

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

**PATENT OWNER'S SURREPLY IN SUPPORT OF ITS
PRELIMINARY RESPONSE TO THE PETITION
FOR *INTER PARTES* REVIEW OF U.S. PATENT NO. 9,373,205**

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TABLE OF CONTENTS

I. THE PETITION SHOULD BE DENIED UNDER THE BOARD’S GENERAL DISCRETIONARY POWERS.....	1
II. PETITIONERS’ ATTEMPTS TO REWRITE THE CLAIMS SHOULD BE REJECTED.....	5
III. CONCLUSION	8

TABLE OF AUTHORITIES

Cases

<i>Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.</i> , 839 F.3d 13825 (Fed. Cir. 2016)	2
<i>United States v. Arthrex, Inc.</i> , 594 U.S. ___, 141 S.Ct. 1970, 210 L.Ed.2d 268 (2021)	2

Statutes

18 U.S.C. § 875	3, 5
35 U.S.C. § 314	2

Regulations

37 C.F.R. § 11.803	4
37 C.F.R. § 42.4	2

Other Authorities

<i>OpenSky Industries, LLC, v. VLSI Tech. LLC</i> , IPR2021-01064, Paper No. 102 (P.T.A.B. Oct. 4, 2022).....	3
<i>Patent Quality Assurance v. VLSI Tech. LLC</i> , IPR2021-01229, Paper No. 102 (P.T.A.B. Dec. 22, 2022)	2

EXHIBIT LIST

Exhibit	Description
2008	Letter dated December 23, 2022 (the “Third Letter”)*
2009	20 House Report No. 96-1307, 96th Cong., 2d Sess. (1980)*

*Previously filed.

Urban Intel Inc. (“Patent Owner”) respectfully submits this Sur-Reply in further support of its Preliminary Response (Paper 7; the “Response” or “POPR”) to the Petition for *Inter Partes Review* No. IPR2023-00815 (Paper 1) (the “Petition” or “Pet.”) of U.S. Patent No. 9,373,205 (the “205 patent”) filed by ASSA ABLOY Global Solutions, Inc. and HID Global Corp. (“ASSA” or “Petitioners”). This Sur-Reply responds to the arguments contained in Petitioners’ Reply (Paper 8; the “Reply”) as permitted by the Board (Exhibit 3001).

For the reasons detailed below, the new arguments presented in the Reply do not remedy the deficiencies in the Grounds presented in the Petition, and for that reason the Petition should be denied.

I. THE PETITION SHOULD BE DENIED UNDER THE BOARD’S GENERAL DISCRETIONARY POWERS.

Petitioners’ unincited threats to file IPR petitions and a declaratory judgment action unless granted a free license to three valuable patents, as well as their improper efforts to leverage alleged inequitable conduct (and to keep such alleged inequitable conduct “confidential” under their proposed non-disclosure agreement), runs directly counter to the purpose and goals of the post-grant administrative challenge system. The goal of post-grant administrative patent challenges is to “permit efficient resolution of questions about the validity of issued patents without recourse to expensive and lengthy infringement litigation.” 20 House Report No.

96-1307, 96th Cong., 2d Sess. (1980). See Exhibit 2009 at p. 2. The U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit have recognized that the PTAB has broad discretion to deny institution of a petition for reasons other than the merits. See *United States v. Arthrex*, 594 U.S. ___, 141 S.Ct. 1970, 1977, 210 L.Ed.2d 268, 276 (2021); *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, 839 F.3d 1382, 1385 (Fed. Cir. 2016). For example, “by statute, the Director determines whether to institute an IPR, and has discretion whether to do so.” 35 U.S.C. § 314. The Director “has delegated decisions on institution to the Board (37 C.F.R. § 42.4), [although] the Director retains the power to review such decisions.” *Patent Quality Assurance v. VLSI Tech. LLC*, IPR2021-01229, Paper No. 102, p. 20 (P.T.A.B. Dec. 22, 2022) (Precedential).

