

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BESTWAY (USA), INC.

Petitioner,

v.

INTEX MARKETING LTD.

Patent Owner.

Case No. PGR2024-00036

U.S. Patent No. 11,959,512

PETITIONER'S PRELIMINARY REPLY
(Per Board Authorization, EX3001)

I. INTRODUCTION

On August 8, 2024, Patent Owner Intex Marketing Ltd. (“Patent Owner”) filed its preliminary response to Bestway (USA), Inc.’s (“Petitioner”) Petition against all claims of U.S. Patent No. 11,959,512 (“the ‘512 Patent”). Paper 5. In its preliminary response, Patent Owner informed the Board that it disclaimed all claims and requested that institution be denied without issuing an adverse judgement.

In view of Patent Owner’s complete disclaimer, Petitioner agrees that post-grant review should not be instituted. 37 C.F.R. § 42.207; *General Electric Co. v. United Techs. Corp.*, IPR2017-00491, Paper 9 at 2-3 (PTAB July 6, 2017) (precedential). The only remaining dispute is whether the Board should terminate this proceeding by entering judgment against Patent Owner thereby triggering the patent owner estoppel provision (37 C.F.R. § 42.73(d)(3)), or simply denying institution without adverse judgment. The Board authorized this Reply to address the issue in an email dated August 13, 2024. (EX3001)

The Board should enter adverse judgment against Patent Owner, as it has done in several past proceedings. That is the legally sound and just result under the circumstances presented here. The ‘512 Patent is part of a patent family that includes not only other issued patents, but also pending continuation applications. The only apparent reason Patent Owner opposes entry of adverse judgment is to avoid the estoppel provision that would prevent Patent Owner from obtaining another patent

with claims that are patentably indistinct from the ‘512 Patent, or enforcing other issued patents with patentably indistinct claims. If Patent Owner wished to fight for the patentability of claims 1-24 of the ‘512 Patent (and by extension claims that are patentably indistinct from these claims), this proceeding was the time and place to do so.

II. THE BOARD HAS DISCRETION TO ENTER ADVERSE JUDGMENT

Rule 42.73(b) specifies that “[a] party may request judgment against itself at any time during a proceeding” by submitting a “[d]isclaimer of the involved application or patent” or a “disclaimer of a claim such that the party has no remaining claim in the trial.” 37 C.F.R. § 42.73(b)(1)-(2). By filing its statutory disclaimer, Patent Owner requested an adverse judgment pursuant to Rule 42.73(b). Patent Owner’s request that its statutory disclaimer not be considered a request for adverse judgment is irrelevant. *See Arthrex, Inc. v. Smith & Nephew, Inc.*, 880 F.3d 1345, 1349 (Fed. Cir. 2018) (“The application of [Rule 42.73(b)] on its face does not turn on the patentee’s characterization of its own request, and such a construction would make no sense. If the Board’s authority to enter an adverse judgment depended on whether the patent owner requested an adverse judgment, a patent owner could always avoid an adverse judgment by simply stating that it is not requesting one.”).

When a patent owner disclaims all claims subject to post-grant review, the Board has discretion to enter adverse judgment. *Arthrex*, 880 F.3d at 1350 (“37

C.F.R. § 42.73(b) permits the Board to enter an adverse judgment when a patent owner cancels all claims at issue after an IPR petition has been filed, but before an institution decision.”)

The entry of adverse judgment comports with the Board’s broad authority to “enter any appropriate order.” 37 C.F.R. § 42.71(a). As discussed below, entry of adverse judgment against the Patent Owner is not only “appropriate” under the circumstances, it is the only way to terminate this proceeding in a manner that furthers the judicial efficiency goals that post-grant review was designed to achieve.

III. ENTERING ADVERSE JUDGMENT IS EQUITABLE IN THIS CASE

The ‘512 Patent is part of a patent family that includes two other issued patents and one pending continuation application. One of the patents in this family (U.S. Patent No. 11,692,573, “the ‘573 Patent”) bears a striking resemblance to the ‘512 Patent subject to this PGR, including an identical limitation that is the heart of the claims of both patents: “wherein a width of the vertical joint portion accounts for at least 50% of a width between the pins of the first and second coupling assemblies.” Patent Owner has alleged the Petitioner is infringing the ‘573 Patent.

