

Filed on behalf of Cytonome/ST, LLC.

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Paper No. ____

Date Filed: June 26, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NANOCELLECT BIOMEDICAL, INC.,
Petitioner

v.

CYTONOME/ST, LLC,
Patent Owner

Case IPR2020-00550
Patent 9,011,797

**CYTONOME/ST, LLC'S SUR-REPLY TO PETITIONER'S PRE-
INSTITUTION REPLY ¹**

¹ Authorization to file sur-reply brief was given via email from the Board on June 12, 2020. EX1061.

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I. INTRODUCTION

Pursuant to the Board's June 12, 2020 email, Patent Owner Cytonome/ST, LLC ("Cytonome") submits this Patent Owner Sur-Reply Brief to NanoCollect Biomedical, Inc.'s ("Petitioner") Pre-Institution Reply Brief (Paper 7).

Nothing in Petitioner's brief changes the essential facts that the district court trial between Petitioner and Patent Owner is set to occur four months before the final written decision is due, and the litigation has progressed to a very advanced state. To avoid wasting the parties' and the Board's resources on IPR, the precedential *NHK* and *Fintiv* decisions mandate that institution be denied.

Petitioner attempts to overcome those dispositive facts by exploiting recent developments in the litigation that do not eliminate the specter of wasted resources. First, Petitioner's stipulation not to pursue the asserted Grounds in the litigation does not eliminate overlap of issues because Petitioner continues to assert an identical Wada prior art reference in the litigation. Second, Petitioner seizes on recent claim reductions by Patent Owner in the litigation, contending that the IPR should proceed because it now would include some claims that will not be adjudicated in the district court. But that is an about-face from its earlier position that the delay in filing of the Petition was justifiable on the ground that it was necessary to ensure that the Petition included only those claims that would be tried in the litigation. Petitioner should not be permitted to have it both ways.

The remainder of Petitioner’s brief invites the Board to engage in rank speculation that the scheduled jury trial will be delayed indefinitely by the COVID-19 outbreak, and that the district court judge “may” stay the case if this Board institutes the IPR. None of the cases cited by Petitioner rely on such speculation, and it is not the Board’s role to guide the district court’s hand by its institution decision rulings and cause a judge to stay cases deep into the litigation. If Petitioner had wanted to use IPR for the purpose for which it was intended—i.e., as an efficient *alternative* to district court litigation—it should have sought to stay the case long ago. Instead, Petitioner sought to *exploit* the litigation by mining the *Markman* process for supposed claim construction “admissions” by Patent Owner to present here, while hiding its own district court constructions from this Board.

II. EVERY *FINTIV* FACTOR FAVORS DISCRETIONARY DENIAL OF INSTITUTION

Patent Owner addresses the arguments raised by Petitioner in the order in which they are set out in Petitioner’s Reply Brief.

A. Petitioner’s Toothless Stipulation and Patent Owner’s Recent Reduction of Claims Do Not Eliminate the Substantial Overlap in Issues Between the IPR and District Court Proceedings (Factor #4)

Petitioner’s contention that its stipulation ensures “no overlap” (Reply Br. 1) is flatly wrong. Petitioner has stipulated (EX1048) to dropping only Wada’s “International PCT Publication No. WO 00/70080” (“Wada PCT Reference”) from

the litigation if the IPR is instituted, but Petitioner is still asserting the corresponding Wada U.S. Patent No. 6,509,609 in the litigation (EX2029) (list of prior art currently asserted in the litigation). The Wada '609 patent has *identical* disclosure as the Wada PCT Reference. The disclosure of the sorting embodiments, illustrated at Figures 22–24 described in the accompanying text, are exactly the same. *Compare* EX1006 at 17:10–24:12 (entire section titled “Use of Focusing to Sort Particles”) *with* EX2030 at 11:34–16:9 (same *verbatim*). Therefore, the issues central to this proceeding concerning the teachings of Wada’s disclosure will likewise be decided by the district court.

Even if the stipulation had removed Wada '609 from the litigation (and it did not), the stipulation would still preserve a “second bite at the apple” for Petitioner because it does not encompass all grounds that *could have been raised* in the IPR. The Board has recently expressed its reservations that such limited stipulations do not eliminate the possibility of “duplicative efforts” and “conflicting decisions.” *See Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC*, IPR2019-01393, Paper 24, 12, n. 5 (PTAB June 16, 2020) (noting that a broader stipulation is necessary to ensure that the IPR “functions as a true alternative to litigation,” as it was intended). Here, Petitioner’s stipulation merely states that it will not pursue the litigation on the “specific grounds” in its petition and any other grounds that could have been raised in the IPR “using the same grounds

references.” EX1048 at 3. That qualification preserves Petitioner’s ability to get a “second bite at the apple” using the more than 95 other prior art references asserted in the litigation, thereby defeating the essential Congressional purpose of IPRs to provide a fast and economical alternative to litigation. *See NHK Spring Co. v. Intri-Plex Tech., Inc.*, IPR2018-00752, Paper 8, 19–20 (PTAB Sept. 12, 2018).

