

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner

v.

DARELTECH, LLC,
Patent Owner

Case IPR2020-00483
U.S. Patent No. 9,503,627

**PATENT OWNER'S
PRELIMINARY RESPONSE TO PETITION
UNDER 37 C.F.R. § 42.107(a)**

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PATENT OWNER EXHIBIT LIST

Exhibit No.	Description
2001	Declaration of Ramzi Khalil Maalouf, dated June 18, 2020
2002	Reserved
2003	YouTube Video – OONO HandlePa, "HandlePa" YouTube. Available at https://www.youtube.com/watch?v=4pNi-BCUPPw (October 14, 2014)
2004	Excerpt from <i>AIPLA Report of the Economic Survey 2019</i> , page I-188. Available at https://www.aipla.org/detail/journal-issue/2019-report-of-the-economic-survey (2019)
2005	“Trial Statistics IPR, PGR, CBM Patent Trial and Appeal Board”, USPTO. Available at https://www.uspto.gov/sites/default/files/documents/trial_statistics_20200430.pdf (April 2020)
2006	<i>Patent Trial and Appeal Board Consolidated Trial Practice Guide</i> , USPTO. Available at https://www.uspto.gov/sites/default/files/documents/tpgnov.pdf (November 2019)
2007	M.J. Meurer, “Inventors, entrepreneurs, and intellectual property law”. <i>Houston Law Review</i> , 45, 1201-1281. Available at https://houstonlawreview.org/article/4828-inventors-entrepreneurs-and-intellectual-property-law (2008)
2008	Stuart Graham, et al, “Intellectual Property and Technology Startups: What Entrepreneurs Tell Us”. <i>Technological Innovation: Generating Economic Results: Advances in the Study of Entrepreneurship, Innovation & Economic Growth</i> , Vol. 26, pp. 163-199. Available at https://ssrn.com/abstract=3077282 (2016)

Exhibit No.	Description
2009	Ronald Mann, “Do Patents Facilitate Financing in the Software Industry?”. <i>Texas Law Review</i> , Volume 83, Number 4. Available https://pdfs.semanticscholar.org/7d53/b6f11090bbf764e28ff2905d95bcdeb119bc.pdf (March 2005)
2010	Transcript of Oral Argument, <i>Oil States</i> , 138 S. Ct. 1365. Available at https://www.supremecourt.gov/oral_arguments/argument_transcripts/2017/16-712_7kh7.pdf (November 2018)
2011	Greg Reilly, “The PTAB’s Problem?”. 27 <i>Texas Intellectual Property Law Journal</i> 31. Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3385481 (May 2019)
2012	Brief for the Federal Respondent, <i>Oil States</i> , 138 S. Ct. 1365. Available at https://www.scotusblog.com/wp-content/uploads/2017/10/16-712-bs-federal-respondent.pdf
2013	TIME Staff, “The 25 Best Inventions of 2014”, dated November 19, 2014, at time.com
2014	“World’s top drone seller DJI made \$2.7 billion in 2017”, article dated January, 2018 at technode.com
2015	HTSUS tariff classification letter dated August 13, 2015
2016	“Top Selfie Stick Manufacturing Companies”, matchatory.com

I. BACKGROUND

Dareltech was founded and is 100% owned by the named inventors on the '627 patent, Jinrong Yang and Ramzi Khalil Maalouf. Dareltech is a Maryland-based start-up that invents, designs, manufactures and commercializes impactful products and applications in reliance on patent protection. Dareltech's thought-driven philosophy is to develop unique, inventive, and useful products and applications that improve the human-machine interaction and enhance our happiness, comfort, and health. (Ex. 2001 at ¶ 4.)

The entire Dareltech operation is self-financed by the inventors, with zero debts, encumbrances, VC, or other debt financing. (Ex. 2001 at ¶ 5.)

The Dareltech inventors developed a commercial embodiment of the invention claimed by the '627 patent called the HandlePa. The HandlePa is a selfie stick with control buttons to communicate wirelessly with the smartphone and to control and operate at least the camera function using just one finger. The apparatus yields clearer and steadier pictures than the prior art, while allowing the user to take more difficult angle shots using only one hand to securely grasp the stick and operate the systems safely and comfortably. (Ex. 2001 at ¶ 9.)

