UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

VOLKSWAGEN GROUP OF AMERICA, INC.,
Petitioner

v.

STRATOSAUDIO, INC.,
Patent Owner

Case No. IPR2021-00716
Patent No. 8,688,028

PETITIONER'S REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE

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LIST OF EXHIBITS

Exhibit No.	Description
1006	*Sand Revolution II, LLC v. Continental Intermodal Grp. – Trucking LLC*, IPR2019-01393, Patent Owner's Supplemental Brief
1007	[Proposed] Second Amended Joint Scheduling Order
1008	Volkswagen's Motion to Dismiss, or Transfer, for Improper Venue
1009	September 3, 2021 Email Stipulation re IPR Grounds

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Under the Board's informative decision in *Sand Revolution II, LLC v. Continental Intermodal Grp. – Trucking LLC*, IPR2019-01393, Paper 24 (P.T.A.B. June 16, 2020), Patent Owner's request in its Preliminary Response for discretionary denial of institution of *inter partes* review ("IPR") should be rejected.

In *Sand Revolution II*, the Board declined to discretionarily deny institution, despite the fact that, with respect to the parallel district court litigation before Judge Albright: a *Markman* Order had already been issued; significant fact discovery had been completed; and trial was scheduled for months before expected final written decision. IPR2019-01393, Paper 24 at 7–14. In finding for Petitioner and instituting IPR, the Board placed particular emphasis on the uncertainty of Judge Albright's trial date and on Petitioner's stipulation that it would not argue the same grounds of invalidity in the district court case. *Id.*

With respect to the present parallel litigation before Judge Albright: Petitioner filed its Petition within four months of the Complaint, before Patent Owner's preliminary infringement contentions; there has been no *Markman* hearing or decision; fact discovery has not yet begun; a significant motion to dismiss for improper venue has been fully briefed; trial is ***tentatively*** scheduled for only three weeks before expected final written decision; and Petitioner has agreed to stipulate that, if this IPR is instituted, it will not assert in Western District of Texas case no. 6:20-cv-1131-ADA any ground of invalidity presented in this IPR.

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Fintiv Factor 1: Whether the Court Granted a Stay or Evidence Exists that One May be Granted if a Proceeding is Instituted

With respect to the first *Fintiv* factor, Patent Owner argues in its Preliminary Response that, absent a stipulation from both parties, "Judge Albright has *never* granted a stay to litigation." Paper 6 at 8–9 (emphasis in original). However, the Board found this factor neutral under *Sand Revolution II*, under similar facts and arguments. IPR2019-01393, Paper 24 at 7 (citing Paper 20 at 4–5, attached hereto as Exhibit 1006).

As in *Sand Revolution II*, institution has not yet been granted and neither party has requested a stay; therefore, this factor is neutral here.

Fintiv Factor 2: Proximity of the Trial Date to the Board's Projected Statutory Deadline for a Final Written Decision

With respect to the second *Fintiv* factor, Patent Owner argues that the expected trial date is before the Board's projected statutory deadline for a final written decision. Paper 6 at 12–16. Here, the trial date—which is tentative—is scheduled only 23 days before the projected statutory deadline. Exhibit 1007 at 5 ("Jury Selection/Trial. The Court ***expects to set these dates*** at the conclusion of the Markman Hearing.") (emphasis added). And, as the Board noted with respect to the months-long gap in *Sand Revolution II*, trial dates are not fixed in stone. *Sand Revolution II* at 8–9. The tentatively scheduled trial date here is particularly in doubt as it is for five separate defendants; Volkswagen was the last to be sued.

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In addition, Petitioner long ago moved to dismiss on the basis of improper venue. Exhibit 1008. Petitioner has no facilities or employees in Judge Albright's district, and Patent Owner's only argument for venue is that Petitioner has somehow ratified dealerships as places of business. This is contrary to law, and inconsistent with a Texas statute requiring separation between automobile manufacturers and dealerships. *See Omega Patents, LLC v. BMW of North America et al.*, 1:20-cv-01907-SDG, 2020 WL 8184342 (N.D. Ga. Dec. 21, 2020); *see also West View Research, LLC v. BMW of North America, LLC, et al.*, 16-cv-2590 JLS (AGS), 2018 WL 4367378 (S.D. Cal. Feb. 5, 2018); Tex. Occ. Code § 2301.476(c). Decision on this fully-briefed motion is set for before *Markman*.

This factor weighs even more strongly in favor of Petitioner than in *Sand Revolution II*.

Fintiv Factor 3: Investment in the Parallel Proceeding by the Court and the Parties

With respect to the third *Fintiv* factor, Patent Owner argues that its preliminary infringement contentions, and the upcoming *Markman* hearing, as well as the impending opening of discovery directly after *Markman*, justify denial of institution. These investments pale in comparison to those in *Sand Revolution II*, which investments the Board found weighed "marginally, if at all, in favor of exercising discretion." *Sand Revolution II* at 9–10.

In *Sand Revolution II*, fact discovery had been underway for months; the

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