

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTERNATIONAL BUSINESS MACHINES CORPORATION,
Petitioner,

v.

DIGITAL DOORS, INC.,
Patent Owner.

IPR2023-00967
Patent 7,313,825 B2

Before THU A. DANG, THOMAS L. GIANNETTI, and
ELIZABETH M. ROESEL, *Administrative Patent Judges*.

GIANNETTI, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

International Business Machines Corporation (“Petitioner” or “IBM”) filed a Petition (Paper 2, “Pet.”) requesting *inter partes* review of claim 81 of U.S. Patent No. 7,313,825 B2 (Ex. 1001, “the ’825 patent”). DigitalDoors, Inc. (“Patent Owner”) filed a Preliminary Response (Paper 6, “Prelim. Resp.”).

We have authority to determine whether to institute an *inter partes* review. 35 U.S.C. § 314 (2018); 37 C.F.R. § 42.4(a) (2023). The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted unless “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” However, institution of *inter partes* review is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”). For the reasons stated below, we exercise our discretion not to institute *inter partes* review.

II. BACKGROUND

A. *Related Proceedings*

The parties indicate that the ’825 patent is the subject of *DigitalDoors, Inc. v. International Business Machines Corporation*, Case No. 2:22-cv-00457-JRG-RSP (E.D. Tex.). Pet. 80; Paper 4, 1. Patent Owner identifies several patents related to the ’825 patent that are also involved in this lawsuit: 7,322,047, 7,349,987, 7,552,482, 7,721,344, 7,958,268, and 8,468,244. Paper 4, 2.

B. *Real Party in Interest*

Petitioner identifies itself as the real party in interest. Pet. 80. Patent Owner also identifies itself as the real party in interest. Paper 4, 1.

C. The '825 Patent (Ex. 1001)

The '825 patent, titled “Data Security System and Method for Portable Device,” issued on December 25, 2007. Ex. 1001, (45), (54). The patent “relates to a data security system and method and, more specifically, to a process, program and system which operates to secure files and data objects in portable computing devices.” *Id.* at 1:23–26. According to the patent, “[t]he invention extracts, disperses, via a controlled release of data segments to storage locations, and permits reconstruction utilizing security protocols to provide a security system for data.” *Id.* at 1:26–29. Figures 1A and 1B of the '825 patent illustrate this operation and are reproduced below.

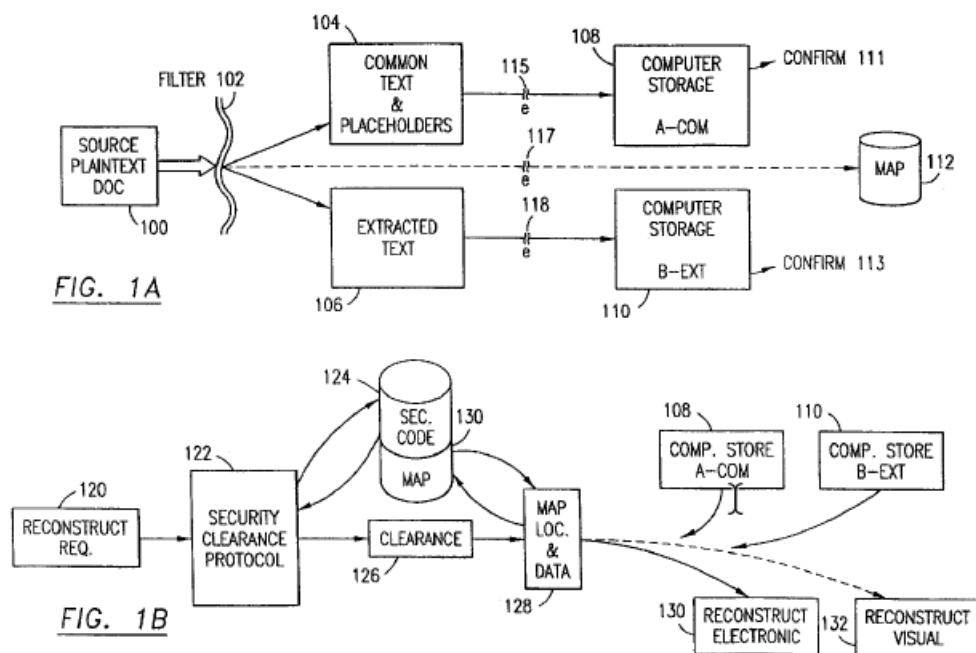


Figure 1A illustrates the basic processes for establishing a secure storage of information, generally identified as “data.” Ex. 1001, 19:26–28. In the '825 patent, the term “data” includes “any data object, e.g., text, images, icons, moving images, multiple images, data representing sound, video, electronic

streams of information, etc. Sound bites, data objects and video images may also be extracted as ‘data.’” *Id.* at 19:28–32.

