

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Shenzhen Waydoo Intelligence Technology Co., Ltd.
Petitioner,

v.

MHL Custom, Inc.
Patent Owner

Case IPR2024-00998
U.S. Patent No. 9,359,044

**PATENT OWNER'S OPPOSITION TO SHENZHEN WAYDOO
INTELLIGENCE TECHNOLOGY CO., LTD.'S MOTION FOR JOINDER**

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35 U.S.C. §315(b)	2, 5, 7, 9, 12
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EXHIBIT LIST

Exhibit No.	Description
2001	<i>MHL Custom, Inc. v Waydoo USA, Inc. and Shenzhen Waydoo Intelligence Technology Co., Ltd.</i> , No. 21-091-RGA-MPT, Final Pretrial Order, D.I. 212
2002	<i>MHL Custom, Inc. v Waydoo USA, Inc. and Shenzhen Waydoo Intelligence Technology Co., Ltd.</i> , No. 21-091-RGA-MPT, Trial Verdict, D.I. 222
2003	<i>MHL Custom, Inc. v Waydoo USA, Inc. and Shenzhen Waydoo Intelligence Technology Co., Ltd.</i> , Federal Circuit Case No. 24-1036, Motion to Dismiss Appeal, D.I. 27
2004	<i>MHL Custom, Inc. v Waydoo USA, Inc. and Shenzhen Waydoo Intelligence Technology Co., Ltd.</i> , No. 21-091-RGA-MPT, Memorandum and Opinion on Ongoing Royalties, D.I. 296
2005	U.S. Reexamination Control No. 90/015,269, Notice of Intent to Issue Ex Parte Reexamination Certificate
2006	<i>MHL Custom, Inc. v Waydoo USA, Inc. and Shenzhen Waydoo Intelligence Technology Co., Ltd.</i> , No. 21-091-RGA-MPT, Answer and Counterclaims, D.I. 13
2007	Waydoo Invalidity Contentions

MHL Custom, Inc. (“Patent Owner”) respectfully submits this Opposition to Shenzhen Waydoo Intelligence Technology Co., Ltd.’s (“Petitioner”) Motion for Joinder with the *inter partes* review of U.S. Patent No. 9,359,044 (“the ‘044 Patent”) filed by Foil Boarding Company, Inc. (“Foil”).

I. INTRODUCTION

Petitioner seeks to join in these proceedings and, in turn, invalidate the ‘044 Patent on grounds it was fully aware of soon after it was first sued by Patent Owner back in January of 2021. It was aware of these grounds, but inexplicably failed to seek to challenge the patent through IPR proceedings until now – three and a half years later and two and a half years too late. Instead, Petitioner consciously chose to pursue its validity claims in infringement litigation with Patent Owner in federal court. Petitioner’s decision backfired in that in the litigation, Petitioner’s invalidity claims were rejected following a jury trial. Petitioner now seeks to undermine the judicial process and the jury’s verdict, and further harass Patent Owner, by filing an otherwise time-barred petition. The Board should deny Petitioner’s motion (and dismiss its Petition), as it reflects nothing more than gamesmanship designed to get an improper second chance at asserting invalidity after already having its invalidity arguments rejected through the judicial process.

Even if the attempt at joinder here was not simply gamesmanship or harassment, the motion should still be denied because Petitioner fails to meet its burden to demonstrate that joinder would be appropriate under the circumstances. Petitioner offers no explanation or justification as to why joinder would be appropriate in light of its claims being time barred under 35 U.S.C. §315(b). Petitioner offers no explanation for why it waited over three years to seek to challenge the patent through IPR proceedings. Petitioner offers no explanation for how joinder would be fair to, and not otherwise prejudice, Patent Owner. Petitioner offers no explanation because it cannot escape the fact that joinder here would undermine the integrity of the judicial system, undermine principles of fairness, and would severely prejudice Patent Owner. This situation does not rise to the level of one of the “extremely limited circumstances” where joinder would be appropriate. As a result, Petitioner’s Motion for Joinder should be denied, and Petition dismissed.

