UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO., LTD.,
Petitioner,

v.

CARDWARE INC.,
Patent Owner.

Case PGR2023-00012
Patent 11,328,286

PETITIONER'S REPLY TO
PATENT OWNER'S PRELIMINARY RESPONSE

EXHIBITS

SAMSUNG-1001	U.S. Patent No. 11,328,286 to Wyatt ("the '286 patent")
SAMSUNG-1002	Excerpts from the Prosecution History of the '286 patent ("the Prosecution History")
SAMSUNG-1003	Declaration and Curriculum Vitae of Dr. Michael Shamos
SAMSUNG-1004	U.S. Pub. No. 2013/0232083 ("Smith")
SAMSUNG-1005	U.S. Pub. No. 2013/0166441 ("Kobylkin")
SAMSUNG-1006	U.S. Pub. No. 2005/0043997 ("Sahota")
SAMSUNG-1007	PCT Pub. No. 2012/154915 ("Mullen")
SAMSUNG-1008	U.S. Pub. No. 2011/0078031 ("Mardikar")
SAMSUNG-1009	U.S. Pub. No. 2011/0173121 ("Kawan")
SAMSUNG-1010	U.S. Pub. No. 2011/0112918 ("Mestre")
SAMSUNG-1011	U.S. Pub. No. 2009/0291634 ("Saarisalo")
SAMSUNG-1012	U.S. Prov. No. 61/794,891 ("the '286 provisional")
SAMSUNG-1013	U.S. Pub. No. 2007/0045403 ("Slonecker")
SAMSUNG-1014	U.S. Pub. No. 2008/0302876 ("Mullen-876")
SAMSUNG-1015	PCT Pub. No. 2010/037218 ("Moosavi")
SAMSUNG-1016	U.S. Pub. No. 2011/0173060 ("Gallagher")
SAMSUNG-1017	U.S. Patent No. 9,600,808 ("Gomez")

SAMSUNG-1018	PCI Data Security Standard (PCI DSS) Version 2.0 January 2013
SAMSUNG-1019	Payment Card Industry (PCI) Data Security Standard Navigating PCI DSS Version 2.0 October 2010
SAMSUNG-1020	Kadambi et al., Near-Field Communication-Based Secure Mobile Payment Service, ACM Proceedings of the 11th International Conference on Electronic Commerce in August 2009 ("Kadambi")

SAMSUNG-1021—1099 [RESERVED]

SAMSUNG-1100	Complaint for Patent Infringement, Cardware Inc. v. Samsung Electronics Co., Ltd. et al., Case No. 2:22-cv-00141 (E.D. Tex. May 11, 2022)
SAMSUNG-1101	Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (June 21, 2022)
SAMSUNG-1102	Exhibit E to CardWare Inc.'s P.R. 3-1 Disclosure of Asserted Claims and Infringement Contentions, Cardware Inc. v. Samsung Electronics Co., Ltd. et al., Case No. 2:22-cv-00141 (E.D. Tex. (Sept. 8, 2022)
SAMSUNG-1103	United States District Courts National Judicial Caseload Profile, available at https://www.uscourts.gov/sites/default/files/fcms_na_distprofile0630.2022_0.pdf (retrieved November 11, 2022)
SAMSUNG-1104	Sample Docket Control Order for Patent Cases, Cardware Inc. v. Samsung Electronics Co., Ltd. et al., Case No. 2:22-cv-00141 (E.D. Tex.)
SAMSUNG-1105	Plaintiff CardWare Inc's Disclosure of Asserted Claims and Infringement Contentions, Cardware Inc. v. Samsung Electronics Co., Ltd. et al., Case No. 2:22-cv-00141 (E.D. Tex. (Sept. 8, 2022)

SAMSUNG-1106	Board Email Authorizing Petitioner's Reply to Preliminary Response and Patent Owner's Sur-Reply to Petitioner's Reply to Preliminary Response (June 2, 2023)
SAMSUNG-1107	Order Denying Motion to Stay, *Cardware Inc. v. Samsung Electronics Co., Ltd. et al.*, Case No. 2:22-cv-00141 (E.D. Tex.) (Feb. 16, 2023)
SAMSUNG-1108	Memorandum Order Denying Motion to Transfer, *Cardware Inc. v. Samsung Electronics Co., Ltd. et al.*, Case No. 2:22-cv-00141 (E.D. Tex.) (April 8, 2023)
SAMSUNG-1109	United States District Courts National Judicial Caseload Profile (March 2023 Reporting Period), *available at* https://www.uscourts.gov/sites/default/files/data_tables/fcms_na_distprofile0331.2023.pdf (retrieved May 17, 2023)
SAMSUNG-1110	Samsung's Updated *Fintiv* Stipulation in *Cardware Inc. v. Samsung Electronics Co., Ltd. et al.*, Case No. 2:22-cv-00141 (E.D. Tex.) (April 18, 2023)
SAMSUNG-1111	Patent Owner's Preliminary Response (IPR2023-00314)
SAMSUNG-1112	CardWare's Preliminary Election of Asserted Claims, *Cardware Inc. v. Samsung Electronics Co., Ltd. et al.*, Case No. 2:22-cv-00141 (E.D. Tex.) (June 2, 2023)
SAMSUNG-1113	Order Denying Motion to Transfer, *Cardware Inc. v. Samsung Electronics Co., Ltd. et al.*, Case No. 2:22-cv-00141 (E.D. Tex.) (May 28, 2023)
SAMSUNG-1114	Email Exchange Regarding Scope of Petitioner's Updated Stipulation (May 1, 2023 and May 9, 2023)

