UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.,
Petitioner

v.

SCRAMOGE TECHNOLOGY, LTD.,
Patent Owner

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IPR2022-00117
U.S. Patent No. 9,843,215

PETITIONER'S AUTHORIZED REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE

Pursuant to the Board's email dated February 24, 2022, Petitioner files this Reply to Patent Owner's Preliminary Response ("POPR," Paper 6).

I. THE *FINTIV* FACTORS FAVOR INSTITUTION

Due to developments in the District Court since the Petition was filed, the *Fintiv* factors now more strongly favor institution. For example, under Factor 2, the *Markman* hearing has been delayed and a trial date will not be set until after an institution decision is due. Under Factor 4, Petitioner's new *Sand*-type stipulation eliminates overlap between this IPR and the District Court proceeding.

A. Factor 1 is neutral (possibility of a stay)

Patent Owner's contention that it is "highly unlikely" Judge Albright would grant a stay in the co-pending litigation is pure conjecture based on how Judge Albright has ruled in *different* cases based on *different* facts. POPR at 29-31. Factor 1 is neutral without "specific evidence" relating to *this* case. *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 7 (June 16, 2020) (informative) ("*Sand*") (finding Factor 1 neutral given only generalized evidence that WDTX routinely denies stays); *Apple Inc. v. Fintiv, Inc*., IPR2020-00019, Paper 15 at 12 (May 13, 2020) (informative) (finding Factor 1 neutral after "declin[ing]to infer" how WDTX would rule based on actions taken in "different cases with different facts").

B. Factor 2 weighs against denial (timing of trial)

This factor weighs strongly against denial because the District Court has not set a trial date and will not set a trial date until *after* the Board's institution decision is due. Specifically, the District Court "expects to set [the trial] date at the conclusion of the *Markman* Hearing." Ex.1015 (original scheduling order), 4. The *Markman* hearing, however, has been delayed to May 23, 2022—after the Board's institution decision which is due by May 16, 2022. *See* Ex.2015 (revised scheduling order), 1. Without a trial date set, this factor weighs strongly against denial. *See Microchip Technology Inc. v. HD Silicon Solutions LLC*, Paper 9 at 10, IPR2021-01042 (PTAB Dec. 15, 2021) (finding that factor 2 "weighs strongly against exercising discretion to deny *inter partes* review" in a case "without a trial date set in the District Court Litigation.").

Without a trial date, Patent Owner is left to speculate that the parallel litigation is "on track for trial in March 2023" in light of a "related Google case." POPR, 32. Speculation is not a basis for discretionary denial. *See, e.g., Progenity, Inc. v. Natera, Inc.*, IPR2021-00279, Paper 12 at 29-30 (June 11, 2021) (finding that factor 2 "does not weigh in favor of" denial where "there is no trial date scheduled for the parallel proceeding" and "[w]hether the trial takes place before, contemporaneously with, or after our final written decision statutory deadline involves speculation."); *see also Intel Corp., v. FG SRC LLC,* IPR2020-01449,

Paper 13 at 15 (Mar. 3, 2021).

Even if trial did occur in March of 2023, the Board would issue its Final Written Decision no more than two months later—a gap the Board routinely finds does not warrant denial. *See, e.g., MediaTek Inc. et al. v. Nippon Telegraph and Telephone Corp.*, IPR2020-01607, Paper 12 at 14 (PTAB April 2, 2021) (finding factor 2 "as slightly favoring proceeding" where "final decision will be within three months of trial"); *Western Digital Corp. et al. v. Martin Kuster*, IPR2020-01391, Paper 10 at 9 (PTAB February 16, 2021) (finding factor 2 neutral where "there would be only a three-and-a-half month difference between the district court trial date and the due date for the final written decision"); *Progenity*, IPR2021-00279, Paper 12 at 29 ("Where the trial merely is estimated to occur about three months before the final written decision falls due in this proceeding, concerns about the Board duplicating efforts … are diminished.").

C. Factor 3 favors institution (investment in parallel proceeding)

Patent Owner identifies several litigation-related activities, including *Markman* briefing, as evidence of significant investment in the parallel proceeding. POPR, 34-35. *Sand* emphasized, however, that the focus of this factor is not the total amount invested by the court and parties, but rather the amount invested "in the merits of the invalidity positions." *Sand* at 10. Here, as in *Sand*, "much of the district court's investment relates to ancillary matters untethered to the validity

issue itself." *Id*.

For example, final invalidity contentions are not due until after institution. Ex.2015, 1. And, although *Markman* briefing will take place before institution, this activity is ancillary to the invalidity issues raised in the Petition. Neither Petitioner nor Patent Owner construe any terms in the Petition or POPR. *See generally* Petition, POPR. Accordingly, even if the district court issues a *Markman* order soon after institution, as speculated by Patent Owner, that order will not reflect any investment in the merits of the invalidity issues here. Under similar circumstances, the Board consistently finds that Factor 3 favors institution. *See, e.g., Huawei Tech. Co., Ltd., v. WSOU Invs., LLC*, IPR2021-00229, Paper 10 at 12-13 (Jul. 1, 2021) (finding factor 3 favoring institution and noting that "while a *Markman* hearing has occurred, much of the invested effort is unconnected to the patentability challenges"); *Apple Inc. v. Koss Corp*., IPR2021-00381, Paper 15, at 16-17 (Jul. 2, 2021) (finding "little evidence of risk that we will duplicate work performed in the District Court Lawsuit" when "there is no indication as to how [the *Markman*] order might impact questions of patentability").

As also in *Sand*, at the time of institution "much work" will remain in the district court case as it relates to invalidity. *Sand* at 10-11. Fact and expert discovery will not close for four and six months respectively, expert invalidity reports will not be due for four months, and substantive motion practice on validity

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