceded as much,¹³ *Fintiv* factor 1 should weigh heavily in favor of discretionary denial.

¹³ Petitioner’s only mention of *Fintiv* factor 1 essentially concedes that a stay is unlikely and this factor weighs in favor of discretionary denial. Petition at 86 n.9.

2. *Fintiv* Factor 2 Favors Denial: The Court Is Likely to Set a Trial Date Proximate to the Final Written Decision Due Date

The second *Fintiv* factor likewise favors denial. Although trial in the parallel litigation has not yet been set, fact discovery is scheduled to be completed just ten days from the date of this paper, and expert discovery is set to be completed by February 5, 2025. EX2006. While Petitioner urges the Board to rely on the District of New Jersey’s median time to trial, suggesting that the district court will set a trial date more than a year after the close of all discovery, the district court’s recent actions suggest a trial far sooner. Petition at 86; *see* EX2006. The Board “generally take[s] courts’ trial schedules at face value absent some strong evidence to the contrary.” *Fintiv*, IPR2020-00019, Paper 15 at 13. Here, with all discovery set to be completed by February 2025—*i.e.*, two months after an institution decision—it is highly unlikely that a trial will not occur before year end.

In assessing proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision, the Board is free to credit the “most likely” trial schedule rather over the statistical median. *10x Genomics*, IPR2023-01299, Paper 15 at 17. Because the mostly likely scenario here is that the district court will set a trial date before, or around the same time as, the projected

December 2025 final written decision in this proceeding, *Fintiv* factor 2 weighs in favor of exercising discretion to deny institution.¹⁴

3. *Fintiv* Factor 3 Favors Denial: The Court and Parties Have Invested Substantial Resources in the Litigation

There has been a substantial investment by the district court and the parties in the parallel proceeding, so the third *Fintiv* factor strongly favors discretionary denial as well. The parties have exchanged both their initial and final infringement and invalidity contentions. *See* EX1006; EX2007, ¶¶ 5-9; EX2008; EX2009; EX2010. Claim construction briefing was finished on May 24, 2024, the parties have filed two Joint Claim Construction and Prehearing Statements, and it is quite likely that the district court will hold its claim construction hearing before the projected date for the Board’s institution decision. *See* EX1008; EX2003, Dkt. Nos. 100, 101; EX2004; EX2005, 6 n.2.

¹⁴ At the very least, this factor should be considered neutral, because where “the court’s trial date is at or around the same time as the projected statutory deadline or even significantly after the projected statutory deadline, the decision whether to institute will likely implicate other factors discussed herein, such as the resources that have been invested in the parallel proceeding.” *Fintiv*, IPR2020-00019, Paper 11 at 9.

The parties have briefed, and the court has decided, several motions relating to the '952 patent, including granting CMT's motion to further supplement its invalidity contentions earlier today. *See* EX2003, Dkt. Nos. 65, 69-71, 85-87, 110, 112, 122-124, 127-128, 133. The district court has thus invested significant time and resources relevant to *Fintiv* factor 3. *See 10X Genomics*, IPR2023-01299, Paper 15 at 18 (Considering motions “not necessarily related” to the challenged patent and concluding that the court had “invested a significant amount of time and resources to the parallel proceeding”).

In the more than 18 months of the parallel litigation, the parties have engaged in extensive discovery. To date, the parties have propounded and responded to 65 interrogatories, 301 requests for admission, 307 requests for production resulting in 19,146 documents totaling over 177,000 pages. EX2007, ¶¶ 10-12. In addition, the parties have taken 20 fact depositions, including six third-party depositions, as well as two expert depositions, with at least four more fact depositions set to be taken by the date of the institution decision. *Id.*, ¶ 13. Fact discovery will be complete and opening expert reports will be served before the statutory deadline for the Board's institution decision. EX2006. Expert discovery will close just seven weeks later. *Id.*

The sheer volume of activity in the litigation weighs heavily in favor of discretionary denial. *See Roku, Inc. v. Ioengine, LLC*, IPR2022-01554, Paper 11 at

12 (May 5, 2023) (considering the number of interrogatories, document requests, and depositions, and the volume of production, and concluding that the “substantial investment by the parties and the district court ... weighs heavily in favor of discretionary denial of institution”); *see also Zhuhai Cosmx Battery Co., Ltd. v. Ningde Ampere Technology Ltd.*, IPR2023-00585 Paper 12 at 13 (Oct. 24, 2023) (“significant efforts expended by the parties” before the institution deadline “heavily favors denial of institution.”); *Duplo U.S.A. Corp. v. MGI Digital Technology S.A.*, IPR2023-00936, Paper 8 at 18 (Dec. 5, 2023) (“substantial investment by the parties and the district court ... weighs heavily in favor of discretionary denial of institution.”).

