UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC. & MICROSOFT CORPORATION
Petitioners

v.

NEODRON LTD.
Patent Owner

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

PATENT OWNER'S PRELIMINARY RESPONSE SUR-REPLY

Table of Contents

The Petition should be denied because a parallel proceeding involving the same claims, theories, and prior art, is slated for an ITC hearing ***eight months*** before the expected date of issuance for the Final Written Decision ("FWD") in this *Inter Partes* Review. Petitioners cannot dispute that regardless of this IPR, the ITC in the 1193 Investigation will incur tremendous costs adjudicating issues in discovery, *Markman*, and trial. That ALJ Elliot already has experience with the litigation of a patent from the same family as the '425 Patent further confirms that the ITC has invested substantial time and effort into this technology. There is nothing novel about denying institution in these circumstances, as the efficiency considerations of *Fintiv* and *NHK Spring* apply with full force. Indeed, *Fintiv* expressly invites denying institution in cases where the parallel proceeding is an ITC Investigation.

Rather than conduct a proper *Fintiv* analysis, Petitioners hew to outdated legal principles rejected by *Fintiv* and invite error. Petitioners' primary argument is that the ITC Investigation should not be considered a "parallel proceeding." But this is wrong under *Fintiv* itself and contrary to sound policy. The Board should decline Petitioners' request to create a new rule limiting *Fintiv* to district court cases.

I. *Fintiv Expressly* Includes Parallel ITC Investigations as "Parallel Proceedings"

Petitioners argue that the parallel ITC investigations should not be considered as parallel proceedings under *Fintiv*. But Petitioners' ignore *Fintiv's* express guidance that "even though the Office and the district court would not be bound by

the ITC's decision, an earlier ITC trial date ***may favor exercising authority to deny institution*** under *NHK* if the ITC is going to decide the same or substantially similar issues to those presented in the petition." *See Fintiv Order* at 8.[1]

Petitioners also emphasize that ITC rulings do not have preclusive effect, citing three pre-*Fintiv* cases: *Nichia*, *Renesas*, and *Samsung*. But *Fintiv* already recognized this. Nevertheless, it held that "***as a practical matter, it is difficult to maintain a district court proceeding on patent claims determined to be invalid at the ITC***." *See Fintiv Order* at 8-9. This is correct. As a practical matter, an ITC ruling can and do preclude issues in district court. Thus, treating an ITC investigation as a parallel proceeding is sound policy. Finally, the *3Shape A/S* case Petitioners cite is non-precedential and distinguishable for the reasons explained below.

II. Denial Under the *Fintiv* Factors is Warranted

A. Factor 1 Weighs Against Institution: There Is No Stay of the ITC Case

Petitioners do not dispute that the 1193 Investigation is in full swing and admit that "it is unlikely the ITC investigation will be stayed." Reply 4. Petitioners even admit that the stays of co-pending district court actions have been in deference to the ITC case, and not in deference to a PTAB action.

B. Factor 2 Weighs Strongly Against Institution: A Five-Day Hearing is Scheduled Eight Months Before the FWD

[1] All emphasis added unless otherwise noted.

The relevant analysis is the difference between the 1193 Investigation's trial date vis-à-vis the FWD. Indeed, the Court is to look at the "proximity of the court's ***trial date*** to the Board's ***projected statutory deadline***." *Fintiv Order* at 9. Petitioners do not dispute that this difference amounts to eight months. Significantly, Petitioners cannot dispute that in *Fintiv*, a hearing scheduled to begin two months before the FWD weighed only *somewhat in favor* of discretionary denial. *ID* at 13. Thus, the eight-month difference here should weigh *substantially in favor* of denial.

Further, under a plain reading of the *Fintiv Order*, the date that the ITC initial or final determination issues is irrelevant. Nor should those dates be relevant, since it is the hearing that consumes the most resources of the Court and the parties combined. These considerations are given heavy weight by *NHK Spring* and *Fintiv*. Contrary to Petitioners' arguments, Factor 2 weighs strongly against institution.

C. Factor 3 Weighs Against Institution: Substantial Investments Have Been and Will Be Made in the ITC Case

Here, a two-day Markman hearing would have been conducted by the time the institution decision is expected. Substantial resources have been and will continue to be invested in the ITC case.

Further, the fact that ALJ Elliot has adjudicated issues pertaining to a related patent means that substantial judicial resources have been expended for the ITC to be acquainted with this technology. Petitioners' gamesmanship argument is

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS
Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS
Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS
Sync your system to PACER to automate legal marketing.