

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTERNATIONAL BUSINESS MACHINES CORPORATION,
Petitioner,

v.

DIGITAL DOORS, INC.,
Patent Owner.

IPR2023-00973
Patent 8,468,244 B2

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

ROESEL, *Administrative Patent Judge*.

DECISION
Granting 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 1 of U.S. Patent No. 8,468,244 B2 (Ex. 1001, “the ’244 patent”). DigitalDoors, Inc. (“Patent Owner”) filed a Preliminary Response (Paper 6, “Prelim. Resp.”). With prior Board authorization, Petitioner filed a preliminary reply (Paper 7, “Pet. Reply”), and Patent Owner filed a preliminary sur-reply (Paper 9, “PO Sur-reply”).

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). An *inter partes* review may not be instituted “unless . . . the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a). For the reasons discussed below, we determine the reasonable likelihood standard is met, and we grant institution of an *inter partes* review.

II. BACKGROUND

A. Related Proceedings

The parties indicate that the ’244 patent is the subject of *DigitalDoors, Inc. v. International Business Machines Corporation*, No. 2:22-cv-00457-JRG-RSP (E.D. Tex.). Pet. 77; Paper 3, 1. Patent Owner identifies other patents that are also involved in this lawsuit: 7,313,825, 7,322,047, 7,349,987, 7,552,482, 7,721,344, and 7,958,268. Paper 3, 1–2.

B. Real Party in Interest

Petitioner identifies itself as the real party in interest. Pet. 77. Patent Owner also identifies itself as the real party in interest. Paper 3, 1.

C. The '244 Patent (Ex. 1001)

The '244 patent is titled “Digital Information Infrastructure And Method For Security Designated Data And With Granular Data Stores” and was issued on June 18, 2013. Ex. 1001, (45), (54). The patent “relates to information management data processing modules and computer software system and method enabling protection of confidential information, identification of such information, identification of select content, classification for the same, and security system for the same.” *Id.* at 1:15–19.

Figure 4 of the '244 patent illustrates the information management system and is reproduced below.

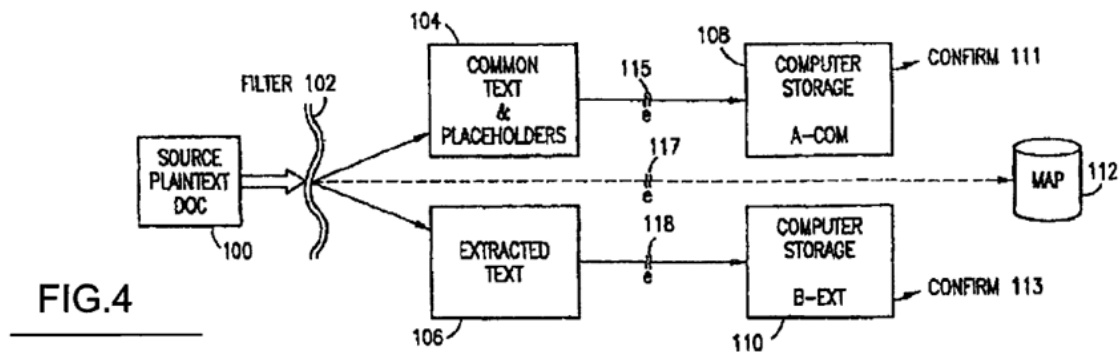


Figure 4 illustrates the basic processes for establishing a secure storage of information, generally identified as “data.” Ex. 1001, 435:11–13. In the '244 patent, the term “data” includes “any data object, e.g., text, images, icons, moving images, multiple images, data representing sound, video, electronic streams of information, etc. Sound bites and video images may also be extracted data.” *Id.* at 435:13–17.

In operation, source document 100 or “plaintext” 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 435:38–39. The security sensitive words, characters, icons or data objects are separated from

remainder or common text 104 as extracted text 106. *Id.* at 435:40–44. 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 435:49–53. 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 435:53–56.

