UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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VERTIV CORPORATION,
Petitioner

v.

VALTRUS INNOVATIONS LTD.,
Patent Owner

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Case No. IPR2025-00668
Patent No. 6,718,277

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# 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 | *Interim Processes for PTAB Workload Management* |
| 2002 | Vertiv Consolidation Order, No. 2-24-cv-00361 Dkt. 42 |
| 2003 | DataBank Consolidation Order, No. 2:24-cv-00777 Dkt. 11 |
| 2004 | Defendant DataBank Holding Ltd.'s Answer and Counterclaims, No. 2:24-cv-00777 Dkt. 12 |
| 2005 | Defendant TierPoint, LLC's First Amended Answer, No. 2:24-cv-00777 Dkt. 17 |
| 2006 | Vertiv Corporation Complaint for Declaratory Judgment, No. 3:24-vc-01152 Dkt. 1 |
| 2007 | Memo ISO Plf Vertiv's Resp. in Oppos. to Def's MTD, No. 3:24-cv-01152 Dkt. 25 |
| 2008 | Defendant DataBank Holdings, Ltd.'s Unopposed Motion to Change Lead Counsel, No. 2:24-cv-00777 Dkt. 51 |
| 2009 | Notice of Appearance Daniel Schwartz on Behalf of TierPoint, 2:24-cv-00776 Dkt. 15 |
| 2010 | Letter from Alexander to Berkowitz dated May 21, 2025 on behalf of DataBank Regarding Discovery Disputes |
| 2011 | Letter from Alexander to Berkowitz dated May 21, 2025 on behalf of TierPoint regarding discovery disputes |
| 2012 | Email from Girgis to Berkowitz dated April 1, 2025 attaching "Vertiv's Invalidity Contentions" on behalf of DataBank and TierPoint |
| 2013 | Email from Girgis to Berkowitz attaching documents produced by DataBank dated April 1, 2025 |
| 2014 | Email from Girgis to Berkowitz attaching documents produced by TierPoint dated April 1, 2025 |
| 2015 | Order denying stay in *Cardware Inc. v. Samsung Elecs. Co., Ltd.*, No. 2:22-cv-00141-JRG-RSP |
| 2016 | Docket Control Order, No. 2:24-cv-00361 Dkt. 60 |
| 2017 | Netlist Order Denying Stay, No. 2:22-CV-00293 Dkt. 689 |
| 2018 | Amended Docket Control Order, No. 2:24-cv-00777 Dkt. 32 |
| 2019 | Vertiv's Motion to Intervene, No. 2:24-cv-00142 Dkt. 46 |
| 2020 | Returned Summons, No. 2:24-cv-00139 Dkt. 10 |
| 2021 | Vertiv Corporation's Invalidity and Ineligibility Contentions and Disclosures Pursuant to Patent Rule 3-3, No. 2:24-cv-00361 |
| 2022 | Defendants' Invalidity and Ineligibility Contentions and Disclosures Pursuant to Patent Rule 3-3, No. 2:24-cv-00777 |

| No. | Exhibit Description |
|---|---|
| 2023 | Guidance on USPTO's recission of "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation" |
| 2024 | Docket Navigator Statistics for Judge Gilstrap |
| 2025 | Federal Court Statistics |
| 2026 | Email from Girgis to Berkowitz attaching Vertiv's Invalidity Contentions on behalf of DataBank dated April 1, 2025 |
| 2027 | Vertiv's First Supplemental Initial and Additional Disclosures, 2:24-cv-00361 |
| 2028 | DataBank's Initial and Additional Disclosures, 2:24-cv-00777 |
| 2029 | TierPoint's Initial Disclosures Pursuant to Discovery Order, 2:24-cv-00777 |
| 2030 | Appendix 1 to Vertiv's Preliminary Ineligibility Contentions for U.S. Patent No. 6,718,277, No. 2:24-cv-00361 |
| 2031 | Appendix 1 to Ineligibility Contentions for Patent 6,718,277 served by Vertiv on behalf of DataBank |
| 2032 | Docket Navigator Report Showing Payment of Maintenance Fees for U.S. Patent 6,718,277 |
| 2033 | Press Release by Vertiv, titled "*Veteran technology executive Rob Johnson to lead new standalone company following sale to Platinum Equity*, dated Dec. 1, 2016), *available at* https://www.vertiv.com/en-in/about/news-and-insights/news-releases/2016/emerson-network-power-rebrands-as-vertiv--appoints-new-ceo/ |
| 2034 | Vertiv Timeline, *available* at https://www.vertiv.com/49c2fd/globalassets/images/infographics/vertiv-timeline-infographic-en-gl-2025-1.pdf |
| 2035 | Form 10-K for Emerson Electric. Co. (Filed: November 25, 2008; period: September 30, 2008) |
| 2036 | "An Introduction to Vertiv," *available at* https://www.vertiv.com/globalassets/documents/blog/vertiv-corporateoverview-pr-en-gl_174923_01.pdf |
| 2037 | Information Disclosure Statement dated October 13, 2009 from prosecution history of U.S. Patent Application No. 11/873,236 |
| 2038 | U.S. Patent No. 7,857,214 |
| 2039 | U.S. Patent No. 6,535,382 |
| 2040 | Information Disclosure Statement dated April 5, 2013 from prosecution history of U.S. Patent Application No. 12/887,961 |
| 2041 | U.S. Patent No. 8,562,084 |

| No. | Exhibit Description |
|---|---|
| 2042 | U.S. Patent No. 12,289,867 |
| 2043 | Office Action and Notice of References Cited from prosecution history of U.S. Pat. No. 12,289,867, dated December 27, 2024 |

## I. Introduction

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).

The Director should deny institution for at least three reasons.

First, Petitioner was aware of the challenged '277 Patent for ***over 15 years*** before it filed this IPR Petition, and knew of one of its main prior art references for over 11 years. The time has long since passed for Petitioner to seek review by the Patent Office of the now-expired '277 Patent.

Second, with three trials involving the same patent and the same parties (or real parties in interest and privy) set to occur six and four months, respectively, before any final written decision here, and given Petitioner's prior decision to challenge the validity of the patent-at-issue in all three of those cases based on the same invalidity grounds raised in the Petition, it is not worth the Board's and parties' resources to litigate the same invalidity issues—repeatedly—across multiple forums.

Under the facts here—including that Petitioner is attempting to get *four* bites at the invalidity apple—there can be no credible dispute that discretionary denial is warranted. While the Petition asserts that Petitioner is acting alone, Petitioner has

admitted in the parallel district court cases that it is "direct[ing] and control[ling]" those cases (and the parties in those cases). Those cases involve Petitioner, as well as customers who are real parties in interest ("RPIs") and privy of Petitioner. Importantly, in each of these cases, the very same (and more) invalidity arguments as here have been put at issue. Despite this, Petitioner has not stipulated to any estoppel for two of the cases. And its narrow stipulation for the third is both not an actual stipulation and it leaves Petitioner free to use the same art and arguments. These facts alone are sufficient for discretionary denial.

Finally, discretionary denial is also proper under 35 U.S.C. §325(d), because: (1) Petitioner's primary reference in two of the three grounds here was disclosed to the Examiner and considered during original prosecution; and (2) Petitioner fails to explain how the Office made a material error related to patentability when it reviewed the reference art.

Patent Owner thus respectfully submits the Director should exercise her discretion to deny institution.

