BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAP AMERICA, INC.,
Petitioner

v.

VALTRUS INNOVATIONS LTD.,
Patent Owner

Case No. IPR2025-00419
Patent No. 7,936,738

PATENT OWNER'S BRIEF THAT INSTITUTION OF THE PETITION SHOULD BE DENIED ON DISCRETIONARY GROUNDS

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PATENT OWNER'S EXHIBIT LIST

No.	Exhibit Description
2001	Memorandum for Interim Processes for PTAB Workload Management, dated March 26, 2025
2002	Memorandum on Guidance on USPTO's recission of "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation," dated March 24, 2025
2003	Order Denying Motion to Stay in *Netlist, Inc. v. Samsung Elecs. Co., Ltd.*, No. 2:22-cv-293, Dkt. No. 689 (E.D. Tex. Mar. 11, 2024) (Gilstrap, J.)
2004	Executed Summons in *Valtrus Innovations Ltd. v. SAP America, Inc. et al.*, No. 2:24-cv-00021-JRG, Dkt. No. 10 (E.D. Tex.), served January 17, 2024
2005	Statistics from DocketNavigator for patent cases before Judge Gilstrap of the Eastern District of Texas, for cases filed between January 1, 2020 to March 31, 2025
2006	Federal Court Management Statistics—Profiles, Comparison of Districts Within Circuits, for 12-Month Period Ending December 31, 2024, available at *https://www.uscourts.gov/data-table-report-names/federal-court-management-statistics*
2007	Notice of Compliance with Service of Patent Owner's Infringement Contentions in *Valtrus Innovations Ltd. v. SAP America, Inc. et al.*, No. 2:24-cv-00021-JRG, Dkt. No. 10 (E.D. Tex.), confirming service of infringement contentions on March 11, 2024
2008	Memorandum and Order regarding motion to dismiss, in *Valtrus Innovations Ltd. v. SAP America, Inc.*, No. 2:24-cv-00021-JRG, Dkt. No. 10 (E.D. Tex. Nov. 8, 2024) (public version)
2009	Seventh Amended Docket Control Order in *Koninklijke KPN N.V. v. Telefonaktiebolaget LM Ericsson*, No. 2:21-cv-00113-JRG, Dkt. No. 203 (E.D. Tex.)
2010	Order denying stay in *Cardware Inc. v. Samsung Elecs. Co., Ltd.*, No. 2:22-cv-00141-JRG, Dkt. No. 64 (E.D. Tex. Feb. 16, 2023)
2011	Complaint in *Valtrus Innovations Ltd. v. SAP America, Inc.*, No. 2:24-cv-00021-JRG (E.D. Tex Jan. 15, 2024)
2012	Petitioner's email concerning prior art narrowing, dated May 1, 2025

No.	Exhibit Description
2013	Order consolidating *Valtrus Innovations Ltd. v. SAP America, Inc.*, No. 2:24-cv-00533-JRG (E.D. Tex.) and *Valtrus Innovations Ltd. v. SAP America, Inc.*, No. 2:24-cv-00021-JRG (E.D. Tex), dated Feb. 24, 2025
2014	Patent Owner's email concerning claim narrowing, dated April 10, 2025
2015	Third Amended Docket Control Order in *Valtrus Innovations Ltd. v. SAP America, Inc.*, No. 2:24-cv-00021-JRG, Dkt. No. 141 (E.D. Tex. Apr. 20, 2025)
2016	Opening Brief in Support of Motion to Dismiss for Lack of Subject-Matter Jurisdiction, Under the First-to-File Rule, Lack of Personal Jurisdiction, and for Failure to State a Claim in *SAP Am. Inc. v. Valtrus Innovations, Ltd.*, No. 24-cv-756-GBW, Dkt. 14 (D. Del.)
2017	Reply in Support of Motion to Dismiss for Lack of Subject-Matter Jurisdiction, Under the First-to-File Rule, Lack of Personal Jurisdiction, and for Failure to State a Claim in *SAP Am. Inc. v. Valtrus Innovations, Ltd.*, No. 24-cv-756-GBW, Dkt. 32 (D. Del.)
2018	Excerpt from Petitioner's Invalidity Contentions, served May 20, 2024, in *Valtrus Innovations Ltd. v. SAP America, Inc. et al.*, No. 2:24-cv-00021-JRG (E.D. Tex.)
2019	[Proposed] Fourth Amended Docket Control Order in *Valtrus Innovations Ltd. v. SAP America, Inc.*, No. 2:24-cv-00021-JRG, Dkt. No. 147-1 (E.D. Tex. filed Apr. 30, 2025)

Pursuant to the Memorandum titled "*Interim Processes for PTAB Workload Management*," dated March 26, 2025 ("the Interim Processes Memo"; EX2001), Patent Owner respectfully submits this brief explaining why the Director, in consultation with a Board panel, should exercise her discretion to deny institution of Petitioner's Petition for *Inter Partes* Review (Paper 1).

As detailed below, with a trial involving the same parties and patent set to occur over ***eleven*** months before any final written decision,[1] each *Fintiv* factor favors denial.

I. THE DIRECTOR SHOULD EXERCISE HER DISCRETION TO DENY INSTITUTION UNDER 35 U.S.C. §314(a) BECAUSE EVERY *FINTIV* FACTOR FAVORS DENIAL

The Director should exercise her discretion under 35 U.S.C. §314(a) to deny institution "because institution of a trial at the PTAB would be an inefficient use of Board resources in light of the 'advanced state' of the parallel district court litigation…." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, 2 (PTAB Mar. 20, 2020) (precedential) ("*Fintiv*").

Under *Fintiv*, to determine whether to deny institution, the Director considers six non-exhaustive factors:

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[1] Trial is scheduled for September 22, 2025. The projected deadline for a final written decision is nearly a year later, on September 10, 2026.

1. Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. Proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. Investment in the parallel proceeding by the court and the parties;
4. Overlap between issues raised in the petition and in the parallel proceeding;
5. Whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. Other circumstances that impact the Board's exercise of discretion, including the merits.

Fintiv, IPR2020-00019, Paper 11, 6.

Here, there is ongoing parallel district court litigation—which is soon to reach its conclusion—involving the same parties and patent. **Each *Fintiv* factor favors denial**: (i) there is no stay in the parallel litigation, nor has one been requested (and any stay at the advanced stage of the district court case would be unprecedented and extremely unlikely); (ii) trial is scheduled over ***eleven*** months before the Board's Final Written Decision would issue; (iii) there has already been heavy investment in the district court proceeding by both the parties and the district court and, by the time of any institution decision, basically all that will be left is trial; (iv Petitioner's "upgraded" stipulation is effectively meaningless as it can continue to rely upon system art in various combinations, as well as the very same arguments, leaving it free to pursue two "bites at the [invalidity] apple"; (v) it is undisputed that the parties

(or their RPIs) are the same in district court and here; and (vi) as Patent Owner previews below and will explain in detail in its forthcoming Patent Owner Preliminary Response, the merits of Petitioner's arguments are weak, including, among other reasons, because the reference in Petitioner's only ground is ***not*** prior art.

And the facts in this case are similar to—and even more compelling than—numerous Board decisions denying institution under *Fintiv*, as well as a recent Director Review decision vacating an institution decision. *See also, e.g.*, *Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19, 2-4 (PTAB Mar. 28, 2025) (granting Director Review, Vacating the Decision Granting Institution, and Denying Institution of *Inter Partes* Review under *Fintiv* factors, where petitioner offered *Sotera* stipulation but trial was set "eleven months before the Board's projected final written decision date") ("*Motorola Director Review*").

In short, and as explained in more detail below: institution would be a waste of resources for both the Board and the parties. Patent Owner therefore respectfully submits that the Director should exercise her discretion to deny institution.

A. Factor 1 Favors Denial Because There is No Stay of the Parallel District Court Litigation, and a Stay is Highly Unlikely

Factor 1 favors denial when, as here, a district court stay is unlikely. *See 10x Genomics, Inc. v. President & Fellows of Harvard Coll.*, IPR2023-01299, Paper 15, 16 (PTAB Mar. 7, 2024) ("*10x Genomics*"); *Samsung Elecs. Co., Ltd. v. California*

Inst. of Tech., IPR2023-00133, Paper 10, 14 (PTAB May 4, 2023) ("*California Inst.*");[2] *see also Fintiv*, IPR2020-00019, Paper 11, 6-8.

The district court has not granted a stay, no evidence exists that a stay may be granted if a proceeding is instituted, Petitioner has never moved (or indicated that it intends to move) for a stay, and, in fact, a stay—even if sought—is extremely unlikely to be granted. The presiding judge in the parallel district court case—Judge Gilstrap of the Eastern District of Texas—rarely grants stays, and, to Patent Owner's knowledge, has never granted a stay under facts similar to those here.

As Judge Gilstrap has stated, "[d]istrict courts typically consider three factors when determining whether to grant a stay pending inter partes review of a patent in suit: (1) whether the stay will unduly prejudice the nonmoving party, (2) whether the proceedings before the court have reached an advanced stage, including whether discovery is complete and a trial date has been set, and (3) whether the stay will likely result in simplifying the case before the court." *Force MOS Tech., Co. v. ASUSTek Comput., Inc.*, 2024 WL 1586266, *1 (E.D. Tex. Apr. 10, 2024) (Gilstrap, J.) (quoting *NFC Tech. LLC v. HTC Am., Inc.*, 2015 WL 1069111, *2 (E.D. Tex. Mar. 11, 2015)).

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[2] The petitioner's rehearing request and Precedential Opinion Panel Review request were denied. *California Inst.*, IPR2023-00133, Papers 13-14.

Each of these factors weighs against a stay, consistent with numerous decisions from Judge Gilstrap.

First, as Judge Gilstrap has routinely found, a stay would prejudice Patent Owner from its timely enforcement of its patent rights and recovery of monetary damages. *See, e.g.*, *Force MOS*, 2024 WL 1586266, *2-3 (denying stay and collecting cases); *Realtime Data LLC v. Actian Corp.*, 2016 WL 3277259, *2 (E.D. Tex. June 14, 2016) (Gilstrap, J.) (denying stay and noting prejudice to patent owner) ("*Realtime Data*"); EX2003, 4 (*Netlist, Inc. v. Samsung Elecs. Co., Ltd.*, No. 2:22-cv-293-JRG, Dkt. No. 689, 4 (E.D. Tex. Mar. 11, 2024) (Gilstrap, J.) (denying stay and noting the "fact that [patent owner] is seeking solely monetary damages does not mean that [patent owner] cannot be prejudiced by a significant delay of an imminent trial date")); *Blitzsafe Texas, LLC v. Maserati N. Am. Inc.*, 2021 WL 12136774, *1 (E.D. Tex. Jan. 26, 2021) (Gilstrap, J.) (denying stay and finding that "a stay would unduly prejudice the patentee…, who has an interest in timely enforcement of its patents rights."); *Koninklijke KPN N.V. v. Telefonaktiebolaget LM Ericsson*, 2022 WL 17484264, *2 (E.D. Tex. July 7, 2022) (Gilstrap, J.) ("Here, where fact discovery, expert discovery, and pre-trial motion practice are complete and [patent owner] KPN has already incurred the majority of its expenses associated

with this litigation, a delay of the imminent trial date and the assertion of its patent rights unduly prejudices KPN.") ("*Koninklijke*").[3]

Second, the proceedings before the district court have reached an advanced stage: by the time of any institution decision (expected September 10, 2025), the parties will be less than two weeks from trial. EX2019, 1; EX2015, 1.[4] The parties