D. Illustrative Claim

Claim 1 is the sole challenged claim and is reproduced below:

1. [1pre-i] A distributed computer system for organizing and processing data, the data to be processed having select content represented by one or more predetermined words, characters, images, data elements or data objects,

[1pre-ii] said distributed computing system having (a) a plurality of select content data stores in a server cloud for respective ones of a plurality of security designated data and (b) a plurality of granular data stores,

[1pre-iii] each said select content data store and granular data store having respective access controls thereat, said plurality of data stores and said server cloud operatively coupled over a communications network, comprising:

[1a] means for identifying plurality of select content data stores for respective ones of a plurality of security designated data in said server cloud,

[1b] an extractor for extracting and storing said security designated data in respective select content data stores of said server cloud;

[1c] a processor activating at least one of said select content data stores in said server cloud thereby permitting access to said select content data stores and respective security designated data based upon an application of one or more of said access controls thereat;

[1d] means for parsing remainder data not extracted from said data to be processed and storing the parsed data as data segments in respective granular data stores;

[1e] said processor having means for applying a reconstruction data process employing said respective access controls to combine one or more of said security designated data and remainder data.

Ex. 1001, 524:29–57 (with Petitioner’s designations added in brackets).

E. Prior Art and Other Evidence

Petitioner relies on the references listed below:

Name	Reference	Publication/Issue Date	Exhibit No.
Redlich	US 2003/0182435 A1	Sept. 25, 2003	1005
Ozzie	US 8,601,598 B2	Dec. 3, 2013	1006

Petitioner relies also on a Declaration of Erez Zadok, Ph.D. (Ex. 1003, “Zadok Decl.”).

F. Asserted Grounds of Unpatentability

Petitioner contends that claim 1 of the ’244 patent is unpatentable based on the following grounds (Pet. 15):

Claim Challenged	35 U.S.C. § ¹	Reference(s)/Basis
1	103	Redlich
1	103	Redlich, Ozzie

¹ The relevant sections of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112–129, took effect on March 16, 2013. The ’244 patent was filed on April 29, 2009, and claims priority to applications with filing dates before this date. *See* Ex. 1001, (22), (63). For the purposes of this Decision, pre-AIA statutes apply.

G. Overview of the Prior Art

1. Redlich (Ex. 1005)

Redlich was published on September 25, 2003, and is prior art to the '244 patent under pre-AIA 35 U.S.C. § 102(b), even if the '244 patent is accorded its provisional filing date. Ex. 1001, code (60); Ex. 1005, code (43). Redlich and the '244 patent have the same inventors, but are from different patent families. Ex. 1001, code (75); Ex. 1005, code (75); *see* Prelim. Resp. 1.

Redlich is titled “Data Security System and Method for Portable Device.” Ex. 1005, code (54). Redlich discloses a method for securing sensitive data by determining a portable device’s geographic location and then extracting security sensitive data from a file, text, or data object. *Id.*, code (57). The extracted data is separated from the remainder data and is separately stored, either on a local drive or in a remote store. *Id.*, code (57), ¶ 34. For example, Redlich discloses “a network implementation” in which the extracted data is stored in one computer and the remainder or common data is stored in another computer. *Id.* ¶ 34. Redlich also discloses “a client-server implementation,” in which the extracted data and the remainder data are stored in different locations, either on a server or on a further memory system (computer) interconnected to the server. *Id.* According to Redlich, “[r]econstruction of the data is permitted only in the presence of a predetermined security clearance.” Redlich also describes an information processing system for securing data. *Id.*

Petitioner compares Redlich with the '244 patent and shows they contain many common figures and descriptions. Pet. 17–27.

2. *Ozzie (Ex. 1006)*

Ozzie issued December 3, 2013, based on an application filed September 29, 2006 and is prior art to the '244 patent under pre-AIA 35 U.S.C. § 102(e), even if the '244 patent is accorded its provisional filing date. Ex. 1001, code (60); Ex. 1006, code (22).

