

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner,

v.

SOFTEX, LLC,
Patent Owner.

IPR2023-01185
Patent 8,506,649 B2

Before THU A. DANG, MICHELLE N. WORMMEESTER, and
SCOTT B. HOWARD, *Administrative Patent Judges*.

DANG, *Administrative Patent Judge*.

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

INTRODUCTION

A. Background

Microsoft Corporation (“Petitioner”) filed a Petition requesting an *inter partes* review of claims 1–25 (the “challenged claims”) of U.S. Patent No. 8,509,649 B2 (Ex. 1001, “the ’649 patent”). Paper 2 (“Pet.”). Softex, LLC (“Patent Owner”) filed a Preliminary Response. Paper 9 (“Prelim. Resp.”). Pursuant to our authorization, Petitioner filed a Reply to Patent Owner’s Preliminary Response (Paper 12, “Pet. Prelim. Reply”) and Patent Owner filed a Sur-reply (Paper 13, “PO Prelim. Sur-reply”), each directed to whether Petitioner failed to identify all real parties-in-interest (“RPIs”) and whether institution should be discretionarily denied under 35 U.S.C. § 314(a).

Under 35 U.S.C. § 314 and 37 C.F.R. § 42.4(a), the Board has authority to determine whether to institute an *inter partes* review. Applying the standard set forth in 35 U.S.C. § 314(a), which requires demonstration of a reasonable likelihood that Petitioner would prevail with respect to at least one challenged claim, we grant Petitioner’s request and institute an *inter partes* review of all challenged claims.

B. Related Proceedings

The parties identify the ’649 patent as the subject of *Softex LLC v. Lenovo (Shanghai) Elecs. Tech. Co. Ltd.*, Case No. 5:23-cv-00090 (E.D.N.C.); *Softex LLC v. Absolute Software Corp.*, Case No. 1:22-01308 (W.D. Tex.); *Softex LLC v. Dell Tech. Inc.*, Case No. 1:22-01309 (W.D. Tex.); and *Softex LLC v. HP Inc.*, Case No. 1:22-01311 (W.D. Tex.). Pet. viii; Paper 4, 1–2 (collectively “the Texas litigations”).

C. The '649 Patent

The '649 patent, titled “Electronic Device Security and Tracking System and Method,” issued on August 13, 2013, relates to an electronic device security and tracking system and method (ESTSM) that includes hardware, software and firmware components that cooperate to allow tracking, disabling, and other interaction with a stolen electronic device. Ex. 1001, codes (45), (54), 1:36–40.

An illustration of the encrypted and encoded communication between a client electronic device and an ESTSM service computer system is depicted in Figure 56 of the '649 patent, reproduced below:

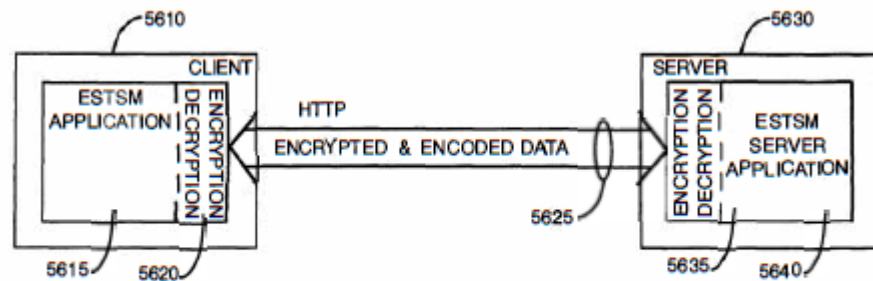


FIGURE 56

Figure 56 of the '649 patent shows a schematic illustrating the encryption and encoding of information by a client electronic device and decoding and decryption of information by a server computer system. *Id.* at 27:36–39.

As shown in Figure 56, client 5610 is an ESTSM enabled electronic device that includes ESTSM application component 5615 coupled to encryption/decryption module 5620 that transmits and receives encrypted and encoded data. *Id.* at 27:40–44. Encrypted and encoded data is transmitted to and received at ESTSM server computer system 5630 through communication medium 5625, server computer system 5630 including

ESTSM server application 5640 that includes web pages and information displayable on ESTSM enabled devices. *Id.* at 27:44–52. ESTSM server application 5640 is coupled to encryption/decryption module 5635 that transmits and receives encrypted and encoded data to and from client 5610. *Id.* at 27:52–55.