II. FACTUAL AND PROCEDURAL BACKGROUND

On January 27, 2021, Patent Owner sued Petitioner in the U.S. District Court for the District of Delaware, for infringement of two patents – the ‘044 Patent and U.S. Patent No. 9,586,659 (“the ‘659 Patent”). *See MHL Custom, Inc. v Waydoo USA, Inc. and Shenzhen Waydoo Intelligence Technology Co., Ltd.*, No. 21-091-RGA-MPT (“the District Court Litigation”). In the District Court Litigation,

Petitioner asserted a number of invalidity defenses (and counterclaims), including claims that the asserted patents were (1) invalid as anticipated by the Evolo Report; (2) invalid as obvious based on the Evolo Report alone (including the related Evolo videos) or the Evolo Report in combination with the *Namanny* patent; and (3) invalid as obvious based on the combination of the *Woolley* and *Namanny* patents. See EX2001, Final Pretrial Order, D.I. 212.

On March 31, 2023, following a six (6) day trial, the jury rendered a verdict finding that Petitioner willfully infringed both the ‘044 Patent and the ‘659 Patent. See EX2002, Trial Verdict, D.I. 222 of the District Court Litigation. The jury further found against Petitioner on all of its non-infringement and invalidity defenses and counterclaims, including its invalidity claims based on the Evolo Report as well as based on the *Woolley* and *Namanny* patents. *Id.* Specifically, the jury found that the Evolo Report was not publicly accessible prior to October 10, 2013, that the Evolo Report was not enabled, and that the asserted claims of the ‘044 Patent and the ‘659 Patent were not obvious in light of the combination of the *Woolley* and *Namanny* patents. *Id.*

Petitioner filed an initial appeal to the U.S. Court of Appeals for the Federal Circuit on October 5, 2023. See Case No. 24-1036 (“the Federal Circuit Appeal”). Petitioner later realized that it had prematurely filed its notice of appeal so it moved

to dismiss and remand to the district court for a final determination on the issue of whether Patent Owner was entitled to ongoing royalties. See EX2003, D.I. 27 Federal Circuit Appeal. That issue has been resolved (see EX2004, D.I. 296) and Patent Owner anticipates that Petitioner will file another appeal in the coming days.

Upon information and belief, in addition to the District Court Litigation and the Federal Circuit Appeal, Petitioner may have initiated *ex parte* reexamination proceedings against the '659 Patent. See Reexamination Control No. 90/015,269.¹ In those proceedings, invalidity was asserted for claims based on (1) a combination of the *Braden* and *Rorabaugh* patents; and (2) a combination of the *Braden* and *Woolley* patents. These arguments were rejected, and Claims 1-15 were confirmed patentable over the art, amended claims 16-20 were allowed, and newly added claims 21-28 were allowed. See EX2005, Notice of Intent to Issue Ex Parte Reexamination Certificate.

Petitioner filed its Motion for Joinder on June 6, 2024 – nearly *three and a half years* after it was first sued by Patent Owner and fifteen months after a jury

¹ These proceedings are anonymous, but Patent Owner has reason to believe that the proceedings were initiated by Petitioner.

rejected every single argument Petitioner made at trial. Petitioner argues that it should be joined because, *inter alia*, (1) the Petitioner's IPR is identical to the Foil IPR and relies upon the same analytical framework in addressing the challenged claims (i.e. Waydoo's petition is nothing more than a "me too" petition and Petitioner would serve as nothing more than a "silent understudy" to Foil); and (2) joinder would be the most practical way to secure the just, speedy and inexpensive resolution of these proceedings (and there would be no prejudice to Patent Owner). See generally, Mot. for Joinder. Petitioner's arguments are addressed below.

III. ARGUMENT

A. Applicable Legal Principles

Section 315(b) of the America Invents Act, 35 U.S.C. § 315(b), states that "[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner ... is served with a complaint alleging infringement of the patent." Section 315(b) further provides that "[t]he time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c)." 35 U.S.C. § 315(b).

Section 315(c) of the AIA further states as follows:

If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after

receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

35 U.S.C. § 315(c). The decision to grant joinder under § 315(c) is a discretionary matter for the Board and is not a matter of right. 35 U.S.C. § 315(c); 37 C.F.R. § 42.122; *Unified Patents, Inc. v. Personalweb Techs. et al.*, IPR2014-00702, Paper 12 at 4 (July 24, 2014) (denying joinder); *see also Dell, Inc. v. Network-1 Security Sols., Inc.*, IPR2013-00385, Paper 17 at 6 (July 29, 2013) (“[t]he fact that the Board has the discretion to join a party does not mean that joinder is automatic....”). A petitioner seeking joinder bears the burden of demonstrating it is entitled to joinder. 37 C.F.R. § 42.20(c).