## II. Settled Expectations Counsel Toward Denial

The '277 Patent was filed on April 17, 2002, issued on April 6, 2004, was in full force since issuance, and is now expired. EX1001, Cover Page. All maintenance

fees were timely paid (including those paid prior to the enactment of the America Invents Act that created inter partes reviews). EX2032, 1.[1]

Patent Owner respectfully submits that, under the circumstances here—including settled expectations and the Board's finite resources—the Director should exercise her discretion to deny institution. As explained below: (i) Petitioner[2] was aware of the '277 Patent for over 15 years before it filed its Petition, and (ii) by the time of any final written decision (expected October 14, 2026), the '277 Patent will have been expired for over 4 years (4 years, 5 months, and 27 days, to be exact). *See iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10, 3 (PTAB June 6, 2025) ("*iRhythm*") (Director exercising her discretion to deny institution where Petitioner had been aware of challenged patent for over a decade); EX2001, 2-3

[1] With the exception of any patents (cited by column and line number) and citations to paragraph numbers, Patent Owner uses the exhibit page numbering in the lower righthand corner of the Exhibits.

[2] In this brief, for simplicity, Patent Owner refers to Petitioner as including its predecessors. Petitioner was formerly known as Emerson and rebranded as Petitioner, EX2033, 1 (Press Release); EX2034, 1 (Timeline). Liebert was acquired by, was a subsidiary of, and was a brand of Emerson, EX2035, 8, 75, and remains a brand of Petitioner. EX2036, 16, 53; EX2034, 1-2.

(considering, as part of discretionary-denial analysis, "[s]ettled expectations of the parties, such as the length of time the claims have been in force," "[a]ny other considerations bearing on the Director's discretion," and "ability of the PTAB to comply with … its statutory deadlines for AIA proceedings, and other workload needs," among other things).

### A. Petitioner's Longtime Awareness of the '277 Patent and Allegedly Anticipatory Prior Art in its Grounds

Petitioner has been aware of the '277 Patent since at least October 13, 2009, and has identified the '277 Patent as relevant prior art to its own patent applications. Petitioner has also long been aware of the *Bishop* disclosure that forms the basis of two of the three grounds in the Petition, including as an anticipation reference, since at least 2013.

#### 1. Petitioner Became Aware of the '277 Patent By At Least October 13, 2009

Petitioner has been aware of the '277 Patent as being relevant to its business since at least October 13, 2009, when Petitioner submitted it as part of an

Information Disclosure Statement ("IDS") for its U.S. Patent App. Ser. No. 11/873,236 ("the '236 Application")[3]:

| INFORMATION DISCLOSURE STATEMENT BY APPLICANT ( Not for submission under 37 CFR 1.99) | | |
|---|---|---|
| | Application Number | 11873236 |
| | Filing Date | 2007-10-16 |
| | First Named Inventor | SALIARIS, David G. |
| | Art Unit | 2441 |
| | Examiner Name | Unknown |
| | Attorney Docket Number | 0021944-114US |

| U.S.PATENTS | | | | | | Remove |
|---|---|---|---|---|---|---|
| Examiner Initial* | Cite No | Patent Number | Kind Code[1] | Issue Date | Name of Patentee or Applicant of cited Document | Pages,Columns,Lines where Relevant Passages or Relevant Figures Appear |
| | 1 | 5682949 | | 1997-11-04 | Ratcliffe et al. | |
| | 2 | 5850539 | | 1998-12-15 | Cook et al. | |
| | 3 | 5995729 | | 1999-11-30 | Hirosawa et al. | |
| | 4 | 6134511 | | 2000-10-17 | Subbarao | |
| | 5 | 6574104 | | 2003-06-03 | Patel et al. | |
| | 6 | 6714977 | | 2004-03-30 | Fowler et al. | |
| | 7 | 6718277 | | 2004-04-06 | Sharma | |

EX2037, 1 (red box added).

[3] Showing further awareness of Patent Owner's patents, another of Patent Owner's patents also being challenged by Petitioner (U.S. Patent No. 6,862,179) in IPR2025-00669 was identified by the Applicant on the same IDS. EX2037, 2.

The ’236 Application issued as U.S. Patent No. 7,857,214, which was assigned to Liebert (*i.e.*, a predecessor and brand of Petitioner). EX2038, Cover Page.

### 2. Petitioner Became Aware of *Bishop* By At Least April 5, 2013

Petitioner challenges claims 1-21 of the ’277 Patent. Petition (Paper 1), 4. Petitioner asserts in its Ground 2 that claims 1-6, 8-10, 12-17, and 19-21 are anticipated by the *Bishop* reference (U.S. Patent App. Pub. No. 2002/0149911; EX1006). Petition (Paper 1), 4. Petitioner asserts in Ground 3 that the same claims are rendered obvious by *Nakanishi* in view of *Bishop*. Petition (Paper 1), 4.

Although Petitioner’s awareness of the ’277 Patent alone justifies discretionary denial, Petitioner has also long been aware of the *Bishop* reference that now forms the basis of two of the three grounds in the Petition. Petitioner relies on the published patent application of *Bishop* as EX1006. That application issued as U.S. Patent No. 6,535,382 on March 18, 2003. EX2039 (“*Bishop382*”). *Bishop382* was cited by the Examiner during prosecution of Petitioner’s patent application 12/887,961 on April 5, 2013:

| ***Notice of References Cited*** | Application/Control No. 12/887,961 | Applicant(s)/Patent Under Reexamination CHEN, SIMON SHEN-MENG | |
|---|---|---|---|
| | Examiner JANET M. WILKENS | Art Unit 3637 | Page 1 of 1 |

**U.S. PATENT DOCUMENTS**

| * | | Document Number Country Code-Number-Kind Code | Date MM-YYYY | Name | Classification |
|---|---|---|---|---|---|
| * | A | US-6,535,382 | 03-2003 | Bishop et al. | 361/690 |
| * | B | US-6,877,702 | 04-2005 | Diggle et al. | 248/278.1 |

EX2040, 1. Petitioner's application issued as U.S. Patent No. 8,562,084 on October 22, 2013, and *Bishop382* is cited on the face of that patent. EX2041, Cover Page.[4]

### B. Petitioner's 15-Year Awareness and Delay Demonstrate Discretionary Denial is Warranted

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 to deny institution under the circumstances, based on the settled expectations when the '277 Patent was filed[5] and

[4] The published application version of *Bishop* (EX1006) is also cited on the face of another of Petitioner's patents that issued recently, U.S. Patent No. 12,289,867. EX2042, 2. *Bishop* was used as an obviousness reference by the Examiner during prosecution of this patent on December 27, 2024. EX2043, 17, 23.

[5] "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, 264 (1994). That is why "[r]etroactivity is not favored in 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

the facts as explained herein, including that Petitioner has been aware of the '277 Patent for ***over 15 years*** before Petitioner filed its Petition here, along with one of its main prior art references for over 11 years. *See iRhythm*, IPR2025-00363, Paper 10, 3 ("Patent Owner argues that because one of the patents has been in force since as early as 2012 and Petitioner was aware of it as early as 2013—having cited the then-pending application that issued as the challenged patent in an Information Disclosure Statement Petitioner filed in its own patent application—settled expectations favor denial of institution. Patent Owner's argument is persuasive. Petitioner's awareness of Patent Owner's applications and failure to seek early review of the patents favors denial and outweighs the above-discussed considerations.") (internal citation omitted).