In operation, in a registration phase, a user creates an account with ESTSM. *Id.* at 7:16–22. During registration, the user creates a username and password that can be used to log onto the ESTSM website, and provides user information (name, address, phone number, and so forth) so that the monitoring station can identify the user if the user calls the monitoring station to report a theft. *Id.* at 9:35–42. After the user has selected the ESTSM services, the ESTSM system requests that the user interacts with the ESTSM application and enter the registration key into the device to ensure that the correct electronic device is being registered, wherein the ESTSM registration may not require any user intervention. *Id.* at 11:19–36. Once registration is complete, the user does not interact with ESTSM until the electronic device is stolen. *Id.* at 7:23–30.

A device status web page resides in the ESTSM server computer system, wherein a user clicks on the button labeled “Report Stolen” to start the process of reporting a device stolen. *Id.* at 32:52–54, 33:4–6, Fig. 68. Once the report is completed, the device will be placed into the REPORTED STOLEN state. *Id.* at 33:13–15.

In some embodiments, the ESTSM server computer system informs the device that it has been reported stolen and backup the data on the device, while in other embodiments, the ESTSM service periodically backs up the data on the device even if the mobile device has not been reported stolen.

Id. at 33:28–34. The ESTSM server then disables the device (i.e. locks the user out but the device can still communicate with the ESTSM server), and further informs the device via a secure communications channel to take the appropriate action based on the service options selected by the user (e.g. disabling the electronic device, destroying the storage device (e.g. hard disk drive), recovering data, encrypting data and more). *Id.* at 34:65–35:4.

D. The Challenged Claims

Of the challenged claims, claims 1, 9, 17 and 25 are the independent claims. Claims 2–8 depend from claim 1, claims 10–16 depend from claim 9, and claims 18–24 depend from claim 17. Claim 1 is illustrative, and is reproduced below:

1. A mobile electronic device, comprising:
 - a processor;
 - one or more non-transitory machine-readable storage media responsive to the processor; and
 - a security application in at least one of the non-transitory machine-readable storage media, wherein the security application is operable to perform operations comprising:
 - enabling an owner of the mobile electronic device to register the mobile electronic device with a security service residing at least partially on one or more servers;
 - causing the mobile electronic device to automatically send identifying information for the mobile electronic device to the security service;
 - after the owner has registered the mobile electronic device with the security service, causing the mobile electronic device to periodically communicate with the security service, when the mobile electronic device is in a

state other than a state in which the mobile electronic device is powered off;

after the owner has registered the mobile electronic device with the security service, accepting a notification at the mobile electronic device from the security service, wherein the notification comprises a message indicating that the owner of the mobile electronic device has reported a loss or requested disabling of the mobile electronic device;

in response to receiving the notification, automatically disabling at least one user function of the mobile electronic device while still allowing the mobile electronic device to communicate with the security service; and

automatically causing at least some user data to be copied from the mobile electronic device to at least one of the servers;

wherein the one or more non-transitory machine-readable storage media comprises non-volatile memory;

wherein the non-volatile memory comprises a changeable area that can be modified by a user and a system area that cannot be modified by the user;

wherein the security application utilizes code residing at least partially in the system area; and

wherein the security application receives the notification from at least one of the servers via the system area.

Ex. 1001, 35:50–36:27.

E. Asserted Grounds of Unpatentability

Petitioner challenges the patentability of claims 1–25 of the '649 patent on the following grounds (Pet. 2):

Claim(s) Challenged	35 U.S.C. §¹	Reference(s)/Basis
1–5, 7–13, 15–21, 23–25	102, 103	Andrews ²
1–5, 7–13, 15–21, 23–25	103	Andrews, Bonnett ³
1–5, 7–13, 15–21, 23–25	103	Andrews, Cotichini ⁴
6, 8, 14–16, 22–25	103	Andrews, Cotichini, Hayward ⁵

Petitioner relies on the declaration of John Black, Ph.D. (Ex. 1003) in support of its unpatentability contentions.

¹ The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 287–88 (2011), amended 35 U.S.C. §§ 102 and 103. Because the ’402 patent was filed before March 16, 2013, the effective date of the relevant amendment, the pre-AIA version of §§ 102 and 103 applies.

