

Filed: April 16, 2021

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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MICROCHIP TECHNOLOGY INCORPORATED; AND  
MICROSEMI CORPORATION,

Petitioners,

v.

BELL SEMICONDUCTOR, LLC,

Patent Owner.

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Case No. IPR2021-00191

U.S. Patent No. 7,221,173

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**PATENT OWNER'S PRELIMINARY SUR-REPLY  
UNDER 35 U.S.C. § 313 AND 37 C.F.R. § 42.107**

# **I. PETITIONERS' REPLY VIOLATES THE BOARD'S ORDER AND SHOULD BE EXPUNGED**

On April 2, 2021, the Board authorized the Petitioners to file a Reply to the extent that it was limited to “addressing circumstances in the related district court proceeding that have changed since the time Petitioner filed its Petitions.” (Paper 10.) Contrary to the Board’s explicit instructions, Petitioners’ Reply includes arguments unrelated to any purported change in circumstances in the related district court proceeding. For example, in a belated attempt to augment their Petition, Petitioners “withdraw all reservations” and provide a new stipulation—which has neither been filed with, nor accepted by, the district court. Not only is Petitioners’ alleged stipulation untimely and non-binding, it does not stem from any “circumstances in the related district court proceeding that have changed since the time Petitioner filed its Petitions.” Petitioners improperly attempt to circumvent the Board’s order under the guise of alleged “changed circumstances.”

Petitioners’ arguments related to *Fintiv* Factors 3 and 6 are similarly unrelated to “addressing circumstances in the related district court proceeding that have changed since the time Petitioner filed its Petitions.” Instead, Petitioners’ arguments concern their purported “expeditious” filing of their Petition—arguments they could have raised in their Petition but did not. Similarly, Petitioners’ arguments regarding *Fintiv* Factor 6 amount to nothing more than an unauthorized attempt to rebut Patent Owner’s arguments.

Because Petitioners’ arguments for *Fintiv* factors 4, 3, and 6 violate the Board’s Order and introduce unauthorized new evidence and arguments, the Board should expunge them from the record. *See, e.g., Coolpad Technologies, inc. et al., v. Bell Northern Research, LLC*, IPR2019-01319, Paper 15 (Dec. 9, 2019) (expunging unauthorized evidence that was improperly submitted contrary to the Board’s explicit instructions); *Cox Communications Inc., v. AT&T Intellectual Property L.L.P.*, IPR2015-01227, Paper 63 (Sept. 7, 2016) (expunging sur-reply because it introduced unauthorized new evidence).

## **II. *FINTIV* FACTOR 2**

Petitioners begin their *Fintiv* factor 2 analysis by noting that the district court is set to begin trial eight weeks before the final written decision—a fact that remains unchanged since the Petition was filed. Further, Petitioners speculate that “there is uncertainty associated with the district court trial date” due to the ongoing COVID-19 pandemic. (Reply at 2.) However, there is no evidence to indicate any delay, much less a meaningful delay, to the schedule. (*See* Paper 8 at 74.)

Citing their motion to transfer to the Austin Division, Petitioners again speculate that *if* their motion is granted, it “could delay trial because civil trials in the Austin Division are still delayed due to the pandemic.” Petitioners, however, provide no evidence to support their speculation. Indeed, at the *Markman* hearing held on April 1, 2021, Judge Albright indicated that he was unlikely to grant

Petitioners’ motion to transfer due to the uncertainty related to the opening of the Austin Courthouse. He further indicated that he preferred, instead, to “keep things on time” by keeping the case in Waco and making a determination “closer to trial.” (Ex. 2009 at 20-21.) Further, Judge Albright has recently denied motions to transfer to the Austin Division. *See e.g., paSafeShare LLC v. Microsoft Corporation*, No. 6-20-cv-00397 (W.D.T.X, April 7, 2021) (denying defendant’s motion to transfer venue from the Waco Division to the Austin Division of the Western District of Texas because Austin was not clearly more convenient and practical problems weighed against transfer); *WSOU Investments LLC v. Microsoft Corporation*, No. 6-20-cv-00454 (W.D.T.X. April 7, 2021) (“[T]he Waco Division has a patent-specific Order Governing Proceedings which can greatly expediate the speed with which a case can come to trial and be resolved. Given the congested Austin Division and a patent familiar Waco Division, this factor weighs against transfer.”)

