

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. 10,093,525

Case No. IPR2021-00398

**PATENT OWNER'S AUTHORIZED SUR-REPLY TO PETITIONER'S
AUTHORIZED REPLY**

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
II. THE BOARD SHOULD DENY INSTITUTION UNDER § 314(a)	2
A. Petitioner’s Stipulation Does Not Tip the Balance of <i>Fintiv</i> Factor 4 Away From Denial of Institution	2
B. The ALJ’s Denial of Petitioner’s Stay Motion Does Not Support Institution Under <i>Fintiv</i> Factor 1	4
C. A Holistic Consideration of the <i>Fintiv</i> Factors Indicates that the Petition Should Not Be Instituted	6
IV. CONCLUSION	9

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Apple Inc., v. Parus Holdings, Inc.</i> , IPR2020-00686, Paper No. 12 (P.T.A.B. November 18, 2020).....	5
<i>Apple v. Fintiv</i> , IPR2020-00019, Paper No. 11 (P.T.A.B. Mar. 20, 2020)	2, 7
<i>Canon Inc. v. Optimum Imaging Techs. LLC</i> , IPR2020-01321, Paper 10 (P.T.A.B. Mar. 1, 2021)	9
<i>Cellco P’ship d/b/a/ Verizon Wireless v. Huawei Techs. Co.</i> , IPR2020-01356, Paper 13 (P.T.A.B. Mar. 5, 2021)	7, 8
<i>Cisco Sys., Inc. v. Monarch Networking Sols. LLC</i> , IPR2020-01227, Paper 11 (P.T.A.B. Mar. 4, 2021)	9
<i>NVIDIA Corp. v. Tessera Advanced Techs., Inc.</i> , IPR2020-00708, Paper 9 (P.T.A.B. Sept. 2, 2020)	5
<i>PEAG LLC (d/b/a JLab Audio) v. Varta Microbattery GMBH</i> , IPR2020-01214, Paper 8 (P.T.A.B. Jan. 6, 2021)	5
<i>Philip Morris Prods., S.A. v. Rai Strategic Holdings, Inc.</i> , IPR2020-01602, Paper 9 (P.T.A.B. Apr. 2, 2021)	2, 7
<i>Regeneron Pharms., Inc. v. Novartis Pharma AG</i> , IPR2020-01317, Paper 15 (P.T.A.B. Jan. 15, 2021)	4, 8
<i>Sand Revolution II, LLC v. Continental Intermodal Grp. -- Trucking LLC</i> , IPR2019-01393, Paper No. 24 (P.T.A.B. June 16, 2020)	5
<i>Sotera Wireless, Inc. v. Masimo Corp.</i> , IPR2020-01019, Paper 12 (P.T.A.B. Dec. 1, 2020).	2, 3

TABLE OF EXHIBITS

<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 No. 4 - Procedural Schedule, dated December 4, 2020
2003	ITC Order No. 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 No. 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

<u>Exhibit #</u>	<u>Description</u>
2014	Printed Motion Works Ltd. Notice of Appearance and Designation of Lead of Attorney for Service, dated November 16, 2020
2015	<i>AutoStore Tech. AS v. Ocado Group PLC et al.</i> , Case No. 1:20-cv-01149, Dkt. 1 (Complaint) (filed Oct. 1, 2020) (E.D. Va.).
2016	ITC Order No. 6 - Denying Respondents' Motion for a Stay, dated March 9, 2021
2017	ITC Order No. 12 - Denying Respondents' Motion to Extend the Procedural Schedule and Target Date, dated April 20, 2021
2018	File history of U.S. Patent 9,422,108, which issued from Appl. Ser. No. 14/650,757 (produced in ITC Investigation No. 337-TA-1228)
2019	June 14, 2013 Norwegian Search Report for Norwegian Patent Application No. 20121488 (<i>available from</i> https://search.patentstyret.no/Patent/20121488/335839#case-history)
2020	April 15, 2021 e-mail from D. Guzior attaching draft Respondents' Stipulation Regarding Certain Invalidity Defenses for U.S. Patent No. 10,093,525
2021	February 23, 2021 Parties' Proposed Constructions, Inv. No. 337-TA-1228
2022	June 19, 2017 Letter and Annex from European Patent Office re: European Application No. 14 755 893.6
2023	October 26, 2017 Response from Ocado Innovation Ltd. to EPO re: European Application No. 14 755 893.6 (EP Phase of WO2015/019055)
2024	Excerpts from Webster's New Roget's A-Z Thesaurus
2025	Synonyms for "essentially", Thesaurus.com, <i>available at</i> https://www.thesaurus.com/browse/essentially , February 13, 2021