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[3] Because it is "universal practice" to deny pre-institution stays in cases before Judge Gilstrap, EX2010, 1 (Order denying stay in *Cardware Inc. v. Samsung Elecs. Co., Ltd.*, No. 2:22-cv-00141-JRG-RSP, Dkt. No. 64, 1 (E.D. Tex. Feb. 16, 2023) (Gilstrap, J.)), the appropriate timing for considering a stay motion is after institution decisions. *See also Croga Innovations, Ltd. v. Cisco Sys., Inc.*, No. 2:24-cv-00065-JRG, 2025 WL 1117472, *2 (E.D. Tex. Apr. 15, 2025) (Gilstrap, J.) (denying staying and finding that stage of the case appropriate to consider as of institution where "movant receives benefit of post-motion facts"). However, regardless of whether the timing is considered now or at institution, as explained herein, it is a near certainty that a stay (if sought) will be denied.

[4] EX2019 is a proposed amended docket control order. The Court has not yet entered it, but Patent Owner expects that will happen soon. Regardless, it does not impact the *Fintiv* analysis, including because the trial date remains unchanged. *See also* EX2015, 1. Note also: except for patents (cited by column and line number) and

will have completed fact and expert discovery, depositions, expert reports, claim construction, dispositive motions, and pre-trial briefing, and have had the pre-trial conference. *See* EX2019, 1-3 (trial set for September 22, 2025 and other case deadlines; EX2015, 1-4 ((prior Docket Control Order with same trial date and earlier deadlines); EX1109, 1-3 (same). Judge Gilstrap has routinely found cases with similar (and even less advanced) timelines to be at an advanced stage. *See, e.g.*, *Force MOS Tech.*, 2024 WL 1586266, at *3 (denying stay where the substantial completion of discovery and exchange of contentions indicated a relatively advanced stage); EX2003, 4 (*Netlist*, No. 2:22-cv-293, Dkt. No. 689, 4 (denying stay and noting factor weighs against stay where "parties have engaged in substantial discovery, claim construction, and have served expert reports" and "trial is only a few months away")).

Moreover, Judge Gilstrap has found that a petitioner/defendant's delay and lack of diligence in filing a petition for *inter partes* review—as here, where Petitioner waited nearly 12 months, EX2004, 3; EX2011 ¶¶5, 60-67[5]—additionally

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citations to paragraph numbers, Patent Owner uses the exhibit page numbering in the lower righthand corner of the Exhibits.

[5] Petitioner was served with the Complaint on January 17, 2024, EX2004, 3; EX2011 ¶¶5, 60-67—making its statutory deadline January 17, 2025. 35 U.S.C. §315(b).

weighs against a stay. *See, e.g.*, *Realtime Data*, 2016 WL 3277259, *3 ("All Defendants waited between seven and eleven months to file their IPR petitions and between one month and seven months after the petitions to file the current motion, which demonstrates a lack of diligence on the part of the Defendants, and they have not attempted to provide an explanation for this unjustifiable delay.").

Finally, a stay will not meaningfully (if at all) simplify the case before the district court. Any possible simplification is speculative, and "is not a given." EX2003, 5 (*Netlist*, No. 2:22-cv-293, Dkt. No. 689, 5). Further, Petitioner has raised several other defenses, including invalidity based on patents, printed publications, and system art, and invalidity under §101 and §112. *See, e.g.*, EX1114 (invalidity cover pleading). Casting additional doubt on any potential simplification, there are three other patents remaining in the district court case (in addition to the '738 Patent), with overlapping subject matter. And of course, a final written decision will not resolve any of the infringement allegations.

Because there is no stay and it is extremely unlikely there ever will be, Factor 1 weighs against institution. *See 10x Genomics*, IPR2023-01299, Paper 15, 16; *California Inst.*, IPR2023-00133, Paper 10, 14.

Petitioner waited until two days before its statutory deadline, January 15, 2025, to file its Petition (Paper 1).

B. Factor 2 Strongly Favors Denial Because the District Court's Trial Date is Over 11 Months Before a Final Written Decision

Where, as here, "the district court's trial date is before the projected deadline for the final written decision, the Board has generally weighed this fact in favor of exercising discretion" to deny institution. *10x Genomics*, IPR2023-01299, Paper 15, 16; *see also Fintiv*, IPR2020-00019, Paper 11, 6. "[T]he Board may consider any evidence that the parties make of record that bears on the proximity of the district court's trial date…, including median time-to-trial statistics for civil actions in the district court in which the parallel litigation resides." EX2002, 1, 3 (Guidance on USPTO's recission of "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation," dated Mar. 24, 2025).

There can be no credible debate that Factor 2 ***strongly*** favors denying institution of the instant Petition.

First, the district court's trial date is set for September 22, 2025 (20.2 months from filing) and has not changed since it was set. EX2019, 1; EX2015, 1. And it "cannot be changed without an acceptable showing of good cause." EX2019, 4; EX2015, 4. The projected statutory deadline for a final written decision is not until September 10, 2026—***over eleven months after*** trial in district court. Under numerous Board decisions (and a recent Director Review decision), this timeline "strongly" favors denial. *See, e.g.*, *Dell Inc. v. Universal Connectivity Techs, Inc.*, IPR2024-01480, Paper 12, 9-10 (PTAB Apr. 24, 2025) (factor "*strongly* favors

