

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTEL CORPORATION
Petitioner,

v.

PACT XPP SCHWEIZ AG
Patent Owner

Case IPR2020-00541
U.S. Patent No. 9,075,605

**PATENT OWNER'S SUR-REPLY TO PETITIONER'S REPLY
PURSUANT TO BOARD ORDER**

PATENT OWNER'S EXHIBIT LIST

Exhibit No.	Description
2011	The power of attorney chain of the '605 patent
2012	Attorney address on the record of the '605 patent
2013	Petition for <i>Inter Partes</i> Review of U.S. Patent No. 6,240,376 in <i>Synopsys, Inc. v. Mentor Graphics Corp.</i> , Case IPR2012-00042, Paper 1 (Sep. 26, 2012)
2014	Patent Owner's Request for Rehearing on Decision to Institute <i>Inter Partes</i> Review in <i>Synopsys, Inc. v. Mentor Graphics Corp.</i> , Case IPR2012-00042, Paper 18 (March 08, 2013)
2015	Banner & Witcoff, Ltd.'s "Messenger Log" from Exhibit 2005 in <i>Synopsys, Inc. v. Mentor Graphics Corp.</i> , Case IPR2012-00042
2016	Notice Regarding Case Management, Dkt. No. 19, filed May 23, 2019
2017	Patent Owner's Sur-Reply in <i>Intel Corp. v. Tela Innovations, Inc.</i> , Case IPR2019-01228, Paper 18 (Nov. 27, 2019)
2018	Declaration of Ziyong Li in Support of Patent Owner's Sur-reply
2019	Stipulation to Dismiss, Dkt. No. 24, filed May 30, 2019
2020	Stipulation and Order to Extend Time, Dkt. No. 98, filed June 1, 2020
2021	Excerpt of Intel's Initial Invalidity Contentions in the District Court case, filed October 31, 2019
2022	Intel's Motion to Transfer, No. 6:19-cv-00273-ADA, Dkt. 13

In its Response, Patent Owner (“PACT”) raised multiple procedural grounds, each of which provides an independent and fully sufficient reason the Board should deny the Petition. None of the arguments in Petitioner’s (“Intel”) reply changes this.

I. PACT Was Not Properly Served Under 37 C.F.R. § 42.105(a)

37 C.F.R. § 42.105(a) sets forth a simple and straightforward requirement, which Intel failed to meet. To properly effect service, Petitioner must serve Patent Owner “at the correspondence address of record for the subject patent.” 37 C.F.R. § 42.105(a). Intel did not do this and their reply consists of excuses and insufficient justifications why Intel need not follow this rule. Furthermore, Petitioner mischaracterizes the rule, excluding with an ellipsis the important word “**additionally**,” which makes clear service at the correspondence address of record is required at a minimum, and that service on the patent owner at another address is not a substitute. 37 C.F.R. § 42.105(a) (“The petitioner may **additionally** serve the petition and supporting evidence on the patent owner at any other address”) (emphasis added). The rule is unambiguous: the petition must at least be served at the correspondence address of record, which shows Customer Number 73481 associated with Alliacense. Ex. 2011; Ex. 2012.

Petitioner instead refers to Edward Heller III listed on the power of attorney and argues that because Edward Heller is deceased, the next best option was to serve Mr. Aaron Grunberger, the original patent practitioner for the patent-in-suit.

However, Petitioner was fully aware of the correspondence address of record when it relied on the California address in its motion to transfer filed in May 2019. Petitioner made no attempt at service at that address, where other practitioners may be available. *See* Ex. 2022. *See* MPEP § 403.

Intel's cited case, *Synopsys, Inc. v. Mentor Graphics Corp.*, did not hold that service on counsel before a power of attorney was filed was proper under § 42.105(a). Case IPR2012-00042, Paper 23 (Apr. 11, 2013). In *Synopsys*, the parties did not dispute that Banner & Witcoff had the power of attorney, and the issue was whether service on an old address was proper. Ex. 2013; Ex. 2014 at 22-23; Ex. 2015. It is undisputed that Mr. Grunberger had not yet filed a power of attorney when the Petition was sent to him.

Petitioner argues that delivery to litigation counsel constitutes proper service, citing *Micron Tech., Inc. v. e.Digital Corp.*, Case IPR2015-00519, Paper 14 (Mar. 24, 2015). However, the portion Petitioner relies on addressed the service of litigation counsel pursuant to 35 U.S.C. § 312(a), which requires "the petitioner provide[] copies of [] the documents [] to the patent owner." This is different from the service requirement in 37 C.F.R. § 42.105(a). For that, the Board stated:

The correspondence address of record for a patent can be discovered simply by entering the number of the patent into the USPTO's web-based Patent Application Information Retrieval (PAIR) portal (<http://portal.uspto.gov/pair/PublicPair>).