Ozzie is titled “Off-premise Encryption of Data Storage” and discloses a cloud-based data repository that functions as a secure “drop-box” for a user’s data. Ex. 1006, codes (54), (57), 2:6–9. According to Ozzie, the disclosed innovation facilitates “user-centric secure storage by partitioning the cloud-based repository into multiple partitions, each of which corresponds to specific indexing criteria,” such as intended user identity, data type, data content, data topic, author, and context. *Id.*, code (57), 2:17–22. Ozzie discloses that “rather than housing applications and data locally, data can be offloaded to a ‘cloud’ such as a group of one or more communicatively coupled ‘off-premise’ servers” so that “a user’s data can be accessed from any network connected computing device.” *Id.* at 4:52–57.

III. REQUEST FOR DENIAL UNDER 35 U.S.C. § 325(d)

A. *Background*

Patent Owner argues that the Petition should be denied under 35 U.S.C. § 325(d).² Prelim. Resp. 1–2, 6–20.

In evaluating arguments under § 325(d), we use a two-part framework: (1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same

² “[T]he Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.” 35 U.S.C. § 325(d).

arguments previously were presented to the Office; and (2) if either condition of the first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims. *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 8 (PTAB Feb. 13, 2020) (precedential). We also consider the non-exclusive factors set forth in *Becton, Dickinson and Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (PTAB Dec. 15, 2017) (precedential in relevant part), which “provide useful insight into how to apply the framework” under § 325(d).

Advanced Bionics, Paper 6 at 9. Those non-exclusive factors include:

- (a) the similarities and material differences between the asserted art and the prior art involved during examination;
- (b) the cumulative nature of the asserted art and the prior art evaluated during examination;
- (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection;
- (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art;
- (e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and
- (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.

Becton, Dickinson, Paper 8 at 17–18. “If, after review of factors (a), (b), and (d), it is determined that the same or substantially the same art or arguments previously were presented to the Office, then factors (c), (e), and (f) relate to whether the petitioner has demonstrated a material error by the Office.”

Advanced Bionics, Paper 6 at 10.

B. Analysis

Part I of the *Advanced Bionics* framework asks whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office. *Advanced Bionics*, Paper 6 at 8.

Petitioner contends that the Office “has not previously considered Redlich or Ozzie in connection with the claims of the ’244 Patent” and that “the combination is not redundant to any combination of references considered during prosecution.” Pet. 75; *see also* Pet. Reply.

Patent Owner argues that, during examination, the Office already considered the same art, substantially the same art, and the same arguments as asserted by Petitioner. Prelim. Resp. 6; *see also* PO Sur-reply. More particularly, Patent Owner argues that Redlich is the same art as U.S. Patent No. 7,313,825 (“’825 patent”) and substantially the same art as U.S. Patent No. 7,322,047 (“’047 patent”),³ both of which were the basis for non-statutory obviousness-type double patenting rejections. Prelim. Resp. 2, 6–11; Ex. 1002, Part 5, 2223–25. In addition, Patent Owner argues that Petitioner’s arguments concerning Ozzie are substantially the same as the Examiner’s arguments when rejecting the claims over Fahlman and Hoffberg. Prelim. Resp. 2, 6, 12–15.

We agree with Petitioner that Redlich was not previously considered by the Office. Pet. 75. Redlich is prior art to the ’244 patent under pre-AIA § 102(b), but the Examiner did not consider or apply Redlich as prior art under §§ 102 or 103 during examination. Redlich is not listed in the ’244 patent under “References Cited,” and Patent Owner does not direct us to any

³ Patent Owner refers to the ’047 patent as the “Redlich Parent.”

citation to Redlich by the applicant or the Examiner. Ex. 1001, code (56); *cf.* Ex. 1002, Part 5, 2235 (Notice of References Cited by the Examiner), 2241–45 (Information Disclosure Citation).

We disagree with Patent Owner’s argument that Redlich is the same or substantially the same as the ’825 and ’047 patents. Prelim. Resp. 6–11. In contrast to Redlich, the ’825 and ’047 patents are *not* prior art to the ’244 patent. Patent Owner does not dispute Petitioner’s showing that the ’825 and ’047 patents were issued after the ’244 patent’s filing date and are not prior art to the ’244 patent under pre-AIA §§ 102(a), (b), or (e). Pet. Reply 1–2 & n.1 (timelines); *see* PO Sur-reply 1 (reproducing Petitioner’s timelines).