² PCT Publication No. WO 01/84455 A1, published November 8, 2001, filed March 6, 2001 (Ex. 1005, “Andrews”).

³ U.S. Patent Publication No. 2003/0051090 A1, published March 13, 2003, filed July 17, 2002 (Ex. 1006, “Bonnett”).

⁴ PCT Publication No. WO 98/43151, published October 1, 1998, filed March 24, 1998 (Ex. 1007, “Cotichini”).

⁵ UK Publication No. GB 2,369,205 A, published May 22, 2002, filed November 17, 2000 (Ex. 1008, “Hayward”).

ANALYSIS

A. Real Parties in Interest

Petitioner identifies itself as the RPI, and “[o]ut of an abundance of caution, and without conceding that they are real [RPIs],” also discloses that

Dell Inc.; Dell Technologies Inc.; HP Inc.; Lenovo (Shanghai) Electronics Technology Co. Ltd.; Lenovo Group, Ltd.; Lenovo Beijing, Ltd.; Lenovo PC HK Limited; and Lenovo (United States), Inc. have been named as defendants in co-pending litigations filed in or after December 2022 (listed below) based, in part, on alleged activities relating to products incorporating [Petitioner’s] software.

See Pet. vii. Nevertheless, Petitioner contends that “[w]hether such third parties are [RPIs] should not be resolved in this proceeding because it has no impact on this proceeding,” including “because even a determination that these parties are real [RPIs] would not result in the application of any estoppel or time-bar under 35 U.S.C. § 315. *Id.* (citing *Unified Patents, LLC v. MemoryWeb, LLC*, IPR2021-01413, Paper 76, 5 (PTAB May 22, 2023)); *SharkNinja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11, 18 (PTAB Oct. 6, 2020) (precedential)).

Patent Owner contends that

The Board should find that Dell, Inc., Dell Technologies, Inc., (collectively, “Dell”), HP Inc., (“HP”), Lenovo (Shanghai) Electronics Technology Co. Ltd, Lenovo Group, Ltd., Lenovo Beijing, Ltd., Lenovo PC HK Limited, and Lenovo (United State), Inc. (collectively, “Lenovo”) (all collectively together, the “PC Manufacturers”) are RPIs because [Petitioner] is acting on their behalf in this IPR and simultaneously in the district court litigations.

Prelim. Resp. 19. In particular, Patent Owner contends that counsel for Petitioner, “while not admitted as counsel in the district court cases,

surreptitiously attended a private meet and confer in the Dell and HP district court litigations,” “unbeknownst” to Patent Owner and “unannounced” by Petitioner’s counsel. *Id.* at 20 (citing Ex. 2006). According to Patent Owner, the same counsel for Petitioner “as well as the lead and backup counsel for [Petitioner] in this proceeding, thereafter entered an appearance in the district court cases on behalf of Dell and HP,” wherein “[i]nvalidity contentions asserting the *same grounds* as the Petition were served in the Dell and HP cases” before Petitioner filed the Petition. *Id.* at 21 (citing Exs. 2007–2017). Patent Owner further contends that Petitioner “has a long-standing practice of offering indemnification to the PC Manufacturers.” *Id.* at 21–22 (citing Exs. 2018–2019). Accordingly, Patent Owner contends that

Petitioner’s counsels’ stealthy activities in a district court meet and confer and subsequent appearance to represent the PC Manufacturers in the district court cases is strong evidence that [Petitioner] is representing the PC Manufacturers’ interests pursuant to a pre-existing legal relationship and the PC Manufacturers are the beneficiaries.

Id. at 24.

35 U.S.C. § 312(a)(2) requires that the “petition identif[y] all real parties in interest.” 35 U.S.C. § 312 (2018). This provision serves important notice functions to patent owners, to identify whether a petitioner is barred from bringing an IPR due to an RPI that is time-barred or otherwise estopped, and to the Board, to identify conflicts of interests that are not readily apparent from the identity of the petitioner. *See NOF Corp. v. Nektar Therapeutics*, IPR2019-01397, Paper 30 at 6 (PTAB Feb. 10, 2020) (citing Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012); Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019), available at <https://www.uspto.gov/sites/default/>

files/documents/tpgnov.pdf, 12–13 (“Consolidated Trial Practice Guide”)). Accordingly, petitioners must comply with these requirements in good faith. *See* 37 C.F.R. § 42.11(a) (requiring a duty of good faith and candor in proceedings). Whether a non-party is an RPI is a “highly fact-dependent question” and must be considered on a case-by-case basis. *Ventex Co. v. Columbia Sportswear N. Am., Inc.*, IPR2017-00651, Paper 152 at 6 (PTAB Jan. 24, 2019) (precedential) (citing Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,759).