A description of HandlePa can be seen in the original promotional video at <https://www.youtube.com/watch?v=4pNi-BCUPPw> (Ex. 2003)

The Dareltech inventors engineered, designed, tested, and manufactured the

HandlePa product, producing 11,500 units at a cost of \$322,000. Before Dareltech could get a foothold in the market, cheap similar products flooded the market. In fact, Time Magazine named the selfie stick among the top inventions in 2014 and by then, it had become among the most popular accessory gadgets in the world. It quickly became impossible for a Dareltech to compete against established brands, so Dareltech focused on securing the patent rights to the invention at the USPTO. (Ex. 2001 at ¶ 12.)

After thorough examinations the USPTO issued four patents for the invention each titled HANDLE FOR HANDHELD TERMINAL: US 9,037,128 (May 19, 2015), US 9,055,144 (June 9, 2015), US 9,503,627 (November 22, 2016) (the “627 Patent”), and US 9,571,716 (February 14, 2017).

II. REASONS FOR DENIAL UNDER 314(a)

35 U.S.C. § 314(a) provides that “The Director may not authorize an inter partes review to be instituted unless the Director determines that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition”. The Director has discretion to deny a petition, regardless of the reasonable likelihood threshold is met. According to the Federal Circuit, “the PTO is permitted, but never compelled, to institute an IPR proceeding.” *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir.

2016). This discretion was affirmed by the Supreme Court – “§314(a) invests the Director with discretion on the question [of] whether to institute review.” *SAS Inst. v. Iancu*, 138 S. Ct. 1348, 1356 (2018).

The PTAB Trial Practice Guide and the Board’s precedents provide several frameworks for denial under § 314(a). Those do not apply here. However, the Trial Practice Guide observes that:

There may be other reasons besides the “follow-on” petition context where the “effect . . . on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings,” 35 U.S.C. § 316(b), favors denying a petition even though some claims meet the threshold standards for institution under 35 U.S.C. §§ 314(a), and 324(a)...

Accordingly, parties may wish to address in their submissions whether any other such reasons exist in their case that may give rise to additional factors that may bear on the Board’s discretionary decision to institute or not institute, and whether and how such factors should be considered...

(Ex. 2006 at 58.) There are four reasons that the Board should exercise discretion to deny institution based on the effect on the economy and/or the integrity of the patent system. First, institution should be denied because patent owner Dareltech

lacks access to qualified legal representation for a trial due to financial hardship. Secondly, patent owner Dareltech developed and implemented the claimed invention in reliance on the patent. Thirdly, the petition should be denied on the balance of equities where a trillion-dollar corporation with no apparent stake in the validity of the patent bears its weight against an inventor-owned company with extremely limited resources. Fourthly, the petition should be denied because institution of a trial will harm the economy by creating a substantial risk that the value of the patented technology will be transferred from the U.S. patent owner to foreign infringers. Additionally, with respect to at least Grounds 2 and 3, the petition should be denied because Petitioner has failed to establish a reasonable likelihood that it will prevail in proving at least one claim is unpatentable.

A. The Petition Should be Denied Because Patent Owner Lacks Access to Qualified Legal Representation for a Trial.

The Dareltech inventors have invested from personal funds approximately \$650,000 in the development and commercialization of the claimed invention, without any significant revenue to date. (Ex. 2001 at ¶ 13.) Furthermore, the inventors have stretched their credit to the limit including borrowing against at least one of their homes. As a result, Dareltech has no funding to defend the '627 patent should a trial be instituted. (Ex. 2001 at ¶ 14.) The average cost of an IPR defense is \$451,000 and the cost for top tier representation is \$750,000 (Ex. 2004.)

Furthermore, the risk of invalidation of one or both challenged claims in a trial is 80% (Ex. 2005 at 10.)

Dareltech has made significant effort to finance a defense of the '627 patent in this IPR without success. No investors or attorneys are willing to invest in defending the patent under these circumstances.¹ (Ex. 2001 at ¶ 15.)

From 2012 to 2017 Dareltech prosecuted a family of four patents including the '627 patent, following all relevant laws and procedures. Dareltech budgeted and paid approximately \$16,000 in fees to the USPTO and approximately

¹ Lead Counsel has undertaken this response for a deeply discounted fee as a courtesy to Dareltech. He is counsel of record for the '627 patent and was served with the petition, but does not practice in post-grant challenges and has very limited experience with *Inter Partes* Review proceedings. Back-up Counsel provided support for this response on a pro bono basis, but cannot commit the time and expense to undertake a full-blown trial. In full disclosure Back-up Counsel's law firm participated on a contingency basis, in an action for infringement against RPI Xiaomi, but that action has been dismissed and the contingency terminated (and Back-Up Counsel is no longer a partner of Pierce Bainbridge), such that Back-up Counsel and Pierce Bainbridge have no financial interest in the outcome of this case.

