

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ocado Group PLC,

Petitioner,

v.

AutoStore Technology AS,
Patent Owner

U.S. PATENT NO. 10,474,140

Case No. IPR2021-00311

PATENT OWNER'S PRELIMINARY RESPONSE

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<u>Exhibit #</u>	<u>Description</u>
2001	Eastern District of Virginia Case Stay Order, Case 2:20-cv-00494, dated November 20, 2020
2002	ITC Order 4 - Procedural Schedule, dated December 4, 2020
2003	ITC Order 2 - ALJ Dee Lord Ground Rules, dated November 3, 2020
2004	<i>Certain Laser-Driven Light Sources, Subsystems Containing Laser-Driven Light Sources, and Prods. Containing Same</i> , Inv. No. 337-TA-983, Order No. 8 (U.S.I.T.C. March 3, 2016)
2005	<i>Certain Memory Modules and Components Thereof</i> , Inv. No. 337-TA-1089, Order No. 49 (U.S.I.T.C. April 11, 2019)
2006	https://www.bizjournals.com/cincinnati/news/2021/03/04/kroger-opens-first-ocado-facility-in-greater.html , dated March 8, 2021
2007	https://www.supermarketnews.com/online-retail/kroger-plans-10th-ocado-automated-warehouse , dated November 30, 2020
2008	https://www.usitc.gov/press_room/featured_news/usitc_response_covid_19.htm#title-7 , dated July 20, 2020
2009	ITC Order 3 - Setting Target Date, Hearing Dates, and Preliminary Conference, dated November 16, 2020
2010	Stipulations Among the Private Parties, dated December 22, 2020
2011	Ocado Respondents' Response to the Complaint and Notice of Investigation, dated November 30, 2020
2012	Appendices D-1, D-2, D-3, D-4 to Respondents Invalidity Contentions, dated February 16, 2021
2013	Ocado Group PLC, Ocado Central Services Ltd., Ocado Innovation Ltd., Ocado Operating Ltd., Ocado Solutions, Ltd., Ocado Solutions USA Inc., and Tharsus Group Ltd. Notice of Appearance and Designation of Lead Attorney for Service, dated November 5, 2020

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2014	Printed Motion Works Ltd. Notice of Appearance and Designation of Lead of Attorney for Service, dated November 16, 2020
2015	Eastern District of Virginia Case Complaint, dated October 1, 2020
2016	ITC Order 6 - Denying Respondents' Motion for a Stay, dated March 9, 2021
2017	Draft Respondents' Stipulation Regarding Certain Invalidity Defenses for U.S. Patent No. 10,474,140

I. INTRODUCTION

The Board should exercise its discretion to deny institution under § 314(a) in view of the advanced stage of the parallel International Trade Commission (“ITC”) litigation—*Automated Storage and Retrieval Systems, Robots, and Components Thereof*, Investigation No. 337-TA-1228—involving the same parties, the same patent, the same challenged claims, and the same invalidity defenses. By the time the Board issues an institution decision in late June 2021, the parties will be on the brink of commencing an evidentiary hearing at the ITC, having invested significant resources in fact and expert written and testimonial discovery, a technology tutorial, claim construction and summary determination briefing. Moreover, the ALJ will issue an initial determination on the issues presented in this Petition *more than* seven months before a final written decision would issue here, and the Commission will issue its final determination *more than* three months before a final written decision. The advanced stage of this ITC proceeding does not support granting institution.

Instituting an IPR on all of the same grounds that will be addressed at the ITC, and then addressing all of these grounds in a final written decision, would simply lead to the inefficient and unnecessary duplication of efforts in multiple forums. *See NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 19-20 (P.T.A.B. Sept. 12, 2018) (precedential). For these reasons, and as explained in more detail below, the Board should exercise its discretion to deny institution.

II. THE BOARD SHOULD DENY INSTITUTION UNDER § 314(a)

The Board bases its discretionary decision whether to institute or deny institution under § 314(a) on “a balanced assessment of all relevant circumstances in the case, including the merits” and “events in other proceedings related to the same patent, either at the Office, in district courts, or the ITC.” PTAB Consolidated Trial Practice Guide at 58 (Nov. 2019).

In deciding whether a discretionary denial is appropriate in light of a parallel proceeding, the Board considers the six factors set forth in *Apple v. Fintiv*, IPR2020-00019, Paper No. 11 (precedential) (P.T.A.B. Mar. 20, 2020):

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

Id. at 6.