This inquiry, however, is not always necessary at the institution stage. As the Board explained in a precedential decision, the failure to name a real party in interest is not jurisdictional. *Lumentum Holdings, Inc. v. Capella Photonics, Inc.*, IPR2015-00739, Paper 38 at 6 (PTAB March 4, 2016) (precedential). The Board in another precedential decision explained that, at the institution stage, we need not address whether a party is an unnamed RPI unless the time bar or estoppel provisions under 35 U.S.C. § 315 would be implicated. *SharkNinja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11 at 18 (PTAB Oct. 6, 2020) (precedential). In *SharkNinja*, there was “no allegation that Petitioner’s failure to name [the third party] as an RPI should result in termination of the proceeding or denial of institution for review other than” for an alleged procedural violation of 35 U.S.C. § 312(a)(2), nor was there any “allegation or evidence that [the third party] [wa]s barred or estopped from th[at] proceeding, or that Petitioner purposefully omitted [the third party] to gain some advantage.” *Id.* at 18–20 (footnote omitted). Due to the lack of allegations regarding either a time bar or estoppel, the Board declined to decide the RPI issue at the institution

stage because deferring that decision for after institution “better serves the interest of cost and efficiency.” *Id.* at 19–20 (footnote omitted).

In its Preliminary Response, although Patent Owner makes a passing reference to “estoppel” (Prelim. Resp. 26 (“engaging in bad faith gamesmanship by attempting to shield clear beneficiaries from estoppel implications”)), Patent Owner does not set forth any allegations regarding time bar or estoppel with respect to Petitioner’s alleged failure to name the PC Manufacturers as RPIs. We agree with Petitioner that “[w]hether such third parties are real parties-in-interest should not be resolved in this proceeding because it has no impact on this proceeding,” and that “a determination that these parties are real parties-in-interest would not result in the application of any estoppel or time-bar under 35 U.S.C. § 315.” Pet. vii (citing *Unified Patent*, Paper 76, 5).

In its Sur-reply, Patent Owner adds that Petitioner “obtained the PC Manufacturer’s contentions, copied them, and refused to be estopped,” wherein “[h]ad the PC Manufacturers been properly listed as RPIs, they would unquestionably be estopped.” PO Prelim. Sur-reply 3. However, Patent Owner’s speculation as to PC Manufacturers’ future estoppel does not set forth an allegation of estoppel in this proceeding. As Petitioner points out, “the PC Manufacturers have not filed (or been RPI) in any other proceeding before the Board regarding, nor filed civil actions asserting invalidity of, the ’649 patent.” Pet. Prelim. Reply 2. Further, as Patent Owner acknowledges, the district court proceedings in the Texas litigations against PC Manufacturers were filed on December 14, 2022, less than one year before Petitioner filed this IPR petition. Prelim. Resp. 19–20. As Petitioner further points out, “[t]he PC Manufacturers were not time-barred

at filing, and [Petitioner] can amend its mandatory notices if required and maintain its original filing date.” Pet. Prelim Reply 2. Therefore, neither § 315(b) nor any other estoppel or time bar would have precluded PC Manufacturers from petitioning for IPR on their own at the time of filing of this Petition.

Without an implication of time bar or estoppel provisions under 35 U.S.C. § 315 in this proceeding, we decline to decide whether the PC Manufacturers should have been named RPIs in this Petition at the institution stage.

B. Discretionary Denial Under 35 U.S.C. § 314(a)

Institution of an *inter partes* review is discretionary, not mandatory. *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*, 136 S. Ct. 2131, 2140 (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 institution of the Petition “would be inefficient because it is based on prior art that was already advanced in the district court litigation.” Prelim. Resp. 30. In particular, Patent Owner contends that Petitioner, “through the PC Manufacturers,” already submitted invalidity contentions “with the same arguments” in the Texas litigations that Petitioner advances in the Petition “*prior to filing this Petition*,” wherein this

proceeding “would not be the only forum addressing invalidity challenges to the ’649 patent.” *Id.*

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.