In operation, a source “plaintext document” is sent to filter 102, which separates out common text or remainder data 104 from uncommon text, words, characters, icons or data objects. *Id.* at 19:44–48. The security sensitive words, characters, icons or data objects are separated from remainder or common text 104 as extracted text 106. *Id.* at 19:48–51. Filter 102 may use a dictionary such that words present in the dictionary (common words) are separated from source plaintext document 100 and placed into remainder document or common data file 104. *Id.* at 19:55–59. The uncommon words (extracted-security sensitive words), not found in the dictionary, would be placed in an extracted text or extracted data file 106. *Id.* at 19:59–61. The common text or remainder data would be stored in remainder data file 104. *Id.* at 19:66–67. In the illustrated embodiment, remainder data file 104 also includes place holders, which enable the extracted data to be easily inserted or set back into the remainder data file. *Id.* at 19:67–20:3.

Figure 1B illustrates the major features of a reconstruction routine or system. Ex. 1001, 24:49–50. In operation, the user inputs a reconstruction request 120. *Id.* at 24:50–52. The system first executes security clearance protocol routine 122. *Id.* at 24:52–54. The security code input by the user is checked against a security code database or list 124. Clearance is provided in step 126. *Id.* at 24:60–62. The location of a map identifying the location of remainder data A-com 108 and extraction data B-ext 110 is provided to the user’s computer in step 128. *Id.* at 24:62–64. The storage segments are A-com 108 and B-ext 110. The common or remainder data from A-com 108 is downloaded or transferred or made available to the user’s computer as

shown at the output of map location and data step 128. *Id.* at 24:67–25:4. Typically, the extracted or security sensitive data from B-ext 110 also is downloaded. *Id.* at 25:14–15. The data is then reconstructed as a complete electronic document in function 130 or as a visual reconstruction in step 132. *Id.* at 25:5–8.

D. Illustrative Claim

Claim 81, the sole challenged claim, is reproduced below:

81. [i] A method of securing data having one or more security sensitive words, characters, data objects or icons

[ii] in a computer system with a plurality of security controlled memories as respective extract stores with security access controls thereat,

[iii] said security sensitive words, characters, data objects or icons extracted from said data to obtain extracted data and remainder data

[iv] which extracted data is stored in respective extract stores corresponding to a respective security level of said extract stores,

[v] said computer system having at least one portable computing device locatable with current location data, comprising:

[a] determining when said portable computing device is within a predetermined region based upon said current location data;

[b] permitting full or partial reconstruction of said data via said extracted data from said extract stores and remainder data

[c] only in the presence of a predetermined security clearance access control corresponding to said respective security level and

[d] only when said portable computing device is not beyond said predetermined region.

Ex. 1001, 68:52–69:5. (numbered paragraphs/limitations added corresponding to the Petition).

E. Prior Art and Other Evidence

Petitioner relies on the references listed below:

Name	Reference	Publication/Issue Date	Exhibit No.
Bossemeyer	U.S. Patent No. 7,010,701 B1	Mar. 7, 2006	1005
Glick	U.S. Patent No. 6,985,588 B1	Jan. 10, 2006	1006
Carmichael	U.S. Patent No. 7,913,919 B2	Mar. 29, 2011	1007

Petitioner relies also on a Declaration of Erez Zadok, Ph.D. (Ex. 1003, “Zadok Decl.”). Patent Owner submits the Declaration of Dr. William C. Easttom II (Ex. 2004, “Easttom Decl.”).

F. Asserted Grounds of Unpatentability

Petitioner contends that claim 81 of the ’825 patent is unpatentable based on the following grounds (Pet. 11–12):

Claim(s) Challenged	35 U.S.C. § ¹	Reference(s)/Basis
81	103	Bossemeyer, Glick
81	103	Bossemeyer, Glick, Carmichael

III. REQUEST FOR DISCRETIONARY DENIAL UNDER § 314(A)

Institution of an *inter partes* review is discretionary. *See* 35 U.S.C. § 314(a) (authorizing institution of an *inter partes* review under particular circumstances, but not requiring institution under any circumstances);

¹ The relevant sections of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112–129, took effect on March 16, 2013. The ’825 patent was filed on March 19, 2003 and claims priority to applications with filing dates before this date. *See* Ex. 1001, codes (22), (63). For the purposes of this Decision, pre-AIA statutes apply.

Cuozzo Speed Techs., LLC v. Lee, 579 U.S. 261, 273 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review” (emphasis omitted)); *Harmonic*, 815 F.3d at 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”).

Patent Owner argues that we should exercise our discretion under 35 U.S.C. § 314(a) and not institute trial, given that trial in the parallel district court litigation in the Eastern District of Texas is scheduled for August 19, 2024, and therefore is scheduled to finish over three months before the deadline for a final written decision in this case. Prelim. Resp. 49–50.

When determining whether to exercise discretion to deny institution in view of a parallel proceeding, we consider the following factors:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”). “These factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution

in view of an earlier trial date in the parallel proceeding.” *Id.* In evaluating the *Fintiv* factors, we take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review,” recognizing that “there is some overlap among these factors” and that “[s]ome facts may be relevant to more than one factor.” *Id.* at 6.

