

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

VARIA HOLDINGS LLC,

Plaintiff,

v.

APPLE INC.,

Defendant.

Case No. 1:23-cv-07477-RPK-VMS

ORAL ARGUMENT REQUESTED

SERVICE DATE: 2/14/204

**MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S OPPOSITION TO
DEFENDANT'S MOTION TO DISMISS THE COMPLAINT**

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I. INTRODUCTION

Varia’s complaint for willful patent infringement discloses the three patents-in-suit, identifies the 25 iPhone and Apple Watch models accused of infringement, and explains the features alleged to infringe. D.I. 1 at ¶¶ 52, 77, 93, 108, 109, 118. The complaint places Apple “on notice of what activity . . . is being accused of infringement,” satisfying Rule 12(b)(6) for patent claims. *Lifetime Indus., Inc. v. Trim-Lok, Inc.*, 869 F.3d 1372, 1379 (Fed. Cir. 2017). This is what is required under well-settled law.

In a procedurally unconventional gambit, however, Apple asks the Court to adjudicate technical infringement on the pleadings. In particular, it asks the Court to rewrite the patent claims in contravention of their plain language and in a manner explicitly rejected by the United States Patent and Trademark Office (USPTO), and then compare those rewritten claims to only three out of the 25 products accused of infringement to adjudicate the entire dispute—without the benefit of any technical discovery or expert testimony. This is improper, and Apple has repeatedly lost when attempting this approach in other courts.

The Court promulgated Local Patent Rules for a reason—they allow for the orderly adjudication of technically complex subject matter. Under those Rules and by agreement, the parties will exchange technical information and contentions, and submit claim construction briefing to the Court in June and July—not at the pleading stage. Apple’s attempt to short-circuit that agreed-upon schedule to reach technical infringement without claim construction, technical disclosures, or expert testimony is procedurally improper and practically untenable. Tellingly, Apple’s motion relies on third party technical documents and prosecution history excerpts not cited in the Complaint—it is not a motion on the pleadings but an improper request for substantive adjudication on a sparse and cherry-picked record.

In any event, Apple’s technical argument is wrong. Apple’s argument is based on construing all of Varia’s patent claims as limited to a “single chip.” *See, e.g.*, Def.’s Br. at. 16. But the USPTO explicitly rejected this argument, stating that “the *sum total* of the circuitry of the mobile device is the

transmitter/transceiver.” Ex. 1 (Mar. 31, 2011 Non-Final Rejection) at 6.¹ Varia pled its claim accordingly, *e.g.*, the accused iPhones have “internal circuitry and components” *collectively* comprising the claimed “transceiver.” Under the USPTO’s interpretation of the patent claims, Apple infringes. Apple’s rush to judgment elides over this dispositive fact and ignores how Varia pled its case. Moreover, Varia’s patents contain a collective total of 90 claims (many of which do not require a “transceiver” or “transmitter”) and 25 different Apple products are accused of infringement (most of which are not addressed by Apple’s motion)—Apple’s motion addresses at best a fraction of the potential infringement issues in this case. *See, e.g.*, D.I. 1 at ¶¶ 52, 77, 93, 108, 109, 118.

Under the Local Patent Rules and agreed schedule, Varia will disclose its technical infringement contentions on February 26, and choose up to 25 patent claims to assert on April 18 that will ultimately be at issue. Proceeding in the ordinary course, pursuant to the Local Patent Rules and agreed schedule, will ensure the ordinary, expeditious resolution of these issues on a full and proper record. Notably, Apple has never denied infringement, and has been very careful to explain that “[t]he issue presented by our briefs is not whether or not Apple’s products infringe.” Ex. 2 (Jan. 24, 2024 Tr.) at 10. Rather, Apple’s motion seeks to prevent that question from being answered by circumventing the ordinary procedures for adjudicating patent cases. This is procedurally and substantively improper, and should be denied as set forth herein.

II. PROCEDURAL HISTORY

The Parties have agreed upon a schedule based on the Local Patent Rules, and that discovery will continue notwithstanding the instant motion. *See* D.I. 20; Ex. 2 (Jan. 24, 2024 Tr.) at 11. Under the schedule, Varia will serve its preliminary infringement contentions on February 26, 2024. D.I. 20 at 2. Apple will next produce documents sufficient to show the operation of accused instrumentalities, and will serve invalidity contentions on April 11, 2024. *Id.* Subsequently, Varia will narrow its contentions

¹ Exhibits cited herein are attached to the Declaration of Natalie D. Lieber unless otherwise noted.

by identifying no more than 25 patent claims to assert. *Id.* The parties will proceed to claim construction by exchanging lists of claim terms requiring construction and proposed constructions for those terms. *Id.* Claim construction briefing will subsequently be submitted to the Court in June and July. *Id.* at 3. And the Court will hold a dedicated claim construction hearing thereafter. *Id.* That is the ordinary course.

Critically, Apple’s motion to dismiss hinges on matters outside the pleadings, including excerpts from the patents’ prosecution histories. As explained in detail below, the matters outside the pleadings should be excluded. If such matters are presented and not excluded, the motion must be treated as one for summary judgment, and the opposing party must be given a reasonable opportunity to present material that is pertinent to the motion. Fed. R. Civ. P. 12(d). To the extent Apple’s cited material is not excluded, pursuant to Rule 12(d), Varia submits herewith the Declaration of Jacob Sharony, Ph.D., an expert in radio frequency identification (“RFID”). The expert testimony therein confirms that Apple’s claim construction is improper, and that Apple infringes under a proper construction.

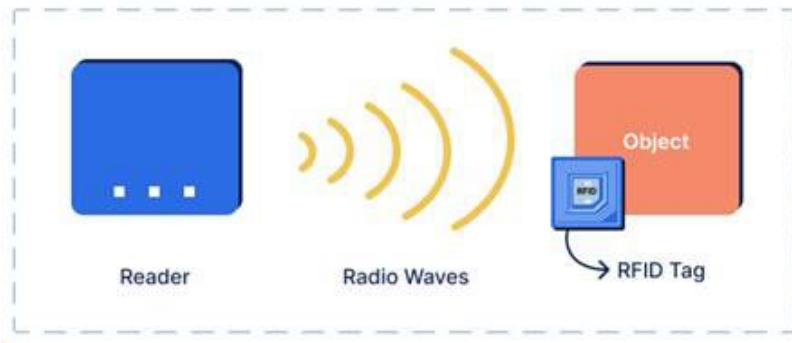
III. BACKGROUND OF THE PATENTED TECHNOLOGY