Despite all this activity, Petitioner claims that the district court case is merely at an “early stage.” Petition at 86. Not so. As in *10X Genomics*, the Board should not be fooled: “Although Petitioner states that the proceeding is ‘still in the early stages and the parties have not significantly invested in the litigation’, the facts suggest otherwise.” IPR2023-01299, Paper 15 at 17-18 (citation omitted).

And, like the petitioner in *10X Genomics*, “the fact that Petitioner waited to file its Petition until exactly one year after it was served with the counterclaim for infringement of the [challenged] Patent and nine months after receiving the initial infringement contentions weighs in favor of exercising our discretion to deny institution.” IPR2023-01299, Paper 15 at 18-19 (citing *Ericsson Inc. v. Collision*

Commc 'ns, Inc., IPR2022-01233, Paper 12 at 14–15 (PTAB Jan. 19, 2023); *see* Petition, EX1006; EX2002. Furthermore, “although Petitioner addresses *Fintiv* in the Petition, Petitioner provides no explanation for the delay.” *10X Genomics*, IPR2023-01299, Paper 15 at 19; *see* Petition at 86-89.

Taken as a whole, the advanced state of the parallel litigation, including the close of fact discovery set for just ten days after the filing of this response, the status of claim construction, and the court’s involvement, along with the extensive volume of interrogatories, document production, and depositions, as well as Petitioner’s unexplained delay in bringing this proceeding, indicate that *Fintiv* factor 3 weighs heavily in favor of discretionary denial.

4. *Fintiv* Factor 4 Favors Denial: There is Complete Overlap Between the Issues Raised in the Petition and in the District Court, which Petitioner has Failed to Eliminate by Stipulation

Petitioner merely pays lip service to this factor, asserting that “the estoppel provisions of §315(e)(2)” vitiate any “risk of overlapping and conflicting findings.”¹⁵ Petition at 87. Petitioner conveniently ignores the spot-on match

¹⁵ Petitioner gets no help from its alleged authority for this proposition, which involved a petitioner that stipulated that it would not pursue the invalidity grounds raised in its petition—which Petitioner has failed to file here. *See Google LLC v. Wildseed Mobile, LLC*, IPR2023-00247, Paper 10 at 25-26 (PTAB June 6, 2023).

between the Grounds proffered in its petition and the arguments it advanced in its invalidity contentions. Petition at 2-3; Ex 2008, 33; EX2009; EX2010. Here, Petitioner has failed to file “a stipulation not to pursue in a parallel proceeding the same grounds or any grounds that could have reasonably been raised before the PTAB.”¹⁶ Director’s Memo at 3 (citing *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019 (“*Sotera*”), Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A)). As in *10X Genomics*, because “Petitioner is silent as to the overlapping issues in the parallel proceeding,” and in view of “the absence of a *Sotera* stipulation, ... the overlapping art and arguments presented in the parallel proceeding weigh in favor of exercising our discretion to deny institution.” *10X*

¹⁶ Even if Petitioner were to file a stipulation in the district court at this late date, the damage is already done; it has **already** pursued these identical invalidity arguments for nearly a year. EX2007, ¶¶ 5, 7-9; EX2008; EX2009; EX2010. Under *Sotera*, Petitioner would have to file a stipulation in the district court that CMT will not pursue any grounds it “could have reasonably raised in an IPR” (*Sotera*, IPR2020-01019, Paper 12 at 18), which would include all the anticipation and obviousness arguments CMT raised in its Invalidity Contentions that rely on patents or printed publications. See EX2008 at 32-38.

Genomics, IPR2023-01299, Paper 15 at 19-20. Because the procedural posture is identical here, *Fintiv* factor 4 strongly weighs in favor of discretionary denial.

5. *Fintiv* Factor 5 Favors Denial: The Petitioner is the Counterclaim-Defendant in the District Court

Petitioner CMT is the counterclaim-defendant in the district court litigation. Petition at 88; EX2002. Where “... the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.” *Fintiv*, IPR2020-00019, Paper 11 at 15; *see Sotera*, IPR2020-01019, Paper 12 at 19. Accordingly, discretionary denial is supported by *Fintiv* factor 5 in this case.¹⁷

6. Taken as a Whole, *Fintiv* Factors 1-5 Favor Denial

As explained above, each of *Fintiv* factors 1-5 favor denial. Moreover, the likelihood that no stay will be entered in the parallel competitor-versus-competitor case, as well as the more-than-substantial investment expended by the district court and the parties during more than eighteen months of hard-fought litigation, weigh heavily in favor of denial. Taken as a whole, *Fintiv* factors 1-5 weigh strongly in favor of the Board exercising its discretion to deny institution.