Patent Owner respectfully submits that it is not worth the Board's finite resources to address an expired patent for which Petitioner was long aware of the patent (as well as allegedly anticipatory prior-art reference).

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"[f]undamental 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).

## III. 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:

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 are three ongoing parallel district court litigations—which will *all* conclude well before any final written decision deadline in this IPR (if instituted)—

involving the same patent and the same parties or real parties in interest and privy.[6] Each *Fintiv* factor favors denial: (i) there is no stay in the parallel litigations, nor has one been requested (and any stay of the district court cases at this point would be extremely unlikely); (ii) three trials involving the same parties, or real parties in interest and privy—all of which Petitioner admittedly "*direct[s] and control[s]*"—are scheduled six and four months, respectively, before the Board's Final Written Decision would issue; (iii) there has already been heavy investment in both sets of district court proceedings by both the parties and the district courts; (iv) Petitioner's narrow *Sand Revolution*-style "stipulation" (if binding) is effectively meaningless because it can continue to rely upon the very same, or substantially similar, art and

[6] *Valtrus Innovations Limited v. NTT Data Services, LLC*, No. 2:24-cv-0361 (EDTX), in which Petitioner is a party, is scheduled to go to trial on April 6, 2026. Similarly, two trials in the consolidated matters *Valtrus Innovations Limited v. DataBank Holdings Ltd*., No. 2:24-cv-00777 (EDTX) (Lead Case) and *Valtrus Innovations Limited v. TierPoint, LLC*, No. 2-24-cv-00776 (EDTX) (Member Case), the defenses of which Petitioner admittedly directs and controls in every meaningful way (as discussed further below), are scheduled for June 22, 2026. The projected deadline for a final written decision is October 14, 2026—several months after parallel district-court case trial dates.

arguments in later district court litigations, leaving it free to pursue *four* "bites at the [invalidity] apple;" (v) the parties (or their RPIs and privies) are the same in district court and here; and (vi) as Patent Owner will explain in detail in its forthcoming Patent Owner Preliminary Response, the merits of Petitioner's arguments are weak.

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 Litigations, 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.*");[7] *see also Fintiv*, IPR2020-00019, Paper 11, 6-8.

Petitioner is currently involved in three district court litigations relating to the at-issue patent. In the first litigation, a now-consolidated action captioned *Valtrus Innovations Limited v. NTT Data Services, LLC,* No. 2:24-cv-0361 (EDTX) ("*NTT* Action"), Petitioner filed a declaratory judgment complaint, where it currently

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

asserts non-infringement of the '277 Patent, along with several other patents.[8] Two of Petitioner's customers (Digital Realty and Evoque Data Centers) were also defendants in this case,[9] and Petitioner intervened on their behalf, filing preliminary invalidity contentions raising, *inter alia*, the same invalidity grounds at issue in this Petition. It is undisputed that Petitioner is a party to the *NTT* Action. Petition (Paper 1), 2.

In addition to the *NTT* Action, Petitioner directs and controls two additional, consolidated district court litigations involving the at-issue '277 Patent, *Valtrus Innovations Limited v. DataBank Holdings Ltd*., No. 2:24-cv-00777 (EDTX) (Lead Case) and *Valtrus Innovations Limited v. TierPoint*, *LLC*, No. 2-24-cv-00776 (EDTX) (Member Case) (together, the "*DataBank* Action"). The *DataBank* Action is a consolidated case involving two of Petitioner's customers, DataBank and

[8] Petitioner originally filed an action seeking a declaratory judgment in the Northern District of Texas in *Vertiv Corp. v. Valtrus Innovations, Ltd.,* No. 3:24-CV-01152-N (NDTX), which was transferred to the Eastern District of Texas, assigned case number 2:24-cv-00907-JRG, and consolidated with the *NTT* Action on that existing schedule. EX2002 (No. 2-24-cv-00361, Dkt. No. 42).

[9] Patent Owner subsequently settled with those customers, and they were dismissed from the case with prejudice.

TierPoint. These cases were consolidated for all pre-trial activities, but the individual cases remain active for separate trials. EX2003, 1 (Consolidation Order). In both cases, Patent Owner has asserted that Petitioner's customers directly infringe claims from the '277 Patent, and both DataBank and TierPoint have asserted defenses and counterclaims alleging that the '277 Patent is invalid and not infringed. EX2004, 10, 15-16; EX2005, 7-8, 10.

In the *NTT* Action, Petitioner, a supplier of cooling equipment to data centers, has argued that it "is contractually bound to indemnify and defend customers against patent infringement claims related to the use of Vertiv products pursuant to various contracts and sales agreements." EX2006, 12 (¶67). Petitioner has admitted that it has indemnity obligations to DataBank and TierPoint and that, as part of those indemnification agreements, Petitioner "has the right to select counsel, ***direct and control*** the defense of the claims directed to Vertiv technology and generally control settlement negotiations." EX2007, 12 (emphasis added). Per Petitioner, "[u]nsurprisingly, [Petitioner's] customers have pursued those contractual rights" and have "demand[ed] that Vertiv indemnify and defend the claims directed to Vertiv's technology." EX2007, 12. As a result of those indemnification obligations, Petitioner has engaged the same lawyers in both actions, and Petitioner's counsel has appeared on behalf of both DataBank and TierPoint. EX2008, 1-2; EX2009, 1. As part of that representation, Petitioner's counsel has managed the day-to-day

aspects of the litigation in the DataBank Action, including document productions, correspondence, and service of invalidity contentions (which are discussed in more detail below in Section III.E). *See* EX2010, EX2011, EX2012, EX2013, EX2014.

In each of these cases, the district court has not granted a stay; no evidence exists that a stay in any case—much less all of them—may be granted if a proceeding is instituted; and neither Petitioner nor its customers has moved (or indicated that it intends to move) for a stay in any case. In fact, a stay—even if sought—is extremely unlikely to be granted. The presiding judge in both parallel district court cases—Judge Gilstrap of the Eastern District of Texas—rarely grants stays, and would be unlikely to stay three different cases under the circumstances 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) ("*Force MOS Tech.*"). Each of these factors weigh against a stay, consistent with numerous decisions from Judge Gilstrap.

First, should Petitioner seek a stay in the *NTT* Action, it is unlikely to be successful. Petitioner filed its declaratory judgment complaint in the now-consolidated *NTT* Action. Judge Gilstrap is unlikely to allow Petitioner to delay a case that Petitioner brought of its own accord. Similarly, the court is unlikely to stay the DataBank or TierPoint matters because, 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 Tech.*, 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*"); *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") ("*Netlist*"); *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*").[10]

Second, the proceedings before the district court have reached an advanced stage: one day after any institution decision (expected October 14, 2025) is made, the parties in the *NTT* Action will have completed the claim construction hearing and fact discovery will be nearly over. EX2016, 5 (governing Docket Control Order). Fact discovery closes less than three weeks after a potential institution decision, expert reports will be due less than a month after a potential institution decision, and trial will be less than 6 months away. *See* EX2016, 1-5 (trial set for

[10] Because it is "universal practice" to deny pre-institution stays in cases before Judge Gilstrap, EX2015, 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.*, 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 the 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.

