UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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ZTE USA, Inc.
Petitioner

v.

PARTHENON UNIFIED MEMORY ARCHITECTURE LLC
Patent Owner

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Case IPR2016-00667
Patent No. 7,542,045

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# ZTE'S REPLY TO PATENT OWNER'S OPPOSITION TO PETITIONER'S MOTION FOR JOINDER

Patent Owner's true reason for opposing ZTE's joinder request is to gain an inequitable advantage over ZTE. Patent Owner does not dispute that joinder would conserve the resources of the Board, Patent Owner, and Petitioner, or that the Board has discretion to "waive or suspend a requirement [of the rules]," including 37 C.F.R. § 42.122(b). Instead, Patent Owner argues that the rules should apply with absolute formalism—hiding its true motive to keep ZTE out of the proceeding at the PTAB but also bind ZTE to the PTAB proceeding's outcome. Such a result would be unjust given the short delay (caused by a change in counsel) and that ZTE was within its statutory timeframe to file its own petition within a year from service of the complaint.

## 1. PATENT OWNER'S REQUESTS ARE INEQUITABLE

Petitioner merely requests that the Board grant its request as an understudy to avoid duplicative proceedings, and does not raise or introduce any additional arguments, briefing, or need for discovery. Patent Owner, however, inexplicably requests that (1) Petitioner not be joined with the HTC IPR; (2) Petitioner's IPR not be instituted; and (3) Petitioner agrees to be estopped from asserting arguments used in the HTC IPR at the district court. Patent Owner's requests are unjust, and Patent Owner cannot have it both ways.

If Petitioner cannot join the HTC IPR, and its Petition is not instituted, then Petitioner will not be estopped from asserting arguments from the HTC IPR at the

district court. Mindful of this, during a Meet and Confer associated with the underlying litigation, Patent Owner nevertheless requested that Petitioner agree to waive any arguments brought in the HTC IPR proceedings. Asking for waiver in lieu of estoppel, while opposing Petitioner's participation in IPR proceedings, shows Patent Owner's true motive.

The requested determination by the Board will directly impact whether the underlying litigation in the Eastern District of Texas will be stayed. "District courts typically consider . . . whether the stay will likely result in simplifying the case before the court." *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-cv-1058-WCB, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015) (Bryson, J.) (citing *Lennon Image Techs., LLC v. Macy's Retail Holdings, Inc.*, No. 2:13–cv–235, 2014 WL 4652117, at *2 (E.D. Tex. Sept. 17, 2014) (Gilstrap, J.)). "Congress intended to place 'a very heavy thumb on the scale in favor of a stay being granted,'" since "inter partes review was intended to provide a 'faster, less costly alternative[] to civil litigation to challenge patents.'" *Id.* at *5 (quoting Sen. Chuck Grassley). Furthermore, Judge Gilstrap is reluctant to grant stays unless a defendant will be bound by estoppel. *See, e.g.*, *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307 (Fed. Cir. 2014) (where the Circuit Court reversed the United States District Court for the Eastern District of Texas, J. Rodney Gilstrap, J., 2014 WL 94371, for denying a request for a stay pending PTAB review). With this in mind, Petitioner

strongly urges the Board to allow Petitioner to assume an understudy role in the aforementioned proceedings in the interest of justice.

## 2. PETITIONER'S DELAY DOES NOT CAUSE HARM

Joining these proceedings with the prior HTC IPR will cause absolutely no delay in the proceedings, and will not prejudice any party. The HTC IPR was instituted on January 6, 2016. Petitioner filed its motion to join on February 26, 2016, only 20 days after the one month deadline under 37 C.F.R. § 42.122. Petitioner's change of counsel was the cause for the delay, and Petitioner's new counsel was not retained until well after the February 6, 2016 deadline. The moment Petitioner's current counsel was hired, counsel worked diligently and with urgency to prepare and file the instant IPR Petition and motion for joinder as soon as was reasonably practicable. Petitioner's current counsel also replaced previous counsel in the underlying litigation in the U.S. District Court for the Eastern District of Texas on March 2, 2016, which was also after the February 6 deadline. The chart below shows the timeline of the current IPR proceedings.

| IPR No. | Patent No. | Parties | Date Filed | Date Instituted | Status |
|---|---|---|---|---|---|
| IPR2015-01500 | '368 | HTC, LG, and Samsung | June 24, 2015 | January 6, 2016 | Patent Owner Response filed on 4/6/2016 |
| IPR2015-01501 | '753 | HTC, LG, and Samsung | June 24, 2015 | January 6, 2016 | Patent Owner Response filed on 4/6/2016 |
| IPR2015-01502 | '045 | HTC, LG, and Samsung | June 24, 2015 | January 6, 2016 | Patent Owner Response filed on 4/6/2016 |
| IPR2016-01666 | '368 | ZTE | February 26, 2016 | N/A | Awaiting decision on motion to join |
| IPR2016-01667 | '045 | ZTE | February 26, 2016 | N/A | Awaiting decision on motion to join |
| IPR2016-01670 | '753 | ZTE | February 26, 2016 | N/A | Awaiting decision on motion to join |

Petitioner respectfully submits that 37 C.F.R. § 42.122 was designed to be equitable in nature and ensure a just and speedy resolution of these types of cases, and thus respectfully requests that the Board use its discretion to permit joinder rather than allow for the possibility of another IPR proceeding.

Moreover, Patent Owner's assertion that Petitioner does not provide reasonable bases that would justify an exercise of discretion by the Board could not be farther from the truth. In fact, if granted an understudy role, Petitioner offers to jettison additional IPR proceedings on the same patent asserting the same grounds—thus assisting with the speedy and inexpensive resolution of the proceedings.

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