

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTEL CORPORATION
Petitioner

v.

PACT XPP SCHWEIZ AG
Patent Owner

U.S. Patent No. 7,928,763
U.S. Patent No. 9,552,047
U.S. Patent No. 9,037,807
U.S. Patent No. 9,075,605
U.S. Patent No. 9,170,812

Case IPR2020-00537
Case IPR2020-00539
Case IPR2020-00540
Case IPR2020-00541
Case IPR2020-00542

PETITIONER'S REPLY PURSUANT TO BOARD ORDER

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PETITIONER'S EXHIBIT LIST

Exhibit No.	Description
1033	Power of Attorney, U.S. Patent No. 8,471,593, filed in 2014
1034	Power of Attorney, U.S. Patent No. 7,928,763, filed in 2014
1035	Power of Attorney, U.S. Patent No. 9,552,047, filed in 2014
1036	Power of Attorney, U.S. Patent No. 9,037,807, filed in 2014
1037	Patent Assignment Agreement between PACT XPP Technologies AG & Scientia Sol Mentis AG, executed March 15, 2018
1038	Email chain between K. Bendix and A. Grunberger re acceptance of service, dated February 5-6, 2020
1039	Email chain between L. Tarpley and A. Grunberger re acknowledging receipt of electronic service, dated February 7 and 10, 2020
1040	Email chain between A. Grunberger and K. Bendix re service, dated February 10, 2020
1041	Power of Attorney, U.S. Patent No. 7,928,763 filed in 2020
1042	Affidavit of Raymundo Avila with Nationwide Legal re hand-service of Petitioner Intel Corporation's Petitions and Supporting Documents on PACT counsel on February 10, 2020 and Delivery Receipt
1043	Intel Corporation's Complaint for Declaratory Judgment, Dkt. No. 1, filed April 25, 2019
1044	Letter from S. Li to S. Lotfollahi re PACT's claim swapping and narrowing, dated December 13, 2019
1045	Intentionally Left Blank
1046	Screenshot from Public PAIR Correspondence Record, U.S. Patent No. 9,552,047, taken February 10, 2020
1047	Request for Certificate of Correction, U.S. Patent No. 9,075,605, filed December 5, 2018

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Patent Owner (“PACT”) makes three procedural arguments against institution in these proceedings. The Board should reject these arguments as baseless. First, Petitioner (“Intel”) properly served PACT’s counsel of record based on assignment agreements in the PTO database. Second, Intel’s non-infringement declaratory-judgment action (“Non-Infringement Action”) cannot bar these proceedings because Intel did not challenge validity. Third, the parties’ pending district court case (“Delaware Action”) is in an early stage and does not warrant discretionary denial.

I. PACT Was Properly Served Under 37 C.F.R. § 42.105(a)

On February 7, 2020, Intel properly served its Petitions on the most recent counsel of record before the PTO, Aaron Grunberger of Norton Rose Fulbright. Intel also served counsel in the Delaware Action, Quinn Emanuel, on February 10.¹ Both acts independently constitute proper service. 37 C.F.R. § 42.105(a) (“[P]etitioner may . . . serve the petition . . . on the patent owner at any other address known to the petitioner as likely to effect service.”). Although PACT argues that Intel should have instead served Alliacense Limited (“Alliacense”) based on a power of attorney filed by PACT’s predecessor company, PACT omits key facts.²

First, at the time Intel filed its Petitions, the most recent power of attorney in

¹The one-year bar date is February 10, 2020. *See* IPR2020-00532 POPR at 31, n.1.

²PACT did not allege improper service for IPR2020-00541 or IPR2020-00542.