April 6, 2026 and other case deadlines). 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, *3 (denying stay where the substantial completion of discovery and exchange of contentions indicated a relatively advanced stage); EX2017, 4 (*Netlist*, No. 2:22-cv-00293, Dkt. No. 689 (denying stay and noting factor weighs against stay where "parties have engaged in substantial discovery [and] claim construction" and "trial is only a few months away")). The proceedings before the district court in the *DataBank* Action have also reached an advanced stage: by the time of institution, the parties will have exchanged claim terms, substantial completion of document discovery will be less than 1 month away, and the claim construction hearing will be less than 2 months away. EX2018.

Moreover, Judge Gilstrap has found that a petitioner/defendant's delay and lack of diligence in filing a petition for *inter partes* review weighs against issuing a stay. Here, Petitioner waited until 3 days before its statutory filing deadline to file the Petition. Specifically, Petitioner became a real party in interest, and was in privity, when its customers Digital Realty Trust and Evoque Data Center were served with infringement complaints. In those cases, like in the *DataBank* Action, Petitioner had direction and control of the claims and defenses of its customers.

EX2019.[11] Petitioner was therefore not diligent, which 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."). And despite Petitioner proceeding with its own declaratory judgment action in May 2024, and directing and controlling additional defenses in district court, Petitioner still waited until February 26, 2025 to file the instant IPR Petition.

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." EX2017, 5 (*Netlist*, No. 2:22-cv-00293, Dkt. No. 689, 5). Further, Petitioner (or its

[11] Patent Owner served Digital Realty on February 29, 2024. EX2020, 2. (*Digital Realty Trust*, No. 2:24-cv-00139-JRG, Dkt. No. 10). Petitioner intervened on behalf of Digital Realty and Evoque on June 3, 2024, arguing that intervention was proper because Petitioner owed Digital Realty and Evoque indemnity obligations. EX2019, 8 (*Evoque Data Center*, No. 2:24-cv-00142-JRG, Dkt. No. 46). Although they are RPI and privy to Petitioner (as explained herein), Petitioner nonetheless waited until 3 days prior to its 35 U.S.C. §315(b) statutory deadline to file its Petition.

RPI and privy) have raised many other defenses, including invalidity based on patents, printed publications, and system art, and invalidity under §101 and §112. *See, e.g.*, EX2021 (invalidity cover pleading). This is also true in the *DataBank* Action. Casting additional doubt on any potential simplification, there are several[12] other patents remaining in all of the district court cases (in addition to the ' 277 Patent) asserted against similar accused methods. And of course, a final written decision will not resolve any issues of the infringement (or non-infringement).

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

### B. Factor 2 Strongly Favors Denial Because Three District Court Trials are Scheduled Months Before a Potential 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

[12] There are three other patents remaining at issue in the *NTT* Action and six other patents at issue in the *DataBank* Action. EX2006; EX2004.

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." EX2023, 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). Here, factor 2 strongly favors denying institution of the instant Petition.

First, the district court's trial date in the *NTT* Action to which Petitioner is a party is set for April 6, 2026. EX2016, 2. The projected statutory deadline for a final written decision is not until October 14, 2026—***over six months after*** trial in the *NTT* Action. Under numerous recent Board decisions, this timeline strongly favors denial. *See, e.g.*, *Arm Ltd. v. Daedalus Prime LLC*, IPR2025-00207, Paper 10, 2 (PTAB May 16, 2025) (discretionary denial is appropriate when the final written decision will issue 5 months after the district court trial occurs, and, like here, there is no "evidence that the district court is likely to stay its proceeding even if the Board were to institute trial"); *Samsung Elecs. Co., Ltd. v Sionyx, LLC,* IPR2025-00161, Paper 14, 7 (PTAB May 21, 2025) ("[T]he parallel ITC investigation is expected to be completed nearly 5 months before the expected date of our final written decision. We, therefore, agree with Patent Owner that this factor weighs in favor of exercising discretion"); *Charter Commc'ns, Inc. v. Adaptive Spectrum and Signal Alignment, Inc.,* IPR2025-00087, Paper 14, 9-11 (PTAB May 5, 2025) ("*Charter*") (holding that

projected trial dates eight months, five months, and three months before a final written decision all favor discretionary denial); *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 to occur about six months before a final written decision" and, like here, "trial date setting [before Judge Gilstrap] 'cannot be changed without an acceptable showing of good cause'") (emphasis added); *TCL Elecs. Holdings Ltd. v. Maxell, Ltd.*, IPR2025-00134, Paper 11, 6 (PTAB May 20, 2025) (a trial date "set to occur several months [8-months] before any Final Written Decision…will issue" weighs "strongly" in favor of discretionary denial); *Roku, Inc. v. Ioengine, LLC*, IPR2022-01553, Paper 11, 10-11 (PTAB May 5, 2023) ("*Roku*") (finding that a district court trial six months before a final written decision "weighs *heavily* in favor of discretionary denial of institution") (emphasis added).

The actual time-to-trial date for the *NTT* Action (22 months, 21 days or 22.67 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. EX2024, 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 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."); *see also Google LLC v. Cerence Operating Co.*, IPR2024-01465, Paper 15, 9 (PTAB Apr. 23, 2025) ("*Cerence*"). ("[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.").

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—less than 0.33 months after the current scheduled trial date. EX2025, 5 (E.D. Tex. statistic for cases "from filing to trial (civil only)"). Therefore, using these district-wide statistics for civil cases—which are not as accurate as the actual trial date—does not meaningfully affect the analysis.

Given the pre-institution schedule the Board implemented, the Petition's assertion that "[a]ny final written decision would likely be due by August 26, 2026," Petition (Paper 1), 71, is incorrect. In reality, the final written decision deadline is October 14, 2026, six months *after* trial is scheduled.

The *DataBank* Action, which Petitioner also admittedly directs and controls and involves the same patent, will similarly be resolved several months before the

deadline for the final written decision. Both the DataBank and TierPoint trials are set for June 22, 2026, about four months prior to the deadline for the final written decision, which weighs in favor of denial. *Charter*, IPR2025-00087, Paper 14, 10-11 (finding that trial that occurs "at least three months before the projected statutory deadline for a final written decision" would "favor discretionary denial"); *Innoscience Am., Inc. v. Infineon Techs. Ams. Corp*., IPR2025-00010, Paper 11, 9-10 (PTAB May 16, 2025) ("Because the ITC will address issues relating to the validity of the '755 patent in an investigation where the final determination is set to occur [three] months before we would issue a final decision, we weigh the second *Fintiv* factor as favoring discretionary denial."); *Int'l Bus. Machs. Corp. v Digital Doors, Inc.*, IPR2023-00971, Paper 7, 10-11 (PTAB Dec. 5, 2023) ("based on the court's scheduling order, trial would occur over three months before the statutory deadline" and therefore "this factor favors exercising our discretion to deny the Petition"); *Zuhai CosMx Battery Co., Ltd. v. Ningde Ameperex Tech. Ltd.*, IPR2023-00587, Paper 12, 11-12 (PTAB Sept. 22, 2023) (finding that if "trial would occur about three months before the statutory deadline" then "this timing still weighs in favor of discretionary denial"); *Canadian Solar Inc. v. The Solaria Corp.*, IPR2021-00095, Paper 12, 10 (PTAB May 26, 2021) ("Because the ITC is scheduled to complete its investigation approximately three months before the due date for the

final written decision, this factor weighs in favor of exercising our discretion to deny institution.").