\$150,000 in attorney fees to obtain these patents. Dareltech did not budget and has no means to pay an additional \$450,000 to \$750,000 in order to defend one of them should this IPR be instituted. (Ex. 2001 at ¶ 16.)

In related proceedings Shenzhen DJI filed 6 petitions against the four patents in the family, including two petitions against the '627 patent. (*See* Petition at xi.) In those proceedings Dareltech was forced to disclaim approximately half of the claims in hopes of avoiding a trial they could not afford. When trial was instituted, Dareltech was forced to settle with DJI and allow them to infringe the remaining claims because Dareltech could not pay the cost or countenance the risk of a full trial. (Ex. 2001 at ¶ 18-19.)

The Dareltech inventors have complied with their end of the patent bargain, invested all available funds to obtain the portfolio, and have already been forced to surrender substantial rights due to filing and institution of the prior petitions. It would simply be unjust to institute to review where there is no capable advocate to defend the patent before the Board.

These circumstances qualify under the PTAB Trial Practice Guide as “other reasons...where the effect...on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings, 35 U.S.C. § 316(b), favors denying a petition” (internal quotes removed.) (Ex. 2006 at 58.)

In this case institution would be harmful to economy because it would discourage the Dareltech inventors and other entrepreneurs from developing innovative technologies that can be easily copied. Entrepreneurial inventors who are the backbone of innovation and job creation² usually do not have access to millions of dollars to risk on outcomes in post-issuance proceedings. A 2008 survey of technology startups found that “cost considerations in patenting loom large for startups, with the cost of prosecuting and the cost of enforcing the patent cited by more respondents than any other reason [for not patenting]”. (Ex. 2008 at 187.) Another scholar explained, “even if an early-stage company had a patent, it is unlikely that it would have resources available to enforce the patent through litigation against a competitor. That is particularly true when the competitor is a large firm. One problem is the disparity in litigation resources. One investor emphasized the concern that a large defendant would ‘rain lawyers on your head and tie you up in court for the next ten years.’” (Ex. 2009 at 981), which is what Dareltech has encountered first with DJI’s prior petitions and now this petition.

² *See* Ex. 2007 at 1201 (“Small innovative firms make crucial contributions to techno-logical progress and economic growth...One of the relatively few empirical regularities...is the critical role...of entrants—typically de novo start-ups—in emerging industries.”.)

Institution of an IPR represents a huge hidden cost that entrepreneurial inventors cannot afford. Denial of institution would encourage such inventors to develop and commercialize innovative technologies, which is good for the economy.

In addition, institution in these circumstances would be harmful to the integrity of the patent system because the Dareltech inventors and other entrepreneurs will not be able to rely on their patents. This implicates the basic Constitutional requirement that patents are for “securing to...inventors the exclusive right to their...discoveries. U.S. Const. art. I, § 8, cl.8. The cost and risk triggered by institution in cases like this jeopardize the patent and thereby fail at securing the right to inventors.

B. The Petition Should be Denied Because Patent Owner Developed and Implemented the Claimed Invention in Reliance on the Patent.

In contrast to non-practicing entities and inventors who do not prototype or manufacture their inventions, the Dareltech inventors physically reduced the claimed invention to practice and brought the invention to market. Rather than sit back and wait for someone else to figure out the implementation details, the inventors relied on the patent (along with its siblings) to protect the substantial investment required to complete design, test, debug, manufacture, and launch their embodiment of the invention. The capital investment and risk was much greater in this situation and therefore the patent right should be more reliable (as compared to

a non-practicing entity). Furthermore, the public benefit was greater as the invention was not merely taught, but was proven and implemented. As noted above, the Dareltech inventors have invested approximately \$650,000 in developing and commercializing the invention claimed by the '627 patent. If trial is instituted, their investment will be wiped out along with their incentive for developing inventions in the future.