Fintiv foresaw the scenario before this panel; namely, co-pending ITC and district court cases addressing the challenged claims in which the *exact same* invalidity theories are at issue. The Board remarked:

One particular situation in which stays arise frequently is during a parallel district court *and* ITC investigation involving the challenged patent. In such cases, the district court litigation is often stayed under 28 U.S.C. § 1659 pending the resolution of the ITC investigation. Regardless, even though the Office and the district court would not be bound by the ITC's decision, ***an earlier ITC trial date may favor exercising authority to deny institution under NHK if the ITC is going to decide the same or substantially similar issues to those presented in the petition.***

Fintiv at 8-9 (emphasis added).

Following this directive of the precedential *Fintiv* panel, the Board has denied institution in the vast majority of petitions where a parallel ITC proceeding dealing with the same validity issues is ongoing.¹ For example, in *Philip Morris*, a Board

¹ See *Fitbit, Inc. v. Koninklijke Philips N.V.*, IPR2020-00771, IPR2020-00772 (P.T.A.B. Oct. 19, 2020); *Comcast Cable Commc'ns, LLC v. Rovi Guides, Inc.*, IPR2020-00800, IPR2020-00801, IPR2020-00802 (P.T.A.B. Oct. 22, 2020); *Garmin Int'l, Inc. v. Koninklijke Philips N.V.*, IPR2020-00754 (P.T.A.B. Oct. 27, 2020); *Philip Morris Prods., S.A. v. Rai Strategic Holdings, Inc.*, IPR2020-00919

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panel in similar circumstances as here denied institution under § 314(a) because the proximity of the anticipated hearing, combined with an anticipated final determination from the ITC prior to the Board's final written decision on validity of the claims, outweighed the relatively moderate investment in the IPR proceeding and the petitioner's diligence in filing the petition less than one month after the patent owner filed its complaints in the ITC and district court action. *See Philip Morris Prods. v. RAI Strategic Holdings*, IPR2020-00919, Paper No. 9 at 12-13 (P.T.A.B. Nov. 16, 2020). The same outcome is appropriate here. Indeed, evaluation of the *Fintiv* factors confirms that the Board should deny institution.

(P.T.A.B. Nov. 16, 2020); *Google LLC v. Ecofactor Inc.*, IPR2020-00946, IPR2020-00947, IPR2020-00968 (P.T.A.B. Nov. 18, 2020); *SK Innovation Co. v. LG Chem, Ltd.*, IPR2020-00981, IPR2020-00982, IPR2020-00987, IPR2020-01036 (P.T.A.B. Nov. 30, 2020); *SK Innovation Co. v. LG Chem, Ltd.*, IPR2020-01239, IPR2020-01240 (P.T.A.B. Jan. 12, 2021); *Nintendo Co. v. Gamevice, Inc.*, IPR2020-01197 (P.T.A.B. Jan. 12, 2021); *Regeneron Pharms., Inc. v. Novartis Pharma AG*, IPR2020-01317 (P.T.A.B. Jan. 15, 2021); *Philip Morris Prods., S.A. v. Rai Strategic Holdings, Inc.*, IPR2020-01097 (P.T.A.B. Jan. 19, 2021).

A. Factor #1: Whether the Court Granted a Stay or Evidence Exists That One May Be Granted If a Proceeding Is Instituted

Although Petitioner filed a motion to stay the co-pending ITC proceeding on January 19, 2021, ALJ Lord denied the stay request on March 9, 2021.² Ex. 2016 (Order No. 6 Denying Motion to Stay). In denying the requested stay, the ALJ emphasized the significant resources already expended on the ITC investigation. *Id.* at 9. The ALJ also explained that “the public interest in protecting significant domestic industries from unfair competition from abroad dominates. Delaying such protection to preserve the resources of respondents (or even the ITC itself) therefore cannot be approved routinely.” *Id.* at 11.

It is also highly unlikely that any future attempt to stay at the ITC would succeed. In the months since Petitioner filed its motion to stay, the ITC investigation has barreled forward. Not surprisingly, Section 337 requires the ITC to conclude its investigations “at the earliest practicable time” after the investigation is instituted—which occurred here *half a year ago*, on November 2, 2020. *See* 19 U.S.C. § 1337(b)(1). Consistent with its mandate, the ITC scheduled a merits

² Pursuant to 28 U.S.C. § 1659, the parallel Eastern District of Virginia (E.D. Va.) case (2:20-cv-00494) is stayed so that the district court can await the ITC’s determination on the very same invalidity issues presented here, among other issues. Ex. 2001 (Stay Order).