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the PTO database was filed by PACT's *predecessor*, PACT XPP Technologies AG. This outdated power of attorney was filed by Alliacense attorney Edward Heller III (Exs. 1033-1036), who was also the only attorney identified in PAIR for each patent. *E.g.*, Ex. 1046 (screenshot taken Feb. 10, 2020). Mr. Heller passed away in 2018. Intel therefore served Mr. Grunberger, the designated correspondent in the agreements assigning the patents to the *current* PACT entity in March 2018 (Scientia Sol Mentis AG subsequently changed its name to PACT). Ex. 1037. The Board has found service on the "address . . . found in the most recent assignment document in the Office's assignment database" proper under 37 C.F.R. § 42.105(a). *Synopsys, Inc. v. Mentor Graphics Corp.*, IPR2012-00042, Paper 23 at 4 (PTAB Apr. 11, 2013); 37 C.F.R. § 42.105(a).

Second, PACT omits that Mr. Grunberger *expressly agreed to accept service* on PACT's behalf. On February 5, Intel asked Mr. Grunberger if he "agree[d] to accept electronic service . . . pursuant [to] 37 C.F.R. § 42.105." Ex. 1038. Mr. Grunberger confirmed on February 6, and acknowledged receipt on February 10. Exs. 1038-1039. Three days after he was served, Mr. Grunberger attempted to revoke his acceptance of service on orders from "litigation counsel." Ex. 1040. Such blatant gamesmanship should not be accepted. Mr. Grunberger was identified in assignment agreements as PACT's attorney, expressly agreed to accept service for PACT, and has subsequently acted on PACT's behalf in the PTO. Exs. 1037-1038,

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1041, 1047. There can be no question that Intel's service upon Mr. Grunberger was proper.

Third, Intel additionally hand-served PACT's litigation counsel, Quinn Emanuel, on February 10. Ex. 1042. The Board has previously found that this constitutes proper service. *See Micron Tech., Inc. v. e.Digital Corp.*, IPR2015-00519, Paper 14 at 4-5 (PTAB March 24, 2015) (service on patent owner's litigation counsel met the service requirements of 35 U.S.C. § 312(a)(5) where there was no prejudice to patent owner). Because Intel acted in good faith to serve PACT through multiple channels, and PACT cannot show any prejudice, Intel's service was proper.

II. Petitioner Is Not Statutorily Barred Because Its Declaratory-Judgment Complaint Did Not Challenge the Validity of Any Patents

Contrary to PACT's allegations, the Non-Infringement Action did not challenge the validity of any patent in these proceedings. Intel's only cause of action for these patents was a "Declaration of Noninfringement." Ex. 1043 at 11-20. PACT's argument that Intel's claims nevertheless challenge validity because they recite that Intel's products "do not infringe, either directly or indirectly, any valid and enforceable claim" is incorrect. *E.g.*, IPR2020-00537, Paper 6 at 42 (emphasis in original). The Board recently rejected the *same argument* regarding the *same language* in another action. In *Intel Corp. v. Tela Innovations, Inc.*, the patent owner asserted that a declaratory-judgment action triggered the 35 U.S.C. § 315(a)(1) statutory bar by alleging that "Intel's products 'do not infringe . . . any valid and

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enforceable claim’” of the patent. IPR2019-01228, Paper 19 at 15 (PTAB Jan. 30, 2020). The Board, however, held that the petition was not barred. *Id.* at 19 (“[W]e are not persuaded on this record that the DJ Complaint expressly alleges invalidity . . .”); *see also LG Elecs., Inc., v. Straight Path IP Grp., Inc.*, IPR2015-00196, Paper 20 at 7 (PTAB May 15, 2015) (no § 315(a)(1) bar where complaint alleged “[petitioner] does not infringe . . . a valid claim, if any” of the patent); *Samsung Elecs. Co., Ltd. v. Bitmicro, LLC*, IPR2018-01410, Paper 14 at 20 (PTAB Jan. 23, 2019) (no § 315(a)(1) bar where complaints “do not allege a cause of action for invalidity”). PACT’s only case—*Cisco Sys., Inc. v. Chrimar Sys., Inc.*—is irrelevant because it analyzes a declaratory-judgment action that indisputably challenged the validity of the patent. IPR2018-01511, Paper 11 (PTAB Jan. 31, 2019) (precedential). Here, like *Tela*, Intel did not challenge the validity of any patents at issue, and PACT’s arguments to the contrary should be rejected.