These circumstances qualify under the PTAB Trial Practice Guide as “other reasons...where the effect...on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings, 35 U.S.C. § 316(b), favors denying a petition” (internal quotes removed.) (Ex. 2006 at 58.)

The importance of respecting the reliance interest in an issued patent was highlighted by Justice Stephen Breyer during Oral Argument in the Oil States case – “suppose that the patent has been in existence without anybody reexamining it for 10 years and, moreover, the company's invested \$40 billion in developing it. And then suddenly somebody comes in and says: Oh, oh, we -- we want it reexamined, not in court but by the Patent Office. Now, that seems perhaps that it would be a problem or not?” (Ex. 2010 at 29-30.)

Scholars likewise have pointed to the fact that “firms form reliance interest around patents”, which are upset by “ex post invalidation” and “can be expected to

lead to less R&D investment” which undermines “patent law’s basic goal of incentivizing innovation”. (Ex. 2011 at 42, 43.)

The economy benefits from innovation and commercialization of new technologies, which is incentivized by reliable patents. If the Dareltech inventors and other entrepreneurs cannot rely on an issued patent to protect their investment, they will be disinclined or unable to invest in developing and commercializing new technologies. The economy will suffer a corresponding reduction in innovation, growth, and jobs.

The integrity of the patent system is harmed by instituting a trial under these circumstances. The Dareltech inventors and other entrepreneurs will lose faith and decline to participate in the patent system if they cannot rely on their issued patents.

C. The Petition Should be Denied Under Balance of Equities.

This petition wholly misses the mark with respect to the purpose of *Inter Partes* Review. IPR is intended to be a faster and less expensive alternative to resolving disputes over the validity of issued patents.³ But here, there is no dispute

³ “Congress sought to provid[e] a more efficient system for challenging patents that should not have issued and to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and

between Microsoft and Dareltech. Microsoft does not, to Dareltech's knowledge, infringe any of the claims of the patent and stands to gain no benefit from their cancellation. The cost is substantially more than in district court where there can be no suit since Microsoft and Dareltech lack standing to sue one another. The relative cost to the parties is dramatic. For Dareltech the cost of a trial exceeds 100% of the current value of the company and available cash, whereas for Microsoft the cost of a trial (based on an average of \$451,000) is about 0.000032% of their \$1.4 trillion value and 0.00034% of the \$133 billion cash and short term deposits.⁴ If Dareltech has any hope of enforcing the '627 patent, it will be extinguished by the delay and cost of a PTAB trial, which is opposite of the purpose of IPR. For Microsoft the delay is a nullity and the cost is higher than the

counterproductive litigation costs. H.R. Rep. No. 112-98, at 39-40." *MCM Portfolio LLC v. HewlettPackard Co.*, 812 F.3d 1284, 1290 (Fed. Cir. 2015) (internal quotes omitted); the Federal Respondent asserted in *Oil States* stated that, "Inter partes review [provides] an expert and inexpensive method for determining subsidiary factual questions." (Ex. 2012 at 35) (Internal quotes omitted.)

⁴ See <https://www.microsoft.com/en-us/investor/earnings/FY-2020-Q3/press-release-webcast>

alternative of not provoking a litigation.

As to the RPI Xiaomi, there was an action for infringement in the Southern District of New York, but it has been dismissed. (*See* Petition at 10.) Even so, there was no bar to Xiaomi filing their own petition and since they elected not to do so, the petition by proxy should be dismissed. Furthermore, a similar analysis with respect to the disproportionate expense and delay applies to Xiaomi, a multi-billion dollar international conglomerate.⁵ They can easily afford the time and expense of challenging the validity of the '627 patent in a regular court where Dareltech would have a possible opportunity for legal representation.

Finally, the challenge to '627 patent is not for the general benefit of the public. Microsoft apparently filed this Petition to help their strategic partner Xiaomi. Even if it were for the benefit of the public, the balance of equities weighs in favor of denial. There is nothing peculiar about the '627 patent that warrants a half a million dollar adversarial post issuance review.

