UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.,
Petitioner,

v.

LARGAN PRECISION CO., LTD.,
Patent Owner.

Case IPR2020-01339
Patent No. 8,988,796

PATENT OWNER LARGAN PRECISION CO., LTD.'S PRELIMINARY SUR-REPLY

Petitioner's preliminary reply doesn't dispute that (a) its petition circumvented the Board's Rules, including by exceeding the word-limit by 3,600 words, (b) the district court will address substantially the same claims, prior art, and arguments raised in the petition, and (c) the parties have invested 16-plus months and significant resources contesting the parallel litigation in two district courts. These undisputed facts—which raise concerns of fairness, inefficiency, and potential conflicting decisions—continue to favor discretionary denial. And indeed, the Board should exercise that discretion based on a balancing of the six *Fintiv* factors.

***Fintiv* Factor 1:** Petitioner quotes the district court's statement that it would likely grant a stay if the Board institutes all three requested IPRs, but ignores other results short of that outcome. The court hasn't indicated whether it would likely grant a stay if the Board institutes fewer than all three IPRs, nor did Petitioner ask for such guidance. Ex. 1018 at 4. And Petitioner doesn't commit to moving for a stay if the Board doesn't institute all three IPRs. So, with many relevant facts and circumstances on the potential for a stay still unknown, this factor remains neutral.

***Fintiv* Factor 2:** Consistent with the schedule in the *Open Text* case (POPR at 7), the district court may still schedule trial before the projected March 2022 deadline for the Board's final written decision. But Patent Owner acknowledges that this isn't likely, as the parties' newly-submitted proposed schedules have trial beginning no earlier than May 2022. As such, this factor now somewhat disfavors

discretionary denial.

***Fintiv* Factor 3:** It remains undisputed that the parties have invested, and continue to invest, substantial time and resources in the parallel litigation. Before the case's transfer, the parties completed claim construction briefing, produced over 37,000 documents, responded to over four dozen interrogatories, and fully briefed motions to dismiss, disqualify, transfer, and compel. POPR at 8-9.

In the new venue, the parties will perform further discovery and claim construction exchanges before any IPR institution decision. Ex. 2026 at 10. And the transferee court has already begun to invest resources, such as conducting a case management conference and ruling on co-defendant HP's motion for issuance of letters rogatory. Ex. 2027. Thus, factor 3 continues to favor discretionary denial.

***Fintiv* Factor 4:** It remains undisputed that the parallel litigation will address substantially the same claims challenged here, based on the same art and arguments. POPR at 10 (petition adds cls. 5, 10). So, institution would introduce a duplicative proceeding, fostering inefficiency and potential conflicting decisions.

And the risk of such conflicting decisions is particularly acute here. Petitioner has asked the Board to adopt plain and ordinary meaning for all claim terms in the patent while asking the district court to narrowly construe two claim terms. POPR at 17-27. And Petitioner joined HP's request that the court re-open claim construction. *See* Ex. 2004 at 7, 29; Ex. 2026 at 10. The court granted this request,

and now Petitioner may ask the court to construe more terms, in further contradiction to its position here.

In its preliminary reply, Petitioner attempts to ameliorate this by stipulating that it won't pursue in the district court any ground it raised or could've reasonably raised in the IPR. But this stipulation fails to address that HP has asserted the same art and arguments in court that Petitioner raises here. POPR at 11. Hence, despite Petitioner's stipulation, the Board and Patent Owner will likely duplicate work performed in the parallel litigation. That would increase the risk of inconsistent determinations between the Board and the district court, and unfairly burden Patent Owner. Therefore, this factor favors discretionary denial.

***Fintiv* Factor 5:** Petitioner doesn't dispute that, because the district court will resolve the same issues for the same parties, inefficiency risks favor denial.

***Fintiv* Factor 6:** Petitioner doesn't dispute that it used improper tactics to circumvent the Board's Rules, resulting in its petition exceeding the Board's word limit by 3,600 words. And Petitioner doesn't dispute that it delayed filing its petition, which led to significant investments in the parallel litigation. Further, Petitioner doesn't dispute that it failed to establish the Yu reference is prior art or that its obviousness theories rely on improper hindsight. Thus, factor 6 favors denial.

On balance then, concerns over inefficiency, fairness, and conflicting decisions, particularly on claim construction, all support discretionary denial.

Dated: January 26, 2021 By: /Joseph F. Edell/

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