On June 21, 2022, the Director of the United States Patent and Trademark Office issued a Memorandum setting forth an “Interim Procedure for Discretionary Denials in AIA Post Grant Proceedings with Parallel District Court Litigation.” Exhibit 1030 (“Guidance Memo”). The Guidance Memo states that “to benefit the patent system and the public good, the PTAB will not rely on the *Fintiv* factors to discretionarily deny institution in view of parallel district court litigation where a petition presents compelling evidence of unpatentability.” *Id.* at 2. “Compelling, meritorious challenges are those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.” *Id.* at 4.

In the analysis that follows, we first consider whether *Fintiv* factors 1–5 weigh in favor of denying institution, and, if so, we must also determine whether the Petition presents compelling merits. *See CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 at 4 (PTAB Feb. 27, 2023) (precedential) (“In circumstances where . . . the Board’s analysis of *Fintiv* factors 1–5 favors denial of institution, the Board shall then assess compelling merits.”).

A. Likelihood of a Stay (Factor 1)

A district court stay of parallel litigation pending resolution of an *inter partes* review allays concerns about inefficiency and duplication of efforts,

and strongly weighs against exercising our authority to deny institution.
Fintiv, Paper 11 at 6.

Here, Petitioner’s motion to stay the district court litigation pending in the Eastern District of Texas was denied on July 24, 2023. Ex. 2007. In denying the stay, Magistrate Judge Payne stated that to prevail on a stay motion, “IBM needs to show that *every asserted claim* has a reasonable likelihood of being invalidated by the PTAB.” *Id.* at 5 (emphasis added). Judge Payne continued that “[h]ere, the PTAB has not publicly determined that any asserted claim has a reasonable likelihood of being invalidated.” *Id.*

Patent Owner points out that there are 54 claims and seven patents involved in the district court proceeding, and that because the court has made it clear that it will not grant stay unless there is a showing that every asserted claim has a reasonable likelihood of being invalidated, a stay is unlikely. Prelim. Resp. 49.

However, *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (PTAB May 13, 2020) (informative), cautions against speculating whether the district court would grant a stay if one were requested. Accordingly, this factor is neutral.

*B. Proximity of Trial Date to Projected Statutory Deadline
(Factor 2)*

Jury selection in the parallel district court litigation has been scheduled by Judge Gilstrap for August 19, 2024, about three and a half months before the statutory deadline for our final written decision. Prelim. Resp. 49; Ex. 1009. Patent Owner argues that trial will occur prior to any anticipated final written decision. Prelim. Resp. 49–50. Patent Owner contends that the most recent (March 2023) median time-to-trial statistics for the Eastern District of Texas predict a trial date (June 2024) that is *even*

earlier than the August 2024 trial date set by Judge Gilstrap. *Id.* at 50 (citing Ex. 1011).²

Petitioner argues, based on the median time-to-trial statistics for March 2022 (24.2 months) as well as the more recent March 2023 statistics (19 months) that the projected trial date is between June 2024 and December 2024. Pet. 75 (citing Ex. 1011, 1). Petitioner concludes that this shows the statistics “fluctuate” and therefore this factor is neutral. *Id.* at 75–76.

We agree with Patent Owner’s analysis based on the most recent time-to-trial statistics and the schedule set by Judge Gilstrap. We are not persuaded by Petitioner’s argument based on out-of-date data. We find that this factor favors exercising our discretion to deny institution.

C. Investment in the Parallel Proceeding (Factor 3)

Patent Owner contends that “[t]he parties have expended substantial resources on the pending district court case in the eight months since this suit was filed.” Prelim. Resp. 50–51. Patent Owner explains that it has “prepared and served 1,067 pages of infringement contentions.” *Id.* Patent Owner asserts that IBM “drafted and served 10,171 pages of invalidity contentions.” *Id.* In addition, Patent Owner states documents have been produced and there have been there have been “multiple” depositions of fact witnesses. *Id.*

² The Guidance Memo approves the submission of the “most recent” median time-to-trial statistics for the district, among other evidence of projected trial dates. *See* Guidance Memo at 8–9 (“Parties may present evidence regarding the *most recent statistics* on median time-to-trial for civil actions in the district court in which the parallel litigation resides for the PTAB’s consideration.”) (emphasis added) (footnote omitted).

While the district court proceeding has already advanced well beyond the pleadings stage and discovery is underway, there is still much work to be done on the case. We find this factor is neutral.

D. Overlap of Issues (Factor 4)

Patent Owner asserts there is substantial overlap between the Petition and Petitioner's invalidity contentions in the district court litigation, which include asserted prior art Bossemeyer, Glick, and Carmichael. Prelim. Resp. 51–52 (citing Ex. 2008).