A. Prior Art RFID Used Dedicated Tags

Radio frequency identification, or RFID, is a wireless identification technology that can be used in many areas where identification and/or verification is required. Sharony Decl. ¶ 32.² In the prior art, objects equipped with RFID transponders (often called “tags”), such as credit cards, hotel keys, and car keys, were usually encoded with a unique identifier. *Id.* An RFID reader is a device that reads the tag by emitting a wireless signal, such as a probing signal. *Id.* Examples of RFID readers include payment terminals, hotel door locks, and cars. *Id.* If the RFID transponder was close enough to the reader emitting the probing signal, the RFID transponder would then send its unique identifier, thereby initiating the payment transaction, entry, or ignition. *Id.* Prior art RFID transponders were isolated

² The Declaration of Jacob Sharony, Ph.D. is referred to herein as “Sharony Decl.”

simple circuits that were not integrated with any device electronics, and often required no internal power source—their main function was to return their unique identifier when they were near a reader. *Id.* Because each RFID transponder could only return a single identification, a user would need separate tags or cards for each RFID identification, *e.g.*, one for each credit card, each key card, each car key, etc. *Id.* Examples are shown below:



U.S. Patent No. 6,771,981 (the “Zalewski ’981 patent”), discussed extensively by the USPTO during prosecution of Varia’s patents, was an example of this prior-art approach. Sharony Decl. ¶ 33. It focused on “an RFID transponder 110” embedded in a removable cover for a phone or other device “such as an MP3 player.” *Id.* Like all RFID transponders, it included only a single, unique identifier. If a user wanted to use more than one RFID transponder—such as one for a credit card and one for a hotel key—they would need to change to a different device cover. *Id.* And even though the transponder-cover

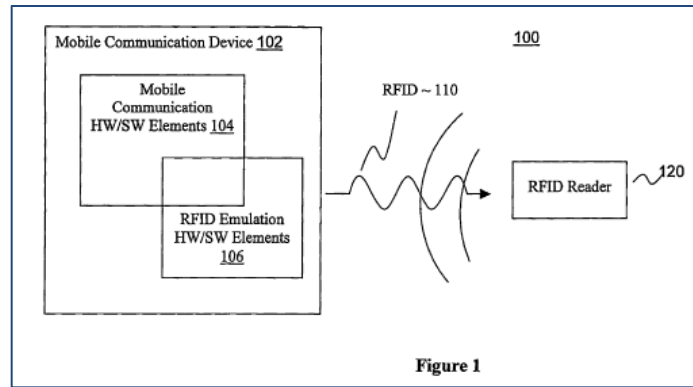
could be placed on a phone (or any other device), it did not make use of any electronic components of that device (phone or otherwise) for the RFID transponder function—the cover would function independently as an RFID transponder whether attached to a device or not. *Id.*; *see also* Rosenthal Decl. Ex. 4 (July 1, 2014 Applicant Arguments/Remarks Made in Amendment) at 13 (“Zalewski describes an RFID transponder (110) that functions regardless of whether it is attached.”).³

B. The Patented Inventions Replaced RFID Tags With RFID Emulation

As reflected in their titles, Varia’s patented inventions solved the drawbacks of this prior art through “***Emulated*** Radio Frequency Identification.” (emphasis added). Rather than use a traditional RFID transponder, the three Varia patents use a “transceiver”, “transmitter”, and/or other “circuitry” within a mobile communications device to detect the presence of an RFID reader, and in response, allow the user to present an emulated RFID tag that mimics an RFID transponder. This emulation allows a user to enter, store and present any RFID identification of their choosing using the device’s processor, display and interface, creating a virtual wallet of credit cards, keys and IDs on a phone.

Because prior art smartphones were not capable of RFID emulation, additional components needed to be added. At the same time, *some* existing circuitry within a smartphone could be repurposed to support this RFID emulation. Varia’s patents teach leveraging—and supplementing—the telephony infrastructure of a smartphone with dedicated internal RFID components to enable mobile wallet/RFID emulation. Figure 1 of Varia’s patents shows there is partial—not total—overlap of the components performing telephony and RFID emulation in the patented inventions. *See* D.I. 1-1 (’984 Patent) at 4; D.I. 1-2 (’974 Patent) at 4; D.I. 1-3 (’947 Patent) at 4.

³ When citing the Declaration of Brian A. Rosenthal In Support of Defendant Apple Inc.’s Motion to Dismiss the Complaint, Varia will use the abbreviation “Rosenthal Decl.”



This dual-use of a mobile communication device is reflected in the claims, which cover singular devices that both emulate an RFID tag when detecting an RFID reader, and perform telephony communication for the user. Dr. Jacob Sharony, an expert in RFID technology, agrees the inventions claimed in Varia’s patents cover the use of multiple components to perform telephony and emulate an RFID tag when detecting an RFID reader within a mobile communications device. Sharony Decl. ¶ 34.

1. The Claims Cover An Entire “Mobile Communication Device”, Not A “Single Chip”

The prosecution history—the public record of Varia’s back-and-forth with the USPTO while applying for the patents—confirms the patents cover a mobile communications device that can perform the two claimed functions. There, Varia made clear that it was the *combined set of components* within the mobile communications device that comprised the claimed “transceiver”:

At the time the instant application was filed, a person having ordinary skill in the art would have understood “a transceiver of a mobile communication device” to be a transmitter and receiver combined in a single package/housing/unit and sharing at least some common circuitry for both transmission and reception located within a mobile communication device

Rosenthal Decl. Ex. 2 (Dec. 21, 2010 Appellant’s Br.) at 8. This “sharing at least *some* common circuitry” was what “a transceiver” meant. And having the two functions—telephony and RFID emulation—in a single device was what was used to distinguish the prior art ’Zalewski ’981 patent:

Zalewski does not teach or suggest switching a mobile communication device from a first state in which the mobile communication device is

configured to output voice call signals to a second state in which the mobile communication device is configured to output RFID transponder data upon reception of an instruction to output RFID transponder data from an RFID reader external to the mobile communication device, because the RFID tag in Zalewski is separate from the mobile communication device...

Zalewski cannot describe switching states of a mobile communication device as described, since Zalewski does not describe a mobile communication device capable of providing RFID transponder data

Rosenthal Decl. Ex. 4 (July 1, 2014 Applicant Arguments/Remarks Made in Amendment) at 11-13. As Varia stated to the USPTO during the public prosecution of its patents, it is the “mobile communication device” that performs both the telephony and RFID functions. *Id.* Nothing in the express language of the claims, nor anything in the prosecution history requires that telephony and RFID be jointly performed by a single chip.

