

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TOYOTA MOTOR CORPORATION,
Petitioner,

v.

SIGNAL IP, INC.,
Patent Owner.

Case No. IPR2016-01382
U.S. Patent No. 5,732,375

PETITIONER'S REPLY TO PRELIMINARY RESPONSE

The Board should not reject the petition under §§ 314(a) and 325(d) because it addresses the Board’s reasons for denying the earlier petition. The Board should instead reach the merits of the petition, which show that claim 11 is unpatentable.

Contrary to Patent Owner’s argument, it is not “inequitable” to use a Board decision as a “‘roadmap’ to preparing a better petition.” *Microsoft v. Bradium*, IPR2016-449, Paper 9 (July 27, 2016) at 9. Indeed, “it is unrealistic to assume a second petition will not attempt to address deficiencies of an earlier petition, and there is no established *per se* rule requiring that [the Board] deny institution based on a ‘roadmap’ test.” *Id.*; *Ford v. Paice*, IPR2015-606, Paper 14 (Nov. 9, 2015) at 8 n.7 (“[I]t is not *per se* unlawful or inequitable for a party to rely on a prior decision to its benefit in order to wage additional challenges on the same patent where sufficient justification exists for the subsequent challenge and it does not amount to an abuse of process.”); *Coalition for Affordable Drugs v. Biogen*, IPR2015-1993, Paper 20 (March 22, 2016) at 23.

Instead, the Board has “discretion to consider the merits of a second petition, apart from any refusal to institute on the basis of a first petition.” *Id.* In particular, the Board can consider “whether the arguments in the Petition and the disclosures in the references are distinguished substantively from those in the initial petition,” *Microsoft* at 9, and whether the merits of the petition, including any new prior art, are “persuasive.” *See Medtronic v. Robert Bosch*, IPR2014-488, Paper 17 (Sept.

11, 2014) at 12; *Nestle USA v. Steuben Foods*, IPR2014-1235, Paper 12 (Dec. 22, 2014) at 7; *Coalition* at 22. In this case, the petition and expert declaration include additional explanation and evidence, including new prior art (Tokuyama '166 (Ex. 1017)), that “are distinguished substantively” from the earlier petition because they squarely address the Board’s reasons for denying that petition. Petition at 32-43; Declaration (Ex. 1009) at 35-46. In particular, the new Tokuyama '166 reference directly addresses the Board’s reasoning for the “all the sensors” element. Given the material differences, and the resulting strength of the petition, the Board should address the merits, based on the more developed and focused record.

The Board can also consider whether the petitioner has harassed or unduly prejudiced the patent owner by overwhelming it with “an unreasonable number of challenges to patentability.” *Microsoft* at 8. In doing so, the Board has recognized that the one-year bar in § 315(b) “provides a self-limiting mechanism that protects Patent Owner from prejudice resulting from serial attacks by the same Petitioner.” *Id.* There is no harassment or prejudice here. Like the petitioner in *Microsoft*, Petitioner “acted expeditiously after being sued” and filed only two petitions: the first within months of the lawsuit, and the second before the one-year bar. *Id.*

Further, Petitioner did not withhold the additional explanation and evidence from its first petition. Petitioner did not anticipate that the Board would conclude that: (i) Tokuyama’s microprocessor does not assign binary 1 values to sensors that

are ON and does not add those values in determining whether 4 sensors are ON; and (ii) the array of sensors S1 to S9 in Tokuyama is not “all the sensors” in the claimed “array of force sensors on the passenger seat.” After reviewing the Board’s decision, Petitioner appreciated that the additional evidence, including Tokuyama ’166, addressed these two issues the Board considered dispositive.

Finally, Patent Owner cites Board decisions that refused to consider a second petition that addressed the reasons for denying an earlier petition. However, in several cases there was no material difference in the prior art or arguments (*see Butamax v. Gevo*, IPR2014-581, Paper 8 (Oct. 14, 2014) at 8-10; *Samsung v. Rembrandt*, IPR2015-114, Paper 14 (Jan. 28, 2015) at 6-7) or the patent owner was being overwhelmed with numerous petitions on multiple claims and grounds (*see id.* at 2-3; *Conopco v. Procter & Gamble*, IPR2014-628, Paper 21 (Oct. 20, 2014) at 11-12). Unlike in those cases, here Petitioner filed only two petitions against one claim, and the second petition is materially different because it includes new prior art and directly addresses the issues the Board considered dispositive, thereby better focusing the issues for the Board on the merits.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies, in accordance with 37 C.F.R. § 42.6, that a true and correct copy of Petitioner's Reply to Preliminary Response was served on the Patent Owner's attorneys of record via email, on November 10, 2016, at the following addresses:

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