Case IPR2015-00519, Paper 14 at 5. This is what Petitioner failed to do here. Petitioner does not have excusable reasons comparable to the petitioner in *Micron*. The petitioner in *Micron* had served litigation counsel **more than two weeks before the § 315 statutory deadline**, and there was no evidence that the patent owner in *Micron* warned the petitioner that such service was improper. *Id.* at 3. Here, Intel chose not to contact Patent Owner's litigation counsel regarding the service of the Petition. Rather, it contacted Mr. Grunberger three days before the deadline without even copying Patent Owner's litigation counsel. Intel was warned by Mr. Grunberger that service was not proper, Ex. 1040, and upon such notice, Intel had until the end of the day on February 10 to research the proper way to conduct service, to find the correspondence address, and to effect proper service on the correspondence address, which Intel failed to do. Moreover, contrary to Intel's assertions, the purported recipient identified in Intel's proof of service does not work at Quinn Emanuel. Ex. 2018, ¶ 5. Therefore, Intel does not have any justification for its improper service.

II. Petitioner's Declaratory Judgement Action Bars Institution

Intel has failed to explain why its Declaratory Judgement Action does not in fact raise a challenge to invalidity when it alleges it does not infringe any "valid" patent. Clearly, Intel was asking the Judge to rule on validity and the Judge understood that. *See* Ex. 2016 ("It shall not be an excuse to deny or delay discovery

on the ground that Intel also contends that one or more claims-in-suit are **invalid**.”) (emphasis added).

The cases Petitioner cites are non-precedential, and the Federal Circuit has taken a far stricter view than what is expressed in the unpublished decisions relied on by Intel. In *Totes-Isotoner Corp. v. United States*, the Federal Circuit stated that “the label that [a party] has chosen to describe its claim is not determinative. With respect to pleadings, it is understood that a court looks to ‘the quality of its substance rather than according to its form or label.’” 594 F.3d 1346, 1355 n.6 (Fed. Cir. 2010) (internal citation omitted). This ruling also applies to patent cases. For example, the district court of the *Intel Corp. v. Tela Innovations, Inc.* case expressly recognized that “Intel now brings this action seeking declaratory relief for noninfringement, **invalidity**, and unenforceability with respect to six Tela patents.” Ex. 2017 at 2 (emphasis added). Similarly, when Intel filed a declaratory judgment action against PACT, the Northern District of California stated that “Intel also contends that one or more claims-in-suit are **invalid**.” Ex. 2016 (emphasis added). Thus, by asserting that Intel did not infringe “any valid” claims, it expressly challenged the validity, which bars the Petition under 35 U.S.C. §315(a).

III. The Delaware Action Justifies Discretionary Denial

The Board should deny institution under 35 U.S.C. § 314(a) to promote efficient administration and fairness.

First, by denying institution here, the Board will avoid the inefficient and duplicative exercise of assessing and narrowing claims. Petitioner is requesting the Board to commit to a burdensome review of over 100 claims across 12 patents under more than 50 grounds. Ex. 2018, ¶ 3. This project is superfluous in view of the streamlining mechanism already provided in the Delaware Action: the asserted claims will be narrowed to 60 across all 12 patents by October 1, 2020, and another narrowing will be completed by August 6, 2021. Ex. 2005 at 5-6. It would be very inefficient for the Board to evaluate and consider all 100+ claims under more than 50 grounds, when a process of narrowing is already set forth and underway in the Delaware Action.

Second, the advanced stage of and the substantial time and effort already invested in the Delaware Action justifies discretionary denial. Here, much has already happened in district court litigation. A venue dispute has already been resolved. Ex. 2019. Claim construction is effectively complete with the *Markman* order expected within 60 days of the June 10 hearing. *See Bentley Motors, Ltd. v. Jaguar Land Rover, Ltd.*, Case IPR2019-01539, Paper 9 at 14 (Mar. 10, 2020) (denying institution even when a *Markman* hearing had not yet occurred). Over five million pages have already been exchanged. Ex. 2018, ¶ 2. Document production has been substantially complete, and depositions have been scheduled. Ex. 2020; Ex. 2018, ¶ 4. Petitioner's reliance on *Sand Revolution II, LLC, v. Continental*

Intermodal Group - Trucking LLC, IPR2019-01393 is misplaced, as the PTAB’s decision relied primarily on the changing and uncertain trial date, a factor not applicable here, in reaching its conclusion, which it qualified as “marginal.”

Last, in an effort to justify institution despite substantial overlap of prior art references, Petitioner points to non-overlapping references representing a sliver of the total number of invalidity challenges in the district court and the IPRs. However, Petitioner has not foreclosed the possibility of also pursuing these references in district court and expressly reserved the right to add theories of invalidity in the Delaware Action. *See* Ex. 2021.0002 (“Intel’s Initial Invalidity Contentions reflect present knowledge and contentions, and Intel reserves the right, to the extent permitted by the Court and the applicable statutes and rules, to modify and supplement its Initial Invalidity Contentions”). As long as Petitioner maintains their right to add assertions in the Delaware Action, this factor cannot weigh in favor of instituting IPR. *Bentley*, IPR2019-01539, Paper 9 at 9-11 (denying institution even when four of thirteen claims challenged in the IPR proceeding were not challenged in the district court litigation).

IV. Conclusion

In the interest of efficiency and of adherence to the rules, the dispute between Intel and PACT should proceed in the Delaware Action. The weight of the above reasons carried across 12 total petitions strongly favors denial.

Date: August 6, 2020

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CERTIFICATE OF SERVICE

The undersigned hereby certify that the foregoing documents were served on August 6, 2020 by filing these documents through the Patent Review Processing System, as well as by e-mailing copies to:

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