The USPTO agreed with Varia that “the sum total of the circuitry of the mobile device is the transmitter/transceiver.” Ex. 1 (Mar. 31, 2011 Non-Final Rejection) at 6. Rather than requiring 100% overlap of telephony and RFID in a single chip, Varia’s patented inventions simply require that the components performing telephony and RFID be located within the mobile communication device and share some common or overlapping architecture of the smartphone. *See, e.g.,* Rosenthal Decl. Ex. 2 (Dec. 21, 2010 Appellant’s Br.) at 8 (“At the time the instant application was filed, a person having ordinary skill in the art would have understood ‘a transceiver of a mobile communication device’ to be a transmitter and receiver combined in a single package/housing/unit and sharing at least some common circuitry for both transmission and reception located within a mobile communication device.”).

2. Apple’s Argument Misreads the Prosecution History

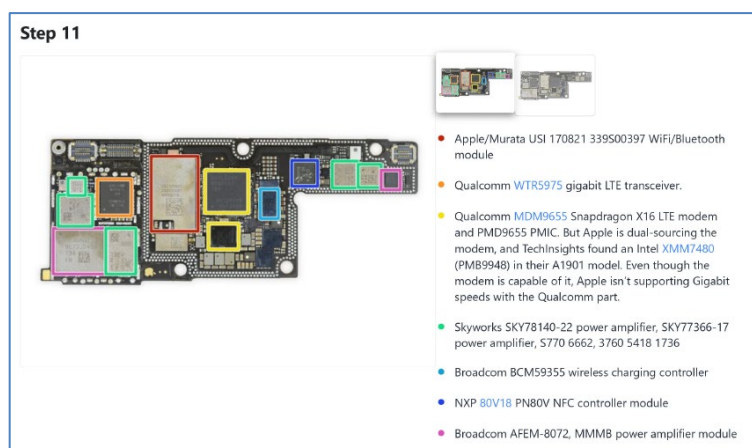
Apple’s motion is premised on the claim construction argument that 100% overlap of telephony and RFID is required and performed by a “single chip.” Def.’s Br. at 16 (“Varia’s allegation makes clear that *multiple chips*, as opposed to a *single chip*, are required.”) (emphasis added). This argument misreads the prosecution history and is premised on isolated snippets, while omitting passages where

both Varia and the USPTO explicitly reject Apple’s characterization, as discussed above.

The isolated prosecution history statements that Apple relies on were made in the context of distinguishing the Zalewski ’981 patent. As described above, the Zalewski ’981 patent included *two separate devices*—a mobile communications device that performed telephony only, and a separate, replaceable cover that contained an embedded RFID transponder accessory that did not make use of any electronic components of that device. *See, e.g.*, Ex. 3 (Aug. 31, 2010 Applicant Arguments / Remarks Made in Amendment) at 10 (distinguishing “a *separate* RFID transponder on [an external] cover” of Zalewski from the circuitry and transponder within a smartphone of Varia’s invention). Contrary to Apple’s argument, Varia distinguished its invention from a prior art *external RFID accessory*—Varia never excluded multiple chips *within* a smartphone.

C. Apple’s Accused Products

Apple’s infringing iPhones perform the two accused functionalities—telephony (*e.g.*, cellular phone calls) and RFID (*e.g.*, Apple Pay)—as taught in Varia’s patents—*i.e.*, in a single packaging/housing/unit or “mobile communications device” and sharing at least some common or overlapping smartphone architecture, as shown below:



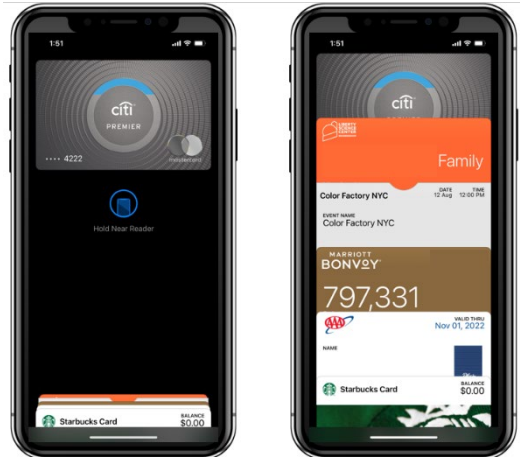
Rosenthal Decl. Ex. 7 (iPhone X Teardown) at 12. This circuitry performs both telephony and RFID, with some shared components being used in both pathways. The other unauthenticated, third-party screenshots that Apple attaches to its motion are consistent—they similarly use overlapping

components within a single mobile communication device to perform the patented technology. *Id.* Ex. 6 (iPhone 8 Teardown) at 10-11. And as pled, the most recent iPhones have even tighter overlap of the RFID emulation and telephony components in a singular chipset within the device. D.I. 1 ¶¶ 77, 93, 108. Although public details of the accused Apple Watches are sparser—and Apple has offered none in its motion—as pled they infringe for combining RFID emulation and telephony in a single mobile communication device as well. D.I. 1 ¶¶ 52, 75, 91, 107, 116.

There is no genuine dispute that the 25 accused Apple products perform the patented functions. For example, as shown in the screen shots below, the iPhone operates in multiple modes using shared components in a single housing. When a voice call is detected, the device (as a whole) performs telephony. And when an RFID probing signal is received (*e.g.*, when passing a subway turnstile), the device (as a whole) allows for an RFID signal to be output for an Apple Pay transaction. As shown below, this is a single “mobile communications device” performing both claimed functions:



Just as in Varia’s patents, the processing circuitry of the mobile communication device is shared, with some overlapping components and some unique components for each function, thereby enabling the smartphone to emulate an RFID tag for multiple cards, keys, and tickets, and become a virtual wallet as envisioned in the patents:



Apple’s RFID emulation approach using smartphone components for its accused infringement is nothing like the Zalewski prior art with its independent, removable RFID tag cover that was distinguished during prosecution.

IV. LEGAL STANDARD

“On a motion under Rule 12(b)(6) to dismiss a complaint for failure to state a claim, the only facts to be considered are those alleged in the complaint, and the court must accept them, drawing all reasonable inferences in the plaintiff’s favor, in deciding whether the complaint alleges sufficient facts to survive.” *Doe v. Columbia Univ.*, 831 F.3d 46, 48 (2d Cir. 2016).