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hearing on all issues, including Petitioner’s duplicative invalidity arguments, for August 2-6, 2021, just four months from now. Ex. 2002. The initial determination will be issued by November 5, 2021. *Id.* Nothing suggests that the Commission would stay this investigation in the meantime. Indeed, pursuant to Ground Rule 5.3, Patent Owner’s expert witness was deposed on March 19, 2021. *See Certain Automated Storage and Retrieval Systems, Robots, and Components Thereof*, Investigation No. 337-TA-1228, Order No. 2 at 16 (U.S.I.T.C. Nov. 3, 2020), Ex. 2003. Given the 17 fact depositions noticed for April and the extensive discovery that has already occurred in the parallel ITC proceeding, many of the efficiencies that Petitioner argued for in support of stay are no longer feasible. Thus, there is no evidence that a stay is likely to be granted.

Patent Owner recognizes that ALJ Lord stated in her denial of Petitioner’s motion to stay that a stay of a 337 investigation “might make sense” under certain circumstances (Ex. 2016 (Order No. 6 Denying Motion to Stay) at n.9). However, it is improper for the Board to speculate how a court “might” rule on a presumptive renewed motion to stay. *Apple Inc., v. Parus Holdings, Inc.*, IPR2020-00686, Paper No. 12 at 5 (P.T.A.B. Nov. 18, 2020) (citing *Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC*, IPR2019-01393, Paper No. 24 at 7 (P.T.A.B. June 16, 2020 (informative))). And ALJ Lord did not state that she would consider a stay in the ITC proceeding if the petitions are instituted, just that it “might make sense”

to do so. Ex. 2016. This hypothetical does not indicate the ALJ's "willingness to consider a motion to stay" and thus should be afforded no weight.

Moreover, unlike some district courts, the ITC does not routinely stay cases in light of PTAB proceedings. Quite the opposite: the ITC has *rarely granted* stays for USPTO proceedings. Indeed, requests for stays at the ITC have been denied even where IPR petitions were instituted before the ITC complaint was filed. *See, e.g., Certain Laser-Driven Light Sources, Subsystems Containing Laser-Driven Light Sources, and Prods. Containing Same*, Inv. No. 337-TA-983, Order No. 8 at 7-8 (U.S.I.T.C. Mar. 3, 2016) ("Delaying a final determination may mean that respondents would have years to import infringing products, where any importation of infringing merchandise derogates from the statutory right, diminishes the value of the intellectual property, and thus indirectly harms the public interest."), Ex. 2004. The ITC has also denied stay motions where final written decisions from the PTAB would issue before the evidentiary hearing. *See, e.g., Certain Memory Modules and Components Thereof*, Inv. No. 337-TA-1089, Order No. 49 at 3-4 (U.S.I.T.C. Apr. 11, 2019), Ex. 2005.

Furthermore, the ITC has also denied motions to stay where the Petitioner presented indefiniteness arguments not present in the IPR, like here. *See, e.g., Laser-Driven Light Sources* at 8-9, Ex. 2004. In denying the motion to stay in *Certain Laser-Driven Light Sources*, the ALJ noted that the "the IPR process is not able to

address the question of indefiniteness under 35 U.S.C. § 112. The result is that any claim terms that respondents regard as indefinite in the litigation will not be addressed by the IPRs.” *Id.* at 7. Any prospective stay motion from Petitioner would suffer from this same issue. For claim 1 of the ’140 Patent, Petitioner argues at the ITC that the term “driving means situated at or at least partly within the first vehicle rolling means” is indefinite. Because this issue is not before the Board, the ITC cannot stay its investigation to await the Board’s views.

Nor has the COVID-19 pandemic slowed the ITC’s operations. Indeed, unlike district courts, which have struggled to hold in-person jury trials and have thus postponed (some indefinitely) many trials, the ITC quickly adapted to the use of remote video technology to continue its investigations. To that end, the ITC chose “WebEx Meeting as its secure FedRAMP-certified video teleconferencing solution for Section 337 hearings and investigation conferences involving confidential business information,” reassuring the world that “[t]he USITC remains open for business.” *See* Ex. 2008.

These same accommodations exist for this investigation. As ALJ Lord stated in the November 16, 2020 Order Setting Target Date, Hearing Dates, and Preliminary Conference, although “[t]he Commission building has been closed to the public due to COVID-19 The parties should be prepared for hearings to be held *via* written submissions, by telephone, or using remote technology.” Ex. 2009

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(ITC Order No. 3, Setting Target Date, Hearing Dates, and Preliminary Conference).

