UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Esselte Corporation et al.
Petitioners,

v.

DYMO
Patent Owner.

Case IPR2015-00766
Patent 7,990,567

PATENT OWNER DYMO'S RESPONSE

TABLE OF CONTENTS

TABLE OF AUTHORITIES

CASES **PAGE(S)**

STATUTES

OTHER AUTHORITIES

EXHIBITS

Exhibit No.	Description
2001	Declaration of Christine E. Hermann, No. 1:14-cv-07616-VSB (S.D.N.Y. Dec. 22, 2014), Dkt. No. 29.
2002	Stock Purchase Agreement by & Between Esselte AB and Newell Rubbermaid Inc., No. 1:14-cv-07616-VSB (S.D.N.Y. Dec. 22, 2014), Dkt. No. 29 at Ex. 30.
2003	Disclosure Schedule to Stock Purchase Agreement by and Between Esselte AB and Newell Rubbermaid Inc. (July 28, 2005) (on file with Newell Rubbermaid, Inc.).
2004	Plaintiffs' Motion for Preliminary Injunction, No. 1:14-cv-07616-VSB (S.D.N.Y. Apr. 16, 2015), Dkt. Nos. 109-12.
2005	Esselte's Opposition to Plaintiffs' Second Motion for a Preliminary Injunction, No. 1:14-cv-07616-VSB (S.D.N.Y. May 13, 2015), Dkt. Nos. 101, 120-21.
2006	Reply in Support of Plaintiffs' Motion to Enjoin Defendants' Participation in *Inter Partes* Review Actions, No. 1:14-cv-07616-VSB (S.D.N.Y. May 27, 2015), Dkt. Nos. 122-23.
2007	Answer & Affirmative Defenses of Defendant Esselte Corporation to Plaintiffs' First Amended Complaint, No. 1:14-cv-07616-VSB (S.D.N.Y. Mar. 26, 2015), Dkt. No. 103.
2008	Motion for Pro Hac Vice Admission of Brian P. Boyd Supporting Declaration
2009	Order denying Preliminary Injunction, No. 1:14-cv-07616-VSB (S.D.N.Y. May 13, 2015), Dkt. No. 126.

I. INTRODUCTION

The Board instituted an *inter partes* review ("IPR") with respect to claims 8-10 of U.S. Patent No. 7,990,567 (the "'567 patent") on a subset of the grounds presented in the Petition by Esselte Corporation, Esselte AB, and Esselte Leitz GMBH & Co. KG (collectively "Esselte" or "Petitioners"). In particular, the Board instituted trial with respect to the following grounds set forth in the Petition:

- **Ground 2**: that claims 8-10 of the '567 patent are obvious in view of Beadman and Mori; and
- **Ground 3**: that claims 8-10 of the '567 patent are obvious in view of Suzuki and Nagashima.

As explained more fully in this response, claims 8-10 of the '567 patent are patentable over each cited ground. Both proposed combinations would lack at least one claim element. Specifically, as to Ground 2, neither Beadman nor Mori disclose the "storing" requirement of claim 8 (and thus claims 9-10). As to Ground 3, neither Suzuki nor Nagashima teach the requirement of "recalling one of said stored images, wherein the method further comprises one of editing and reprinting said recalled stored image," as recited in claim 8 (and thus claims 9 and 10) of the '567 patent. Additionally, Nagashima does not disclose "storing a plurality of images, such that each time an image is printed said image is stored," because Nagashima only stores those images that the user does not designate as "secret."

Further, even if the prior art disclosed all claim limitations, it would not have been obvious to modify and/or combine the prior art as the Petitioners' allege. Thus, the Board should deny Grounds 2 and 3.

II. BACKGROUND OF THE '567 PATENT

The application leading to the '567 patent, titled "Label Printer," was filed on October 7, 2009 as a continuation from U.S. Patent App. 10/436,363 (the "'363 application"), which was filed on May 13, 2003. The '567 patent is one of the patents that Patent Owner has asserted against Petitioners for infringement in the U.S. District Court for the Southern District of New York.

Claims 8-10 of the '567 Patent are directed to a method for printing an image on an image receiving medium. (Ex. 1001 at claim 8.) These claims read as follows:

> 8. A method for printing an image on an image receiving medium comprising the steps of:
>
> [a] inputting the image to be printed;
>
> [b] printing the image on the image receiving medium;
>
> [c] storing a plurality of images, such that each time an image is printed said image is stored; and

> [d] recalling one of said stored images, wherein the method further comprises one of editing and reprinting said recalled stored image.
>
> 9. A method as claimed in claim 8, comprising storing a maximum of N previously printed labels.
>
> 10. A method as claimed in claim 9, wherein when the number of labels stored is greater than N, the oldest label is deleted.

(*Id.*) Independent claim 8 requires, among other steps, "storing a plurality of images, ***such that each time an image is printed said image is stored***."[1] (*Id.*)

During prosecution, the applicant distinguished this aspect of the invention from the prior art, which disclosed storing printed images only if the user specifically indicated they should be saved for later reprinting. In particular, the Patent Office rejected the pending claims because a prior art reference, U.S. Patent 6,351,275 to Ayling ("Ayling"), disclosed storing a label if the user specifically indicated to save this label for later reprinting. (Ex. 1007 at 161.)

The applicant distinguished Ayling from the claimed invention by explaining that Ayling did not "store an image . . . each time an image is printed."

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[1] Unless otherwise noted, emphasis added here and throughout.

(*Id*.) The applicant explained that storing the image "each time" it is printed, without user involvement, is important for convenience and efficiency:

> [W]hen preparing a label a user may forget to save it. If the user wishes to reprint that label then the unsaved label data will have to be re-entered by the user. This is time consuming and inconveniences the user. This is particularly disadvantageous if the user frequently forgets to save his or her labels.
>
> Another advantage of Applicants' claimed label printer and method ***obviates the need for a user to carry out a separate "save" operation***. This saves time for the user. Furthermore, in practice, consecutive labels that are printed by a user may differ only slightly in contents or appearance. In embodiments of the Applicants' claimed label printer and methods, the user can recall previously printed labels (such as the last printed label) and then make any edits necessary to that label before it is printed again. Again this saves time for the user and is thus convenient.

(*Id.*) In response, the Patent Office allowed the claims without any modification. (*Id.* at 175.) The examiner noted that the claims were allowed for the reasons the applicant pointed out on pages 6-7 of its response, which is where the applicant made the foregoing comments. (*Id*.)

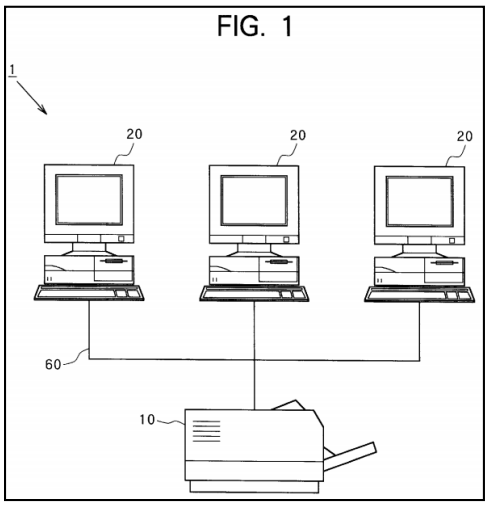
III. THE PRIOR ART AT ISSUE

The following summarizes the prior art references on which the Board relied in its Institution Decision, namely Mori, Beadman, Suzuki, and Nagashima.

