UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner

v.

SCRAMOGE TECHNOLOGY LTD.,
Patent Owner

IPR2022-00350
Patent 9,806,565

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. 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. Instead, Petitioner argues that this factor is neutral without "specific evidence" relating to this case. Reply at 1. But contrary to Petitioner's assertions, Patent Owner did provide specific evidence, including evidence regarding the stage of the litigation, and reasonably concluded under the applicable law that a stay is unlikely. *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).

On the other hand, Petitioner did not set forth any argument or evidence that the district court is likely to grant a stay. Nor has Petitioner indicated that it even

intends to file such a motion. Accordingly, this factor weighs against institution. *See Google LLC v. EcoFactor, Inc.*, IPR2021-01578, Paper 9 at 8 (Mar. 18, 2022) (finding this factor weighed against institution where there was "no evidence that Petitioner had requested a stay" and a stay was unlikely given the stage of the proceeding).

B. Factor 2: Trial will likely begin before the FWD deadline.

Prior to transfer, the district court case was on track for trial in March 2023—at least five months before a final written decision would be due. And while the expected trial date is less certain now that the case has been transferred, there is no reason to believe that the trial will occur after the final written decision deadline. Accordingly, this factor also favors denial. *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).

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

Petitioner asserts that the Board should simply ignore 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, the parties have exchanged infringement and invalidity contentions, and discovery is well underway (Ex. 1022). 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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