Moreover, Patent Owner points to nothing in the ’244 patent’s file history that would indicate the Examiner considered or applied the ’825 and ’047 patents or the corresponding pre-issuance publications as prior art under §§ 102 or 103. As stated above, Redlich is not listed in the ’244 patent under “References Cited,” and the same is true for the ’825 and ’047 patents and the pre-issuance publication of the ’047 patent. Ex. 1001, code (56). Although the ’825 and ’047 patents were the basis for non-statutory obviousness-type double patenting rejections that were overcome with a terminal disclaimer (Ex. 1002, Part 5, 2375–77, 2384, 2390), the Examiner made no prior art rejection under §§ 102 or 103 based on these patents or the corresponding pre-issuance publications.

We also disagree with Patent Owner’s argument that the Petition presents the same arguments as considered by the Office during examination. Prelim. Resp. 2, 6, 12–15. Petitioner’s obviousness challenge based on Redlich and Ozzie is substantially different from the Examiner’s § 103 rejection based on Fahlman and Hoffberg. Patent Owner argues that

Petitioner and the Examiner rely on Ozzie and Hoffberg, respectively, for teaching cloud-based computing and rely on the same rationale for combining the prior art teachings. *Id.* at 12–14. But Patent Owner makes no argument that Fahlman (cited by the Examiner) is the same or substantially the same as Redlich (relied on by Petitioner). At this stage, Patent Owner does not dispute Petitioner’s contention that Redlich discloses features that were added to the claims to obtain allowance over Fahlman. Pet. 5–8. Petitioner’s undisputed contention distinguishes the obviousness challenge based on Redlich and Ozzie from the Examiner’s § 103 rejection based on Fahlman and Hoffberg.

In sum, we determine that the Petition is not based on the same or substantially the same art as was previously presented to the Office during examination, and the Petition does not present the same or substantially the same arguments as were previously presented to the Office during examination. Because Part I of the *Advanced Bionics* framework is not satisfied, we do not advance to Part II.

IV. 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); *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 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.”).

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 about five months before the deadline for a final written decision in this case. Prelim. Resp. 20–26.

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 1020 (“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. 2005. 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. 21.

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 five months before the statutory deadline for our final written decision. Prelim. Resp. 22; Ex. 1007. Patent Owner argues that trial will occur prior to any anticipated final written decision. Prelim. Resp. 22–23. 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 23 (citing Ex. 1009).⁴

⁴ 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).

Petitioner argues, based on the median time-to-trial statistics for March 2022 (24.5 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. 72 (citing Ex. 1009, 1). Petitioner concludes that this shows the statistics “fluctuate” and therefore this factor is neutral. Pet. 73.

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. 23. 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 and “multiple rounds of discovery requests and responses.” *Id.*

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, particularly as it relates to claim construction and invalidity. *See* Ex. 1007. We find this factor is neutral.

D. Overlap of Issues (Factor 4)

Patent Owner asserts there is overlap between the Petition and Petitioner’s invalidity contentions in the district court litigation, which include Redlich. Prelim. Resp. 24 (citing Ex. 2006).

Anticipating this argument, Petitioner stipulates “that if the IPR is instituted, Petitioner will not pursue the same grounds in the district court litigation.” Pet. 74 (citing *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 7 (June 16, 2020) (informative)).

Patent Owner argues that Petitioner’s proffered stipulation “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. 24–25 (citing *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A)).

Petitioner’s stipulation is narrower than 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. 25. 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. 74.

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*, 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.

V. 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))).

The patent statute provides that “[a]n element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.” 35 U.S.C. § 112, para. 6 (pre-AIA). This statutory provision presumptively does not apply to a claim term that lacks the word “means,” but the presumption can be overcome if the challenger demonstrates that the claim term fails to recite sufficiently definite structure or else recites function without reciting sufficient structure for performing that function. *Williamson v. Citrix Online, LLC*, 792 F.3d 1339, 1348 (Fed. Cir. 2015) (en banc). Under our rules, a petition must provide a construction for a means-

plus-function limitation by identifying “the specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function.” 37 C.F.R. § 42.104.

