UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BOSE CORPORATION,
Petitioner,

v.

KOSS CORPORATION,
Patent Owner.

CASE: IPR2021-00612
U.S. PATENT NO. 10,206,025

PATENT OWNER'S SUR-REPLY IN SUPPORT OF PRELIMINARY RESPONSE

In response to Petitioner's Preliminary Reply ("Reply," Paper 12) to Patent Owner's Preliminary Response ("POPR," Paper 9) filed July 9, 2021, Patent Owner submits this Sur-Reply.

The trial in the Apple Litigation (*Koss Corp. v. Apple Inc.*, Case No. 6:20-cv-00665-ADA (W.D. Tex.)) is scheduled for April 2022 and it is highly relevant to the *Fintiv* analysis, even though Petitioner is not a party to that case. *See Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 11 at 14 (PTAB Mar. 20, 2020) ("Even when a petitioner is unrelated to a defendant, … if the issues are the same as, or substantially similar to, those already or about to be litigated, or other circumstances weigh against redoing the work of another tribunal, the Board may, nonetheless, exercise the authority to deny institution."). There is substantial overlap between the validity issues raised in the Petition and in the Apple Litigation; and the verdict in the Apple Litigation will occur approximately ***five months*** before the FWD if the IPR is instituted. POPR at 10-14, 17-20. The status of the other litigations involving the '025 Patent does not change the fact that the Petitioner is asking the Board to duplicate—five months later— the work of the parties and district court in the Apple Litigation. None of the considerations raised in Petitioner's Reply alter these facts or the analysis presented in the POPR.

Regarding the first *Fintiv* factor, the Reply concedes that "Bose has no control over whether Apple will seek a stay" under the first *Fintiv* factor. Reply at 2. As of

the filing of this Sur-Reply, Apple has not moved to stay the Apple Litigation even though the Board has instituted three IPRs for patents at issue in the Apple Litigation. POPR at 9. Because "Bose has no control over whether Apple will seek a stay," and because Apple's actions show that a stay is unlikely, this factor weighs in favor of discretionary denial.

The Reply's arguments about the "interrelated" second and fifth *Fintiv* factors are also unpersuasive. Petitioner quotes a sentence from *Fintiv* about the fifth factor (Reply at 2-3), but omitted the very next sentence in the Board's reasoning that undercuts Petitioner's position. The next sentence explains that even when the Petitioner is not related to the defendant in the earlier litigation, if the issues are the same, the "Board may, nonetheless, exercise the authority to deny institution." *Fintiv*, IPR2020-00019, Paper 11 at 14. Petitioner's selective quotations from *Fintiv* cannot escape that the upcoming trial in the Apple Litigation critically impacts the *Fintiv* analysis despite Petitioner's invitation for the Board to speculate about the merits of Apple's mandamus writ to the Federal Circuit. Reply at 3.

If speculation is warranted, the Federal Circuit's recent decisions in *In re Western Digital Techs.*, Inc., 847 Fed. Appx. 296 (Fed. Cir. May 10, 2021) and *In re TCO AS*, Case No. 2021-158, -- Fed. Appx. --, 2021 WL 2935078 (Fed. Cir. July 13, 2021) show that the writ is unlikely. In both of these cases, the Federal Circuit upheld denials of transfer by Judge Albright, the presiding judge in the Apple

Litigation, under similar circumstances because the "legal standard for mandamus is demanding"—whether the transfer ruling was "such a clear abuse of discretion that refusing transfer produced a patently erroneous result." *Western Digital*, 847 Fed. Appx. at 926 (internal quotations omitted). In light of this "demanding" standard, the Federal Circuit is unlikely to transfer the Apple Litigation, especially considering that the Northern District of California characterized Judge Albright's decision on Apple's transfer motion as "thoughtful." KOSS-2007, 2.

As explained in the POPR, validity issues in the Apple Litigation are substantially similar to validity issues raised in the Petition. POPR at 17-20. The trial in the Apple Litigation also highly likely to conclude approximately five months before the FWD if the IPR is instituted because a mandamus writ from the Federal Circuit is unlikely. Thus, factors 2 and 5 and favor discretionary denial, even though Petitioner is not a litigant in the Apple Litigation.

Regarding the third *Fintiv* factor, the Reply raises the strawman argument that "much work [in the Apple Litigation] remains after the institution deadline herein." Reply at 3. This is irrelevant because the appropriate time to evaluate the investment of the parties is "at the time of the institution decision." *Verizon Bus. Network Servs. LLC v. Huawei Techs. Co.*, IPR2020- 01292, Paper 13 at 14 (PTAB Jan. 25, 2021). In fact, the *Dolby* case on which Petitioner relies (Reply at 2) "clarifies" that the key date for measuring the investment is the institution date. *Dolby Labs v. Intertrust*

Tech., IPR2020-00665, Paper 11 at 18 (PTAB Feb. 16, 2021) ("we take this opportunity to clarify that the focus of our inquiry under this factor is the actual investment by the district court and the parties in the [litigation] at the time we decide whether to institute this proceeding—not the anticipated investment to occur at some future time when we are projected to issue a final written decision").

In the Apple Litigation, the parties and the court will have invested significant resources by the time the Board decides institution. POPR, 15-16. Even if "much work" will remain after the institution deadline, that work will be completed ***five months*** before the FWD if the IPR instituted. *Dolby* does not help Petitioner because in *Dolby*, fact discovery was "far from complete" by the time the Board was due to issue the institution decision. *Dolby* at 19. Contrarily, in the Apple Litigation, fact discovery will be 75% complete (measured by number of days) by the time of the institution decision. BOSE-1082 (fact discovery opening April 23, 2021 and closing November 4, 2021). This significant investment favors discretionary denial. *See Verizon Bus. Network Servs.*, IPR2020-01292, Paper 13 (PTAB Jan. 25, 2021).

Regarding the fourth *Fintiv* factor, Petitioner ignores the language of its stipulation to assert that it is "untrue" that Petitioner is prohibited from reclassifying references as primary or secondary. Reply 4. Indeed, Petitioner does not even identify any language in its stipulation that supports its position. Nothing in the stipulation prevents Petitioner from relying on the same teachings of Rezvani-875

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