Petitioners’ assertion that the district court’s cancellation of the “second *Markman* hearing . . . could create uncertainty with other case deadlines” is inaccurate—and now moot. Specifically, the court had merely planned to reschedule the hearing to a different day during a lunch break. (Ex. 2010 at 3.) More importantly, the parties accepted the district court’s preliminary claim

constructions and agreed that the second *Markman* hearing was unnecessary—rendering Petitioners’ argument moot. (Ex. 2011.)

Accordingly, because there is no evidence to suggest that trial will be delayed, *Fintiv* factor 2 weighs strongly in favor of denying institution.

### **III. *FINTIV* FACTORS 3, 4, AND 6**

To the extent the Board allows Petitioners’ unauthorized arguments to stand, Patent Owner maintains that such arguments are unpersuasive.

Importantly, Petitioners have not filed their alleged stipulation in the district court, and nor has the court accepted such a stipulation. Further, even if Petitioners attempt to withdraw or waive certain invalidity defenses in the district court case—which they have not yet done—the court may not allow it. *See, e.g., Optis Wireless Technology, LLC, et al. v Apple, Inc.*, 2:19-CV-00066, Dkt. 457 (E.D. Tex. Aug. 4, 2020) (denying defendant’s motion to withdraw certain invalidity defenses to discourage infringer’s gamesmanship).

Moreover, Petitioners’ reliance on *Sotera* is misplaced. Notably, the facts that formed the basis of the panel’s *Fintiv* analysis in *Sotera* are distinct from the present case. For example, *Sotera* involved a pending stay request; vacating of *Markman* deadlines; a trial date close to the deadline for the final written decision; a stipulation that was filed with the district court; and limited investment in the parallel proceeding. *See Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019,

Paper 12 (Dec. 1, 2020) (precedential as to § II.A). Based on those facts, the panel found that factors 1, 2, 3, 5, and 6 did not strongly weigh for or against denial of institution. Thus, on balance, the panel in *Sotera* found that factor 4 tipped the scale against denying institution.

Here, however, there is no pending stay request; the *Markman* hearing is completed and a claim construction order has been entered<sup>1</sup>; the trial date is eight weeks before the deadline for the final written decision; and Petitioners' alleged stipulation remains non-binding in the district court. Moreover, contrary to Petitioners' assertions, the substantial work and investment (by the parties and the district court) occurring before—and after—the institution decision and before the final written decision, weigh strongly in favor of denying institution and avoiding duplication of efforts.<sup>2</sup> (*See* Paper 8 at 75-76.) Similarly, Petitioners have not shown that the merits outweigh the other *Fintiv* factors.

Thus, on balance, the inefficient duplication of efforts here is likely. Accordingly, the circumstances here weigh in favor of denying institution.

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<sup>1</sup> The Court provided constructions from the bench during the first *Markman* hearing and the parties accepted the Court's proposed constructions stemming from the second hearing. (Ex. 2011.)

<sup>2</sup> The one-week delay in the opening of fact discovery does not affect the remaining case schedule, the trial date, or the investment by the parties.

Dated: April 16, 2021

Respectfully Submitted,

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## **CERTIFICATE OF SERVICE**

Pursuant to 37 C.F.R. § 42.6(e), I certify that I caused to be served on the counsel for Petitioners a true and correct copy of the foregoing Patent Owner's Preliminary Sur-Reply Under 35 U.S.C. § 313 and 37 C.F.R. § 42.107, by electronic means on April 16, 2021, by delivering a copy via electronic mail to the attorneys of record for the Petitioners as follows:

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Dated: April 16, 2021

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