A. Mori

Mori is a U.S. patent (No. 6,089,765) that issued on July 18, 2000, from a U.S. Patent application filed on September 30, 1998. On its face, Mori also lists priority to a Japanese patent application dated October 3, 1997. Mori is entitled "Print System and Printer."

In general, Mori states that it relates to a "printing system and printer including a function for reprinting data that has been printed earlier." (Ex. 1003 at 1:6-8.) Mori describes a problem encountered in the context of a network printer used to serve a number of client computers. (*Id.* at 1:10-23.) An example of a network printer is shown in Mori's Figure 1 (reproduced below), which depicts a printer 10 connected to client computers 20 via a local area network (LAN) 60:

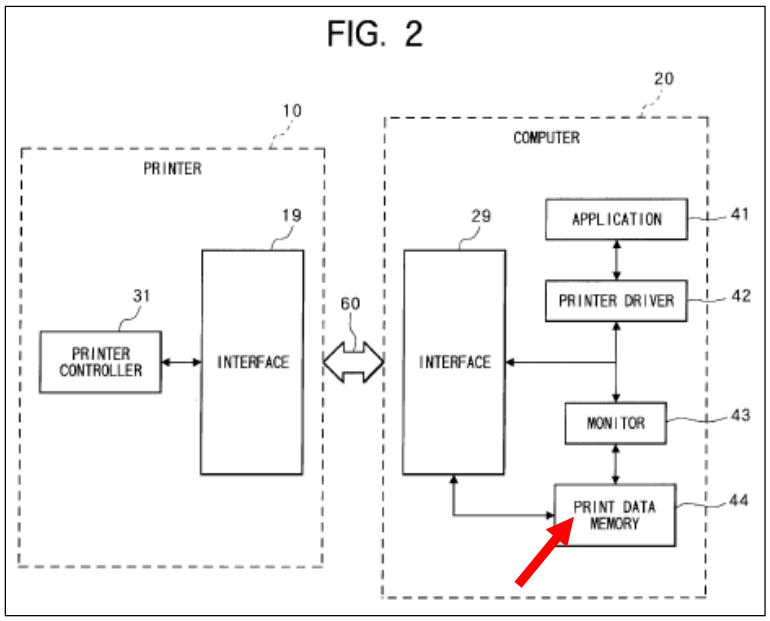


(*Id.* at 2:49-55.) In such an environment, Mori describes that "some computers used in the system must be placed at a great distance from the printer." (*Id.* at 1:18-20.) Thus, "[w]hen the users of these remotely located computers print a document, they must subsequently proceed to the printer in order to retrieve their printed document." (*Id.* at 1:21-23.)

According to Mori, this physical distance between a user's computer and the printer causes problems when one desires to reprint a document, because "if the user prints a document, proceeds to the printer to retrieve the document, and after verifying the printed material decides to print the same document again, then this user must suffer the inconvenience of again returning to the computer and inputting a command to reprint the document." (*Id.* at 1:24-29.) Mori seeks to solve this problem by allowing a user to reprint without having to leave the printer.

While Mori describes that some prior printers could store one page of data (i.e., the last printed page) in the printer for reprinting, Mori seeks to improve upon that by allowing reprinting of a "plurality of pages of data, rather than just one page of data." (*Id.* at 1:30-48.) Print data created by an application is transmitted by a computer to a printer, for printing. (*Id.* at 3:1-8.) If the ***user has authorized*** that print data for reprinting, it is stored within a special memory in the computer (a print data storage device 44). (*Id.* at Abstract ("A printing system in which print data created by an application program and transferred to a printer is stored and managed in a print data storage device, providing that the print data is authorized for reprinting.").)

The print data storage device 44 is shown as an element of the computer in Mori's Figure 2 (in the figure, it is labeled as "PRINT DATA MEMORY" 44):



Then, if the user desires to reprint the document, "that user can execute a reprint command for the desired print data at the printer itself." (*Id.* at 2:61-63.) This causes the printer to send a "retransmission request" to the computer. (*Id.* at 4:10-14.) When the computer receives this "retransmission request," the computer retrieves the print data from memory (from the print data storage device 44) and resends the print data to the printer for reprinting. (*Id.*)

Importantly, Mori relies on ***user input*** to determine whether to store the print data. Mori describes the printing process in connection with Figure 4. (*Id.* at 6:7-9.) When the user begins the print process, the print data is created, along with associated header and footer data, which is added to the print data. (*Id.* at 6:10-24.) Next, Mori presents the user with a choice of whether or not to save the print data:

> Next, in S30, the CPU 21 determines whether or not the subject print data is intended to be reprinted. This process of S30 allows the user to prohibit reprinting of sensitive or secret information, which should not be left in a form that would allow anyone to reprint the information. In this step, therefore, ***the user can manipulate the input portion 26 either to indicate that the data is prohibited from being reprinted or to specify that the data is intended for reprinting***.
>
> If the CPU 21 determines based on the ***user's indication that the print data might be reprinted*** ("yes" in

> S30), the ***CPU 21 stores the print data in the print data storage device 44 in S40***. Then, in S50, the CPU 21 assigns a new Job ID to the print data, and enters the information on the print data together with the new Job ID in the computer job management table T1. The CPU 21 also adds the Job ID to the header data of the print data. Subsequently, in S60, the CPU 21 transmits the print data together with the Job ID to the printer 10 so that the printer 10 will perform a normal printing operation with the print data while knowing that the print data might be reprinted.

(*Id.* at 6:25-44.)

Thus, Mori describes storing the print data only if the user affirmatively elects to do so. For example, the above passage discusses the user as taking action to "***specify***" (*id.* at 6:32) or provide an "***indication***" (*id.* at 6:34) that the data is intended for reprinting. The user makes this indication via the "input portion 26," which is described as "including a keyboard, mouse, and the like." (*id.* at 3:56-59.) Alternately, the user can "indicate" the data is prohibited from being reprinted, in which case it will not be stored. (*Id.* at 6:30-32.)

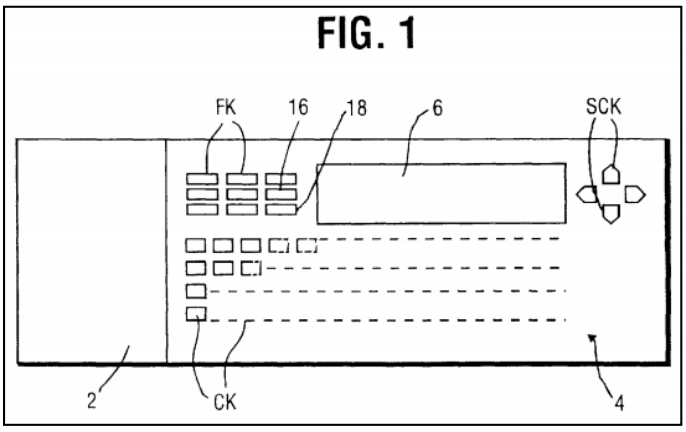
This is consistent with Mori's description that print data is stored only when it is "authorized" for reprinting. (*See id.* at Abstract ("[P]rint data . . . is stored and managed in a print data storage device, providing that the print data is ***authorized*** for reprinting"), 10:39-43 ("[P]rint data . . . is stored and managed in the print data

storage device 44, providing that the print data is ***authorized*** for reprinting.").) As described above, that authorization is provided by the user's affirmative act to "specify" or provide "indication" that the data is intended for reprinting. Without user providing that indication, the system would have no "authorization" to store the print data.

