Paper No.: 5
Filed: August 8, 2024

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BESTWAY (USA), INC.
Petitioner

v.

INTEX MARKETING LTD.
Patent Owner

PGR2024-00036
U.S. Patent No. 11,959,512 B2

PATENT OWNER'S PRELIMINARY RESPONSE

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TABLE OF EXHIBITS

Exhibit	Description
2001	Statutory Disclaimer

Pursuant to 37 C.F.R. § 42.207, Intex Marketing Ltd. (hereinafter, "Intex" or "Patent Owner") submits the following Patent Owner Preliminary Response.

I. INTRODUCTION

Petitioner, Bestway (USA), Inc. ("Bestway" or "Petitioner"), filed a Petition for Post-Grant Review of claims 1-24 (the "Challenged Claims") of U.S. Patent No. 11,959,512 (the "'512 Patent," Ex. 1001) on June 15, 2024. *See* Paper No. 2 ("Petition"). While Intex strongly disagrees with the merits of Bestway's contentions, Intex has statutorily disclaimed claims 1-24 pursuant to 35 U.S.C. § 253(a) to conserve the resources of the parties and the Board. (*See* Ex. 2001.)[1] Intex therefore respectfully requests that the Board deny the Petition consistent with the Board's binding precedent and, to be clear, not construe the disclaimer as a request for adverse judgment.

[1] The statutory disclaimer is not an admission or concession regarding any of Bestway's contentions in its Petition. *See Raytheon Tech. Corp. v. General Electric Co.*, 993 F.3d 1374, 1379 n.4 (Fed. Cir. 2021) (citation omitted) (a "disclaimer does not legally constitute 'an admission that the subject of the disclaimer appears in the prior art.'").

II. BACKGROUND

On July 6, 2023, Intex sent a letter (the "Letter") to Bestway in an attempt to amicably resolve a patent dispute. In the Letter, Intex notified Bestway that Bestway's Click Connect™ pool products infringed certain claims of Intex's U.S. Patent No. 11,692,572 (the "'572 Patent"), U.S. Patent No. 11,692,573 (the "'573 Patent"), and U.S. Patent No. 11,459,781 (the "'781 Patent"). (*See* Letter.) Bestway responded and disputed those allegations. Although Intex has not yet filed a lawsuit with respect to these patents, Intex continues to consider its options as Bestway continues to willfully infringe this valuable intellectual property.

On April 16, 2024, the '512 Patent issued. (*See* '512 Patent, code (45).) The '512 Patent is a continuation of the '573 Patent, which is a continuation of the '572 Patent. (*Id.* at code (63).) But Intex has never asserted nor threatened to assert any claim of the '512 Patent against Bestway. Nevertheless, Bestway filed this Petition challenging the validity of every claim in the unasserted '512 Patent. *See* Paper No. 2.

Meanwhile, Intex continues to prosecute applications related to the '512 Patent. On March 28, 2024, Intex filed non-provisional U.S. Application No. 18/620,078, which published as U.S. Publication No. 2024/0247670 and is a continuation of the '512 Patent. This application remains pending before the Patent Office.

III. ARGUMENT

A. The Challenged Claims Have Been Disclaimed So the Petition Should Be Denied Pursuant to Binding Precedent

Board rules are clear and unmistakable: "No post-grant review will be instituted based on disclaimed claims." 37 C.F.R. § 42.207(e). This makes sense because "[d]isclaimed claims are treated as if they never existed." *Raytheon*, 993 F.3d at 1379 n.4. Indeed, addressing the *inter partes* review counter-part regulation (37 C.F.R. § 42.107(e)), the Board has issued **binding precedent** that precludes institution of a review proceeding where all challenged claims are disclaimed pre-institution. *Gen. Elec. Co. v. United Techs. Corp.*, IPR2017-00491, Paper 9 at 2-3 (PTAB July 6, 2017) (precedential) ("Because all claims challenged by GE have been disclaimed under 35 U.S.C. § 253(a) in compliance with 37 C.F.R. § 1.321(a), no *inter partes* review is instituted in this proceeding." (citing 37 C.F.R. § 42.107(e))). Consistent with this clear authority, Bestway's Petition should be denied because the Challenged Claims have all been disclaimed. (*See* Ex. 2001.)

The facts and issues here are strikingly similar to those in the Board's precedential decision in *General Electric*. *See Gen. Elec.*, IPR2017-00491, Paper 9 at 2-3 (precedential). In that case, General Electric filed a petition for *inter partes* review, challenging claims 1-17 of U.S. Patent No. 8,517,668. *Id.* The patent owners filed statutory disclaimers that disclaimed claims 1-17 and notified the Board in their POPR. *Id.* The Board noted that "[u]nder 37 C.F.R. § 42.107(e), 'patent owner may

file a statutory disclaimer under 35 U.S.C. 253(a) in compliance with § 1.321(a) of this chapter, disclaiming one or more claims in the patent' and '[n]o *inter partes* review will be instituted based on disclaimed claims.'" *Id.* at 2. After verifying the statutory disclaimers satisfied 37 C.F.R. § 1.321(a), the Board concluded that "[b]ecause all claims challenged by GE have been disclaimed under 35 U.S.C. § 253(a) in compliance with 37 C.F.R. § 1.321(a), no *inter partes* review is instituted in this proceeding." *Id.* at 3 (citing 37 C.F.R. § 42.107(e)). As a result, the Board did not enter adverse judgment. *Id.*

