UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLIED MATERIALS, INC.
Petitioner,

v.

DEMARAY LLC
Patent Owner.

Case IPR2021-00106
Patent No. 7,381,657

PATENT OWNER'S SUR-REPLY TO PETITIONER'S REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE

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Nothing in the Reply changes the conclusion that the *Fintiv* factors as a whole favor discretionary denial under 35 U.S.C. § 314(a). In particular, the district court case continues apace and the trial date remains December 27, 2021 this year, some five months before the expected due date for the FWD.

***Fintiv* Factor #1: No Evidence Of A Possible Stay**

Petitioner's reply provides no evidence on the "specific facts or cases to indicate the District Court would be inclined to stay the case." *Apple, Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, at 12 (P.T.A.B. May 13, 2020) (informative). Absent such facts, the Board should "decline to infer … how the District Court would rule should a stay be requested." *Id.*

Petitioner cites to *Kuster v. W. Dig. Tech., Inc.*, No. 6:20-cv-00563-ADA (W.D. Tex. March 12, 2021), to argue that a stay is likely. That case is distinguishable because, there, the parties ***jointly*** requested a stay pending an instituted IPR. Reply at 1. Petitioner cites no evidence that Judge Albright would grant an ***opposed*** motion to stay. *Id.* Indeed, the opposite is likely the case. *See Cont'l Intermodal Grp. – Trucking LLC v. Sand Revolution LLC*, No. 7:18-cv-00147-ADA (W.D. Tex. July 22, 2020) (denying defendant's motion to stay pending IPR because "***[t]he Court strongly believes [in] the Seventh Amendment***, … [and] ***Plaintiff opposes the stay***" (emphasis added)).

The N.D. Cal. proceeding also does not help. First, Petitioner voluntarily dismissed its original case after the district court determined it

lacked subject matter jurisdiction. Second, Petitioner does not assert that its refiled complaint is materially different from the dismissed complaint (and it isn't). Further, as in the dismissed first N.D. Cal. action, the Court has cancelled the hearing on Patent Owner's motion to dismiss and will decide the motion on paper. Third, in the refiled N.D. Cal. action, Petitioner has not requested the court to enjoin the Texas proceedings. These facts undermine Petitioner's assertion that the N.D. Cal. action allegedly "favors institution." Instead, they show that the N.D. Cal. action does not affect the Texas actions.

***Fintiv* Factor #2: The Jury Trial Date Remains Unchanged**

Petitioner renews its speculation that the district court will move the trial date. Reply at 2–3. As it now stands, the trial is still scheduled for December 27, 2021, and Petitioner has not even asked the Court to move the trial date. The parties thus still have to plan and act as if the case will go on trial then. In addition, the Board routinely "declines to speculate" as to whether a trial will take place as scheduled when there are also other scheduled trials on same date. *Cisco Sys., Inc v. Monarch Networking Sols. LLC*, IPR2020-01227, Paper 11, at 10–11 (P.T.A.B. Mar. 4, 2021).

Petitioner also argues that VLSI case scheduling supports its speculation that the trial will be delayed. Reply at 3. VLSI case was delayed in large part because Intel sought the Federal Circuit's intervention to postpone the trial.

Now with guidance from the Federal Circuit, Patent Owner trusts that Petitioner and the RPIs won't try the same tactics.

Petitioner's reference to the case scheduling in N.D. Cal. also does not help because as explained above, that action currently has no effect on the scheduling of the Texas actions.

In sum, the Board should accept the scheduled trial date at face value as it did previously. *Fintiv*, Paper 15 at 5.

Fintiv Factor #3: The Parties And Court Have Continued To Invest Resources Into The Parallel Texas Litigations

Petitioner does not dispute that the Texas Litigations are proceeding apace.[1] Although the *Markman* hearing has now been cancelled until the completion of briefing of defendants' transfer motions, the briefing on the transfer motion will close in April. Patent Owner anticipates that the *Markman* hearing will be held and constructions will be given by mid-May before the deadline for institution (upon which discovery will commence). The parties' investment will continue to accrue *after institution* but before the FWD deadline in preparation for the trial, including completion of fact and expert

[1] Petitioner contends that Patent Owner miscalculated the dates for final contentions. Petitioner relies on a revised scheduling order entered after Patent Owner's preliminary response was filed. *Compare* Reply at 4, *with* Ex. 2005.

discovery (which will surely encompass validity issues), pre-trial motion practice, trial preparation, trial and post-trial motions. Petitioner does not dispute that *Bentley Motors Ltd. v. Jaguar Land Rover Ltd*., IPR2019-01539, Paper 16, at 9–10 (P.T.A.B. Oct. 2, 2020), appropriately weighed additional investment by the parties after institution but before the FWD when denying institution. Factor 3 weighs in favor of denying institution.

Further, there is no evidence that institution or even a FWD could simplify issues or conserve party or judicial resources. For example, regardless who invalidates the patent, the effect is the same. Conversely, if the validity of the patent is upheld, Petitioner will still pursue at least its prior use based defenses. Institution of the IPR thus will not result in savings of resources that the parties or the district court will spend.

***Fintiv* Factor #4: Stipulation Does Not Lessen Overlap Of Issues**

Petitioner's stipulation fails to eliminate "overlap of issues." In addition to reserving the right to reassert "any specific invalidity ground" based on some perceived change in legal authority, the Texas defendants (RPIs here) only stipulated that they would not pursue in district court the "specific invalidity ground instituted by the PTAB" and to not pursue "any invalidity ground based" on *Licata* if a trial is ordered. Ex. 2003, 27–30 & n.4. The stipulation is not enough to obviate concerns relating to overlapping issues,

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