B. Beadman

Beadman is a U.S. patent (No. 5,816,717) that issued on October 6, 1998, from a U.S. patent application filed February 10, 1997. On its face, Beadman lists priority to earlier-filed U.S. patent applications, as well as a U.K. patent application filed January 14, 1993. Beadman is entitled "Label Printing Apparatus with Character String Matching."

According to Beadman, "[t]he present invention relates to label printing apparatus and is particularly concerned with small, desktop label printers." (Ex. 1005 at 1:10-12.) Beadman shows an example of the label printing apparatus in Figure 1:



(*See id.* at 2:47-48.) Beadman discloses that users interact with the label printing apparatus using a display and input device, such as a "keyboard for selecting characters to be printed." (*Id.* at 1:42-44; *see also id.* at 3:9-10.) Beadman describes that "[d]ata to be printed is typed into the printing device using data input keys CK and FK on the keyboard 4." (*Id.* at 5:7-9.) The data is displayed on the display as it is entered using the keyboard. (*Id.* at 5:9-13.)

Beadman discloses that ***users save labels manually***, by pressing save button 16 on the keyboard. *(Id.* at 5:22-24 ("In accordance with the invention, when a label has been composed which is to be saved, a save button 16 on the keyboard is depressed. This causes that label to be transferred to the random access memory 14 of the controller 8 in a label storage space.").) Saved labels can be recalled. (*Id.* at 6:24-30.)

Beadman discloses a standalone label printing apparatus, as shown for example in Figure 2 above. There is no indication that Beadman's label printing

apparatus is used in connection with a computer, e.g., by connecting it to a computer with a cable.

C. Suzuki

Suzuki is a U.S. patent (No. 5,025,397) that issued on June 18, 1991, from a U.S. patent application filed August 21, 1989. On its face, Suzuki lists priority to two Japanese patent applications, filed August 24, 1988 and March 6, 1989, respectively. Suzuki is titled "Label Printer."

In general, Suzuki relates to "a label printer for issuing various types of labels." (Ex. 1004 at 1:7-8.) Suzuki describes the problem it addresses in the following context:

> Supermarkets or suppliers, as a routine procedure, attach labels to various articles such as foodstuffs and daily necessaries to be sold, the labels each bearing an article code, supplier's name, price and other article information. FIGS. lA and lB show examples of the label. The article code is represented in the bar code form and the supplier's name and price are represented in the form of character or numeral. The label is issued from a label printer which receives externally supplied printing data, creates image data representing an image to be printed on labels in a dot matrix form based on the printing data, and performing a printing operation for the image data.

(*Id.* at 1:9-21.) As Suzuki describes, ***printing data*** "includes character and numeral codes corresponding to article information to be printed on a label, format data specifying the printing position, magnification, style and the like of data represented by the codes, issuing-number data specifying the number of labels to be issued and the like." (*Id.* at 1:25-31.) To be printed, the printing data must be converted to ***image data***, which "represent[s] an image to be printed on labels in a dot matrix form based on the printing data." (*Id.* at 1:18-21.) The image data is then used to perform a printing operation. (*Id.* at 3:10-24.)

Suzuki describes a problem encountered when converting printing data to image data in a label printer, namely, that the conversion process "is complicated and takes a long time" which "is the main cause of delaying the operation of attaching labels to various kinds of articles." (*Id.* at 1:53-59.)

Suzuki is aimed at speeding up the process of printing labels by addressing the problem of conversion time. (*Id.* at 1:62-2:28.) In particular, Suzuki discloses that when printing data is converted to image data, the printing data and corresponding image data are stored into the label printer's memory. (*Id.* at 4:32-39.)

During subsequent print operations, when printing data is input to the label printer, the label printer checks to see if the same printing data is already stored in memory. (*Id.* at 5:3-8.) If the same printing data is stored in memory, the label

printer determines that a previous print operation was performed based on the same printing data as the input printing data. (*Id.* at 5:8-11.) The label printer then retrieves the image data corresponding to that printing data from memory, and uses that image data for the printing process. (*Id.* at 5:11-14.) Thus, the printing operation can be completed without performing a conversion process, by reusing image data stored in the label printer.

D. Nagashima

Nagashima is a U.S. patent (No. 5,483,623) that issued on January 9, 1996, from a U.S. patent application filed February 24, 1995. On its face, Nagashima lists priority to two earlier-filed U.S. patent applications, as well as a Japanese patent application filed October 24, 1991. Nagashima is entitled "Printing Apparatus."

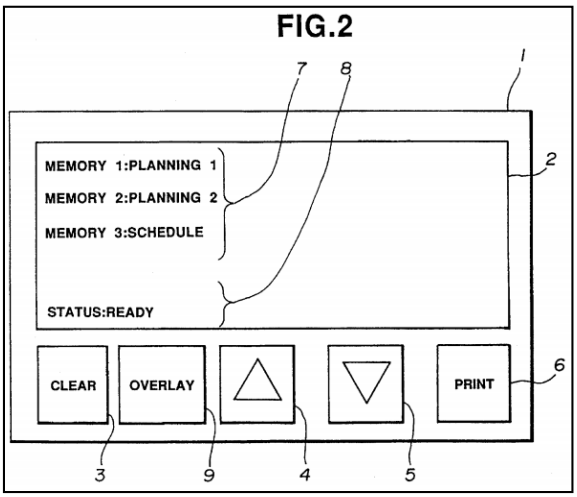
In general, Nagashima relates to a "printing apparatus . . . which converts printing information, such as page description language, into dot data, and has an image memory 16 which stores the dot data for the purpose of reusing the dot data for printing an image or overlaying an image." (Ex. 1006 at Abstract.) Nagashima discloses a printer controlled by a host computer, connected via an all-purpose interface such as a Centronics interface or RS-232C interface. (*Id.* at 1:62-66.) The printer receives ***printing information*** from the computer in a page description

language (PDL), which includes character and figure information. (*Id.* at 1:66-2:2.)

Nagashima concerns the amount of time it takes to convert this printing information (e.g., character information or figure information) to ***dot data***, which is the converted data that the printer can print (e.g., using laser beam printing or ink jet printing). (*See id.* at 1:13-17.) Nagashima notes that "it takes time to convert printing information into dot data. Particularly, it takes an appreciable amount of time to convert printing information representing ruled lines or figures into dot data." (*Id.* at 1:18-21.)

The dot data may be retained within the printer, based on whether the ***user*** has classified it secret or not: "Unless the document is classified as secret . . . , the image memory 16 continues to store the dot data even after the LBP 18 has printed an image derived from said data." (*Id.* at 2:40-42.) The printer knows whether the document is classified as secret based upon information sent by the host computer along with the printing information. (*Id.* at 4:20-24.)