At the pleading stage, “the question [is] ‘not whether [the plaintiff] will ultimately prevail’ . . . but whether [the] complaint [is] sufficient to cross the federal court’s threshold.” *Skinner v. Switzer*, 562 U.S. 521, 529-30 (2011) (citation omitted). A plaintiff is generally required to provide “only a plausible ‘short and plain’ statement of the plaintiff’s claim.” *Id.* at 530. That plausibility standard is satisfied when the complaint pleads “enough fact[s] to raise a reasonable expectation that discovery will reveal evidence” in support of the alleged claims. *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556 (2007). A complaint sufficiently pleads patent infringement when it puts defendant “on notice of what activity . . . is being accused of infringement.” *Bot M8 LLC v. Sony Corp. of Am.*, 4 F.4th 1342, 1352 (Fed. Cir. 2021). As the Federal Circuit recognized, providing “fair notice of what the . . . claim is and

the ground[s] upon which it rests” does not require pleading “[s]pecific facts.” *Disc Disease Sols. Inc. v. VGH Sols., Inc.*, 888 F.3d 1256, 1260 (Fed. Cir. 2018). “[A] plaintiff need not prove its case at the pleading stage” nor plead infringement on an “element-by-element basis.” *Bot M8*, 4 F.4th at 1352. Rather, the Local Patent Rules define the ordinary course for disclosing and adjudicating such technical disputes.

Courts have recognized that “*very little is required in order to plead a claim of patent infringement.*” *Election Sys. & Software, LLC v. Smartmatic USA Corp.*, No. CV 18-1259-RGA, 2019 WL 1040541, at *1 (D. Del. Mar. 5, 2019) (emphasis added). “Allegations that plead that a specific product [] allegedly infringes [the] patent by virtue of certain specific characteristics meet the *Iqbal* plausibility standard.” *Lavvan, Inc. v. Amyris, Inc.*, No. 20-cv-7386, 2021 WL 3173054, at *4 (S.D.N.Y. Jul. 26, 2021) (quoting *Iron Gate Sec., Inc. v. Lowe’s Companies, Inc.*, No. 15 Civ. 8814, 2016 WL 1070853, at *3 (S.D.N.Y. Mar. 16, 2016) (citation and internal quotation marks omitted)); *see also* *Crypto Rsch., LLC v. Assa Abloy, Inc.*, 236 F. Supp. 3d 671, 686 (E.D.N.Y. 2017) (declining to require that plaintiff plead direct infringement of each and every element).

“Claim construction . . . does not lend itself to resolution on a pleadings-based motion where courts ‘afford the claims their broadest possible construction.’” *Berall v. Pentax of Am., Inc.*, No. 10-cv-5777 (LAP), 2021 WL 3934200, at *5 n.11 (S.D.N.Y. Sept. 2, 2021) (citing *In re Bill of Lading Transmission & Processing Sys. Pat. Litig.*, 681 F.3d 1323, 1343 n. 13 (Fed. Cir. 2012)).

V. APPLE’S MOTION TO DISMISS SHOULD BE DENIED

A. Apple Improperly Seeks a Merits Resolution At The Complaint Stage

The crux of Apple’s motion is its request that the Court construe Varia’s 90 claims *on the pleadings* as all requiring 100% overlap of the claimed telephony and RFID functionalities to be performed by a “single chip.” Def.’s Br. at 16 (“Varia’s allegation makes clear that multiple chips, as opposed to a single chip, are required”). To that end, Apple requests that the Court use cherry-picked

snippets of the prosecution history that were not included in the pleadings to redefine and limit the scope of the claims here to exclude “multiple chips,” even if part of a singular mobile communications device. And then Apple asks the Court to compare the re-written patent claims to a handful of unauthenticated third-party screenshots that do not even address the majority of the accused products, without any expert testimony or technical discovery. Apple’s claim construction request is procedurally improper—it is premature and grounded in a sparse (and biased) record of materials outside the complaint. On a full record, and as will be proven in the ordinary course, Apple’s proposed claim construction is inconsistent with the intrinsic record and contrary to how a person of ordinary skill in the art would read the claims. It would be legal error to adopt Apple’s claim construction argument here, and if rejected the entirety of Apple’s motion fails.

1. Apple’s Claim Construction Argument is Premature

Well-settled, binding Federal Circuit law holds that patent claims should not be construed on the pleadings because claim construction disputes are “particularly inappropriate in the Rule 12(b)(6) context” and are “not suitable for resolution on a motion to dismiss.” *Nalco Co. v. Chem-Mod, LLC*, 883 F.3d 1337, 1349, 1357 (Fed. Cir. 2018) (reversing district court’s order dismissing infringement claims). As the court admonished, claim construction disputes go directly to the merits and “[t]he purpose of a motion to dismiss is to test the sufficiency of the complaint, not to decide the merits.” *Id.* at 1350. *Nalco* did not break any new ground. Prior and subsequently to *Nalco*, district courts routinely refused to resolve claim construction disputes on the pleadings because they “require[] an inquiry beyond the pleadings.” *Smartwater, Ltd. v. Applied DNA Scis., Inc.*, No. 12-CV-5731, 2013 WL 5440599, at *5 (E.D.N.Y. Sept. 27, 2013); *Everdry Mktg. and Mgmt., Inc. v. Delves & Giufre Ents., Inc.*, 319 F. Supp. 3d 626, 632 (W.D.N.Y. 2018) (“perform[ing] claim construction on a motion to dismiss [would] circumvent[] the orderly process set forth in the Local Patent Rules and invite[] the Court to make a decision on an incomplete record”). Apple tellingly failed to acknowledge this

precedent in its motion, despite it being discussed extensively in premotion submissions to the Court.

This is not the first time that Apple has tried, and failed, to skirt the rules of patent infringement litigation by seeking a procedurally improper premature claim construction at the motion to dismiss stage. *See, e.g., Uniloc USA, Inc. v. Apple Inc.*, No. 18-cv-00362-PJH, slip op. at 6 (N.D. Cal. May 25, 2018) (Ex. 4) (“Apple argued . . . that its products do not in fact work the way Uniloc alleges. Apple also argued that the patent claim should be construed to count a single up-and-down step rather than a collection of steps . . . those arguments do not support a motion to dismiss on the pleadings”); *R.N. Nehushtan Trust Ltd. v. Apple Inc.*, No. 22-cv-01832-WHO, 2022 WL 2479837, at *1 (N.D. Cal. Jul. 6, 2022) (“Apple’s argument depends on how the asserted claims are constructed; it is premature to construct those claims now. RNN Trust sufficiently pleaded that the challenged elements of the asserted claims are met, which is enough for the case to proceed.”); *Lionra Techs. Ltd. v. Apple Inc.*, No. 6:22-cv-351, slip op. at 8 (W.D. Tex. May 10, 2023) (Ex. 5) (same); *Uniloc USA, Inc. v. Apple Inc.*, No. 18-cv-00359 WHA, 2018 WL 2047553, at *4 (N.D. Cal. May 2, 2018) (same).

Apple’s parenthetical citation to *Vervain, LLC v. Micron Technology, Inc.*, No. 6:21-cv-00487-ADA, 2022 WL 23469 (W.D. Tex. Jan. 3, 2022) is misleading. Def.’s Br. at 12. In *Vervain*, the court expressly rejected Defendant’s arguments that required a determination of claim scope, and repeatedly refused to find that Plaintiff had pleaded itself out of court. *Id.* at *7-*8 (“Micron’s arguments—as to error-correction timing and whether error detection must ‘affect’ the location to which data is written—draw too-thin distinctions better suited to resolution at a later stage, after the claims have been construed.”) (citing *Nalco*, 883 F.3d at 1350).