See Apple Inc. v. Fintiv, Inc., IPR2020 00019, Paper 11 at 6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv* factors”). “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.*

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” (“Guidance Memo”).

1. Whether a stay exists or is likely to be granted if a proceeding is instituted

Patent Owner contends “multiple considerations indicate that a stay will almost certainly not be granted in the related litigation.” Prelim. Resp. 32. In particular, in its Preliminary Response, Patent Owner points out that “Dell and HP already lost an attempt to stay the case under the same factors the court would address if they did come.” *Id.* Further, Patent Owner contends that “the ’649 patent is only one of six patents asserted in the parallel district court litigations,” wherein “IPRs have not been filed for the other five patents, making a stay highly unlikely.” *Id.* at 32–33 (citing *Smart Mobile Techs. LLC v. Apple Inc.*, No. 6:21-cv-00603-ADA, 2023 WL 5051374, at *5 (W.D. Tex. Aug. 8, 2023) (denying a stay where PTAB denied institution on one asserted patent and the IPRs would therefore not resolve the action)).

Petitioner responds that after Patent Owner filed its Preliminary Response, “Dell and HP moved to stay the cases based on new facts (including the filing of this IPR) that obviate the Court’s prior basis for denying a stay.” Pet. Prelim. Reply 4 (citing Exs. 1027–1028). According to Petitioner, the Western District of Texas courts “regularly stay cases pending IPR.” *Id.* (citing *Rubin v. Kahoot! ASA*, No. 1:23-cv-31, ECF No. 44 (W.D. Tex. Apr. 14, 2023) (granting pre-institution stay) (Ex. 1030); Ex. 1031 (“WDTX Stay Outcomes”)).

On the present record, neither party has produced evidence that the district court has considered a stay in the Texas litigations based on this proceeding. Further, *Fintiv*, 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.

2. The Trial Date in the Related District Court Litigation

The projected statutory deadline for issuance of a final written decision in this proceeding is January 2025, one year from the date of this Decision. As Patent Owner points out, no trial date is set in the Texas litigations. Prelim. Resp. 33. However, as Petitioner notes, “the mean time to trial in the Western District is 28.2 months,” which “would mean the trial in those cases would occur in April 2025,” after the projected final decision date in this proceeding. Pet. 84–85; *see also* Ex. 1025, 37.⁶

If a district court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this factor in favor of exercising authority to deny institution under § 314(a). *Fintiv*, Paper 11 at 9.

Here, the evidence suggests that a trial in the Texas litigations is likely to occur after the due date of our final written decision if we were to institute an *inter partes* review. That is, although Patent Owner contends that “pre-trial motions are due *three months* before the [final written decision] is expected” (PO Prelim. Sur-reply 5), no trial date is set. Further, based on the most recent median time-to-trial statistics for the Western District of Texas, trial would occur about three months after the statutory deadline.

⁶ 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.” (footnote omitted)).

Because the evidence suggests that, by any measure, a trial in the Texas litigations is likely to occur after the due date of our final written decision if we were to institute an *inter partes* review, this factor weighs against exercising our discretion to deny the Petition under § 314(a).

3. Investment in the Parallel Proceeding by the District Court and the Parties

We consider now the amount and type of work already completed in the district court and the parties at the time of the institution decision. *See Fintiv*, Paper 11 at 9.

Patent Owner contends that the parties and the district court have invested substantial resources into the Texas litigations. Prelim. Resp. 34. According to Patent Owner, “[f]act discovery is ongoing and will only be a few months from completion at the time of institution decision,” and “[t]he claim construction process is started and briefing will complete a month before an institution decision.” *Id.*

Petitioner points out that “as of the date of filing of the Petition, the district courts have only ruled on motions to dismiss and transfer, and have not made any substantive rulings related to the ’649 patent.” Pet. 85.

We recognize that the parties and the court have invested some effort in the Texas litigations to date. According to the most recent scheduling order in the Texas litigations, a *Markman* hearing has not occurred, and the deadline to serve Final Infringement and Invalidity Contentions is, at earliest, January 29, 2024, after the date of this Decision, wherein much work relating to invalidity still remains. *See* example Ex. 2022, 6; Ex. 2023, 6; Ex. 2024, 6.