⁵ Xiaomi financial statement shows \$25 billion RMB in cash, \$13 billion RMB in short term deposits, and \$85 billion RMB in equity (the exchange rate is ~7 RMB to 1 dollar). *See*

https://i01.appmifile.com/webfile/globalweb/company/ir/announcement_us/RAF_20200520_e.pdf

The statutory basis for discretionary denial under a balance of equities analysis is found in 35 U.S.C. § 314(a) – “The Director may not authorize an inter partes review to be instituted unless the Director determines that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition”, and expressed by the Federal Circuit – “[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.” *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016). This discretion was affirmed by the Supreme Court – “§314(a) invests the Director with discretion on the question [of] whether to institute review.” *SAS Inst. v. Iancu*, 138 S. Ct. 1348, 1356 (2018). There is no right of a petitioner, particularly in these circumstances, to institution of review of an issued patent. It is up to the Director to decide which patents and circumstances warrant review. Importantly, no estoppel attaches to a denial and the status quo is preserved. Microsoft and RPI Xiaomi retain the right challenge validity of the ‘627 patent in a district court action. All non-parties retain the right to petition for *Inter Partes* Review in the future.

D. The Petition Should be Denied for the Benefit of the Economy.

Dareltech is a U.S. company that invented enabling technology for the popular selfie stick – allowing users to snap a stable selfie using one hand. This is not merely an assertion, but was endorsed by United States government through examination and issuance of 4 patents to Dareltech, including the ‘627 patent. The

development of this technology was essentially economic. Dareltech invested labor and capital in the research and development and developed an invention of substantial economic value. Dareltech employed U.S. workers and U.S. equipment designed and/or manufactured in the U.S. to manufacture prototypes, employed U.S. designers to create marketing materials, paid funds to U.S. airlines, hotels, and trade show sponsors. Dareltech paid U.S. couriers and warehouses for moving and storing supplies and inventory. Dareltech's HandlePa did not succeed as much larger companies with vast resources beat Dareltech to the mass market. (Ex. 2001 at ¶ 20.)

The '627 patent thus represents the entire economic value of Dareltech's work and creativity solving the problem of taking stable one-handed selfies with a smartphone.

Most, if not all, of the selfie sticks that infringe the '627 patent are made in China. (Ex. 2001 at ¶ 21-22.) The effect on the economy is straightforward. If trial is instituted, there is a substantial risk that the claims will be invalidated which would transfer economic value from the U.S. to China. With the '627 patent in force, a U.S. company can collect licensing revenue by Chinese manufacturers that use the technology for products sold into this country. If trial is instituted and results in the claims being invalidated, the Chinese manufacturers will not have to pay for the use of the technology for products sold into the U.S. Thus institution of

review would cause economic harm to the U.S.

Petitioner may respond that it harms the economy to permit an allegedly invalid patent to stand. That is a conundrum that cannot be solved by institution, when the economics do not provide for a robust defense of the patent at the PTAB. It is the policy of the United States that patents for inventions are good for the economy, and that patents should be relatively affordable, properly examined, and presumed valid. An allegation of error cannot be allowed to upset this policy. Routine institution of review would eliminate the affordability and presumption of validity which has been deemed to be good for the economy. Congress thus provided that the USPTO should “consider the effect on any such regulation on the economy” including “setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a)”. Here the ‘627 patent will bring revenue into the economy in the form of licensing fees from foreign manufacturers. Institution thus would harm the economy by jeopardizing the opportunity for Dareltech to collect those fees.

E. The Petition should be denied because Petitioner failed to establish a reasonable likelihood that it will prevail

With respect to at least Grounds 2 and 3, as explained below, Petitioner has failed to establish a reasonable likelihood that it will prevail in proving at least one claim is unpatentable.

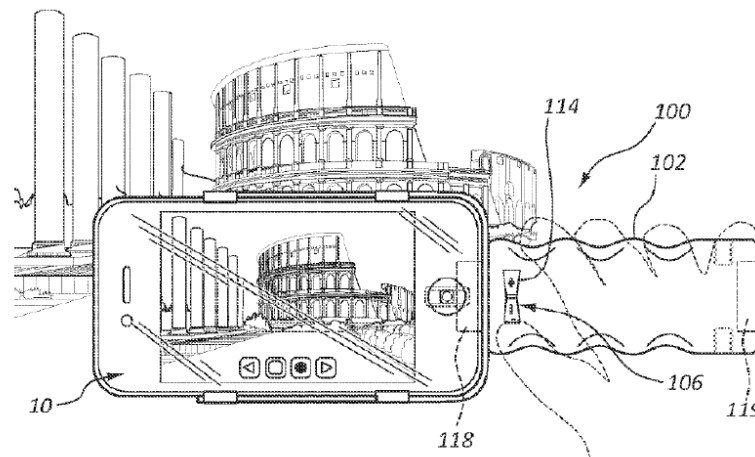
1. Ground 2 Is Deficient Because Petitioner Fails to Provide Sufficient Motivation to Combine Rosenhan and Kim to arrive at claimed inventions of Claim 37