exercising discretionary denial" where "trial is set about six months before a final written decision" and, like here, the "trial setting [before Judge Gilstrap] 'cannot be changed without an acceptable showing of good cause'") (emphasis added); *Roku, Inc. v. Ioengine, LLC*, IPR2022-01553, Paper 11, 10-11 (PTAB May 5, 2023) (finding that a district court trial six months before a final written decision "weighs *heavily* in favor of discretionary denial of institution") ("*Roku*") (emphasis added); *Samsung Elecs. Am., Inc. v. Uniloc 2017 LLC*, IPR2019-01218, Paper 7, 7-10 (PTAB Jan. 7, 2020) (denying institution where jury selection was scheduled for approximately six months before final written decision); *Next Caller Inc. v. TrustID, Inc.*, IPR2019-00961, Paper 10, 8-16 (PTAB Oct. 16, 2019) (denying institution where trial was scheduled to conclude "several months before a final decision would be due") ("*Next Caller*"); *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, IPR2020-00122, Paper 15, 8 (PTAB May 15, 2020) ("Because the trial date is substantially earlier than the projected statutory deadline for the Board's final decision, this factor weighs in favor of discretionary denial."); *Samsung Elecs. Co., Ltd. v. Clear Imaging Rsch., LLC*, IPR2020-01399, Paper 13, 15 (PTAB Feb. 3, 2021) (denying institution where parallel district court case was scheduled to begin "about *ten months* before a Final Written Decision would be due in this IPR proceeding") ("*Clear Imaging*") (emphasis in original); *see also Motorola Director Review*, IPR2024-01205, Paper

19, 3 (vacating decision to institute where district-court trial was set "eleven months before the Board's projected final written decision date").[6]

The actual time-to-trial date (20 months, 7 days or 20.2 months) is consistent with the median time-to-trial for patent cases before the presiding judge, Judge Gilstrap. For example, for patent cases filed between January 1, 2020 and March 31, 2025 before Judge Gilstrap, the median time-to-trial was 20.3 months. EX2005, 1-2; *see also Samsung Elecs. Co., Ltd. v. Mojo Mobility Inc.*, IPR2023-01093, Paper 11, 12-13 (PTAB Jan. 8, 2024) ("*Mojo Mobility*") ("The fact that the time-to-trial

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[6] While this Director Review citation is in the context of Factor 3, the original Board panel found that Factor 2 favored denial. *Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 11, 10-11 (PTAB Feb. 13, 2025) ("*Motorola Board Decision*"). The Director Review did not specifically revisit Factor 2 in vacating the institution decision; rather it found that "[t]he Board's analysis of factors 3 and 4, and overall weighing of the *Fintiv* factors was erroneous" and noted that "the [*Sotera*] stipulation does not outweigh the substantial investment in the district court proceeding or *Fintiv* factors 1, 2, and 5, which the Board found weighed in favor of denial." *See Motorola Director Review*, IPR2024-01205, Paper 19, 2, 4. In other words, as in *Motorola* and numerous other decisions, there can be no credible debate that the trial setting here results in Factor 2 significantly favoring denial.

statistics cited by Petitioner predict an even earlier trial date than that set by Judge Gilstrap merely confirms that the schedule set by the district court is credible and should be given weight."); *Google LLC v. Cerence Operating Co.*, IPR2024-01465, Paper 15, 9 (PTAB Apr. 23, 2025) ("[T]he district court has set a trial date … almost seven months before the final written decision in this proceeding would be due…. Although a number of cases may be scheduled for jury selection on the same day as the District Court Litigation, nothing in the record indicates a trial in the District Court Litigation would not take place months before our deadline to reach a final decision.") ("*Cerence*").

And even if the median time-to-trial in the Eastern District of Texas generally is used, Factor 2 still strongly favors denial. The most recent median time-to-trial is 23.0 months. EX2006, 5 (E.D. Tex. statistic for cases "from filing to trial (civil only)"). Using these district-wide statistics for civil cases—which are not as accurate as the actual trial date (only a few months away) or Judge Gilstrap's own statistics for patent cases—the trial date would still be approximately nine months before a final written decision.

Petitioner's only effort to dissuade the Director from issuing a discretionary denial is to misstate the district court record. Petition (Paper 1), 61-62. Petitioner misleadingly (and incorrectly) asserts that "the trial date is not currently set (though jury selection is set for September 22, 2025)." Petition (Paper 1), 61. Jury selection

is the beginning of a trial, and in Judge Gilstrap's court, jury selection means trial date. *See, e.g.*, *Polaris PowerLED Techs., LLC v. Samsung Elecs. Am., Inc.*, 2024 WL 1149223, *3-4 (E.D. Tex. Mar. 15, 2024) (Gilstrap, J.) (using "trial date" and "jury selection" interchangeably including that "trial is not until October 28, 2024" and "the trial date in this case begins with jury selection on October 28, 2024") (cleaned up); *Koninklijke*, 2022 WL 17484264, *1 ("the trial date is set shortly thereafter on August 22, 2022") (citing EX2009 (Dkt. No. 203) ("Jury selection" set for "August 22, 2022")); *Ambato Media, LLC v. Clarion Co., Ltd.*, 2012 WL 194172, *1-2 (E.D. Tex. Jan. 23, 2012) (Gilstrap, J.) (using "jury selection" and "trial date" interchangeably).

As to Petitioner's remaining argument concerning alleged lack of standing, such argument is factually baseless and irrelevant—it not only misrepresents Patent Owner's positions, but, importantly, ***has already been rejected by the district court***. Specifically, the district court found Patent Owner to have Article III standing, and resolved any concern about satisfying 35 U.S.C. §281 requirements by having Patent Owner's parent, Key Patent Innovations, Ltd., join the lawsuit, thereby allowing the case to proceed on the same schedule. *See* EX2008. The court has now also consolidated the protective-complaint action (what Petitioner refers to as *Valtrus II*) with the original action, and put it on the same case schedule. *See* EX2013. Thus, the parallel district court case has been, and continues to be, on track for trial in

