

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC

Petitioner

v.

ECOFACITOR, INC.

(record) Patent Owner

IPR2020-00947
Patent No. 8,131,497

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

Pursuant to the Board’s Order of August 31, 2020 (Paper 8)(“Order”), Petitioner Google LLC hereby submits this reply to the Patent Owner Preliminary Response (“POPR”) filed August 20, 2020.

Unlike most proceedings in which §314(a) has been applied to deny institution, this is not the case of an *inter partes* review (“IPR”) filed in parallel with an active, co-pending district court proceeding. Instead, the present case involves *multiple* co-pending proceedings asserting the ’497 patent: one ITC investigation involving several respondents, and several stayed district court proceedings. The current status of all proceedings asserting the ’497 patent is shown here:

Case Name (Venue, Filing Date)	Status (as of Date)
<i>EcoFactor, Inc. v. Google LLC</i> , No. 1-19-cv-12322 (D. Mass., Nov. 12, 2019)	Stayed (Feb. 19, 2020)
<i>EcoFactor, Inc. v. Alarm.com Inc. et al.</i> , No. 1-19-cv-12323 (D. Mass., Nov. 12, 2019)	Stayed (Dec. 26, 2019)
<i>EcoFactor, Inc. v. Daikin Industries, Ltd. et al.</i> , No. 1-19-cv-12324 (D. Mass., Nov. 12, 2019)	Dismissed (May 5, 2020)
<i>EcoFactor, Inc. v. Ecobee, Inc. et al.</i> , No. 1-19-cv-12325 (D. Mass., Nov. 12, 2019)	Stayed (Jan. 15, 2020)
<i>EcoFactor, Inc. v. Schneider Electric USA, Inc. et al.</i> , No. 1-19-cv-12326 (D. Mass., Nov. 12, 2019)	Dismissed (June 24, 2020)
<i>EcoFactor, Inc. v. Vivint, Inc.</i> , No. 1-19-cv-12327 (D. Mass., Nov. 12, 2019)	Stayed (Dec. 23, 2019)
Smart HVAC Systems, and Components Thereof, ITC-337-TA-1185 (ITC, Oct. 23, 2019)	Currently Active

The existence of multiple district court actions, stayed in their earliest stages, is critical. While the ITC investigation may go to trial for a small subset of the claims at issue in this IPR, the ITC can neither award damages for infringement nor hold claims invalid with binding effect. *See Texas Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996). For that reason—whatever the result before the ITC—validity will be litigated again in various district court actions. Patent Owner admits as much, stating “[a]s a practical matter, the parties’ validity disputes as to the ’497 patent are likely to carry over to the district court cases.” (POPR, pp. 5-6). The stayed district court cases are thus a more appropriate benchmark for measuring the timing of parallel proceedings.

Because the ITC cannot finally decide issues of invalidity, PTAB panels—both before and after *Fintiv*¹—have declined to deny IPR petitions as a discretionary matter in view of parallel ITC proceedings. *See Samsung Elec. Co., Ltd. et al. v. Dynamics, Inc.*, IPR2020-00499, Paper 41, pp. 11-12 (PTAB Aug., 12, 2020) (“The district court has stayed its proceeding since September 4, 2019, pending an outcome of the ITC proceeding. . . . This factor weighs against exercising discretion to deny institution. The stay of the proceeding allays concerns about inefficiency and

¹ *Apple Inc., v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential, designated May 5, 2020) (“*Fintiv*”).

duplication of efforts as it relates to this proceeding. *See Fintiv*, Paper 11 at 6.”)(internal citations omitted); *3Shape A/S, et al. v. Align Tech., Inc.*, IPR2020-00223, Paper 12, pp. 33-34 (PTAB May 26, 2020) (“We refrain from exercising our discretion not to institute trial here. As Petitioner argues, the ITC does not have the power to cancel a patent claim, even if that claim is demonstrated to be invalid. Also, the burden of proof in demonstrating that a patent claim is invalid differs between the ITC and an *inter partes* review. Finally, the ITC Investigation will not resolve all claims at issue in this proceeding.”); *Intel Corp. v. TelaInnovations, Inc.*, IPR2019-01521, Paper 14, p. 22 (PTAB Mar. 11, 2020) (“[W]e do not find the ITC Action weighs in favor of denying institution because it will not resolve the unpatentability issues raised in this Petition or the issues in dispute between the parties in the NDCA Action.”); *Nichia Corp. v. Lighting Science Grp. Corp.*, IPR2019-01259, Paper 21, p. 28 (PTAB Jan. 15, 2020); *Renesas Elecs. Corp. v. Broadcom Corp.*, IPR2019-01040, Paper 9, p. 8 (PTAB Nov. 13, 2019); *Emerson Elec. Co. v. SIPCO, LLC*, IPR2019-00547, Paper 15, pp. 8-10 (PTAB Aug. 30, 2019); *Intel Corp. v. Qualcomm Inc.*, IPR2019-00129, Paper 9, pp. 10-13 (PTAB May 29, 2019); *Comcast Cable Commc’ns, LLC v. Rovi Guides, Inc.*, IPR2019-00231, Paper 14, pp. 11-12 (PTAB May 20, 2019); *Samsung Elecs. Co., Ltd. v. Bitmicro, LLC*, IPR2018-01720, Paper 14, pp. 24-28 (PTAB Mar. 29, 2019); *Wirtgen Am., Inc., et al. v. Caterpillar Paving Prod. Inc.*, IPR2018-01202, Paper 10,

p. 10 (PTAB Jan. 8, 2019). Instead, as set forth below, applying a more realistic view of the multiple proceedings and accurate facts concerning the extent of overlap, the *Fintiv* factors weigh in favor of institution.²

Fintiv Factor 1: “Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted”

As shown in the table above, all active infringement lawsuits are stayed pending the outcome of the ITC action. This factor thus weighs in favor of institution. See *Samsung*, IPR2020-00499, Paper 41 at 11-12. EcoFactor argues—without citation—that “*Fintiv* suggests that the PTAB should deny institution when district court cases are stayed in light of an ITC investigation.” (POPR, p. 7). This is incorrect. The *Fintiv* case did not involve a co-pending ITC proceeding, and the precedential order was a procedural order directing the parties to brief certain issues. Even viewed in the light most favorable to EcoFactor, the *Fintiv* precedential order states only that “as a practical matter, it is difficult to maintain a district court proceeding on patent claims determined to be invalid at the ITC.” *Fintiv* at 9.