Even though Patent Owner has been well-aware of product-based prior art that predates the ‘512 Patent family, Patent Owner has a long history of sending harassing cease-and-desist letters to Petitioner alleging infringement. In response, and at significant expense, Petitioner filed the instant Petition to curtail the continued

harassment. If adverse judgment is not entered, nothing prevents Patent Owner from continuing to obtain patents in this family with patentably indistinct claims, and continuing the harassment. The Board should enter adverse judgment to prevent such an unjust and inefficient result.

The Board has exercised such discretion in exactly these situations. The most analogous case is *Smith & Nephew, Inc. et. al v. Arthrex*, IPR2016-00917, which was upheld by the Federal Circuit in the *Arthrex* case discussed *supra*. In *Smith & Nephew*, the patent owner had pending continuation applications and attempted to avoid adverse judgment. The Board ruled:

Having presented a challenge to the patentability of claims 1–9 that prompted Patent Owner to enter a statutory disclaimer, Petitioner is entitled to finality and repose on those claims. Finality and repose would not be achieved if this proceeding were terminated in a manner that left Patent Owner free to seek claims that are not patentably distinct through its continuation applications. IPR2016-00917, Paper 12 at 8.

See also Dell v. Softex LLC, IPR2024-00564, Paper 5 (granting request for adverse judgment based on all challenged claims being statutorily disclaimed); *MModal LLC v. Nuance Communications, Inc.*, IPR2018-01291 Paper 8 (same).

Patent Owner argues that an adverse judgment would incentivize parties to oppose all AIA petitions through Final Written Decision, which is contrary to the AIA’s goals of “efficiency.” This rings hollow because a single Final Written Decision can have an enormous impact on the patentability of patentably indistinct

claims. If Patent Owner was truly seeking “efficiency,” it would have accepted entry of adverse judgment rather than disputing whether judgment should be entered. Patent Owner’s opposition to entry of adverse judgment is not about “efficiency”—it is about avoiding the consequences of its disclaimer and the imposition of the estoppel that would result from an adverse judgment. Rule 42.73(d)(3). There is simply no other reason for Patent Owner to resist adverse judgment.

In its Preliminary Response, Patent Owner cites several cases to support its argument for not entering adverse judgment. But those cases are not applicable. *Gen. Elec.*, IPR2017-00491 had nothing to do with adverse judgment, and instead involved precluding institution when claims are disclaimed. In both *Kymera Therapeutics, Inc. v. Dana-Farber Cancer Inst., Inc.*, PGR2021-00115 and *Cisco Sys., Inc. v. Security Profiling, LLC*, IPR2021-01428, the Board simply acknowledged authority to enter adverse judgment, but declined without discussion. In both *Google LLC v. Jenam Tech LLC*, PGR2021-00082 and *General Elec. Co. v. United Techs. Corp.*, IPR2019-01489, the Board did not allow briefing on the issue of adverse judgment. In *Rekor Systems Inc. v. Vigilant Solutions, LLC*, IPR2020-01584 and *Am. Honda Motor Co., Inc. v. Intellectual Ventures II LLC*, IPR2018-00350, the Petitioner did not request an adverse judgment.

Petitioner respectfully requests the Board to exercise its authority and issue an adverse judgment against Patent Owner.

Dated: August 21, 2024

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that on August 21, 2024, I will cause a true and correct copy of the foregoing Petitioner's Preliminary Reply, and all associated exhibits or appendices referred to therein (if any), to be served via e-mail to Patent Owner's counsel of record at:

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CERTIFICATE OF COMPLIANCE

This paper complies with the five page limitation set by the Board in its email authorizing this Reply (EX3001), excluding the parts of the paper exempted by 37 C.F.R. § 42.24(a)(1) and counsel's signature block.

This paper also complies with the typeface requirements of 37 C.F.R. § 42.6(a)(2)(ii) and the type style requirements of 37 C.F.R. § 42.6(a)(2)(iii)&(iv).

Dated: August 21, 2024

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