The Board’s precedential *Fintiv* order provides the following guidance:

[I]f, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition, this fact favors denial.[] Likewise, district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.

Fintiv, Paper 11 at 9–10.

We are unaware of any dispositive motions that have yet been filed or ruled upon in the Texas litigations. Discovery is not over and much remains to be completed in advance of trial. *See Ex. 2022*, 6–7. There is also no evidence that parties to the Texas litigations have submitted briefing on any dispositive issue, or that the district court has made any determination on the merits. The current record does not indicate that the district court has invested significant resources in the Texas litigations that bear directly on the issue of patent validity.

Weighing the facts in this particular case, including the minimal investment in the Texas litigations as it relates to issues of patent validity thus far, we find that this factor weighs against exercising our discretion to deny institution under § 314(a).

4. Overlap Between Issues Raised in the Petition and in the Parallel Proceeding

This factor evaluates “concerns of inefficiency and the possibility of conflicting decisions” when substantially identical prior art is submitted in both the district court and the *inter partes* review proceedings. *Fintiv* at 12.

Patent Owner argues that “[t]he parties’ invalidity contentions in the district court rely on the same prior art grounds advanced in the Petition.”

Prelim. Resp. 34. According to Patent Owner, “though fewer claims are at issue in the district court litigations, the parties broadly make the same arguments using the same references as the Petition with respect to the limitations found in the Challenged Claims.” *Id.* (citing Ex. 2013, 23, 33–34, 39–41, 51, 53–54, 56–57, 74–77).

Petitioner argues that the overlap is “limited,” wherein “the IPR challenges 21 non-asserted claims.” Pet. Prelim. Reply 5. Further, according to Petitioner, “the PC Manufacturers agreed to be bound by the FWD.” *Id.*

Although there is overlap in the prior art submitted in the Texas litigations and the prior art relied on in the Petition, this is mitigated by the PC Manufacturers agreement to be bound by any eventual final written decision in this proceeding. Accordingly, this factor is neutral.

5. Identity of Petitioner and the Defendant in the Underlying Litigation

“If a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion.” *Fintiv*, Paper 11 at 13–14. As to whether the petitioner and the defendant in the district court proceedings are related (*Fintiv* Factor 5), it is undisputed that Petitioner is not the defendant in the Texas litigations. *See* Pet. 85; Prelim. Resp. 36. However, Patent Owner contends that, while “Petitioner is not a named party to the Texas litigations involving the PC Manufacturers,” “there is no doubt that Petitioner is directing and controlling defense of those proceedings, including the invalidity challenges.” Prelim. Resp. 36.

As discussed above, we decline to decide at this stage whether PC Manufacturers should have been named RPIs in the Petition. Because

Petitioner is not a party to the Texas litigations and we decline to engage in the RPI analysis, we find this factor neutral.⁷

6. Other Circumstances That Impact the Board's Exercise of Discretion, Including the Merits

The final *Fintiv* factor is a catch-all that takes into account any other relevant circumstances. The panel does not address compelling merits as part of this factor analysis because factors 1–5, on balance, do not favor discretionary denial. *See CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022 01242, Paper 23 at 4–5 (PTAB Feb. 27, 2023) (decision on Director review) (precedential) (“[I]n circumstances where the Board determines that the other *Fintiv* factors 1–5 do not favor discretionary denial, the Board shall decline to discretionarily deny under *Fintiv* without reaching the compelling merits analysis.”).

Patent Owner argues that “Microsoft’s efforts to provide the PC Manufacturers two bites at the validity apple further warrants denial of institution.” Prelim. Resp. 38. Patent Owner further argues that Petitioner has misled the Board regarding its involvement in the Texas litigations. *Id.* at 38–39.

Patent Owner’s arguments are inapposite. Patent Owner’s arguments are no more than a repackaging of its real party in interest arguments. As we discussed above, we have no need to resolve that issue here. Instead, it will be up to the district court to determine whether any estoppel applies to the PC Manufacturers. Accordingly, we find this factor neutral.

⁷ Even if the PC Manufacturers were RPIs and we found this factor would weigh in favor of exercising our discretion to deny institution, that would not change the outcome of our analysis.