The user may scroll through the printer's display to view the documents for which dot data is stored in memory within the printer. (*Id.* at 3:10-18.) This is shown in Nagashima's Figure 2:



The user may then reprint a selected document based on the stored dot data. (*Id.* at 3:25-30.) Nagashima refers to this as an "off-line" print, as it can be performed without requiring the printer to be connected "on-line" with a computer. (*Id.* at 3:47-51.)

In addition, the printer can "overlay" previously stored dot data with new dot data (corresponding to new printing information received from the computer). Nagashima describes the overlay process as follows:

> Alternatively, if the overlay key 9 has been actuated to indicate the overlay operation, the CPU 11 converts the printing information from the host computer 10 and overlays the dot data on the selected dot data in the image memory 16 (S13). Thereby, an image represented by new dot data can be overlayed on an image represented by previously stored dot data in the image memory 16. Thereafter the CPU 11 initiates the LBP 18 to print the

> overlayed image, on the basis of the overlayed dot data in the image memory 16 (S7).

(*Id.* at 4:25-33.)

IV. CLAIM CONSTRUCTION

A. "Stored images"

Petitioners' Construction	Patent Owner's Construction
Implicitly, Petitioners contend "stored images" encompasses images that have been converted to a native printer format, such as dot data, which the user is unable to edit as he or she could edit a label or application file.	"stored images" means "images a user can edit, such as a label or other application file"

Claim 8 of the '567 patent requires storing and recalling "stored images" in the following context (Ex. 1001 at claim 8):

> ***storing a plurality of images***, such that each time an image is printed said image is stored; and
> recalling one of said ***stored images***, wherein the method further comprises one of editing and reprinting said recalled ***stored image***.

A person of ordinary skill would have understood the broadest reasonable interpretation of "stored images," consistent with the specification, to mean that the "stored images" that are stored and recalled in claim 8 are "images a user can edit,

such as a label or other application file." In its Institution Decision, the Board applied a different interpretation, based on Petitioners' implicit argument that "stored images" encompasses images that have been converted to a native printer format, such as dot data, which the user is unable to edit as he or she could edit a label or application file. (Paper 14 at 4-7.) For example, Petitioners asserted that the "stored images" could be, e.g., the "image data" described in Suzuki or the "dot data" described in Nagashima. (Pet. at 41-43; *see also* Ex. 1002 at ¶¶ 124-26.) In addition, the Board stated in its Institution Decision that the "stored images" in claim 8 do not need to be "identical in every way to the image that is input and, instead, may be converted so as to be transmitted, stored in memory, or printed." (Paper 14 at 7.)

Respectfully, the Board erred in its interpretation of "stored images" in the Institution Decision. In view of the '567 patent's intrinsic evidence, the broadest reasonable interpretation of "stored images," consistent with the specification, is "images a user can edit, such as a label or other application file."

First, the language of claim 8 supports this interpretation. Claim 8 recites "recalling one of said stored images, wherein the method further comprises one of editing and reprinting said recalled stored image." In its decision, the Board tentatively ruled that "one of editing and reprinting said recalled stored image" means "either editing the recalled stored image or reprinting the recalled stored

image, or both editing and reprinting the recalled stored image." (Paper 14 at 7.) Thus, the Board tentatively ruled that claim 8 is met by either editing ***or*** reprinting the stored images. But, even under the Board's interpretation, the fact that the "stored images" are capable of being either edited ***or*** reprinted means they are in a form that is editable by the user. If they were not, the "stored images" could only be reprinted—not edited—contrary to the claim language.

The specification is also supports construing stored images as editable by the user. In describing the process of recalling stored images, the specification states that "the user is able to select one of the previously printed labels for editing ***or*** reprinting." (Ex. 1001 at 11:66-12:1.) That is, the user has the ability to navigate through the previously printed labels, select one of them, and then choose to either edit or reprint it. Thus, the image must be capable of being edited by the user, even if the user chooses not to so edit the image, but rather only to reprint. Similarly, the specification also describes the process of recalling stored images that have been manually selected by the user for storing. In describing that process, the specification states that the label is recalled, and then "[t]he user can then print ***or*** edit the recalled label." (*Id.* at 11:64-65.) Thus, the "stored images" are described consistently as images the user can edit, whether they are manually stored by the user or stored as part of a previous print operation.

Furthermore, it would frustrate the purposes of the invention if the user could not edit the "stored images." In describing the problem to be solved, the '567 patent describes that:

> Often a user will print the same label or the same basic label very frequently. The user of a tape printer will often have the option of saving these labels. However, often users will not bother to store their favorite labels and so will frequently input the ***same information or similar information***. This is clearly disadvantageous.

(*Id.* at 2:27-32.) The specification describes that users will often not save labels, which will require them to input "the same information or similar information" when creating a new label. (*Id.*) The specification describes this as "clearly disadvantageous." (*Id.*) But, if the "stored images" could not be edited by the user, the user would only be able to recall and print the ***same*** information (i.e., the same image) that is stored in memory. To print ***similar*** information without starting from scratch, the user needs the ability to recall the stored images and edit them, e.g., in the case where the user wants to create a new label that is similar (but not identical) to a previously printed label stored in memory. Accordingly, interpreting the "stored images" in claim 8 to include images that are not editable by the user would frustrate the purposes of the invention.

The prosecution history also supports construing "stored images" as editable by the user. As described in Section II above, during prosecution the examiner rejected claim 8 (at that time numbered application claim 99) as anticipated by Ayling.[2] (Ex. 1007 at 160-61.) Ayling disclosed "a tape printer that is capable of printing foreground image data overlying background image data." (*Id.* at 160.) In distinguishing Ayling, the applicant specifically noted the claimed invention allows the user to save time when printing similar images, i.e., where the image needs to be recalled, edited, and then printed. The applicant stated:

> Furthermore, in practice, consecutive labels that are printed by a user ***may differ*** only slightly in contents or appearance. In embodiments of the Applicants' claimed label printer and methods, the user can recall previously printed labels (such as the last printed label) and ***then make any edits necessary to that label before it is printed again***. Again this ***saves time*** for the user and is thus convenient.

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[2] The '567 patent prosecution history in Ex. 1007 includes a mapping of the final issued claims to the original application claims. (Ex. 1007 at 187.)

(*Id.* at 161 (emphases added).) Thus, in distinguishing prior art, the applicant expressly stated that the claimed invention saves time when the user needs to print labels that differ in appearance from the stored labels, and that user can recall and "make any edits necessary" to the label before printing it again. In response, the examiner allowed the pending claims of the '567 patent application, including issued claim 8. (*Id.* at 170.) The examiner stated the claims were allowed for the reasons the applicant pointed out on pages 6-7 of its response, which is where the applicant made the foregoing comments. (*Id.* at 175.) Accordingly, the prosecution history also supports Patent Owner's construction.

For the foregoing reasons, a person of ordinary skill in the art at the relevant time, in view of the intrinsic evidence in the '567 patent, would have understood the broadest reasonable interpretation of "stored images" consistent with the specification to mean that the "stored images" are "images a user can edit, such as a label or other application file."[3]

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[3] In addition, as Patent Owner explains below in Section V.B, Nagashima's disclosure of "overlaying" dot data does not constitute editing.

