UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner

v.

SCRAMOGE TECHNOLOGY, LTD.,
Patent Owner

IPR2022-00573
U.S. Patent No. 7,825,537

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

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Pursuant to the Board's email dated June 22, 2022, Petitioner files this Reply to Patent Owner's Preliminary Response ("POPR," Paper 9).

I. THE *FINTIV* FACTORS FAVOR INSTITUTION

The *Fintiv* factors now more strongly favor institution due to recent district court developments and also due to the Director's June 21, 2022 memorandum on discretionary denials ("Memo"). For example, under Factor 2, the projected district court trial date—based on median time-to-trial statistics—is four months *after* the Board's final written decision is due. Further, the petition presents compelling evidence of unpatentability, rendering the *Fintiv* analysis moot.

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

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 strongly favors institution (timing of trial)

This factor weighs strongly against discretionary denial because the projected trial date—based on median time-to-trial statistics—is in January of

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2024, four months *after* the Board's Final Written Decision due date in September of 2023. While trial is currently scheduled for July of 2023, the Board recognizes "that scheduled trial dates are unreliable and often change." Memo, 8. Accordingly, the Board now uses median time-to-trial statistics in the relevant venue to determine a projected trial date for *Fintiv* purposes: "The PTAB will weigh this factor [factor 2] against exercising discretion to deny institution under *Fintiv* if the median time-to-trial is around the same time or after the projected statutory deadline for the PTAB's final written decision." Memo, 9. The co-pending district court case was filed in the Western District of Texas on October 15, 2021. The most recent statistics show a median time-to-trial in the Western District of Texas of 27.2 months. Ex.1020, 5. Accordingly, the projected trial date for purposes of *Fintiv* is January of 2024—approximately 27 months after October of 2021, and four months after the Board's Final Written Decision is due on September 16, 2023.

Even if trial did occur as scheduled on July 31, 2023, the Board would issue its Final Written Decision less 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 (April 2, 2021) (finding factor 2 "as slightly favoring proceeding" where "final decision will be within three months of trial"); *Progenity, Inc v. Natera, Inc.*, IPR2021-00279, Paper 12 at

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29 (with trial estimated three months before final written decision "concerns about the Board duplicating efforts … are diminished."); *Western Digital Corp. et al. v. Martin Kuster*, IPR2020-01391, Paper 10 at 9 (Feb. 16, 2021).

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

Patent Owner identifies several litigation-related activities, including the scheduled *Markman* hearing, as evidence of significant investment in the parallel proceeding. POPR, 6-7. *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 September 22, 2022—*after* institution. Ex.2002, 3. 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 before institution, 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,

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2021) (factor 3 favoring institution "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).

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 discovery will not close until five months after institution. Ex.2002, 4. Expert discovery will not close until seven months after institution. Ex.2002, 4. Expert invalidity reports will not be due for five months. Ex.2002, 4. This lack of investment in invalidity matters, combined with Petitioner's promptness in filing within ***one week*** after being served infringement contentions "weigh[s] against" denial. *Apple Inc. v. Fintiv, Inc*., IPR2020-00019, Paper 11 at 11 (Mar. 20, 2020) (precedential).

D. Factor 4 favors institution (overlap of issues)

Although the degree of overlap with the District Court on invalidity issues is thus far speculative[1], Petitioner nevertheless stipulates that it will not pursue in the parallel district court proceeding (WDTX-6-21-cv-01071) 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. *See* Ex.2002, 3.

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