

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner,

v.
TOUTVIRTUAL, INC.,
Patent Owner.

Case IPR2026-00296
U.S. Patent No. 10,810,050

PATENT OWNER'S PRELIMINARY SUR-REPLY

Discretionary denial is warranted under *Revvo* and *Tesla* because Microsoft has not satisfactorily explained why it should be permitted to advance inconsistent claim construction positions between the PTAB and district court, and its promises and stipulations are too late to cure its inconsistent actions. Strong settled expectations and no prosecution error further confirm discretionary denial.

I. Microsoft's Promise to Withdraw Its Inconsistent Claim Construction Positions Is Late and Ineffective

Microsoft's promise to withdraw its indefiniteness arguments before the district court is too late. *Ford Motor Co. v. Autoconnect Holdings, LLC*, IPR2025-01342, Paper 27 at 3 (Director May 12, 2026).

In *Ford Motor Co.*, the petitioner argued for “a ‘plain and ordinary meaning’ for claim terms in the Petitions, but recently served invalidity contentions in the related district court proceedings that argued all the challenged claims are indefinite.” *Id.* at 2. Microsoft likewise acknowledges that it identified “certain claim phrases as being indefinite” only “[a]fter the IPR petition was filed.” Paper 13 (“Reply”), 1. Because Microsoft did not attempt to explain why its inconsistent positions were warranted until ToutVirtual “brought those actions to the Office’s attention,” its belated promise to withdraw those arguments “is insufficient.” *Ford Motor Co.* at 3 (vacating institution). Even if Microsoft’s promise to withdraw its indefiniteness arguments were timely, promises along the lines of Microsoft’s withdrawal email should be accorded very little weight unless and until the petitioner

makes good on that promise. In *Hafeman v. Google LLC*, the Federal Circuit confirmed that patent owners have no recourse at the Board for violated “stipulations.” No. 24-1600, Dkt. 87 at 12-13 (Fed. Cir. June 5, 2026) (determining that violations of stipulations offered to support institution are unreviewable under 314(a)). Party “stipulations” should be effectuated before the Office credits them.

Microsoft's Reply also presents a new “stipulation,” “using the same constructions according to the plain and ordinary meaning standard in this IPR proceeding and the Litigation.” Reply, 2. Although Microsoft suggests that this stipulation tracks the stipulation in *Caption Health, Inc. v. The University of British Columbia*, IPR2025-01422, Paper 15, 3 (P.T.A.B. Dec. 18, 2025), it does not. In *Caption Health*, the petitioner consented to construe claims before the PTAB according to the same construction it “proposed in district court.” *Id.* In this case, Microsoft has not made any representations about the plain and ordinary meaning of the '050 Patent's terms in the district court that could be applied here.

II. Microsoft's Different Construction Positions Cannot be Reconciled

Microsoft's indefiniteness contentions in district court cannot be reconciled with its Petition's express constructions. Paper 12 (“POPR”), 16-18. Microsoft's justification as to its inconsistent positions between the two forums fails under *Tesla* and *Ford Motor Co.*

Microsoft tries to justify its indefiniteness position by alleging that the “range” of the claims makes the “outer bounds” unclear, but that is untrue. Reply, 1-2. None of the claim limitations alleged to be indefinite prescribe a range; instead, they recite fixed structure and function. POPR, 17 (depicting the limitations). Notably, Microsoft only addresses the “matches the parameters” limitation ([1.5]) and how it allegedly fits within the *Tesla* framework. Reply, 1-2 (“60% or 100% matching” range). But Microsoft’s Petition construes “matching” to have a fixed scope: “an **exact** match.” Pet., 6 (emphasis added). The Petition thus rejects Microsoft’s post-hoc “range of parameter” argument here. Reply, 1-2. Additionally, Microsoft’s indefiniteness contentions are broader than this one limitation discussed. POPR, 17. Cherry-picking a single limitation for discussion when “Petitioner’s indefiniteness contentions are broader” is facially insufficient to show that its positions are consistent. *Ford Motor Co.*, Paper 27, 3.

