UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FITBIT, INC.,

Petitioner

v.

PHILIPS NORTH AMERICA LLC

Patent Owner

Case No. IPR2020-00783

U.S. Patent No. 7,088,233

PATENT OWNER SUR-REPLY TO PETITIONER'S REPLY

Patent Owner submits this Sur-Reply to Petitioner's Reply (Paper 7).

I. *NHK* and *FINTIV I* Apply to This Proceeding

Petitioner mischaracterizes the sequence of events in *Fintiv I*. Petitioner asserts that "the district court's scheduling of a trial date was ***the fact*** that led to the Board ordering supplemental briefing on the issue of discretionary denial." Rep., 1. This is not accurate.

At the time the petition was filed in *Fintiv*, no trial date had been set in the related district court litigation. Rather, the trial date was set by the district court in between the filing of the petition and the patent owner preliminary response. Then, in the patent owner preliminary response, the patent owner raised the setting of the trial date in the related district court litigation as *one* of the reasons for a discretionary denial. However, because the petitioner did not have the opportunity to consider this fact in its petition, the Board authorized supplemental briefing on the issue of the appropriateness of a discretionary denial. Indeed, if the setting of a trial date in a related litigation was necessary for a denial under 35 U.S.C. § 314(a), the Board could have said so.

II. Petitioner Fails to Show How the *Fintiv* Factors Favor Institution

1. The District Court is Unlikely to Grant a Stay

The issue of whether of the district court would grant a stay is at-best muddled. The orders cited by Petition fail to establish that Judge Talwani would grant a stay in the current litigation. In *Reddy v. Lowe's Cos., Inc.*, the Board had

issued a *final written decision* finding all of the asserted claims to be unpatentable. Ex. 1043. In *Smith & Nephew, Inc. v. Conformis, Inc.* (Ex. 1044) and *Realtime Data LLC d/b/a IXO v. Acronis, Inc.* (Ex. 1045), no analysis was provided as to why the stays were being granted. Thus, it would be speculative to say what Judge Talwani would do in the present case, especially since the Court has invested such significant resources already into the matter.

2. Both the Fitbit and Garmin Trials Are Likely to Occur Before the Projected Deadline for the Final Written Decision

Petitioner's argument regarding the Garmin Litigation presupposes that the Central District of California's postponement of jury trials will go on indefinitely. In all likelihood, the Central District of California will restart having jury trials soon. The court's Covid-19 Notice was only issued last month, and other California federal courts are holding jury trials. Ex. 2022. Patent Owner understands that some California judges are already having internal meetings to discuss procedures for jury trials to occur under current COVID conditions. Indeed, the Garmin Litigation continues to move forward with the court recently issuing the claim construction order. Ex. 2023.

Petitioner's argument regarding the "historical scheduling practice" of the District of Massachusetts is misleading. Petitioner argues that "[m]etrics show that the court's average time to trial in civil cases is approximately 36 months." Rep., 4. However, this ignores the fact that, in 2018, the District of Massachusetts

adopted local patent rules that move cases along at a faster timeline. For example, the local patent rules require that trial and construction hearing be held within 24 and nine months, respectively, of the scheduling conference. Ex. 2024, 32. Thus, it is likely that the District of Massachusetts litigation will go to trial before the projected deadline for the final written decision, October 28, 2021.

3. The Parties Have Already Invested Substantial Resources

The parties and both courts have invested considerable time and resources in the district court proceeding. The parties are nearing the end of fact discovery, all of the inventors have been deposed, document production is substantially complete, both courts have held *Markman* hearings, the Garmin court has issued a claim construction order (Ex. 2023), and numerous motions have been filed. *See Fintiv I*, 10 ("district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.").

Further, Petitioner mischaracterizes the Fitbit court's order denying its request to construe additional terms (Ex. 1064). Rep. 5. The Fitbit court's scheduling order limited the parties to, collectively, having 10 terms for construction. Ex. 2003, 2. Petitioner sought leave to have additional terms construed. In denying this motion, the court stated

> [t]o the extent that Fitbit believes that additional construction is necessary, Fitbit may, at a later date, request a second round of briefing

> on terms not already before the court if Fitbit first establishes that the construction of the additional terms is in dispute and is material to invalidity or infringement of a claim.

Ex. 1064. This order can hardly be characterized as "the district court establish[ing] a procedure for a second round to construe additional terms." Rep., 5. Indeed, the failed motion demonstrates that Petitioner already had an opportunity to convince the court that additional claim construction was necessary and it failed to meet that burden.

Petitioner ignores the fact that the most burdensome aspects of the litigations will be complete before the projected deadline for the Board's final written decision. By this deadline, the parties will have almost certainly completed fact and expert discovery, dispositive motions, and pre-trial filings. While the Covid-19 pandemic may inject some uncertainty into the trial dates, the pandemic will not affect the bulk of the work to be done in the litigations and there is no reason to believe that trial before any final written decision is unlikely (and Petitioner has not demonstrated otherwise).

4. There Is Still Likely to Be Substantial Overlap in Issues

Petitioner's assertion that there is no overlap between the proceedings is incorrect. While Petitioner has narrowly stipulated that if the Board institutes IPR, "it will not pursue, in district court, invalidity of the '233 patent based on any instituted IPR ground," this stipulation does not eliminate the overlap between the

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