To establish obviousness, it is petitioner's "burden to demonstrate both that a skilled artisan would have been motivated to combine the teachings of the prior art references to achieve the claimed invention, and that the skilled artisan would have had a reasonable expectation of success in doing so." *In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364, 1381 (Fed. Cir. 2016) (quotations omitted) (emphasis added). Moreover, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." *KSR Int'l v. Teleflex Inc.*, 127 S. Ct. 1727, 1741 (2007), quoting *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006). A petitioner cannot satisfy this burden by "employ[ing] mere conclusory statements" and "must instead articulate specific reasoning, based on evidence of record," to support an articulate specific reasoning, based on evidence of record," to support an obviousness determination. *Magnum Oil*, 829 F.3d at 1380.

Obviousness may be defeated if the prior art indicates that the invention would not have worked for its intended purpose or otherwise teaches away from the invention. *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1326 (Fed. Cir. 2009). "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 Comput. Inc.*, 550 F.3d 1325, 1332 (Fed. Cir. 2008)). Even if a reference is not found to teach away, its statements regarding preferences are relevant to a finding regarding whether a skilled artisan would be motivated to combine that reference with another reference. *See Apple Inc. v. Samsung Elecs. Co.*, 839 F.3d 1034, 1051 n.15 (Fed. Cir. 2016) (en banc) (noting that, even if a reference “does not teach away, its statements regarding users preferring other forms of switches are relevant to a finding regarding whether a skilled artisan would be motivated to combine the slider toggle in” that reference with the invention of a second reference).

Rosenhan discloses “an ergonomically designed smartphone handle mount device that attaches and secures itself to a smartphone to facilitate operation of video recording”. The smartphone is nested in a holder at the end of the grip, with the screen facing perpendicular to the grip axis, thereby creating a compact, hand mirror-like relationship between the grip and the screen, as shown in FIG. 1B of Rosenhan, reproduced below. Rosenhan further discloses further includes a pair of “oppositely disposed device arms” [110] on the holder.



Rosenhan, FIG. 1B

Rosenhan discloses a typical operation of its device:

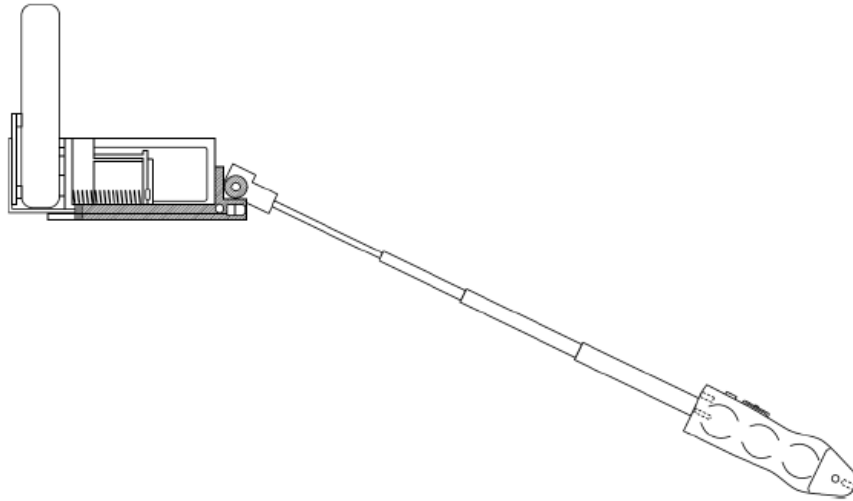
In typical operation, the user may grasp handle portion 102 and orient smartphone 10 so that the user is viewing the touchscreen face of smartphone 10 (e.g., as seen in FIG. 1B). The zoom toggle button 114 is disposed on face 106 of handle portion 102 so as to be oriented with the touchscreen of smartphone 10 (i.e., towards the user) for easier viewing. As shown in FIG. 1B, the user may thus use the thumb of the gripping hand to manually adjust zoom toggle button 114, while the fingers (e.g., index finger) of the same hand (which wrap around the grippable handle portion 102) may be used to manually hit the record trigger or button 116. This permits the user to see the video image while zooming in or out and/or initiating/pausing recording.