Petitioner’s reliance on a recent reduction in the number of claims asserted by Patent Owner in the district court (Reply Br. 1–2) is similarly unavailing. First, Petitioner omits that it still maintains its declaratory judgment invalidity counterclaim against all claims of the ’797 patent. EX2031 at 46–56. Moreover, this *Fintiv* factor focuses on the extent to which the “same claims, grounds, arguments, and evidence” will be presented in the IPR and the district court. There remains a substantial overlap in the subject matter of the remaining common claims: independent claim 1 and dependent claims 13, 16, and 19 are at issue in both proceedings, and the only non-overlapping claims of the ’797 Patent are all dependent claims. Thus both proceedings will include essentially the same issues, requiring the use of substantially the same arguments and evidence.

B. Petitioner Attempts To Divert The Board’s Attention From Its Own Gamesmanship by Baselessly Accusing Cytonome of the Same (Factor #6)

Petitioner offers virtually no rebuttal to Cytonome’s showing that Petitioner engaged in impermissible gamesmanship by concealing its district court claim

constructions from this Board.² Petitioner weakly replies that it “submitted court briefing discussing all claim construction proposals” (Reply Br. 4), but those were *Cytonome*’s briefs (EX1042; EX1045), not Petitioner’s. Petitioner’s extensive claim construction arguments and supporting expert declaration were indeed concealed from this Board, for no mention of them was made in the Petition. The significance of that concealment cannot be overstated: Petitioner does not deny that its district court construction of “pressure pulse”—namely, a “unidirectional” pulse—is flatly contrary to its assertion in the Petition that “pressure pulse” needs no construction, and contrary to its own application of the claims to the hydrodynamic fluid flow of Wada, which is both illustrated and described by Wada as multidirectional. POPR at 21. Without fairly apprising the Board, Petitioner advanced fundamentally different claim constructions in the two forums, which alone justifies denial of institution. *See Facebook, Inc. v. Sound View Innovations, LLC*, IPR2017-00998, Paper 13, 17 (PTAB Sept. 5, 2017).

² The Board should disregard Petitioner’s improper attempts to argue its non-compliance with 37 C.F.R. §42.104, which is beyond the scope agreed to, and ordered, for the reply and sur-reply briefs. EX1061.

C. The Merits of the Petition Favor Denial (also Factor #6)

Petitioner provides only unsupported lawyer arguments in rebuttal on the merits of Wada, which should be completely ignored. This factor should be evaluated on the evidence already of record, which heavily favors denial because none of the prior art relied on in the Grounds discloses or suggests a cross-channel pressure pulse that is received and absorbed by a reservoir.

D. Petitioner's Evidence Fails To Show That a Stay Will Be Granted (Factor #1)

Petitioner cites only three cases and one off-handed, non-committal statement made by Judge Andrews at the *Markman* hearing to support its position that Judge Andrews would likely grant a stay of the litigation if the IPR is instituted and Petitioner moves for a stay. None of that evidence actually indicates that a stay will be granted.

First, Petitioner erroneously cited *MIICS & Partners Am. Inc., v. Toshiba Corp.* to support the proposition that “Judge Andrews’s practice is to decide stays after institution.” Reply Br. 6; (citing EX1051 at 1–2). Even a cursory review of that case would reveal that Judge Andrews issued a stay *before* the institution decision—and then only because the case was “relatively young,” and no depositions, claim construction briefing, or expert discovery had occurred. That case has no application here, given the advanced state of the litigation (*see* section F). The other two cases cited by Petitioner were similarly stayed at much earlier

stages of litigation than the present case. *See* EX1053 at 3 (granting a stay where no trial date had been set and expert discovery had not yet begun); EX1052 at 1–2 (granting a stay where fact depositions had not yet started and all expert discovery remained).

Lacking any evidence of a practice by Judge Andrews concerning the stay of cases upon institution of IPR, Petitioner resorts to an off-handed statement made by Judge Andrews at the end of the lengthy *Markman* hearing when he was first informed of the Petition. But the Court merely stated that knowledge of the pending IPR petitions is “always a good piece of information to have in mind,” which gives no indication how he will rule on a motion to stay if one were presented to him upon institution.