Anticipating this argument, Petitioner stipulates “that if the IPR is instituted, Petitioner will not pursue the same grounds in the district court litigation.” Pet. 76–77 (citing *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 7 (June 16, 2020) (informative)).

Patent Owner points to the narrowness of Petitioner's proffered stipulation, asserting that it “is insufficient to overcome these concerns of duplicative efforts and conflicting outcomes based on the Board's own current guidance on the *Fintiv* factors.” Prelim. Resp. 52 (citing *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18–19 (PTAB Dec. 1, 2020) (precedential as to § II.A)).

Petitioner's stipulation falls short of a *Sotera* stipulation, i.e., a stipulation “not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could have reasonably been raised in the petition.” See Guidance Memo at 7, 9; *Sotera*, IPR2020-01019, Paper 12 at 13–14, 18. But Petitioner's stipulation does reduce the overlap relating to the challenge presented in the Petition and “mitigates to some degree the concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions.” See *Sand*

Revolution, IPR2019-01393, Paper 24 at 12. For these reasons, this factor weighs marginally against discretionary denial. *See, e.g., Sand Revolution*, IPR2019-01393, Paper 24 at 12.

E. Identity of Parties (Factor 5)

Patent Owner asserts that denying institution is supported because the same parties are involved in both the present proceeding and the parallel district court litigation. Prelim. Resp. 52. Petitioner does not dispute this fact, but remarks that it “is true of most Petitioners in IPR proceedings” and should not be a basis for denying institution. Pet. 77.

We determine that this factor weighs in favor of a discretionary denial. *See Sotera*, IPR2020-01019, Paper 12 at 19 (citing *Fintiv*, IPR2020-00019, Paper 15 at 15; *Sand Revolution*, IPR2019-01393, Paper 24 at 12–13).

F. Other Circumstances, Including the Merits (Factor 6)

Under *CommScope Technologies LLC v. Dali Wireless, Inc.*, if we determine that the other *Fintiv* factors favor discretionary denial, we must also consider whether the Petition presents compelling merits. IPR2022-01242, Paper 23 at 4–5.

We take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review” when evaluating these factors. *Fintiv*, Paper 11 at 6. We have considered the circumstances and facts before us in view of *Fintiv* factors 1–5. As discussed above, factors 1 and 3 are neutral, factors 2 and 5 weigh in favor of discretionary denial of institution, and factor 4 weighs marginally against discretionary denial. We, therefore, conclude that the evidence of record on factors 1–5 favors exercising our discretion to deny institution of an *inter partes* review.

Accordingly, following *CommScope*, where, as here, our analysis of the first five *Fintiv* factors favors denial of institution, we address the merits of the Petition to determine whether the merits are compelling.

IV. COMPELLING MERITS ANALYSIS

A. Legal Standard

As discussed *infra*, “[c]ompelling, meritorious challenges are those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.” Guidance Memo at 4. The Guidance Memo does not change the statutory standard for institution under 35 U.S.C. § 314(a). Instead, a determination of compelling merits will outweigh the other *Fintiv* factors, and such challenges will be allowed to proceed even if a district court litigation is proceeding in parallel. *Id.*

B. Claim Construction

We apply the claim construction standard articulated in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005). 37 C.F.R. § 42.100(b). Under *Phillips*, claim terms are afforded “their ordinary and customary meaning.” *Phillips*, 415 F.3d at 1312. The “ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention.” *Id.* at 1313. Only terms that are in controversy need to be construed, and then only to the extent necessary to resolve the controversy. *Realtime Data, LLC v. Iancu*, 912 F.3d 1368, 1375 (Fed. Cir. 2019) (“The Board is required to construe ‘only those terms . . . that are in controversy, and only to the extent necessary to resolve the controversy.’” (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999))).

We have considered Petitioner’s position that no claim terms require construction (Pet. 11) and Patent Owner’s choice not to state its position on claim construction. We determine we need not expressly construe any claim term at this stage of the proceeding. *See Realtime Data*, 912 F.3d at 1375.

C. Level of Ordinary Skill in the Art

Petitioner asserts that a person of ordinary skill in the art “would have had a bachelor’s degree in computer science, computer engineering, electrical engineering, or equivalent, and approximately two years of experience working in the field of data storage systems and data security as of August 2, 2002.” Pet. 11 (citing Zadok Decl. ¶¶ 131–132). Petitioner adds that “[l]ess professional experience can be substituted by additional education, and vice versa.” *Id.*

Patent Owner chooses not to state a position on this issue. Accordingly, for the purposes of this Decision, we adopt Petitioner’s proposal regarding the level of ordinary skill in the art as it is consistent with the art before us.

D. Principles of Law

In an *inter partes* review, “the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable.” *Harmonic*, 815 F.3d at 1363 (citing 35 U.S.C. § 312(a)(3) (requiring *inter partes* review petitions to identify “with particularity . . . the evidence that supports the grounds for the challenge to each claim”)); *see also* 37 C.F.R. § 42.104(b) (requiring a petition for *inter partes* review to identify how the challenged claim is to be construed and where each element of the claim is found in the prior art patents or printed publications relied upon).