¹⁷ Petitioner’s only mention of *Fintiv* factor 5 essentially concedes that this factor weighs in favor of discretionary denial. Petition at 86 n.9.

C. *Fintiv* Factor 6 Favors Denial: The Petitioner Fails to Present a Compelling Case, or Even Argue That it Has Presented One

Because the first five *Fintiv* factors favor discretionary denial, the Board must consider whether the evidence presented in the petition is so “compelling” that trial should nonetheless be instituted. *10X Genomics*, IPR2023-01299, Paper 15 at 21 (citing *CommScope*, IPR2022-01242, Paper 23). Here, Petitioner fails the “compelling” merits test both because (1) the Petition is deficient on its face and (2) Petitioner fails to identify any evidence that would make it “highly likely” to prevail at trial. *CommScope*, IPR2022-01242, Paper 23 at 3-4.

1. The Petition is Deficient on its Face, So There’s No Compelling Evidence of Unpatentability

As explained above, Petitioner’s head-in-the-sand claim construction strategy has resulted in a Petition that is deficient on its face under 37 C.F.R. § 42.104(b)(3), and institution should be denied. Because of this, Petitioner has failed to present “compelling merits.” *See 10X Genomics*, IPR2023-01299, Paper 15 at 20-21.

In particular, to satisfy *Fintiv* factor 6, “Petitioner must, at minimum, persuade [the Board] that the [“component” claim terms] should not be construed under § 112(f).” *Id.* at 21. “Petitioner provides no persuasive argument or evidence to support such a construction, much less make a ‘compelling’ showing that such construction is correct.” *Id.* at 21-22; *see also T-Mobile USA, Inc. v. Cobblestone*

Wireless LLC, IPR2024-00136 Paper 18 at 23 (Jun. 5, 2024) (“Petitioner bases its case upon a claim construction that it ascribes to Patent Owner ... [and] does not provide reasoning or evidence showing why the applied construction is correct[.] ... Under these facts, Petitioner has failed to set forth a sufficient basis for us to find a compelling case of unpatentability.” (citing *Orthopediatrics*, IPR2018-01548, Paper 9 at 9; *Hologic, Inc. v. Enzo Life Sciences, Inc.*, IPR2018-00019, Paper 21 (PTAB Nov. 28, 2018); *Samsung Elecs. of Am., Inc. v. Uniloc 2017 LLC*, IPR2020-00046, Paper 6 at 10 (PTAB Apr. 1, 2020)). For this reason alone, Petitioner has “failed to present compelling evidence of unpatentability.” *10X Genomics*, IPR2023-01299, Paper 15 at 22. In light of this failure, *Fintiv* factor 6 weighs in favor of denial.

2. The Petitioner Fails to Identify any Compelling Evidence of Unpatentability

Even if the Petition met the requirements of 37 C.F.R. § 42.104(b)(3), it fails to identify any evidence that rises to the “compelling” level necessary to outweigh the first five *Fintiv* factors. Petitioner states, without explanation, that “[t]he grounds in the Petition present compelling evidence of unpatentability of the Challenged Claims.” Petition at 87-89. But in presenting its evidence, Petitioner alleges that it has demonstrated merely “a reasonable likelihood that [Petitioner] will prevail on one or more of the grounds set forth herein.” *Id.* at 1, 88. Taken at its word, Petitioner fails to identify anything amounting to evidence that “would

plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.” Director’s Memo at 3. Furthermore, the Petition fails to cite any evidence that that would cause Petitioner to be “highly likely” to prevail at trial. *CommScope*, IPR2022-01242, Paper 23 at 3-4 (“a challenge can only ‘plainly lead to a conclusion that one or more claims are unpatentable’ if it is highly likely that the petitioner would prevail with respect to at least one challenged claim.” (emphasis added) (citation omitted)). Here, “[m]erely pointing to its analysis under the lower institution standard is insufficient to demonstrate that the Petition presents a compelling unpatentability challenge.” *Id.*; see Director’s Memo at 3 (“Where the information presented at the institution stage is merely sufficient to meet the statutory institution threshold, the PTAB has the authority, where warranted, to exercise discretion to deny institution in view of the other *Fintiv* factors.”). Thus, on its face, Petitioner fails to identify any compelling evidence of unpatentability, which is a separate and independent reason why Factor 6 weighs in favor of discretionary denial.