V. DEFECTS IN THE PROPOSED GROUNDS OF UNPATENTABILITY

A. Mori and Beadman (Petition Ground 2) Does Not Render Claims 8-10 of the '567 Patent Obvious

The combination of Mori and Beadman, on which the Board instituted trial, does not render claims 8-10 of the '567 patent obvious. *First*, neither Beadman nor Mori disclose the "storing" requirement of claim 8 (and thus claims 9 and 10). *Second*, it would not have been obvious to modify Mori to "stor[e] a plurality of images, such that each time an image is printed said image is stored," as Petitioners allege.

Both Mori and Beadman require a user to manually store images, and thus the combination of Mori and Beadman would not disclose "storing a plurality of images, such that each time an image is printed said image is stored" as recited in claim 8 of the '567 patent. As described in Section III.A, Mori discloses a system where print data is stored only if the user affirmatively elects to do so. For example, Mori describes that the user takes action to "***specify***" (Ex. 1003 at 6:32) or provide an "***indication***" (*id.* at 6:34) that the data is intended for reprinting. The user makes this indication via the "input portion 26," which is described as "including a keyboard, mouse, and the like." (*Id.* at 3:56-59.) Likewise, Beadman discloses that a user saves labels manually, by pressing save button 16 on the keyboard. *(Id.* at 5:23-25 ("In accordance with the invention, when a label has

been composed which is to be saved, a save button 16 on the keyboard is depressed. This causes that label to be transferred to the random access memory 14 of the controller 8 in a label storage space.").)

In sum, both Beadman and Mori fail to disclose the "storing" requirement of claim 8, for the same reasons as the prior art that was expressly distinguished during prosecution—i.e., by requiring manual input from the user to save a printed image. (*See supra* Section II (discussing the distinction applicants made over Ayling during prosecution).) Thus, the combination of Mori and Beadman fails to disclose the "storing" requirement of claim 8 as well.

Indeed, that both Beadman[4] and Mori present substantially the same arguments that were previously considered by the Office during the '567 Patent's prosecution warrants denial of this proposed ground of rejection. *See* 35 U.S.C. § 325(d) (stating in relevant part that "the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office"); *Prism Pharma Co.,*

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[4] Notably, Beadman was one of the references cited by the Patent Office during the prosecution of the '567 Patent. (*See* Ex. 1001 at pg. 2.)

Ltd. v. Choongwae Pharma Corp., IPR2014-00315, Paper 14 at 2, 12-13 (P.T.A.B. July 8, 2014) (denying institution under Section 325(d) where the examiner previously considered "the same prior art and substantially the same arguments" during prosecution); *see also Excelsior Med. Corp. v. Robert F. Lake*, IPR2013-00494, Paper 10 at 19-20 (P.T.A.B. Feb. 6, 2014).

Further, the Board incorrectly concluded that it would have been obvious to further modify Mori to "remove the ability for a user 'either to indicate that the data is prohibited from being reprinted or to specify that the data is intended for reprinting'" and, instead, to have the printer store the print data for every printing operation. (Paper 14 at 10 (quoting Ex. 1003 at 6:30-32).) In reaching that conclusion, the Board credited the opinions of Petitioners' expert Mr. Stephen Gray that "[t]he ability to opt out is an improvement" that is not needed, "[f]or example, if the printer was intended to be used in an environment where it would not be printing sensitive data." (*Id.* at 9-10 (quoting Ex. 1002 at ¶ 72).)

Furthermore, it would not have been obvious to modify Mori to "stor[e] a plurality of images, such that each time an image is printed said image is stored." The proposed modification to Mori is not simply removing one of Mori's features in contexts where it would purportedly not be needed, as Petitioners suggest. Instead, the proposed modification fundamentally redesigns the scheme for saving print data that Mori was designed to use in the context of network printing.

Mori is designed for use in printing documents to a network printer, where several client computers share a single printer over a computer network. *See* Section III.A, *supra*. Mori was designed with that context in mind, so that print data would only be stored in the printer if a user confirms it does not contain sensitive or secret information. Mori specifically instructs that such information "should not be left in a form that would allow anyone to reprint the information." (Ex. 1003 at 6:28-29.) The Board concluded that Mori describes printing sensitive data as "optional," (Paper 14 at 10), but that is inapposite. Mori does describe that a user has the option of selecting whether the data is sensitive or not. Mori does not describe that the selection itself is optional—i.e., it does not describe that it is optional whether to present the user with the choice of whether to save.

In its Institution Decision, the Board appears to suggest that Mori's system is not one where the user must affirmatively select whether to save print data for later use. (Paper 14 at 10.) The Board stated that "[c]ontrary to Patent Owner's contentions, Mori teaches 'alternatively' that a printer 'can be configured to store print data for a plurality of pages' in RAM or the hard disk. Ex. 1003, 3:37–40." (*Id.*) But, the cited passage has nothing to do with whether or not Mori requires the user to affirmatively select whether to save print data. Instead, that passage merely describes Mori's purported advantage over the prior art in storing multiple pages of print data, as opposed to merely the one page of print data (the last one

that was printed). (Ex. 1003 at 3:30-43.) Thus, for the foregoing reasons, one of ordinary skill would not have reason to modify Mori to allow all print data to be reprinted at the printer, and it would not have been obvious to do so.

In addition, a person of ordinary skill would not have had reason to combine the teachings of Mori and Beadman. As discussed, Mori is directed to the problem caused by the physical distance between a user's computer and a networked printer. Mori describes a system where (when authorized by the user) printed data is stored in the printer, and the user can reprint a document directly from the printer itself without needing to return to the user's computer. (Ex. 1003 at 1:18-36.) In contrast, Beadman is directed to a standalone label printing apparatus that does not even connect to a computer. (*See, e.g.*, Ex. 1005 at Abstract ("The present invention relates to label printing apparatus and is particularly concerned with small, desktop label printers.").) The entire purpose underlying Mori's scheme of storing print data, i.e., preventing a user from needing to return to his or her computer to reprint a document, would have no application in the context of Beadman, because there is no physical separation between where the labels are created and where they are printed (in Beadman, both are performed on the label printing apparatus).

Indeed, the process of "storing" disclosed in Mori and Beadman, on which the Petition and Board rely, relate to storing different types of data for different

purposes. Mori discloses storing print data that has been converted from an application file (e.g., document) to a format supported by the printer.[5] (Ex. 1003 at 3:3-5.) The print data is created and sent to the printer when a print operation is performed. This print data is stored so that it may be retransmitted to the printer upon receipt of a retransmission request.[6] In contrast, Beadman discloses storing a label when a "save button" is depressed. (Ex. 1005 at 5:23-25.) The label stored in Beadman is an application file: "Each label is stored as label data in the form of

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[5] In that regard, Mori does not disclose storing and recalling images that a user can edit. There is no indication in Mori that the stored images are editable by the user, no do Petitioners or Mr. Gray argue they are editable. Thus, Mori fails to disclose the requirement of "recalling one of said stored images, wherein the method further comprises one of editing and reprinting said recalled stored image," as recited in claim 8 of the '567 patent, as that phrase is properly interpreted. *See* Section IV.A.

[6] As described, Mori discloses an embodiment where those application files are used to recreate the print data, in situations where the requested print data is not stored in the computer's memory. (Ex. 1003 at 12:55-13:37.)

a sequence of bytes containing information defining the characters to be printed, their size and other attributes (such as bold, outline, italic, etc.), their layout and other features of the label." (*Id.* at 5:30-35.) Thus, Mori teaches storing a different type of data for a different purpose that does not apply in the context of Beadman, and one of ordinary skill would not have had reason to combine the teachings of Mori and Beadman, as Petitioners suggest.

