

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAP AMERICA, INC. AND SAP SE
Petitioners,

v.

VALTRUS INNOVATIONS LTD. AND KEY PATENT INNOVATIONS LTD.
Patent Owner.

Case No. IPR2025-0414
U.S. Patent No. 7,152,182

PETITIONER’S REPLY BRIEF AGAINST DISCRETIONARY DENIAL

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PETITIONER’S EXHIBIT LIST

No.	Description
1001	U.S. Patent No. 7,152,182 (“’182 Patent”)
1002	File History of U.S. Patent No. 7,152,182
1003	Declaration of Kevin C. Almeroth, Ph.D.
1004	<i>Curriculum Vitae</i> of Kevin C. Almeroth, Ph.D.
1005	U.S. Pub. No. 2003/0187847 (“ <u>Lubbers</u> ”)
1006	U.S. Patent No. 6,601,187 (“ <u>Sicola</u> ”)
1007	U.S. Pat. No. 5,901,327 (“ <u>Ofek</u> ”)
1008	Ramez Elmasri and Shamkant B. Navathe, FUNDAMENTALS OF DATABASE SYSTEMS (2d ed.1994)
1009	Original Complaint for Patent Infringement in <i>Valtrus Innovations Ltd. v. SAP America, Inc. et al</i> , 2:24-cv-00021- JRG (E.D. Tex.)
1010	Original Complaint for Patent Infringement in <i>Valtrus Innovations Ltd. v. SAP America, Inc. et al</i> , 2:24-cv-00533- JRG (E.D. Tex.)
1011	Director Vidal’s Memorandum Regarding Discretionary Denial Procedure, Dated June 21, 2022
1012	First Amended Docket Control Order in <i>Valtrus Innovations Ltd. v. SAP America, Inc. et al</i> , 2:24-cv-00021-JRG (E.D. Tex.)
1013	Motion to Dismiss for Lack of Standing (Public Version) in <i>Valtrus Innovations Ltd. v. SAP America, Inc. et al</i> , 2:24-cv- 00021-JRG (E.D. Tex.)
1014	Motion to Reconsider Ruling on Motion to Dismiss for Lack of Standing (Public Version) in <i>Valtrus Innovations Ltd. v. SAP America, Inc. et al</i> , 2:24-cv-00021-JRG (E.D. Tex.)

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1015	Plaintiffs' Notice Regarding <i>Valtrus II</i> in <i>Valtrus Innovations Ltd. v. SAP America, Inc. et al</i> , 2:24-cv-00021-JRG (E.D. Tex.)
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1017	SAP's Stipulation Regarding Invalidity Assertions In Parallel Proceeding
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1020	Lex Machina timing report for all cases with the patent tag in the Eastern District of Texas
1021	Lex Machina timing report for the 163 cases with a patent tag and a trial tag before Judge Gilstrap
1022	Lex Machina report for <i>Mylan Institutional LLC et al v. Hong Kong King-Friend Industrial Co., Ltd.</i> , 2:21-cv-00419 (E.D.Tex.)
1023	Docket in <i>Valtrus Innovations Ltd. v. SAP America Inc. et al</i> , 2:24-cv-00021 (E.D.Tex.) as of June 6, 2025
1024	Excerpts from Plaintiff's First Supplemental Responses to SAP Defendants' Interrogatories (April 14, 2025)
1025	Excerpts from Opening Expert Report of Martin Farach-Colton, M.D., Ph.D. Regarding U.S. Patent Nos. 6,889,244; 7,152,182; 7,313,575; and 7,936,738
1026	Excerpts from Appendix 1 to Expert Report of Nick Feamster, Ph.D.: Detailed Analysis of the Invalidity of the '182 Patent
1027	Recorded Assignment of '182 patent to Valtrus Innovations Ltd.