III. Strong Settled Expectations and No Prosecution Error Further Confirm Discretionary Denial

Strong settled expectations and the absence of prosecution error further reinforce discretionary denial and leave Microsoft’s inconsistent positions without excuse. Paper 8 (“DDR”), 7-20; Reply, 3-5.

Settled expectations are strong. In the DDR, ToutVirtual demonstrates strong settled expectations because, *inter alia*, of ToutVirtual’s VirtualIQ (which exemplified the unified virtualization management claimed features) and its

resolution of industry need and praise from Microsoft itself. DDR, 9-12; Ex. 2002 (“Pabari Decl.”), ¶¶6-12.¹ Microsoft’s economic-contribution argument **ignores** that ToutVirtual introduced unified virtualization management that spurred Microsoft’s praise of, and partnership with, ToutVirtual. Pabari Decl., ¶¶10-12; Reply, 4-5. ToutVirtual’s claimed invention contributed to US innovation, and Microsoft was its beneficiary. The IPR does not shield Microsoft from liability here. *Magnolia Medical Tech., Inc. v. Kurin, Inc.*, IPR2026-00097, Paper 17 at 6 (Director May 14, 2026) (precedential) (an IPR does not shield a petitioner from infringement liability).

The prosecution record also reveals no error. In the DDR, ToutVirtual shows no prosecution error given Microsoft’s claim construction (Khandekar), the Hirschfeld deficiency, and the amendment’s corresponding structure clarification (Pabari). DDR, 13-20; §IV, *infra*.² Microsoft did not respond to ToutVirtual’s §325(d) no error showing. Paper 11 (“Opp.”), 20. Its silence is acquiescence. Microsoft’s argument here is simply a “general disagreement with the patent

¹ The Pabari Decl. ties VirtualIQ to the claimed features and cites Microsoft employees’ praise, which Microsoft sought to strike and when denied (Ex. 3101) mischaracterized these very points. *Compare* Opp., 17-18 *with* Pabari Decl., ¶¶6-12.

² Microsoft references Vasilevsky (Reply, 4), but the independent grounds (1A, 1B, 2A, and 3) do not rely on Vasilevsky. POPR, 8 (citing Pet. at 1-2).

examiner's position" refuted by ToutVirtual's §325(d) argument. *Microsoft Corp. v. Sandpiper CDN, LLC*, IPR2026-00190, Paper 13 at 3 (Director May 15, 2026).

IV. The "Processor" Is the "Control Center Computer's" Processor—As Understood by a POSITA

As a preliminary matter, Microsoft's *intentionality argument* exceeds the authorized scope of briefing and should not be considered. Ex. 3001, 4; Reply, 5. Nonetheless, ToutVirtual does not rely on Applicant intent. Reply, 5. ToutVirtual relies on a POSITA's understanding in view of the prosecution record. POPR, 18-23 (citing Ex. 1003). Microsoft's expert, Dr. Mitzenmacher, states that: "a POSITA would [] have understood the 'apparatus' of original claim 9 to *correspond to the Control Center computer, and the 'processor' to be an element of the Control Center computer.*" Ex. 1003, ¶73 (emphasis added); ¶67 (original claim 9 did *not* recite the "control center computer"). Thus, when original claim 9 was rejected for lacking corresponding structure (Ex. 1002, 179-80), the amendment recited the "control center computer" as the structure. *Id.*, 164. The amendment thereby made express what a POSITA already understood: the processor to be an element of the control center computer. Ex. 1003, ¶73; POPR, 19. Microsoft's own expert thus confirms that "the processor" *is* the "control center computer's." POPR, 21.

V. Conclusion

The Director should exercise discretion and deny institution.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies, in accordance with 37 C.F.R. § 42.6(e), service was made on Petitioner as detailed below.

<i>Date of service</i>	July 17, 2026
<i>Manner of service</i>	Electronic Mail (IPR42342-0155IP1@fr.com)
<i>Documents served</i>	PATENT OWNER'S PRELIMINARY SUR-REPLY
<i>Persons Served</i>	Fish & Richardson P.C.: W. Karl Renner Usman Khan David Holt Ryan Chowdhury

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