The actual time-to-trial date for the *DataBank* Action (approximately 21 months) is likewise consistent with the median time-to-trial for patent cases before the presiding judge, Judge Gilstrap, and, more generally, in the Eastern District of Texas (as discussed above). And again, even using the 23-month time to trial for the Eastern District of Texas generally, the district court trial would still land well before a final written decision in this case.

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, three trials involving the Petitioner and the at-issue patent will all occur well before any final written decision. Factor two weighs heavily in favor of denial.

### C. Factor 3 Favors Denial Because of the Significant Investment in the Parallel Proceedings 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*"). Here, Factor 3 favors denying institution of the instant Petition.

Both the district court and the parties have invested substantial time and resources in the three parallel litigations 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, in the *NTT* Action, the parties have briefed two motions to dismiss, begun claim construction, and commenced fact discovery, including the exchange of thousands of pages of documents, review of source code, serving over a dozen third-party subpoenas requesting inspections of hundreds of data centers. EX2016.

By the time of a potential institution in mid-October 2025—the relevant timing under *Fintiv*—even more work will have been done: claim construction briefing will have been completed (and a claim construction hearing is scheduled for one day after the potential institution decision), and fact discovery will have largely been completed, including many depositions of party and third-party witnesses pertaining to infringement and invalidity issues, among other things. EX2016. Further, expert reports will be exchanged less than one month later, and pre-trial preparations will be underway. EX2016.

The significant investment in the *NTT* Action is further compounded by the facts in the *DataBank* Action, which is also directed and controlled by Petitioner. As in the *NTT* Action, the parties and the district court have invested significant time and resources in the *DataBank* Action. The parties have already served infringement and invalidity contentions, briefed multiple discovery issues, and by the time a potential institution decision is made, the parties will have substantially completed document production, begun inspections of many physical data center facilities, reviewed source code, and exchanged claim construction terms. EX2018.

The Board has routinely found this factor strongly favors denial under similar circumstances—even when there is only one parallel district court proceeding. *See 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. Cont'l Intermodal Grp. – 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).

Accordingly, given the significant investment in the three parallel district court cases, Factor 3 weighs in favor of discretionary denial.

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

This factor strongly 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) (same).

Petitioner narrowly states only that "Petitioner ***does not intend*** to assert in the Vertiv Declaratory Judgment Action that the claims of the '277 patent are invalid on the ***same grounds*** raised during this proceeding" and that "Petitioner has not raised any issues of invalidity in the Vertiv Declaratory Judgment Action ***at this time***." Petition (Paper 1), 72 (emphasis added). This legalistic statement is not a stipulation, *Sand Revolution*, *Sotera* or otherwise.

Instead, even assuming that Petitioner did not direct and control the *DataBank* Action (it does, as discussed throughout), Petitioner's statement allows it *two* bites at the apple because Petitioner can assert the same prior art and arguments in district court. Furthermore, that Petitioner currently "does not intend" to assert the same grounds in its Declaratory Judgment Action seemingly does not bar it from doing so. Petitioner's statement of intent is not a promise, and even if the Board were to construe Petitioner's statement as a *Sand Revolution* stipulation (which it is not), this factor would heavily weigh in favor of denial. *See also Ingenico Inc. v. IOENGINE, LLC*, 136 F.4th 1354, 1365-66 (Fed. Cir. 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 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")[13] ("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-

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

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."); *cf. Motorola Sols., Inc. v. Stellar*, *LLC*, IPR2024-01205, Paper 19, 3-4 (PTAB Mar. 28, 2025) ("*Motorola Director Review*") (vacating decision to institute, despite *Sotera* stipulation, where "Petitioner's stipulation does not ensure 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).

That Petitioner has ***not yet*** argued invalidity in its own Declaratory Action is misleading, irrelevant under the facts here, and not a bar to doing so in the future. Petitioner has ***already served*** invalidity contentions in the consolidated *NTT* Action.[14] In those contentions, Petitioner (who was directing and controlling the litigation) asserted that the '277 Patent is anticipated by the two main references in the IPR Petition, U.S. Patent No. 6,283,380 ("*Nakanishi*") and U.S. Patent Publication No. 2002/014991 ("*Bishop*") (amongst ten other references). EX2021,

[14] Petitioner served its invalidity contentions in September 2024 after it intervened on behalf of the now-settled Defendants Digital Realty and Cyrus One.

24, 33. Here, Petitioner alleges those same grounds of invalidity in its IPR Petition. Petition (Paper 1), 18, 41, 62 (asserting that *Nakanishi* and *Bishop* anticipate the '277 Patent, and that the '277 Patent is obvious over *Nakanishi* in view of *Bishop*).

More importantly, even assuming Petitioner's "stipulation" estopped it from arguing the exact same grounds as in this IPR in the parallel district court cases, these references (and the arguments in the grounds) would still be live issues in the *NTT* Action because Petitioner could assert the same art and arguments, just not the very same grounds. For example, Petitioner could seemingly add another reference, or background knowledge of a person of ordinary skill, to make the same arguments. Similarly, Petitioner could argue that a prior-art reference is also system art. Relevant here: Petitioner is doing just that in district court, where it relies on various permutations of the IPR references (including single-reference obviousness, combinations, and system art). EX2021, 33-34.

And as the district-court invalidity contentions make clear, Petitioner has preserved an array of potential prior art defenses for the '277 Patent, including ***10*** individual primary references that could be combined over one hundred ways. EX2021, 33-34. These are in addition to Petitioner's contentions that 15 individual terms of the '277 Patent are indefinite under §112, EX2021, 118-119; that 11 terms lack written description under §112, EX2021, 124-126; that 11 terms are not enabled under §112, EX2021, 132-134, and that the asserted claims of the '277 Patent are

invalid under §101, EX2021, 141-144; EX2030. This makes clear that the district court will be left with substantial invalidity issues, such that this IPR proceeding is not a cost-effective, efficient solution to resolving the parties' dispute.

Further, while Petitioner states it has not ***yet*** asserted invalidity in the *NTT* Action, Petitioner has reserved the right to—and can amend its complaint to raise invalidity claims without seeking leave of Court up until July 30, 2025. EX2016. And Petitioner could also assert invalidity as a defense or counterclaim if Patent Owner asserts infringement counterclaims in the *NTT* Action. *Id*.

The overlap with district court proceedings is especially problematic here, because Petitioner directs and controls two additional court litigations, in which the directed and controlled parties have also asserted invalidity based on the same prior art cited in Petitioner's grounds. EX2022, 22, 34-35. In the *DataBank* Action, Petitioner's attorneys have served invalidity contentions (titled "***Vertiv's*** invalidity contentions" (emphasis added))[15] that raise dozens of references and system art, including the *exact same* references (*Nakanishi* and *Bishop*) as asserted in Grounds

[15] While the contentions were purportedly served "on behalf of DataBank and TierPoint," the title, overlapping content, and service by Petitioner's counsel further confirms that Petitioner is the one actually directing and controlling the litigation, asserting invalidity, and benefiting from those assertions, in those cases.

1-3. EX2026, 1 ("Attachments: 2025-04-01 – Vertiv's Invalidity Contentions – Cover Pleading.pdf"); EX2022, 22, 34-35. As in the *NTT* Action, in addition to these three references, Petitioner's attorneys cite over two dozen additional references, and all the same arguments under §112 and §101 (EX2022, 173-174, 183-184, 195-197, 208-211; EX2031); making clear that the district court will be required to resolve substantial invalidity issues even if this proceeding is instituted.

