

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SMIC, AMERICAS,
Petitioner,

v.

INNOVATIVE FOUNDRY TECHNOLOGIES, LLC,
Patent Owner.

Case No. IPR2020-01003
U.S. Patent No. 6,580,122

PATENT OWNER'S SUR-REPLY

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2018	<i>Innovative Foundry Technologies LLC v. SMIC, et al.</i> , Standing Order Regarding Scheduled Hearings in Civil Cases in Light of Chief Judge Garcia’s March 24 Amended Order, ECF No. 46, Case No. 6:19-cv-00719-ADA (W.D. Tex. March 24, 2020)
2019	<i>Innovative Foundry Technologies LLC v. SMIC, et al.</i> , Minute Entry Text of Markman Hearing, ECF No. 166, Case No. 6:19-cv-00719 (W.D. Tex. Sept. 18, 2020)
2020	<i>MV3 Partners LLC v. Roku, Inc.</i> , Case Docket Sheet, Case No. 6:18-cv-00308 (W.D. Tex.)
2021	<i>Fintiv, Inc. v. Apple, Inc.</i> , Joint Motion to Amend the Parties’ Agreed Scheduling Order, ECF 123, Case No. 1:19-cv-01238-ADA (W.D. Tex. April 23, 2020)
2022	<i>Continental Intermodal Group – Trucking LLC v. Sand Revolution LLC, et al.</i> , Joint Motion to Amend the Scheduling Order, ECF100, Case No. 7:18-cv-00147-DC (W.D. Tex. April 27, 2020)
2023	<i>True Chemical Solutions, LLC v. Performance Chemical Company</i> , Joint Motion for Modification of Scheduling Order and Proposed tenth Amended Scheduling Order, ECF 142, Case No. 7:18-cv-00078 (W.D. Tex. June 30, 2020)
2024	Judge Albright Patent FAQ, Western District of Texas
2025	Procedures Regarding Technology Tutorials, Claim Construction, Discovery Disputes, and Trial Date for the Honorable Alan D. Albright
2026	<i>Innovative Foundry Technologies LLC v. SMIC, et al.</i> , Claim Construction Order, ECF No. 173, Case No. 6:19-cv-00719-ADA (W.D. Tex. October 6, 2020)

The Board authorized Petitioners to file a reply brief solely to address how the *Sand Revolution II*, IPR2019-11393, Paper 24, decision affects the *Fintiv* factors here. (Ex. 1020). Petitioners' Reply far exceeds that authority, but their new arguments (only some of which address *Sand Revolution II*) fail to refute that the *Fintiv* factors weigh heavily against institution.

Factor 1: Petitioners' arguments avoid the questions actually asked by *Fintiv* Factor 1. First, has the Court "granted a stay"? No, it has not, and Petitioners do not argue or present evidence otherwise. Second, does "evidence exist[] that one may be granted if [the IPR] proceeding is instituted"? No, there does not, and Petitioners do not even try to identify any. They cannot because, to date, Judge Albright has denied **every** opposed motion to stay pending proceedings in his court pending resolution of an instituted IPR. (*See* Exs. 2009, 2011-2013).

Petitioners' argument that there is "no specific evidence" on this issue ignores both the relevant questions and all of the previously identified specific evidence showing that Judge Albright does **not** stay trials in these circumstances. IFT identified Judge Albright's three-factor test, analyzed and applied the evidence to each factor, and showed that all three factors establish that the Court will not stay the Parallel Proceedings even if the requested IPR is instituted.¹ (POPR at 11-13).

¹ Petitioners attempt to rely on *Sand* for some (but not all) of its new arguments on this factor is thus baseless: unlike the Patent Owner in *Sand*, IFT's POPR identifies specific evidence showing the Court does not grant stays in these circumstances.

Factor 2: The trial date in the Parallel Proceeding is set for August 30, 2021, more than **three months before** the Final Written Decision deadline for the requested IPR. *Fintiv* held this factor weighed against institution when the earlier trial was scheduled for just **two** months before the FWD deadline. (*Fintiv*, IPR2020-00019, Paper 15 at 13).