Indeed, the ALJ held such a preliminary conference on December 3, 2020, via telephone. *Id.* Discovery is no different. Because of expected pandemic-related travel restrictions, Petitioner and Patent Owner stipulated that:

The Parties also will make reasonable efforts to accommodate witnesses, counsel, videographers and court reports who cannot travel due to public health related restrictions. To the extent testimony is provided remotely, the Parties agree that that videographer and court reporter may be located in any state within the United States, and from that location can swear in any witnesses, whether in the United States or abroad, for such deposition.

Stipulations Among the Private Parties, Dec. 22, 2020 at 13-14, Ex. 2010.

Furthermore, Petitioner and Patent Owner agreed to use a common video vendor for fact and expert deposition testimony in the ITC investigation. All of these stipulations and technological accommodations strived to ensure that the ITC investigation could proceed uninterrupted and on its expedited schedule toward commencement of trial on August 2, 2021.

The reason stays are routinely denied at the ITC is simple: the ITC must comply with its statutory mandate to conclude investigations expeditiously. Moreover, “[r]elief from a Section 337 proceeding is prospective only. Thus a delay deprives [Patent Owner] a certain measure of possible relief as the accused products may continue to be imported, sold for importation, or sold after importation up until

any exclusion or cease and desist orders are issued.” *Memory Modules* at 3, Ex. 2005. Here, Patent Owner brought its action for patent infringement promptly after discovering that Ocado had begun importing infringing goods into the United States. But Petitioner’s infringement has not only continued; it has accelerated. Just last month Ocado launched a \$55 million Customer Fulfillment Center (CFC) in the greater Cincinnati region.³ And Ocado is rushing to establish even more CFC facilities by the end of 2021. *See* Ex. 2007. Given Petitioner’s race to import, every indicator suggests that the ITC would also deny any further request to stay.

Moreover, a stay following institution is unlikely here, particularly given the imminence of the ITC trial date of August 2, 2021, for all five asserted patents, and in light of the ALJ’s comment that “[t]here also is a possibility, however, that at least some if not all of the patents and claims will survive PTAB review, in which case the investigation will be simpler but significantly delayed.” Ex. 2016 at 8. Consequently, in view of the ALJ’s denial of Petitioner’s stay request in the parallel ITC investigation and the extremely low likelihood that a stay would be granted if the petitions were instituted, *Fintiv* Factor 1 strongly favors denying institution.

³ “Kroger Co. has opened the first of its 20 planned huge automated warehouse/distribution facilities in partnership with British online grocery delivery company Ocado, and it’s in Greater Cincinnati.” Ex. 2006.

B. Factor #2: Proximity of the Court’s Trial Date to the Board’s Projected Statutory Deadline for a Final Written Decision

“If the court’s trial date is earlier than the projected statutory deadline [for completion of the IPR], the Board generally has weighed this fact in favor of exercising authority to deny institution.” *Fintiv* at 9.⁴ That is precisely the situation here. The ITC has set trial for August 2-6, 2021; whereas the projected statutory deadline for a final written decision in this IPR if instituted would not occur until June 30, 2022—nearly a *full year* later. This strongly favors denying institution.

Other important milestones at the ITC similarly favor denying institution of this IPR. For example, the Initial Determination is due by November 5, 2021—nearly eight months prior to the final written decision deadline; and the target date for the Commission’s final determination is March 7, 2022—nearly four months prior to the final written decision deadline. Ex. 2002 (Order No. 4: ITC Procedural Schedule). As both the ITC’s initial and final determinations are due to be completed

⁴ Petitioner argues that the ITC hearing and initial determination dates should be compared against the date for an institution decision, rather than the date for a final written decision. *See* Paper 1 at 72. But that is not the proper frame of reference for this factor. *See, e.g., Philip Morris* at 9 (finding this factor weighed in favor of denying institution where “the ITC is likely to reach a final determination ahead of the date of our final written decision”).

several months prior to the final written decision, this factor strongly favors denial of institution. *See Fitbit, Inc. v. Koninklijke Philips N.V.*, IPR2020-00772, Paper No. 14 at 23 (P.T.A.B. Oct. 19, 2020) (finding this factor weighed against institution where the ITC Final Determination would predate the final written determination by four months: “We weigh heavily the fact that in the ITC proceeding, both the Initial Determination and final commission determination will pre-date a final written decision in this proceeding.”).