In determining whether to grant a motion for joinder, the Board evaluates the motion on a “case-by-case basis, taking into account the particular facts of each case.” *Harmonix Music Systems, Inc. v. Princeton Digital Image Corp.*, IPR2015-00271, Paper 15 at 3 (June 2, 2015). The Board may exercise its discretion and permit joinder only in “*extremely limited circumstances*” when fairness requires it and undue prejudice to a party can be avoided. *See Proppant Express Invs. v. Oren Techs.*, IPR2018-00914, Paper 38, 3–4 (Mar. 13, 2019) (precedential) (denying motion for joinder) (emphasis added). The Board does not generally expect fairness and prejudice concerns to be implicated by the mistakes or omissions of a petitioner.

Id. Further, the Board may consider, and generally frowns upon, attempts to “game the system.” *Id.*, at *9 (“the IPR process should be fair and equitable to both petitioners and to patent owners, and should not reward gamesmanship by either petitioners or patent owners”); and Patent Trial and Appeal Board Consolidated Trial Practice Guide November 2019 (“TPG”) at 77 (“[t]he conduct of the parties and attempts to game the system may also be considered.”). When exercising its discretion, the Board should construe the rules of joinder “to secure the just, speedy, and inexpensive resolution of every proceeding.” *See* 35 U.S.C. § 316(b); 37 C.F.R. § 42.1(b).

B. The Board Should Deny Petitioner’s Joinder Motion as an Unfair and Prejudicial Attempt to Circumvent the One-Year Time Bar and Undermine the Judicial Process

Petitioner’s attempt to join with Foil’s IPR is not proper because, as will be outlined herein, it undermines the integrity of the judicial process and principles of fairness, and unfairly prejudices Patent Owner. Petitioner’s Motion is nothing more than a transparent attempt to accomplish an end run around the one-year statutory bar. Such gamesmanship should be rejected by the Board.

As an initial matter, it cannot reasonably be disputed that absent joinder, Petitioner would be precluded from separately instituting IPR proceedings against Patent Owner under the one-year time bar set forth in 35 U.S.C. § 315(b). Petitioner

was sued by Patent Owner for infringement of the ‘044 Patent over *three years ago* – on January 27, 2021. Therefore, Petitioner should have instituted IPR proceedings against Patent Owner prior to January 27, 2022, or one-year after it was sued in federal court. Instead of filing when it was supposed to, Petitioner waited until after it lost on the merits of all of its invalidity defenses at trial. Likely because it cannot do so, Petitioner makes no attempt to explain or justify why it waited over three years to challenge the ‘044 Patent via inter partes review. Petitioner does not otherwise offer any explanation as to how fairness now *requires* joinder. Petitioner’s failure to make any effort to explain or justify its two-and-a-half-year delay alone warrants denial of the present motion. See *e.g.*, *Proppant*, at 2 (“... the Board does not generally expect fairness and prejudice concerns to be implicated by, for example, the mistakes or omissions of a petitioner.”).

Petitioner has already had its day in court and lost. And, instead of accepting that defeat and moving forward under a reasonable license, Petitioner has done nothing but harass Patent Owner by multiplying the proceedings and forcing Patent Owner to expend significant time and resources in defending its patent rights on multiple fronts. With this Motion and late-attempt to challenge the patent through an IPR being the latest in the seemingly never-ending series of fronts. However, as the Board has recognized, one of the primary purposes of the one-year time bar of §

315(b) is to ensure “quiet title to patent owners” and to prevent inter partes review from being ‘used as [a] tool[] for harassment.’” *See Proppant* at 18 (quoting H.R. Rep. No. 112-98, pt. 1, at 48 (June 1, 2011)). Allowing Petitioner to seek to invalidate the ‘044 Patent in district court, in the Federal Circuit, likely through re-examination proceedings, and now through IPR proceedings, does not serve that purpose. To the contrary, allowing Petitioner to join in these IPR proceedings would undermine the jury’s verdict on Petitioner’s invalidity defenses in the District Court Litigation and would undermine the integrity of the judicial process. Petitioner should not be granted a second (or possibly even third) bite at the invalidity apple.