Petitioner is silent on its willingness, or even ability, to refrain from making the same arguments in the *DataBank* Action. This allows Petitioner, through its directed-and-controlled defendant customers, a potential ***third and fourth*** bite at the "invalidity apple." Petitioner's failure to stipulate to anything in this action further weighs heavily in favor of denial.

Finally, even if Petitioner would belatedly attempt to offer a *Sotera* stipulation in the *DataBank* and *NTT* Actions (it has not), 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 was 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."); *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).

### E. Factor 5 Favors Denial Because the Parallel District Court Litigations and the Petition Involve the Same Parties or Real Parties in Interest

As Petitioner acknowledges, Petitioner is a direct party in the *NTT* Action, which involves the same challenged patent, and the *NTT* Action will reach trial well before a final written decision. Petition (Paper 1), 3. On this basis alone, Factor 5 favors denial. *See Int'l Bus. Machs. Corp. v. Digital Doors, Inc*, IPR2023-00970, Paper 8, 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).

And although Petitioner is not a named party in the *DataBank* Action, as discussed above, it directs and controls the *DataBank* Action. Here, Petitioner has admitted that it is "contractually bound to indemnify and defend [its] customers against patent infringement claims related to the use of Vertiv products," and that it has "the right to select counsel, ***direct and control*** the defense of the claims directed to Vertiv technology and generally control settlement negotiations." EX2007, 12-13 (emphasis added). Petitioner has further admitted that its customers, including DataBank and TierPoint, have pursued those rights and demanded that Petitioner indemnify and defend them against the claims in the *DataBank* Action. EX2007, 21. Petitioner has maintained direction and control over both actions, including leading the day-to-day discovery and litigation tasks in both cases, including the filing of invalidity contentions *bearing Petitioner's name* in the title (as explained above). EX2012, EX2021, EX2026.

In analogous circumstances, the Board has acknowledged that such supplier-customer indemnification agreements affect the consideration of estoppel in IPR proceedings. *Ventex Co. Ltd. v. Columbia Sportswear N.A., Inc*., IPR2017-00651, Paper 148, 8-9 (PTAB Jan. 24, 2019) ("*Ventex*") ("The exclusive business

relationship between Ventex and Seirus relating to the accused Heatwave fabric, and Ventex's express desire to shield its customers and potential buyers from infringement lawsuits by Columbia strongly suggest that Ventex filed the Petition, at least in part, on Seirus's behalf"); *PayPal, Inc. v. Ioengine, LLC*, IPR2019-00884, Paper 22, 9 (PTAB Oct. 3, 2019) ("Although Petitioner and Ingenico are not codefendants in a single patent infringement proceeding … Ingenico's supplying products to Petitioner that Patent Owner alleges infringe the '047 patent, the indemnification agreement between Petitioner and Ingenico, and the consolidated district court proceedings constitute a sufficiently significant relationship between Ingenico and Petitioner for purposes of applying the General Plastic factors."); *Volkswagen Grp. of Am., Inc. v. Arigna Tech. Ltd.*, IPR2021-01263, Paper 16, 11 (PTAB Jan. 21, 2022) (finding that "a customer-supplier relationship, with agreements between them that required one to indemnify the other" is sufficient to show that a non-party is a real party in interest for estoppel purposes). Here, the Board should see through Petitioner's claim that "it is not a party to" the *DataBank* Action and acknowledge Petitioner's central role in DataBank's and TierPoint's defense, including their invalidity arguments and strategy. Petition (Paper 1), 72; *see Intel Corp. v. Collision Commc'ns, Inc.*, IPR2025-00301, Paper 11, 15 (PTAB May 28, 2025) (finding factor five weighed in favor of denial where there were different

parties in district court but overlapping issues due to manufacturing and supply relationships).

This factor weighs even more heavily in favor of denial in light of Petitioner's failure to name all of the real parties in interest ("RPIs") or privies as required by 35 U.S.C. §312(a)(2) (A Petition "may be considered *only if*" the "petition identifies all real parties in interest") (emphasis added); *see also* 37 C.F.R. §42.8(b)(1). Petitioner identifies only Vertiv Corporation as an RPI or privy to the Petition and entirely ignores the roles of DataBank and TierPoint (and the *DataBank* Action) (as well as additional RPIs and privies from the earlier litigations). *See* Petition (Paper 1), 1. But Petitioner has admitted that it has entered into indemnity agreements with DataBank and TierPoint (and others) and directs and controls the defenses of both DataBank and TierPoint in the *DataBank* Action. EX2007, 12-13, 21. The indemnification requirements of its agreements and the direction and control that Petitioner exerts over the *DataBank* Action makes DataBank and TierPoint RPIs or privies to this Petition. *Ericsson Inc. v. Regents of the Univ. of Minnesota*, IPR2017-01213, Paper 56, 5, 14 (PTAB June 19, 2020) (finding that "supply agreements" that "require" a party to "indemnify" its customers against patent infringement and the "opportunity to control the defense" of other defendants creates a privity relationship between a petitioner and other "district court defendants"); *Bungie, Inc., v. Worlds Inc*., IPR2015-01264, Paper 64, 35, 45 (PTAB Jan. 14, 2020) (finding that a non-

party is a privy when an "indemnification provision" supports a finding that the Petitioner and non-party "had a preexisting business relationship regarding the defense of infringement allegations" and the non-party "benefited from the filing of the petitions" making the non-party RPI and finding the Petition "time-barred under § 315(b)"); *PayPal, Inc. v. Personal Web Techs., LLC*, IPR2019-01111, Paper 27, 23 (PTAB Nov. 22, 2019) (finding non-party to be a privy when it had a supplier-customer relationship with Petitioners, the non-party has "performed pursuant to [an] indemnity agreement" and "actually assumed control of the lawsuits involving its customers [and] defended them"); *Clear-Vu Lighting, LLC v Univ. of Strathyclyde*, IPR2019-00588, Paper 24,[16] 9 (PTAB Sept. 30, 2019) (finding that a party is an RPI when it "would have been obligated to fund and control the defense" of a related patent litigation).

Like the *Fintiv* factors, "the RPI and privity requirements were designed to avoid harassment and preclude parties from getting 'two bites at the apple' by allowing such parties to avoid either the estoppel provision or the time-bar." *RPX Corp. v. Applications in Internet Time, LLC*, IPR2015-01750, Paper 128, 9, 25 (PTAB Oct. 2, 2020) (on remand from Federal Circuit, finding that a Salesforce, a customer of RPX, was an RPI "given the significant relationship between Salesforce

[16] Public version available at Paper 28.

and RPX and the strong economic incentives on RPX to represent Salesforce's interests"). By failing to name the relevant RPIs and privies, Petitioner has hidden key facts from the Board, including its control of the *DataBank* Action, in an attempt to get additional bites at the invalidity apple in later district court cases.[17]

In light of the three ongoing district court litigations, all of which Petitioner controls, and Petitioner's failure to identify all of the RPIs and privies, Factor 5 weighs in favor of denying institution.

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

Other circumstances support the Director exercising her discretion not to institute here.