Indeed, since the Board's precedential decision in *General Electric*, the Board has taken this same approach time and time again. *See, e.g., Kymera Therapeutics, Inc. v. Dana-Farber Cancer Inst., Inc.*, PGR2021-00115, Paper 13 (Mar. 2, 2022) (denying institution without adverse judgment where all challenged claims were disclaimed pre-institution); *Google LLC v. Jenam Tech LLC*, PGR2021-00082, Paper 8 (Nov. 17, 2021) (denying institution based on disclaimer and declining petitioner's request to file additional briefing regarding adverse judgment); *Cisco Sys., Inc. v. SecurityProfiling, LLC*, IPR2021-01428, Paper 13 (Mar. 14, 2021) (denying institution without adverse judgment where all challenged claims were disclaimed pre-institution); *General Elec. Co. v. United Techs. Corp.*, IPR2019-01489, Paper 11 at 4–5 (Dec. 10, 2019) (denying institution based on disclaimer and declining authorization to file motion for adverse judgment); *Rekor Systems Inc. v.*

Vigilant Solutions, LLC, IPR2020-01584, Paper 9 at 5-6 (Dec. 23, 2020) (denying institution without adverse judgment where all challenged claims were disclaimed pre-institution); *Am. Honda Motor Co., Inc. v. Intellectual Ventures II LLC*, Case IPR2018-00350, Paper 12 at 4-5 (June 21, 2018) (same).

Moreover, the Board rendered these decisions while acknowledging, but declining to exercise, its discretion to enter adverse judgment when a patent owner cancels claims prior to institution pursuant to *Arthrex, Inc. v. Smith & Nephew, Inc*., 880 F.3d 1345, 1350 (Fed. Cir. 2018). *See Kymera*, PGR2021-00115, Paper 13, at 3 ("However, we do not read *Arthrex* or Rule 42.73(b) as requiring us to enter adverse judgment in this context. Here, consistent with Rule 42.207(e) and the Board's precedential *General Electric* decision, we determine that a denial of institution is sufficient to dispose of this case."); *Cisco*, IPR2021-01428, Paper 13, at 6 ("we read *Arthrex* as permitting, but not requiring, adverse judgment when a patent owner cancels all claims at issue prior to institution"); *Google*, PGR2021-00082, Paper 8, at 2 n.1 ("Because nothing in *Arthrex* compels entry of an adverse judgment in this case, we determine that no further briefing on the adverse-judgment issue is necessary.").

Given the substantially similar issues and facts, the Board should likewise deny Bestway's Petition and not enter adverse judgment. *See also* 37 C.F.R. § 42.72 ("The Board may terminate a trial without rendering a final written decision, where

appropriate . . . ."); Consolidated Trial Practice Guide, November 2019 ("Practice Guide") at 52 ("Where no challenged claims remain, the Board would terminate the proceeding."). Indeed, respectfully, the Board is bound to do so. *See* SOP 2 at 7 ("A precedential decision is binding Board authority in subsequent matters involving similar facts or issues.").

B. Intex's Disclaimer Should Not Be Considered a Request for Adverse Judgment

Even if the Board could construe Intex's disclaimer as a request for adverse judgment, good cause exists for not doing so in this case under the Board's discretion. *See* 35 U.S.C. § 324(a).

One of the primary goals of the Patent Office in overseeing AIA proceedings is to conduct those proceedings in an "efficient manner." *See* Practice Guide, at 2; *accord id.* at 5 ("the AIA requires that the Office consider the effect of the regulations on the economy" and "efficient administration of the Office"); *id.* at 35 ("The rules governing the conduct of AIA trial proceedings were designed to promote fairness and efficiency."); 35 U.S.C. § 326(b) (requiring the Director to "consider the effect of any such regulation [under this section] on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter."). Intex filed a disclaimer of the Challenged Claims for just this purpose—to efficiently

resolve this proceeding and conserve resources. To enter an adverse judgment against Intex in these circumstances would be contrary to this purpose, as it would incentivize parties to oppose any and all AIA petitions through a Final Written Decision to avoid adverse judgment, while conversely dis-incentivizing parties from resolving disputes efficiently through disclaimer. Respectfully, the Board should not create such incentives by issuing an adverse judgment against Intex here.

As a result, given the circumstances, the Board should exercise its discretion and deny the Petition. *Cf. Apple Inc. v. Fintiv Inc.*, Case IPR2020-00019, Paper 15, at 17 (May 13, 2020) (informative) (exercising discretion to deny institution where "instituting a trial would be an inefficient use of Board resources").

IV. CONCLUSION

For the foregoing reasons, the Petition to institute post-grant review of claims 1-24 of the '512 Patent should be denied and no adverse judgment entered.

Date: August 8, 2024

Faegre Drinker Biddle & Reath LLP

By: /R. Trevor Carter/
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TYPE-VOLUME CERTIFICATION

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that this Preliminary Response complies with the type-volume limitation of 37 C.F.R. § 42.24(b)(1). This Preliminary Response contains 1,486 words, excluding the parts of the Preliminary Response exempted by 37 C.F.R. § 42.24(b), as calculated by the word-processing system used in its preparation.

Dated: August 8, 2024

/R. Trevor Carter/
R. Trevor Carter
Reg. No. 40,549

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on August 8, 2024, a true and accurate copy of Patent Owner's Preliminary Response was served on counsel for Petitioner via email, as follows:

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Dated: August 8, 2024

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