I. PO's Alleged Provisional Support for Claims 3 and 15 is Deficient

The Petition identified multiple features in claims 3, 5-6, 12, 15, and 20 of the '286 Patent that lack written description support in the pre-AIA provisional application (EX1012). Pet., 1-6. It is undisputed that the '286 Patent is eligible for PGR if ***any one*** of these claim features is missing from the provisional.[1] The POPR attempts to counter the Petition's showing in this regard, but to no avail. Petitioner highlights deficiencies in support for claims 3 and 15 below. EX1106.

Starting with ***claim 15***, the POPR was unable to identify a single mention of a "card ***issuing*** authority" in the provisional. Nor could it. PO instead relies on disclosure of a "***processing facility***" and contends that "a card issuing authority would also qualify as a card processing facility." POPR, 25. But this is entirely inconsistent with PO's attempt to distinguish the Smith prior art in IPR2023-00314, where it argued that Smith's service provider—which is also a "processing facility" under the rubric offered by PO's declarant (Dr. Easttom) (*see* EX2007, ¶¶41-44)—is not a card issuer. EX1111, 43-44. The evidence in IPR2023-00314

[1] The '286 Patent is also PGR eligible if any application ***in its priority chain*** contains, or contained at any time, a claim that lacks support in the provisional. Petitioner and Dr. Shamos addressed such lack of support for claims of the parent '820 patent in IPR2023-00314, Pap. 2, p. 2, FN1 and EX1003, ¶¶24-26.

shows that Smith's service provider can be an issuer in certain embodiments and circumstances unique to Smith, but it does not follow that the provisional's "processing facility" conveys possession of a "card issuing authority" here.

Regarding ***claim 3***, PO's contention that the provisional supports a "touch-screen" user interface is inconsistent with express disclosures in the provisional itself. PO identifies no actual "touch-screen" in the provisional; it instead points to a "touch sensor array" (TSA) and an entirely separate "display" of the credit card device. Indeed, the provisional repeatedly and consistently treats the "display" separately from the TSA. EX1012, ¶¶0013, 0016; EX1003, ¶34. The sole figure in the provisional (p. 19), for example, shows the display and TSA as separate components individually communicating with the microprocessor and memory. EX1012, 19. Provisional claim 4 likewise refers to touch sensors "along the surface" of the device rather than part of the display. The POPR (p. 15) splices a quote from ¶0016 that the "display can be used to ask a user a security question if an improper password is entered." EX1012, ¶0016. But neither PO nor Dr. Easttom acknowledge that the very next sentence explains how "the user would need to respond correctly ***using the input buttons*** on the card"—i.e., not using any "touch-screen." *Id.* This is confirmed by provisional ¶0013, which describes "touch sensors" that a user can "press" to perform functions such as "wake up" or "put the card to sleep" that are not associated with any disclosed functions of the "display."

Dr. Easttom contends that "a touch screen is a specific implementation of a touch sensor" such that disclosure of a "touch sensor" supports disclosure of a "touch screen." EX2007, ¶21. But the provisional is devoid of any "blaze marks" indicating that disclosure of a "touch sensor" in the context of this provisional conveys possession of a more specific "touch screen" embodiment. *Novozymes A/S v. Dupont Nutrition Biosciences APS*, 723 F.3d 1336, 1346 (Fed. Cir. 2013). To the contrary, the provisional specifically ***distinguishes*** the display from the touch sensors. PO turns a blind eye to this fact in advancing arguments that are self-evidently and improperly rooted in obviousness. *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1571-72 (Fed. Cir. 1997) ("Entitlement to a filing date does not extend to subject matter which is not disclosed, but would be obvious …").

Even apart from gaps in the provisional's support for a "touch-screen," PO's arguments reveal an additional gap in claim 3's requirement for the UI to be "operable to enable and disable NFC payment transactions by the card device." Dr. Easttom cites provisional claim 4's disclosure of touch sensors that may "confirm/deny transaction information" as support for this feature, but no evidence at all addresses how disclosure of a "confirm/deny" operation would somehow imply possession of an "enable and disable" operation, let alone in the specific context of enabling/disabling "NFC payment transactions." EX2007, ¶34.