Petitioner argues that it “could not have reasonably filed [its petition] any sooner” and that “[d]enial would be tantamount to ruling that IPR is never available to a petitioner that is also a respondent to an ITC complaint, no matter how quickly the petitioner acted to seek IPR.” Paper 1 at 71-72. But certainly there are circumstances where a final written decision from the PTAB will issue before the target date in an ITC investigation, depending on when the IPR petition is filed vis-à-vis the ITC complaint. Indeed, Petitioner has been aware of Patent Owner’s patents since at least 2018 (by way of discussions with Patent Owner concerning European and U.S. family members of the patents asserted at the ITC), but decided to wait to take any action at the PTAB until Patent Owner accused them of infringement. Petitioner must live with the consequences of its tactical decision not to file its IPR petition sooner, such that the trial and decision dates in the ITC proceeding substantially predate any final written decision that would issue here.

This factor thus strongly favors denying institution.⁵

C. Factor #3: Investment in the Parallel Proceedings by the Court and the Parties

The Commission and the parties have already invested significantly in the ITC proceedings and will continue to do so before an institution decision will even issue in this IPR. Patent Owner filed the ITC complaint nearly *six months ago*. Since then, the parties have *jointly agreed* to an extensive pretrial schedule that includes (among others) the following key deadlines, most of which will have occurred before the Board even issues an institution decision on this petition:

Event	Date
First Settlement Conference	Completed
Submission of First Settlement Conference Joint Report	Completed
Initial responses to burden contention interrogatories	Completed
Initial responses to non-burden contention interrogatories	Completed
Exchange proposed claim constructions	Completed
Initial <i>Markman</i> briefs	Completed
Rebuttal <i>Markman</i> briefs	Completed
Reply <i>Markman</i> briefs and Technology Tutorial	April 1, 2021
Fact Discovery Cutoff and Completion	April 29, 2021
Exchange of Initial Expert Reports	May 6, 2021
Exchange of Rebuttal Expert Reports	May 21, 2021
Expert Discovery Cutoff and Completion	June 2, 2021
Deadline to File Summary Determination Motions	June 3, 2021
Exchange of Proposed Direct Exhibits, Including Witness Statements	June 15, 2021

⁵ Petitioner's suggestion that the timing of its IPR favors *Fintiv* Factor 2 should be disregarded. Petition at 72. The quoted text it relies on relates to *Fintiv* Factor 3. And Patent Owner describes separately why Factor 3 favors discretionary denial.

Event	Date
Exchange of Proposed Rebuttal Exhibits, Including Witness Statements	July 1, 2021
Deadline for Motions <i>In Limine</i>	July 7, 2021
File Pre-Hearing Statements and Briefs	July 14, 2021

Id.; *see also* Stipulation Among the Private Parties, Ex. 2010.

Even now, in March 2021, the parties (and non-parties) have already undertaken significant efforts in this investigation—both procedural and discovery related—including, but not limited to:

- Preparing and filing ITC complaint;⁶
- Evaluating and denying Petitioner’s request to deny institution of the ITC investigation;
- Evaluating and denying Petitioner’s request for entry into the ITC’s early disposition program;
- Reviewing Petitioner’s statements regarding the public interest and declining to refer the issue to the ALJ;

⁶ As ALJ Lord stated in denying Petitioner’s motion to stay, “complainants in general, before filing at the ITC, must spend considerable resources pulling together a detailed complaint conforming to the Commission’s rules.” Ex. 2016, Order No. 6 at 9.

- Serving and responding to 231 interrogatories (including validity contention interrogatories overlapping this petition);
- Serving and responding to 391 requests for production;
- Serving and responding to 79 requests for admission;
- Producing tens of thousands of pages of documents;
- Negotiating and stipulating to over 15 agreements governing the procedure in the ITC investigation;
- Serving third-party subpoenas on The Kroger Company, Nidec Motors, Osha Bergman Watanabe & Burton LLP, and Thomas Scherer;
- Receiving and responding to third-party discovery;
- Participating in biweekly Discovery Committee Meetings since November 2020;
- Submitting monthly Discovery Committee Reports to the ALJ;
- Filing a motion to amend the protective order to include protected health and European privacy information;
- Filing a motion for leave to amend responses to the complaint to add affirmative defenses;
- Filing *Markman* briefs;
- Filing Notice of Prior Art; and

- Deposing expert witnesses regarding claim construction issues.

