

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LIFECORE FITNESS, INC. d/b/a
ASSAULT FITNESS,

Petitioner,

v.

WOODWAY USA, INC.

Patent Owner.

IPR2023-00836
U.S. Patent No. 9,039,580

Patent Owner's Preliminary Response
Pursuant to 35 U.S.C. §313 and 37 C.F.R. §42.107(a)

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TABLE OF EXHIBITS

Exhibit No.	Exhibit
2001	Case Management Order, <i>Woodway USA, Inc. v. LifeCORE Fitness, Inc.</i> , Case No. 3:22-cv-00492-JO-BLM, Dkt. 23 (S.D. Cal.)
2002	Minute Entry for Claim Construction Hearing, <i>Woodway USA, Inc. v. LifeCORE Fitness, Inc.</i> , Case No. 3:22-cv-00492-JO-BLM, Dkt. 57 (S.D. Cal.)
2003	U.S. Patent No. 10,799,745 to Bayerlein, et al.
2004	U.S. Patent No. 5,709,632 to Socwell
2005	Redline Comparison of Specifications for U.S. Patent Nos. 5,709,632 and 5,897,461
2006	<i>Reserved</i>
2007	<i>Reserved</i>
2008	Opening Expert Report of Dr. Robert Giachetti, <i>Chapco Inc. v. Woodway USA, Inc.</i> , C.A. No. 3:15-cv-01665 (JCH), Dkt. 216-1 (D. Conn.)
2009	Declaration of Robert Giachetti, <i>Chapco Inc. v. Woodway USA, Inc.</i> , C.A. No. 3:15-cv-01665, Dkt. 88-2 (JCH) (D. Conn.)
2010	U.S. Patent No. 10,799,745 File History
2011	<i>Reserved</i>
2012	July 21, 2020 Cease and Desist Letter (Excluding Attachments)
2013	<i>Reserved</i>

Exhibit No.	Exhibit
2014	Woodway USA, Inc.'s Disclosure of Asserted Claims and Infringement Contentions (Redacted), <i>Woodway USA, Inc. v. LifeCORE Fitness, Inc.</i> , Case No. 3:22-cv-00492-JO-BLM (S.D. Cal.)
2015	Defendant's Second Amended Invalidity Contentions and Associated Claim Charts, <i>Woodway USA, Inc. v. LifeCORE Fitness, Inc.</i> , Case No. 3:22-cv-00492-JO-BLM (S.D. Cal.)

I. INTRODUCTION

Woodway USA, Inc. ("Patent Owner") submits this Preliminary Response under 35 U.S.C. §313 and 37 C.F.R. §42.107(a) in response to the Petition for *inter partes* review ("IPR") of Claims 1-12, 14, 15, 18, and 25 ("Challenged Claims") of U.S. Patent No. 9,039,580 ("the '580 Patent"). This Preliminary Response is timely filed within three months of the Board's Notice, mailed April 27, 2023 (Paper 3).

The Petition should be denied at least because it lacks a reasonable likelihood of success in demonstrating unpatentability of the Challenged Claims. Petitioner fails to meet its burden to establish a motivation to combine the various references relied on in the Petition and its burden to show that all elements of the Challenged Claims are disclosed by the cited prior art. Discretionary denial is also warranted.

II. BACKGROUND

Patent Owner has asserted 7 claims from the '580 Patent against Petitioner in district court litigation in *Woodway USA, Inc. v. LifeCORE Fitness, Inc.*, Case No. 3:22-cv-00492-JO-BLM (S.D. Cal.) ("Parallel Litigation"), along with claims from three other related patents. Petitioner has filed IPR petitions challenging the patentability of certain claims in two other asserted patents – U.S. Patent No. 10,799,745 ("the '745 Patent," IPR2023-00849) and U.S. Patent No. 10,561,884 ("the '884 Patent," IPR2023-00843) – but has not filed a petition challenging any claims of the final asserted patent, U.S. Patent No. 11,465,005 ("the '005 Patent").

Under the current schedule in the Parallel Litigation, the parties have completed claim construction proceedings and are awaiting a claim construction order. EX2001; EX2002. Once that order has been entered, the remainder of the case schedule, presumably including the trial date, will be set. EX2001, ¶18. Patent Owner expects the case to proceed swiftly.

III. LEVEL OF ORDINARY SKILL IN THE ART

Solely for purposes of this Preliminary Response, Patent Owner does not dispute Petitioner's proposed qualifications of a person of ordinary skill in the art ("POSA"). Patent Owner reserves the right to propose alternative qualifications in this proceeding or in the Parallel Litigation.

IV. CLAIM CONSTRUCTION

Claim terms are generally given their ordinary and customary meaning, which is the meaning the term would have to a POSA at the time of invention. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312-13 (Fed. Cir. 2005) (en banc). "[O]nly those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy." *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999).

Petitioner identifies three terms for construction – "substantially prevent[]," "safety device," and "shaft." While Patent Owner reserves all rights to dispute the constructions advanced in the Petition and to advance its own construction for any

claim terms should any IPR be instituted, Patent Owner submits that no claim construction is necessary to deny institution. Patent Owner's arguments for denial do not rely on any contested claim interpretation. Rather, the Petition fails regardless of construction.

V. LEGAL STANDARD FOR OBVIOUSNESS

"In an IPR, the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable." *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1363 (Fed. Cir. 2016). This burden never shifts to Patent Owner. *Dynamic Drinkware, LLC v. Nat'l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015). Petitioner must explain with particularity how the prior art would have rendered the challenged claims unpatentable. 35 U.S.C. §312(a)(3). Under the Board's rules, this means Petitioner "must specify where each element of the claim is found in the prior art patents or printed publications relied upon." 37 C.F.R. §42.104(b)(4). Here, Petitioner has failed to meet its burden.

A claim is unpatentable as obvious under 35 U.S.C. §103 if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious to a POSA at the time of invention. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). "[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support

the legal conclusion of obviousness.” *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006). Courts and the Board must “be careful not to allow hindsight reconstruction of references to reach the claimed invention without any explanation as to how or why the references would be combined to produce the claimed invention.” *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1368 (Fed. Cir. 2012) (citation omitted).

VI. NO GROUNDS RENDER THE CHALLENGED CLAIMS OBVIOUS

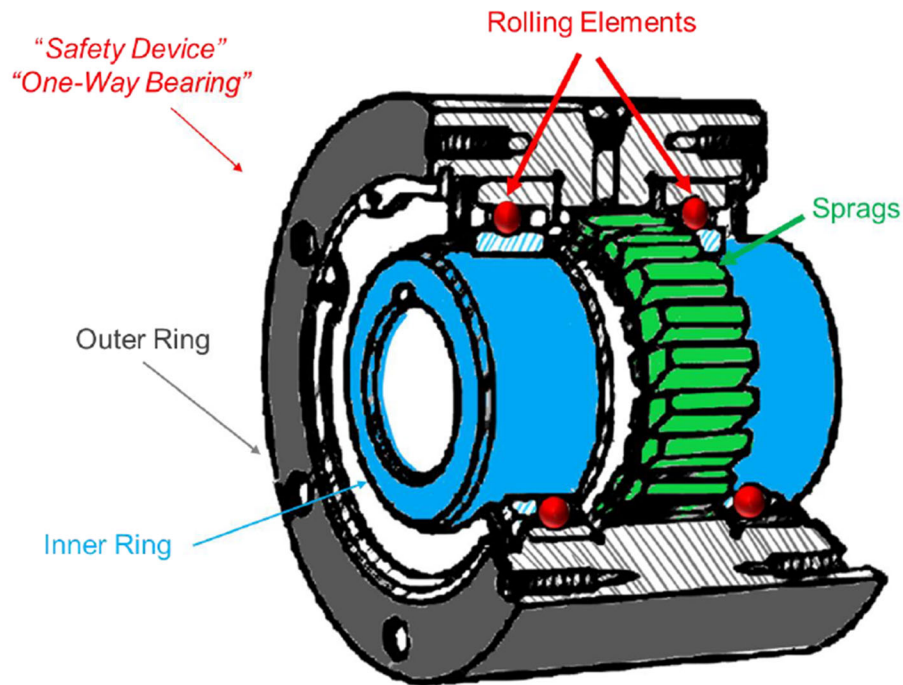
Petitioner asserts only obviousness grounds in the Petition, thus conceding that no single reference discloses all elements of the Challenged Claims. With no anticipatory references, Petitioner instead attempts to cobble together multiple disparate references, arbitrarily selecting various elements of those references until it arrives at something that superficially resembles the Challenged Claims. However, Petitioner fails to meet its burden of establishing that any of the claims would be obvious, including by failing to show an adequate motivation to combine or modify, in each ground. Instead, Petitioner relies on conclusory arguments that are fraught with hindsight bias and ignore key structural aspects of the asserted references. Accordingly, the Petition should be rejected, and institution should be denied on the merits.

