

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

FINTIV, INC.,
Patent Owner

IPR2022-00976
U.S. Patent No. 9,892,386

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

As authorized by the Board's email dated September 16, 2022, Petitioner submits this reply in response to Patent Owner's Preliminary Response ("POPR") (Paper 7). The Board should not exercise its discretion to deny institution.

I. The *Fintiv* Factors Favor Institution

The *Fintiv* factors strongly favor institution. Petitioner is not a party to the only district court proceeding involving the '386 patent: *Fintiv, Inc. v. PayPal Holdings, Inc.*, No. 6:22-cv-00288 (WDTX) ("PayPal litigation"). Based on median time-to-trial statistics, the Board would issue a final written decision ***eight months before*** a projected trial date in the PayPal litigation. Further, the Petition presents compelling evidence of unpatentability. See "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation," June 21, 2022 ("*Director's Fintiv Guidance*"); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5-6 (PTAB Mar. 20, 2020) (precedential).

A. Factor 1 is neutral (possibility of stay)

According to public information, PayPal has not moved to stay the PayPal litigation based on this IPR proceeding. Patent Owner speculates that "it is unlikely that a stay would be granted" if PayPal moved for a stay, because other "cases suggest that it is likely that the Western District of Texas would deny stays" based on IPRs. POPR, 47-48. The Board should reject Patent Owner's speculation based on other cases with different facts. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper

15 at 12 (May 13, 2020) (informative) (“We decline to infer, based on actions taken in different cases with different facts, how the District Court would rule should a stay be requested by the parties.”).

The Board should not infer the outcome of any stay motion that has not been filed. *See Dish Network L.L.C. v. Broadband iTV, Inc.*, IPR2020-01359, Paper 15 at 11 (Feb. 15, 2021) (“It would be improper to speculate...what the Texas court might do regarding a motion to stay” when a stay had not yet been requested). Without “specific evidence” of how the court would rule on any stay motion, this factor is neutral. *Sand Revolution II, LLC v. Cont’l Intermodal Grp.—Trucking LLC*, IPR2019-01393, Paper 24 at 7 (June 16, 2020) (informative).

B. Factor 2 strongly favors institution (timing of trial)

Factor 2 weighs in favor of institution because the Board would issue a final written decision in this proceeding *eight months before* the relevant trial date in the PayPal litigation. The Board would issue a final written decision by approximately November 24, 2023. Due to the unreliability of scheduled trial dates in civil litigation, the *Director’s Fintiv Guidance* provides that the Board should take into account the “median time-to-trial for civil actions in the district court in which the parallel litigation resides” when applying *Fintiv* factor 2.

Director’s Fintiv Guidance, 8-9; *see also id.*, 8 (“A court’s scheduled trial date [] is not by itself a good indicator of whether the district court trial will occur before the

statutory deadline for a final written decision.”). The median time-to-trial for the Western District of Texas is 28.3 months. APPL-1016, 37 (listing the median time to trial in the 12-month period ending June 30, 2022). Based on this median time-to-trial, a trial date in the PayPal litigation would be approximately July 26, 2024, ***eight months after*** the Board would issue a final written decision here.

Factor 2 also weighs strongly against denial because Petitioner is not a party to the PayPal litigation. *See, e.g., Bose Corp. v. Koss Corp.*, IPR2021-00680, Paper 15 at 15 (Oct. 13, 2021) (factor 2 “weigh[ed] strongly against” discretionary denial when the petitioner was not a party to the parallel litigation on which the patent owner sought discretionary denial).

Patent Owner indicates that the parties to the PayPal litigation submitted a joint motion to enter an agreed scheduling order. Ex.2007 (“Joint Motion”). The Joint Motion proposes a trial date of November 30, 2023. Ex.2007, 8. At present, the Court has not entered the Joint Motion. In any event, the proposed trial date is *after* the projected date for issuing a final written decision (November 24, 2023). Therefore, even the proposed trial date in the Joint Motion favors institution.

Under the *Director's Fintiv Guidance*, Board panels have used median time-to-trial dates instead of scheduled trial dates. The Board should do the same here. *See, e.g., Google LLC v. Jawbone Innovations, LLC*, IPR2022-00630, Paper 10 at 14 (Sept. 13, 2022) (applying median time-to-trial over scheduled trial date); *Apple Inc. v.*

Scramoge Tech., Inc., IPR2022-00532, Paper 9 at 11-12 (Sept. 13, 2022) (same).

Patent Owner also argues that “the 8.5 month median time for disposition in the WDTX” favors denial. POPR, 50 (citing Ex.2006). Patent Owner is wrong. *Fintiv* factor 2 considers median time-to-trial, not median time-to-disposition. Director's *Fintiv* Guidance, 8-9 (“most recent statistics on median time-to-trial”).

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

Factor 3 favors institution because there has been minimal investment in the invalidity issues in the PayPal litigation, which is in the early stages. 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 Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 10 (June 16, 2020) (informative).

According to the Joint Motion, PayPal served preliminary invalidity contentions by August 25, 2022. Ex.2007, 6. However, after the Board issues its institution decision (by November 24, 2022), much work remains in the invalidity issues in the PayPal litigation. Claim construction briefing will not be completed until November 30, 2022, a *Markman* hearing is not scheduled until December 8, 2022, fact discovery does not begin until December 9, 2022, and expert discovery does not begin until July 13, 2023. Ex.2007, 6-7. Accordingly, factor 3 weighs in favor of institution because there has not been significant investment in the

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.