Here, Petitioners have abused the IPR process and, in doing so, have generated not one, but two parallel U.S. District Court litigations in addition to three unwarranted and baseless petitions for *inter partes* review. See Response, § III at pp. 2-14. The Board and its Director should exercise their broad discretion to deny institution in order to deter abuses of the IPR process like that which Petitioners have perpetrated here.

In their Reply, Petitioners attempt to distinguish the abuse of process found in *Patent Quality Assurance* and *OpenSky Industries*¹ on the basis that, in those cases, the sanctioned parties were attempting to extract payment from the Patent Owner. Reply at p. 4. But that is exactly what Petitioners were attempting to do by demanding a free license to Urban Intel’s patents in exchange for withholding IPRs, not filing a declaratory judgment action, and agreeing to keep their allegations of inequitable conduct “confidential”—attempting to obtain something of value by using threats. In other words, Petitioners were attempting to extort a free license by threat of IPRs, costly litigation, and exposure of alleged improper patent prosecution conduct. *See* 18 U.S.C. § 875 (defining several federal crimes related to extortion and threats, with one, § 875(d), being transmission of “any communication containing any threat to injure the property . . . of the addressee” “with intent to extort from [the addressee] . . . any money *or thing of value*” (emphasis added)). Patents are things of value—they are a property right that is valid unless and until found otherwise. And, as outlined in the Response, at the time Petitioners attempted to extort a free license to Urban Intel’s patents, there was no dispute between the parties. *See* Response, § III.E at pp. 7-13. In fact, in all of its initial emails and phone calls, ASSA never mentioned that it provided certain lock hardware to

¹ *OpenSky Industries, LLC, v. VLSI Tech. LLC*, IPR2021-01064, Paper No. 102 at 29 (P.T.A.B. Oct. 4, 2022) (Precedential)

Marriott International, Inc. and did not do so until after Liberty Access Technologies Licensing LLC had filed suit against ASSA directly.

If Petitioners' true intent was to efficiently resolve questions about the validity of Patent Owner's patents "without recourse to expensive and lengthy infringement litigation," they would have, and could have, simply filed petitions for *inter partes* review. Instead, they attempted to extort a free license, then filed a declaratory judgment action, and only then, five months later, filed petitions for *inter partes* review. *See* Response, § III.E at pp. 7-13.

After its IPR threats failed to extort a free license, Petitioners also misused the patent system by claiming to have evidence of inequitable conduct related to Patent Owner's patents, and then offering to withhold that evidence of alleged inequitable conduct if granted the free license they were seeking. *See* Response, § III.E at pp. 10-12. Although raised in the POPR, Petitioners' Reply provides no explanation for why Petitioners failed to comply with 37 C.F.R. § 11.803, which makes clear that a patent practitioner "who knows that another practitioner has committed a violation of the USPTO Rules of Professional Conduct ... shall inform the OED director and any other appropriate professional authority" of any inequitable conduct.

Petitioners also fail to provide any explanation as to why their "evidence of potential inequitable conduct" (*see* Exhibit 2008) needed to be disclosed under an NDA. If Petitioners were not trying to leverage their allegations of inequitable

conduct for an improper purpose, an NDA was wholly unnecessary. Indeed, as Petitioners explicitly state in their Reply, “[w]hether Patent Owner did or did not engage in inequitable conduct during prosecution of the ’205 patent *is irrelevant to this proceeding* because the PTAB cannot decide inequitable conduct claims.” (Reply at p. 9; emphasis added). Accordingly, Petitioners’ motivation for demanding an NDA in order to disclose such alleged “evidence” of inequitable conduct could not be clearer -- a blatant attempt to use a threat of disclosing some injurious information in order to obtain a valuable license to the patents. *See* 18 U.S.C. § 875 . Allowing this type of behavior completely undermines the purpose of the post-grant administrative challenge system.

The PTAB should deny this IPR as a sanction for Petitioners’ extortionary practices and to discourage others from engaging in similar attempts to extract a free license from patent owners.