A. Petitioner's Obviousness Arguments Regarding Sclater Rely on Improper Hindsight (Grounds 2, 3, 5, 6)

As a general matter, the obviousness arguments underlying Grounds 2, 3, 5, and 6 should be rejected because Petitioner's motivations to combine arguments are fraught with hindsight bias. In essence, Petitioner's asserted motivations to combine amount to little more than just picking and choosing aspects of alleged prior art to attempt to satisfy the claim elements, which is not the law of obviousness. *See Metalcraft of Mayville, Inc. v. The Toro Co.*, 848 F.3d 1358, 1367 (Fed. Cir. 2017) (“[W]e cannot allow hindsight bias to be the thread that stitches together prior art patches into something that is the claimed invention.”); *InTouch Techs., Inc. v. VGO Commc'ns, Inc.*, 751 F.3d 1327, 1352 (Fed. Cir. 2014) (finding hindsight bias where expert testimony “primarily consisted of conclusory references to [the] belief that one of ordinary skill in the art *could* combine these references, not that they *would* have been motivated to do so”) (original emphasis).

This is particularly apparent with respect to Petitioner's arguments regarding Neil Sclater and Nicholas P. Chironis, *Mechanisms & Mechanical Devices Sourcebook* (3d ed. 2001) (“Sclater”). Grounds 2, 3, 5, and 6 each argue first that a POSA would have been motivated to combine the purported teachings of U.S. Patent No. 5,538,489 to Magid (“Magid”) regarding a ratchet-type control means to U.S. Patent No. 3,637,206 to Chickering (“Chickering”) or U.S. Patent No. 5,897,461 to

Socwell ("Socwell") to meet the Challenged Claims' requirement for a "safety means." *E.g.*, Petition, 34-42, 65, 76-85, 101-102. However, Petitioner then summarily argues that a POSA would immediately discard Magid's ratchet-type control means and replace it with a specific one-way bearing assembly described in Sclater. *E.g.*, *id.*, 56-61, 65, 99, 102. Specifically, Petitioner relies on the specific sprag-type clutch shown below:



Petition, 95 (annotations added by Petitioner).

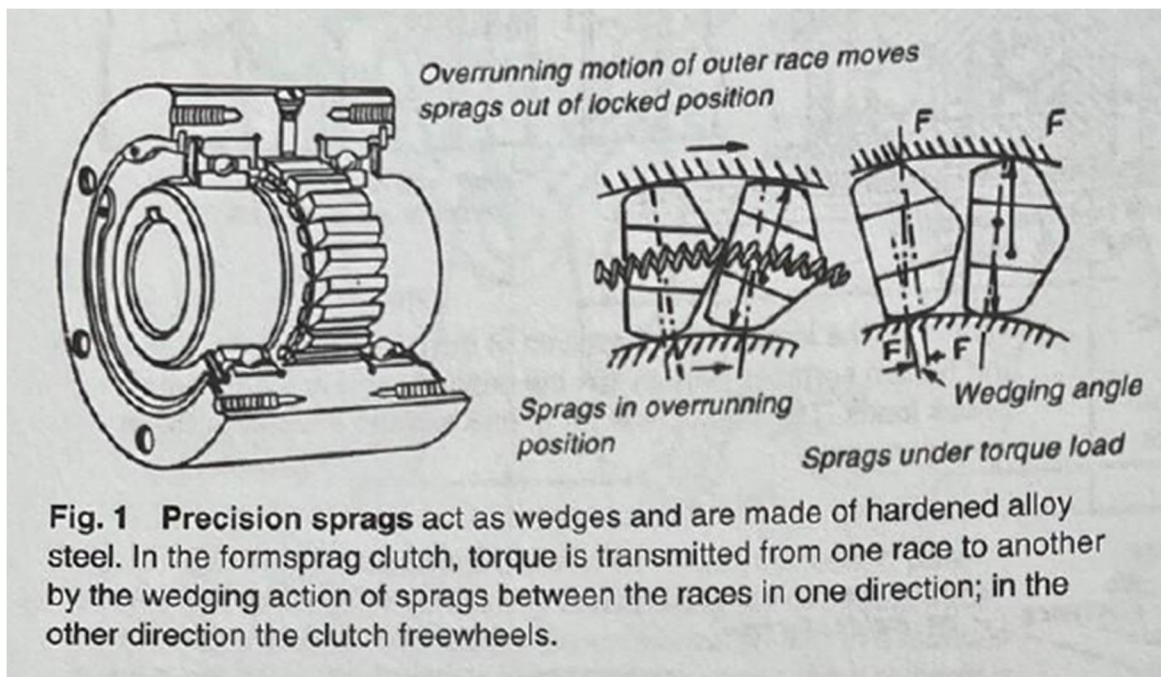
However, even assuming *arguendo* that a POSA would have been motivated to incorporate Magid's control means into the devices of Chickering or Socwell – as explained below, she would not – Petitioner does not adequately explain why a POSA would have been specifically motivated to select the mechanism Petitioner

relies on, rather than one of the dozens of other options Sclater presents. As Petitioner acknowledges, Sclater “contains drawings and descriptions of ***more than 2000 different mechanisms and mechanical devices*** that have proven themselves in modern products, machines, and systems.” Petition, 19 (quoting EX1017, 24) (emphasis added). More specifically, although Petitioner omits much of the book from its Exhibit 1017, opting instead to provide only sporadic excerpts from the “Coupling, Clutching, and Braking Devices” and “Fastening, Latching, Clamping, and Chucking Devices” chapters, even the limited excerpts Petitioner included identify ***dozens*** of mechanisms and devices, including at least twenty different types of clutches. *See generally* EX1017.

Although Petitioner purports to provide reasons why a POSA would have been motivated to select the specific sprag-type clutch Petitioner relies on, the features that Petitioner identifies as the sole motivation for using a sprag-type clutch – “reduced noise and improved durability” (Petition, 61) – are ***not*** ascribed to the specific clutch Petitioner identifies. While Sclater states generally that a “friction-type clutch is quieter,” it identifies at least six different friction-type clutches – *e.g.*, plate clutches, cone clutches, expanding shoe clutches, cam and roller clutches, expanding shoe centrifugal clutches, and mercury gland clutches – which are not limited to the sprag-type clutch Petitioner actually relies on. EX1017, 302-03, 316.

As for “durability,” Sclater does not make any statements regarding the general durability of sprag-type clutches relative to other options, let alone the durability of the specific clutch relied on by Petitioner. *See generally id.* Indeed, Sclater has very little to say about the mechanism Petitioner identifies at all. The following is Sclater’s entire discussion of that particular clutch:

EX1017, 318



See also Petition, 20. The foregoing excerpt is found in a section that also discusses nine other overrunning clutches, ***all of which*** Sclater explains “allow freewheeling, indexing and backstopping” and “will solve many design problems. EX1017, 318-19. Again, Sclater does not identify any benefits that are specific to the mechanism

Petitioner relies on rather than generically applying to any of the dozens of alternatives Sclater also discusses.

Generic statements like those in Sclater cannot support a motivation to combine when they are not specifically tied to the clutch Petitioner argues should be incorporated into the primary reference devices. A POSA would readily recognize that the same benefits also apply to the countless other mechanisms and devices that Sclater discloses in equal detail. Yet, beyond Sclater itself and equally nonspecific references like Exhibit 1018 (which is apparently an entire catalog of clutches with varying designs and overlapping uses), neither Petitioner nor Dr. Giachetti explain why a POSA would have been motivated to use the specific clutch Petitioner relies on. *See* Petition, 56-61, 65, 99, 102; EX1003, ¶¶271-278, 465-472. Without more, it is clear that the only reason Petitioner selected that mechanism is that Petitioner used the limitations of the Challenged Claims as a guide for its obviousness arguments.

The Federal Circuit and the Board have long recognized that Petitioner's approach is improper and a clear example of impermissible hindsight bias. *E.g., In re NTP, Inc.*, 654 F.3d 1279, 1299 (Fed. Cir. 2011) ("Care must be taken to avoid hindsight reconstruction by using 'the patent in suit as a guide through the maze of prior art references, combining the right references in the right way so as to achieve the result of the claims in suit.'") (citations omitted); *Purdue Pharma L.P. v. Depomed, Inc.*, 643 F. App'x 960, 966 (Fed. Cir. 2016) ("To the extent that

[Petitioner] relies on the problem to be solved to supply the reason to combine the prior art, it failed to demonstrate to the Board that the problem was known in the art.”); *Metacluster LT, UAB v. Bright Data Ltd.*, IPR2022-00936, Paper 8 at 24 (PTAB Dec. 1, 2022) (rejecting motivation to combine argument where “Petitioner appears to be employing hindsight bias... by using the patent claim limitations as a guide”); *Amazon.com, Inc. v. JumpSport, Inc.*, IPR2018-00715, Paper 8 at 38-39 (PTAB Sept. 6, 2018) (rejecting motivation to combine argument given, *inter alia*, “the lack of any discussion of the advantages – if any – of the particular portion of the Katzman design used by Petitioner,” which was indicative of improper hindsight); *see also Duo Security Inc. v. StrikeForce Techs., Inc.*, IPR2017-01064, Paper 7 at 24-25 (PTAB Oct. 16, 2017) (rejecting motivation to combine argument where “Petitioner’s vague assertions do not substantiate a reason that would have prompted [a POSA] to combine the specific relevant *element* or *teaching* of [the secondary reference]... with [the primary references] to achieve the invention recited in the challenged claims”) (original emphasis). Petitioner cannot justify its otherwise arbitrary selection of the specific clutch it references in any other way.

