

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ASSA ABLOY GLOBAL SOLUTIONS, INC., HID GLOBAL CORP.,
Petitioners,

v.

URBAN INTEL INC,
Patent Owner.

Case IPR2023-00815
Patent No. 9,373,205

**PETITIONERS' REPLY TO PATENT OWNER'S
PRELIMINARY RESPONSE**

On September 19, 2023, the Board authorized Petitioners to submit a fifteen-page reply addressing: (1) Patent Owner’s 314(a) arguments regarding *Fintiv*; (2) Patent Owner’s arguments regarding alleged abuse of the IPR process; and (3) Patent Owner’s claim construction of requiring the door lock to be activated at the same time as receiving a reservation certificate. Ex-3001.

I. PETITIONERS’ SOTERA STIPULATION REMOVES OVERLAP

Under the Interim Procedure, “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.” Interim Guidance, 3. Parties in district court litigations (ASSA ABLOY AB (“AAAB”), ASSA ABLOY Mobile Services AB, ASSA ABLOY Global Solutions AB, ASSA ABLOY Global Solutions, Inc. (“AAGS, Inc.”) (collectively, “AA entities”) and Marriott International Inc. (“Marriott”), and real parties-in-interest (“RPIs”) in this proceeding (AA entities, Marriott, and HID Global Corp.), stipulate that if the Board institutes IPR on this Petition, they will not pursue in the related district court proceedings, *Liberty Access Technologies Licensing LLC v. Marriott International, Inc.*, 2:22-cv-00318 (E.D. Tex.) (“Marriott Action”), *Liberty Access Technologies Licensing LLC v. ASSA ABLOY AB et al.*, 2:22-cv-00507 (E.D. Tex.) (“Texas Action”), and *ASSA ABLOY Global Solutions, Inc. v. Liberty Access*

Technologies Licensing LLC, 1:23-cv-00756 (N.D. Ill.) (“Illinois Action”), “any ground that [Petitioners] raised or reasonably could have raised” during this proceeding. *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18-19 (PTAB Dec. 1, 2020); 35 U.S.C. § 315(d); Ex-1021.

II. PETITIONERS HAVE NOT ABUSED THE IPR PROCESS

Patent Owner’s arguments that Petitioners “abused the IPR process” are factually and legally flawed. The Board has never held that filing an IPR defensively, in response to litigation, is abusive. RPIs and Petitioners have not sought to extract payment from the Patent Owner, but rather only sought to *preempt* costly litigation. Petitioners’ IPR challenge is consistent with the Board’s primary objective to issue and maintain *valid* patents.

A. AAAB and Its Affiliates Attempted to Reasonably Engage with Liberty Before Petitioners Defensively Filed This IPR to Protect Themselves and Their Customers from Infringement Allegations

AAAB’s letters to Patent Owner prior to the parallel litigation evidence only a good faith attempt to negotiate. Prior to the letters, Patent Owner’s purported exclusive licensee, Liberty Access Technologies (“Liberty”), filed suit against Marriott, a customer of Petitioner AAGS, Inc. Ex-2001 at 1, 18 (Liberty’s Complaint against Marriott, filed Aug. 18, 2022); Ex-1016 at 30, ¶17 (Liberty’s Complaint in the Texas Action against AAAB citing Exhibit G (“Delta Hotels by Marriott...”)) as evidence of AAAB’s alleged infringement); Ex-1017 ¶¶16, 46.

The Marriott Action involved Petitioner AAGS, Inc.'s U.S. line of products, necessarily involving RPI AAAB and its affiliates. In response, AAAB sent a letter to Liberty stating:

AAAB's award-winning mobile access technology predates Liberty's Access Control Portfolio by many years. AAAB demonstrated this mobile access technology publicly at least as early as 2006 and offered for sale products using this technology well before the earliest priority date of any patent in Liberty's Access Control Portfolio.