No.	Description
1028	HPE and SAP Alliance, https://www.hpe.com/us/en/alliance/sap.html (last visited June 7, 2025)
1029	What is SAP?, https://www.sap.com/about/what-is-sap.html (last visited June 6, 2025)
1030	Great Place To Work, SAP America, Inc., https://www.greatplacetowork.com/certified-company/1001312 (last visited June 6, 2025)
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I. Introduction

The Petition for *inter partes* review (“IPR”) of U.S. Pat. No. 7,152,182 (“the challenged patent”) filed by Petitioners SAP America, Inc. and SAP SE (“Petitioners”) asserts new art and arguments that prove the obviousness of the challenged claims. Petitioners’ *Sotera* stipulation and the subsequently served expert reports in the parallel litigation, show that, if trial is instituted, there will be absolutely *no* overlap of issues between the petition and the unpublished system prior art grounds that will be pursued in the parallel proceeding that could not be brought in this petition. The petition is strong, timely, and merits institution under the factors of the traditional *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (P.T.A.B. March 20, 2020) (precedential) analysis and additional factors in the March 26, 2025, Memorandum titled “*Interim Processes for PTAB Workload Management*” (“Interim Process Memo” or Ex-2001).

II. Denial under §314 would be improper

Discretionary denial under § 314(a) would be improper because the holistic analysis of the factors in both *Fintiv* and the Interim Process Memo favor institution.

A. *Fintiv* factor 1 (stay) is neutral

Fintiv Factor 1 is neutral because no stay pending IPR has been requested. Patent Owner (“PO”) speculates that, if requested, a stay would not be granted and that, thus, this factor weighs against institution. Paper 8 at 3-9. PO’s argument

clashes with prior Board decisions. The Board generally “decline[s] to infer . . . how the District Court would rule should a stay be requested by the parties in the parallel case” and, accordingly, when no stay has yet been requested “find[s] that this factor does not weight for or against . . . institution.” *Hulu, LLC v. SITO Mobile, Ltd.*, IPR2021-00298, Paper 11 at 10-11 (P.T.A.B. May 19, 2021) (quoting *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (P.T.A.B. May 13, 2020) (informative) (“*Fintiv II*”). Nothing supports deviating from this established approach here.

B. *Fintiv* factor 2 (trial date) is flawed, highly speculative, and outweighed by other factors

This factor is highly speculative and outweighed by other factors. The Court hearing the parallel proceeding is significantly overburdened, scheduling multiple cases for jury selection on the same day and rescheduling them as the scheduled date approaches. As of June 6, 2025, the parallel proceeding is one of six patent cases currently scheduled for jury selection on September 22, 2025. Ex-1018, 7-9. But there is no guarantee that any of those six cases will proceed on that date because (as of June 6, 2025), there are eighteen patent cases scheduled for jury selection in the sixteen weeks between now and then, any one of which could be rescheduled to September 22, 2025. Ex-1018, 1-7. This overscheduling issue persists beyond September 22, 2025, with another 160 cases currently scheduled

for jury selection between September 22, 2025, and the statutory deadline for the final written decision in this proceeding. Ex-1018, 9-39.

Given this scheduling practice, jury selection dates are often rescheduled, multiple times. For example, jury selection in *Multimedia Techs. PTE Ltd. v. LG Elecs. Inc., et al.* was scheduled at least six times between November 2024 and May 2025, when trial finally occurred. *See* 2:22-cv-00494-JRG-RSP, Dkt. 273 (E.D.Tex. Mar. 18, 2025) (“[t]his case has been set for trial five times: November 18, 2024, January 27, 2025, February 7, 2025, March 3, 2025, and March 17, 2025.”); Dkt. 288 (E.D.Tex. May 19, 2025) (minute entry for jury selection on a date after the other five).

Given these considerations, it is highly unlikely that the parallel proceeding commencing trial on September 22, 2025. The Board should disregard this speculative factor entirely; however, if it is still considered, the Board should at least look to general time to trial statistics instead of the specific current schedule.¹ Lex Machina’s data show a median time to trial of 657 days for this Judge’s patent cases and 717 days for all judges in this district. Ex-1019, Ex-1020. Based on the

¹ To be clear, time to trial statistics are still inherently speculative, albeit less so. There is no way to completely remove speculation from this factor, which is why this factor should never be given much weight.