7. Conclusion on Discretionary Denial Under § 314(a)

As noted in *Fintiv*, we consider the above six factors when taking “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Fintiv*, Paper 11 at 6. We determine that, weighing these factors in a holistic analysis, the circumstances here favoring institution outweigh the overlapping of issues in the Texas litigations. Therefore, we are not persuaded that the interests of efficiency and integrity of the system would be best served by invoking our authority under § 314(a) to deny institution of this Petition.

C. *Claim Construction*

We construe each claim “in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent.” 37 C.F.R. § 42.100(b). Under this standard, claim terms are generally given their plain and ordinary meaning as would have been understood by a person having ordinary skill in the art (POSITA) at the time of the invention and in the context of the entire patent disclosure. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc).

Petitioner contends that “no express constructions are necessary.” Pet. 9 (citing *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)). Patent Owner contends that it “does not believe express claim construction is necessary for any claim terms because no terms are in controversy.” Prelim. Resp. 18.

At this time, we determine that no terms of the challenged claims require explicit construction. *See, e.g., 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.*, 200 F.3d at 803)).

D. Anticipation by/Obviousness of Claims 1–25

Petitioner contends that claims 1–5, 7–13, 15–21, 23–25 of the ’649 patent are anticipated by, or alternatively would have been obvious over Andrews (Pet. 9–48). Petitioner contends that claims 1–5, 7–13, 15–21, 23–25 also would have been obvious over Andrews in further view of Bonnett (Pet. 48–60); or in further view of Cotichini (Pet. 61–75). Petitioner then contends that claims 6, 8, 14–16, 22–25 would have been obvious over Andrews, Cotichini and Hayward (Pet. 75–82).

In response, Patent Owner contends Petitioner fails to prove that the claimed limitations are disclosed or suggested in Andrews. Prelim. Resp. 39–49.

1. Principles of Law

A patent claim is unpatentable under 35 U.S.C. § 103(a) 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 at the time the invention was made 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 on the basis of underlying factual determinations: (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of ordinary skill in the art; and (4) objective evidence of nonobviousness.⁸ *Graham v. John Deere Co. of Kan. City*, 383 U.S. 1, 17–18 (1966).

⁸ Neither party has introduced objective evidence of nonobviousness at this stage of the proceeding.

2. Andrews

Andrews, titled “Portable Computing Device Communication System and Method,” is directed to a method of communicating between a portable device and a host computer, which includes storing a responsive action to be taken in the event that the portable computer device becomes missing.

Ex. 1005, codes (54), (57). The method includes registering the portable computing device as having a missing status, establishing contact between the portable computing device and the host computer via a communication network, and instructing the portable computing device to take the responsive action. *Id.* at code (57). The responsive action may be retrieving or deleting data from the portable computing device, restricting access to the portable computing device, and/or tracking location of the portable computing device. *Id.* A schematic illustration Andrews’ communication system is depicted in Figure 6, reproduced below:

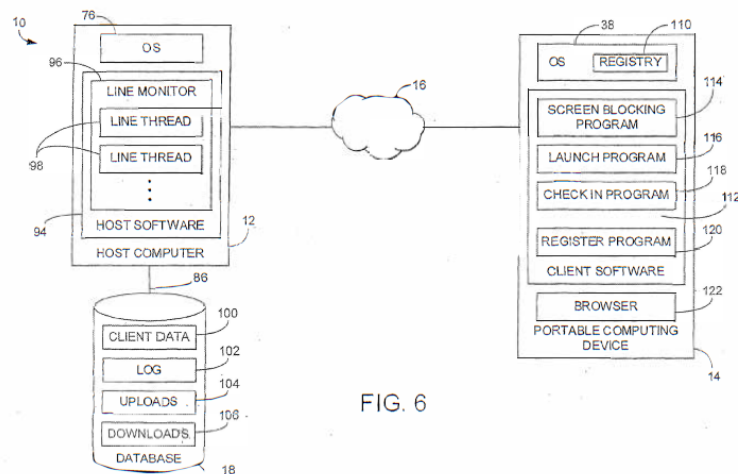


Figure 6 shows communication system 10 comprising host computer 12 and one or more portable computing device 14 configured to establish contact periodically via communication network 16, wherein host computer 12 is also linked to associated database 18. *Id.* at 10:5–9.