A patent claim is unpatentable under 35 U.S.C. § 103 if the differences between the claimed subject matter and the prior art are such

that the subject matter, as a whole, would have been obvious to a person having ordinary skill in the art to which said subject matter pertains. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved based on underlying factual determinations including: (1) the scope and content of the prior art; (2) differences between the claimed subject matter and the prior art; (3) the level of ordinary skill in the art; and (4) when presented, objective evidence of nonobviousness, i.e., secondary considerations.³ *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966). Petitioner cannot satisfy its burden of proving obviousness by employing “mere conclusory statements,” but “must instead articulate specific reasoning, based on evidence of record, to support the legal conclusion of obviousness.” *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1380 (Fed. Cir. 2016). A reason to combine or modify the prior art may be found explicitly or implicitly in market forces; design incentives; the “interrelated teachings of multiple patents”; “any need or problem known in the field of endeavor at the time of invention and addressed by the patent”; and the background knowledge, creativity, and common sense of the person of ordinary skill. *Perfect Web Techs., Inc. v. InfoUSA, Inc.*, 587 F.3d 1324, 1329 (Fed. Cir. 2009) (quoting *KSR*, 550 U.S. at 418–421).

E. Overview of the Prior Art

1. Bossemeyer (Exhibit 1005)

Bossemeyer describes “a network arrangement to provide access to an architecture that supports a variety of advanced smart card applications.” Ex. 1005, 1:8–11. Bossemeyer “describes a network arrangement which is

³ Patent Owner does not present any objective evidence of secondary considerations as to any of the challenged claims.

readily accessible from different types of smart card terminals supporting various smart card applications.” *Id.* at 1:44–47. “The network connections are facilitated by the present telephone network or an interconnected network of computers such as the Internet.” *Id.* at 1:47–49. Bossemeyer’s network arrangement also includes “a centralized server architecture, [where] data related to an individual can be accessed by an individual smart card, predefined groups of smart card users, or the general public.” *Id.* at 1:49–52.

This arrangement is depicted in Figure 1 of Bossemeyer, which is reproduced below.

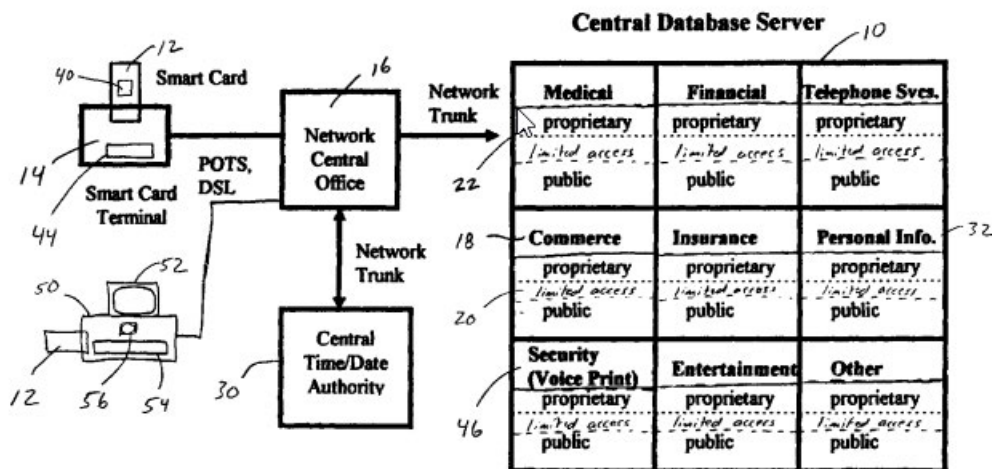


Figure 1

Figure 1 of Bosselmeyer depicts smart card 12 and smart card terminal 14 connected to central database server 10 through telephone system central office 16. Ex. 1005, 2:9–12. Central database server 10 includes partitioned memory, as well as a microprocessor for processing data received from and transmitted to smart card terminal 14. *Id.* at 2:13–16. The information is stored in the partitioned memory by category (medical, financial, etc.) as well as level of security (unrestricted, or public limited access, restricted).

Id. at 2:20–22. Private or proprietary information is partitioned such that the owner of the information has control over how the information is transferred and used. *Id.* at 2:28–30. This is illustrated in Figure 3, reproduced below.