These significant efforts will continue unabated through June 30, 2021, the expected date of the Board's institution decision. By then, *Markman* briefing and extensive fact and expert discovery will be complete (including approximately 50 or more depositions⁷ and hundreds of pages of expert reports), summary determination motions will have been filed, and the parties will have submitted written witness statements⁸ for the evidentiary hearing.

Moreover, it is expected that by June 30, 2021, the ALJ will have issued a claim construction ruling for the '140 patent and may have issued summary

⁷ “The Parties agreed that the provisions of 19 C.F.R. § 210.28(a) will apply in this Investigation.” Ex. 2010, Dec. 22, 2020 Stipulation 6 at 13. 19 C.F.R. § 210.28(a) (“Without stipulation of the parties, the complainants as a group may take a maximum of five fact depositions per respondent or no more than 20 fact depositions whichever is greater, the respondents as a group may take a maximum of 20 fact depositions total...”). The parties have also disclosed over 10 experts already.

⁸ “Unless otherwise ordered by the Administrative Law Judge, all direct witness testimony shall be made by witness statements *in lieu* of live testimony.” Ground Rule 9.3. See Ex. 2003, ITC Order No. 2 at 20.

determination decisions regarding the '140 patent. As *Fintiv* explains, the issuance of claim construction and/or substantive orders relating to the patent at issue in the petition favors denial of institution. See *Fintiv* at 9-10. And instituting the petition will not create efficiencies, as Petitioner argues, because these decisions—along with the ITC hearing, initial determination, and final determination that will issue before a final written determination—will address the exact same issues (and more) that will be raised in this proceeding *before* they are raised here.

This factor thus strongly favors denying institution.

D. Factor #4: Overlap Between Issues Raised in the Petition and in the Parallel Proceeding

According to *Fintiv*, “if the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial” because “concerns of inefficiency and the possibility of conflicting decisions [are] particularly strong.” *Fintiv* at 12. Here, Petitioner does not dispute that there is a substantial overlap between invalidity arguments raised in its petition and at the ITC. Petitioner presents the following grounds for invalidity in its petition: (1) anticipation or obviousness of claims 1, 11, and 15 based on WIPO Publication No. WO2015/019055 (“WO/055”); (2) obviousness of claims 1, 11, and 15 based on WO/055 in light of European Publication No. EP2479052 (“EP/052”); (3) obviousness of claims 1-4 and 11-15 based on WO/055 in light of EP/052 and Lowell Christensen, Designing In-Hub

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Brushless Motors, MACHINE DESIGN (July 2014); and (4) obviousness of claims 1-4 and 11-15 based on WO/055 in light of EP/052 and Mohamed Farag, In-Wheel Brushless DC Outer Rotor (Hub) Motor Used in Electrically Driven Vehicles, TECH BRIEFS: DESIGN CONTEST (June 2013). *See* Paper 1 at 25-70.

Petitioner identified most of these pieces of prior art four months ago in its response to the complaint in the ITC investigation. Ex. 2011 (Ocado Resps' Resp. to the Compl. and Notice of Investigation) at 26-27. Moreover, Petitioner's February 16, 2021 invalidity contentions in the ITC investigation raise the *exact same grounds* for invalidity as the petition here. *See* Ex. 2012 (Appx. D-1, D-2, D-3, D-4 to Resps.' Invalidity Contentions). The near-total overlap between Petitioner's validity challenges in both forums weighs significantly against institution. *See, e.g., Fitbit* at 19-20 (finding this factor weighed against institution where "the same grounds and claims are at issue in both proceedings").

Petitioner contends that the invalidity issues should be resolved by the Board, because ITC final invalidity determinations do not cancel patent claims and do not have preclusive effect. Paper 1 at 74. But Petitioner's contention ignores the Board's presidential *Fintiv* decision, which concludes that, even though the Office and the district court are not bound by an ITC decision, "as a practical matter, it is difficult to maintain a district court proceeding on patent claims determined to be invalid at the ITC[,]” such that the Board will assess “whether the patentability

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disputes before the ITC will resolve all or substantially all of the patentability disputes between the parties[.]” *Fintiv* at 8-9.