January 15, 2024, filing date of the parallel proceeding, these statistics suggest a trial date between November 2, 2025, and January 1, 2026. This range precedes the statutory final written decision deadline by several months. Although this may weigh against institution, given the other factors here, especially the lack of overlapping issued discussed below, it does not weigh strongly. But, in any event, both ends of that calculation are flawed and should not be used by the Board when evaluating this factor. After correcting for those flaws, as discussed below, the time period between the end of this IPR proceeding and the end of the parallel proceeding significantly narrows.

First, the calculation is flawed because it ignores that the Board's final written decision date is not solely attributable to Petitioner. That final written decision deadline is one year from its institution decision. 35 U.S.C. § 316(a)(11). The institution decision deadline is three months from the Patent Owner Preliminary Response ("POPR"). 35 U.S.C. § 314(b). The POPR deadline is three months from the Board's notice to accord a filing date to the petition—not the actual filing date. 37 C.F.R. § 42.107(b). In some proceedings, like this one, the notice to accord a filing date is issued long after the petition's filing. In this proceeding, it was thirty-six days later. This gap should be removed from the analysis of this factor by instead considering an *effective* final written decision

deadline, calculated as if the notice to accord issued on the day the petition was filed. Here, that effective date would be July 14, 2026.

Second, the calculation is flawed because it focuses on the wrong milestone in the parallel proceeding. In district court patent cases, trial is merely a waypoint, not the finish line. The *final judgment date* is what truly matters. After a district court trial, parties often file a renewed motions for judgment as a matter of law or motions for a new trial under Fed. R. Civ. P. 50(b). Those motions take time for the Court to consider. Only after these motions are addressed does the Court enter final judgment—and only if the motion for new trial is denied. This mirrors the distinction between an ALJ’s initial determination and the Commission’s final decision in ITC Investigations. The Director’s current guidance makes clear that the Board should consider the ITC’s target date (the date the Commission’s final decision is due)—not the ALJ’s initial determination date—in analyzing this factor for parallel ITC proceedings. Ex-2001, 2-3. This makes sense because appeals may only be pursued after the Commission’s final decision, not after the ALJ’s initial determination. 28 U.S.C. § 1295(a)(6). Similarly, in a district court patent case, appeal must generally wait for a district court’s “final decision”—not a trial verdict. 28 U.S.C. § 1295(a)(1); *see also Catlin v. United States*, 324 U.S. 229, 233 (1945) (a final decision “generally is one which ends the litigation on the merits and leaves nothing for the court to do but execute the judgment.”) Thus, to align

with the Board’s analysis of parallel ITC litigation, for district court cases, the Board should focus on expected final judgment date after trial instead of the expected trial date.

Statistics for the termination date in this Court make the analysis of this factor much closer. For the cases in front of Judge Gilstrap that have gone to trial, the median time to termination is 819 days. Ex-1021.² Based on the January 15, 2024, filing date of the parallel proceeding, these statistics suggest a likely termination date of April 13, 2026. This is only three months before the July 14, 2026, effective final written decision deadline. Where, as here, there is no risk of conflicting decision because there are no overlapping issues (*see* factor 4 discussion below), this slight time difference is outweighed by other non-speculative factors favoring institution.

The other arguments in PO’s brief do not change this conclusion.

² There is a slight discrepancy in Lex Machina’s data because 163 of Judge Gilstrap’s cases have the “trial” tag, but only 162 cases have actually gone to trial. The discrepancy seems to be due to one case that is erroneously tagged with the “trial” tag, even though it never went to trial. Ex-1022. If this case is part of the median termination statistic, it would skew it mildly shorter because it terminated in one month. *Id.*

First, PO contends that the Petition misstated the district court record by saying that trial was not set in the parallel proceeding despite jury selection being slated for September 22, 2025. *See* Paper 8 at 12-13. Not so. The Petition did not claim trial would begin on a different day than jury selection. Instead, it meant that the current jury selection / trial date of September 22, 2025, was subject to change.