B. Suzuki and Nagashima (Petition Ground 3) Does Not Render Claims 8-10 of the '567 Patent Obvious

The combination of Suzuki and Nagashima, on which the Board instituted trial, does not render claims 8-10 of the '567 patent obvious. *First,* neither Suzuki nor Nagashima teach storing and recalling "stored images" that a user can edit, and thus the combination of Suzuki and Nagashima fails to disclose the requirement of "recalling one of said stored images, wherein the method further comprises one of editing and reprinting said recalled stored image," as recited in claim 8 of the '567 patent. *Second*, Nagashima does not disclose "storing a plurality of images, such that each time an image is printed said image is stored," because Nagashima only stores those images that the user does not designate as "secret." *Third,* it would not have been obvious to combine and/or modify the prior art as alleged.

First, the combination of Suzuki and Nagashima would not render obvious the requirement of "recalling one of said ***stored images***, wherein the method

further comprises one of editing and reprinting said recalled ***stored image***," as recited in claim 8 of the '567 patent. (Ex. 1001 at claim 8 (emphases added).) As described in Section IV.A above, the "stored images" in claim 8 should be interpreted as "images a user can edit, such as a label or other application file."

Neither Suzuki nor Nagashima discloses recalling stored images that a user can edit. As discussed above, Suzuki discloses recalling stored ***image data***, which is a form of the data that has been converted to dot matrix format as part of a printing operation. (*See supra* Section VIII.C.) The converted image data can be recalled and reprinted, to speed up subsequent printing operations by eliminating the need for a conversion. (*See id.*) However, Suzuki does not disclose that the image data, which is in dot matrix format, are editable by a user, nor does Petitioners' expert Mr. Gray contend that image data would be editable. Similarly, Nagashima discloses converting character or figure information (in page description language format) to ***dot data***, and storing and recalling the dot data.

(Ex. 1006 at 1:8-12.) Nagashima does not disclose that this dot data is editable, nor does Mr. Gray contend that dot data would be editable.[7]

In addition, the Board erred in concluding that the description of ***overlaying*** dot data in Nagashima constitutes "editing" the stored dot data, in the context of claim 8 of the '567 patent. (*See* Paper 14 at 15-16.) Nagashima describes overlaying new dot data on the stored dot data. (Ex. 1006 at 4:25-33.) However, that process of overlaying would not allow one to change the content of the stored dot data (e.g., the characters or symbols represented by the stored dot data).

In the context of the '567 patent, having the ability to "edit" the stored images means that one can change the content of the stored images. For example, if one printed a food label stating "**Expires 12/4/2015**", that label would be stored such that the user can later recall and edit the food label to change the date, e.g., "**Expires 12/11/2015**". In this example, the user has changed the content of the stored label to delete the "4" and insert the "11".

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[7] Nagashima refers to "dot data" as a converted form of the page description language (PDL) that defines the characters and figures to be printed. (Ex. 1006 at 2:18-20.)

By enabling the user to recall and change the content of stored images, the invention recited in claim 8 of the '567 patent saves time when the user would otherwise need to input the "similar information" when creating a new image. (Ex. 1001 at 2:27-32.) If the user did not have the ability to change the content of the stored images, this purpose of the invention would be frustrated. Moreover, as discussed, the applicant specifically noted in distinguishing prior art during prosecution that recalling stored images saves time by allowing one to "make any edits necessary to that label before it is printed again." (Ex. 1007 at 161.) The overlaying described in Nagashima does not constitute "editing" in the context of the '567 patent, because overlaying additional content from new dot data does not allow one to change the content of the stored dot data (e.g., change the characters or symbols represented by the stored dot data).

Indeed, Petitioners' expert Mr. Gray ***does not opine*** that Nagashima's description of overlaying constitutes editing, nor does he otherwise opine that Nagashima even discloses editing stored dot data at all. (Ex. 1002 at ¶¶ 132-35.) Mr. Gray asserts only that Nagashima discloses printing the stored dot data. *Id.*

In its Institution Decision, the Board tentatively found that "editing" should be interpreted as "'modifying the form or format' and includes, for example, inserting characters." (Paper 14 at 7.) To the extent the Board concluded, based on that tentative interpretation, that the process of overlaying dot data described in

Nagashima constitutes "editing," that interpretation is inconsistent with the intrinsic evidence of the '567 patent, for the reasons described above.

Accordingly, neither Suzuki nor Nagashima teach storing and recalling "stored images" that a user can edit, and thus the combination of Suzuki and Nagashima fails to disclose the requirement of "recalling one of said ***stored images***, wherein the method further comprises one of editing and reprinting said recalled ***stored image***," as recited in claim 8 of the '567 patent. Furthermore, the Petition does not argue or include any rationale for why it would be obvious to modify Suzuki or Nagashima (or the combination of Suzuki and Nagashima) to recall "stored images" that a user can edit.[8] Thus, the combination of Suzuki and Nagashima does not render claim 8 obvious.

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[8] Petitioners should not be permitted to introduce new arguments in a reply, as any such introduction would necessarily be new evidence. *See* 37 C.F.R § 42.23(b) ("All arguments for the relief requested in a motion must be made in the motion. A reply may only respond to arguments raised in the corresponding

Moreover, Nagashima does not disclose "storing a plurality of images, such that each time an image is printed said image is stored," because Nagashima only stores those images that the user does not designate as "secret." (Ex. 1006 at 4:12-24.) Nor would it have been obvious to modify Nagashima to store each printed image. Nagashima teaches a printer that can store and print dot data "off-line"

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opposition or patent owner response."); Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48767 (Aug. 14, 2012) ("[A] reply that raises a new issue or belatedly presents evidence will not be considered and may be returned."); *CBS Interactive Inc. v. Helferich Pat. Lic., LLC*, IPR2013-00033, Paper No. 79 (Order), p. 3 ("Should there be improper arguments or evidence presented with a reply, the Board, exercising its discretion, may exclude the reply and related evidence in their entirety, or alternatively, decline to consider the improper arguments and/or related evidence."). Indeed, the Office Patent Trial Practice Guide specifically lists as improper new evidence "evidence necessary to make out a prima facie case for the patentability or unpatentability of an original or proposed substitute claims, and new evidence that could have been presented in a prior filing." 77 Fed. Reg. 48756, 48767 (Aug. 14, 2012).

from the computer. (Ex. 1006 at 3:47-51.) Because such capability is "off-line" from the computer, reprinting of the stored dot data could be accomplished even if the computer were disconnected or turned off. In that context, Nagashima was specifically designed such that dot data for "secret" documents would not be stored in the printer itself, where it could be accessed by passersby; instead, such "secret" data can only be printed "on-line" from the user's computer. (*See id.* at 4:12-24 (describing that "secret information is not stored by the printing apparatus" and [t]hus, secret information can only be printed on-line.").

In view of the specific design of Nagashima where dot data is stored "off-line" in an attached printer, it would not have been obvious to modify Nagashima to have the printer store dot data for each image that is printed. Such a modification would be contrary to the fundamental design of Nagashima. The proposed modification to Nagashima is not simply "eliminating" one of Nagashima's features in contexts where it would purportedly not be needed, as Petitioners suggest. (*See* Ex. 1002 at ¶ 54.) Instead, the proposed modification fundamentally redesigns the scheme for saving print data that Nagashima was designed to use in the context of "off-line" printing.

