UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner

v.

SCRAMOGE TECHNOLOGY LTD.,
Patent Owner

IPR2022-00120
Patent 9,997,962

PATENT OWNER'S PRELIMINARY RESPONSE SUR-REPLY

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The district court case concerns the same parties, same patent, same claims, and the same invalidity references. Trial in the district court is also on track to occur months before the deadline for a final written decision in this matter. IPRs were intended to be "an effective and efficient alternative" to district court litigation, but this IPR cannot be such an alternative under these circumstances. Allowing this IPR to proceed simultaneously with the district court litigation would result in duplicative work, risk conflicting decisions, and be an inefficient use of the Board's finite resources. Institution should be denied.

A. Factor 1: It is undisputed that a stay is unlikely to be granted.

Petitioner does not dispute that the district court is unlikely to grant a stay in the event the Petition is instituted. Indeed, Petitioner does not attempt to set forth any argument or evidence that the district court is likely to grant a stay, and instead argues that this factor is neutral without "specific evidence" relating to this case. But contrary to Petitioner's assertions, Patent Owner provides specific evidence, including evidence regarding the stage of the litigation, and reasonably concludes that a stay is unlikely under the applicable law—a position that Petitioner does not and cannot refute. *See Samsung Elecs. Co. Ltd. v. Evolved Wireless LLC*, IPR2021-00950, Paper 10 at 10–11 (PTAB Nov. 29, 2021) ("*Evolved*") (finding this factor weighed in favor of denial and denying institution where patent owner showed a stay was unlikely based on the advanced stage of the case and past decisions denying

stays). A stay is even less likely now given that the parties have completed claim construction briefing, discovery has begun, and the *Markman* hearing is imminent. Moreover, Petitioner still has not filed a motion to stay, and still has not indicated that it even intends to file such a motion. Factor 1 weighs against institution.

B. Factor 2: The district court trial will begin before the FWD deadline.

Petitioner does not seriously dispute that the district court case is on track for trial in March 2023, which is months before a final written decision would be due. And contrary to Petitioner's assertions, this is more than sufficient to support a discretionary denial, especially given Judge Albright's strong policy against schedule changes. Indeed, the Board has denied institution under nearly identical circumstances. *See, e.g.*, *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 7–8, at 13 (PTAB May 13, 2020) ("*Fintiv II*") (denying institution where the district court trial was scheduled two months before the deadline for final written decision); *Evolved* at 13 (same); *Immersion Systems LLC v. Midas Green Techs., LLC*, IPR2021-01176, Paper 16 at 12–13 (PTAB Jan. 6, 2022) ("*Midas*") (three months). Factor 2 weighs against institution.

C. Factor 3: There has been significant investment in the district court litigation.

Petitioner asserts that the Board should simply ignore both the parties' and the district court's significant investment in the district court litigation because some of

the work done in that case does not directly relate to invalidity issues. This is contrary to the Board's decisions finding that "substantive orders related to the patent at issue," including claim construction orders entered by the district court, favor discretionary denial. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 9–10 (PTAB Mar. 20, 2020) (precedential, designated May 5, 2020) ("*Fintiv I*"). For example, in *Midas*, the Board found the fact that a claim construction order had been entered and discovery was underway was "not insignificant" and denied institution. *Midas* at 13–14. The Board further found that "although it appears that much is left to occur in the related district court litigation, the evidenced expended effort is nevertheless not insubstantial." *Id.* at 14.

The same reasoning applies here. Claim construction briefing is now completed, discovery is open, and the parties have exchanged infringement and invalidity contentions. This is not insubstantial. "[T]he level of investment and effort already expended on claim construction and invalidity contentions" favors discretionary denial. *Fintiv II* at 13–14.

D. Factor 4: Duplicative issues and inefficiencies remain.

Petitioner does not dispute that the district court case involves the same patent, same claims, and the same invalidity references. And to erase any doubt as to the complete overlap regarding invalidity arguments and evidence, Petitioner's invalidity contentions incorporate by reference its arguments and evidence in this

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