Second, PO asserts that the Board should ignore the motion practice regarding PO's lack of standing in the parallel proceeding since the motion was already denied. Paper 8 at 13. But the Petition never said otherwise. Instead, it accurately pointed out that “*reconsideration* of [the standing motion] remains pending.” Petition at 97 (emphasis added). That statement was true then and remains true now. Petitioners' reconsideration motion remains pending.

C. *Fintiv* factor 3 (parallel investment) favors institution

This factor favors institution because neither the parties nor the District Court have invested significant resources in invalidity issues in the parallel proceeding. The District Court has not issued a *Markman* order. And, anyway, none of the disputed constructions appears to have any bearing on invalidity issues. No motions related to infringement or invalidity have been presented. Ex-1023. And most fact discovery in this case has been directed to issues other than anticipation or obviousness. For instance, thirty fact depositions have been taken,

and PO's brief does not identify a single one that addressed anticipation or obviousness issues.

PO's argument that the investment—limited as it is—of the parties and the District Court is due to Petitioner's "delay" in filing these petitions (Paper 8 at 18-19), is a non-starter for three reasons.

First, Congress has allotted accused infringers one year to bring IPR petitions. 35 U.S.C. § 315(b). This petition was indisputably filed before the statutory deadline.

Second, that statutorily approved year is nothing compared to the delay by PO and its predecessors-in-interest in asserting infringement.³ This patent issued on December 19, 2006, and the alleged infringement began in 2012. Ex-1024 at 4 ("HANA System Replication was first made available ... in November 2012"). Yet the parallel lawsuit was not filed until January 15, 2024. Ex-1009. That is over *eleven years* after infringement allegedly started. It would be manifestly unfair to allow PO and its predecessors-in-interest to sit on their rights for so long only to demand that Petitioners file this petition in a rush.

Third, Petitioners needed the full statutory period due to PO's obfuscation on the asserted claims. The complaint ambiguously asserted infringement of "at

³ PO acquired the patent on January 21, 2021. *See* Ex-1027 at 1.

least” one claim from seven patents, making it impossible to pinpoint the asserted claims. *See* Ex-1009, ¶¶ 33, 40, 44, 52, 59, 63, 71. Two months later, PO’s infringement contentions asserted 111 claims across the seven patents. But only recently has PO revealed that it will only pursue a mere 13 claims across four patents at trial. Ex-1025 at 1. If PO had been transparent from the start, Petitioners could have been found prior art and filed its petitions sooner.

D. *Fintiv* factor 4 (issue overlap) favors institution

This factor weighs strongly in favor of institution.

First, Petitioners have committed to a *Sotera* stipulation, agreeing that if this proceeding is instituted, Petitioners will not pursue, in the parallel litigation, any grounds raised or that could have been raised in the Petition. Ex-1017.

PO argues the stipulation is insufficient because of the Federal Circuit’s later narrowing of “reasonably could have raised” in the estoppel statute (35 U.S.C. § 315(e)(2)). Paper 8 at 23-28 (citing *Ingenico Inc. v. IOENGINE, LLC*, ___ F.4th ___, 2025 WL 1318188, *5-7 (Fed. Cir. May 7, 2025)). But the Board need not wade into the speculative waters regarding *Ingenico*’s implications on Petitioners’ stipulation.

This is because Petitioners have served an invalidity expert report for the challenged patent detailing the exact grounds they are pursuing in the parallel proceeding. What other prior art *might have been* available is now moot. The

grounds in this report are the only thing that matters for this factor. And the grounds in that report show that absolutely no invalidity issues overlap in the two proceedings.