II. PETITIONERS’ ATTEMPTS TO REWRITE THE CLAIMS SHOULD BE REJECTED.

In order to overcome the clear deficiencies in the presented prior art, Petitioners present, for the first time in their Reply, the novel argument that “when” does not mean “when,” but instead means “if.” Reply at pp. 10-13. This attempt to rewrite the claims in a tortured attempt to read Knutsson onto claims 1 and 13 should

be denied for the reasons outlined in the POPR.² See Response, § IV.D at pp. 18-23. But, more importantly, even if the term “when” does mean “if,” Knutsson still fails to teach or suggest limitations [1C]-1[E]. Claim 1 recites:

“wherein, ***when a current reservation certificate that comprises an interval of a reservation is presented by the portable terminal, the processor is configured to*** [1] compare the interval of the reservation of the current reservation certificate to a current time accessible to the processor, [2] determine the current time is within the interval of the reservation, and [3] activate the door lock to allow the portable terminal to unlock the door lock during the interval of the reservation.”

’205 patent, claim 1 (emphasis added). The “when” clause applies to the remaining three steps of this limitation, two of which clarify the temporal nature of the claim by discussing a “current reservation certificate” and a “current time.” For this reason, rewriting the claim so that “when” means “if” would not resolve the deficiencies of Knutsson as to claim 1.

Specifically, as detailed in the POPR, Knutsson discloses activating a door lock based only on transmission of a Bluetooth® address at some time *after* certain

² Patent Owner’s analysis of the “when” limitation was not a basis for the POPR’s proof that the combination of Elfstrom and Woodard does not render obvious any claims of the ’205 patent. See Response, § IV.G at pp. 25-26. In fact, under Petitioners’ construction that “when” in claim 1 means “if,” the combination of Elfstrom and Woodard is even less relevant to the claims of the ’205 patent. As discussed in the POPR, that combination does not teach or suggest that a processor on the lock itself receives a reservation certificate. So if “when” means “if,” the combination of Elfstrom and Woodard cannot render obvious claim 1 because no reservation certificate is ever presented, and steps [1C]-1[E] are never performed by the combined system of Elfstrom and Woodard.

reservation information is sent to the lock, not at the time the reservation information is first received. *See* Response, § IV.D at pp. 19-21. So even if “when” in claim 1 did mean “if,” Knutsson would still fail to render obvious claim 1 because a Bluetooth® address is not a reservation certificate. In short, under Petitioners’ proposed construction, if no reservation certificate is received by the processor, then the remaining steps of the limitation would not be performed. Knutsson discloses only that a Bluetooth® address triggers the remaining three steps of the key limitation. But a Bluetooth® address is not a reservation certificate, so Knutsson does not disclose sending a reservation certificate to cause the processor to perform the remaining three steps of the key limitation, and therefore Knutsson fails to render obvious claim 1 even under Petitioners’ proposed construction of “when.”

As to claim 13, Petitioners argue that “claim 13 does not require activating the door lock at the same time as the reservation certificate is presented” because claim 13 does not include the word “when.” Reply at p. 13. But, as detailed in the POPR (*see* Response, § IV.D at p. 22), the language of claim 13 requires that the door lock activation occurs when “the reservation certificate” is “accepted” by the processor of lock device 40. ’205 patent, claim 13. Specifically, claim 13 requires that the lock is activated “on the basis of the reservation certificate being current.” *Id.*, limitation [13E]. As described above with respect to claim 1, Knutsson does not disclose such a feature because the lock is activated only after the data object 12 has

been received, and is activated based solely on verification that the Bluetooth® address transmitted is authorized to unlock the door. For at least that reason, Knutsson fails to teach or disclose “accepting a reservation certificate” and “activating by the processor on the basis of the reservation certificate being current, a door lock,” and therefore fails to render obvious claim 13.

III. CONCLUSION

Patent Owner again requests that the Board deny institution of the Petition.

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6, the undersigned certifies that on this day the foregoing document was served on counsel of record for Petitioners by filing this document through the End-to-End System, as well as *via* electronic mail to counsel of record for Petitioners at the following address:

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