

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZTE (USA) INC.,
Petitioner

v.

BELL NORTHERN RESEARCH, LLC,
Patent Owner

Case No. IPR2019-01365
U.S. Patent No. 7,039,435

PETITIONER'S PRELIMINARY REPLY

EXHIBIT LIST

Exhibit	Description
1001	U.S. Pat. No. 7,039,435 to McDowell et al. (“the ’435 patent”)
1002	File History of the ’435 Patent
1003 ¹	Declaration of Dr. Jonathan Wells
1004	Certified English Translation of European Patent Publication EP 1091498 by Baiker (“Baiker”)
1005	U.S. Patent No. 6,456,856 to Werling (“Werling”)
1006	PCT Patent Publication WO 2002/05443 by Irvin (“Irvin”)
1007	U.S. Patent No. 6,018,646 to Myllymäki (“Myllymäki”)
1008	U.S. Pat. No. 5,390,338 to Bodin (“Bodin”)
1009	Joint Claim Construction Chart, Worksheet, and Hearing Statement in <i>Bell Northern Research, LLC, v. ZTE Corporation, ZTE (USA) Inc., and ZTE (TX), Inc.</i> (Case No. 3:18-cv-1786) (S.D. Cal.)
1010	U.S. Provisional Patent Application No. 09/612,034 by Irvin (“Irvin Provisional”)
1011	Michael Barr, <i>Programming Embedded Systems in C and C++</i> (O’Reilly & Associates, 1999)
1012	Rudolf F. Graf, <i>Modern Dictionary of Electronics</i> (Butterworth-Heinemann, 1999)
1013	Harry Newton, <i>Newton’s Telecom Dictionary</i> (Miller Freeman, Inc., 1999)
1014	Webster’s II New College Dictionary (Houghton Mifflin Co, 1999)
1015	Martin H. Weik, <i>Fiber Optics Standard Dictionary</i> (Chapman & Hall, 1997)
1016	European Patent Publication EP 1091498 (“Baiker”)
1017	Webster’s New World College Dictionary (Simon & Schuster, 1997)
1018	U.S. Patent No. 6,029,074 to Irvin (“Irvin ’074”)
1019	Defendants’ Joint Opening Claim Construction Brief in <i>Bell Northern Research, LLC, v. ZTE Corporation, ZTE (USA) Inc., and ZTE (TX), Inc.</i> (Case No. 3:18-cv-1786) (S.D. Cal.)

¹ Exhibit 1003 is a verbatim copy of the Declaration of Jonathan Wells submitted on behalf of Petitioner Huawei in support of their Petition for *Inter Partes* Review of the 7,039,435 patent in IPR2019-01186.

Exhibit	Description
1020	Plaintiff's Opening Claim Construction Brief in <i>Bell Northern Research, LLC, v. ZTE Corporation, ZTE (USA) Inc., and ZTE (TX), Inc.</i> (Case No. 3:18-cv-1786) (S.D. Cal.)
1021	Supplemental Joint Claim Construction Hearing Statement Pursuant to P.L.R. 4.2 in <i>Bell Northern Research, LLC, v. ZTE Corporation, ZTE (USA) Inc., and ZTE (TX), Inc.</i> (Case No. 3:18-cv-1786) (S.D. Cal.)
1022	Defendants' Joint Responsive Claim Construction Brief in <i>Bell Northern Research, LLC v. ZTE Corporation, ZTE (USA) Inc., and ZTE (TX), Inc.</i> (Case No. 3:18-cv-1786) (S.D. Cal.)
1023	Plaintiff's Responsive Claim Construction Brief in <i>Bell Northern Research, LLC v. ZTE Corporation, ZTE (USA) Inc., and ZTE (TX), Inc.</i> (Case No. 3:18-cv-1786) (S.D. Cal.)
1024	Redline Comparison of this Petition and Petition filed in IPR2019-01186 ("Huawei IPR")
1025	Claim Construction Order and Order on Motions for Summary Judgment in <i>Bell Northern Research, LLC, v. ZTE Corporation, ZTE (USA) Inc., and ZTE (TX), Inc.</i> (Case No. 3:18-cv-1786) (S.D. Cal.)
1026	Transcript of June 20, 2019 Hearing in <i>Bell Northern Research, LLC, v. Bell Northern Research, LLC, v. ZTE Corporation, ZTE (USA) Inc., and ZTE (TX), Inc.</i> (Case No. 3:18-cv-1786) (S.D. Cal.)
1027	Order on Request for Pre-Institution Stay of the Litigation (August 12, 2019) in <i>Bell Northern Research, LLC, v. ZTE Corporation, ZTE (USA) Inc., and ZTE (TX), Inc.</i> (Case No. 3:18-cv-1786) (S.D. Cal.)
1028	Order on Confirming Settlement and Setting Deadline to File Joint Motion for Dismissal (October 24, 2019) in <i>Bell Northern Research, LLC, v. Bell Northern Research, LLC, v. Huawei Technologies Co., Ltd. et al.</i> (Case No. 3:18-cv-1784) (S.D. Cal.)