September 2025. Nothing in the record indicates that will change.[7] In fact, the record confirms the court intends to keep the September 2025, trial setting: the court has already denied Petitioner's attempt to stay the case in view of these issues (as well as Petitioner's failed transfer attempt). *See Valtrus Innovations Ltd. v. SAP Am., Inc.*, 2024 WL 5110052, *8 (E.D. Tex. Dec. 13, 2024). As the district court noted, "Plaintiff is correct that the case *was (and continues to be) 'smoothly proceeding' to trial* when Defendants filed the Motion to Transfer." *Id.*, *6 (emphasis added). That continues to be true today; indeed, the Federal Circuit has also denied Petitioner's

[7] Petitioner also mentions its declaratory judgment complaint for non-infringement involving the '738 Patent. Petition (Paper 1), 62. This too is irrelevant. Petitioner omits that there is no infringement or invalidity assertion in that case, and that any invalidity issues will be tried in the "*Valtrus I*" trial in September 2025 (and thus Petitioner will be estopped in the declaratory judgment action, should it ever attempt to add them). Petitioner also omits that it delayed its original declaratory judgment case (which did not include the '738 Patent), by voluntarily dismissing it (while Patent Owner's motion to dismiss was pending) and refiling a new case (over six months after the first was filed adding the '738 Patent). *See* EX2016, 13-15 (exhibit page numbers). Moreover, Patent Owner has moved to dismiss the complaint in the new case, *see* EX2016, EX2017, which motion remains pending.

petition for writ of mandamus seeking transfer. *See In re SAP Am., Inc.*, 133 F.4th 1370 (Fed. Cir. 2025).

Therefore, according to the court's schedule, the presiding judge's statistics for patent cases specifically, and even considering the median court statistics for civil cases generally, trial will occur well before any final written decision. This factor therefore heavily favors discretionary denial.

C. Factor 3 Strongly Favors Denial Because of the Significant Investment in the Parallel Proceeding by the Court and the Parties

In evaluating Factor 3, the Director should "consider[] the amount and type of work already completed in the parallel litigation by the court and the parties at the time of the institution decision." *Fintiv*, IPR2020-00019, Paper 11, 9. Delay in filing a petition further weighs in favor of denial. *See 10x Genomics*, IPR2023-01299, Paper 15, 18-19; *Ericsson Inc. v. Collision Commc'ns, Inc.*, IPR2022-01233, Paper 12, 14-15 (PTAB Jan. 19, 2023) ("*Ericsson*").

Like Factor 2, there can be no credible debate that Factor 3 ***strongly*** favors denying institution of the instant Petition.

Both the district court and the parties have invested substantial time and resources in the parallel litigation (including for infringement and invalidity, among other things) and will continue to do so before any institution decision. *See Fintiv*, IPR2020-00019, Paper 11, 9; *Ericsson*, IPR2022-01233, Paper 12, 14-15.

As of the filing of this brief, the parties have already completed claim construction, infringement and invalidity contentions, and fact discovery including the exchange of tens of thousands of documents, review of source code, service of third-parties subpoenas by Petitioner seeking documents concerning potential system prior art (and the receipt of documents in response), and the taking of well over a dozen depositions (including party and third-party fact witnesses pertaining to infringement and invalidity issues, among other things). EX1109, 3-5; EX2015, 4; EX2019, 3. The parties fully briefed claim construction, and the district court held a *Markman* hearing in mid-March 2025. EX1109, 4-5. Technical and damages experts have been retained and are drafting expert reports. EX2019, 3. The parties also fully briefed (and the district court denied) Petitioner's motion to transfer venue, *see Valtrus Innovations Ltd. v. SAP Am., Inc.*, 2024 WL 5110052 (E.D. Tex. Dec. 13, 2024), as well as Petitioner's motion to dismiss, EX2008, 15 (denied-in-part and granted-in-part). The Federal Circuit also denied Petitioner's petition for writ of mandamus seeking to compel the district court to transfer the case. *See In re SAP Am., Inc.*, 133 F.4th 1370 (Fed. Cir. 2025).

By the time of the Patent Owner Preliminary Response ("POPR", due June 10, 2025), the parties will additionally have served initial and rebuttal expert reports (including pertaining to invalidity, infringement, and damages). EX2019, 3; EX2015, 3.

And, by the time of potential institution in mid-September 2025—the relevant timing under *Fintiv*—even more work will have been done: the case will be less than two weeks from trial, with expert discovery complete, the court having issued its claim construction order (and likely sooner), dispositive and pre-trial motions filed and fully briefed, the pretrial order submitted, and the final pretrial conference already conducted. EX2019, 1; EX2015, 1-4. All that will remain is to try the case. EX2019, 1; EX2015, 1.

The Director and the Board have routinely found this factor to strongly favor denial under similar circumstances—and even when less investment has been made. *See Motorola Director Review*, IPR2024-01205, Paper 19, 3 (Factor 3 "strongly favors discretionary denial" where trial date was 11 months before final written decision, and by the time of the POPR, the parties had served infringement and invalidity contentions, opening and rebuttal expert reports, filed claim construction briefs, and conducted several depositions, and the court had held a *Markman* hearing and construed the disputed terms); *Roku*, IPR2022-01553, Paper 11, 11-12 (finding Factor 3 weighed "heavily" in favor of denial due to the "completion of preliminary disclosures and claim construction, and the near-completion of discovery."); *Mojo Mobility*, IPR2023-01093, Paper 11, 13-14 (finding Factor 3 weighed in favor of denial because "[f]act discovery is well underway (the deadline to 'substantially complete document production' has passed, fact discovery is set to close a little more

than two months after the issuance of this decision) and substantial preparation for a… Markman Hearing (including briefing) will be completed by [institution]."); *see also California Inst.*, IPR2023-00133, Paper 10, 15-16 ("We consider [validity expert] work significant because it relates directly to the merits of the parties' invalidity positions.") (citing *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24, 10-11 (PTAB June 16, 2020) (informative) ("*Sand Revolution*")); *Charter Commc'ns, Inc. v. Adaptive Spectrum and Signal Alignment, Inc.*, IPR2024-01379, Paper 16, 13 (PTAB Apr. 17, 2025).