III. The Delaware Action Does Not Justify Discretionary Denial

The Board balances six factors “relat[ing] to whether efficiency, fairness, and the merits” justify discretionary denial under § 314(a). *Apple Inc., v. Finitiv, Inc.*, IPR2020-00019, Paper 11 at 6 (PTAB Mar. 20, 2020) (precedential). PACT only addresses three of these factors, none of which favor denial.

First, the early stage of the Delaware Action does not justify discretionary denial. Indeed, trial is set for September 20, 2021, which is *after* the September 15

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deadline for Final Written Decisions. The Board has consistently declined to invoke § 314(a) when trial is scheduled *after* Final Written Decisions are due. *See, e.g., Sling TV, L.L.C. v. Realtime Adaptive Streaming, LLC*, IPR2018-01342, Paper 45 (PTAB Jan. 17, 2020); *HTC Corp., et. al., v. Motiva Patents, LLC*, IPR2019-01666, Paper 9 (PTAB Apr. 3, 2020); *Intel Corp. v. VLSI Tech. LLC*, IPR2019-01195, Paper 11 (PTAB Jan. 13, 2020). The “crucial fact” that Final Written Decisions would issue *before* the scheduled trial would therefore “resolve complex issues that otherwise would need to be litigated.” *Tela*, IPR2019-01228, Paper 19 at 24-25. Even where the “currently scheduled trial date is in relatively close proximity to the expected final decision,” this factor favors not exercising discretion to deny. *Sand Revolution II, LLC, v. Continental Intermodal Group - Trucking LLC*, IPR2019-01393, Paper 24 at 9-10 (PTAB June 16, 2020) (informative).

Second, the Delaware Action does not reflect substantial investment by the parties sufficient to warrant discretionary denial. The parties have only taken two depositions (both third parties), and fact discovery does not close until October 2, 2020. The court has yet to issue any substantive orders, including *Markman*, which also weighs against denying institution. *Finitiv*, IPR2020-00019, Paper 11 at 9-12. The Board has even declined to exercise discretion to deny institution after *Markman* has completed. *See, e.g., Sand Revolution II*, Paper 24 at 10-11. PACT's cited case, on the other hand, denies institution based on significantly more advanced district

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court proceedings. *See Vizio, Inc. v. Polaris PowerLED Techs., LLC*, IPR2020-00043, Paper 30 (PTAB May 4, 2020) (*Markman* and expert discovery completed). PACT also argues that Intel's filings are "late," however, Intel worked expeditiously to file its Petitions less than two months after receiving PACT's selection of 180 claims. Ex. 1044; *VLSI*, IPR2019-01195, Paper 11 at 9-11 (filing petition two months after claim narrowing was reasonable); *Finitiv*, IPR2020-00019, Paper 11 at 11 ("[I]t is often reasonable for a petitioner to wait to file its petition until it learns which claims are being asserted . . .").

Last, the Delaware Action presents substantially different arguments, and thus does not raise overlapping issues with these proceedings. These proceedings each assert references not raised in the Delaware Action against these patents: Hennessy (IPR2020-00532); Nicol, Miyamori, and Hennessy (IPR2020-00537); DeHon (IPR2020-00539); Barroso, Alpha Manual, Godfrey, and Nickolls (IPR2020-00540); Nicol and DeHon (IPR2020-00541); and Wilson, Houston, and Gove (IPR2020-00542). Moreover, in the Delaware Action, Intel asserts over 40 references—including 8 prior-art products that cannot be raised in IPR—and obviousness combinations not at issue here. Because these proceedings include materially different arguments, the Board's decisions will not duplicate rulings in the district court, and therefore the Board should not deny Intel's petitions. *Finitiv*, IPR2020-00019, Paper 11 at 12-13; *VLSI*, IPR2019-01195, Paper 11 at 9-11.

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Date: July 23, 2020

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing documents were served on July 23, 2020 through the Patent Review Processing System, as well as by e-mailing copies to:

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