Because Petitioner plainly used the Challenged Claims as a guide for selecting its asserted prior art, it cannot establish an adequate motivation to combine any specific teachings of Sclater with the other references. Because Grounds 2, 3, 5, and 6 all rely on Sclater, these Grounds should be rejected.

B. A POSA Would Not Have Been Motivated to Combine Magid with Either Socwell or Chickering (All Grounds)

A POSA would not combine the teachings of Magid with that of Socwell or Chickering. This alone is sufficient to reject the Petition in its entirety as all Grounds rely on some combination of Magid and either Socwell or Chickering.

Specifically with respect to Magid, a POSA would immediately recognize that Magid is focused on a two-belt therapeutic walker device. Indeed, the primary object of Magid is to provide two independently moving belts for therapeutic purposes, not a single belt. EX1012, 1:46-52; *see also id.*, Fig. 1 (showing a “prior art” single-belt treadmill, indicating an intent to move away from a single-belt device). As such, Magid teaches two flat, parallel belts that “move independently when treaded by the left and right feet of the user, thereby preventing the action of the user’s left foot from influencing the action of his right foot and vice-versa....” *Id.*, 5:19-27. If a single belt were utilized, the key feature of “preventing the action of the user’s left foot from influencing the action of his right foot and vice-versa” would be lost. *Id.*

Socwell and the Chickering embodiment Petitioner relies on, however, are focused solely on a single running belt exercise treadmill – the precise kind of device Magid rejects. For example, every embodiment of Socwell discloses only a single belt 16 that serves as a running surface. *See generally* EX1011. Similarly, the Chickering embodiment Petitioner relies on is also a single-belt design. *See, e.g.,*

Petition, 32-33 (citing EX1013, 2:73-3:10, Fig. 3); EX1013, 2:73-3:10 (describing an embodiment with “a single endless belt”), Fig. 3 (same). In view of Magid’s explicit disclosure and the criticality of a two-belt design to its teachings, a POSA would not have been motivated to look to Magid and combine its teachings with a single-belt treadmill, such as that taught in Socwell and Chickering.

Moreover, it cannot be ignored that Magid’s walker device is specifically intended for therapeutic use by “people with uncoordinated feet movement, such as small children, physically handicapped people and old people....” EX1012, 1:30-35, 5:52-55. With a flat or uniplanar running/walking surface, Magid’s walker device would be relatively easy and appropriate to use for therapeutic purposes. A curved running surface like that of Socwell or a multi-planar running surface like that of Chickering, however, would be difficult to adapt and inappropriate for therapeutic use.

Thus, the prior art effectively teaches away from Petitioner’s proposed combination. “A reference may be said to teach away when a person of ordinary skill, upon reading the reference, would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken by the applicant.” *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1327 (Fed. Cir. 2009) (quoting *Ricoh Co., Ltd. v. Quanta Computer Inc.*, 550 F.3d 1325, 1332 (Fed. Cir. 2008)). Even where a mere preference might not rise

to the level of “teaching away,” it may nonetheless suffice to overcome a motivation to combine. *Polaris Indus., Inc. v. Arctic Cat, Inc.*, 882 F.3d 1056, 1070 (Fed. Cir. 2018). With respect to Chickering, a primary objective was to provide a user (of presumably ordinary physical abilities) the ability to exercise without the need for “relying on handles, railings, belts, or the like, for maintaining his balance and his position[,]” thus disclosing a surface that is unsuitable for physically handicapped people and people with uncoordinated feet movement. EX1013, 1:40-47. Likewise, Socwell addressed the same disadvantage in prior art of “having to grasp a handle” when the user begins to jog or run. EX1011, 2:61-67. Thus, Magid, a therapeutic “walker apparatus,” teaches away from a single belt, non-planar, or multi-planar exercise treadmill. EX1012, 1:17. At the very least, a reader of Magid would be discouraged from combining it with elements of Chickering or Socwell, particularly where those references criticize the features emphasized in Magid.

Accordingly, a POSA would not be motivated to combine the curved running surface of Socwell or the multi-planar inclined surface of Chickering with the flat, uniplanar walking device of Magid because the thus-modified piece of equipment would be unsuited for Magid's intended purpose.

Rather, when dealing with a curved or multi-planar treadmill like that described in Socwell or Chickering, respectively, a POSA would examine the teachings of other treadmills having curved or multi-planar running surfaces, not a

walker device with a flat or uniplanar surface, such as in Magid. This is because the design and engineering requirements of a treadmill having a curved running surface differ from those of a treadmill with a flat or uniplanar running surface. Design and engineering requirements urge a POSA to avoid combining the teachings of Socwell, Chickering, or other non-planar or multi-planar treadmills with Magid, particularly given the above, where Magid expressly teaches away from a single-belt treadmill.

C. The Cited Prior Art Does Not Disclose All Elements of the Challenged Claims (All Grounds)

Because all grounds rely on Sclater and Magid, the Petition must fail in its entirety for the reasons described above. *See* §§VI(A)-(B), *supra*. However, Petitioner's continued reliance on Sclater and Magid is not the Petition's only deficiency. Indeed, various elements of the Challenged Claims are plainly absent from the cited prior art, and Patent Owner reserves the right to explain these deficiencies further should the Board decide to institute IPR despite the previously described deficiencies in the Petition. For purposes of this Preliminary Response, however, two examples are provided.

1. Chickering does not disclose a "curved running surface" as required by Claims 1, 11, and 25 (Grounds 1-3)

In Grounds 1-3, Petitioner relies primarily on Chickering for most elements of the Challenged Claims. This includes the following limitations of the three

independent claims challenged in the Petition, all of which require a “curved running surface:”

- Claim 1: “a running belt supported by the first bearing rail and the second bearing rail and disposed about the front shaft and the rear shaft, wherein the running belt follows a curved running surface” (EX1001, Claim 1);
- Claim 11: “a running belt at least partially disposed about the front shaft and the rear shaft and at least partially supported by the first bearing rail and the second bearing rail, wherein the running belt includes a front belt portion proximate the front end, a rear belt portion proximate the rear end, and a central belt portion intermediate the front and rear belt portions, wherein the central belt portion is positioned vertically closer to a ground surface supporting the frame than the front and rear belt portions such that the running belt follows a curved running surface” (*id.*, Claim 11); and
- Claim 25: “disposing a running belt on the plurality of bearings of the first bearing rail and the second bearing rail such that the running belt follows a top curved running surface corresponding to the curved top profile of the first and second bearing rails” (*id.*, Claim 25).

Petition, 31-33; *see also id.*, 48-65 (no alternative disclosures for the foregoing elements identified in Grounds 2 and 3). Chickering, however, does not disclose these elements.

As indicated above, Claims 1, 11, and 25 each require the running belt both to follow a curved running surface and to be supported by or disposed on two bearing rails or a plurality of bearings. Petitioner asserts that Chickering discloses these requirements, specifically identifying Chickering's endless belt 28 as the recited running belt, its rollers 13 and 18 as the plurality of bearings, and its front and rear support arms 14 and 19 as the bearing rails. Petition, 26-29, 31-33. These arguments are fatally flawed.

Despite Petitioner's arguments to the contrary, Chickering discloses a treadmill having a multi-planar running surface – *i.e.*, a treadmill having two flat running surfaces – not a single curved running surface. In Chickering's main embodiment, the primary running surface, referred to as first tread surface 16a, is formed by placing endless belt 16 over “[a] first series of transverse parallel rollers 13” which “have their ends journaled in arms 14.” EX1013, 2:13-16. A second running surface, referred to as second tread surface 16b, is formed by placing a second endless belt 25 over “[a] second series of transverse parallel rollers 18” which “have their ends journaled in arms 19.” *Id.*, 2:17-20. Because rollers 13 and 18 are described as “series of... parallel rollers,” a POSA would readily understand the rollers that support the two belts, as well as the arms they are journaled to, to form a pair of planar surfaces rather than a single curved surface. Thus, Chickering discloses a multi-planar running surface, not a curved running surface as required by

[illegible]

Chickering’s alternative embodiment, which utilizes “a single endless belt 28” placed over “a single series of rollers 29... journaled in the sidewalls 22 of base 10” fairs no better. *Id.*, 2:73-3:2. Chickering expressly states that, in this alternative embodiment, “the rollers are so disposed that the forward rollers lie approximately *in a plane slanting downwardly* from the front of the base, while the rear rollers lie approximately *in a plane slanting upward* toward the rear of the base 10.” *Id.*, 3:2-6 (emphasis added). Because the single endless belt 28 “follows” the planes of these rollers when it is “placed about the rollers” (*id.*, 3:6-8), a POSA would further

EX1013, Fig. 2

Fig. 2

KENTON CHAPMAN II

Chickering does not disclose any other embodiments, and Petitioner does not make any effort to explain if or why a POSA would be motivated to modify Chickering so that its rollers are not arranged in a parallel or planar orientation. Thus, because Chickering does not disclose a “curved running surface,” Grounds 1-3, which rely solely on Chickering to show the presence of this element in the prior art, must fail.