VI. DEFECTS UNDER 37 CFR 42.104(A)

Petitioners certified that they are "not barred or estopped from requesting this IPR" under 37 C.F.R. § 42.104(a). That certification is incorrect in two ways,

each of which compels that the Board uphold as valid the claims at issue in this proceeding. Petitioners are barred by both a Stock Purchase Agreement with Newell Rubbermaid, Inc. (Patent Owner's parent company) and the doctrine of assignor estoppel from pursuing this IPR.[9] Accordingly, for these alternative reasons, the instituted claims should not be found invalid.

In the Institution Decision (Paper 14 at 18-20), the Board incorrectly stated that Patent Owner did not "sufficiently explain the basis of [its] assumption," that "[the Board] is authorized to consider assignor estoppel. (Paper 14 at 19.) The Board further stated that "Patent Owner does not specify which regulations it contends pertain to recognizing and applying contractual bars and assignor

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[9] Although the Board, in its Institution Decision (Paper 14 at 18-20), was not persuaded by these two arguments made in Patent Owner's Preliminary Response (Paper 10 at 42-50), Patent Owner refreshes these arguments herein, to address the issues the Board raised in the Institution Decision, and to preserve this issue of first impression before the Federal Circuit Court of Appeals.

estoppel to *inter partes* review proceedings." (*Id.* at 20.) As described herein, Patent reiterates and adds further explanation to address the Board's concerns in these regards. In sum, 35 U.S.C. § 314(a) and 35 U.S.C. § 316 are grounds by which the Board can recognize contractual bars or estoppel, and 37 C.F.R. § 42.101 requires that the Board invoke assignor estoppel to curtail these proceedings.

By way of background, prior to 2005, Petitioner Esselte AB owned three companies—DYMO AB, a corporation organized under the Laws of the Kingdom of Sweden, Esselte Holdings, Inc., a Delaware corporation, and Esselte BVBA,[10] a corporation organized under the laws of the Kingdom of Belgium (the "Companies"). (Ex. 2002 (Stock Purchase Agreement dated July 28, 2005) at 1.) The Companies were in the business of designing, developing, manufacturing, distributing, servicing, selling, marketing and supplying labeling printers, label makers, label embossers and related consumables. On July 28, 2005, Newell

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[10] Esselte BVBA was later renamed DYMO BVBA.

Rubbermaid Inc. ("Newell")[11] entered into a Stock Purchase Agreement ("SPA") with Petitioner Esselte AB and purchased the Companies for approximately $730 million. (*See* Ex. 2002.) The Companies owned various intellectual property that was assigned and transferred to Newell pursuant to the SPA, including the patent at issue in the Petition.[12] (*Id.* § 3.23(a).)

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[11] Patent Owner is a wholly-owned subsidiary of Newell Rubbermaid, Inc.

[12] The SPA transferred the "Intellectual Property" set forth in Section 3.23(a) of the Disclosure Schedule to the SPA. (Ex. 2002 § 3.23(a).) In turn, Section 3.23(a)(i) of the Disclosure Schedule refers to "Annex 1" of the Disclosure Schedule as setting forth the assigned patents, and Annex 1 lists U.S. Patent Nos. 6,152,623 and 6,890,113, as well as U.S. Patent Application Nos. 10/436,363 (to which U.S. Patent No. 7,990,567 claims priority) and 10/975,409 (to which U.S. Patent No. 7,140,791 claims priority). (*See* Ex. 2003 (Disclosure Schedule) at § 3.23(a)(i), Annex 1.)

First, Petitioner is barred from pursuing this IPR based on the SPA. In the SPA, the parties unequivocally agreed that "in the event any dispute arises out of this Agreement or any of the Transactions," each party "consents to submit itself to the personal jurisdiction of any federal court located in the State of New York" and "agrees that it shall not bring any action relating to the Agreement or any of the Transactions in any court other than a federal or state court sitting in the State of New York." (*Id.* § 10.8). The Petition "arises out of" the SPA because Petitioners seek to challenge the validity of a patent that was transferred by the SPA. Petitioners could not have filed the Petition if they still owned the patent at issue, and thus, the SPA gave rise to Petitioners' purported ability to file the Petition. *See* 37 C.F.R. § 42.101 ("A person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent…"). Thus,

Petitioners are contractually barred from requesting this IPR, because the dispute "arises out of" the SPA.[13]

Second, the doctrine of assignor estoppel likewise bars the Petition, based on Petitioner Esselte AB's transfer of rights to the patent at issue for value.[14] *See*

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[13] Patent Owner filed a motion concerning these issues in a parallel district court suit, in which it asked the Court to enjoin Petitioners' participation in furtherance of the instant petition or any future IPR proceedings relating thereto. The Court denied the preliminary injunction. *See Sanford L.P. (d/b/a DYMO), and DYMO B.V.B.A. v. Esselte AB, Esselte Leitz GMBH & Co. KG, and Esselte Corporation*, No. 1:14-cv-07616-VSB (S.D.N.Y.), Dkt. Nos. 109-12 (Ex. 2003, DYMO Motion for Preliminary Injunction); Dkt. Nos. 120-21 (Ex. 2004, Esselte Opposition); Dkt. Nos. 122-23 (Ex. 2005, Reply in support of Motion); Dkt. No. 126 (Ex, 2009, Order denying Preliminary Injunction).

[14] Petitioners Esselte Corp. and Esselte Leitz GMBH & Co. KG are subsidiaries of Petitioner Esselte AB, (*see* Ex. 2007 ¶ 8), and are barred by

Pandrol USA, LP v. Airboss Ry. Prods., Inc., 424 F.3d 1161, 1167 (Fed. Cir. 2005) ("Assignor estoppel prevents an assignor from asserting that its own patent, for which it may have received value upon assignment, is invalid and worthless."). To date, the Board has held that assignor estoppel does not apply to IPR proceedings. *See, e.g.*, *Redline Detection, LLC v. Star Envirotech, Inc.*, IPR2013-00106, Paper No. 31 at 3-5 (June 30, 2014). But, prior Board decisions declining

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assignor estoppel to the same extent. "Assignor estoppel also prevents parties in privity with an estopped assignor from challenging the validity of the patent." *Mentor Graphics Corp. v. Quickturn Design Sys*., 150 F.3d 1374, 1379 (Fed. Cir. 1998). This "prevents an assignor from perpetrating in a corporate guise the very injustice the doctrine precludes him or her from accomplishing in a personal capacity." *Acushnet Co. v. Dunlop Maxfli Sports Corp.*, No. CIV. A. 98-717-SLR, 2000 WL 987979, at *2 (D. Del. June 29, 2000); *see also, e.g.*, *Shamrock Techs., Inc. v. Med. Sterilization, Inc.*, 903 F.2d 789, 793 (Fed. Cir. 1990) (affirming motion to strike based on assignor estoppel holding that "those in privity with the assignor partake of that balance; hence, extension of the estoppel to those in privity is justified.").

to apply assignor estoppel have been based on 35 U.S.C. § 311(a). The Board noted that under Section 311(a), "a person *who is not the owner of a patent* may file with the Office a petition to institute an inter partes review of the patent." *Id.* at 4 (emphasis in original). The Board reasoned that "under the statute, an assignor of a patent, who is no longer an owner of the patent at the time of filing a petition, may file a petition requesting *inter partes* review." *Redline Detection*, 2013 WL 5970197, at *2. Patent Owner disagrees with the Board's ruling on the effect of assignor estoppel on a Petitioners' ability to bring file an IPR petition under Section 311(a), and reserves the right to seek appropriate relief, including by way of petition to the Director or action, petition, or appeal in federal court.