The expert report in the parallel proceeding analyzes six grounds showing claims of the challenged patent are anticipated or obvious: 1) Margerie, 2) Margerie and Ofek, 3) Margerie and Ruuth, 4) Ruuth, 5) HP Serviceguard, 6) HP Serviceguard and Sybase ASE. Ex-1026, 2-5. Grounds 1-4 assert 102(a), (b), or (e)—not 102(g)—prior art patents and publications. *Id.*, 8-9. Grounds 5-6 assert 102(a), (b), or (g) unpublished prior art systems. *Id.* Grounds 1-4 could have been raised in this petition and, per the stipulation, Petitioners will not pursue them in the parallel proceeding if trial is instituted. Grounds 5 and 6 could not have been raised in this petition and Lubbers, Sicola, or Ofek will not be relied on to show the features or functionalities of Serviceguard or Sybase ASE. *See id.* To dispel any doubts, Petitioners confirm they will not rely on Lubbers, Sicola, or Ofek as evidence of a POSITA's knowledge in the parallel proceeding if trial is instituted. Petitioners have thus “ensure[d] that [this] *inter partes* review is a ‘true alternative’ to the district court proceeding.” *Sotera Wireless v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18-19 (P.T.A.B. Dec. 1, 2020) (precedential) (quoting *Sand Revolution II, LLC v. Cont'l Intermodal Grp. – Trucking LLC*, IPR2019-01393, Paper 24 at 7 (PTAB June 16, 2020) (informative)).

Second, the petition challenges more claims than are asserted in the parallel proceeding. The Petition targets claims 1-18, whereas only claims 1, 6, 10, 17, and 18 are asserted in the parallel proceeding. Petition at 2-7; Ex-1025.

E. *Fintiv* factor 5 (same parties) is outweighed by other factors

Petitioners are Defendants in the parallel litigation, which should make this factor neutral, but even if it weighs against institution, other factors tip the scales in favor of institution. *Fintiv* looked only to whether the petitioner is *unrelated* to a defendant in a parallel proceeding. *See Fintiv* at 13-14 (“If a petitioner is unrelated to a defendant...”, “when a petitioner is unrelated to a defendant...”). *Fintiv* says nothing about the parallel Defendant being Petitioner. *Id.* Despite this, later panels have found that petitioner being a Defendant in the parallel litigation weighs against institution, although other factors, such as a lack of overlapping issues outweigh that. *See Sotera Wireless v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18-21 (P.T.A.B. Dec. 1, 2020) (precedential).

F. *Fintiv* factor 6 (other) favors institution

1. Merits

The strong merits of the petition strongly favor instituting trial. *See, e.g., TCL Electronics Holdings Ltd. v. Maxell, Ltd.*, IPR2025-00120, Paper 9 at 8-9 (P.T.A.B. May 20, 2025) (“[T]he Petition presents a particularly strong challenge on the merits, counseling against discretionary denial.”)

PO's brief breaks the rules by incorporating its POPR by reference, violating 37 C.F.R. § 42.6(a)(3). Paper 8 at 30. PO points to "Interim Process FAQ No. 25" to defend this breach. *Id.* But that FAQ does not abrogate the regulation or authorize patent owners to incorporate arguments by reference. Instead, it merely permits patent owners to "direct attention to an anticipated POPR." Interim Process FAQ No. 25. Indeed, an agency website could never abrogate an agency rule, like 37 C.F.R. § 42.6(a)(3), that issued via Federal Register publication. *See Perez v. Mortg. Bankers Ass'n*, 575 U.S. 92, 101 (2015) (explaining that the definition of "rule making" in the APA "mandate[s] that agencies use the same procedures when they amend or repeal a rule as they used to issue the rule in the first instance"); 77 FR 48612 (Aug. 14, 2012) (publishing rule 37 C.F.R. 42.6, among others).

Petitioners believe that PO's discretionary briefs mark the first time a patent owner has incorporated its POPR into its discretionary issues brief. This uncharted territory make it unclear how the Board should respond to PO's rules violation. But since PO filed its POPR before the due date for the instant brief, Petitioners recommend the Director and Board consider Petitioners' short response to the POPR's merits arguments.

In the POPR, PO claims, but fails to prove, that Lubbers and Sicola should be excluded from an obviousness challenge to the '182 patent under pre-AIA 35

U.S.C. § 103(c)(1). PO argues that Lubbers, Sicola, and the '182 patent were all owned by or subject to an obligation of assignment to the same entity on June 6, 2003, the date the '182 patent's claimed inventions were presumably made. Paper 9 at 8-28. Even accepting PO's assertions that the inventions were made on June 6, 2003, and that Lubbers and Sicola were owned by Hewlett-Packard Development Company, L.P. ("HPDC") on that date—which Petitioners do not concede—the PO's evidence falls short.