Factor 6 weighs in favor of denial due to the relative weak merits of the Petition. As Patent Owner will explain in detail in its forthcoming POPR, the

[17] Patent Owner recognizes that Petitioner's failure to name the proper RPIs is not likely a basis to deny institution, standing alone, under current PTAB decisions because it does not implicate a time-bar. However, Petitioner's decision not to properly name its directed, controlled and indemnified customers here has a significant impact on the application of the *Fintiv* factors and Patent Owner respectfully submits it should be addressed by the Director.

fundamental problems that demonstrate the Petition's weak merits, including that Petitioner has failed to show a reasonable likelihood of success for any ground. *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.* at 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 directs attention to its forthcoming POPR and evidence for a discussion of the merits. *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.").

## IV. The Director Should Exercise Her Discretion to Deny Institution Under 35 U.S.C. §325(d) Because the Same Art was Already Considered During Prosecution

The Director should also deny institution under Section 325(d) because the primary reference forming the basis of two of Petitioner's three grounds was already considered by the Patent Office, and Petitioner provides no basis to find that the Patent Office erred in prosecution. To determine whether to exercise discretion to

deny a Petition under 35 U.S.C. §325(d), the Director uses the two-part *Advanced Bionics* framework. *Advanced Bionics, LLC v. Med-El Electromedizinische Geräte GmbH*, IPR2019-01469, Paper 6, 7 (PTAB Feb. 13, 2020) (precedential) ("*Advanced Bionics*"). Part 1 involves determining "whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office." *Id.*, 8. Part 2 requires analyzing "whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims." *Id.* Several non-exclusive factors may be considered in applying the *Advanced Bionics* framework, as set forth in *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (PTAB Dec. 15, 2017) (precedential as to §III.C.5, first paragraph) ("*Becton, Dickinson*"). *See also Advanced Bionics*, IPR2019-01469, Paper 6, 9. These factors include:

> (a) the similarities and material differences between the asserted art and the prior art involved during examination; (b) the cumulative nature of the asserted art and the prior art evaluated during examination; (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection; (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art; (e) whether Petitioner has pointed out sufficiently

> how the Examiner erred in its evaluation of the asserted prior art; and (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.

*Becton, Dickinson*, 17-18. "If, after review of factors (a), (b), and (d), it is determined that the same or substantially the same art or arguments previously were presented to the Office, then factors (c), (e), and (f) relate to whether the petitioner has demonstrated a material error by the Office." *Advanced Bionics*, IPR2019-01469, Paper 6, 10.

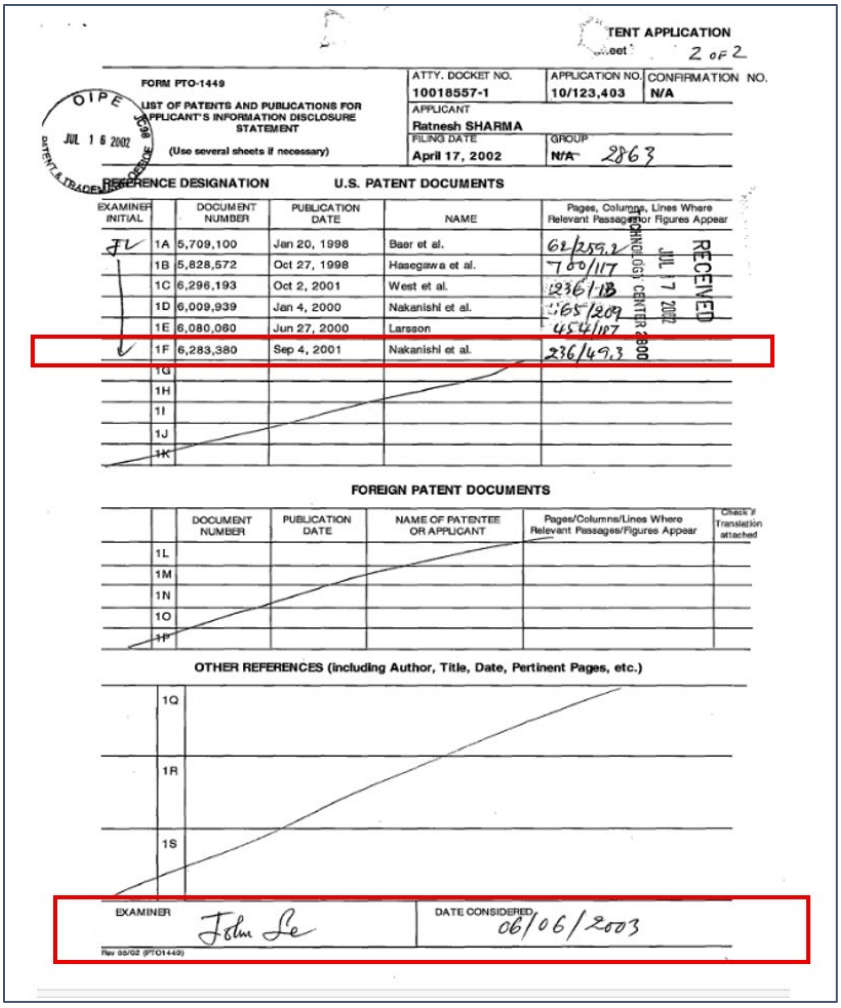
In this case, the Patent Office has already considered (and the claims were allowed over) the *Nakanishi* reference that forms the basis of Petitioner's Ground 1 and a part of the basis for Ground 3. Petitioner does not meaningfully assert—let alone meet its burden of proving—that the Office made any errors that were material to the patentability of the challenged claims. Therefore, in addition to the reasons above why the Director should deny institution under Section 314(a), the Director should additionally exercise her discretion to deny institution of the Petition under 35 U.S.C. §325(d).

### A. Part 1 of the *Advanced Bionics* Framework is Met Because the Same Art was Expressly Considered by the Office

Part 1 of the *Advanced Bionics* framework is met because *Nakanishi* was expressly considered by the Examiner during original prosecution in allowing the

claims of the '277 Patent. *See, e.g.*, *Ecto World, LLC v. RAI Strategic Holdings, Inc.*, IPR2024-01280, Paper 13, 4 (PTAB May 19, 2025) (granting director review) ("*Ecto World Director Review*"); *Fellowes, Inc. v. Treefrog Devs., Inc*., IPR2020-01509, Paper 11 at 7-9, 17-18 (PTAB Feb. 22, 2021) (finding *Advanced Bionics* factor one met because prior art reference was listed in IDS signed by the Examiner and it was cited in IDS and listed on the face of the patent) ("*Fellowes*"); *Sonos, Inc. v. Google, LLC,* IPR2021-00963, Paper 9, 9-11 (PTAB Nov. 9, 2021) (same) ("*Sonos"*); *Biocon Pharma, Ltd. v. Novartis Pharmaceuticals Corp.,* IPR2020-01263, Paper 12, 9 (PTAB Feb. 16, 2021) (finding art listed in an IDS signed by the Examiner meets *Advanced Bionics* factor 1).

Petitioner asserts that *Nakanishi* "was not substantively evaluated by the Examiner." Petition (Paper 1), 74. Not so. *Nakanishi* is printed on the face of the patent and was submitted by the Applicant during prosecution in an Information Disclosure Statement ("IDS"). EX1003, 298 (red boxes added).



