UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LG ELECTRONICS, INC. *et al.*
Petitioner,

v.

STRAIGHT PATH IP GROUP, INC.
(FORMERLY KNOWN AS INNOVATIVE COMMUNCATIONS TECHNOLOGIES, INC.)
Patent Owner

Case IPR2015-00198
Patent 6,009,469

PATENT OWNER'S SUR-REPLY TO PETITIONER'S REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE TO PETITION FOR *INTER PARTES* REVIEW OF U.S. PATENT NO. 6,009,469 UNDER 35 U.S.C. §§ 311-319

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I. Petitioners Do Not Address Or Dispute The Language In Hulu's Complaint Challenging The Validity Of The '469 Patent And Creating A Section 315(a) Bar

In both Straight Path's Preliminary Response and the March 4, 2015 telephonic hearing, Straight Path explicitly identified the language from Hulu's Complaint by which Hulu challenged the validity of the '469 patent: Hulu's Complaint asserts that "Hulu does not infringe…**a valid claim, <u>if any</u>**, of the '469 Patent" (Ex. 2003 at 3, ¶14).[1] Hulu has thus explicitly challenged "if any" claims of the '469 patent are "valid," and the district court cannot resolve Hulu's allegation without first determining whether any '469 patent claims are invalid. (*Id.*). Hulu challenging the validity of '469 patent claims in the context of its non-infringement assertion is consistent with the case law, which establishes that one avenue to a judgment of non-infringement is to prove that the claim is invalid. *See Cimline, Inc. v. Crafco, Inc.*, 413 Fed. Appx. 240, 247 (Fed. Cir. 2011) (entering judgment of non-infringement "because we hold that the '375 patent is invalid"); *Prima Tek II, L.L.C. v. Polypap, S.A.R.L.*, 412 F.3d 1284, 1291 (Fed. Cir. 2005) ("It is axiomatic that one cannot infringe an invalid patent").

Tellingly, Petitioners' Reply completely ignores this key language and fails to offer any reason why it is not a challenge to the validity of the '469 patent.

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[1] All emphases in this Response are added.

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Instead, Petitioners avoid the issue and argue merely that Hulu called its action one for a declaratory judgment of non-infringement. (Reply at 1). But what Hulu called its action is irrelevant, what matters is that Hulu's Complaint challenged the validity of the '469 patent.

And this explicit challenge – which Petitioners wholly fail to address or refute – is consistent with Hulu's representation and admission to the district court that Hulu's Complaint would seek "adjudication as to whether … Straight Path's patents are **invalid**." (Ex. 2002 at 1). This challenge to the validity of the '469 patent creates a Section 315(a) bar to the institution of this Petition, and, as Petitioners do not dispute, this bar applies to **all** Petitioners, not just Hulu. *See 505 Games, Inc v. Babbage Holdings, Inc.*, IPR2014-00954, Paper 17 at 2 (PTAB Aug. 22, 2014).

II. There Is No ITC Exception To Section 315(b) Bars

Unlike Section 315(a), the plain language of Section 315(b) is not limited to civil actions and carves out no exception for ITC complaints: "[a]n *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner . . . is **served with a complaint alleging infringement of the patent**." 35 U.S.C. § 315(b).

Petitioners rely heavily on *Amkor Tech., Inc. v. Tessera, Inc.*, CBM2013-00242, Paper 98 (PTAB Jan. 31, 2014), to support their argument that the Board

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should nonetheless create an ITC complaint exception to 315(b) bars. But, as raised during the March 4, 2015 telephonic hearing, the only issue faced in *Amkor* was "whether an allegation of infringement in an **arbitration** proceeding triggers the one-year time period under section 315(b)." *Amkor* at 2. *Amkor* did not face the question of whether the service of an ITC complaint was outside the scope of 315(b). Petitioners' Reply simply ignores that the *Amkor* decision is thus not controlling on the issue now facing this Board.

And to the extent that *Amkor* dicta suggests that service of an ITC complaint cannot be a 315(b) triggering event, that dicta is wrong as directly contrary to the plain language of the statute and legislative history (Paper No. 19 at 12-15), directly contrary to Federal Circuit precedent, and unsupported by the basis for *Amkor's* conclusion that arbitration allegations are outside the scope of 315(b).

Amkor reasoned that where a Section 315(b) triggering event was "service of a complaint alleging infringement of the patent," the arbitration had no such complaint[2] and no such service. *Amkor* also based its decision on the fact that mediation was not litigation or an action, but was instead "an *alternative* dispute resolution." *Amkor* at 6, 13-15.

[2] *Amkor* at 8, 17 ("the arbitral tribunal expressly stated that '[t]his is not an infringement action. This is a counterclaim for breach of a licensing agreement" and Tessera admitted that "its counterclaim did not 'plead a cause of action of patent infringement'" but "suggested that any verbal or written notice might suffice to meet the 'complaint' language of section 315(b).")

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But none of these reasons applies to the ITC complaints served on Petitioners. Those were indisputably "complaint[s] alleging infringement of the patent," they were indisputably served on LG, Toshiba, and Vizio, and the resulting ITC actions were indisputably "litigation." *See* 19 CFR § 210.12 (defining a "complaint" in ITC litigation); 19 CFR § 210.11 (defining "service of complaint" in ITC litigation); 19 CFR § 210.27 (describing ITC actions as "litigation"). Indeed, the Federal Circuit already has rejected the notion that Section 337 ITC "actions" initiated by a "complaint" are not "litigation":

> In the field of patent law… **"litigation" does not exclude ITC proceedings** under section 337. Section 337 proceedings are inter partes **actions** initiated by the filing of a **complaint** and including discovery, filing of briefs and motions, and testimony and arguments at a hearing before an administrative law judge. *See* 19 U.S.C. § 1337(c). In section 337 proceedings relevant to patent infringement, the ITC follows Title 35 of the United States Code and the case law of this court. *See* 19 U.S.C. § 1337(c). In sum, this **court has consistently treated section 337 patent infringement proceedings as litigation**.

Texas Instruments, Inc. v. Tessera, Inc., 231 F.3d 1325, 1330 (Fed. Cir. 2000).

And excluding ITC complaints and litigation from the scope of Section 315(b) would defeat Congress's intent that the bar help ensure that *inter partes* reviews "provid[e] quick and cost effective alternatives to litigation." H.R.Rep. No. 112-98, at 48 (2011). The ITC has become a key destination for both domestic and foreign patent litigants, and many of the highest profile patent disputes now

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