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. IPR2025-0417
U.S. Patent No. 6,823,409

PETITIONER'S REPLY BRIEF AGAINST DISCRETIONARY DENIAL

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PETITIONER'S EXHIBIT LIST

No.	Description
1001	U.S. Patent No. 6,823,409
1002	U.S. Patent No. 6,487,643 ("Khare")
1003	SAP's Invalidity Contentions (Cover Pleading) in *Valtrus Innovations Ltd. v. SAP America, Inc. et al*, 2:24-cv-00021-JRG (E.D. Tex.)
1004	U.S. Patent No. 6,581,063 ("Kirkman")
1005	Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation by Director Katherine K. Vidal
1006	Declaration of Dr. Bruce Jacob
1007	*Curriculum Vitae* of Dr. Bruce Jacob
1008	File History of U.S. Patent No. 6,823,409
1009	First Amended Docket Control Order entered in *Valtrus Innovations Ltd. v. SAP Am. Inc.*, No. 2:24-cv-21, ECF 65 (E.D. Tex. Jan. 15, 2024)
1010	SAP America, Inc. and SAP SE's Motion to Dismiss for Lack of Standing Pursuant to Rule 12(b)(1) and Rule 12(b)(6)
1011	SAP America, Inc. and SAP SE's Motion to Reconsider Partial Denial of SAP's Motion to Dismiss and Grant of Valtrus's Motion for Leave to Amend Complaint (ECF 83)
1012	Valtrus and KPI's Complaint for Patent Infringement and Jury Demand, filed in *Valtrus Innovations Ltd. v. SAP Am, Inc.*, No. 2:24-cv-533, ECF 1 (E.D. Tex. July 12, 2024)
1013	Valtrus and KPI's Statement Regarding *Valtrus II* (Case No. 2:24-CV-533-JRG), filed in *Valtrus Innovations Ltd. v. SAP Am, Inc.*, No. 2:24-cv-21, ECF 85 (E.D. Tex. Nov. 15, 2024)

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1014	John L. Hennessy and David A. Patterson, COMPUTER ARCHITECTURE: A QUANTITATIVE APPROACH (5th ed. 2012)
1015	Bruce Jacob, Spencer W. Ng, and David T. Wang, MEMORY SYSTEMS: CACHE, DRAM, DISK (2008)
1016	Daniel J. Sorin, Mark D. Hill, David A. Wood, A PRIMER ON MEMORY CONSISTENCY AND CACHE COHERENCY (2011)
1017	Kunle Olukotun, et al., The Case for a Single-Chip Multiprocessor, STANFORD UNIVERSITY: COMPUTER SYSTEMS LABORATORY (1996)
1018	Lance Hammond, Basem A. Nayfeh, and Kunle Olukotun, A Single-Chip Multiprocessor, STANFORD UNIVERSITY (Sept. 1997)
1019	Alan Jay Smith, Cache Memories,14 COMPUTING SURVEYS 3 (Sept. 1982)
1020	Thomas Plum, RELIABLE DATA STRUCTURES IN C (1985)
1021	SAP's Stipulation Regarding Invalidity Assertions In Parallel Proceeding
1022	Recorded Assignment of '409 patent to Valtrus Innovations Ltd.
1023	HPE and SAP Alliance, https://www.hpe.com/us/en/alliance/sap.html (last visited June 7, 2025)
1024	Excerpts from Plaintiff's First Supplemental Responses to SAP Defendants' Interrogatories (April 14, 2025)
1025	What is SAP?, https://www.sap.com/about/what-is-sap.html (last visited June 6, 2025)
1026	Great Place To Work, SAP America, Inc., https://www.greatplacetowork.com/certified-company/1001312 (last visited June 6, 2025)
1027	Excerpts from the 2025 Patent 300® List, *available at* https://harrityllp.com/patent300/

No.	Description
1028	Plaintiff Valtrus Innovations Ltd.'s Infringement Contentions

I. Introduction

The Petition for *inter partes* review ("IPR") of U.S. Pat. No. 6,823,409 ("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. PO has dropped the challenged patent from the parallel litigation. 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. 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) strongly favors institution

PO dropped the challenged patent from the parallel litigation. Paper 7 at 3. So no trial date is available to compare to the final written decision deadline, strongly favoring institution.

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

PO dropped the challenged patent from the parallel litigation. Therefore, no additional resources will be invested for this patent in the parallel proceeding. This factor weighs strongly in favor of institution.