2. Socwell does not disclose (1) two bearing rails having “a plurality of bearings” and (2) “a running belt supported by the first bearing rail and the second bearing rail” or “disposing a running belt on the plurality of bearings” as required by Claims 1, 11, and 25 (Grounds 4-6)

In Grounds 4-6, Petitioner relies primarily on Socwell for most elements of the Challenged Claims. This includes the following limitations of the three independent claims challenged in the Petition:

- Claim 1: “a first bearing rail having a plurality of bearings, the first bearing rail attached to a left side of the frame,” “a second bearing rail having a plurality of bearings, the second bearing rail attached to a right side of the frame,” and “a running belt supported by the first bearing rail and the second bearing rail” (EX1001, Claim 1);
- Claim 11: “a first bearing rail having a plurality of bearings, the first bearing rail attached to a left side of the frame,” “a second bearing rail having a plurality of bearings, the second bearing rail attached to a right side of the frame,” and “a running belt... at least partially supported by the first bearing rail and the second bearing rail” (*id.*, Claim 11); and
- Claim 25: “providing a first bearing rail and a second bearing rail, the first and second bearing rails each comprising a plurality of bearings and extending longitudinally on the frame” and “disposing a running belt on

the plurality of bearings of the first bearing rail and the second bearing rail” (*id.*, Claim 25).

Petition, 69-75; *see also id.*, 93-102 (no alternative disclosures for the foregoing elements identified in Grounds 5 and 6). Socwell, however, does not disclose these elements.

As indicated above, Claims 1, 11, and 25 each require two bearing rails having “a plurality of bearings” and “a running belt” that is either “***supported by*** the first bearing rail and the second bearing rail” or “***dispos[ed] on*** the plurality of bearings.” EX1001, Claims 1, 11, 25 (emphasis added). In the Petition, Petitioner analogizes the “bearings” of Claims 1, 11, and 25 to Socwell’s roller 98. Petition, 70-72. Petitioner also suggests that the belt securing assembly 94 is analogous to the “bearings” in Claims 1, 11, and 25. *See id.* (figure annotations identifying element 94 as “bearing”). These analogies are flawed.

Socwell discloses a belt securing assembly 94 where, “[p]referably, the belt securing assemblies 94 provide a means for substantially conforming the inherent flexible nature of the belt 16 to the arcuate configuration....” EX1011, 10:8-12. “The belt securing assembly 94 comprises a roller 98 having an axle 100 which rotatably engages a mounting bracket 96.” *Id.*, 10:18-20. Importantly, Figure 5 of Socwell clearly shows the roller 98 positioned vertically above the running belt 16:

EX1011, Fig. 5

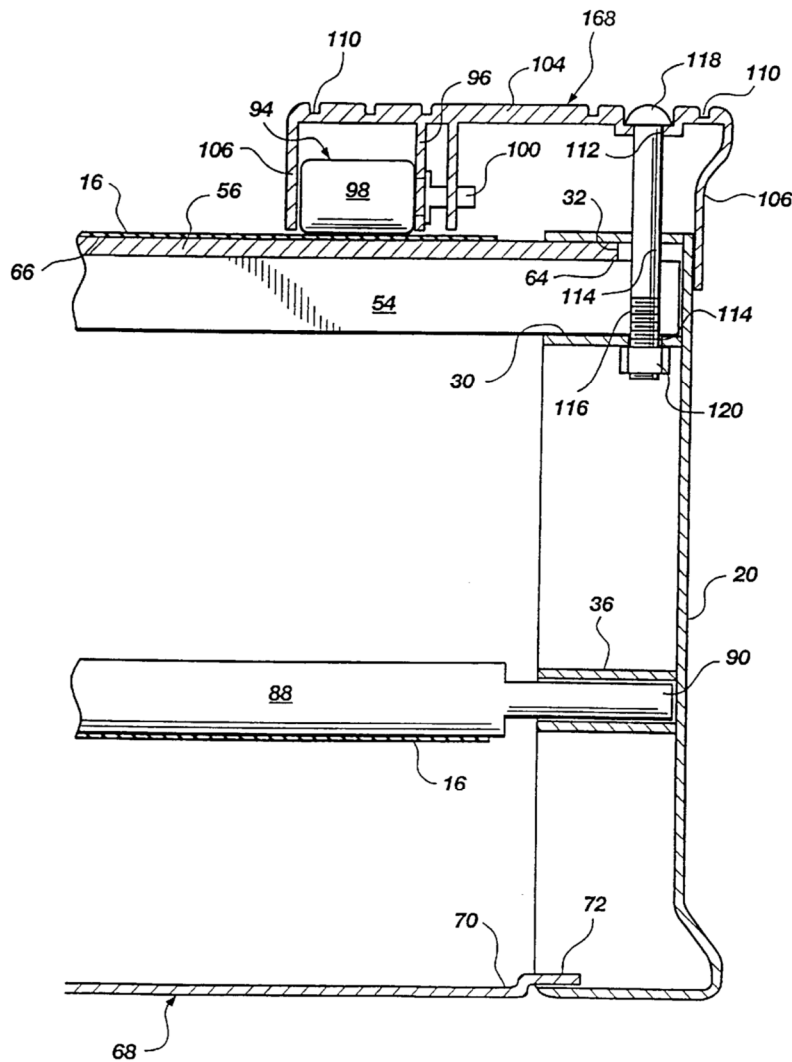


Fig. 5

Due to the position of roller 98, roller 98 does not support any of the weight of running belt 16 as the term “support” would be understood by a POSA, nor does running belt 16 rest “on” roller 98 as the term “on” would be understood by a POSA. These terms each indicate some type of relative, weight-bearing relationship, such

that the belt is supported by the bearing either directly or indirectly and the bearing bears some or all of the weight of the belt. This is confirmed by the '580 specification, which explains that “a pair of opposed bearing rails 200... support the running belt 16,” with the recited bearing rails “including a plurality of bearings.” EX1001, 11:30-44. Thus, in the embodiment depicted in Socwell Figure 5, roller 98 and belt securing assembly 94 do not “support” running belt 16, and running belt 16 is not disposed “on” roller 98 and belt securing assembly 94.

Further, the necessary modification of belt securing assembly 94 to place roller 98 below belt 16 to support belt 16 would render belt securing assembly 94 inoperable for its articulated intended purpose of holding belt 16 in an arcuate configuration, which belt securing assembly 94 accomplishes by “being substantially flush with the *upper surface* 66 of the deck 56.” *Id.*, 10:5-9 (emphasis added). Modifications including placing roller 98 below deck 56 or between deck 56 and belt 16 would result in roller 98 being unable to exert a downward force on belt 16 to hold the belt in the arcuate configuration.

Petitioner's attempt to rely on curved deck 56 as a “bearing” cannot overcome these deficiencies. *See* Petition, 69-72. Although curved deck 56 sits below running belt 16 such that running belt 16 may at least be considered to be disposed “on” or supported by curved deck 56, curved deck 56 is a singular element and cannot constitute a *plurality* of bearings as required by Claims 1, 11, and 25.

Accordingly, Socwell does not expressly or inherently disclose key elements of Independent Claims 1, 11, and 25, including specifically the elements requiring two bearing rails having “a plurality of bearings” or “a running belt” “supported by” or “dispos[ed] on” the plurality of bearings or bearing rails. Indeed, a POSA would not recognize Socwell as teaching or suggesting these elements as incorporating them into the Socwell device would require modifications to belt securing assembly 94 that would render it inoperable for its intended purpose of holding running belt 16 in an arcuate configuration. Accordingly, Petitioner cannot meet its burden on Claims 1, 11, or 25 for any of Grounds 4-6.

3. The Challenged Dependent Claims Must Fall with the Independent Claims

Claims 2-10 depend from Claim 1, and Claims 12, 14, 15, and 18 depend from Claim 11. EX1001, Claims 2-5, 10, 14, 18. Thus, these dependent claims include the same elements of Claims 1 and 11. *See* 37 C.F.R. §1.75(c) (“Claims in dependent form shall be construed to include all the limitations of the claim incorporated by reference into the dependent claim.”). As explained above, Petitioner has failed to satisfy its burden to show that all elements of Claims 1 and 11 are disclosed in the cited prior art. Accordingly, it has also failed to satisfy its burden as to all claims depending from Claims 1 and 11. The Petition must be rejected in its entirety.