D. All Six *Fintiv* Factors Weigh in Favor of Discretionary Denial

Viewed both holistically, as well as individually, the six *Fintiv* factors weigh in favor of discretionary denial. Instituting trial here would plainly result in “duplicative efforts between the PTAB and the Federal Courts.” Director’s Memo

at 6. The Board should exercise its discretion and deny institution under § 314(a).

10X Genomics, IPR2023-01299, Paper 15 at 22.

V. CONCLUSION

The Petition is deficient under 37 C.F.R. § 42.104(b)(3), and the holistic balance of *Fintiv* factors weighs in favor of exercising the Board’s discretion under 35 U.S.C. § 314(a) to deny institution. Accordingly, the Board should decline to institute review of claims 1-18 of the ’952 patent.

Date: Sep. 17, 2024

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PATENT OWNER'S EXHIBIT LIST

Exhibit No.	Description
2001	Complaint, <i>Cambridge Mobile Telematics, Inc. v. Sfara, Inc.</i> , No. 3:23-cv-01368 (D.N.J.), filed Mar. 3, 2023, Dkt. No. 1
2002	Sfara Inc's Answer, Affirmative Defenses, and Counterclaims to Cambridge Mobile Telematics, Inc.'s Complaint for Patent Infringement, <i>Cambridge Mobile Telematics, Inc. v. Sfara, Inc.</i> , No. 3:23-cv-01368 (D.N.J.), filed Jun. 7, 2023, Dkt. No. 12
2003	Docket Report dated Sep. 15, 2024, <i>Cambridge Mobile Telematics, Inc. v. Sfara, Inc.</i> , No. 3:23-cv-01368 (D.N.J.)
2004	Amended Joint Claim Construction Statement, <i>Cambridge Mobile Telematics, Inc. v. Sfara, Inc.</i> , No. 3:23-cv-01368 (D.N.J.), filed Jun. 17, 2024, Dkt. No. 105
2005	Joint Letter, <i>Cambridge Mobile Telematics, Inc. v. Sfara, Inc.</i> , No. 3:23-cv-01368 (D.N.J.), filed Aug. 19, 2024, Dkt. No. 126
2006	Order, <i>Cambridge Mobile Telematics, Inc. v. Sfara, Inc.</i> , No. 3:23-cv-01368 (D.N.J.), filed Aug. 21, 2024, Dkt. No. 129
2007	Declaration of Taylor Lepore
2008	Plaintiff and Counterclaim-Defendant Cambridge Mobile Telematics, Inc.'s Invalidity Contentions, <i>Cambridge Mobile Telematics, Inc. v. Sfara, Inc.</i> , No. 3:23-cv-01368 (D.N.J.), Oct. 26, 2023
2009	Exhibit A-01 to CMT's Invalidity Contentions: Comparison of U.S. Patent No. 8,989,952 and Wright, <i>Cambridge Mobile Telematics, Inc. v. Sfara, Inc.</i> , No. 3:23-cv-01368 (D.N.J.), Oct. 26, 2023
2010	Exhibit A-02 to CMT's Invalidity Contentions: Comparison of U.S. Patent No. 8,989,952 and Green, <i>Cambridge Mobile Telematics, Inc. v. Sfara, Inc.</i> , No. 3:23-cv-01368 (D.N.J.), Oct. 26, 2023
2011	Pretrial Scheduling Order, <i>Cambridge Mobile Telematics, Inc. v. Sfara, Inc.</i> , No. 3:23-cv-01368 (D.N.J.), filed Jul. 26, 2023, Dkt. No. 35

CERTIFICATION

(37 C.F.R. § 42.24(d))

In accordance with 37 C.F.R. § 42.24, as amended, the undersigned certifies that this Patent Owner Preliminary Response complies with the applicable type volume limitations of 37 C.F.R. §§ 42.24(a)(i) and 42.24(b)(1). Exclusive of the portions exempted by 37 C.F.R. § 42.24(a), this Patent Owner Preliminary Response contains 7,178 words as counted by the word processing program used for its preparation (Microsoft Word 2019).

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CERTIFICATE OF SERVICE

(37 C.F.R. § 42.6(e))

The undersigned hereby certifies that on Sep. 17, 2024, I caused true and correct copies of the following materials:

- Patent Owner's Preliminary Response
- Patent Owner's Exhibit List
- Exhibits 2001-2011

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