<u>Exhibit #</u>	<u>Description</u>
2026	Definition of “substantially”, Dictionary.com, <i>available at</i> https://www.dictionary.com/browse/substantially# , February 13, 2021
2027	Claim chart showing written description support for the Challenged Claims in NO/488 and in the '525 Patent.
2028	<i>Ocado Group PLC et al. v. AutoStore AS et al.</i> , Case No. 2:21-cv-68 (RCY), Dkt. 1 (Complaint) (filed Feb. 2, 2021) (E.D. Va.)

I. INTRODUCTION

Faced with a looming trial at the ITC involving the very same invalidity arguments it has raised in its IPR, Petitioner hopes the Board will forego the required holistic consideration of the six *Fintiv* factors—all of which still favor Patent Owner—to place extraordinary emphasis on just Factor 4: overlap between issues raised in the petition and in the parallel proceeding. But as explained in Patent Owner’s Preliminary Response, the proper consideration of all six *Fintiv* factors indicates that the Board should exercise its discretion to deny institution under § 314(a) in view of the advanced stage of a parallel proceeding at the International Trade Commission (“ITC”) involving the same patent, claims, and parties that is currently scheduled for an evidentiary hearing only *one week* after the Board is set to make its institution decision. Petitioner argues that its stipulation to not pursue invalidity defenses at the ITC if the IPR is instituted, and a single statement in a footnote of the then-presiding ALJ’s denial of Petitioner’s motion to stay the ITC investigation, should lead the Board to institute Petitioner’s IPR. But neither issue changes the calculus here. All of the *Fintiv* factors continue to weigh in favor of denying institution under § 314(a). And even if the Board were to credit Petitioner’s arguments, a holistic evaluation of the *Fintiv* factors still favors denial.

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

A. Petitioner’s Stipulation Does Not Tip the Balance of *Fintiv* Factor 4 Away From Denial of Institution

Fintiv Factor 4 considers whether there will be substantial overlap between issues raised in the petition and in the parallel proceeding, such that there would be a risk of conflicting decisions in the two proceedings. *Apple v. Fintiv*, IPR2020-00019, Paper No. 11 at 12 (precedential) (P.T.A.B. Mar. 20, 2020). Petitioner argues that its belated stipulation to “not pursue a defense in [the parallel ITC] Investigation that the ’525 Patent is invalid based on grounds that were raised or reasonably could have been raised in Respondents’ IPR petition for the ’525 Patent” “obviates concerns about overlap and conflicting decisions” pursuant to the Board’s decision in *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (precedential) (P.T.A.B. Dec. 1, 2020). (Pet. Reply at 3, 7). But these concerns remain even with the stipulation in place. Petitioner’s stipulation would not go into effect ***unless and until*** the IPR is instituted.¹ But the Board will not render its institution decision until the end of July—by then the parties will have spent ***even more*** time and effort

¹ This conditional withdrawal stands in contrast to *Philip Morris Prods., S.A. v. Rai Strategic Holdings, Inc.*, where the Petitioner withdrew its overlapping invalidity defenses in a parallel ITC proceeding before the Board’s institution decision. *See* IPR2020-01602, Paper 9 at 12-14 (P.T.A.B. Apr. 2, 2021).

litigating Petitioner's overlapping invalidity defenses, including completing claim construction and expert discovery leading up to an early August 2021 trial. As a result, even though stipulations like Petitioner's 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 now and by the date of institution. *See Sotera*, IPR2020-01019, Paper 12 at 19-20.