TENT APPLICATION
Sheet 2 OF 2

FORM PTO-1449
LIST OF PATENTS AND PUBLICATIONS FOR APPLICANT'S INFORMATION DISCLOSURE STATEMENT
(Use several sheets if necessary)

OIPE JUL 16 2002 PATENT & TRADEMARK OFFICE

| ATTY. DOCKET NO. | APPLICATION NO. | CONFIRMATION NO. |
|---|---|---|
| 10018557-1 | 10/123,403 | N/A |

APPLICANT: Ratnesh SHARMA
FILING DATE: April 17, 2002
GROUP: ~~N/A~~ 2863

RECEIVED JUL 17 2002 TECHNOLOGY CENTER 2800

REFERENCE DESIGNATION — U.S. PATENT DOCUMENTS

| EXAMINER INITIAL | | DOCUMENT NUMBER | PUBLICATION DATE | NAME | Pages, Columns, Lines Where Relevant Passages or Figures Appear |
|---|---|---|---|---|---|
| JL | 1A | 5,709,100 | Jan 20, 1998 | Baer et al. | 62/259.2 |
| | 1B | 5,828,572 | Oct 27, 1998 | Hasegawa et al. | 700/117 |
| | 1C | 6,296,193 | Oct 2, 2001 | West et al. | 236/1B |
| | 1D | 6,009,939 | Jan 4, 2000 | Nakanishi et al. | 165/209 |
| | 1E | 6,080,060 | Jun 27, 2000 | Larsson | 454/107 |
| ✓ | 1F | 6,283,380 | Sep 4, 2001 | Nakanishi et al. | 236/49.3 |
| | 1G | | | | |
| | 1H | | | | |
| | 1I | | | | |
| | 1J | | | | |
| | 1K | | | | |

FOREIGN PATENT DOCUMENTS

| | DOCUMENT NUMBER | PUBLICATION DATE | NAME OF PATENTEE OR APPLICANT | Pages/Columns/Lines Where Relevant Passages/Figures Appear | Check if Translation attached |
|---|---|---|---|---|---|
| 1L | | | | | |
| 1M | | | | | |
| 1N | | | | | |
| 1O | | | | | |
| 1P | | | | | |

OTHER REFERENCES (including Author, Title, Date, Pertinent Pages, etc.)

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|---|---|
| 1Q | |
| 1R | |
| 1S | |

EXAMINER: John Le — DATE CONSIDERED: 06/06/2003

Rev 03/02 (PTO1449)

The Examiner reviewed the art within the IDS, which he indicated through initialing the IDS and drawing an arrow next to each reference considered, including *Nakanishi*, and signed and dated it "06/06/2003" in the "Date Considered" box. EX1003, 298 (signature, markings and "Date Considered" in the excerpt above). *Palo Alto Networks, Inc. v. Centripetal Networks, Inc.*, IPR2021-01155, Paper 12, 14 (PTAB Jan. 20, 2022) (finding "[t]he Examiner acknowledged having considered [a piece of art cited in an IDS] by signing the IDS").

"This alone is sufficient to satisfy the first part of the *Advanced Bionics* framework." *Ecto World Director Review,* IPR2024-01280, Paper 13, 3; *Advanced Bionics*, Paper 6, 7-8 ("Previously presented art includes art … provided to the Office by an applicant such as on an Information Disclosure Statement (IDS), in the prosecution history of the challenged patent."); *Google LLC v. Valtrus Innovations Ltd.*, IPR2022-01197, Paper 18, 15 (PTAB June 13, 2023) ("[P]roviding a document to the Office in an Information Disclosure Statement is sufficient to satisfy prong one of the *Advanced Bionics* analysis."). Because *Nakanishi* was submitted by the Applicant during prosecution, and was considered by the Examiner, the first part of the *Advanced Bionics* test is met.

### B. Petitioner Has Not Carried its Burden in Showing that Part 2 of the *Advanced Bionics* Framework is Met Because the Petitioner Does Not Articulate How the Office Erred in a Manner Material to the Patentability of the Challenged Claims

Petitioner's sole argument regarding the second prong of *Advanced Bionics* is that "[t]he Examiner erred by not substantively evaluating [*Nakanishi*]." Petition (Paper 1), 74. But this curt analysis is not sufficient to carry Petitioner's burden under part 2. Instead, a petitioner must provide an analysis under part 2 of the *Advanced Bionics* framework and explain how the Examiner erred "even when the asserted prior art is on an IDS, but the Examiner did not apply the reference." *Ecto World Director Review*, IPR2024-01280, Paper 13, 5.

The Director has recently clarified that, "[i]n that analysis, a petitioner must explain, with reference to *Becton Dickinson* factors (c), (e), and (f), how the Examiner erred in overlooking the prior art." *Id.* Petitioner has not done so. Instead, Petitioner has merely stated that the Examiner did not "substantively evaluat[e]" *Nakanishi*, and that Petitioner's expert believes that *Nakanishi* supposedly anticipates or renders obvious the '277 Patent. Petition (Paper 1), 74-75. Petitioner's single-sentence argument does not explain how the Examiner's review of *Nakanishi* was flawed in any way. *See Advanced Bionics,* IPR2019-01469, Paper 6, 21 ("Petitioner must demonstrate that the Examiner erred in the evaluation of the prior art, for example, by showing that the Examiner misapprehended or overlooked specific teachings in the relevant prior art such that the error by the Office was material to the patentability of the challenged claims."); *see also Becton, Dickinson*, IPR2017-01586, Paper 8, 17-18; *Sonos,* IPR2021-00963, Paper 9, 8; *Google*, IPR2022-01197, Paper 18, 23.

Petitioner's failure to examine how the Examiner erred, and more specifically in reference to *Becton, Dickinson* factors (c), (e), and (f) is fatal to Petitioner's argument. Without that examination, the Board is left only with Petitioner's say-so that the Examiner never reviewed *Nakanishi* (which is plainly contradicted by the Examiner's signature on the relevant IDS confirming that the Examiner reviewed

and considered the handful of identified references in allowing the claims of the '277 Patent) or how the Office erred in examining *Nakanishi*.

Moreover, in the "Reasons for Allowance," the Examiner explicitly found that "*none of the prior art of record* teaches or suggests" the claimed methods. EX1003, 335-37 (emphasis added). In other words, the Examiner confirmed that all of the cited references were actually considered—including *Nakanishi*—and that the claims were still allowable over those references. This is especially relevant here because for Ground 1, Petitioner asserts that *Nakanishi* anticipates claims 1-21 of the '277 Patent (*i.e.*, every challenged claim). But the Examiner already expressly considered this issue and determined that *Nakanishi* does not anticipate these claims (nor render them obvious alone or in combination).

Moreover, Patent Owner will show in its forthcoming Preliminary Response that the Office did not err in determining that *Nakanishi* neither anticipated nor rendered obvious the claims of the '277 Patent. Interim Processes FAQs 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.")

Accordingly, as the Office already examined the same art—including in the same way that Petitioner is seeking to use it here—and Petitioner has not put forth any argument supporting its contention that the Office erred in a manner material to

the patentability of the challenged claims, Patent Owner respectfully submits that institution is not worth expending the Board's finite resources and the Director should exercise her discretion to deny the Petition under Section 325(d) as well. *See, e.g.*, *Google*, IPR2022-01197, Paper 18, 28-29 (denying rehearing request as to certain grounds and denying institution under Section 325(d) as to certain grounds on remand); *see also* Interim Processes FAQs No. 9.

## V. Conclusion

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

Dated: June 13, 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 10,165 words, excluding the parts of the paper exempted by 37 C.F.R. §42.24(a).

Dated: June 13, 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 June 13, 2025, via electronic mail upon counsel of record for Petitioner at the following email addresses:

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Dated: June 13, 2025

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