UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner

v.

SCRAMOGE TECHNOLOGY, LTD.,
Patent Owner

IPR2022-00350
U.S. Patent No. 9,806,565

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

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Pursuant to the Board's Order dated May 18, 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 co-pending litigation that have occurred since the Petition was filed, the *Fintiv* factors now more strongly favor institution. Most importantly, on May 24, the day before this filing, the case was transferred from the Western District of Texas to the Northern District of California. A trial date will not be set until after the Board's institution decision. Discretionary denial would thus be inappropriate.

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

In light of the transfer, whether a stay will be granted remains speculative. Factor 1 is thus 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); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (May 13, 2020) (informative).

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

This factor weighs strongly against denial. The Texas District Court had expected to set the trial date at the *Markman* hearing but instead cancelled the hearing in view of a May 17 order transferring the case to the Northern District of

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California. *See* Ex.1021 (Docket entries for May 17, 2022: "Case transferred to Northern District of California."; "Sealed Order. Signed by Judge Alan D Albright."). On May 24, the case was transferred to the Northern District of California and assigned to Judge Keulen (Case No. 5:22−cv−03041). *See* Ex.1022. The initial case management conference in the California District Court will not be held until August 23, 2022—after the deadline for institution on August 8, 2022. Ex.1022, 2. Accordingly, no trial date will be set when the Board makes its institution decision.

Without a trial date, 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 that had been transferred from the Western District of Texas to the Northern District of California and was "without a trial date set").

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

Patent Owner identifies several litigation-related activities, including *Markman* briefing and the *Markman* hearing that had been scheduled for May 23, 2022, as evidence of significant investment in the parallel proceeding. POPR, 30-31. The *Markman* hearing was cancelled in light of the transfer order. *See* Ex.1020. Further, the *Markman* briefing activity is ancillary to the invalidity issues raised in

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the Petition. *See Sand* at 10 (noting that "much of the district court's investment relates to ancillary matters untethered to the validity issue itself"). Neither Petitioner nor Patent Owner construe any claim terms in the Petition or POPR. *See generally* Petition, POPR. 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 "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). Further, given the transfer, it is now unknown when fact and expert discovery on invalidity issues will close.

Accordingly, this factor weighs against discretionary denial.

D. Factor 4 favors institution (overlap of issues)

While the degree of overlap is only speculative at this point,[1] Petitioner stipulates that it will not pursue in the parallel district court proceeding the prior art obviousness combinations on which trial is instituted for the claims on which trial is instituted. In *Sand*, a nearly identical stipulation was found to effectively address the risk of duplicative efforts. *Sand* at 11-12. Accordingly, this factor favors institution.

[1] Only preliminary invalidity contentions have been served.

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E. Factor 5 favors institution (overlapping parties)

Although Petitioner is the defendant in the parallel proceeding, the Board has noted that this factor "could weigh either in favor of, or against, exercising discretion to deny institution, depending on which tribunal was likely to address the challenged patent first." *Google LLC v. Parus Holdings, Inc.*, IPR2020-00846, Paper 9 at 21 (Oct. 21, 2020). Here, given the transfer, it is unlikely a district court tribunal will address validity first. This factor thus weighs in favor of institution.

F. Factor 6 favors institution (other circumstances)

The Petition presents a strong case for why the challenged claims are obvious in light of the cited art. This factor thus weighs against discretionary denial.

Respectfully submitted,

Date: May 25, 2022

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