The significant investment in the parallel district court was compounded by Petitioner's decision to wait until two days before the statutory deadline to file its Petition (filed January 15, 2025). Petitioner was served with the Complaint explaining Patent Owner's infringement theories on January 17, 2024. EX2004, 3. Patent Owner served its infringement contentions on March 11, 2024, EX2007, 1, meaning that Petitioner knew full well the entire scope of the case and which claims were at issue for over ***nine*** months before filing this Petition.

Petitioner's choice to delay filing its Petition until days before the statutory deadline ensured that the court's trial date (which the court announced at the March 25, 2024 scheduling conference, over eight months before Petitioner's filing) would come over eleven months before the projected date for a final written decision (September 10, 2026). This delay further weighs heavily against institution. *See 10x*

Genomics, IPR2023-01299, Paper 15, 18-19 (finding that waiting to file a petition "one year after [Petitioner] was served with the counterclaim for infringement" "and nine months after receiving the initial infringement contentions weighs in favor of exercising our discretion to deny institution"); *Ericsson*, IPR2022-01233, Paper 12, 14-15 (finding factor weighed in favor of denial when petition was filed almost one year from parallel proceeding and nine months after infringement contentions).

Petitioner argues that it has challenged claims not asserted in the district court case. All but three of the challenged claims identified by Petitioner were previously asserted by Patent Owner, EX1115, 2; EX2012, 3-4; EX2014, 1, with those that were dropped being a result of the claim narrowing process required under the governing Docket Control Orders. EX2015, 4; EX1109, 4-5; EX2012, 3-4; EX2014, 1. Regardless, the parties and the district court have expended significant resources in district court involving infringement and invalidity issues for the '738 Patent. It would also make no sense—and would run counter to conserving the Board's resources—to institute simply to address claims that are *not* asserted against Petitioner (which would necessitate instituting for the claims that are asserted as well). Petitioner should also not be rewarded for its choice to delay the filing of its Petition until after Patent Owner had already narrowed its case. If Petitioner had been even modestly diligent (as *Fintiv* and its progeny encourage), the vast majority of challenged claims would have remained asserted. Or Petitioner could have filed

its IPR Petition against only the remaining asserted claims at the time of the Petition, thereby reducing the burden on the Board's resources.

Moreover, the Board has frequently denied institution, even if additional claims are challenged. *See, e.g.*, *Clear Imaging*, IPR2020-01399, Paper 13, 21 ("At the outset, the mere existence of non-overlapping claims does not support Petitioner's position that this factor favors institution."); *Supercell Oy v. Gree, Inc.*, IPR2020-00513, Paper 11, 12 (PTAB June 24, 2020) (Factor 3 favors denial where "substantial resources have been expended by both the district court and the parties") ("*Supercell*"); *Next Caller*, IPR2019-00961, Paper 10, 14 (denying institution where although petitions challenged 52 claims, and district court case involved only 7 claims, "the claims in all proceedings are directed to analyzing calling party number information to verify the trustworthiness and credibility of the calling party number in a telecommunication network"); *Kiss Nail Prods., Inc. v. Lashify, Inc.*, PGR2021-00046, Paper 12, 15 (PTAB Aug. 9, 2021) (denying institution despite additional claims being challenged in petition) ("*Kiss Nail*").

There is significant overlap among the asserted and dropped claims, EX1101, 8:2-10:48 (claims),[8] as confirmed by (i) Petitioner's reliance in the Petition on the

[8] The remaining asserted claims in district court are claims 1, 2, 3, 5, 10, and 33. EX2014, 1.

same arguments for both asserted and dropped claims (*e.g.*, Petitioner points back to asserted claim 1 for its non-asserted claims 7-9 analysis), Petition (Paper 1), 49-52; and (ii) the claims' dependencies (*e.g.*, the district court will necessarily address at least portions of the dropped claims by virtue of the claims from which they depend being asserted). *See also Clear Imaging*, IPR2020-01399, Paper 13, 22 ("[S]ome of the non-overlapping claims (e.g., claims 1, 2, 21, and 22) recite similar limitations as those recited in claims 10, 12, and 20 that are asserted in the parallel litigation. Therefore, notwithstanding that there are non-overlapping claims, this factor does not weigh against exercising our discretion to deny institution under §314(a).") (internal citation omitted). Regardless, even if the challenge to additional claims is found to weigh in favor of institution, this fact alone cannot override the parties' significant investments and Petitioner's delay, explained above.

Accordingly, given the significant investment in the parallel district court case, compounded by Petitioner's unexplained delay in filing its Petition, Factor 3 weighs strongly in favor of discretionary denial.

D. Factor 4 Favors Denial Because Petitioner's Stipulation Leaves the District Court Litigation With Substantially Overlapping Claims and Arguments

This factor favors denial, where, as here, "the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding." *Fintiv*, IPR2020-00019, Paper 11, 12; *Ericsson Inc. v. Godo*

Kaisha IP Bridge 1, IPR2022-00726, Paper 11, 11 (PTAB Nov. 2, 2022) ("*Godo Kaisha*") (same).

Petitioner's initially offered stipulation is very narrow: "Petitioner hereby stipulates that, if the IPR is instituted, it will not pursue the IPR grounds in the district court." Petition (Paper 1), 63. Petitioner just last week reached out to Patent Owner and the Board seeking to "upgrade" its stipulation to a "*Sotera*-style stipulation," and filed the "upgraded" stipulation on May 6, 2025 stating: "Petitioners SAP America, Inc. and SAP SE (collectively 'SAP')[9] hereby stipulate that if the PTAB institutes *inter partes* review of U.S. Patent 7,836,738 (the '738 patent') in this proceeding, SAP will not pursue, against the 738 patent in the parallel district court proceedings, the specific grounds asserted in this *inter partes* review or any other ground that could have been raised in this *inter partes* review." EX1118, 2.