Petitioner proposes constructions for the claim terms it identifies as means-plus-function limitations. Pet. 11–15. Patent Owner does not address claim construction at this stage of the proceeding. For purposes of this Decision, we apply Petitioner’s proposed constructions, as follows.

Claim term	Function	Corresponding structure
means for identifying plurality of select content data stores for respective ones of a plurality of security designated data in said server cloud,	identifying plurality of select content data stores for respective ones of a plurality of security designated data in said server cloud	an application service provider (“ASP”) server, such as the server labeled as box 152 in Figure 6, performing the algorithm as described in Ex. 1001, 436:34–46
an extractor for extracting and storing said security designated data in respective select content data stores of said server cloud;	extracting and storing said security designated data in respective select content data stores of said server cloud	a filter, such as the filter labeled as box 45 in Figure 3, performing the algorithm as set forth in the boxes labeled as 246 and 248 in Ex. 1001, Figure 9 and described in Ex. 1001, 437:1–5
means for parsing remainder data not extracted from said data to be processed and storing the parsed data as data segments in respective granular data stores;	parsing remainder data not extracted from said data to be processed and storing the parsed data as data segments in respective granular data stores	a filter, such as the filter labeled as box 45 in Figure 3, performing the algorithm as set forth in the box labeled as 556 in Ex. 1001, Figure 41 and described in Ex. 1001, 506:63–507:8 and

Claim term	Function	Corresponding structure
		442:55–67
means for applying a reconstruction data process employing said respective access controls to combine one or more of said security designated data and remainder data.	applying a reconstruction data process employing said respective access controls to combine one or more of said security designated data and remainder data	the processor of an ASP server, such as the processor of the ASP server labeled as box 152 in Ex. 1001, Figure 6, performing the algorithm as set forth in box 328 of Ex. 1001, Figure 10 and described in Ex. 1001, 438:9–15, and 441:16–30

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 January 5, 2007.” Pet. 9 (citing Zadok Decl. ¶¶ 135, 136). 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.⁵ *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”;

⁵ Patent Owner does not present any objective evidence of secondary considerations as to any of the challenged claims.

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. Asserted Obviousness Grounds

Petitioner challenges claim 1 as obvious over Redlich alone (Ground 1) and in combination with Ozzie (Ground 2). Pet. 15, 30. Petitioner provides an element-by-element analysis of those references in relation to claim 1. Pet. 30–64. Petitioner also provides reasons a person of ordinary skill would have been motivated to combine the teachings of Redlich and Ozzie. Pet. 65–71.

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. 20. Patent Owner does not address the merits of the Petition, except by arguing that “Petitioner exclusively relies on art and arguments already considered and rejected by the examiner and provides no evidence of any error made during prosecution of the ’244 Patent.” *Id.* at 25–26. As Patent Owner acknowledges (*id.*), that is the same argument as Patent Owner presents under § 325(d). We disagree for the reasons stated in Section III above.

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 below, we find that the Petition presents a compelling, meritorious challenge to claim 1 of the ’244 patent.

Petitioner contends that most of the claim recitations are disclosed by Redlich. Pet. 30–64. In some instances, Petitioner points to *in haec verba* disclosure of the claim language. Addressing element [1pre-i], for example, Petitioner asserts that Redlich discloses “a distributed computer system.” Pet. 30–31 (citing Ex. 1005 ¶¶ 99, 231, 245). Addressing element [1b], Petitioner asserts that Redlich discloses “extracting” security designated data. Pet. 49 (citing Ex. 1005 ¶¶ 34, 35, 38, 134, claim 139). Addressing element [1d], Petitioner asserts that Redlich discloses “parsing” of data granularly into data segments. Pet. 59 (citing Ex. 1005 ¶¶ 37, 106, 143, 238).