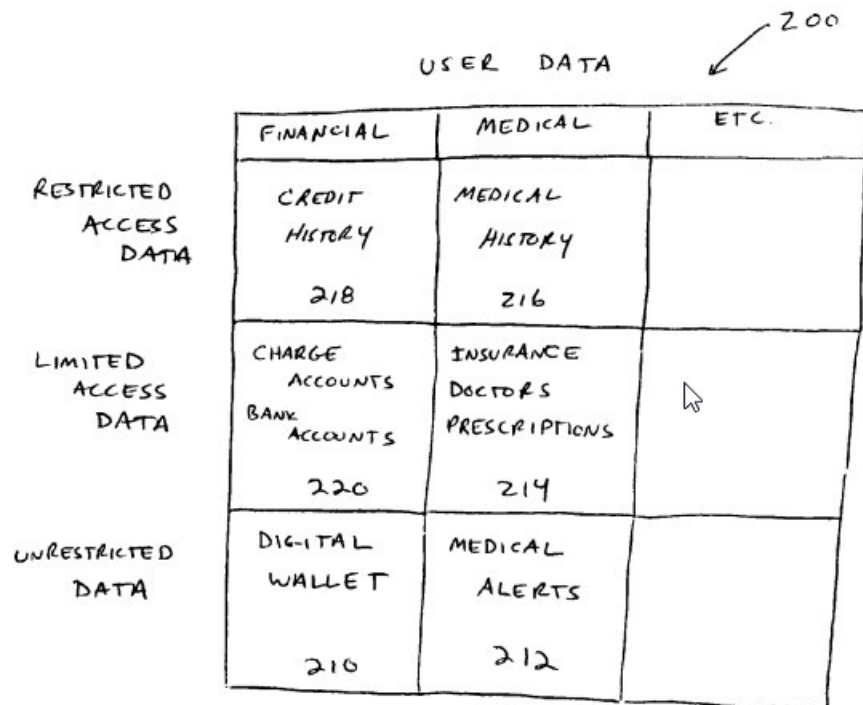


FIG. 3

Figure 3 shows a schematic diagram of partitioned server database 10 in Figure 1. *Id.* at 4:43–44. Each smart card 12 used with the system provides data pointers to the relevant partitions of central database server 10. *Id.* at 2:58–60. In operation, once the user's authorization has been verified, data pointers on smart card 12 provide access to the relevant partitioned memory portions of central database server 10. *Id.* at 3:63–66. Data from these various locations is supplied back to smart card terminal 14, and if appropriate, the data stored on the smart card 12 is updated. *Id.* at 4:3–6.

2. *Glick (Exhibit 1006)*

Glick discloses using location information to prevent unauthorized access to and copying of copyright-protected content, such as text, data, software, music, video, graphics. Ex. 1006, 3:19–32, 5:21–24. Glick identifies the location of an appliance or device seeking access to the content, and allows that access when the appliance is on the list of approved locations. *Id.* at 3:43–60.

3. *Carmichael (Exhibit 1007)*

Carmichael discloses a geolocation feature to help locate a lost or stolen smart card and to generate travel logs for the card holder. Ex. 1007, 4:6–12.

F. Asserted Obviousness in view of Bossemeyer and Glick and Bossemeyer, Glick, and Carmichael

Petitioner challenges claim 81 as obvious over Bossemeyer in combination with Glick (Ground 1) and as obvious over Bossemeyer with Glick and Carmichael (Ground 2). Pet. 12. Petitioner provides an element-by-element analysis of those references in relation to claim 81. *Id.* at 26–63. Petitioner also provides reasons a person of ordinary skill would have been motivated to combine the references. *Id.* at 63–74.

For example, claim element 81[i] of the preamble recites “[a] method of securing data having one or more security sensitive words, characters, data objects or icons.” Pet. 26. Petitioner asserts this element of the preamble, if limiting,⁴ is met by Bossemeyer and Glick. *Id.* Referring to Figure 3 of Bossemeyer, Petitioner explains that “[a person of ordinary skill] would have understood that Bossemeyer’s ‘limited access information’

⁴. Patent Owner does not address the preamble. We do not state an opinion on whether the preamble is limiting as it is not necessary for our Decision.

and/or ‘proprietary information’ would include security sensitive information, such as, words, characters, data objects or icons, because Bossemeyer discloses restricting access to such information.” *Id.* at 28. Similarly, Petitioner contends that “Glick discloses securing data by preventing access to the data unless access is requested at a particular geographic location.” *Id.* at 29.

As another example, claim element 81[ii] of the preamble requires “a plurality of security controlled memories as respective extract stores with security access controls thereat.” Petitioner contends that Bossemeyer meets this limitation. Pet. 30. Petitioner argues that “Bossemeyer’s memory partitions are security-controlled because they store data having different levels of security/accessibility.” *Id.* at 31. Petitioner further contends that Bossemeyer meets the requirement for “a plurality” because it “discloses that different servers at various locations can collectively make up the central database server.” *Id.* at 33.

Referring to the Guidance Memo, Patent Owner argues that the “compelling-merits question requires a higher standard of proof, ‘highly likely to prevail,’ than the statutory standard for institution, ‘reasonably likely to prevail.’” Prelim. Resp. 48. Patent Owner asserts that the Petition is deficient because Bossemeyer is not analogous art to the ’825 patent. *Id.* at 2, 16–23. Patent Owner contends also that Bossemeyer and Glick fail to teach the claimed “extracted data” and “reconstruction” claim elements discussed *infra*. *Id.* at 2, 23–41. Finally, Patent Owner contends that Petitioner fails to provide sufficient motivation to combine Bossemeyer and Glick. *Id.* at 42–47.

