UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.,
Petitioner

v.

AIRE TECHNOLOGY LIMITED,
Patent Owner

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IPR2022-01137
U.S. Patent No. 8,581,706

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

Pursuant to the Board's email dated October 13, 2022, Petitioner files this Reply to Patent Owner's Preliminary Response ("POPR," Paper 6). Ex.1024.

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 one month *after* the Board's final written decision is due. Further, the petition presents undisputed and 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 late February of

2024, more than one month *after* the Board's Final Written Decision due date on January 6, 2024. While trial is currently scheduled for November 6, 2023, the Board now uses median time-to-trial statistics in the relevant venue to determine a projected trial date for *Fintiv* purposes. Memo, 9. The co-pending district court case was filed in the Western District of Texas on October 22, 2021. The most recent statistics show a median time-to-trial in the Western District of 28.3 months. Ex.1023, 5. Accordingly, the projected trial date for purposes of the Board's *Fintiv* analysis is late February 2024—approximately 28 months after October 2021.

The co-pending litigation is at an early stage, and the district court has already moved back the trial date once. On September 21, 2022, the district court entered a revised scheduling order that sets the trial for November 6, 2023. Ex.2002, 3. However, the trial schedule, including the trial date, remains uncertain given Aire's motion to add claim 13 to the litigation. *See* Ex.1025.

Even if trial did occur as scheduled on November 6, 2023, the Board would issue its Final Written Decision only 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); *Progenity, Inc v. Natera, Inc.*, IPR2021-00279, Paper 12 at 29.

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, although claim construction briefing has been provided, the *Markman* hearing was moved to May 16, 2023 and will take place well after institution. Further, 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.

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 two months after institution. Ex.2002, 2. Expert discovery will not close until seven months after institution. Ex.2002, 2. Opening expert invalidity reports will not be due for four months after institution. Ex.2002, 4. This lack of investment in invalidity matters and "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 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.

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, considering the median time-to-trial statistics, the Board will likely address invalidity first by issuing a Final Written Decision a month before the projected trial date. This factor thus favors institution.

F. Factor 6 favors institution (other circumstances)

"[T]he PTAB will not deny institution of an IPR or PGR under *Fintiv* (i) when a petition presents compelling evidence of unpatentability." Memo, 2. "Compelling, meritorious challenges are those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable

[1] Only preliminary invalidity contentions have been served. *See* Ex.2002, 2.

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