Additionally, Petitioner's stipulation only applies to the parallel ITC proceeding.² *See* Ex. 2020. But Patent Owner has also filed suit against Petitioner for infringement of the '525 Patent in the Eastern District of Virginia (which is currently stayed pending completion of the ITC proceeding). *See* Pet. at 1-2. By only stipulating that it will not pursue invalidity grounds that were raised or could have been raised in its IPR petition, Petitioner has implicitly reserved the right to pursue these same grounds in the district court proceeding after the stay is lifted. So while Petitioner's stipulation may streamline the issues with respect to the ITC proceeding, the potential for substantially overlapping and conflicting decisions between the IPR

² This is equally true with respect to Petitioner's stipulations for the other patents asserted in the ITC and Eastern District of Virginia proceedings, all of which are subject to currently-pending IPR and PGR petitions. *See* IPR2021-00274, IPR2021-00311, IPR2021-00412, PGR2021-00038.

proceeding and the district court remains high—further tipping Factor 4 in favor of denying institution. *See Regeneron Pharms., Inc. v. Novartis Pharma AG*, IPR2020-01317, Paper 15 at 18-29, 22 (P.T.A.B. Jan. 15, 2021) (finding that Factor 4 weighed in favor of denying institution where Petitioner’s proposed stipulation only applied to a parallel ITC proceeding but not to a district court proceeding involving the same patent).³

Consequently, *Fintiv* Factor 4 favors denying institution even in view of Petitioner’s stipulation.

B. The ALJ’s Denial of Petitioner’s Stay Motion Does Not Support Institution Under *Fintiv* Factor 1

While Patent Owner recognizes that ALJ Lord’s denial of Petitioner’s motion to stay stated in passing that it “might make sense” under certain circumstances to stay an ITC investigation (*see* Prelim. Resp. at 6), this statement was not an “explicit decision to consider a stay” as Petitioner contends. (Pet. Reply at 9). As an initial matter, CALJ Bullock (who is now presiding over the ITC investigation following ALJ Lord’s retirement) has not indicated that he would consider a renewed motion

³ None of the decisions cited by Petitioner where the Board found that a similar stipulations weighed in favor of institution involved multiple parallel proceedings between the same parties, wherein the petitioner’s stipulation only applied to a subset of those proceedings.

to stay if the IPRs were instituted. Indeed, now-presiding CALJ Bullock recently denied a motion by Petitioner to extend the procedural schedule, keeping the investigation on track for the scheduled August 2 evidentiary hearing. *See* Ex. 2017.

Further, in the cases cited by Petitioner, the *district court* judges in the parallel proceedings (not the ITC) stated that they would entertain a motion to stay if the petitions were instituted. *See NVIDIA Corp. v. Tessera Advanced Techs., Inc.*, IPR2020-00708, Paper 9 (P.T.A.B. Sept. 2, 2020), Ex. 2003 at 9:3-8 (judge explaining that he would consider a motion to stay after institution if petitioner decided to file one); *PEAG LLC (d/b/a JLab Audio) v. Varta Microbattery GMBH*, IPR2020-01214, Paper 8 at 14 (P.T.A.B. Jan. 6, 2021) (court expressly stated that a motion to stay could be refiled for consideration after institution). In contrast here, 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. It is improper for the Board to speculate how a court “might” rule on a presumptive renewed motion to stay—particularly since there is no indication that the currently-presiding CALJ would entertain a renewed motion to stay in the weeks leading up to the evidentiary hearing. *See Apple Inc., v. Parus Holdings, Inc.*, IPR2020-00686, Paper No. 12 at 5 (P.T.A.B. November 18, 2020) (citing *Sand Revolution II, LLC v. Continental Intermodal Grp. -- Trucking LLC*, IPR2019-01393, Paper No. 24 at 7 (P.T.A.B. June 16, 2020 (informative))).

Indeed, as explained in Patent Owner's Preliminary Response, a stay following institution is far from certain, given the imminence of the ITC trial date and because the ITC rarely grants stays for USPTO proceedings to ensure that it complies with its mandate to conduct investigations expeditiously. (*See* Prelim. Resp. at 6-8). A stay is also highly improbable in view of the uncertainty of the final outcome in the IPRs. As ALJ Lord explained, "[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 (Order No. 6 Denying Motion to Stay) at 8. The ITC's statutory mandate does not tolerate such delay. Moreover, in denying the motion for stay, ALJ Lord acknowledged the "abundant resources" that have been invested by the parties in the ITC investigation. *Id.* at 9. If this IPR is instituted, *even more* time and resources will have been expended by the parties at the ITC, making it far *less likely* that the investigation would be stayed.

