UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE, INC.,
ZTE (USA) INC.
Petitioners
v.

INVT SPE LLC,
Patent Owner

Case IPR2018-01477
U.S. Patent No. 7,848,439

PATENT OWNER'S SUR-REPLY

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I. INTRODUCTION

Pursuant to the Board's Order (Paper 8), Patent Owner respectfully submits this Sur-Reply addressing whether the parallel investigation (Inv. No. 337-TA-1138) at the International Trade Commission ("ITC") between the parties should serve to deny institution of this *Inter partes* review ("IPR") petition. Patent Owner maintains exercise of this Board's discretion is warranted to deny institution, notably, because it would result in inefficient use of the Board's resources, as well as inefficiencies in the patent system.

Specifically, the different claim construction standards and burdens of proof is no more different than in a co-pending district court trial, which the Board has relied upon to deny institution. And the fact that an ITC finding of invalidity does not technically invalidate the patent is a distinction without a practical difference in the instant dispute between the parties to both proceedings. This is particularly true if the decision is affirmed by the Federal Circuit, an Article III Court.

II. THE BOARD SHOULD NOT INSTITUTE IPR BECAUSE IT WOULD BE DUPLICATIVE OF THE ITC PROCEEDING AND AMOUNTS TO AN INEFFICIENT USE OF THE BOARD'S RESOURCES

Institution of *inter partes* review is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) ("[T]he PTO is permitted, but never compelled, to institute an IPR proceeding"). Parallel proceedings in other forums are to be considered when determining whether it would be efficient to

institute IPR. *NHK Spring Co., LTD., v. Intri-Plex Technologies, Inc.*, Case No. IPR2018-00752, Paper 8 at 19 (P.T.A.B. Sept. 12, 2018) (declining to institute IPR where district court proceedings would end before IPR trial). "[Bases for denial of institution] include[], for example, events in other proceedings related to the same patent, either at the Office, in district courts, **or the ITC**." *See* PTAB Trial Practice Guide August 2018 Update, at 10 (emphasis added).

The IPR process was created to streamline and create greater efficiency in the patent system.[1] Having two administrative bodies adjudicating the same patents on the same issues, at the same time, flies in the face of this purpose. Where parallel proceedings are likely to conclude prior to the conclusion of an *inter partes* review, the Petition should be denied. Case No. IPR2018-00752, Paper 8 at 19.

A. The ITC Investigation Will Conclude Before an Instituted Trial in This Proceeding and Will Analyze the Very Same Issues

The ITC Investigation will complete before the conclusion of any instituted trial in this proceeding. *See* Ex. 2003 (ITC Scheduling Order) (the parties have already completed discovery and an evidentiary hearing in the ITC is scheduled for

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[1] *See* H.R. Rep. No. 112–98, pt. 1, at 40 (2011), 2011 U.S.C.C.A.N. 67, 69 (Purpose of the AIA is to "establish a more efficient and streamlined patent system that will . . . limit unnecessary and counterproductive litigation costs.")

May 2019.) Importantly, Petitioners do not dispute this fact, nor do they dispute that the central issues here are the same in the IPR and ITC. Instead, Petitioners argue that different evidentiary standards, burdens or remedies are available in each forum, which they claim would render the proceedings non-duplicative.

1. The Board has denied institution on the basis of parallel district court cases notwithstanding the different standards similarly used in those proceedings

Standards, burdens or remedies are also different in Article III court proceedings (*e.g. Phillips* is used in both ITC and Article III courts, as opposed to BRI in IPR). Yet, this has not kept the Board from denying institution solely based on these parallel court cases. *See e.g., Mylan Pharmaceuticals Inc. v. Bayer Intellectual Prop. Gmbh*, Case IPR2018-01143, Paper 13 at 21 (P.T.A.B. Dec. 3, 2018) ("Given the advanced stage of the co-pending district court case and the extensive overlap of the asserted prior art, expert testimony, and claim construction, we find it would be an inefficient use of Board resources to proceed with this *inter partes* review in parallel with the district court case.") *See also NHK Spring Co.*, Case IPR2018-00752, Paper 8 at 19-20; *NetApp, Inc. v. Realtime Data LLC*, Case IPR2017-01195, Paper at 12–13 (PTAB Oct. 12, 2017). There is no reason the ITC should be any different, as reflected in the Updated Trial Practice Guide which specifically dictates consideration of the ITC.

Further consideration of the relevant claim construction standards and

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