D. *Fintiv* factor 4 (issue overlap) strongly 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-1021.

In any event, PO dropped the challenged patent from the parallel litigation. Paper 7 at 3, eliminating any issue overlap between the proceedings. 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 1-17 whereas this patent is no longer asserted in the parallel proceeding. Petition at 2-3; Paper 7 at 3.

E. *Fintiv* factor 5 (same parties) strongly favors institution

PO dropped the challenged patent from the parallel litigation. Paper 7 at 3, eliminating any basis to compare parties. This factor, thus, strongly favors institution.

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

1. Merits

As shown in the petition, the petition's merits are strong and this factor strongly favors institution. *See, e.g., TCL Electronics Holdings Ltd. v. Maxell, Ltd.*, IPR2025-00120, Paper 9 at 8-9 (P.T.A.B. May 20, 2025) ("We conclude that the Petition presents a particularly strong challenge on the merits, counseling against discretionary denial.").

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 November 23, 2004, and expired on November 16, 2022.[1] In other words, PO and its predecessors-in-interest dawdled for the better part of 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.

3. Indefiniteness allegations

Whether Petitioners argued *in the parallel proceeding* that certain terms that do not expressly recite "means" were indefinite means plus function terms is

[1] PO asserts the earliest priority date of the challenged patent is September 28, 2001. Ex-1028, 2. The challenged patent is entitled to 414 days of patent term adjustment. Ex-1001. Twenty years after September 28, 2001 plus 414 days is November 16, 2022.

immaterial. That contention is not before the Board. It is also no longer asserted in the parallel proceeding because PO has dropped the challenged patent from that proceeding. Paper 7 at 3. In prior decisions with essentially the same facts, the Board has instituted trial because terms that do not expressly recite "means" are presumed to not be means plus function terms. *See, e.g., Abbott Diabetes Care Inc. v. Dexcom, Inc.*, IPR2022-00913, Paper No. 14 at 11-17 (P.T.A.B. Nov. 3, 2022) (citing *Zeroclick, LLC v. Apple Inc.*, 891 F.3d 1003, 1008 (Fed. Cir. 2018)). If Petitioners did not argue *to the Board* that any such terms should be construed as means plus function terms, then no inconsistent arguments exist *before the Board*. *Id.* (holding that under *United States v. Sineneng-Smith*, 140 S. Ct. 1575, 1579 (2020), Courts generally only consider the arguments that are presented to them under the principle of party presentation). The Board ignoring an argument that petitioner did not make to it did not risk inconsistent decisions because any district court ruling on indefiniteness would come after the Board's final written decision, if ever. *Id.* The facts are identical here. PO presents no reason to depart from prior holdings like this. For these reasons, PO's argument that trial should not be instituted because of claim construction arguments Petitioners have not made here, Paper 7 at 3-8, should be denied.

4. Dropped patents

PO's withdrawal of the challenged patent from the parallel proceeding makes the case for institution even stronger. The *Fintiv* factors evolved from *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential), which was considered whether the "advanced state" of a parallel proceeding "presented efficiency considerations" that should be considered as part of the § 314 discretion analysis. *Fintiv* at 2-3. With the patent out of the parallel proceeding, there are no "efficiency considerations" left for the Board to consider. PO's dropping this patent should weigh heavily in favor of instituting trial.

If PO were truly concerned about wasting the Board's finite resources, Paper 7 at 2-3, it would disclaim the challenged patent instead of further dragging out this process.

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 7 at 1-3, 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-1022, 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-1023 at 4. At no point when HP owned the challenged patent was SAP aware of it or did HP ever mention it to Petitioners. PO admits that Petitioner's allegedly infringing activities began in 2012 even though PO did not file suit until 2024. Ex-1024 at 4 ("HANA System Replication was first made available … in November 2012"). 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-1025 at 2; Ex-1026 at 1. SAP is an innovative company with thousands of patents to its name, earning 523 new U.S. patents in 2024 alone. Ex-1027 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-1025 at 2. SAP's "integrated applications connect all parts of a [customer's] business into an intelligent suite on a fully digital platform." Ex-1025 "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

PO has dropped the challenged patent from the parallel litigation. Paper 7 at 3. All traditional *Fintiv* factors thus weigh strongly in favor of institution, to the extent they apply at all. For these reasons, the Board should find that the holistic analysis of the *Fintiv* factors favor institution.

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. 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 1971 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.comthe 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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