Filed: April 29, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LG ELECTRONICS INC.,

PETITIONER,

V.

BELL NORTHERN RESEARCH, LLC,

PATENT OWNER.

Case No. IPR2020-00319
U.S. Patent No. 7,039,435

PATENT OWNER'S PRELIMINARY SUR-REPLY TO PETITIONERS' PRELIMINARY REPLY

I. The Case Schedule Strongly Supports Non-Institution

Petitioner's Reply draws a deeply flawed comparison between this Petition and other IPR proceedings where BNR urged discretionary denial under § 314(a) and the Board instituted review. In those other proceedings, because there was no trial date and the district court said it might consider a stay, the Board held "it is not clear that the district court litigation will have concluded by the time our final decision is due." (Ex. 1027, 8; Ex. 1028, 8, Ex. 1029, 10.) The clarity the Board sought in those prior proceedings exists here, and discretionary denial under § 314(a) is warranted for every reason such discretion exists.

The Board's precedential § 314(a) opinions repeatedly emphasize the importance of a date certain for trial. In *NHK Spring Co., Ltd. v. Intri-Plex Technologies, Inc.*, the Board denied institution under § 314(a), citing the duplicative art and arguments and a fixed trial date that would be complete before any final written decision. IPR2018-00752, Paper 8 at 19-20 (PTAB Sept. 12, 2018). Recently, in *Oticon Medical AB v. Cochlear Ltd.*, the Board instituted over a § 314(a) challenge, distinguishing it from *NHK* because "a trial in [*Oticon*] would not be directly duplicative of the District Court action. Nor is there a trial date set at the District Court." IPR2019-00975, Paper 15, 23-24 (PTAB Oct. 16, 2019). As shown in *NHK* and *Oticon*, a fixed trial date that would be complete before any final written decision strongly favors denying institution.

Petitioner suggests the ongoing COVID-19 pandemic renders the trial date uncertain and cites a joint motion the parties filed to extend certain deadlines due to COVID-19. There, Petitioner alone sought an extension of the trial date. (Ex., 2009, 5.) After Petitioner filed its Reply, the district court rejected Petitioner's request to delay the trial and confirmed the existing December 14, 2020 trial date. (Ex. 2017, 2.) Petitioner speculates about whether and under what conditions the district court might vacate the scheduled trial date it recently confirmed and institute a stay, and proceeds under the assumption that a stay is a foregone conclusion – it is not. Crucially, the Board does not make decisions under § 314(a) based on speculation or what Petitioner hopes will happen. IPR proceedings are intended to be a cost-effective alternative to litigation. When they will not be, and institution proceeds, it undermines the AIA's purpose and intent—and when forced into parallel duplicative proceedings, it inflicts a significant cost on the parties, the courts, and the Board. Musing about what might happen is contrary to *NHK* and *Oticon*, which require a tight focus on *known*, *objective* facts. *See NHK*, IPR2018-00752, Paper 8, 19-20; *Oticon*, IPR2019-00975, Paper 15, 23-24.

Petitioner also fails to acknowledge or disclose that in the prior litigation, the district court did not consider a stay until each asserted patent in litigation was instituted. That will not happen here. Petitioner challenged four asserted litigation patents but declined to challenge a fifth litigation patent (now time-barred). *See*

IPR2020-00318 (Patent No. 7,957,450), IPR2020-00330 (Patent No. 6,549,792). Petitioner cannot argue to the district court that a stay of the litigation is warranted based on all asserted patents instituted, which makes a stay less likely.

Petitioner's relies on *Abbott Vascula, Inc. v. Flexstent LLC*, IPR2019-00882, Paper 11, 29-30 (PTAB Oct. 7, 2019), which is distinguishable because there the Board noted that petitioner filed its IPR "before it filed an answer in the district court proceeding." Here the Petitioner filed at the one-year deadline. Further, in *Abbott* "fact discovery will not close, and expert discovery will not begin, until after issuance of this decision." Here, fact discovery will be complete before the expected issuance of an institution decision and expert discovery well underway. In *Illumina*, the Board noted that the petition challenged all claims of the patent, whereas only a subset of claims was at issue in the co-pending district court proceeding leaving the open the possibility that the patent owner might later assert some of the non-litigation claims against the petitioner were challenged in the IPR. *Illumina, Inc. v. Natera, Inc.*, IPR2019-0101, Paper 19 at 6 (PTAB Dec. 18, 2019). Here the challenged claims coincide with the claims in litigation.

Finally, there is a fundamental unfairness to patent owners generally if the precedential decisions such as *NHK* can be ignored based on hypothetical scenarios conjured up by a petitioner. Adopting such a standard leads to unpredictability and renders precedential decisions, such as *NHK*, a nullity.

II. Petitioner Fails to Refute Patent Owner's *General Plastic* Arguments

Petitioner's Reply is remarkable only for the arguments it fails to address. Petitioner (1) concedes, through its silence, that there are significant *General Plastics* factors that weigh strongly in favor of denial of institution, (2) sets forth a collection of half-truths to mislead the Board into believing that there are differences between the scope of the instant Petition and IPR2019-01365, and (3) misconstrues the relevant inquiry under *General Plastic*.

Petitioner never denies the significantly overlapping scope of the two IPRs, or that the Board, if it instituted the instant Petition, would have to consider the same arguments across two different proceedings, resulting in a substantial loss of efficiency and the risk of inconsistencies. The factor concerning the finite resources of the Board (Factor 6) is important, as it has resulted in denial of institution even where other factors are neutral or do not favor Patent Owner. *See Juniper Networks, Inc. v. Finjan, Inc.*, IPR2019-00060, Paper 7 at 15-17 (PTAB April 29, 2019). Nor does Petitioner deny that it knew of the prior art references at least eight months before it filed its Petition (Factor 4). Petitioner further concedes that, at the time it filed its Petition, it had already received Patent Owner's preliminary response to the earlier filed petitions two months before (Factor 3).

Petitioner instead argues that the POPR did not "identify any deficiencies in the Huawei petition that LG remedied." But that is demonstrably false. Patent

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