Although Petitioners baselessly speculate that Judge Albright will likely postpone this earlier trial because he “has the busiest docket in the country,” Judge Albright has explicitly stated that he intends for this trial to proceed “as scheduled” (Exs. 2018, 2019). In none of the decisions cited by Petitioners did Judge Albright move a trial date because docket size; rather, each was either suspended in the early onset of the pandemic, delayed because of health problems, or by agreement of the parties. (Exs. 1024, 2020-2023). None of those circumstances exist here, where Judge Albright has already confirmed, and the parties have agreed, that the Parallel Proceeding will proceed as scheduled despite the ongoing pandemic. (Exs. 2002, 2004, 2010, 2019). Indeed, the Court stated in its most recent Explanation of Markman and Discovery Procedures that “the Court will not move the trial date except in extreme circumstances.” (Ex. 2025; *see also* 2024).

Factor 3: *Fintiv* states that “if, at the time of the institution decision, the

Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC, IPR2019-01393, Paper 20, 2-6.

district court has issued substantive orders related to the patent at issue in the petition, **this fact favors denial**,” specifically identifying a claim construction order as one such substantive order. (*Fintiv*, Paper 11, at 9-10). This alone means this factor weighs in favor of denial here because (as established in IFT’s POPR and as Petitioners admit in their Reply) the Court already issued its claim construction order addressing all of the parties’ disputes concerning the challenged patent. (POPR at 9, 12, 15-17; Ex. 2026).

In addition, the work that will be completed prior to institution **does** concern invalidity. For example, the RPI Petitioners’ **Final Invalidity Contentions** concerning the ’122 Patent are due November 13, 2020, more than a month **before** the Board’s institution decision deadline of December 16, 2020. (Exs. 2004, 2010). Moreover, by the Board’s institution decision deadline, the parties will already have conducted **three months of discovery** on all issues, including the validity of the ’122 Patent. (Ex. 2019).

Factor 4: Complete overlap still exists here because Petitioners have offered only a conditional stipulation from themselves. As established in the POPR, and as Petitioners do not dispute in their Reply, the other co-defendants in the Parallel Proceedings are asserting the same art as in this Petition, and Petitioners’ conditional stipulation will not prevent those co-defendants from still asserting the Petition art in the Parallel Proceeding.

Moreover, Petitioners themselves can (and are) still pursuing invalidity on the basis of prior art patents or printed publications, just like in the Petition. This is the clichéd two bites at the apple, and creates the exact type of wasteful and needless inefficiencies that the *NHK* and *Fintiv* decisions are intended to avoid. (*E.g.*, *Fintiv*, Paper 11 at 5-6). To this end, the *Sand* decision relied on by Petitioners warns that to convincingly move this factor towards favoring institution (dependent, of course, on the other factors), a Petitioner should broadly stipulate that they “would not pursue **any ground** that could be raised under §§ 102 or 103 on the basis of prior art patents or printed publications.” (*Sand*, Paper 24, n. 5). Petitioners and their co-defendants have not done so here, and this factor thus still weighs against institution.

Factor 5: Petitioners do not deny that the RPI Petitioners are all defendants in the Parallel Proceeding. This factor thus weighs in favor of denial.

Factor 6: Unless the merits are more than a “close[] call,” this factor favors denial. (*Fintiv*, Paper 11 at 15). Petitioners’ Reply does not even identify a close call. IFT’s POPR establishes that the Petition does not identify any basis for combining the references as proposed in the asserted Grounds because each of the Petition’s obviousness arguments hinges on unsupported misrepresentations concerning the teachings of *Yun* or *Saki* with *Wada*. (*See, e.g.*, POPR at 34-35, 37-38). Petitioners’ Reply does not even attempt to address, deny, or support these misrepresentations.

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Respectfully submitted,

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