The POPR points to a paper purporting to assign the invention to HPDC. POPR at 25-26 (citing Ex-2024). But this paper does not prove what PO needs to show for two reasons. First, this paper does not show that HPDC owned the '182 patent on June 6, 2003, because it was not signed by named inventor Wilkes until June 10, 2003—four days too late.

IN WITNESS WHEREOF, I/we hereunto set my/our hand(s) and seal(s):
John Wilkes. Date Assignment Signed: 10 June 2003
 Inventor's Signature (Seal)
 Inventor's Typed Name: John Wilkes Date Application Signed: 10 June 2003
 State of _____)
) ss.:
 County of _____)
 Before me this ____ day of _____, personally appeared John Wilkes who is personally known or proved to me on the basis of satisfactory evidence to be the person who acknowledged the foregoing instrument of assignment to be his/her free act and deed.

 Notary Public
 My commission expires:

Ex-2024, 2 (highlighting added). Second, this paper fails to prove the '182 patent was obligated to be assigned to HPDC on June 6, 2003, either. Instead, it shows that the inventors had an obligation to "Hewlett-Packard Company"—*not* HPDC.

ASSIGNMENT OF PATENT APPLICATION

I/We, the undersigned (each) have agreed and hereby agree to assign to HEWLETT-PACKARD DEVELOPMENT COMPANY, L.P., a Texas Limited Partnership having its principal place of business in Houston, Texas, (hereinafter HPDC), in furtherance of my/our obligations to the Hewlett-Packard Company and its subsidiaries and affiliates, and do hereby assign and transfer to HPDC, its successors and assigns, the entire right, title and interest, including the right of priority, in, to and under an application for Letters Patent of the United States entitled:

Id (highlighting added). This paper does not specify the nature of the obligation, nor does it confirm it existed on or before June 6, 2003. Hypothetically, the inventors might have been required to assign their invention to an entity chosen later by Hewlett-Packard Company. If Wilkes were informed only on June 10, 2003, that HPDC was the designated entity, then the '182 patent inventions were not subject to an obligation to be assigned to HPDC on June 6, 2003.

The only way to answer all these questions and others (such as what date the claimed inventions were actually made) is to institute trial so that the parties may dig into the facts in discovery. Similar cases have shown this to be the best approach. *See, e.g., Corning Incorporated v. DSM IP Assets BV*, 2013 WL 8595537, IPR2013-00053, Paper 13 (P.T.A.B May 2, 2013) (“[W]e are not persuaded that for purposes of this opinion, Murphy is disqualified as prior art against the [challenged] patent under §103. During trial, [PO] will have an opportunity to provide additional evidence”).

2. Expired patent

The Board should institute trial because the challenged patent has expired. The cornerstone right a patent grants is the right to exclude others from making or

using the invention. 35 U.S.C. § 154(a)(1) (“Every patent shall ... grant to the patentee ... the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States”); *Bloomer v. McQuewan*, 55 U.S. 539, 549 (1852) (“[A]ll that [a patentee] obtains” is “the right to exclude every one from making, using, or vending the thing patented, without the permission of the patentee.”). Whether PO may assert this right or whether patent owner frittered it away by failing to bring an infringement action in time to enforce that right should be one of the “other” factors considered in the *Fintiv* analysis. The challenged patent issued on December 19, 2006, and expired on January 7, 2025.⁴ In other words, PO and its predecessors-in-interest dawdled for nearly two decades before bringing the parallel infringement action. Because an *inter partes* review of the challenged patent at this late date will have no impact on the patent’s fundamental right to exclude, the Board should institute trial.

⁴ PO asserts the earliest priority date of the challenged patent is June 6, 2003. Ex-1032, 2. The challenged patent is entitled to 581 days of patent term adjustment. Ex-1001. Twenty years after June 6, 2003, plus 581 days is January 7, 2025.

