

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Molo Design, Ltd.

Plaintiff,

-v-

Chanel, Inc.

Defendant.

Case No. 21-CV-1578 (VEC)

**CHANEL’S RESPONSE TO
MOLO’S SUPPLEMENTAL
CLAIM CONSTRUCTION
STATEMENT**

Defendant Chanel, Inc. (“Chanel”) respectfully submits this response to Plaintiff Molo Design, Ltd.’s (“Molo”) Supplemental Claim Construction Statement, Dkt. 51.

Molo selectively quotes from Chanel’s *inter partes* review (“IPR”) petitions to present an incomplete and misleading summary of Chanel’s claim construction position. Chanel never made any unqualified assertion that “none of the claim terms require construction,” as Molo wrongly contends. Dkt. 51 at 2. What Chanel argued in its IPR petitions is that the Board need not construe any claims to resolve the specific prior art invalidity grounds raised in those petitions:

The Board need only construe the claims when necessary to resolve the underlying controversy. *Lectrosonics inc. v. ZaxCom, Inc.*, IPR2018-01129, Paper 33, 2020 Pat. App. LEXIS 2043 (P.T.A.B. Jan. 24, 2020) (precedential), *citing Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017). Here, given the close relationship between the Challenged Claims and the asserted prior art (some of which describes earlier work by the ’366 patent’s named inventors), the Board need not construe any terms in order to resolve the underlying controversy. Any reasonable interpretation of those terms—as understood by a POSITA at the time of the invention—reads on the prior art.

Dkt. 48-1 at 24-25; *see also* Dkt. 48-2 at 21-22; Dkt. 48-3 at 22-23; Dkt. 48-4 at 22.

The reason claim construction is unnecessary in Chanel’s IPR proceedings is because those proceedings are statutorily limited in scope to issues of invalidity based on prior art patents

and printed publications, and Chanel is relying on prior art concerning the same subject matter as Molo's patents, including earlier publications by the named inventors of the Molo patents. Given the close relationship between the patents and the asserted prior art, claim construction would not affect the outcome in the IPRs – under any reasonable claim construction, the claims are invalid. This is what Chanel argued in its IPR petitions, as shown in the quoted language above.

Chanel never argued that claim construction was unnecessary in the district court action. To the contrary, in each of its IPR petitions, Chanel expressly “reserves the right to raise claim construction arguments in the co-pending district court action and any other proceedings as appropriate.” Dkt. 48-1 at 25 n.7; Dkt. 48-2 at 22 n.5; Dkt. 48-3 at 23 n.5; Dkt. 48-4 at 22 n.5.

Claim construction is still required in the district court action because the district court action involves a broader set of issues, including affirmative defenses and counterclaims of non-infringement and indefiniteness that cannot be raised in the IPR proceedings. The need for claim construction in the district court action is further explained in Chanel's claim construction brief. *See, e.g.*, Dkt. 43 at 2, 9, 12, 17–18.

There is nothing inherently improper about a party seeking claim construction in a district court action and not seeking claim construction in a related IPR proceeding. The different scope of the two proceedings can make claim construction necessary in one but not the other, as is the case here. The Patent Trial and Appeal Board (“PTAB”) recently addressed this issue in another proceeding where the patent challenger sought claim construction in the district court action but not in its IPR petition. The PTAB declined to take issue with this difference, explaining that “alternative pleading before a district court is common practice, especially where it concerns issues outside the scope of *inter partes* review.” *Target Corp. v. Proxicom Wireless, LLC*, IPR2020-00904, Paper 11 at 12 (PTAB Nov. 10, 2020). At least one district court has addressed

a similar issue and denied the plaintiff's request that the defendant be judicially estopped from arguing for a claim construction that differed from the one offered during a related IPR. *Panduit Corp. v. Corning Inc.*, 2021 U.S. Dist. LEXIS 124157, at *2–3 (E.D.N.C. July 2, 2021).

Chanel respectfully submits that its decision not to pursue claim construction in the IPR proceedings has no bearing on its claim construction positions in this district court action.

However, to the extent this Court considers claim construction positions from the IPR proceedings, Chanel respectfully requests that it also consider Molo's IPR claim construction positions that will be disclosed in Molo's IPR Preliminary Responses due in May 2022.

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