Even with this new stipulation, if considered, it still permits Petitioner *two* effective bites at the apple because it allows Petitioner to assert various prior art (and the very *same* arguments)—including patents, printed publications, and system art, and combinations thereof—in district court (which, unsurprisingly, it is in fact

[9] At varying times, the Petition refers to SAP America, Inc. as the Petitioner, but SAP SE is identified as an RPI. Petition (Paper 1), 13; *see also* Power of Attorney (Paper 2), 1-3 (for Petitioner SAP America, Inc. only).

doing). *See* EX1114, 54-55 (exhibit page numbers identifying printed publications, and system art such as "Java"), 61 (identifying combinations); EX2018 (combinations chart); EX2012, 1 (continuing to assert "Java Messaging" in district court). *See also Ingenico Inc. v. IOENGINE, LLC*, --- F.4th ----, 2025 WL 1318188, *5-7 (Fed. Cir. May 7, 2025) (resolving district court split and holding that estoppel under 35 U.S.C. §315(e) is limited to patents and printed publications but "does not preclude a petitioner from relying on the same patents and printed publications as evidence in asserting a ground that could be not be raised during the IPR, such as that the claimed invention was known or used by others, on sale, or in public use," even if cumulative); FAQs for Interim Processes for PTAB Workload Management, FAQ No. 14 ("Interim Processes FAQs")[10] ("The Director will take into account whether the stipulation materially reduces overlap between the proceedings. Where the petitioner is relying on corresponding system art in a co-pending proceeding and/or several other invalidity theories, a stipulation may not be particularly meaningful because the efficiency gained by any AIA proceeding will be limited."); *c.f. Motorola Director Review*, IPR2024-01205, Paper 19, 3-4 (vacating decision to institute, despite *Sotera* stipulation, where "Petitioner's stipulation does not ensure

[10] *Available at* https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management.

that these IPR proceedings would be a 'true alternative' to the district court proceeding. Petitioner's invalidity arguments in the district court are more expansive and include combinations of the prior art asserted in these proceedings with unpublished system prior art, which Petitioner's stipulation is not likely to moot.") (internal citation omitted).

Under Petitioner's apparent stipulation, Petitioner can still use various printed publications and patents in combination with system art, to make the very same arguments in district court that it made in its Petition. That is, Petitioner has asserted that the "system art" may be combined in numerous ways, effectively rendering its "upgraded" stipulation meaningless. For example, Petitioner has asserted that "Java" can be used "in combination with" various other references (or the other references can be combined with the "system art"):

'738 Patent (*see* Exhibit FO)

Akita	Alone or in combination with	Akita, Iyer, Java, Kaler and/or the references in Exhibit FO.
Iyer	Alone or in combination with	Akita, Java, Kaler and/or the references in Exhibit FO.
Java	Alone or in combination with	Akita, Iyer, Kaler and/or the references in Exhibit FO.
Kaler	Alone or in combination with	Akita, Iyer, Java and/or the references in Exhibit FO.

EX1114, 61; EX2018 1-5 ("Exhibit FO"); EX2012, 1 (remaining references include Akita, Iyer, Java Messaging, Kaler, and Vontela).

It is also noteworthy that Petitioner's stipulation is limited to "the specific grounds asserted in this *inter partes* review or any other ground that could have been raised in this *inter partes* review," if instituted. EX1118, 2. Importantly, just as in *Cerence*, this leaves Petitioner to pursue the very same *arguments*, just not using the same *art* in the same way (*i.e.*, as patents or printed publications). *See Cerence*, IPR2024-01465, 12 n.1; *see also Ingenico*, 2025 WL 1318188, *5-7.

Thus, while Patent Owner submits that the facts here favor denial given the continued significant overlap (under both the original and newly "upgraded" stipulation, if considered), even if the Director finds otherwise, it would not change the result. In that respect, this case would then be analogous to the recent *Motorola Director Review* decision vacating a decision to institute and denying institution—where, like here, there was no stay, the parties were the same in both proceedings, significant investment had occurred in the district court case, and trial over 11 months before any final written decision. *Motorola Director Review*, IPR2024-01205, Paper 19, 4 (vacating decision to institute and denying institution, where "although Petitioner's *Sotera* stipulation may mitigate some concern of duplication between the parallel proceeding and this proceeding, the stipulation does not outweigh the substantial investment in the district court proceeding or *Fintiv* factors 1, 2, and 5, which the Board found weighed in favor of denial."); *Motorola Board Decision*, IPR2024-01205, Paper 11, 10-11 (finding that factors 1, 2, and 5 favored

denial); *see also Apple Inc. v. Haptic, Inc.*, IPR2024-01476, Paper 12, 12, 15 (PTAB Apr. 4, 2025) (denying institution despite *Sotera* stipulation where "holistic balancing of the *Fintiv* factors weigh[ed] in favor of discretionary denial") ("*Haptic*"); *Cerence*, IPR2024-01465, Paper 15, 12-13 (denying institution and noting that Petitioner's "*Sotera*-type stipulation" "does not … ensure [the IPR] proceeding would be a 'true alternative' to the District Court Litigation" where the petitioner continued to rely in district court on numerous references, including system art, and combinations thereof).