Apple cites no case—and Varia is not aware of any such case—where a district court resolved a claim constriction dispute on a motion to dismiss. That is not how patent cases are adjudicated. Apple relies solely on inapposite cases in which the parties did not dispute the meaning of any patent claim language and plaintiffs pled themselves out of court by alleging facts that *contradicted the express*,

undisputed claim language. For example, in *Bot M8*, the court found that the claims, on their face, required that two programs be “stored on the *same* ‘board including a memory,’ *separate* from the ‘motherboard’ and its memory.” *Bot M8*, 4 F.4th at 1354. (emphasis in original). The complaint was inconsistent with this express claim language because it alleged the programs were “located on the [] motherboard itself.” *Id.* Accordingly, the Court found that the plaintiff “has essentially pleaded itself out of court.” *Id.* The Court did not look to the prosecution history to determine what the claims meant—the parties did not dispute the meaning of the claim terms nor did plaintiff provide any plausible meaning for the claim language under which there could be infringement. *Id.* *Cumberland Pharms. Inc. v. Sagent Agila LLC*, No. 12-825-LPS, 2013 WL 5913742 (D. Del. Nov. 1, 2013), is likewise distinguishable. There, “[e]very claim of the ’356 patent *expressly require[d]* a formulation that is ‘free of a chelating agent’ or ‘free from a chelating agent’” and plaintiff “[did] not even suggest how ‘free from a chelating agent’ could be construed to cover a composition [plaintiff admitted in the complaint] contain[ed] a chelating agent.” *Id.* at *2 (emphasis added).

Here, in contrast to *Bot M8* and *Cumberland*, there is no express claim language in Varia’s claims requiring that the voice call and RFID capabilities be performed by a “single chip.” Rather, Apple requests that the Court redefine and limit the disputed scope of Varia’s claims by construing “transceiver,” “transmitter,” “communication circuitry,” and “processing circuitry” to each exclude multiple chips. Nothing in the plain language of those terms limits them to a “single chip.” Rather, Apple’s motion depends on re-writing and replacing the actual patent language to change the scope of Varia’s patents. Putting aside that Apple’s claim construction arguments fail on the merits as discussed below, *Cumberland* has been repeatedly distinguished at the 12(b)(6) stage in situations such as the one here, where “Defendants’ arguments . . . ‘read like classic *Markman* arguments’ which are ‘not suitable for resolution on a motion to dismiss.’” *Nalco*, 883 F.3d at 1349.” See, e.g., *Boston Fog, LLC v. Ryobi Techs., Inc.*, No. CV 19-2310-LPS-JLH, 2020 WL 1532372, at *4 (D. Del. Mar. 31, 2020), report and

recommendation adopted, No. CV 19-2310-LPS-JLH, 2020 WL 8079820 (D. Del. June 12, 2020).

To the extent the Court considers claim construction on the instant motion to dismiss, it need only decide whether Varia's construction, which does not limit the claims to a single chip, is "possible." *Berall*, 2021 WL 3934200, at *5 (citing *Bill of Lading*, 631 F.3d at 1343 n.13). For the reasons explained in detail below, Varia's proposed construction is supported here. Apple's premature claim construction arguments, should Apple choose to ultimately pursue them, are best saved for a later date on a complete record. Apple's argument that "[i]t is not [its] burden on a Rule 12(b)(6) motion to imagine every allegation Varia could hypothetically raise" underscores the point. Def.'s Br. at 17. Under settled law, plaintiffs need not list or identify which claims have been infringed in their pleading. *Iron Gate*, 2016 WL 1070853, at *3. Demanding that level of specificity at the pleadings stage "would render this district's Local Patent Rule 6, requiring the submission of claim charts within 45 days after the Initial Scheduling Conference, superfluous." *Id.* at *3 n.27. By agreement, Varia will serve its Infringement Contentions on February 26, 2024 and will disclose which 25 patent claims are asserted on April 18, 2024—Apple's claim construction arguments and infringement arguments can be addressed in the ordinary course thereafter. D.I. 20 at 2.

2. Isolated Excerpts of the Prosecution History Should Not be Judicially Noticed For The Purpose of Redefining The Claims

Apple's premature claim construction argument turns on a disputed interpretation of the '984 patent prosecution history—a 411 page document that was neither referenced nor incorporated into the complaint. Apple attempts to argue around this fact by urging the Court to take judicial notice of selected excerpts of the prosecution history file. But even if the Court were to notice the contents of the prosecution history, the purpose for which Apple seeks such notice far exceeds the scope of any permissible exception for matters outside the complaint. This too is well settled. Courts facing similar arguments have uniformly refused to judicially notice a patent prosecution history in order to resolve the meaning of disputed claim language—that "would be inappropriate at this stage of litigation."

Ultimate Home Protector Pans, Inc. v. Camco Mfg., Inc., No. 1:19-cv-280, 2020 WL 1169358, at *4 (M.D.N.C. Mar. 11, 2020); *see also Par Pharm., Inc. v. Hospira, Inc.*, No. CV 17-944, 2018 WL 3343238, at *2 (D. Del. May 11, 2018); *Midwest Innovative Prods., LLC v. Kinamor, Inc.*, No. 16 CV 11005, 2017 WL 2362571, at *2 (N.D. Ill. May 31, 2017); *Cima Labs, Inc. v. Actavis Grp. HF*, No. 06-1999, 2007 WL 1672229, at *4 (D.N.J. June 7, 2007); *Regents of Univ. of Michigan v. Leica Microsystems, Inc.*, No. 19-CV-07470-LHK, 2020 WL 2084891, at *6-*7 (N.D. Cal. Apr. 30, 2020); *Buyers Prod. Co. v. CURT Mfg. LLC*, No. 16-cv-220, 2017 WL 1498154, at *2-*3 (W.D. Wis. Apr. 26, 2017); *Cortland Line Co. v. Orvis Co., Inc.*, No. 97-CV-1294, 1997 WL 808608, at *2 (N.D.N.Y. Jan. 5, 1997). In any event, here the meaning and effect of the '984 patent prosecution history statements are disputed. Therefore, it would be improper to construe those statements on a motion to dismiss, let alone in a light most favorable to Apple as it demands in its motion.