Ex-2005. RPI AAAB also stated that, as a sign of good faith, it would agree not to share its prior art with any other entity in exchange for a license to the patents. *Id.* Two weeks later, AAAB sent a second letter to Liberty, this time identifying its own prior patent, *Elfström* (Ex-1006, Grounds 4-6 in this proceeding), along with a claim chart mapping *Elfström* to the claims of the '205 patent. Ex-2007. Again, AAAB reiterated its offer to not share its prior art with other entities and to forego invalidation proceedings in exchange for a license. *Id.* Liberty refused to engage in negotiations, but instead chose to file suit in district court. POPR at 11. Patent Owner's lawsuit clarified Patent Owner's accusations against AAAB directly and further implicated AAAB's U.S. affiliates. Thereafter, Petitioners diligently worked to file the instant Petition—challenging the '205 patent not as an abusive tactic but to establish that the '205 patent is invalid. This fact pattern is distinct

from all prior findings of abuse before the Board and aligns with the intent of the AIA.

B. Petitioners and RPIs Never Sought to “Extract Payment” From Liberty, the Only Circumstance the Board has Found Abusive

Petitioners and RPIs never sought payment from Liberty. To the contrary, they sought to *avoid* paying Liberty an unmerited fee for patents post-dating technology AAAB had been using for years before the patent’s priority date—not to mention to avoid costly litigation. This is not abusive.

In the two cases where the Board has taken punitive action for IPR abuse, unlike here, the petitioner demanded *payment* from the patent owner. In *Patent Quality Assurance v. VLSI Technology LLC*, IPR2021-01229, Paper No. 102 (P.T.A.B. Dec. 22, 2022) (Precedential), the Director dismissed petitioner Patent Quality Assurance (PQA) from the proceeding because “PQA abused the IPR process by filing this IPR, and threatening to file another IPR petition seeking to join a related, instituted IPR . . . , **in an attempt to extract payment from [Patent Owner].**” *Id.* at 4.¹ Similarly, in *OpenSky Industries, LLC, v. VLSI Technology LLC*, IPR2021-01064, Paper No. 102 at 29 (P.T.A.B. Oct. 4, 2022) (Precedential), the Director found “[u]sing AIA post-grant proceedings, including the IPR process,

¹ Emphases and colors are added unless otherwise noted.

for the sole purpose of extracting payment is an abuse of process warranting sanctions.”

Neither of these findings apply to the instant case. Here, RPIs and Petitioners did not demand payment of any kind from Patent Owner or its purported licensee Liberty. Patent Owner wrongly equates a request for a license to abuse. That Patent Owner asserts that it “feel[s] as if it was being extorted,” POPR at 10, does not mean that it was or that licensing negotiations are evidence of extortion. Indeed, Patent Owner provides no such evidence. Further, Patent Owner fails to provide a single case on the issue of prelitigation letters supporting its positions. POPR at 7-14.² Importantly, parties routinely enter pre-litigation negotiations, and every court considering the question of whether a plaintiff may send a pre-litigation negotiation letter has rejected the idea that these letters amount to bad faith or extortion.³ It cannot be true that Patent Owners that initiate

² Patent Owner includes a general cite to *Fintiv* regarding “a wholistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” POPR at 13. But prelitigation letters like the subject December 2022 letters, as demonstrated herein, are *encouraged* by courts.

³ See, e.g., *Globtrotter Software, Inc. v. Elan Computer Group, Inc.*, 362 F.3d 1367, 1377 (Fed. Cir. 2004) (requiring an “objectively baseless test” to determine

pre-litigation negotiation, under a threat of litigation, are acting in good faith, but a party facing an active lawsuit and further imminent litigation, like AAAB, who initiates negotiations, is not. Thus, AAAB's attempt to negotiate a license was not an abuse of the IPR process.

C. RPI AAAB's Request for a License Was Not "Objectively Baseless"—It Was in Good Faith Because a "Reasonable Litigant" Would Expect the '205 Patent to Be Invalid

The Federal Circuit applies an "objectively baseless" test to determine whether a prelitigation communication is in bad faith—that bad faith exists if “no

whether a prelitigation communication is in bad faith); *Sosa v. DIRECTV, Inc.*, 437 F.3d 923, 939 (9th Cir. 2006) (“It is certainly possible, perhaps even likely, that the threat of being faced with a costly lawsuit induced ‘fear’ in [the recipient of a prelitigation letter], but extortion requires more than fear.”); *Coastal States Mktg., Inc. v. Hunt*, 694 F.2d 1358, 1367 (5th Cir. 1983) (“If litigation is in good faith, a token of that sincerity is a warning that it will be commenced and a possible effort to compromise the dispute.”); 1 Philip E. Areeda & Herbert Hovenkamp, *Antitrust Law* ¶ 205e, at 237–38 (2d ed. 2000) (“Although a mere threat directed at one's competitor to sue or to seek administrative relief does not involve or ‘petition’ the government, *it would be anomalous and socially counterproductive to protect the right to sue but not the right to threaten suit.*”).

reasonable litigant could realistically expect success on the merits.” *Globtrotter*, 362 F.3d at 1376 (quoting *Profl Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 57 (1993)). The Federal Circuit applies the same question to prelitigation communications. *Id.*, 1376-77.

