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 IPR2020-01545
Patent 9,146,378

PETITIONER'S PRELIMINARY REPLY

On January 7, 2021, the district court held its initial case management conference (CMC) in the related litigation between Patent Owner and Petitioner, following transfer to the Northern District of California. During the CMC, Judge Donato asked about the status of any IPR petitions, stating that "the odds of a stay are fairly high" should the Board institute trial. Ex. 1015 at 4:16–23. Judge Donato also was clear that the litigation schedule would be lengthy and any trial in the district court would take place far in the future. Indeed, Patent Owner's draft Amended CMC Statement, which it has prepared following the CMC, now proposes a trial date no earlier than May 2022. Ex. 1016 at 9. These most recent litigation developments contradict Patent Owner's earlier POPR assertions. The *Fintiv* factors, particularly factors 1–4 discussed below, favor institution of trial.

I. Factor 1: The district court will likely grant a stay upon institution.

Patent Owner predicted that the district court would deny a stay request, arguing that *Fintiv* Factor 1 was "neutral or slightly favor[s] discretionary denial." POPR at 4–6. Judge Donato instead stated that a stay is likely upon institution:

> I'll tell you, I'll tip my hand a little bit, because I think it's going to streamline your case management. If PTAB takes up all of the claims in two [of] those patents and most of the third patent, I think the odds of stay are fairly high. I'm not guaranteeing it, but I thinks it's fairly likely.

Ex.1015 at 4:19–23 (hearing transcript). Accordingly, and contrary to Patent

Owner's earlier assertion, this factor strongly favors institution.

II. Factor 2: No trial date is set, and any trial should be well in the future after any final written decision.

Patent Owner also predicted that its proposed schedule, and a schedule entered by Judge Donato in a prior but different case, meant that "the parties should expect the court to schedule the jury trial to begin by at least [Patent Owner's] proposed November 2021 date" and that "*Fintiv* Factor 2 favors discretionary denial." POPR at 6–8. Again, Patent Owner's prediction was wrong. At the CMC, Judge Donato did not set a trial date or any other deadlines. Instead, he indicated that the schedule will be lengthy and longer than Patent Owner had predicted.

Patent Owner's draft Amended CMC Statement proposes a claim construction hearing in September 2021, and a trial date no earlier than **May 2022**. Ex.1016 at 8. This trial date is well after the latest Final Written Decision due date in this matter, March 18, 2022. A stay, if granted, will only further extend Patent Owner's proposed deadlines. Accordingly, this factor also strongly favors institution.

III. Factor 3: The investment in district court proceedings has been minimal.

Patent Owner argued that activities that took place while the district court case was in the Eastern District of Texas, particularly the parties' claim construction briefing, meant that "Fintiv Factor 3 favors discretionary denial." POPR at 8–10. However, those pre-transfer proceedings never even proceeded to a *Markman* hearing or ruling, and Judge Donato stated at the recent post-transfer CMC that he

was "not willing to tie [the court's] hands to what happened in the Eastern District [of Texas]." Ex.1015 at 5:17–19. Judge Donato ordered the parties to "work out a new claim construction process" that ensures that all disclosures required by the Northern District of California's local patent rules are completed. Ex.1015 at 4:25–5:21, 6:7–20. According to Patent Owner's draft Amended CMC Statement, the parties' only post-transfer, pre-Institution activities would be the exchange of proposed terms for construction on February 10, 2021, and preliminary constructions on March 3, 2021, with numerous other post-Institution deadlines following from the remainder of 2021 through mid-2022. Ex.1016 at 8–9. Accordingly, *Fintiv* Factor 3 strongly favors institution.

IV. Factor 4: There is no risk of duplicative efforts.

To avoid any doubt, Petitioner stipulates that, if IPR is instituted, it will not pursue in the district court any ground raised or that could have been reasonably raised in the IPR. This stipulation matches the petitioner's language in the now precedential *Sotera* case. *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12, at 13–14 (Dec. 1, 2020) (precedential). Thus, *Fintiv* Factor 4 "weighs strongly in favor of not exercising discretion to deny institution." *Sotera* at 18–19.

V. Conclusion

For these reasons, and those in the Petition, the *Fintiv* factors show that the efficiency and integrity of the IPR system is best served by instituting review.

Date: January 19, 2021

Respectfully submitted,

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