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 ever be granted, *Fintiv* Factor 1 continues to strongly favor denying institution.

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

Even if Petitioner were correct that its stipulation, and the ALJ's alleged willingness to consider a stay, tip *Fintiv* Factors 1 and 4 in favor of institution, that

is not the end of the Board’s inquiry. Rather, *Fintiv* requires that “the Board take[] 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 Celco P’ship d/b/a/ Verizon Wireless v. Huawei Techs. Co.*, IPR2020-01356, Paper 13 at 19 (P.T.A.B. Mar. 5, 2021).

As Patent Owner’s Preliminary Response explains, the other *Fintiv* factors weigh strongly in favor of denying institution in view of the ALJ’s stay denial, the imminent August 2021 ITC trial (commencing only *one week* after the Board’s institution deadline here), the parties’ significant investment in the ITC proceeding that will continue unabated between now and the institution deadline,⁴ and the significant overlap of issues (such as claim construction) even if Petitioner

⁴ Petitioner overstates the Board’s assessment of “[whether] the petitioner filed the petition expeditiously” under *Fintiv* Factor 3 in *Phillip Morris*. In that case, the Board found “no unreasonable delay in Petitioner’s filing, and determine[d] that this fact is neutral” in assessing Factor 3. *Phillip Morris*, Paper 9 at 11-12. However, Factor 3 was ultimately found to weigh in favor of *denying* institution because of the parties’ significant investment of time and resources in the parallel ITC proceeding—as is the case here as well. *Id.*; *see also* Prelim. Resp. at 12-15.

withdraws certain invalidity defenses in July 2021. Moreover, Petitioner has the opportunity to pursue its claims regarding the alleged invalidity and unenforceability of the '525 Patent in multiple other venues (even upon stipulating to withdraw its invalidity defenses at the ITC), including in the patent infringement proceeding that Patent Owner filed in the Eastern District of Virginia and the retaliatory antitrust suit that Petitioner filed against Patent Owner, *Ocado Group PLC et al. v. AutoStore AS et al.*, Case No. 2:21-cv-68 (E.D. Va.) (*see* Ex. 2028)—both of which implicate many of the same issues the Board would consider here. As a result, “instituting review in this proceeding will do little to resolve the disputes between the parties and achieve efficient resolution. [...] Petitioner has other tribunals to press its claims, and giving it yet another does little to achieve the underlying purposes of the America Invents Act.” *Regeneron*, IPR2020-01317, Paper 15 at 23.

Considering *all* of these factors together, the Board should still exercise its discretion under § 314(a) to deny institution. *See Celco* at 19 (denying institution where “Factors 2, 3, 5, and 6 weigh in favor of exercising discretion to deny[,]” even though “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*, IPR2020-01317, Paper 15 at 24 (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 (P.T.A.B. 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).

IV. CONCLUSION

For the reasons stated above and in Patent Owner’s preliminary response, Patent Owner respectfully requests that the Board exercise its discretion under § 314(a) and deny institution of Petitioner’s IPR petition.

Case IPR2021-00398
U.S. Patent No. 10,093,525

Date: May 26, 2021

Respectfully submitted,

/s/ W. Todd Baker

W. Todd Baker (Reg. No. 45,265)
KIRKLAND & ELLIS LLP
1301 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
Telephone: (202) 389-5000
Facsimile: (202) 389-5200
Email: AutoStore_PTAB@kirkland.com

Joseph A. Loy (Reg. No. 51,972)
Arun P. Swain (Reg. No. 71,356)
KIRKLAND & ELLIS LLP
601 Lexington Avenue
New York, NY 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Email: AutoStore_PTAB@kirkland.com

Attorneys for Patent Owner
AutoStore Technology AS

Case IPR2021-00398
U.S. Patent No. 10,093,525

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a complete copy of the foregoing document was served on May 26, 2021 on counsel of record for the Petitioner via email to the following addresses:

Stephen J. Elliot
Raffaele A. DeMarco
Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
elliotts@sullcrom.com
demarcor@sullcrom.com

Date: May 26, 2021

/s/ Joseph A. Loy
Joseph A. Loy
KIRKLAND & ELLIS LLP
601 Lexington Avenue
New York, NY 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Email: AutoStore_PTAB@kirkland.com