For all elements of claim 1, Petitioner presents side-by-side comparisons of Redlich’s figures and the ’244 patent’s figures, asserting that they disclose the same structures corresponding to the means-plus-function limitations or other structural recitations. Element [1a], for example, recites “means for identifying plurality of select content data stores for respective ones of a plurality of security designated data in said server cloud.” Petitioner asserts that “Redlich discloses the same server and algorithm disclosed in the ’244 Patent.” Pet. 45. Petitioner presents a side-by-side comparison of Redlich’s Figure 2 and the ’244 patent’s Figure 6, asserting that both show application service provider (“ASP”) server 152, which corresponds to the recited means, and both disclose the same algorithm. Pet. 45–46 (citing Ex. 1001, 436:34–46; Ex. 1005 ¶ 142).

Addressing claim 1’s recitation of “a server cloud,” Petitioner contends that, like the ’244 patent, “Redlich discloses a distributed computer system comprising many servers and extracted data dispersed all over in extract stores to achieve high level security.” Pet. 37–38 (citing Ex. 1001, 62:15–17, 439:4–15, 439:61–63, Fig. 6; Ex. 1005 ¶¶ 124, 127, Fig. 2).

Relying on Dr. Zadok's testimony, Petitioner asserts that a "POSITA would have understood that Redlich's group of servers and data stores is a server cloud as claimed in Claim 1 of the '244 Patent." Pet. 38–39 (citing Zadok Decl. ¶¶ 176–178). In view of the parallels Petitioner identifies between Redlich and the '244 patent's disclosure, we find that Petitioner's contention and the corresponding testimony of Zadok are compelling.

Alternatively, Petitioner contends that Ozzie discloses a "server cloud" as recited in claim 1, including a system comprising a plurality of data stores for storing data in a server cloud. Pet. 39–42 (citing Ex. 1006, 4:53–55, 4:64–5:5, 13:64, 14:16–18, Figs. 1, 11; Zadok Decl. ¶¶ 252–262). Petitioner further contends that a "POSITA would have been motivated to combine Redlich with Ozzie to implement Ozzie's server cloud in Redlich's system and would also have had a reasonable expectation of success in combining Redlich with Ozzie." Pet. 42 (citing Zadok Decl. ¶ 263). Among other reasons supporting the combination, Petitioner asserts that "a POSITA would have been motivated to use Ozzie's method of storing data within a cloud because it would improve Redlich's system for storing security sensitive information in a plurality of extract stores corresponding to the security level of the security sensitive information." Pet. 67. According to Petitioner, "Redlich's system would improve by using Ozzie's technique because incorporating Ozzie's technique of storing data in a cloud partitioned based on user identities would allow for better organization and easier identification and access of a particular user's data." *Id.* (citing Ex. 1006, 5:13–21). We find that Petitioner presents a compelling, evidence-supported rationale for combining the teachings of Redlich and Ozzie.

In sum, we find that Petitioner’s arguments and evidence present a compelling, meritorious challenge to claim 1 of the ’244 patent.

F. Conclusion based on Fintiv Factors

As discussed above, we determine that *Fintiv* factors 1–5 weigh in favor of discretionary denial of institution. Under factor 6, however, we determine that the Petition presents a compelling, meritorious challenge to patentability of claim 1. Pursuant to the Guidance Memo, our compelling merits determination overrides the other *Fintiv* factors. Guidance Memo, 4–5 (“[W]here the PTAB determines that the information presented at the institution stage presents a compelling unpatentability challenge, that determination alone demonstrates that the PTAB should not discretionarily deny institution under *Fintiv*.”); *id.* at 5 (“[T]he PTAB will not deny institution based on *Fintiv* if there is compelling evidence of unpatentability.”).

VI. REASONABLE LIKELIHOOD UNDER 35 U.S.C. § 314(a)

For the reasons discussed in Section V above, we determine that the information presented in the Petition and the Preliminary Response shows a reasonable likelihood that Petitioner would prevail on its challenge to claim 1 of the ’244 patent.

Accordingly, we institute an *inter partes* review.

VII. ORDER

It is

ORDERED that, pursuant to 35 U.S.C. § 314(a), an *inter partes* review of claim 1 of the ’244 patent is instituted commencing on the entry date of this Decision; and

FURTHER ORDERED that, pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of trial.

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