Apple's cases are distinguishable. In each one, prosecution history files were noticed for purposes other than redefining and limiting the plain language of the claims. In *Vervain*, the court took notice of the prosecution history for the limited purpose of "demand[ing] a higher level of pleading" based on the particular "complexity of the technology" because the disputed limitation appeared to "lay at the point of novelty." *Vervain*, 2022 WL 23469, at *5. In *Cleveland Clinic Foundation v. True Health Diagnostics LLC*, 760 F. App'x 1013 (Fed. Cir. 2019), the appellate court affirmed a patent was invalid under 35 U.S.C. § 101 for claiming non-eligible subject matter—*i.e.*, a natural law implemented with well-known techniques—and noticed the prosecution history for the limited purpose that it conceded the claimed steps were well-known in the art. *Id.* at 1019. Apple fails to cite a single case where the prosecution history was judicially notice for claim construction purposes.

In Apple's remaining cases, prosecution histories were noticed for the limited purpose of foreclosing arguments under the so-called "doctrine of equivalents."⁴ *E.g. Anchor Sales & Mktg., Inc.*

⁴ Under the doctrine of equivalents, "a product or process that does not literally infringe upon the express terms of a patent

v. Richloom Fabrics Grp., Inc., No. 15-cv-4442 (RA), 2016 WL 422406, at *4 (S.D.N.Y. Aug. 9, 2016) (where plaintiff only alleged infringement under the doctrine of equivalents). For example, in *Ottah v. Fiat Chrysler*, 884 F.3d 1135 (Fed. Cir. 2018), the appellate court affirmed that patentee’s claim was facially implausible because it attempted to stretch a patent claim for a “book holder” to cover a “camera,” despite the fact that the “[p]atent’s single claim [did] not mention a camera or recite typical functions or components of a camera.” *Id.* at 1141-42. In doing so, the Federal Circuit concluded that “the record [including prosecution history] negates access to [the] *equivalency* of cameras and books.” *Id.* at 1141 (emphasis added). Notably, the district court relied only upon the patent itself and did not take notice of the prosecution history. *Ottah v. BMW*, 230 F. Supp. 3d 192, 196-97 (S.D.N.Y. 2017). Moreover, *Ottah* has a unique, complex, and distinguishable procedural history. *Ottah*’s single asserted patent had previously been subjected to summary judgment and claim construction proceedings and appeals prior to the decision that Apple cites in its motion. 884 F.3d at 1139.

Under the Patent Local Rules, and as agreed to by the parties, both sides will exchange a range of contentions and technical disclosures leading to a selection of what claim terms to present and dedicated claim construction briefing and hearing. A preview of the controlling law and the relevant record is included below, if the Court were to address claim construction now. But again, Apple has failed to cite a single case saying it is proper to raise claim construction arguments at the pleading stage, and the myriad cases cited above expressly reject that idea.

B. Apple Improperly Attempts to Shoehorn its “Single Chip” Construction into Every Claim

Varia’s patents contain a collective total of 90 claims. Each of Varia’s patented claims are different—some recite a “transceiver” and some do not; some recite “circuitry” and some do not. *See*,

claim may nonetheless be found to infringe if there is ‘equivalence’ between the elements of the accused product or process and the claimed elements of the patented invention.” *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 21 (1997). “[A] patentee may establish infringement under the doctrine of equivalents if an element of the accused device ‘performs substantially the same function in substantially the same way to obtain the same result as the claim limitation.’” *EMD Millipore Corp. v. AllPure Techs., Inc.*, 768 F.3d 1196, 1202 (Fed. Cir. 2014) (citation omitted).

e.g., D.I. 1 at ¶¶ 52, 77, 93, 108, 109, 118. Apple’s argument is based on construing all these claims identically and as limited to a “single chip.” Even if the Court were to consider Apple’s premature claim construction arguments here, as explained below, they address only some of Varia’s patent claims and only some accused products. Addressing Varia’s claims in piecemeal on a bare record is neither efficient nor likely to lead to resolution of this dispute.

As an initial matter, Apple’s claim construction arguments rely exclusively on a mischaracterization of the ’984 patent prosecution history—they do not apply to the ’947 patent. Apple incorrectly argues that the ’984 prosecution history should limit the scope of the ’947 patent claims because they are related patents. Def.’s Br. at 7. But the disputed “circuitry” limitations of the ’947 patent were not present (and consequently, not addressed) in the ’984 patent or its prosecution history. The ’984 patent prosecution history cannot limit the meaning of the ’947 patent claims as a matter of law. *Regents of Univ. of Minn. v. AGA Med. Corp.*, 717 F.3d 929, 943 (Fed. Cir. 2013) (“In general, a prosecution disclaimer will only apply to a subsequent patent if that patent contains the same claim limitation as its predecessor.”); *Medtronic Inc. v. Advanced Cardiovascular Sys., Inc.*, 248 F.3d 1303, 1315 (Fed. Cir. 2001) (same). The term “circuitry” itself is a plural noun; it would be improper to limit its plain meaning to a “single chip” on the basis of nothing more than a predecessor prosecution history concerning separate limitations. In any event, the iPhone model identified in the Complaint includes “circuitry,” rendering Apple’s argument irrelevant to the “circuitry” patent claims. D.I. 1 at ¶¶ 108, 109; Sharony Decl. ¶¶ 113-114.

Moreover, with respect to the ’984 and ’974 patents, the Snapdragon chipsets used in current iPhone models is a singular assembly, rendering Apple’s arguments irrelevant to these models. D.I. 1 at ¶¶ 77. Likewise, Apple’s motion does not address any Apple watch models at all, but publicly available evidence confirms that the Apple watches infringe. Sharony Decl. ¶¶ 70, 95, 115.

C. If Considered On The Merits, Apple Infringes

If matters outside the pleadings, such as patent prosecution histories, are presented and not excluded by the court on a Rule 12(b)(6) motion, the motion must be treated as one for summary judgment. Fed. R. Civ. P. 12(d); *Par Pharm., Inc.*, 2018 WL 3343238, at *2. And if the motion is converted to a summary judgment motion, the court must allow the parties a reasonable opportunity to present other information pertinent to the motion. *See Chambers v. Time Warner, Inc.*, 282 F.3d 147, 154 (2d Cir. 2002). To the extent Apple’s cited material outside the pleadings is considered in the instant motion, the expert declaration of Dr. Jacob Sharony evidences that Apple is wrong as to claim construction and infringement. Dr. Sharony’s opinions confirm, based on publicly available information, that Apple’s Accused Products infringe as pled in the complaint. No contrary expert testimony or record evidence exists.