Like the defendant in *Globtrotter*, Patent Owner “has not even attempted to make such a showing [of objective baselessness] here.” *Id.*, 1377. Nevertheless, the provided claim chart in Petitioners’ second letter (Ex-2007)—and the Petition itself—proves these letters were in good faith: the ’205 patent is invalid over multiple grounds, including over patents authored and owned by AAAB and its affiliates. AAAB and Petitioner AAGS, Inc. have also raised allegations of invalidity along with inequitable conduct at court, further evidencing the good faith basis of the December 2022 letters. Ex-1018 at 26-32, 34-35 (Petitioner AAGS, Inc.’s invalidity and inequitable conduct allegations in the Illinois Action); Ex-1019 at 61-67 (AAAB’s invalidity and inequitable conduct allegations in the Texas Action). Indeed, Patent Owner’s only disputes in this proceeding on the merits are based on Patent Owner’s new, flawed claim construction positions. *Infra* Section III. Because the December 2022 letters contain no objectively baseless claims or falsehoods and were sent in good faith, their existence is not evidence of abuse, and should not influence whether the Petition should be instituted.

**D. Petitioners’ IPR Is Consistent with the Intent of the AIA—
Offering Defendants in Litigation a Forum to Present Invalidity
Challenges, with a Vested Interest in Cancelling Invalid Patents**

Petitioners’ conduct here is in the spirit of the AIA, which sought to provide an expedient and less costly patent dispute resolution process. Opining on the proper use of the PTAB, the Director recognized that “those entities subject to current or future assertions, or potential assertions, and the public, have a vested interest in canceling invalid patents.” *Patent Quality Assurance*, IPR2021-01229, Paper No. 102 at 49. Here, Liberty launched its patent dispute campaign by suing Petitioners’ customer, and, after early resolution failed, suing AAAB. Petitioners then opted for the expedient and less costly route of IPRs to assert AAAB’s prior art, among others, against Patent Owner. Given the suit against Marriott at the time of AAAB’s letters, and the suit against AAAB as of the filing of this proceeding, RPIs and Petitioners are exactly the entities the Director recognizes as having a “vested interest in canceling invalid patents”—“those entities subject to current or future assertions, or potential assertions.” *Id.*

E. Patent Owner’s Inequitable Conduct Is Irrelevant

Finally, Patent Owner accuses RPI AAAB of offering to “bury”⁴ alleged

⁴ Patent Owner purports to quote this word, POPR at 12, but it notably does not exist in any exhibit—AA entities and Petitioners never used it.

inequitable conduct. Whether Patent Owner did or did not engage in inequitable conduct during prosecution of this patent is irrelevant to this proceeding because the PTAB cannot decide inequitable conduct claims.

Patent Owner's main evidentiary support is that AAAB allegedly raised inequitable conduct allegations as a bullying tactic only because AAAB and its affiliates have not raised its inequitable conduct allegations at court. POPR at 11. But, Patent Owner is wrong. AAAB and Petitioner AAGS, Inc.'s inequitable conduct claims and the underlying factual bases are readily available in the Answer filed on May 8, 2023 in the Illinois Action and in the Answer filed on September 8, 2023 in the Texas Action. Ex-1018, at 27-32; Ex-1019, at 61-67. Thus, Patent Owner has known for months of the inequitable conduct claims, despite its claims otherwise, disproving any argument of Petitioner wrongdoing.