The other PTAB decisions cited by Petitioner are not to the contrary. Rather, in both *3Shape A/S v. Align Tech., Inc.* and *Samsung Elecs. Co. v. Dynamics, Inc.*, this factor weighed against the denial of institution because different claims and other issues were raised in the parallel ITC and IPR proceedings, such that there was not a risk of overlapping decisions or wasted judicial resources. *See 3Shape A/S*, IPR2020-00223, 2020 WL 2738516, at *15 (P.T.A.B. May 26, 2020) (finding that discretionary denial was not appropriate in view of “[t]he differences between the issues raised in the present Petition and in the parallel ITC Investigation” and because “the ITC Investigation will not resolve all claims at issue in this proceeding”); *Samsung Elecs. Co. v. Dynamics, Inc.*, IPR2020-00504, 2020 WL 4690101, at *5 (P.T.A.B. Aug. 12, 2020) (finding this factor weighed in favor of institution where the IPR petition challenged 11 claims that were not at issue in the ITC proceeding). In contrast, because Petitioner challenges here the *same claims* it challenges at the ITC and relies on the *same prior art* in both venues, the issues substantially overlap and thus weigh heavily against institution.

None of this is negated by Petitioner’s proposed stipulation not to raise invalidity defenses at the ITC that were raised or reasonably could have been raised by this Petition. Ex. 2017 (Draft Respondents’ Stipulation Regarding Certain

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Invalidity Defenses for U.S. Patent No. 10,474,140). Petitioner’s stipulation would only be effective *if the IPR is instituted*, and the Board will not make an institution decision until late June. Meanwhile, Petitioner plans to blaze ahead at the ITC with its duplicative (and more robust) invalidity defenses. And the ALJ will be addressing claim construction (including Petitioner’s indefiniteness arguments), expert discovery, and summary determination, all with the August 2, 2021 trial fast approaching. As a result, even though *Sotera*-style stipulations can streamline issues in overlapping proceedings, the efficiencies recognized by the Board in *Sotera* are significantly limited here in view of the advanced stage of the ITC proceeding already—let alone by the date of institution. *See Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19-20 (P.T.A.B. Dec. 1, 2020).

This factor thus favors denying institution.

E. Factor #5: Whether the Petitioner and Defendant in the Parallel Proceeding are the Same Party

Petitioner is a respondent in the ITC action and a defendant in the E.D. Va. action. This fact alone favors denial of institution, as Petitioner can present—indeed *is presenting*—its invalidity defenses in the ongoing ITC proceeding. *See Fitbit* at 19 (finding this factor weighed against institution where the same parties were involved at the ITC and before the PTAB); *Philip Morris* at 12 (same); *Nintendo* at 19 (same).

Moreover, Petitioner, Ocado Group PLC, is just one of a plurality of respondents and defendants in these respective actions. In addition to Ocado Group, the respondents in the ITC action include several additional Ocado entities as well as Tharsus Group Ltd. and Printed Motor Works, Ltd. All respondents are represented by the same counsel in the ITC action. Exs. 2013 and 2014. The E.D. Va. complaint names several additional Ocado entities as defendants, but not Tharsus Group Ltd. or Printed Motor Works, Ltd. Ex. 2015. None of the additional respondents/defendants in the parallel proceedings has filed an IPR petition challenging the asserted claims. This favors denial because the ITC is the only venue where all validity issues can be resolved by all of the involved parties in an efficient manner. While it is true that the additional defendants and respondents can file their own IPR petitions, the PTAB generally disfavors multiple petitions when there is a significant relationship between the petitioners with respect to the patent owner's assertion of the subject patent, which is clearly the case here. *Valve Corp. v. Elect. Scripting Prods.*, IPR2019-00062, Paper No. 11 at 10 (P.T.A.B. Apr. 2, 2019). Further, the opportunity for the additional defendants to join the current proceeding is contingent on the petition being granted. As discussed above, by June 2021 the ITC and the involved parties will have invested significant resources in litigating the same exact validity issues presented here.

This factor thus strongly favors denying institution.

F. Factor #6: Other Circumstances That Impact the Board's Exercise of Discretion, Including the Merits

Patent Owner elects not to address the merits at this preliminary juncture of the proceeding, preferring to address (indeed, having already largely addressed) the same invalidity issues presented here in a single forum: the ITC. The ITC proceeding has enabled (and will continue to enable) the parties to fully litigate claim construction, conduct discovery, present their respective cases during a live trial with many witnesses, and present detailed post-trial briefing and petitions to the Commission for additional review. Moreover, the ITC is determined to resolve the same invalidity issues presented here before the Board well before the Board would be required to do so. This weighs against institution of the petition here.