E. There Is No Indication The Trial Will Be Delayed (Factor #2)

Petitioner argues that the COVID-19 pandemic will likely delay trial beyond the final written decision due date, but there is no evidence to support that assertion. At best, Petitioner’s evidence shows only that some uncertainty surrounding the trial date exists. But the Board has recently held that, where a trial date has been set several months before the final written decision would be due, this *Fintiv* factor favors discretionary denial despite some uncertainty surrounding the COVID-19 pandemic. *SuperCell OY v. Gree, Inc.*, IPR2020-00310, Paper 13, 10–12 (PTAB June 18, 2020). In *SuperCell OY*, the Board explained that because

NHK and *Fintiv* are “precedential decisions [that] require that the Board consider the proximity of the date of the jury trial to the date a final decision would be due” in the IPR, a jury trial setting several months (six months there vs. four months here) before the final written decision is due weighs in favor of denial notwithstanding “generalized speculation as to trial dates universally (e.g., due to impacts of COVID-19) and [one prior] movement of the trial date” *Id.* at 11–12. This factor tips even further in Patent Owner’s favor here, as the trial date has *never* been moved, and indeed the schedule adjustment relied on by Petitioner was agreed to by Patent Owner on the condition that summary judgment deadlines and the trial date *not* be moved.³ EX2032 at 4–6.

F. The Large Investment in the District Court Proceeding Favors Denial (Factor #3)

Petitioner’s “investment” argument is simply counter-factual. Both the parties and the Court have invested much time and financial resources in the

³ Petitioner incorrectly relies on *Sand Revolution II* to support its assertion that COVID-19 will cause the trial date to be moved. IPR2019-01393 at 8–9; Reply Br. 8. But, in that case, the parties jointly moved to reschedule the *trial date*. *Id.* Also, each calendared date, including trial, was tentative because they all included the qualifier “or as available.” *Id.*

litigation. *Markman* proceedings were extensive. All fact depositions will have been taken by the institution decision due date, and fact discovery overall will be virtually complete. EX2004; EX2005. Opening expert reports and rebuttal expert reports are due *before* the institution decision deadline. EX2004, EX2005. And because Petitioner's narrow stipulation is not triggered unless and until trial is instituted, the experts will necessarily have to invest the time and resources to address the grounds and prior art in the Petition in those reports.

The Board has found this factor to weigh in favor of denial of institution under much less compelling circumstances. Although, in *SuperCell OY*, the claim construction order had been issued, fact and expert discovery was postponed, and expert disclosures and dispositive motion practice had not yet occurred—but the Board still found this factor to weigh in favor of denial. *Id.* at 13–14. Here, the litigation will be far more advanced by the institution decision due date. And that is a direct consequence of Petitioner delaying its Petition until nearly the last statutory day to obtain a tactical advantage, with full knowledge of the trial date and the fact that its delay would push the final written decision past the trial date.

G. Identical Parties Between the District Court and IPR Proceedings Weighs In Favor of Denial (Factor #5)

When Petitioner is also the defendant in the related litigation, as it is in this case, this factor weighs in favor of denial because of the greater risk of duplicative efforts in the district court and IPR proceedings. *Apple Inc. v. Fintiv, Inc.*,

IPR2020-00019, Paper 11, 13–14 (PTAB Mar. 20, 2020). Petitioner once again shows a lack of respect for this Board when it argues directly contrary to recent and uniform precedent.

III. CONCLUSION

The decision here is not a close one. Four of the six *Fintiv* factors weigh heavily in favor of denial of institution: The litigation between Petitioner and Patent Owner has reached a very advanced state, and trial is firmly set four months before a final written decision is due. The merits of the petition tilt a fifth *Fintiv* factor in favor of denial, premised (weakly) as it is on claim constructions that differ from the concealed constructions Petitioner offered to the district court. And Petitioner’s last-minute, contrived, narrow stipulation does not tip the last *Fintiv* factor in Petitioner’s favor because it does not eliminate the Wada ’609 patent from the litigation, and it also preserves Petitioner’s ability to pursue the litigation in parallel on other grounds, thus obtaining “two bites at the apple” and frustrating Congressional intent that IPR be an *alternative* to litigation.

Dated: June 26, 2020

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Cytonome/ST, LLC's Sur-Reply to Petitioner's Pre-Institution Reply was served on counsel of record on June 26, 2020 by filing this document through the End-to-End System, as well as delivering a copy via electronic mail to counsel of record for the Petitioner at the following addresses:

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