1. *Extracted Data Limitation*

Claim element 81[iii] of the preamble recites “said security sensitive words, characters, data objects or icons *extracted from said data to obtain extracted data and remainder data.*” Pet. 35 (emphasis added). For this “extracted data” limitation, Petitioner relies on Bossemeyer. *Id.* Petitioner contends that “Bossemeyer discloses partitioning a database server to partition or separate, e.g., extract, user data in terms of the data’s level of security/accessibility.” *Id.* (citing Ex. 1005, 2:17–27; Zadok Decl. ¶ 160). According to Petitioner, the “proprietary” and “limited access” information in Bossemeyer’s database corresponds to “extracted data,” as recited in claim element [iii], and the “public” information corresponds to “remainder data.” Pet. 35–37 (color-coded versions of Bossemeyer’s Figures 1 and 3).

We do not see compelling evidence from Petitioner that the extracted data limitation is taught or suggested by Bossemeyer. As discussed *supra*, in Section II.C, the ’825 patent discloses extraction occurring as an initial step in which a filter removes or extracts security-sensitive data from a data object prior to storage. *See* Ex. 1001, 19:44–50, Fig. 1A. In contrast, Bossemeyer discloses a “partitioned” memory (*see* Fig. 3, reproduced *supra* in Section IV.D.1), but does not disclose that data stored in the memory has been extracted, i.e., filtered or separated, from source data to obtain extracted data and remainder data. *See* Easttom Decl. ¶ 28 (“Bossemeyer is entirely silent as to where the information [is] stored in the central server, the form it takes before it gets to the central database server, or how the different pieces of information end up in the different partitioned areas of memory.”). Petitioner points to no disclosure or suggestion that the “proprietary” and “limited access” information in Bossemeyer’s database

has been filtered or separated from the “public” information, so as to result in “extracted data” and “remainder data,” as recited in claim element 81[iii].

Petitioner’s analysis of this claim element in light of Bossemeyer repeatedly refers to Bossemeyer’s “partitioned” database server and attempts to equate “partitioning” with “extraction.” *See, e.g.*, Pet. 35 (“Specifically, in Bossemeyer, user data is partitioned, e.g., extracted, into limited access information and/or proprietary information, and public information.”) (color highlighting omitted). We do not find this argument compelling. We agree with Patent Owner’s expert, Dr. Easttom, who testifies, “a partitioned memory does not imply or suggest extraction.” Easttom Decl. ¶ 29. As Dr. Easttom explains, a partitioned memory “merely refers to memory with different areas reserved for different types of information.” *Id.*

Alternatively, Petitioner argues that, when Bossemeyer’s central data base server “partitions” information, a person of ordinary skill would have understood that “Bossemeyer’s method would filter, separate, and thus extract the secure sensitive information, e.g., restricted- and/or limited-data, from the received user data.” Pet. 38 (citing Ex. 1005, 2:17–20). We do not find this reference in Bossemeyer to “partitions” a compelling disclosure of extracted data produced by an extraction process in which a filter removes or extracts security-sensitive data from a data object prior to storage. We agree, instead, with Dr. Easttom, that this disclosure in Bossemeyer is “merely referring to the act by the memory partitions of keeping different pieces of information separate from each other, not removing some pieces of data from a larger whole.” Easttom Decl. ¶ 31.

2. *Reconstruction Limitation*

Claim element 81[b] recites “permitting full or partial reconstruction of said data via said extracted data from said extract stores and remainder

data.” Pet. 53. Petitioner relies on Bossemeyer to meet this “reconstruction” limitation. *Id.* Petitioner contends that “Bossemeyer discloses that partitioned data is retrieved from the different partitioned memory portions of the central database server 10, and is presented, e.g., at a terminal, based on a particular user’s authorization.” *Id.* at 53–54 (citing Ex. 1005, 3:63–4:6). Alternatively, Petitioner contends that Glick “discloses an appliance that reconstructs requested information” by decrypting the information. *Id.* at 56 (citing Ex. 1006, 4:4–8).