G. Interim Process Factors

1. Settled expectations of the parties strongly favor institution

The Interim Process Memo invited parties to brief all relevant considerations, including “[s]ettled expectations of the parties.” Ex-2001 at 2. PO’s argument for denying institution due to “settled expectations” before the AIA’s enactment, Paper 8 at 31-32, should be rejected for two reasons.

First, *this* PO had no settled expectations when the challenged patent was filed. That is because *this* PO did not acquire the challenged patent until 2021, Ex-1027 at 1, long after the AIA’s enactment. PO’s settled expectations in 2021 would naturally include the possibility of IPR.

Second, PO’s argument ignores Petitioners’ settled expectations, which strongly favor institution. The challenged patent originated from a Hewlett Packard (“HP”) entity. Ex-1001 (assignee field). As of 2025, HPE (an HP spin-off) asserts that it has been a “collaborative partner” with SAP for “30 years” (starting before the challenged patent was even filed), that SAP and HPE “share 25,000 joint customers,” and that “46% of SAP licenses run on HPE systems.” Ex-1028 at 4. At no point when HP owned the challenged patent was SAP aware of it or did HP ever mention it to Petitioners. As discussed above, PO admits that Petitioner’s allegedly infringing activities began in 2012 even though PO did not file suit until 2024. Ex-1024 at 4. Given HP’s familiarity with SAP and its products, Petitioners

reasonably believed that if HP owned any patents in this field, Petitioners must not have been infringing them due to the long-standing partnership with HP and lack of any infringement accusations from HP. Now that PO has disrupted those settled expectations, it is fair for Petitioners to exercise their statutory right to seek IPR. Thus, the actual settled expectations of the parties weigh heavily in favor of institution.

2. Compelling economic interests strongly favor institution

The Interim Process Memo invited parties to brief all relevant considerations, including “[c]ompelling economic ... interests.” Ex-2001 at 2. Here, those interests strongly favor institution.

Petitioners are vital to the national economy, providing innovative software and services that boost efficiency for numerous companies nationwide and globally. “Founded in 1972, SAP has grown from a small, five-person endeavor to a multinational enterprise ... with more than 105,000 employees worldwide,” including more than 16,000 in the United States. Ex-1029 at 2; Ex-1030 at 1. SAP is an innovative company with thousands of patents to its name, earning 523 new U.S. patents in 2024 alone. Ex-1031 at 9. “SAP established the global standard for enterprise resource planning (ERP) software. Now, SAP S/4HANA takes ERP to the next level ... to support advanced technologies such as artificial intelligence (AI) and machine learning.” Ex-1029 at 2. SAP’s “integrated applications connect

all parts of a [customer's] business into an intelligent suite on a fully digital platform.” *Id.* “Today, SAP has more than 230 million cloud users, more than 100 solutions covering all business functions, and the largest cloud portfolio of any provider.” *Id.* The best interests of the national economy are to allow SAP to continue focusing on providing its core software and services to its millions of users at businesses throughout the economy. Allowing SAP to continue to focus on its vital economic role is best served by providing cost-effective resolution of patent disputes by expert administrative patent judges. That interest is served by instituting trial on this meritorious Petition.

Patent Owner, in contrast, is a non-practicing entity that holds and asserts patents to extract licensing revenue from entities that provide goods and services to the economy. While enforcement of intellectual property is an important right, and Petitioners respect those rights, the economy has already obtained the benefit of the disclosure of these claimed inventions. The national economy receives no additional benefits from the activities of this second-hand assignee of the patent. So PO should not receive a special dispensation of discretionary denial of a meritorious Petition.