VII. THE BOARD SHOULD DISCRETIONARILY DENY INSTITUTION UNDER 35 U.S.C. §314(a)

A. The *Advanced Bionics* Factors Favor Denial

Pursuant to 35 U.S.C. §325(d), “the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.” 35 U.S.C. §325(d). In evaluating §325(d), the Board considers two factors: “(1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and (2) if either condition of first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.” *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 8 (PTAB Feb. 13, 2020) (precedential).

In deciding whether these conditions are met, the Board considers several non-exclusive factors, including specifically: “(a) the similarities and material differences between the asserted art and the prior art involved during examination; (b) the cumulative nature of the asserted art and the prior art evaluated during examination; (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection; (d) the extent of the overlap between the arguments made during examination and the manner in

which Petitioner relies on the prior art or Patent Owner distinguishes the prior art; (e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.” *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 at 17-18 (PTAB Dec. 15, 2017). For the first condition – whether the same or substantially the same art and arguments were previously presented to the Office – the Board evaluates *Becton, Dickinson* factors (a), (b), and (d). *See Advanced Bionics*, Paper 6 at 10. “If a condition in the first part of the framework is satisfied and the petitioner fails to make a showing of material error, the Director generally will exercise discretion not to institute *inter partes* review.” *Id.* at 8-9.

1. The Office Considered the Same or Substantially Similar Prior Art During Prosecution

The first part of the *Advanced Bionics* framework addresses whether the same prior art or substantially the same prior art *or* arguments were previously presented to the Office. *Advanced Bionics*, Paper 6 at 8. As relevant here, the Board considers the following factors: “(a) the similarities and material differences between the asserted art and the prior art involved during examination; (b) the cumulative nature of the asserted art and the prior art evaluated during examination;” and “(d) the

extent of the overlap between the arguments made during examination and the manner in which petitioner relies on the prior art.” *Id.* at 9-10.

Here, Petitioner presents the same, or substantially the same, prior art and arguments made during prosecution of the '580 Patent under these factors. As Petitioner admits, all references except for Sclater were disclosed to and considered by the Examiner, as evidenced by their listing on the face of the '580 Patent. Petition, 104; EX1001, 2 (References Cited). What Petitioner fails to acknowledge, however, is that nearly identical arguments regarding the teachings of those references, presented in the form of expert declarations from the same purported expert Petitioner relies on here, were also disclosed to and considered by the Examiner during prosecution of the '745 Patent, a later-issued patent in the same patent family as the '580 Patent. *Compare* EX1001, 1 (Related U.S. Application Data identifying chain of continuations tracing back to Application No. 13/235,065) *with* EX2003, 1-2 (same).

As noted above, Petitioner relies on the purported expert opinion of Dr. Giachetti to support its Petition and its challenge to the patentability of the Challenged Claims. However, this is not the first time Dr. Giachetti has opined on one of Patent Owner's patents. Nor is it the first time Dr. Giachetti has relied on the

primary references cited in the Petition – Chickering, Socwell,¹ and Magid – to do so. In fact, in *Chapco Inc. v. Woodway USA, Inc.*, C.A. No. 3:15-cv-01665 (JCH) (D. Conn.) (“Chapco Litigation”), Dr. Giachetti argued that certain claims of the ’580 Patent (as well as U.S. Patent Nos. 8,986,169 (EX1021, “the ’169 Patent”)), were invalid as obvious over, *inter alia*, the combinations of Socwell and Magid, and of Chickering and Magid – combinations that relied on the same disclosures from Chickering, Socwell, and Magid that Dr. Giachetti and Petitioner rely on here. EX2008,t 3-4, 41-54; EX2009, 5-10. Dr. Giachetti’s opinions from the Chapco Litigation were presented to the Office during prosecution of the ’745 Patent, which is in the same family as the ’580 Patent, and the Examiner confirmed that he considered these opinions. EX2010, 168, 172 (noting that “all references considered

¹ In the Chapco Litigation, Dr. Giachetti relied on a different Socwell reference – U.S. Patent No. 5,709,632 (EX2004, “Socwell-632”) – than that relied on in the Petition. However, the Socwell reference in the Petition is a continuation-in-part of Socwell-632, and the relevant portions of the references’ respective specifications are substantially identical. *See* EX2005 (redline comparison). Moreover, both Socwell and Socwell-632 were considered by the Examiner during prosecution. EX1002, 197 (noting that “all references considered except where lined through” and identifying Socwell-632 and Socwell at Cite Nos. A28, A30).

except where lined through” and identifying expert report and declaration at Cite Nos. A205, A270); *see also Advanced Bionics*, Paper 6 at 7-8 (holding previously presented art includes “art made of record by the Examiner, and art provided to the Office by an applicant, such as on an Information Disclosure Statement (IDS), in the prosecution history of the challenged patent.”). After considering these opinions, the Examiner allowed the claims of the ’745 Patent, including its independent claims, all of which recite the curved running surface, “safety device,” and other elements Petitioner emphasizes in its Petition. EX2003, Claims 1, 10, 18, 21. Indeed, a side-by-side comparison of the ’580 Patent independent claims challenged in the Petition and exemplary independent claims of the ’745 Patent illustrates the relevant similarities in scope:

Challenged ’580 Patent Claims (EX1001) (emphasis added)	Exemplary ’745 Patent Claims (EX2003) (emphasis added)
1. A manually powered treadmill comprising: a frame having a front end and a rear end positioned opposite the front end; a front shaft rotatably coupled to the frame at the front end; a rear shaft rotatably coupled to the frame at the rear end; a first bearing rail having a plurality of bearings, the first bearing rail attached to a left side of the frame;	1. A treadmill, comprising: a frame ; a front running belt pulley coupled to the frame; a rear running belt pulley coupled to the frame and spaced a distance from the front running belt pulley; a plurality of bearings coupled to the frame; a running belt at least partially supported by at least one of the front

Challenged '580 Patent Claims (EX1001) (emphasis added)	Exemplary '745 Patent Claims (EX2003) (emphasis added)
<p>a second bearing rail having a plurality of bearings, the second bearing rail attached to a right side of the frame;</p> <p><u>a running belt</u> supported by the first bearing rail and the second bearing rail and disposed about the front shaft and the rear shaft, <u>wherein the running belt follows a curved running surface</u>; and</p> <p><u>a safety device</u> coupled to at least one of the front shaft and the rear shaft, <u>wherein the safety device is structured to substantially prevent rotation of at least one of the front shaft and the rear shaft in a first rotational direction while permitting rotation of the at least one of the front shaft and the rear shaft in a second rotational direction opposite the first rotational direction</u>.</p>	<p>running belt pulley and the rear running belt pulley, <u>wherein the running belt includes a running surface, at least a portion of which is curved</u>;</p> <p>a support element coupled to the frame; and</p> <p><u>a safety device</u> coupled to the running belt, the safety device at least partially supported by the support element, wherein the safety device includes a first safety race element and a second safety race element, wherein at least one of the first and second safety race elements is adapted for rotation relative to the frame, and wherein one of the first and second safety race elements substantially surrounds the other of the one of the first and second safety race elements;</p> <p><u>wherein one of the first and second safety race elements and the running belt freely rotates in a first direction of rotation relative to the frame, however, in a second direction of rotation, opposite the first direction of rotation, the one of the first and second safety race elements is substantially prevented from rotation relative to the frame to substantially prevent rotation of the running belt relative to the frame</u>.</p>

Challenged '580 Patent Claims (EX1001) (emphasis added)	Exemplary '745 Patent Claims (EX2003) (emphasis added)
<p>11. A manually powered treadmill, comprising:</p> <p><u>a frame</u> having a front end and a rear end positioned opposite the front end;</p> <p>a front shaft attached to the frame adjacent the front end;</p> <p>a rear shaft attached to the frame adjacent the rear end;</p> <p>a first bearing rail having a plurality of bearings, the first bearing rail attached to a left side of the frame;</p> <p>a second bearing rail having a plurality of bearings, the second bearing rail attached to a right side of the frame;</p> <p><u>a running belt</u> at least partially disposed about the front shaft and the rear shaft and at least partially supported by the first bearing rail and the second bearing rail, wherein the running belt includes a front belt portion proximate the front end, a rear belt portion proximate the rear end, and a central belt portion intermediate the front and rear belt portions, wherein the central belt portion is positioned vertically closer to a ground surface supporting the frame than the front and rear belt portions such that <u>the running belt follows a curved running surface</u>; and</p> <p><u>a safety device for substantially preventing rotation of at least one of the front shaft and the rear shaft in a</u></p>	<p>10. A treadmill, comprising:</p> <p><u>a frame</u>;</p> <p>a rotatable element coupled to the frame;</p> <p><u>a running belt</u> at least partially supported by the rotatable element, <u>wherein the running belt includes a running surface, at least a portion of which is curved</u>; and</p> <p><u>a first safety race element and a second safety race element</u>, both of which are coupled to the running belt, wherein at least one of the first and second safety race elements is adapted for rotation relative to the frame, and wherein one of the first and second safety race elements substantially surrounds the other of the one of the first and second safety race elements;</p> <p><u>wherein one of the first and second safety race elements and the running belt freely rotate in a first direction of rotation relative to the frame, however, in a second direction of rotation, opposite the first direction of rotation, the one of the first and second safety race elements is substantially prevented from rotation relative to the frame to substantially prevent rotation of the running belt relative to the frame.</u></p>