The Board’s exercise of discretion under §314(a) or §325(d) is not warranted here. First, Bell Northern Research, LLC’s (“BNR”) assertion that “it is a near certainty” the jury trial will conclude before any Final Written Decision (Paper 8 (“POPR”) at 26) admits that the actual trial date is not finalized. A “final pretrial conference” is scheduled for March 2020 but, unlike in *NHK*, no trial date is actually scheduled.

Second, the district court has expressed numerous times that it very much respects and wishes to hear the Patent Office’s opinion on the patent and claims:

THE COURT: Keep me informed if any [IPRs] get instituted. Even though we have done claim construction, *I’m rather loathe to go on parallel tracks with the Patent Office*. Because things happen in IPR, even if the patents come back, sometimes there’s clarifications about scope and meaning that might require I reconsider my claim construction. And I think we’re, both the Patent Office and the district courts, playing on the same standards these days, and *so it’s much more persuasive to me to hear what people, who actually know what this stuff means, think about it. So if they get instituted, let me know and we’ll keep that in mind.*

Ex. 1026 at 120–21 (emphasis added). Therefore, the parties have known that the court is “loathe” to continue the litigation if the IPRs are instituted because the court finds it “much more persuasive” to hear what the Board thinks about the prior art and claims. *Id.* Before BNR’s POPR was filed, the court again clarified the trial date has “not been set.” Ex. 1027 at 4. The court’s reasoning was clear:

“PTAB decisions to institute on all the submitted patents *will greatly impact the scope of this case*. Even decisions to institute on less than all the patents have *significant potential to streamline this litigation.*” *Id.* at 4–5 (emphasis added). The district court denied Petitioners’ stay request *without prejudice* and instructed the parties “to bring the PTAB decisions on institution promptly to the Court’s attention. Defendants *may renew the requests for stay if institutions are granted, at which time the Court will consider the efficiencies of proceeding.*” *Id.* (emphasis added). This important context, which distinguishes *NHK* and *E-One*, was known to BNR but omitted from their POPR. Institution would not derail the court, but help avoid any technical switches.

The district court’s statements were plain. It is *not* a “near certainty” that the jury trial will conclude before the Board’s Final Written Decision. If the Board denies institution and never assesses the merits of the petitioned grounds, the Board will deprive the district court of its opportunity to “consider the efficiencies” to be gained from a stay of litigation (*id.*), and frustrates the AIA’s purpose to “ultimately reduce litigation costs” and “create[] an inexpensive substitute for district court litigation.” *See* 157 Cong. Rec. S5319 (Sept. 6, 2011) (Sen. Kyl). Institution by the Board would fulfill Congress’s intent to provide such substitute.

Fourth, equity supports instituting trial. BNR did not allege infringement of the ’435 patent until October 18, 2018 (POPR at 26; Pet. at 3), and the Petition was

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