II. Developments Related to the E.D. Texas Litigation Since Petition Filing

In the nearly five months since the Petition was filed on January 20, 2023, circumstances related to the co-pending litigation in E.D. Texas (2:22-cv-00141) have developed that bear on evaluation of the *Fintiv* factors. PO recently dropped challenged claims 1-19 from the litigation, thereby leaving the PTAB as the only tribunal in which the validity of these claims would be assessed if PGR is instituted. EX1112. Petitioner also moved to stay the litigation on Feb. 1, 2023. The motion was denied as premature, but the denial was without prejudice and the motion may be renewed after institution. EX1107. Petitioner's motion to transfer the litigation to N.D. Cal. was denied. EX1108; EX1113. Further, the median time-to-trial in E.D. Texas decreased to 19.0 months. EX1109, 35.

In view of certain ones of these developments and the current posture of the litigation, Petitioner served PO with a new stipulation providing that, if this PGR is instituted, Petitioner will not pursue an invalidity defense in E.D. Texas with respect to the claims of the '286 Patent in the instituted PGR based on (i) any of the same grounds in the instituted PGR or (ii) any prior art reference that forms the basis of any ground in the instituted PGR. EX1110; *see also* EX1106; IPR2021-00545, Pap. 11 at 8-9 (PTAB Sept. 8, 2021). Petitioner confirms that this stipulation covers references that have the same (or substantially the same) disclosure but are not part of the grounds in the Petition. EX1114.

III. The *Fintiv* Factors Strongly Favor Institution on the Merits

Regarding **Factor 1**, Petitioner maintains all rights to move for a stay of the E.D. Texas litigation at a later time. Petitioner's earlier motion to stay was not considered on the merits. It was rather denied as premature, without prejudice. EX1107. This factor remains, at worst, neutral. IPR2019-01393, Pap. 24 at 7.

Regarding **Factors 2** and **4**, the POPR arguments with respect to these factors and the recent decrease in median time-to-trial in E.D. Texas are negated by differences in the claims at issue in each proceeding and by Petitioner's strengthened stipulation. EX1110. The Petition challenges all claims 1-27 of the '286 Patent, but PO recently dropped claims 1-19 from the litigation. The PTAB thus remains the only forum that would assess validity of claims 1-19. EX1112.

The scheduled trial date in E.D. Texas is set to commence no sooner than February 2024, i.e., about six months before the projected FWD deadline in this PGR (August 2024). EX1104. The scheduled trial date is already later than the median time-to-trial and should be used for *Fintiv* evaluation. IPR2022-01304, Pap. 11 at 11 (PTAB Mar. 22, 2023) ("Director's Memo does not state that median time-to-trial statistics … otherwise replace consideration of a trial date …").

The Board has consistently found stipulations scoped similarly to Petitioner's updated stipulation here compelling to justify institution with similar (and often even larger) gaps between the scheduled trial date and the projected

FWD deadline. Indeed, Petitioner's updated stipulation is modeled after the stipulation offered in IPR2022-00079, which the Board expressly found "mitigates any concerns of duplicative efforts between the district court and the Board"—despite an even larger 8-9 month gap there. IPR2022-00079, Pap. 9 at 11-13 (PTAB May 25, 2022); *see also*, IPR2020-00859, Pap. 13 at 14-16 (PTAB Nov. 5, 2020) ("weigh[s] strongly against exercising discretion"); IPR2021-01306, Pap. 10 at 10-11 (PTAB Jan. 7, 2022) ("alleviates concerns"). Petitioner's updated stipulation in fact leaves only meaningfully different prior art for use in E.D. Tex. (e.g., Hathaway, Google Wallet, Royyuru-545).

Regarding **Factor 3,** Petitioner's undisputed diligence in filing the Petition just about four months after PO's service of preliminary infringement contentions and identification of more than 100 asserted claims favors institution. *See* Pet., 90; IPR2022-00079, Pap. 9 at 11, IPR2021-01306, Pap. 10 at 8-10.

Regarding **Factors 5** and **6**, the former is neutral while the latter strongly favors institution based on compelling merits, unshaken by the POPR. Pet., 90. [2]

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[2] The POPR's citation to the institution denial in *Ericsson*, IPR2022-01233 (Pap. 12) is inapt. Unlike the present case, trial there was "imminent," the petitioner delayed filing for nearly 9 months from receipt of infringement contentions, and the parties' litigation investment was far greater at institution than it will be here.

Respectfully submitted,

Dated 06/09/2023

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CERTIFICATE OF SERVICE

Pursuant to 37 CFR §§ 42.6(e)(4) and 42.205(b), the undersigned certifies that on June 9, 2023, a complete and entire copy of this Petitioner's Reply to Patent Owner's Preliminary Response and accompanying exhibits were provided by email to the Patent Owner by serving the correspondence address of record as follows:

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