Challenged '580 Patent Claims (EX1001) (emphasis added)	Exemplary '745 Patent Claims (EX2003) (emphasis added)
<p><u>first rotational direction while permitting rotation of the at least one of the front shaft and the rear shaft in a second rotational direction opposite the first rotational direction.</u></p>	
<p>25. A method, comprising:</p> <p>providing a manually powered treadmill, the manually powered treadmill having <u>a frame with a front end and rear end</u>;</p> <p>providing a first bearing rail and a second bearing rail, the first and second bearing rails each comprising <u>a plurality of bearings</u> and extending longitudinally on the frame, wherein the first and second bearing rails define <u>a curved top profile</u>;</p> <p>disposing <u>a running belt</u> on the plurality of bearings of the first bearing rail and the second bearing rail such that <u>the running belt follows a top curved running surface</u> corresponding to the curved top profile of the first and second bearing rails;</p> <p><u>permitting movement of the running belt in a first direction; and</u></p> <p><u>substantially preventing movement of the running belt in a second direction opposite the first direction.</u></p>	<p>18. A method, comprising:</p> <p>providing a treadmill having <u>a frame with a front end and a rear end</u>;</p> <p>providing <u>a plurality of bearings</u> coupled to the frame, wherein the plurality of bearings define at least a portion of <u>a curved top profile</u>;</p> <p>disposing <u>a running belt</u> on the plurality of bearings such that <u>the curved top profile of the plurality of bearings define at least a portion of a curved running surface of the running belt</u>;</p> <p>providing <u>a first safety race element</u> coupled to the frame and to the running belt <u>and a second safety race element</u> coupled to the frame, wherein at least one of the first and second safety elements is adapted for rotation relative to the frame, and wherein one of the first and second safety race elements substantially surrounds the other of the one of the first and second safety race elements;</p> <p><u>permitting rotation of one of the first and second safety race elements and the running belt in a first direction of rotation; and</u></p>

Challenged '580 Patent Claims (EX1001) (emphasis added)	Exemplary '745 Patent Claims (EX2003) (emphasis added)
	<p><u>substantially preventing rotation of the running belt in a second direction, opposite the first direction, by, at least in part, the one of the first and second safety race elements.</u></p>
	<p>21. A treadmill, comprising:</p> <p><u>a frame;</u></p> <p>a rotatable element coupled to the frame;</p> <p><u>a running belt</u> at least partially supported by the rotatable element, <u>wherein the running belt includes a running surface, at least a portion of which is curved;</u></p> <p>a support element coupled to the frame; and</p> <p><u>a safety device</u> coupled to the running belt, the safety device at least partially supported by the support element, wherein the safety device includes a first safety race element and a second safety race element, wherein at least one of the first and second safety race elements is adapted for rotation relative to the frame, and wherein one of the first and second safety race elements substantially surrounds the other of the one of the first and second safety race elements;</p> <p><u>wherein one of the first and second safety race elements and the running belt freely rotates in a first direction</u></p>

Challenged '580 Patent Claims (EX1001) (emphasis added)	Exemplary '745 Patent Claims (EX2003) (emphasis added)
	<u>of rotation relative to the frame, however, in a second direction of rotation, opposite the first direction of rotation, the one of the first and safety race elements is substantially prevented from rotation relative to the frame to substantially prevent rotation of the running belt.</u>

The fact that Dr. Giachetti's opinions on the purported teachings of Chickering, Socwell, and Magid relative to the '580 Patent were presented to the Office and actually considered during prosecution of the related '745 Patent claims, only for those claims to issue, is fatal to the Petition. On at least one occasion, the Board has discretionarily declined to institute trial where the Petitioner relied on substantially the same prior art and substantially the same arguments as those presented to the USPTO during prosecution of a later, related patent application. *See Live Nation Entm't, Inc. v. Complete Entm't Res. B.V.*, PGR2017-00038, Paper 11 at 12, 15-18 (PTAB Jan. 16, 2018) (denying institution under §325(d) where petition relied on substantially the same art presented and arguments made during prosecution of challenged patent's continuation application, which had claims of "very similar scope" as the challenged claims). The same result should follow here, particularly when Petitioner relies on substantively the same arguments regarding substantively the same prior art presented by the same expert as in the Chapco

Litigation, all of which were presented to and considered by the Examiner during prosecution of closely related patents. Discretionary denial is warranted under the first *Advanced Bionics* factor.

Petitioner's arbitrary decision to add certain purported teachings from Sclater, a generic reference book, as a secondary reference cannot change this result. As discussed above, Petitioner fails to adequately explain why a POSA would have been motivated to combine Sclater with any of the other references relied on in the Petition. *See* §VI(A), *supra*. Without an adequate reason to incorporate Sclater's purported teachings into the presented primary references, Petitioner's challenge effectively amounts to merely rearguing that some combination of Chickering, Socwell, and Magid disclose the limitations of the Challenged Claims – that is, the exact arguments presented during prosecution of the '745 Patent. This cannot overcome the §325(d) analysis. *See Live Nation*, Paper 11 at 15-16 (reliance on secondary reference not previously presented to Examiner was insufficient to defeat §325(d) analysis where Petition lacked adequate motivation to combine).

Accordingly, the addition of Sclater to the Petition is not enough to overcome the fact that all other references, and substantially similar arguments regarding the same, were presented to and considered by the Office. *Advanced Bionics* factor one weighs heavily in favor of discretionary denial.

2. Petitioner Cannot Demonstrate Any Material Error in the Office's Review of the Challenged Claims

Petitioner cannot satisfy the second part of the *Advanced Bionics* analysis, either, as Petitioner does not demonstrate that the Office erred in a manner material to patentability. Rather, Petitioner's arguments that the Office erred in its consideration of the references now rehashed in its Petition² amount to nothing more than speculation and should be rejected.

Specifically, Petitioner argues that the Examiner must have erred because he purportedly took a different view of "bearing rails" element than that propounded during prosecution of the '169 Patent, the parent patent to which the '580 Patent claims priority, and failed to appreciate the "many prior art references that disclose manual treadmills with 'bearing rails having a plurality of bearings.'" Petition, 104-05. These arguments, of course, ignore the fact that nothing in the prosecution history even suggests that the "bearing rails" or "plurality of bearings" elements were the sole basis or even a significant factor in finding the Challenged Claims

² Notably, Petitioner does not contend that the Examiner erred in failing to consider Sclater, the sole reference that was not presented during prosecution of the '580 Patent. Indeed, Petitioner's cursory discussion of the second *Advanced Bionics* factor does not even mention Sclater. *See generally* Petition, 104-05.

allowable. They also ignore the fact that the very references Petitioner relies on to show the presence of “bearing rails” and a “plurality of bearings” in the prior art were before the Examiner and considered during prosecution. *Compare, e.g.,* Petition, 27-29, 69-72 (arguing that Chickering and Socwell each disclose “bearing rails” and a “plurality of bearings”) *with* EX1001, 2 (identifying Chickering and Socwell under References Cited).

As *Advanced Bionics* explains, “[a]n example of a material error may include misapprehending or overlooking specific teachings of the relevant prior art ***where those teachings impact patentability of the challenged claims.***” *Advanced Bionics*, Paper 6 at 8 n.9 (emphasis added). “If reasonable minds can disagree regarding the purported treatment of the art or arguments, it cannot be said that the Office erred in a manner material to patentability.” *Id.* at 9. Because Petitioner fails to identify any evidence as to how the Examiner treated or considered the cited prior art in general, and further references only a subset of the elements in the Challenged Claims (such as the “bearing rails” and “plurality of bearings” elements) without demonstrating that the Examiner considered these elements relevant to patentability, or even in which prior art reference(s) the Examiner supposedly overlooked these teachings, Petitioner cannot meet its burden. *ABS Global, Inc. v. Cytonome/ST, LLC*, IPR2021-00306, Paper 13 at 13-14 (PTAB June 7, 2021) (“[W]here_Petitioner has made no allegation of material error beyond the allegation that the Examiner did not apply

the Weigl reference and has not pointed out any specific disclosure from Weigl that was overlooked by the Office, we agree with Patent Owner that Petitioner fails to demonstrate material error.”).