AAAB's December 23, 2022 letter properly stated that AAAB and its affiliates are under no obligation to report the "*potential* inequitable conduct" and that any such obligation is on the Patent Owner. Ex-2008 at 1. Patent Owner conflates a duty of disclosure by the patent owner or applicant to the USPTO, with what Patent Owner appears to allege is a duty of disclosure by a third party, which does not exist. *Compare* M.P.E.P. § 2001 (quoting *In re Tendler*, Proceeding No. D2013-17 (USPTO Jan. 1, 2014) ("If a party to a USPTO proceeding discovers that an earlier position taken in a submission to the USPTO ... was incorrect ...,

the party must correct the record”) with *id.* (“During prosecution, third parties may have an opportunity to disclose information to the USPTO,” or “third parties may disclose information directed to issued patents.”). Thus, neither Petitioners nor RPIs ever violated or proposed violating a duty of disclosure.

III. THE BOARD SHOULD REJECT PATENT OWNER’S NEW, INCORRECT CLAIM CONSTRUCTION ARGUMENTS

Patent Owner raises three flawed claim construction arguments: 1) that [1C], [1D], and [1E] occur “at the same time”; 2) that [13A] occurs when [13D] and [13E] occur, and 3) that the lock device stores the current reservation certificate locally “as required by limitation [1E].” Each of these constructions is wrong for directly contradicting the claims, specification, and prosecution history.

Patent Owner’s new construction should be rejected entirely. But, regardless of what construction is used, Patent Owner’s claims are invalid because *Knutsson* renders obvious the claimed limitations. Pet. 8-42.

A. Claim 1: The Plain and Ordinary Meaning of “When” is “If” Based on the Claim and the Prosecution History

Patent Owner first incorrectly asserts that [1C], [1D], and [1E] occur “at the same time.” First, the claim itself proves this cannot be true. Elements [1C], [1D], and [1E] of claim 1 together recite:

“[1C] wherein, when a current reservation certificate that compromises an interval of a reservation is presented by the portable terminal, [1D] the processor is configured to compare the interval of the reservation of the current reservation certificate to a current time accessible to the

process, determine the current time is within the interval of the reservation, and [1E] activate the door lock to allow the portable terminal to unlock the door lock during the interval of the reservation.”

First, the plain language of the claim does not support Liberty’s construction. The claim requires that the current reservation certificate is first presented by the portable terminal (step one), and then the processor is configured to perform three functions that must occur in a particular order: the processor compares the interval of the reservation to a current time (step two), after the comparison, the processor determines if the current time is within the interval of the reservation (step three), and the processor then activates the door lock during the interval (step four). If the processor were simply to activate the door lock (step four) without accomplishing the steps two and three, the processor could activate the door lock outside of the interval. This cannot be true because Claim 1 confirms the current reservation certificate including the interval must first be presented (step one) before the interval is used (steps two-four). Patent Owner’s construction would render steps two and three superfluous, violating the tenant that “all patent claim terms are presumed to have meaning in a claim.” *Innova/Pure Water, Inc. v. Safari Water Filtration Systems Inc.*, 381 F.3d 1111, 1119 (Fed. Cir. 2004). Thus, only an order is required and not a timeframe (e.g., seconds, milliseconds, etc.).

Patent Owner’s construction also attempts to improperly recapture claim scope disclaimed in Reexamination No. 96/000,367. Before reexamination, claim 1

recited, “wherein the processor activates the door lock **when a current reservation certificate has been presented.**” Ex-1010 at 25-26. Following rejection, *id.* at 122, Patent Owner amended the claim to add the ordered combination of steps one in [1C], two and three in [1D], and four in [1E]. *Id.*, at 210. In a similar case, the Supreme Court recognized that a “patentee’s decision to narrow his claims through amendment may be presumed to be a general disclaimer of the territory between the original claim and the amended claim.” *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 740 (2002).⁵ Patent Owner’s disclaimer bars it from recapturing the prior scope.

Because the intrinsic record is clear, extrinsic evidence should not be considered. But Liberty’s cited extrinsic evidence supports interpreting “when” as “if,” consistent with the claims and prosecution history. *See* POPR at 19; Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/when> (“in the event that: **IF**”); Oxford English Dictionary, Oxford University Press, <https://doi.org/10.1093/OED/6162952604> (“Sometimes almost conditional, with the sense of ‘**if**’”). Further, in view of the intrinsic history, the definition of “when” must be “if” such that claim 1 reads that “if” a current

⁵ Patent Owner also confirmed it “only narrow[ed]” its claims in the reexamination. Ex-1010 at 252 (citing MPEP § 2258 (III)(A)).

reservation certificate is presented (step one), then the processor is configured to perform its steps in a particular order (steps two, three, and four). This understanding is also consistent with Liberty’s description of the ’205 patent in claim construction briefing in the district court in the Marriott case. Ex-1020, at 4 (“unlock the door **if** certain criteria are met (e.g., the reservation is current).”).