But setting aside Section 311(a), there are other grounds by which the Board can recognize contractual bars or estoppel. For example, 35 U.S.C § 314(a) states that "the Director may not authorize an *inter partes* review to be instituted unless the Director determines that . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C § 314(a). Petitioners that are barred by assignor estoppel from challenging the patent's validity do not have a reasonable likelihood to prevail: "Assignor estoppel prevents an assignor from asserting that its own patent, for which it may have received value upon assignment, is invalid and worthless." *Pandrol*, 424 F.3d at 1167.

35 U.S.C. § 316 authorizes the Director to regulate the "Conduct of *inter partes* review," including "the standards for the showing of sufficient grounds to institute a review under section 314(a)." 35 U.S.C. §316(a)(2). Congress mandated that, in prescribing such regulations, "the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter." 35 U.S.C. §316(b). Each of these Congressionally-mandated considerations counsel the Director and the Board to interpret and apply the regulations to recognize and apply contractual bars and assignor estoppel to IPR proceedings.

The Economy: Assignor estoppel ensures that persons or companies can purchase patents without fear that the assignor can later argue that what he assigned was invalid and worthless. *See Pandrol*, 424 F.3d at 1167. This assurance encourages the buying and selling of patents, as well as the investment necessary to bring patented inventions to market without fear that the assignee—the person most familiar with the patented subject matter—will unfairly challenge patent validity in later seeking to enter that market. *See Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220, 1222 (Fed. Cir. 1988) ("The principle of fair dealing as between assignor and assignee of a patent whereby the assignor will not be allowed to say that what he has sold as a patent was not a patent has been part of

the fabric of our law throughout the life of this nation."). Declining to apply assignor estoppel in IPR proceedings undermines innovation and chills investment necessary to bring patented inventions to the market, especially where, as here, Patent Owner practices the patent that is subject to the Petition.

Integrity of the Patent System: The Supreme Court has held that "an assignor of a patent right is estopped to attack the . . . validity of a patented invention which he has assigned or granted as against any one claiming the right under his assignment or grant. As to the rest of the world, the patent may have no efficacy and create no right of monopoly; but the assignor cannot be heard to question the right of his assignee to exclude him from its use." *Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 349 (1924). The Court tied this holding to the creation of the patent system noting that "it was manifestly intended by Congress to surround the conveyance of patent property with safeguards resembling those usually attaching to that of land. This Court has recognized the analogy between estates in land by estoppel and the right to enjoy a patent right in the use of an article conveyed by one without authority but who acquires it by subsequent conveyance." *Id*. Permitting an assignor to sell something and later assert that what was sold is worthless, all to the detriment of the assignee, undermines the integrity of the patent system. *See Diamond*, 848 F.2d at 1224.

Efficient and Timely Administration: The efficient administration of the Office and timely completion of IPRs would be improved if the Board recognizes that IPRs must be denied where the Petitioner is barred or otherwise estopped from challenging validity. At least thirteen IPRs have raised assignor estoppel as a defense.[15] The Office, accordingly, will not be swamped with challenges to petitions on such grounds. Moreover, as to those challenges that are applicable, the issues are readily ascertainable based on the Office's assignment records and other readily-producible evidence, and meritorious challenges will result in a decreased workload on the Office and Board.

Finally, 37 C.F.R. § 42.101 requires that the Board consider assignor estoppel, which is consistent with the statutory mandate. The regulation provides "[a] person who is not the owner of a patent may file with the Office a petition to institute an *inter partes* review of the patent *unless* . . . [t]he petitioner, the

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[15] To Patent Owner's knowledge, assignor estoppel has been raised in IPR2013-00106, IPR2012-00042, IPR2013-00169, IPR2013-00167, IPR2013-00290, IPR2014-01093, IPR2014-01513, IPR2014-01511, IPR2014-01510, IPR2013-00466, IPR2013-00269, IPR2013-00458, and IPR2013-00234.

petitioner's real party-in-interest, or a privy of the petitioner is estopped from challenging the claims on the grounds identified in the petition." 37 C.F.R. § 42.101(c); *see also Office Patent Trial Practice Guide*, 77 Fed. Reg. 48,756, 48,763 (Aug. 14, 2012) ("A complete petition for IPR requires that the petitioner certify that the patent is eligible for IPR and that the petition is not barred *or estopped* from requesting review") (emphasis added). Thus, the Board is required to consider whether the Petitioner is estopped, and the governing rule does not limit the types of estoppel which may bar institution.

Denying institution where the petitioner is estopped is consistent with § 311(a), which sets our requirements for "fil[ing] with the Office a petition to institute an inter partes review." 35 U.S.C. § 311(a). This statutory provision relied on in prior cases for declining to consider assignor estoppel does not dictate the petition must be instituted so long as it is filed by the prescribed "person[s]." To the contrary, the substantive threshold for institution is set forth in 35 U.S.C. § 314(a) and it does not preclude application of assignor estoppel or any other estoppel doctrine:

> (a) Threshold.---The Director may not authorize an inter parties review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the

> petitioner would prevail with respect to at least one of the claims challenged in the petition.

35 U.S.C. § 314(a). In short, solely because § 311(a) only prohibits patent owners from *filing* a petition, does not mean that the Board should ignore the other bars later in the proceedings. Indeed, as noted above, 37 C.F.R. § 42.101 expressly requires the Board to consider estoppel issues, and to refuse to proceed if the petitioner is estopped.

Additionally, the regulations must be construed "to secure the just, speedy, and inexpensive resolution of every proceeding." 37 C.F.R. § 42.1(b). It is wholly unjust for the Petitioners to be permitted to contend that the patents assigned in 2005 for very large consideration are now a nullity.

Accordingly, the Board should recognize that petitioners who are contractually barred or estopped may not meet their burden of showing that a claim is invalid by a preponderance of the evidence.[16] Such an outcome will benefit the

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[16] To the extent the Board finds that more information is needed with respect to the Petitioners' relationships to one another and privity, Patent Owner requests limited discovery on the same. *See Mentor Graphics*, 150 F.3d at 1379.

economy, maintain the integrity of the patent system, and continue the efficient administration of the Patent Office.

VII. CONCLUSION

Because Petitioners have not demonstrated that the challenged claims are unpatentable by a preponderance of the evidence on the grounds on which this proceeding was instituted, the Board should affirm the patentability of claims 8-10 of the '567 patent.

Respectfully submitted,

Date: December 4, 2015 /Thad C. Kodish/

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CERTIFICATE OF SERVICE

Pursuant to 37 CFR §§ 42.6(e)(4), the undersigned certifies that on December 4, 2015, a complete and entire copy of this Patent Owner's Response to Petition and accompanying exhibit were provided via email to the Petitioners by serving the correspondence email addresses of record as follows:

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