[Ex. 1005, Para 0022]

Thus, the user of Rosenhan device allows the user to simply hold the device up with the smartphone screen directly adjacent to the gripping hand and facing the user so the user can easily and comfortably view the screen while taking video.

Petitioner proposes to combine Rosenhan with a second reference, Kim (Ex. 1006). Kim discloses a device for “increasing self-photographing distance using a mobile phone camera” (Ex. 1006, Page 1). The holder of Kim includes an adjustable mechanism for holding a smartphone, which in turn attaches to an extendable rod by way of a pivot joint. The mechanism illustrated in Kim is much thicker than the phone itself – based on FIGS. 5 and 6 of Kim, about 5 times thicker than the phone.

Petitioner argues that a POSITA would have been motivated to replace Rosenhan’s mounting structure with Kim’s adjustable phone mount-on-a-shaft. Petitioner includes a Petitioner-created graphic to illustrate the proposed combination, which is reproduced below. In the proposed combination, the distal portion of Rosenhan’s holder is effectively “sawed off” and replaced by an elongated shaft with a bulky smartphone mounting part at its distal end. (Petition, page 40).



**Petitioner-created graphic of Petitioner’s
proposed combination of Rosenhan and Kim**

Petitioner asserts that this combination is “nothing more than a simple substitution of structures” of Kim’s phone mount in place of Rosenhan’s mounting structure. (Petition, Page 40). Petitioner’s proposed modification is, however, far from a “simple substitution of structures”. Petitioner’s proposed combination results in a larger, bulkier, more cumbersome, end-weighted device that would be more difficult to hold in a stable position during video shoots. Moreover, Petitioner’s proposed combination significantly changes the relationship of the smartphone screen to the grip, changing the principle of operation of the device.

Rosenhan identifies that a problem with the use of existing smartphones is that it makes video capture “potentially awkward, inconvenient, and unsteady”. Ex. 1005, Para. 0021. Rosenhan also states that the existing smartphone is rarely used for video because it is “awkward to hold the device for an extended period of

time”. Ex. 1005, Para 0005. Petitioner’s proposed combination, with its elongated shaft that spaces a bulky, complex mount away from the user’s grip, would undermine the advantages of Rosenhan’s device by making a device that is *more awkward, more inconvenient, and more unsteady*. The Rosenhan device is expressly stated to be “ergonomically designed”. Petitioner’s proposed modification would significantly compromise the ergonomics of the Rosenhan device.

Rosenhan also emphasizes an advantage of compactness. Rosenhan shows in FIG. 3C, for example, how the distal portion of could be hinged with respect to the rest of the holder. (Ex. 1005, Page 4). The advantage is “a compact storage configuration when not in use”. (Ex. 1005, Para. 0037). The compactness advantages identified by Rosenhan would, however, be negated or undermined if Petitioner’s proposed combination were made.

2. Ground 3 is Deficient Because Petitioner’s Arguments Rely on Hindsight and Petitioner Fails to Provide Sufficient Motivation to Combine Fromm, Fenton, and Bolton to arrive at the claimed inventions of Claims 29 and 37

To establish obviousness of a claim, it is impermissible to rely on “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.” *TriVascular, Inc. v. Samuels*, 812 F.3d 1056, 1066 (Fed. Cir. 2016); *In re NTP, Inc.*, 654 F.3d 1279, 1299 (Fed. Cir. 2011).

Petitioner’s arguments based on Fromm, Fenton, and Bolton rely on impermissible hindsight that uses the claimed inventions as a template. *See In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992) (citing *In re Gorman*, 933 F.2d 982, 987 (Fed. Cir. 1991)) (“It is impermissible to use the claimed invention as an instruction manual or ‘template’ to piece together the teachings of the prior art so that the claimed invention is rendered obvious.”) Petitioner failed to demonstrate a sufficient suggestion or motivation to modify Fromm, Fenton, and Bolton. Petitioner’s conclusory statements do not provide sufficient “articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (quoting *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)).

Ground 3 of the Petition appears to be simply a carryover of the flawed “kitchen sink” grounds made against all of the original 38 claims of the ‘627 Patent in IPR2019-00723. The heading reads: “Claims 1-38 are Obvious over the Combination of Fromm, Fenton and Bolton”.