1. Apple’s Proposed Claim Construction Argument is Contrary To the Understanding of a Person of Ordinary Skill in the Art

A patent’s claim language is typically given its “ordinary and customary meaning as understood by a person of ordinary skill in the art [POSA or POSITA]” at the time of the invention. *Thorner v. Sony Comput. Ent. Am. LLC*, 669 F.3d 1362, 1365 (Fed. Cir. 2012); *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc). As shown in the declaration of Dr. Sharony—an expert in RFID technology—a person of ordinary skill in the art would **not** have credited Apple’s “single chip” construction. No contrary record evidence exists. Apple never identified what that plain and ordinary meaning is, and uncontroverted expert testimony confirms that “transceiver” and “communication circuitry” is not limited to a single chip:

[T]he patents disclose that the elements responsible for outputting the RFID emulation and voice call/telephony features can be separate components. . . . Thus, a POSITA would understand that a transceiver, as disclosed by the ’984 and ’974 Patents, is not limited to a single chip, but is instead the collective components in a mobile communications device that transmit and receive signals, including signals for RFID emulation and voice call/telephony.

Varia's proposed construction is also consistent with how the term is used in technical dictionaries. For example, The Authoritative Dictionary of IEEE Standards Terms defines "transceiver" as "[t]he combination of radio transmitting and receiving equipment in a common housing, usually for portable or mobile use, and employing common circuit components for both transmitting and receiving." Ex. E, Authoritative Dictionary of IEEE Standards Terms, at 1198. The IEEE Standard Dictionary of Electrical and Electronics Terms defines "transceiver" as "[t]he combination of radio transmitting and receiving equipment in a common housing, usually for portable or mobile use, and employing common circuit components for both transmitting and receiving." Ex. F, IEEE Standard Dictionary of Electrical and Electronics Terms, at 1028. Merriam Webster's Collegiate Dictionary, Tenth Edition, defines "transceiver" as "a radio transmitter and receiver that uses many of the same components for both transmission and reception." Ex. G, Merriam Webster's Collegiate Dictionary, at 1253.

Sharony Decl. ¶¶ 46, 48.

The claims of the '947 Patent specify that the communication circuitry are the circuits responsible for outputting voice call and RFID signals, and receiving RFID signals from an external reader. *See* '947 Patent, Claim 16. Thus, a POSITA would understand that "communication circuitry" as disclosed by the '947 Patent is not limited to a single chip, but instead includes the combination of circuits responsible for outputting voice call and RFID signals, and receiving RFID signals from an external reader. Varia's proposed construction is also consistent with how the term is used in technical dictionaries. Based on my knowledge and experience, "communication circuitry" is similar (in terms of combination of circuits) to the term "circuitry." For example, the Dictionary of Electrical & Computer Engineering defines "circuitry" as "[t]he complete combination of circuits used in an electrical or electronic system or piece of equipment." Ex. I, McGraw-Hill Dictionary of Electrical & Computer Engineering, at 89.

Sharony Decl. ¶ 51.

It is well-settled that a court, in interpreting a patent, should look to the intrinsic evidence—*i.e.*, the patent claims, the specification, and the prosecution history—with the language of the claims being of primary import. *Phillips*, 415 F.3d at 1313-14. "[T]he role of a district court in construing claims is not to redefine claim recitations or to read limitations into the claims to obviate factual questions of infringement and validity but rather to give meaning to the limitations actually contained in the claims."

Am. Piledriving Equip. v. Geoquip, Inc., 637 F.3d 1324, 1331 (Fed. Cir. 2011).

The plain meaning of the “transceiver” and “communication circuitry” is consistent with the intrinsic record, including the specification. As discussed in Section III.B, the specifications disclose that Varia’s patented inventions include partial—not total—overlap of the components performing telephony and RFID emulation within a single housing/device. Contrary to well-settled claim construction principles, Apple’s motion fails to address the specifications of the patents-in-suit. For instance, Apple fails to cite Figure 1 or 4 of the patents, which the USPTO confirmed “illustrate the RFID and voice circuitry can be separate hardware/software,” and not a single chip. Ex. 6 (June 22, 2010 Final Rejection) at 11. Apple’s premature claim construction argument also contradicts extrinsic evidence, such as dictionary definitions, which the Federal Circuit has authorized courts to consider. “We have especially noted the help that technical dictionaries may provide to a court ‘to better understand the underlying technology’ and the way in which one of skill in the art might use the claim terms.” *Phillips*, 415 F.3d at 1317-18 (citations omitted). As discussed in Section V.C.1, the Sharony Declaration includes dictionary definitions showing Apple’s claim construction is flawed.

2. Apple’s Proposed Claim Construction Arguments Were Expressly Rejected by the USPTO

The “only two exceptions to [the] general rule” that claim terms are construed according to their plain and ordinary meaning are when the patentee acts as his own lexicographer or disavows the full scope of the claim term either in the specification or during prosecution. *Thorner*, 669 F.3d at 1365. To disavow the full scope of a claim term, the patentee’s statements in prosecution history must represent “a clear disavowal of claim scope.” *Id.* at 1366. When “an applicant’s statements are amenable to multiple reasonable interpretations, they cannot be deemed clear and unmistakable.” *3M Innovative Props. Co. v. Tredegar Corp.*, 725 F.3d 1315, 1326 (Fed. Cir. 2013). As explained below, Apple’s claim construction argument is premised on a gross mischaracterization of the ’984 prosecution history, and the isolated prosecution history statements that Apple relies on its motion do not rise to a clear and

unmistakable disavowal of claim scope as required by law.

First, the prosecution history statements that Apple’s motion relies upon were not “central to the allowance” of the claims. Def.’s Br. at 14. Rather, as explained below, the Patent Office repeatedly rejected and ultimately refused to accept any arguments suggesting that the claimed transceiver be limited to a single chip. This point is most clearly illustrated by the March 31, 2011 Non-Final Rejection, which Apple selectively failed to include in its motion. There, the USPTO found “allowable subject matter” that was “objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form” Ex. 1 (Mar. 31, 2011 Non-Final Rejection) at 9. Notably, the USPTO found this allowable subject matter while maintaining that Varia’s claims encompassed multiple chips. *Id.* at 5 (“the Examiner has interpreted that the *sum total of the communications circuitry is the transceiver* and hence the RFID and Voice/Bluetooth are separate signal processing sections”). The USPTO further admonished “[I]f the Applicants wants a special meaning/definition of a transceiver/transmitter of the device, that such limitations should be placed in the claim body.” *Id.* at 10. Subsequently, the claims were amended only once more before they issued via an Examiner’s amendment dated November 1, 2011—critically that amendment did not introduce any limitations as to the number of chips in the claimed transceiver/transmitter. Asserted Claim 13 of the ’984 patent as it appeared before and after the final amendment is reproduced below in blackline.⁵

