

**UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE PATENT TRIAL AND APPEAL BOARD**

AYLO FREESITES LTD.,

Petitioner

v.

WELLCOMEMAT, LLC,

Patent Owner

Case No. IPR2024-00710

U.S. Patent No. 8,307,286

**PATENT OWNER'S AUTHORIZED RESPONSE TO PETITIONER'S
REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE**

Fintiv Factor 1 favors discretionary denial of institution

According to Aylo's own cases, as a prerequisite to possibly issuing a stay, the District Court Judge handling the underlying litigation requires Defendants to "show more than a successful petition, they must show that the PTAB is likely to invalidate every asserted claim." Ex.1019, 6; Reply 1-2. Aylo cannot make this showing based on the present IPR, so a stay is highly unlikely.

For example, Aylo concedes that claim 17 is asserted in the litigation. Reply, fn.2. And Aylo did not challenge claim 17 in this IPR. Rather, that claim is addressed in a second IPR petition that Aylo filed on June 28, 2024. IPR2024-01101, Paper No. 6. WellcomeMat's claim 17 POPR is not even due until November 12, 2024. *Id.* As a result, when the PTAB issues its decision on institution in the present IPR by the statutory deadline of September 30, 2024, the PTAB will not even have considered claim 17, much less know whether "the PTAB is likely to invalidate every asserted claim." Ex.1019, 6.

Regardless, the District Court would be especially unlikely to issue a stay in the present case with trial scheduled on July 7, 2025, which is well in advance of the September 30, 2025, FWD due date here and even longer before the February 12, 2026, FWD due date in IPR2024-01101 (claim 17).

Fintiv Factor 2 favors discretionary denial of institution

It would be a duplication of judicial resources, and inconsistent with IPR being an *alternative* to litigation, to institute Aylo's IPRs against the '286 patent because both parties expect them to be completed well after the District Court trial.

Aylo argues updated median time-to-trial data might imply delaying the trial from the scheduled July 7, 2025 date to September or possibly as late as November 2025. Reply, 3. Even if such data were credited, Aylo's suggested dates would still put the District Court trial likely before the September 30, 2025, FWD due date in this IPR and certainly well before the February 12, 2026, FWD due date in IPR2024-01101.

Fintiv Factor 3 favors discretionary denial of institution

While attempting to minimize it, Aylo admits that significant investment by the parties (to say nothing of the District Court) will take place by the institution date of the present IPR. Reply, 4. Further, now that Aylo has filed a second IPR petition against the same patent, the investment by the parties through the December 30, 2024, institution date in IPR2024-01101 should also be considered. By that date, not only will the parties have completed infringement and invalidity contentions and conducted

depositions and other discovery, but the parties will “Substantially Complete Document Production” and complete all Markman briefing. Ex. 2001, 3-5.

Fintiv Factor 4 favors discretionary denial of institution

Declining the POPR’s invitation to enter a *Sotera* stipulation, Aylo offers only a *Sand Revolution II* stipulation. Reply, 4. Aylo committed to that course by filing in Court yesterday Defendants’ Stipulation Regarding Invalidity Grounds. Ex. 2013. Defendants’ Stipulation has the *Sand Revolution II* language as paragraph (i). Ex. 2013, 2. Curiously, Defendants’ Stipulation also includes the statutory estoppel language of 35 U.S.C. 315(e)(2) as paragraph (ii). *Id.* By its terms, paragraph (ii) of Defendants’ Stipulation only takes effect “[u]pon the PTAB issuing a final written decision.” *Id.* Because such estoppel attaches automatically under 35 U.S.C. 315(e)(2), including it in Defendants’ Stipulation is meaningless at best.

Consistent therewith, Aylo’s invalidity contentions reveal a plan to reuse prior art from the Petition in cumulative or nominally different combinations in the litigation. Ex. 2011, 22-23 (Gupta, Fegen), 30-31 (Kim). This weighs in favor of discretionary denial.

Fintiv Factor 5 favors discretionary denial of institution

Aylo concedes the parties are the same. Reply, 4-5.

Factor 6: Aylo has not fulfilled its burden to show compelling merits

In attempting to prove “compelling merits,” Aylo’s primary argument is that “Patent Owner only challenged one or two limitations for most Grounds, conceding the other limitations are disclosed.” Reply, 5. This does not come close to showing even a *reasonable* likelihood of demonstrating the claims are unpatentable, much less the *high* likelihood now required for “compelling merits.” *Commscope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23, 3-4 (PTAB Feb. 27, 2023) (“highly likely”).

First, successfully challenging even one limitation per claim completely defeats the Petition. For example, the POPR showed that every Ground is missing at least limitation 13.1 in every challenged claim: “providing a computer system ... comprising a video editing environment, and being disposed at a server side of a public network.” Paper No. 7, 14-44.

Second, Aylo incorrectly and irrelevantly contends Patent Owner admitted that Fegan generally teaches “the systems and methods are hosted in an entirely server-side environment.” Reply, 5. Despite that single sentence being the Reply’s only argument on the merits (!), it merely addresses one claim and one ground (Ground 2: anticipation of Claim 13 by Fegan).

The POPR explains in great detail why the quoted phrase does not show a high likelihood of anticipation of Claim 13 by Fegan under Ground 2.

Paper No. 7, 25-31. For example, when allegedly addressing the subject of limitation 13.1 (**remote** cue point editing) Fegan discloses segment editing done **locally** through only client-side software, not remotely by a server-side application under the control of commands sent by a client device. *Id.* Paper No. 7, 25-31.

Ground 2 alleges only anticipation, not obviousness. Thus, even if Fegan makes a vague high-level introductory statement that preferably “the systems and methods are hosted in an entirely server-side environment,” it does not disclose “providing a computer system ... comprising a video editing environment, and being disposed at a server side of a public network” so as to anticipate element 13.1. Paper No. 7, 25-31.

Aylo’s Reply does not address any of that explanation from the POPR. *Compare* Paper No. 7, 25-31 to Reply, 5. Even if it had (it did not), showing colorable merit in one ground against one claim would not warrant instituting all five grounds against six claims as required by SAS.

Third, Aylo’s suggestion, that Patent Owner impliedly conceded other limitations are disclosed, is wishful thinking. Reply, 5. Omitting an argument from a POPR does not waive it. Showing one limitation per claim is missing from every ground is enough to preclude institution, and more than enough to show lack of compelling merits under *Commscope*’s “highly likely” standard.

Dated: August 23, 2024

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on 23 August 2024, I caused a true and correct copy of the foregoing Patent Owner's Authorized Reply To Petitioner's Reply To Patent Owner's Preliminary Response to be served on the following counsel for Petitioner by electronic mail to the following email addresses:

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