In its arguments for Ground 3, Petitioner gathers three very different references and uses hindsight reconstruction to cherry-pick features to reconstruct the combination of features in claims 29 and 37.

Petitioner's approach in attempting to show a motivation to combine Fenton, Fromm, and Bolton is similarly flawed. As noted above, to establish obviousness, it is petitioner's "burden to demonstrate both that a skilled artisan would have been motivated to combine the teachings of the prior art references *to achieve the claimed invention ...*" *In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364, 1381 (Fed. Cir. 2016) (emphasis added). Petitioner's approach instead appears to argue motivations to combine the three references at a general level (e.g., not tied to particular features of claims 29 and 37) to conceptualize a new, composite Fromm-Fenton-Bolton "super-reference", and then proceeds to pick and choose at will from the separate references. For example, Petitioner states: "the combination of Fromm, Fenton and Bolton discloses..." various particular features of claims 29 and 37. This approach fails make the showing required for obviousness under KSR.

For at least the reasons stated above, the Board should deny institution with respect to at least Grounds 2 and 3 because Petitioner failed to meet its burden under 35 U.S.C §314(a) and 37 C.F.R. § 42.108(c) of establishing a reasonable likelihood of success that any of the challenged claims would be unpatentable.

III. REASONS FOR DENIAL UNDER 325(d)

A. The Petition Should be Denied Because the PTO Already Considered the Same or Substantially the Same Prior Art.

On March 24, 2020, the institution decision in *Advanced Bionics* was made precedential, relating to previously considered prior art under § 325(d). *See Advanced Bionics, LLC v. Med-el Elektromedizinische Gerate GmbH*, IPR2019-01469, Paper 6 (PTAB February 13, 2020) (precedential). “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.” *Id.* at pages 7-8.

Advanced Bionics further states: “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.

Petitioner did not show any error by the examiner so the petition should be denied as to at least to Ground 1 (which relies on Rosenhan alone), and also to Ground 2 (which relies on Rosenhan in combination with Kim). The prosecution history establishes that Rosenhan was previously considered during prosecution and Petitioner does not attempt to show any error. The Petitioner simply states: “Rosenhan is listed on the face of the ’627 Patent but was not discussed or applied

by the Examiner during prosecution of the '627 Patent.”⁶ Petitioner’s analysis of Rosenhan does not juxtapose or attempt to refute the contrary determination by the examiner that Rosenhan was considered (Ex. 1002 at 95) and that “the prior art fails to disclose the recited combinations of elements” (Ex. 1002 at 87).

With respect to Ground 3, Petitioner uses the claims of the '627 patent to cobble together multiple pieces of prior art which offer the same teachings that were presented and considered in prosecution. Generally speaking, Fromm relates to a handle, Fenton relates to a holder, and Bolton relates to a wireless controller. These are not surprising hidden prior art material to the patentability analysis by the examiner. Under *Advanced Bionics*, Petitioner must show 1) that the asserted prior art is not substantially the same as what was considered in examination, and 2) the examiner erred in a manner material to patentability. Petitioner has done neither.

⁶ Microsoft chose in its petition to use effectively its own definition of the term “considered” (“Rosenhan is listed on the face of the '627 Patent but was not discussed or applied by the Examiner during prosecution of the '627 Patent.”). (Petition at 4.) To the contrary, MPEP 609 is clear that all references in an IDS are “considered” by the examiner.

IV. CONCLUSION

For the reasons provided, Dareltech respectfully requests that the Board exercise discretion to deny the petition.

Respectfully submitted,

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CERTIFICATION OF SERVICE

The undersigned hereby certifies that the foregoing **PATENT OWNER'S PRELIMINARY RESPONSE TO PETITION UNDER 37 C.F.R. § 42.107(a)** and all associated exhibits were served electronically via e-mail on June 18, 2020, in their entireties on the following counsel of record for Petitioner:

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**CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME
LIMITATION, TYPEFACE REQUIREMENTS, AND TYPE STYLE
REQUIREMENTS**

1. This Patent Owner Preliminary Response complies with the type-volume limitation of 14,000 words, comprising 5,501 words, excluding the parts exempted by 37 C.F.R. § 42.24(b).
2. This Patent Owner Preliminary Response complies with the general format requirements of 37 C.F.R. § 42.6(a) and has been prepared using Microsoft® Word in 14-point Times New Roman.

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