H. Holistic view of the factors favor institution

The analysis under the traditional *Fintiv* factors here should lead to institution. For example, the factors here are virtually the same as those in the

recent decision to institute in *TCL Electronics Holdings Ltd. v. Maxell, Ltd.*, IPR2025-00120, Paper 9 (P.T.A.B. May 20, 2025). Both cases have parallel litigation in the Eastern District of Texas that is not stayed, with projected parallel trial dates months before the final written decision deadline. *Id.*, 3, 6-7. The parallel investment in *TCL* was higher than here because *TCL* had a Markman order. *Id.*, 7-8. The issues overlap slightly less here because even though there was a *Sotera* stipulation in both cases, more claims are challenged here than are asserted in the parallel proceeding, unlike in *TCL* where exactly the same claims were at issue in both proceedings. *Id.*, 8. The petitioner was a defendant in the parallel proceeding in both cases. *Id.*, 8. And both cases had strong merits. *Id.*, 8-9. Additionally, in this case, the challenged patent is expired, which is an additional factor in favor of institution not discussed in the *TCL* decision. In *TCL*, Under the holistic analysis of the factors, the Board did not exercise its discretion to deny institution. *Id.*, 9-10. The Board should reach the same conclusion here because every factor in this case is equal to or more strongly in favor of institution than *TCL*.

This conclusion is bolstered by examining the additional factors invited by the Interim Process Memo. Those factors show that the settled expectations of Petitioners weigh strongly in favor of institution. They also show that there are compelling economic interests in favor of institution. Thus, when supplementing

the traditional *Fintiv* analysis with these additional factors, the Board should find that the holistic analysis favors institution even more strongly.

III. Denial under § 325(d) would be improper

Denial based on section 325(d) would be improper and PO's arguments to the contrary, Paper 8 at 32-42, should be rejected because the art and arguments made during prosecution are not the "same or substantially the same" as those presented here.

Section 325(d) provides that "the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office." 35 U.S.C. § 325(d). That is not the case here.

The Petition presents two obviousness grounds: 1) Lubbers and Sicola for claims 1-8 and 2) Lubbers and Sicola and Ofek for claims 9-18. Paper 1. Lubbers and Sicola, which teach all limitations of independent claim 1, were not previously presented. And although the Ofek reference is related to references that were previously presented to the examiner, it is only relied on here for teaching limitations of claims that depend from claim 1. The examiner determined that the prior art known to the Examiner did not teach all limitations of original (and issued) independent claim 1. Ex-1002, 46 ("Claim[] 1 ... [is] allowed."). The

examiner, thus, had no reason to and did not reach the issue of whether the Ofek-related references taught the limitations of claims that depended from claim 1.

Because Lubbers and Sicola were not presented to the examiner, the art combinations and arguments in the Petition are not “the same or substantially the same prior art or arguments” as the combinations applied by the examiner during prosecution. 35 U.S.C. § 325(d). *Advanced Bionics, LLC v. Med-El*

Elektromedizinische Geräte GmbH, IPR2019-01469 (P.T.A.B. Feb. 13, 2020)

(precedential) and § 325(d), thus, do not apply and the Petition should be instituted. *See Agrofresh Solutions Inc. v. Lytone Enter., Inc.*, IPR2021-00451, Paper 11 at 12-13 (P.T.A.B. July 27, 2021) (holding that art and argument are not substantially the same when previously presented art used “in a different manner than the rejections made by the Examiner”).

IV. Conclusion

For these reasons, the Board should reject PO’s arguments and not exercise its discretion to deny institution.

Dated: June 9, 2025

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

This Reply Brief complies with the word count limits set forth in the Interim Process Memo, because this Reply Brief contains 4549 words, excluding the parts of the Reply Brief exempted by 37 C.F.R. § 42.24, determined using the word count provided by Microsoft Word, which was used to prepare this Reply Brief.

Dated: June 9, 2025

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CERTIFICATE OF SERVICE

Under 37 C.F.R. §§ 42.6(e), this is to certify that on June 9, 2025, I caused to be served a true and correct copy of the foregoing “**PETITIONER’S REPLY BRIEF AGAINST DISCRETIONARY DENIAL**” and accompanying exhibits through the Patent Trial and Appeal Case Tracking System and electronic mail on the email address rj_valtrus-sap@reichmanjorgensen.com the noted in Patent Owner’s Mandatory Notices as well as following counsel for Patent Owner listed in Patent Owner’s Mandatory Notices:

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