

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.
Petitioner
v.
MAXELL, LTD.
Patent Owner

Case No. IPR2020-00202
U.S. Patent No. 10,212,586 B2

PETITIONER APPLE INC.'S PRELIMINARY REPLY

TABLE OF CONTENTS

<i>I. Fintiv’s and NHK’s Focus on the Trial Date Is Misplaced as a Basis for the Board’s Exercise of Its Discretion</i>	1
<i>II. The Fintiv Factors Favor Institution</i>	6
Factor 1 – Evidence exists that a stay may be granted if IPR is instituted:	6
Factor 2 – Litigation will continue after the FWD:	7
Factor 3 – The Court has little substantive investment:	8
Factor 4 – There is little to no overlap between the IPR and Litigation:	8
Factor 5 – Parties in Litigation and IPR:	10
Factor 6 – Other Circumstances:	10

The six factors set forth in *Apple v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (“*Fintiv*”) strongly favor institution.

I. Fintiv’s and NHK’s Focus on the Trial Date Is Misplaced as a Basis for the Board’s Exercise of Its Discretion

First, Congress explicitly allows petitioners one year to file IPR petitions after service of a complaint. And this makes sense: the date on which a party is served with a complaint is a known, fixed date. Congress did not choose to set the bar backwards from a scheduled trial date—a date not known for months after a suit begins, and which may vary from court to court and judge by judge and can routinely change once initially set. Exalting a trial date as the benchmark over the statutory filing window contravenes Congressional intent and introduces rank uncertainty.

Particularly in cases where a plaintiff asserts multiple patents (ten in this case), the certainty a 1-year window provides is essential to reasonably plan and muster resources to meet a known deadline. Trial-based timing may force accused infringers to forego an IPR entirely because they are in a “fast” court or to hastily file an IPR without opportunity to develop the record, particularly as to which specific claims are asserted because a complaint often does not provide such specificity. *See Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007).

Second, the Board’s improper focus on a trial date as a determining factor on whether to use its discretion to deny institution directly undermines the AIA’s and USPTO’s objectives of improving patent quality. “Congress, concerned about

overpatenting and its diminishment of competition, sought to weed out bad patent claims efficiently.” *Thryv, Inc. v. Click-to-Call Techs., LP*, __ U.S. __ (Apr. 20, 2020) (slip op., at 8); *see also Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 474 (Fed. Cir. 1991) (*citing Lear, Inc. v. Adkins*, 395 U.S. 653 (1969) (acknowledging a long-standing and broad public policy of eliminating invalid patents)). Congress intended for IPR to “serve as a less-expensive alternative to the courtroom litigation.” 157 Cong. Rec. S1352 (March 8, 2011) (Sen. Udall).

To achieve this, Congress recognized that litigants should be afforded “access to the expertise of the Patent Office on questions of patentability,” and that IPR should be “the preferred method of examination because a panel of experts is more likely to reach the correct decision on a technical question compared to a jury composed of laypeople.” *Id.* (emphasis added); *see also* 157 Cong. Rec. S5319 (Sept. 6, 2011) (Sen. Kyle). This matches the long-standing policy of the PTO itself—“[b]y providing for the possibility of amendment of challenged claims, the proposed system would preserve the merited benefits of patent claims better than the win-all or lose-all validity contests in district court.” *Patent Quality Improvement: Post-Grant Opposition: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 108th Cong. 10 (2004) (statement of PTO General Counsel James A. Toupin); *Aqua Prod., Inc. v. Matal*, 872 F.3d 1290, 1298 (Fed. Cir. 2017) (noting General Counsel Toupin’s

quote for PTO policy); *see* Ex. 1042 (excerpts of legislative history discussion). More simply, Congress did not intend for the PTAB to use a trial date to deny IPR, and doing so now “would be arbitrary and capricious [because the PTAB] has relied on factors which Congress has not intended it to consider.” *Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983).

Third, the *NHK/Fintiv* factors’ myopic focus on a trial date ignores that IPR proceedings not only may stop trials on invalid patents, but also may eliminate the injustice of infringement verdicts rendered on invalid patents. The Federal Circuit has embraced this significant benefit of post-grant proceedings. In *Fresenius v. Baxter*, it explained that a final, post-grant decision of invalidity renders a patent void *ab initio* and, unless final, overrides any corresponding district court finding. 721 F.3d 1330 (Fed. Cir. 2013). A district court’s decision is not “final” until it “ends the litigation on the merits and leaves nothing for the court to do but execute the judgment.” *Id.* at 1341. Accordingly, focusing on the trial date is short-sighted.

Fourth, looking speculatively at the time delta between a current trial date and FWD ignores the practical realities of shifting litigation dockets. Over 40% of cases have their initial trial dates continued by more than four months, some even longer.¹ Ironically, the Board’s reliance on a trial date putatively six months prior to the FWD in *NHK* was misplaced. The trial that led the Board to deny institution was

¹ (Ex. 1043, trial date statistics).

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