It bears further emphasis that Petitioner had knowledge of the challenged patents and the asserted prior art references prior to the January 27, 2022 IPR bar date. In fact, Petitioner asserted the “Evolvo e-Foil publications” and the *Woolley* patent as the basis for its invalidity counterclaim, which was filed on May 20, 2021. *See* EX2006, Answer and Counterclaim, D.I. 13 (Count II). Petitioner also submitted final invalidity contentions to Patent owner on October 8, 2021. *See* EX2007, Waydoo Invalidity Contentions. Therein, Petitioner asserted the *Woolley* patent and the “Evolvo Project” (including the Evolo Report and the Evolo videos, as well as the Batnytt news article and materials related to the Torqueedo propulsion technology), as the basis for its final invalidity contentions. *Id.* With this

knowledge, Petitioner had the ability to timely file a request to institute IPR proceedings against the '044 Patent on the exact same grounds as Foil has asserted in this proceeding prior to the January 2022 bar date. However, Petitioner inexplicably failed to do so. Patent Owner should not be forced to devote a significant amount of further time and resources to address Petitioner's failures (or purposeful gamesmanship) and to defend its patents against Petitioner's now time-barred invalidity claims in yet another forum. To do so would be patently unfair to Patent Owner. To do so would not serve the interests of justice.

In addition, Petitioner's failure to articulate why fairness would require joinder in this case is compounded with its conclusory (and incorrect) argument that Patent Owner would not be prejudiced if joinder were permitted. Petitioner simply concludes in a one-sentence argument that "joinder will simplify briefing and discovery, without any foreseeable prejudice to PO." Mot. For Joinder, p. 8. Petitioner reasons that joining in the proceedings would eliminate the need for duplicate papers to be filed, reviewed and managed through separate proceedings. But, Petitioner's argument is built on the false premise that Petitioner could bring separate IPR proceedings against Patent Owner. It cannot. Petitioner's only ability to challenge the validity of the '044 Patent yet-again is through the joinder process.

Petitioner's conclusory argument as to prejudice is insufficient for Petitioner to meet its burden to demonstrate that joinder would be appropriate.

In any event, contrary to Petitioner's baseless assertions, Patent Owner is suffering prejudice in just having to respond to this improper attempt at joinder. Beyond the immediate financial prejudice in having to oppose the motion, Patent Owner would be severely prejudiced if Petitioner were permitted to have another bite at the invalidity apple after it already lost on all its invalidity claims in the District Court Litigation. Patent Owner is likewise suffering prejudice in that Petitioner's attempt at joinder is frustrating the possibility of settlement between Foil and Patent Owner. In a footnote, Petitioner points out "[t]he argument that joinder may theoretically frustrate settlement between any particular petitioner and Patent Owner is not a basis to deny joinder because that same possibility exists in every joinder situation." Mot. for Joinder, p. 8 (citing *Global Foundries U.S. Inc. v. Godo Kaisha IP Bridge 1*, IPR2017-00925 and IPR2017-00926, Paper 13 at 10 (June 9, 2017)). However, Petitioner deceptively omits the remainder of the holding in the case, that the theoretical frustration of settlement "must be weighed together with all of the other facts." *Global Foundries*, at 10. Patent Owner and Foil have engaged in settlement discussions throughout their dispute but the potential joinder of Petitioner has already frustrated the possibility of this case ever settling. Indeed,

based on the email correspondence attached as EX1024 to the Mot. for Joinder, Foil appears to be shopping its IPR (or consent to joinder) to the highest bidder. This reeks of collusion and bad faith on the parts of both Foil and Petitioner – who have both long sought to harass Patent Owner.

In a remarkably analogous case, *Code 200 v. Bright Data Ltd.*, the petitioner filed an otherwise time-barred “me too” petition and a motion for joinder years after it had already had invalidity claims dismissed in related litigation in the U.S. district court. IPR2021-01503, Paper No. 13 (Mar. 14, 2022). The Board denied the petitioner’s motion for joinder “because of prejudice to Patent Owner as well as Petitioner’s unexplained delay in seeking *inter partes* review.” *Id.* In *Code 200*, like the instant case, the petitioner had an opportunity to be heard on its invalidity claims in district court. *Id.* The Board considered the fact that the petitioner could have filed a petition for *inter partes* review within the one-year window, but did not, and instead waited several years to seek to challenge the patent through the present petition and motion for joinder, as persuasive evidence that joinder would be inappropriate. *Id.* The Board further rejected the petitioner’s argument that joinder should be permitted “as a matter of right” even when the joining petition would be untimely and otherwise barred under §315(b). *Id.* Petitioner’s motion for joinder should be denied in this case under the same logic.