Claim 13 as it appeared on Mar. 31, 2011	Claim 13 after Nov. 1, 2011 Amendment
13.A method for providing a radio frequency identifier (RFID), comprising: monitoring for proximal presence of a RFID reader by a mobile communication	13. A method for providing a radio frequency identifier (RFID), <u>from a switchable mobile communications device capable of RFID communication and voice call communication, the method</u> comprising: monitoring for proximal presence of a <u>proximal</u> RFID reader ~~by an external to said mobile~~

⁵ The remaining claims of the ’984 Patent as they appeared before and after the Examiner’s November 1, 2011 Amendment are reproduced in Ex. 7 in blackline.

device, the mobile communication device having a transceiver configured to output a RFID signal to the RFID reader, the transceiver being also configured to output a voice call signal for transmission at least in part over a wireless network; and on detection of the RFID reader, outputting by the transceiver a data as a radio frequency signal in a format employed by the RFID reader.	<u>communication device by said</u> mobile communication device, the mobile communication device having a transceiver configured₂ to output₂ <u>in a first state, RFID signal to the transponder data in a format compatible with said</u> RFID reader <u>upon the mobile communications device determining proximal presence of one or more RFID readers</u>, the transceiver being also configured to output, <u>in a second state</u>, a voice call signal for transmission at least in part over a wireless network; and on detection of the RFID reader, outputting₂ by the transceiver <u>a, the RFID transponder</u> data as a radio frequency signal <u>in a, said data being output in said</u> format employed by the RFID reader
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As illustrated above, the record before the Patent Office “put the public on notice that the meaning [of transceiver] is not limited” in the manner that Apple asserts. *Galderma Labs., L.P. v. Amneal Pharms. LLC*, 806 F. App’x 1007, 1010 (Fed. Cir. 2020). Courts have routinely refused to limit claims based on arguments the USPTO expressly rejected. *See, e.g., Bausch & Lomb Inc. v. Vitamin Health, Inc.*, No. 13-CV-6498T, 2015 WL 13574354, at *7 (W.D.N.Y. Jan. 15, 2015); *Vertical Tank, Inc. v. BakerCorp*, No. 1:18-cv-00145, 2019 WL 2207668, at *12-*13 (E.D. Cal. May 22, 2019).

Second, when considered in their proper context, the prosecution history statements that Apple relies upon support Varia’s claim construction. As explained in Section III.B.2, those statements were made in the context of distinguishing Zalewski’s ’981 patent—which included *two separate devices*—from the patented approach of having two functions within a single device. Viewed in this light, when Varia referred to “one component” in the prosecution history, it was referring to the mobile communication device itself, not a “single chip.” *See, e.g.,* Def.’s Br. at 8 (“The patentee argued Zalewski ‘does not teach or suggest switching *a mobile communication device* from a first state in which the *mobile communication device* is configured to output voice call signals to a second state in which the *mobile communication device* is configured to output RFID transponder data,’ again

emphasizing that the claims require common circuitry with switching between voice and RFID communication modes.’’’) (emphasis added).

3. Technical Experts Confirm That Apple’s Accused Products Infringe as Pled in the Complaint

Moreover, Apple’s technical arguments have no merit here because Varia’s technical expert, Dr. Jacob Sharony, confirms based on publicly available information that Apple’s Accused Products infringe, as pled in the complaint:

In my opinion, as explained further below, the Accused Products satisfy each limitation of claim 13 of the ’984 Patent, and therefore Apple directly infringes this claim.

For example, the iPhone 7 has internal circuitry and components, including an NXP 67V04 NFC Controller, Qualcomm WTR4905 Transceiver, Qualcomm WTR3925 Transceiver, and Murata 339S00199 Wi-Fi/Bluetooth Module (collectively, “transceiver”), that outputs, in a first state, RFID transponder data in a format compatible with said RFID reader (*e.g.*, a contactless point-of-sale terminal) upon the mobile communications device determining proximal presence of one or more RFID readers, and in a second state, outputs a voice call signal for transmission at least in part over a wireless network (*e.g.*, via LTE, CDMA, UMTS, GSM)

Sharony Decl. ¶¶ 54, 69 (citations omitted).

In my opinion, as explained further below, the Accused Products satisfy each limitation of claim 8 of the ’974 Patent, and therefore Apple directly infringes this claim.

For example, the iPhone 7 has internal circuitry and components, including an NXP 67V04 NFC Controller, Qualcomm WTR4905 Transceiver, Qualcomm WTR3925 Transceiver, and Murata 339S00199 Wi-Fi/Bluetooth Module (collectively, “transceiver”), that outputs, in a first state, RFID transponder data upon the mobile communications device determining proximal presence of one or more RFID readers (*e.g.*, contactless point-of-sale terminals), and in a second state, outputs a voice call signal for transmission at least in part over a wireless network (*e.g.*, via LTE, CDMA, UMTS, GSM).

Sharony Decl. ¶¶ 79, 94 (citations omitted).

In my opinion, as explained further below, the Accused Products satisfy each limitation of claims 1 and claim 16 of the ’947 Patent, and therefore

Apple directly infringes these claims.

For example, the iPhone 7 has communication circuitry including the components identified by their chip markings as: NXP 67V04 NF Controller, Qualcomm WTR4905 Transceiver, Qualcomm WTR3925 Transceiver, and Murata 339S00199 Wi-Fi/Bluetooth Module. The communication circuitry of the iPhone 7 is configured to output voice call signals in a first radio frequency range over a wireless network (*e.g.*, 850, 900, 1800, 1900 Mhz for GSM/EDGE). The communication circuitry of the iPhone 7 is also configured to output voice call signals that are signals for audio calling services that use a Wi-Fi connection (in the 2.4 GHz and 5 GHz frequency bands) or a high-speed cellular connection (*e.g.*, FaceTime Audio, Voice over LTE (VoLTE), and Wi-Fi calling). The communication circuitry of the iPhone 7 is configured to output RFID signals, because the iPhone is capable of Near Field Communication (NFC), as evidenced by, *e.g.*, technical specifications of the iPhone 7 that specify NFC with card or tag emulation feature (Apple Pay). NFC is a RFID-based technology for data exchange using radio waves. The communication circuitry of the iPhone 7, acting in accordance with the ISO/IEC 14443 standard, outputs RFID signals in a second radio frequency range (*e.g.*, 13.56 MHz frequency), which is different than the first radio frequency range.

Sharony Decl. ¶¶ 104, 114 (citations omitted). If Varia's claims are to be adjudicated now, then the record evidence confirms Apple's infringement, and its motion to dismiss must be denied.

VI. CONCLUSION

For the reasons set forth above, Varia respectfully requests that the Court deny Apple's motion and dismiss it in its entirety.

Dated: February 14, 2024
New York, New York

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of this document has been served on all counsel of record via email on February 14, 2024.

/s/ Natalie D. Lieber