

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC. AND MICROSOFT CORPORATION,
Petitioner

v.

NEODRON LTD.,
Patent Owner

Case IPR2020-00778
Patent No. 7,821,425

PATENT OWNER'S PRELIMINARY RESPONSE

Table of Contents

I. <u>Introduction</u>	2
II. <u>Overview of '425 Patent and Challenged Claims</u>	3
III. <u>Petitioner's Asserted Grounds and References</u>	9
IV. <u>Ground 1 Fails Because the Petition Does Not Show that the Asserted References Teach or Suggest the Claimed "Bias"</u>	10
A. Petitioner relies on Jahier alone as disclosing the claimed "bias"	10
B. Petitioners do not and cannot show that Jahier teaches or suggests the claimed "bias."..	11
C. This Board Already Made Findings About Jahier's Shortcoming, Which Make Clear That Petitioners Here Do Not And Cannot Show that Jahier Teaches or Suggests the Claimed "Bias.".....	16
V. <u>Grounds 2, 3, 4, and 5 Fail Because Jahier Is Also the Primary Reference For These Grounds and the Additional References Do Not Remedy the Deficiencies in Jahier.</u>	18
VI. Institution Should Also Be Denied Under the <i>Fintiv</i> Factors	19
A. Parallel Proceedings.....	20
B. Factor 1 weighs against institution, as the ITC has not granted a stay and no evidence exists that a stay may be granted.....	23
C. Factor 2 weighs strongly against institution, as the hearing is scheduled to begin eight months before the FWD.....	24
D. Factor 3 weighs against institution, as <i>Markman</i> rulings are expected to issue before the date the institution decision is due.....	26
E. Factor 4 weighs against institution, as there is likely overlap between this IPR and the ITC proceeding	27
F. Factor 5 weighs against institution, as Petitioners are Respondents in the parallel ITC proceedings.	30
G. Factor 6 weighs against institution, as the Petition suffers from weaknesses that apply to all grounds and claims.	30
H. Summary Regarding <i>Fintiv</i> Factors	31
VII. <u>Conclusion</u>	31

Exhibits

Exhibit No.	Description
2001	ITC Investigation No. 337-TA-1193, Order No. 6 (Procedural Schedule)
2002	Excerpts of Respondents' Invalidation Contentions, ITC Investigation No. 337-TA-1162, Ex. C-14
2003	Excerpts of Respondents' Invalidation Contentions, W.D. Tex. Case No. 1:19-cv-00874-ADA, Invalidation Contentions, Ex. C.14, Excerpts

I. Introduction

The Petition challenges the claims of U.S. Patent No. 7,821,425 (Ex. 1001) under five grounds of unpatentability, but all of the grounds rely on Jahier (Ex. 1007) as the primary reference. Moreover, all of the grounds rely on Jahier to meet the claimed “bias” in favor of (or as a function of) another key (e.g., previously selected key), which are in all of the independent claims (claims 1, 7, 16, 25, 33). The Petition fails because it fails to establish that Jahier (or any other asserted reference) discloses the claimed “bias.” The Petition also fails to show that the claimed “bias” would be obvious.

The Petition provides an illustration (Pet. at 20) that is entirely unsupported in Jahier. The Petition argues that the “preselection” of the “second key” is allegedly “biased” in favor of another key (e.g., previously selected key) which the Petition alleges is “key I” (*see* Pet. at 19-21). But in reality, the “preselection” of the “second key” has nothing to do with “key I.” Rather, the “second key” is preselected when its value merely exceeds a “high threshold,” *regardless of the value of key I*. Accordingly, there is no bias in favor of (or as a function of) another key (e.g., previously selected key). This limitation is not disclosed and would not be obvious.

Indeed, in another order, the PTAB has already made findings about Jahier and its shortcomings. And those findings support Patent Owner’s argument and are

fatal to the Petition. At bottom. Petitioners efforts to recast Jahier’s “thresholds” as a form of “biasing” fails.

Moreover, there are other reasons to deny review. Instituting review in this IPR would cause the parties and the Board to incur significant inefficiencies and wasted efforts of the type warned of in *Fintiv* and *NHK Spring*. On February 14, 2020, Patent Owner Neodron filed a complaint before the International Trade Commission against eight sets of Respondents—including Petitioners Apple and Microsoft—asserting infringement of the ‘425 patent. A five-day evidentiary hearing, before ALJ Elliot is set on February 16–22, 2021, eight months before the FWD deadline. Further, this hearing will involve the claim construction standard and likely the same challenged claims, invalidity theories, and prior art as this IPR. Additionally, ALJ Elliot also has before him an investigation involving a patent from the same family as the ‘425 patent in its advanced stages. Under the PTAB’s precedential orders of *Fintiv* and *NHK Spring*, the Board should exercise its discretion to deny institution under § 314(a).

In sum, the Petition fails both substantively, as well as under *Fintiv* and *NHK Spring*. Accordingly, institution should be denied.

II. Overview of ‘425 Patent and Challenged Claims

U.S. Patent No. 7,821,425 (“‘425 patent,” Ex. 1001) issued on October 26, 2010, from an application filed on April 12, 2006, and is a continuation-in-part of

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