Moreover, the mere fact that Petitioner contends that certain prior art references cited in the Petition disclose all elements of the Challenged Claims is not enough to establish material error during prosecution. As the Board has previously found, “Petitioner’s alleged grounds of unpatentability cannot establish material error *per se* under [the Board’s] binding precedent.... Otherwise, the reasonable likelihood standard of § 314(a) and the second part of the *Advanced Bionics* framework (‘material error’) would collapse into one.” *Vital Connect, Inc. v. Bardy Diagnostics, Inc.*, IPR2023-00381, Paper 7 at 20 (PTAB July 11, 2023) (citing *Advanced Bionics*, Paper 6 at 8-9). In short, the fact that the Examiner did not issue a rejection based on the prior art references Petitioner now relies on is not enough on its own to demonstrate material error. *See NXP USA, Inc. v. Impinj Inc.*, IPR2020-00519, Paper 7 at 7-8, 13 (PTAB Aug. 17, 2020) (denying institution under §325(d) and *Advanced Bionics* where the only evidence of Examiner consideration of references at issue was an initialed IDS). Petitioner cannot simply rely on its own arguments regarding the teachings of the prior art to demonstrate some prior, nonspecific material error. Absent some evidence of record demonstrating a distinct material error, Petitioner cannot meet the second *Advanced Bionics* factor.

B. The *Fintiv* Factors Favor Denial

The Board should also exercise its broad discretion and deny institution under 35 U.S.C. §314(a). *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016); *Harmonic*, 815 F.3d at 1367 (under §314(a), “the PTO is permitted, but never compelled, to institute an IPR proceeding”); *see also* 37 C.F.R. §42.4(a) (“The Board institutes the trial on behalf of the Director.”). The Board may discretionarily deny institution for many reasons, including “events in other proceedings related to the same patent,” such as district court litigation. Consolidated Trial Practice Guide, November 2019, 58. When considering discretionary denial in view of parallel district court proceedings, the Board weighs the following factors:

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.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 5-6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”). Here, the *Fintiv* factors demonstrate that efficiency and the integrity of the IPR process are best served by denying institution.

1. Factor 1—Likelihood of a Stay

Factor 1 favors denial or, at a minimum, is neutral. As Petitioner admits, it has not sought a stay of the Parallel Litigation. However, even if Petitioner were to seek a stay pending IPR, the Court would almost certainly deny such a request under the three-factor test used in the Southern District of California. Under this test, the Court must consider: “(1) whether discovery is complete and whether a trial date has been set; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving party.” *Wi-Lan Inc. v. LG Elecs., Inc.*, No. 18-cv-01577-H-BGS, 2018 U.S. Dist. LEXIS 228294, at *5 (S.D. Cal. Dec. 4, 2018) (citations omitted). Here, these factors collectively weigh against a stay.

Under factor one, undue prejudice or tactical advantage, “[c]ourts are generally reluctant to stay proceedings where the parties are direct competitors.” *Presidio Components, Inc. v. Am. Tech. Ceramics Corp.*, No. 14-CV-2061-H (BGS), 2015 U.S. Dist. LEXIS 191362, at *6 (S.D. Cal. Apr. 20, 2015) (quoting *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. C 12-05501 SI, 2014 U.S. Dist. LEXIS 4025, at *9 (N.D. Cal. Jan. 13, 2014)); see also *Tric Tools, Inc. v. TT Techs., Inc.*,

No. 12-CV-3490 YGR, 2012 U.S. Dist. LEXIS 153820, at *6-7 (N.D. Cal. Oct. 25, 2012) (collecting cases). That is, courts recognize a heightened risk of prejudice when the parties are direct competitors. *See Interwoven, Inc. v. Vertical Comput. Sys., Inc.*, No. C 10-04645 RS, 2012 U.S. Dist. LEXIS 30946, at *7-8 (N.D. Cal. Mar. 8, 2012) (“The parties’ status as direct competitors also weighs against a stay because it increases the likelihood of undue prejudice.”). That is the case here. Petitioner and Patent owner are direct competitors, and Petitioner’s infringing products directly compete with Patent Owner’s products in the marketplace. (EX1005, ¶2; EX1006, ¶2.) Accordingly, the significant risk of undue prejudice weighs against a stay.

The district court would also likely find that factor two, simplification of issues, also weighs against a stay. In general, the Southern District of California recognizes that “the majority of district courts ‘have postponed ruling on stay requests or have denied stay requests when the PTAB has not yet acted on the petition for review.’” *InfoGation Corp. v. ZTE Corp.*, No. 16-cv-01901-H-JLB, 2017 U.S. Dist. LEXIS 74690, at *7 (S.D. Cal. May 16, 2017) (quoting *Trover Grp., Inc. v. Dedicated Micros USA*, No. 2:13-CV-1047-WCB, 2015 U.S. Dist. LEXIS 29572, at *15 (E.D. Tex. Mar. 11, 2015) (collecting cases)); *KFX Med., LLC v. Stryker Corp.*, No. 18-cv-01799-H-WVG, 2019 U.S. Dist. LEXIS 77251, at *5 (S.D. Cal. May 7, 2019) (same). That is, “[a]bsent unusual circumstances, ... the filing of an

IPR request does not by itself simplify the issues in a case.” *Dicon Fiberoptics, Inc. v. Preciseley Microtechnology Corp.*, No. 15-cv-01362-BLF, 2015 U.S. Dist. LEXIS 188626, at *6 (N.D. Cal. Oct. 13, 2015); *see also Audatex N. Am., Inc. v. Mitchell Int’l, Inc.*, 46 F. Supp. 3d 1019, 1023-24 (S.D. Cal. 2014) (“Until the PTAB issues its decision on whether to institute review, this Court can only speculate about whether or not a stay would simplify the issues. As such, this factor weighs against imposition of a stay.”).

Moreover, although Petitioner has filed parallel IPR petitions challenging claims of two other patents asserted in the Parallel Litigation – the ’745 Patent (IPR2023-00849) and the ’884 Patent (IPR2023-00843) – it has not petitioned for IPR of any claims of the fourth asserted patent – the ’005 Patent. Where an accused infringer has petitioned for IPR of only a subset of the asserted patents or claims, courts are disinclined to find that a stay would sufficiently simplify the litigation. *E.g., InfoGation*, 2017 U.S. Dist. LEXIS 74690, at *8; *Hologram USA, Inc. v. Vntana, 3D, LLC*, No. CV 14-09489-BRO (AGR), 2015 U.S. Dist. LEXIS 184440, at *6-7 (C.D. Cal. Dec. 7, 2015); *e.Digital Corp. v. ArcSoft, Inc.*, No. 15-cv-56-BEN (DHB), 2015 U.S. Dist. LEXIS 135682, at *3-4 (S.D. Cal. Sep. 30, 2015); *Tire Hanger Corp. v. My Car Guy Concierge Servs.*, No. 5:14-cv-00549-ODW(MANx), 2015 U.S. Dist. LEXIS 193390, at *3 (C.D. Cal. June 16, 2015); *Otto Bock HealthCare LP v. Össur HF*, No. SACV 13-00891-CJC(ANx), 2013 U.S. Dist.

LEXIS 188428, at *5-6 (C.D. Cal. Dec. 16, 2013). The simplification factor therefore weighs against a stay.

Finally, factor three, stage of litigation, also weighs against a stay or is at least neutral. Despite Petitioner's argument to the contrary, the Parallel Litigation is well underway. Patent Owner filed the complaint more than a year ago, and since then, the parties have expended significant time and resources in litigating the claims. For example, the parties have engaged in extensive written and document discovery, claim construction briefing is complete, and a *Markman* hearing has been held. EX2001; EX2002. This is more than enough to make a stay untenable at this stage. *Interwoven*, 2012 U.S. Dist. LEXIS 30946, at *11-12; *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1031-32 (C.D. Cal. 2013).

Accordingly, it is highly unlikely the district court would grant a stay of the Parallel Litigation pending IPR. The first *Fintiv* factor therefore supports denial.

2. Factor 2—Proximity of Trial Date to Deadline for Final Written Decision

Fintiv factor two is, at worst, neutral. Currently, no trial date has been set in the Parallel Litigation. However, the most recent statistics for the Southern District of California make clear that the Parallel Litigation will likely proceed to trial around the same time that any Final Written Decision would issue, and potentially before then. Petitioner's arguments to the contrary are flawed at least because they rely on

outlier statistics that should be viewed with skepticism. Specifically, Petitioner appears to rely solely on data for the twelve-month period ending December 31, 2022 (Petition, 103), without acknowledging that its own Exhibit 1023 shows that cases in the Southern District of California typically proceed to trial significantly faster than reported in that period. EX1023, 69. Indeed, the median time to trial since 2017 in the Southern District of California is, on average, only 34.17 months, nearly a full year less than the 45.4 months reported for the 12-month period ending December 31, 2022, which Petitioner relies on in isolation. EX1023, 69; Petition, 103. That average further drops to 31.92 months when one excludes the plainly outlier statistics for December 2022 on which Petitioner relies.

Here, Patent Owner's Complaint was filed on April 11, 2022 (EX1005), which would result in a February 2025 trial date (using the 34.17 month average) or a December 2024 trial date (using the 31.92 month average). However, with Petitioner's Preliminary Response due (and filed) on July 27, 2023, the Board has until October 27, 2023 to render an institution decision and, if trial is instituted, until October 27, 2024 to enter a Final Written Decision. Given this timing, the Final Written Decision would issue only 2-4 months before the expected trial date. Moreover, if the Board opts to extend the one-year deadline for issuing a Final Written Decision as provided in 35 U.S.C. §316(a)(11), the Final Written Decision may not be issued until 2-4 months *after* the expected trial date. *See* 35 U.S.C.

