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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Intel Corporation
Petitioner

v.

VLSI Technology, LLC
Patent Owner

Case IPR2019-01196
Patent No. 7,246,027

PETITIONER'S REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE REQUESTING DENIAL UNDER SECTION 314(a)

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I. INTRODUCTION

Petitioner respectfully requests the Board reject the Patent Owner's ("PO's") demand that the Board deny institution on the basis of § 314(a). The district court schedule, standing alone, is insufficient to justify denial because the Petitioner has not engaged in gamesmanship, and because the Petitioner filed expeditiously two months after the PO identified the asserted claims in the litigation.

II. THE PATENT OWNER'S 314(A) ARGUMENT IS WITHOUT MERIT

A. There Is No Gamesmanship Or Other Justification For Denial

First, the PO primarily relies on *NHK Spring Co., Ltd. v. Intri-Plextechnologies, Inc.*, IPR2018-00752, Paper No. 8 (PTAB Sep. 12, 2018) and *ZTE (USA), Inc. v. Fractus S.A.*, IPR2018-01461, Paper 10 (PTAB Feb. 28, 2019) to justify its request. POPR at 9-10. However, in *NHK Spring,* the Board did not solely rely on the advanced state of the district court proceeding to justify denial. Instead, the Board first weighed numerous factors under § 325(d) (*id.* at 10-18), and found discretionary denial to be appropriate because (1) "the Examiner [already] considered the prior art" asserted by the petitioner during prosecution (*id.* at 11-12), (2) "the Examiner [had already] evaluated [the previously examined art] . . . and substantively applied their teaching" to reject claims (*id.* at 13-14), (3) "the findings the Examiner made during prosecution and the arguments Petitioner [made were] substantially the same" (*id.* at 14-15), (4) the Petitioner failed to point out how the

Examiner errored in evaluating the previously raised art (*id.* at 16), and (5) the Petitioner failed to persuade the Board to reconsider the previously raised art and arguments (*id.* at 16-18). After concluding that § 325(d) justified denial, the Board noted that that § 314(a) builds upon a § 325(d) analysis, and specifically determined that the advanced state of the district court proceeding was an "additional factor" to justify denying the petition. *Id.* at 20. Similarly, in *ZTE (USA)*, the Board only considered § 314(a) after engaging in an § 325(d) analysis. Here, the PO does not assert that denial of institution is justified under § 325(d) and does not identify any similar facts described in *NHK Spring* or *ZTE (USA)*. Rather the ***only*** factor the PO identifies is the state of the district court proceeding.

E-one, Inc. v. Oshkosh Corp., IPR2019-00161, Paper 16 (PTAB May 15, 2019) is also substantially different. There, the Board noted that—based on arguments from the Petitioner in opposition to a motion for preliminary injunction in the district court—the obviousness arguments in the petition "overlap substantially with those in the Parallel District Court Case." *Id.* at 8. PO here makes no such showing and cannot make any such showing given that claim construction has yet to be completed in the district court, and that expert reports are not due until December 23, 2019. Ex. 1020 [Dkt. 40] at 6.

Second, there is no gamesmanship in the timing of this Petition. At the outset of the district court case in 2018, the PO asserted that Petitioner infringed a large

majority of the claims in the '027 patent. POPR at 3. The district court then ordered the PO to reduce the number of asserted claims, and the PO filed its identification of the narrowed claims on April 26, 2019. Ex. 1021 (Patent Owner's Identification of Asserted Claims at 1). Two months later, on June 28, Petitioner filed this petition. The Petitioner sought review of those claims necessary to remove the dispute between the parties, and did so within a reasonable amount of time after narrowing.

Third, there is no guarantee that trial will occur before the FWD here. While the schedule for FWD in an IPR is set by 35 U.S.C. § 316(a)(11), there is no such limit in district court. Any number of factors could (and frequently do) delay trial.

Fourth, the Patent Owner's assertion that the same art and arguments in the district court action will be addressed during trial is supposition. Intel's invalidity contentions identify thirteen prior art combinations not at issue in IPR2019-001196 and include combinations with product prior art. Moreover, in the event that the trial is delayed, and that the IPR proceeding goes first, any art subject to IPR estoppel would not go forward in the district court. Thus, the Patent Owner identifies nothing to suggest that were both proceedings to occur, there would be any expenditure of resources on the same issues. *See Intel Corp., v. Qualcomm, Inc.*, IPR2019-00129, Paper 9 at 12 (noting the possibility of termination of parallel proceeding weighed against denial under 314(a)).

Indeed, as it presently stands, Petitioner here actually challenges six claims

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