This consideration does not apply here, however, for at least two reasons. First, EcoFactor already admits that validity issues at the ITC “are likely to carry

² Google recognizes that the panel is bound to follow its own precedential decisions, including *Fintiv*.

over to the district court cases.” (POPR, pp. 5-6). Second, only a fraction of the claims at-issue in this IPR and in the district court litigations (all claims 1-12)³ are at issue in the ITC. In the ITC, only claims 1, 2, and 5 remain asserted after EcoFactor filed an express election of claims on April 14, 2020 and after EcoFactor further dropped claim 4 in an August 18, 2020 email.⁴ EcoFactor’s POPR is not as clear as it should be on this point: at times EcoFactor asserts that the “same claims” are at issue (POPR, p. 10), and other times that the claims are “overlapping” (POPR, pp. 2, 12). It probably would have been best simply to say directly which claims are at issue. And when it becomes clear that only one-quarter of the claims at-issue in this IPR could be held invalid by the ITC, the *Fintiv* consideration loses force, because the non-elected claims will be re-litigated regardless of the outcome at the

³ See, e.g., *Complaint for Patent Infringement*, Dkt. 1, ¶20, *EcoFactor, Inc. v. Google LLC*, Case No. 1-19-cv-12322 (D. Mass., Nov. 12, 2019). The Board’s Order stated that “[n]o new evidence is authorized to be filed...” (p. 2). Therefore, Google is providing only citations to the public record, but can provide copies of referenced documents upon request.

⁴ See *Complainant’s Election of Asserted Claims*, filed in ITC Investigation No. 337-TA-1185, Document ID 1534693 (April 14, 2020). ITC documents may be obtained by the public using the ITC’s EDIS system at <https://edis.usitc.gov/>

ITC.

Fintiv Factor 2: “*Proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision*”

As discussed above, the district court cases are a more appropriate benchmark for comparing the relative timing. Currently, the district court cases do not have a scheduled trial date. Thus, *Fintiv* factor 2 weighs in favor of institution.⁵

Fintiv Factor 3: “*Investment in the parallel proceeding by the court and parties*”

While the parties have invested a significant amount in the ITC proceedings, they have invested very little in the district court proceedings, and it is only in district court that a dispositive ruling on invalidity could be rendered, absent this *IPR*. Thus, this factor weighs in favor of institution. *See Nichia*, IPR2019-01259, Paper 21 at 28 (likelihood of re-litigation in district court negated concerns about duplication).

Fintiv Factor 4: “*Overlap between issues raised in the petition and the parallel proceeding*”

This factor weighs heavily in favor of institution. As noted above, EcoFactor did not clearly state the claims at-issue in the ITC: only claims 1, 2, and 5 are at issue. Thus, even if it would be difficult for EcoFactor to pursue *these* claims should

⁵ On the day of filing of this brief, the parties learned at a conference with the Administrative Law Judge assigned to the co-pending ITC investigation that the ITC trial is projected to be held sometime in November 2020.

the ITC find them invalid, EcoFactor would still pursue claims 3-4 and 6-12 in district court. Moreover, the prior art overlap is not as extensive as EcoFactor implies. EcoFactor submitted older documents (invalidity contentions), but more recently the ITC Respondents have narrowed their invalidity challenges. While the Oswald and Rosen prior art references, as well as Ground 1 of the petition, *are* at issue before the ITC, the combination with the Cler prior art, reflected in Grounds 2 and 3, is not. And whether or not the ITC finds claims 1, 2, and 5 invalid, all claims, and all prior art, will still be at issue before the district courts.

Fintiv Factor 5: “*Whether the petitioner and the defendant in the parallel proceeding are the same party*”

In the present case, the Petitioner is the defendant in only one of the co-pending, stayed proceedings, and is only one of several ITC Respondents. This factor thus weighs in favor of institution.

Fintiv Factor 6: “*Other circumstances that impact the Board’s exercise of discretion, including the merits*”

The POPR asserts that this factor weighs against institution, even though the POPR inconsistently asserts there are no relevant considerations under factor 6. (POPR, p. 13). The large number of cases filed by EcoFactor in late 2019 suggests that fears of overburdening the Patent Owner are unjustified, and that the public interest would be served by having the claims evaluated by the PTAB. Petitioner thus respectfully requests that the Board not exercise its discretion under § 314(a).

Date: <u>September 8, 2020</u>	<u>/Matthew A. Smith/ (RN 49,003)</u> Matthew A. Smith SMITH BALUCH LLP 1100 Alma St., Ste 109 Menlo Park, CA (202) 669-6207 smith@smithbaluch.com <i>Counsel for Petitioner Google LLC</i>
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing reply to the Patent Owner Preliminary Response, was served by electronic mail, on the Patent Owner's counsel of record at the United States Patent & Trademark Office having the following email addresses: pwang@raklaw.com; jchung@raklaw.com; kshum@raklaw.com; and rak_ecofactor@raklaw.com.

Date: September 8, 2020

/Matthew A. Smith/ (RN 49,003)