Petitioner has not met its burden of demonstrating that joinder is appropriate.² Fairness, common sense, justice and prejudice to Patent Owner all dictate that Petitioner's Motion for Joinder should be denied. Petitioner's gamesmanship should not be rewarded.

C. The Board, in the Exercise of its Discretion, Should Also Deny Petitioner's Motion Because Petitioner's "Silent Understudy" Argument Has No Merit

In support of its Motion, Petitioner misleadingly alleges that it will be nothing more than a "silent understudy" in these proceedings "as long as Foil remains an active party." Mot. for Joinder, pp. 6-7. According to Petitioner, because it is filing nothing more than a "me too" Petition and agreeing to be a silent understudy to Foil, the proceedings will be streamlined and the need for duplicate proceedings would

² As to the *Kyocera* factors (*see* IPR2013-00004, Paper 15 at 4 (Apr. 24, 2013)), Section B addresses why joinder is inappropriate and, Section C, addresses how joinder could impact costs and increase the complexity of the proceedings. Further, while the petition does not assert new grounds, consideration of these factors, including the inappropriateness of the joinder, weighs heavily against allowing joinder in these proceedings.

be eliminated. There are a number of problems with this argument.

First, as articulated above, Petitioner's argument relies on the fallacy that duplicate or separate proceedings are even a possibility here since Petitioner's right to challenge the validity of the '044 Patent is otherwise time-barred.

Second, the Board has recognized that claims of assuming an "understudy" role in IPR proceedings may be rejected. *See, e.g., Apple Inc., v. Uniloc, 2017 LLC*, IPR2020-00854, Paper 9, (Oct. 28, 2020). In *Apple*, for example, the panel addressed a similar "understudy" argument and observed that "Patent Owner is correct that if Microsoft [the original petitioner] and Patent Owner were to settle, Apple would stand in as a petitioner in the joined proceeding." *Id.* at 7. Based on this fact, the PTAB concluded as follows:

Petitioner's understudy argument is not persuasive here where the copied petition is Petitioner's second challenge to the patent, and should Microsoft settle, Petitioner would stand in to continue a proceeding that would otherwise be terminated. In effect, it would be as if Apple had brought the second challenge to the patent in the first instance.

Id. at 3. The Board in *Apple* ultimately denied the motion for joinder. *Id.*

While Petitioner has agreed to a "silent understudy" role in these proceedings, this is not the likely role it will play. That is, Petitioner's understudy argument is not persuasive here where the copied petition is Petitioner's second challenge to the patent, and should Foil settle or cease pursuing these proceedings, Petitioner would

stand in to continue a proceeding that would otherwise be terminated. In effect, should Foil no longer actively pursue this IPR (either because of settlement or some other reason), it would be as if Petitioner had brought the second, time-barred challenge to the patent in the first instance (just as in the *Apple* IPR). As to Foil's status, days prior to Petitioner seeking to join in these proceedings, Foil announced to its customers that it was closing and ceasing operations. Given that Foil is out of business, it makes it increasingly likely that it will no longer actively participate in these proceedings. Petitioner was most surely aware of this announcement, and Foil's status, given the timing of its Petition and Motion and its sudden interest in pursuing a challenge to the '044 Patent through the IPR process two and half years too late. Given Foil's status, it is more likely that Petitioner will ultimately assume an active, if not leading role, in these proceedings and, accordingly, get a second (or perhaps third) bite at the invalidity apple. This is a clear attempt to improperly game the system. As in the *Apple* case, the Board should reject Petitioner's disingenuous explanation regarding the impact of joinder on the trial schedule or simplification of briefing and discovery. The Motion for Joinder should be denied.

IV. CONCLUSION

For the reasons discussed herein, Petitioner's motion for joinder should be denied and its Petition dismissed.

Dated: July 5, 2024

Respectfully submitted,

/Megan E. Gibson/

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), the undersigned certifies that on July 5, 2024, a copy of this Patent Owner's Opposition to Shenzhen Waydoo Intelligence Technology Co., Ltd.'s Motion for Joinder was served on the Petitioner's counsel at the email addresses provided in the Petition for service.

Dated: July 5, 2024

/Megan E. Gibson/

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