We do not find these arguments compelling for several reasons. First, Petitioner equates “reconstructing” with “allowing access” to the user data. *Id.* We do not agree. As Dr. Easttom testifies, “[p]roviding access to data, or allowing someone to view it, is not reconstruction.” Easttom Decl. ¶ 45. He continues that “[n]othing in Bossemeyer suggests that the piece of data targeted by the pointer and then provided to the merchant is in any way reconstructed or combined with any other data, let alone a body of data that it was originally a part of.” *Id.*

Furthermore, we are not persuaded that Dr. Zadok’s testimony provides compelling evidence that this limitation is met by Bossemeyer. *See* Zadok Decl. ¶¶ 211–221. We agree with Patent Owner that much of Dr. Zadok’s testimony is based on assumptions that he does not support with facts. Prelim. Resp. 35–37. For example, he testifies, without factual support, that “[t]he system of Bossemeyer retrieves remainder data (e.g., public information such as a customer’s name), retrieve extracted data (e.g., proprietary or limited access information such as credit card numbers and account PIN/numbers), and then logically merges these pieces of information (i.e., reconstruct the original information to appear as before it was split into different security categories).” Zadok Decl. ¶ 215. Dr. Zadok

provides no citation to Bossemeyer, and we see no disclosure that Bossemeyer's system "logically merges" public information, such as a customer's name, with proprietary or limited access information, such as credit card numbers and account PIN/numbers. *Id.* Dr. Zadok opines that, "[a]lthough Bossemeyer does not explicitly state that the information, once reaching the terminal, is merged/reconstructed, a [person of ordinary skill in the art] would have understood that such logical merging would have been obvious to take place for the (secure) transaction to succeed." *Id.* ¶ 216. We find that Dr. Zadok views the prior art through the lens of impermissible hindsight, and his opinion is biased, speculative, and unsupported by Bossemeyer. *See, e.g., Plantronics, Inc. v. Aliph, Inc.*, 724 F.3d 1343, 1354 (Fed. Cir. 2013) (holding that an articulated reasoning "is especially important to guard against the dangers of hindsight bias").

Similarly, referring to an example from Bossemeyer involving access to medical data (Ex. 1005, 5:6–15), Dr. Zadok testifies that "[a person of ordinary skill] would have understood from this example that for the pharmacist to be able to fill a prescription successfully, then the system of Bossemeyer has to first retrieve remainder data (e.g., public information such as a customer's medical alerts), retrieve extracted data (e.g., proprietary or limited access information such as medical history, insurance, or doctors' prescriptions), and then logically merge (reconstruct) these pieces of information." Zadok Decl. ¶ 219. We find that Dr. Zadok's testimony is speculative, hindsight-biased, and unsupported by Bossemeyer, which does not disclose or suggest any such logical merging of data. Finally, Dr. Zadok characterizes Glick as "disclosing an appliance that reconstructs requested information in an analogous manner to Bossemeyer." *Id.* ¶ 220 (quoting Ex. 1006, 4:4–8). We see nothing "analogous" to Bossemeyer in the quoted

disclosure in Glick, which relates to encryption and decryption. We do not find Dr. Zadok's unsupported opinions to be compelling evidence that the "reconstruction limitation" is met by Bossemeyer, alone or in combination with Glick.

Finally, we agree with Patent Owner that the language of the claim requires reconstruction of the data objects as they existed before any extraction occurred. Prelim. Resp. 38–39. Claim 81 requires "full or partial reconstruction of said data." Ex. 1001, 68:66. We agree with Patent Owner that the antecedent for "said data" in the reconstruction limitation is the "data" processed in the extraction step. Prelim. Resp. 38. Petitioner does not provide compelling evidence that the various pieces of information in Bossemeyer's partitioned data base were ever originally together, as part of a whole, before the alleged extraction and storage in partitioned memory, making it impossible to "reconstruct" that which never existed previously. *Id.* at 38–39.

As to Petitioner's alternative reliance on Glick, Petitioner presents no compelling evidence that Glick reconstructs original data that was previously extracted. Prelim. Resp. 40. We agree with Patent Owner that Petitioner fails to show that Glick's decryption of encrypted text software, music, video, and graphics files involves combining data previously extracted from them to effect a "reconstruction." *Id.* at 40–41.

3. *Summary and Conclusion – Compelling Merits*

As discussed above, "[c]ompelling, meritorious challenges are those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence." Guidance Memo, 4. For the reasons given, Petitioner's arguments and evidence do not present a "compelling, meritorious

challenge.” In view of this determination, we do not need to address Patent Owner’s additional arguments that Bossemeyer is not analogous art to the ’825 patent or that there is insufficient motivation to combine Bossemeyer and Glick. Nor do we address further Carmichael, which is cited by Petitioner for its geolocation features only and is therefore not pertinent to the claim limitations addressed in the preceding subsections. Pet. 23–26.

G. Balancing the Fintiv Factors

We have considered the circumstances and facts before us in view of the *Fintiv* factors. As discussed above, we have determined that factors 1–5 weigh in favor of discretionary denial of institution. Moreover, we have further determined that the Petition does not show compelling evidence of unpatentability under factor 6. We therefore conclude that the evidence of record favors exercising our discretion to deny institution of an *inter partes* review.

V. CONCLUSION

Upon consideration of the Petition, the Preliminary Response, and the accompanying evidence, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of an *inter partes* review challenging claim 81 of the ’825 patent.

VI. ORDER

For the foregoing reasons, it is hereby:

ORDERED that the Petition is *denied*, and no trial is instituted.

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