Further, the invalidity issues raised at the ITC and in the IPR petition cannot be resolved without evaluating objective evidence of non-obviousness. And, while the ultimate question of obviousness is one of law, the test for obviousness including consideration of objective evidence of non-obviousness in particular is fact intensive. *Litton Sys., Inc. v. Honeywell, Inc.*, 87 F.3d 1559, 1567 (Fed. Cir. 1996) (“The Supreme Court has underscored the fact intensive nature of the test for obviousness.”). The scope of ongoing discovery at the ITC encompasses interrogatories establishing the nexus between the claimed subject matter and the evidence of non-obviousness, none of which has been presented yet here. The

limited discovery afforded by the PTAB would be a poor substitute.⁹ This too weighs against institution of the petition.

G. A Holistic Consideration of the *Fintiv* Factors Indicates that the Petition Should Not Be Instituted

EFintiv requires that “the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Fintiv* at 6. “[N]o single factor is determinative” of whether the Board should exercise its discretion to deny institution. *See Cellco P’ship d/b/a Verizon Wireless v. Huawei Techs. Co.*, IPR2020-01356, Paper 13 at 19 (P.T.A.B. Mar. 5, 2021).

Here, the *Fintiv* factors weigh strongly in favor of denying institution in view of the ALJ’s stay denial; the imminent August 2021 trial at the ITC (commencing *a little over a month* after the Board’s institution deadline here); the parties’ significant investment in the ITC proceeding, which will continue unabated between now and the institution deadline; and the significant overlap of issues (such as claim construction) even if Petitioner withdraws certain invalidity defenses in June 2021. Considering *all* of these factors together, the Board should exercise its discretion under § 314(a) to deny institution. *See Cellco* at 19 (denying institution where “Factors 2, 3, 5, and 6 weigh in favor of exercising discretion to deny,” even though

⁹ *See TCO AS v. NCS Multistage Inc.*, PGR2020-00078, Paper No. 16 at 20 (P.T.A.B. Feb. 18, 2021).

“Petitioner’s stipulation and Patent Owner’s election of asserted claims reduce[d] concerns regarding overlapping issues raised in the Petition and in the parallel litigation” under Factor 4); *Regeneron Pharms., Inc. v. Novartis Pharma AG*, IPR2020-01317, Paper 15 at 24 (P.T.A.B. Jan. 15, 2021) (denying institution where “the weight of the evidence sufficiently tips the balance in favor of exercising...discretion to deny institution under § 314(a),” even though Petitioner stipulated to not raise the same invalidity arguments raised in its petition in a parallel ITC proceeding); *Cisco Sys., Inc. v. Monarch Networking Sols. LLC*, IPR2020-01227, Paper 11 at 16 (P.T.A.B. Mar. 4, 2021) (denying institution where “factor 4 weighs marginally against denying institution, factors 2, 3 and 5 weigh more significantly in favor of denying institution, and factors 1 and 6 are neutral”); *Canon Inc. v. Optimum Imaging Techs. LLC*, IPR2020-01321, Paper 10 at 12 (Mar. 1, 2021) (denying institution where factors 1, 2, 3, and 5, “taken together, outweigh the remaining considerations discussed in factors 4 and 6,” including the entry of a stipulation that limited overlap between the proceedings). The Board should thus deny institution under § 324(a).

III. THE BOARD SHOULD DENY INSTITUTION UNDER *ARTHREX*

This petition should also be denied under *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019) *cert. granted sub nom.*, *United States v. Arthrex, Inc., et al.*, 141 S.Ct. 549 (2020), and *cert. granted sub nom.*, *Smith & Nephew, Inc.*,

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et al. v. Arthrex, Inc., et al., 141 S.Ct. 551 (2020), to the extent the Supreme Court's decision therein is applicable to any final written decision entered here. In particular, Patent Owner objects to the institution of a proceeding which under current laws and regulations, absent settlement, will conclude at the Office with a final written decision entered by a panel of administrative patent judges who have not been nominated by the President and confirmed by the Senate in violation of the Appointments Clause of the Constitution.

IV. CONCLUSION

The *Fintiv* factors, evaluated individually and holistically, favor denial of institution. Therefore, Patent Owner respectfully requests that the Board exercise its discretion under § 314(a) and deny institution of Petitioner's IPR petition.

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CERTIFICATION UNDER 37 C.F.R. § 42.24(d)

Under the provisions of 37 CFR § 42.24(d), the undersigned hereby certifies that the word count for the foregoing Preliminary Response totals 5590 words as counted by Microsoft Word 2016, the word-processing system used to prepare this paper, which is less than the words allowed under 37 CFR § 42.24(a)(i).

Date: March 30, 2021

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a complete copy of the foregoing document was served on March 30, 2021 on counsel of record for the Petitioner via email to the following addresses:

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