As to the additional claims being challenged in the IPR Petition, as explained above for Factor 3, there remains significant overlap between the asserted and dropped claims. *See* §I.C, *supra*; *see also, e.g.*, *Clear Imaging*, IPR2020-01399, Paper 13, 21; *Supercell*, IPR2020-00513, Paper 11, 12; *Next Caller*, IPR2019-00961, Paper 10, 14; *Kiss Nail*, PGR2021-00046, Paper 12, 15. Moreover, because those claims are no longer asserted against Petitioner (having been dropped during the district court's ordered claim narrowing process), it is all the more reason to deny institution to avoid the Board having to expend resources on claims that are not asserted against Petitioner in a parallel proceeding. This is especially so, given that the primary reason there is a difference between challenged claims in the Petition and remaining asserted claims in district court is because Petitioner delayed until the

statutory deadline to file its Petition. Such gamesmanship should not be rewarded. *See also* §I.C, *supra.*

E. Factor 5 Favors Denial Because the Parallel District Court Litigation and the Petition Involve the Same Parties

The pending parallel district court case involves the same parties (or their RPIs) and the same challenged patent (a fact undisputed by Petitioner), and the district court case will reach trial well before a final written decision. Accordingly, Factor 5 favors denial. *See Int'l Bus. Machines Corp. v. Digital Doors, Inc*, IPR2023-00970, Paper 7, 13 (PTAB Jan. 12, 2024) ("Because Petitioner here is a defendant in the parallel district court litigation, this factor favors denial of institution under §314(a)."); *Ericsson*, IPR2022-01233, Paper 12, 16 ("Petitioner and the defendant in the district court proceeding are the same party" and thus "this factor weighs in favor of denial."); *10x Genomics*, IPR2023-01299, Paper 15, 20 (Factor 5 favored denial where parties were the same in both forums and the district court was expected to reach trial before a final written decision).

F. Factor 6 Favors Denial Because Other Circumstances Impact the Director's Exercise of Discretion, Including the Petition's Weak Merits

Other circumstances support the Director exercising her discretion not to institute here. Patent Owner will explain in detail, in its forthcoming POPR, the fundamental problems with Petitioner's grounds, including, among other things, that lone reference in Petitioner's only Ground is not prior art. *See Fintiv*, IPR2020-

00019, Paper 11, 15-16 ("full merits analysis" is not necessary to evaluate factor, but "[r]ather, there may be strengths or weaknesses regarding the merits that the Board considers as part of its balanced assessment"); *see also id.*, 15 ("[I]f the merits of the grounds raised in the petition are a closer call, then that fact has favored denying institution when," as here "other factors favoring denial are present"); *Haptic*, IPR2024-01476, Paper 12, 13.

In accordance with the Interim Processes FAQs, Patent Owner incorporates herein the merit arguments and evidence from its forthcoming POPR by reference. *See* Interim Processes FAQ No. 25 ("Notwithstanding the prohibition on incorporation by reference in 37 C.F.R. §42.6(a)(3), when filing a brief for discretionary denial, a patent owner may direct attention to an anticipated POPR and evidence for a discussion of the merits.").

Beyond the issues that Patent Owner will explain in its forthcoming POPR (including that the reference in Petitioner's Ground is not prior art, among other problems with Petitioner's sole Ground that demonstrate Petitioner has not shown a reasonable likelihood of success for any challenged claims), there are additional reasons that further counsel toward denial.

The '738 Patent issued on May 3, 2011, claiming ultimate priority to a foreign application filed on July 25, 2003, EX1101, Cover Page, and has been in full force since. All maintenance fees were timely paid (including those paid prior to the

enactment of the America Invents Act that created *inter partes* reviews). The first time the patent was asserted in litigation was in January 2024, when Patent Owner filed suit against Petitioner. Although Patent Owner appreciates that pre-AIA patents are not, as a matter of law, immune from *inter partes* review proceedings, Patent Owner respectfully submits that the Director should exercise her discretion under the circumstances, based on the settled expectations of when the '738 Patent was filed[11] and the facts as explained herein, including the efficient use of the Board's finite resources to address a 11,103 word Petition that relies on references that are not prior art and a 72-page expert declaration that is largely a copy-and-paste of the

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[11] "Elementary considerations of fairness dictate that individuals should have an opportunity to know what the law is and to conform their conduct accordingly; settled expectations should not be lightly disrupted." *Landgraf v. USI Film Prods.*, 511 U.S. 244, 265 (1994). That is why "[r]etroactivity is not favored by the law" and "congressional enactments and administrative rules will not be construed to have retroactive effect unless their language requires this result." *Bowen v. Georgetown Univ. Hosp.*, 488 U.S. 204, 208 (1988). This is particularly so for patents, where "fundamental alterations ... risk destroying the legitimate expectations of inventors in their property." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 739 (2002).

Petition's Ground (including alterations, emphasis, and coloring) and does not add any independent analysis. *See also Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 9, 15-16 (PTAB Aug. 24, 2022) (precedential) (denying institution where petitioner's expert did not provide any supporting evidence or technical reasoning); Interim Processes FAQ No. 21.

II. CONCLUSION

For the reasons explained above, Patent Owner respectfully submits that the Director should exercise her discretion to deny institution of the Petition.

Dated: May 9, 2025

Respectfully submitted,

/Patrick Colsher/

Patrick Colsher (Reg. No. 74,955)
Counsel for Patent Owner

CERTIFICATE OF COMPLIANCE

I hereby certify that this paper complies with the type-volume limitation of 37 C.F.R. §42.24 and the Interim Processes Memo (as determined by the Microsoft Word word-processing system used to prepare this paper) because it contains 6761 words, excluding the parts of the paper exempted by 37 C.F.R. §42.24(a).

Dated: May 9, 2025

Respectfully submitted,

/Patrick Colsher/

Patrick Colsher (Reg. No. 74,955)
Counsel for Patent Owner

CERTIFICATE OF SERVICE

I hereby certify that the foregoing PATENT OWNER'S BRIEF THAT INSTITUTION OF THE PETITION SHOULD BE DENIED ON DISCRETIONARY GROUNDS and Exhibits listed on the List of Exhibits were served on May 9, 2025, via electronic mail upon counsel of record for Petitioner at the following email addresses:

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