B. Claim 13: No Limitation Requires [13A]-[13D] to Occur “When” Limitation [13E] Occurs

Although claim 13 does not contain the word “when” like claim 1, Patent Owner wrongly argues claim 13 “requires that the door lock activation occurs **when** ‘the reservation certificate’ is ‘accepted’ by the processor of lock device 40.” POPR at 22. This is plainly refuted by claim 13, reproduced in part below:

“[13A] **accepting**, by a processor [13B] through a communication module, [13C] a reservation certificate that comprises an interval of a reservation presented with a portable terminal; [13D] **determining**, by the processor, that the reservation certificate presented by the portable terminal is current by comparing the interval of the reservation to a current time accessible to the processor and **determining that the current time is within the interval of the reservation**; and [13E] **activating**, by the processor on the basis of the reservation certificate being current, a door lock to allow the portable terminal to unlock the door lock during the interval of the reservation.

Claim 13. Patent Owner’s construction is thus incorrect because (1) claim 13 does not require activating the door lock at the same time as the reservation certificate is presented; (2) the functions [13A] (function **one**), [13D] (functions **two** and **three**), and [13E] (function **four**) are an ordered combination, this time of a method claim;

and (3) the Patent Owner introduced relevant claim language in Reexamination No. 96/000,367 to overcome an invalidity rejection.

First, Patent Owner admits that “claim 13 does not contain the term ‘when.’” *Id.* Patent Owner’s attempt to import new language and limitations into claim 13 should be rejected. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1323 (Fed. Cir. 2005).

Second, as for claim 1, accepting the reservation certificate comprising an interval ([13A]-[13C]) must occur *before* determining the reservation certificate is current by comparing the interval (which was first accepted by a processor [13A]-[13C]) to a current time and determining the current time is within the interval ([13D]). [13A]-[13C] and [13D] must, therefore, occur *before* the door lock is activated [13E]. Like claim 1, it is logically impossible for [13A]-[13C] to occur “at the same time” as [13D] and [13E].

Third, Patent Owner amended claim 13 in Reexamination No. 96/000,367 to overcome rejections, clarifying that the “accepting” function of [13A]-[13C] accepts a reservation certificate that includes an “interval”, and the “determining” function of [13D], where a comparison function happens based on the reception of the “interval,” occurs before [13E]. Ex-1010 at 30, 213, 309. These amendments clarify that claim 13 recites an ordered combination. Thus, Patent Owner disclaimed any previous claim scope that [13E] and [13A]-[13C] occur at the same.

C. Claim 1: No Limitation Requires “Stor[ing]” the Reservation Certificate on the Lock Device

Patent Owner attempts to improperly require that the current reservation certificate is “stored locally on [the] lock device.” POPR at 20. Local storage is only one embodiment in the specification, Ex-1001 at 6:7-12, and the Federal Circuit has long cautioned against reading a limitation from the specification into the claims. *Phillips*, 415 F.3d at 1319-20. Nothing in the language of claim 1 requires or implies storage of the certificate in the lock device. *Id.*, 1314, 1323; *Trebro Mfg., Inc. v. Firefly Equipment, LLC*, 748 F.3d 1159, 1166-67 (Fed. Cir. 2014). And, like the claim language at issue in *Trebro*, nothing here in the claims or specification limits storage to local storage on the lock device. Because storing the certificate on the lock device has no support and none is even presented, POPR at 20, Patent Owner’s construction is wrong.

IV. CONCLUSION

Institution is proper because *Fintiv* cannot apply to this proceeding, Petitioners have acted consistently within the bounds of the AIA in good faith, and Patent Owner’s sole dispute for Grounds 1-3 depends on incorrect constructions.

Date: October 4, 2023

Respectfully Submitted,

/Kara A. Specht/

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **Petitioners' Reply to Patent Owner's Preliminary Response** was served electronically via email on October 4, 2023, in its entirety on the following:

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Patent Owner has consented to service by email.

Date: October 4, 2023

By: /Lisa C. Hines/
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