§316(a)(11) (permitting extensions of the Final Written Decision deadline “by not more than 6 months”). Given the close proximity of the expected trial date to the expected deadline to issue a Final Written Decision, this factor is at most neutral. *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 15 (PTAB Dec. 1, 2020) (precedential).

3. Factor 3—Investment in Parallel Proceeding

Fintiv factor three also weighs in favor of discretionary denial. Petitioner's assertion that the Parallel Litigation is “in its early stages” is unsubstantiated. (*See* Petition, 103.) The Parallel Litigation has been pending for more than a year, and the parties have expended significant time and resources in litigating the claims, including through substantial fact discovery, the exchange of initial infringement and invalidity contentions, the beginning of expert discovery, and claim construction proceedings, including a *Markman* hearing. EX2001; EX2002. Such discovery activities, coupled with the advanced state of claim construction, demonstrate that the parties and the district court have made significant investments that weigh in favor of denying the Petition. *Immersion Sys. LLC v. Midas Green Techs., LLC*, IPR2021-01176, Paper 16 at 13-14 (PTAB Jan. 6, 2022). Moreover, with claim construction briefing and the associated *Markman* hearing complete, there is nothing to prevent the district court from issuing its claim construction decision. The issuance of such an order would cause this factor to weigh even more strongly in

favor of denial. *See Fintiv*, Paper 11 at 10 (“[D]istrict court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.”).

Moreover, Petitioner did not act expeditiously to file the Petition, which further weighs in favor of denial. *Google LLC v. Ecolfactor, Inc.*, IPR2021-00488, Paper 12 at 13-15 (PTAB Aug. 11, 2021); *Immersion*, Paper 16 at 14-15. Petitioner has known that Patent Owner is accusing Petitioner of infringing the ’580 Patent since Summer 2020 (EX2012), which is prior to the outset of the Parallel Litigation, and has further had the benefit of Patent Owner’s preliminary infringement contentions which identify all of the claims Petitioner now challenges since September 6, 2022 (EX2014, 2). Although “it is often reasonable for a petitioner to wait to file its petition until it learns which claims are being asserted against it in the parallel proceeding[,]’... a petitioner should act expeditiously once the patent owner has identified the claims being asserted against it so that the petitioner can file a petition challenging all asserted claims – if it chooses to do so.” *Google*, Paper 12 at 13 (quoting *Fintiv*, Paper 11 at 11). Here Petitioner waited until the last day permitted under the one-year bar – which fell more than a year after service of the district court Complaint – and more than 7 months after receiving Patent Owner’s infringement contentions before filing the Petition, even though it was aware of the

'580 Patent from the outset. In view of Petitioner's delay, *Fintiv* factor three weighs heavily in favor of denial.

4. Factor 4—Overlap Between Issues in Petition and in Parallel Proceeding

Fintiv factor four favors denial because “the same or substantially the same claims, grounds, arguments, and evidence” in the Petition are also at issue in the Parallel Litigation such that institution would duplicate efforts. *Fintiv*, Paper 11 at 12. Petitioner's stipulation that it “will not raise at trial in parallel litigation any Ground raised here” (Petition, 103) amounts to little more than an empty promise. Because this stipulation is expressly limited only to specific Grounds set forth in the Petition, it cannot short-circuit the *Fintiv* analysis and does not account for the significant risk of overlap between the asserted grounds and Petitioner's invalidity positions in the Parallel Litigation.

As the Director has explained, “the PTAB will not discretionarily deny institution in view of parallel district court litigation where a petitioner presents a stipulation not to pursue in a parallel proceeding the same grounds or any grounds that could have reasonably been raised before the PTAB,” such as the stipulation presented in *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential). USPTO Memorandum, Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court

Litigation, 3 (June 21, 2022) (“*Fintiv* Memo”). However, in *Sotera*, the petitioner sought review of **all** claims of the asserted patent and then broadly stipulated that it would, without limitation, not pursue in the district court “the specific grounds... [in] the instituted *inter parties* [sic] review petition, *or on any other ground... that was raised or could have been reasonably raised in an IPR (i.e., any ground that could be raised under §§ 102 or 103 on the basis of prior art patents or printed publications).*” *Sotera*, Paper 12 at 18-19 (emphasis and alterations by Board). The *Sotera* stipulation therefore reasonably removed **all** anticipation or obviousness grounds based on patents or printed publications from consideration in the district court. This “mitigate[d] any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions.” *Id.* at 19. The same result does not follow, however, where the Petitioner offers a narrower stipulation. *Ericsson Inc. v. Godo Kaisha IP Bridge 1*, IPR2022-00726, Paper 11 at 12-13 (PTAB Nov. 2, 2022). Such is the case here.

Here, unlike in *Sotera*, Petitioner narrowly limits its stipulation to the specific grounds raised in the Petition. Petition, 103. Thus, unlike with a *Sotera* stipulation where “a petitioner stipulates not to pursue in a parallel district court proceeding the same grounds as in the petition ***or any grounds that could have reasonably been raised in the petition***” (*Fintiv* Memo at 7-8 (emphasis added)), Petitioner would not be precluded from asserting the same references in other combinations or

combinations of substantially similar printed publications in the Parallel Litigation. Petitioner purports to reserve the right to assert *substantially the same prior art* presented in the Petition before the district court simply by adding, subtracting, or substituting a single secondary reference in the grounds presented in the Petition. Indeed, this is precisely what it appears Petitioner intends to do. In its invalidity contentions, Petitioner has elected a combination of references – all patents, patent applications, and written publications that could have been raised in its Petition – that is substantially the same as the Grounds presented in the Petition and include all of the same references. EX2015, 2-3 (identifying asserted prior art, including Chickering (U.S. Patent No. 3,637,206), Socwell (U.S. Patent No. 5,897,461), Magid (U.S. Patent No. 5,538,489), and Sclater), 9-62 (applying prior art in substantially the same way as Petition). The Board should not permit Petitioner to engage in such blatant gamesmanship by presenting a subset of the prior art in its Petition that it continues to assert in the Parallel Litigation while preserving its ability to rely on the broader combinations it has already disclosed.

Thus, Petitioner's stipulation does not ensure that, "if an IPR or PGR is instituted, the grounds the PTAB resolves will differ from those present in the parallel district court litigation," as contemplated by relevant Guidance. *Fintiv* Memo at 7. Rather, it is an empty promise that "is unlikely to significantly prevent [the Board's] duplication of work that the District Court will have completed by

the time a final written decision would be due in this proceeding.” *Ericsson*, Paper 11 at 13. Petitioner’s stipulation falls far short of the *Sotera* standard and cannot obviate the *Fintiv* analysis. *Id.* at 12-13.

5. Factor 5—Whether Petitioner and Defendant in Parallel Proceeding Are the Same Party

Fintiv factor five weighs in favor of denial because Petitioner admits (although not in its discussion of the *Fintiv* factors³) that it is the defendant in the parallel litigation. Petition, 1.

6. Factor 6—Other Circumstances Impacting Board’s Exercise of Discretion

Fintiv factor six considers the merits of the petitioner’s challenge, including whether “the information presented at the institution stage presents a compelling unpatentability challenge.” *Fintiv* Memo at 4-5. Merely meeting the statutory likelihood of success threshold for institution is not enough. *Id.* at 4. As the Director has explained, “[t]he patent system and the public benefit from instituting challenges where there is a showing of unpatentability by compelling merits, but it is only a finding under this higher standard that would compel the Board to review claims for the public benefit when other considerations favor discretionary denial.”

³ Petitioner ignores this factor entirely in its Petition, instead conflating it with Factor 4. Petition, 103.

CommScope Techs. LLC v. Dali Wireless, Inc., IPR2022-01242, Paper 23 at 4 (PTAB Feb. 27, 2023) (precedential).

For this factor, Petitioner does little more than baldly assert that the Board should not discretionarily deny institution because Petitioner believes the Petition is meritorious, while proclaiming in conclusory fashion that institution will result in some vague benefit to the Parallel Litigation and the public. Petition, 103-04. This self-serving, unsupported argument should be rejected. As discussed above, the Petition is deficient even under the lower statutory standard. This factor favors denial.

VIII. CONCLUSION AND RELIEF REQUESTED

For the foregoing reasons, the Board should deny institution.

Dated: July 27, 2023

Respectfully submitted,

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Counsel for Patent Owner

CERTIFICATE OF COMPLAINT

This Preliminary Patent Owner Response complies with the type-volume limitations required by 27 C.F.R. §42.24. The word count in this paper totals 11,272 words. Patent Owner has relied upon the word count feature of Microsoft Word.

Dated: July 27, 2023

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing **Patent Owner's Preliminary Response Pursuant to 35 U.S.C. §313 and 37 C.F.R. §42.107(a)** was served on July 27, 2023, by email to Petitioner's counsel of record:

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