Portable computing device 14 is configured to execute operating system (OS) 38 upon startup. *Id.* at 13:16–17. Operating system 38 is configured to display a graphic user interface (GUI) through which a user may interact with portable computing device 14, wherein the user may use the GUI to execute application programs and open program data files stored on portable computing device 14. *Id.* at 13:20–23. One of the application programs portable computing device 14 is configured to run is screen-blocking program 114 that restricts access to portable computing device 14, wherein an interest holder in portable computing device 14 may request that host computer 12 instruct portable computing device 14 to execute the screen-blocking program upon determining that portable computing device has a predefined status, such as MISSING, LOST or STOLEN. *Id.* at 14:1–10.

Host computer 12 is configured to execute operating system 76 and host software 94. *Id.* at 15:22–23. Host software 94 includes line monitor program 96 configured to monitor incoming telephone lines from communication network 16 for calls placed from portable computing device 14. *Id.* at 16:4–6. Host software 96 is configured to communicate with database 18 storing client data 100, contact log 102, uploaded files 104 received from portable computing device 14, and downloadable files 106 to be sent to portable computing device 14 by host computer 12. *Id.* at 16:9-12.

An illustration a client data record stored on a database associated with host computer 12 of communication system 10 is depicted in Figure 7, reproduced below:

122	Client ID	12345	100
124	Product Identifier	Security Product A	
126	User name	Jane Doe	
128	User gender	Female	
130	User demographic information		
	Income range — 132	\$XXXXXX-XXXXXX/year	
	Employment type — 134	professional	
	User interests — 136	automobile repair, sports, current events	
140	User address	123 1 st St. Anycity, Anystate	
142	User phone number	(XXX) XXX-XXXX	
144	User email address	doe@email.address	
146	User password	XXXXX	
148	Status (NORMAL, MISSING, LOST, STOLEN, UNAUTHORIZED USE, MESSAGE QUEUED, PAYMENT DUE, DELINQUENT)	MISSING; DELINQUENT	
150	Action (RETRIEVE FILE, DELETE FILE, LOCK-UP DEVICE, TRACK LOCATION, SEND MESSAGE, DOWNLOAD FILE, EXECUTE FILE, SEND BILL, SEND PAYMENT REMINDER)		
152	MISSING ACTION	TRACK LOCATION	
154	LOST ACTION	RETRIEVE FILES; DELETE FILES	
156	STOLEN ACTION	RETRIEVE FILES; DELETE FILES; LOCK-UP COMPUTER	
158	MESSAGE QUEUED ACTION	SEND MESSAGE	
160	PAYMENT DUE ACTION	SEND BILL	
162	DELINQUENT ACTION	SEND PAYMENT REMINDER	
164	File to retrieve indicators	C:\files\importantfile.doc, c:\files\importantfolder**file.doc	164g
166	File to delete indicators	c:\files\importantfile.doc, c:\files\importantfolder\, "sensitivefile.doc"	166g
168	Software/Hardware Config.	ModemXXX-XX; WINDOWS OS	
170	Contact history		
172	Telephone number	(XXX) XXX-XXXX (City 1)	
174	(Geographic location)	(YYY) YYY-YYYY (City 2)	
		(ZZZ) ZZZ-ZZZZ (City 3)	
176	Contact schedule		
178	Most recent contact time	Dec 27, 20XX, 12:01 PST	
180	Contact interval	5 days	
182	Next scheduled contact time	Jan 1, 20XX, 12:01 PST	
184	Next contact telephone no.	(800) XXX-XXXX	
186	Backup telephone no.	(800) XXX-XXXX	
188	Attempt interval	15 minutes	

FIG. 7

Figure 7 shows schematic of client data record 100 stored on database 18 associated with host computer 12.

Portable computing device 14 is configured to execute client program 112 which is configured to periodically check in with host computer 12 according to contact schedule 176 on portable computing device 14. *Id.* at 17:19–20. Client software 112 includes registration program 120 configured to receive user information 125 and detect hardware and software configuration 168 of portable computing device 14. *Id.* at 18:9–11.

Registration program 120 is configured to initially contact the host and transmit to the host gathered user information 125 and hardware and software configuration 168. *Id.* at 18:11–14. Client software 112 also includes check-in program 118 configured to launch upon start-up of portable computing device 14 (*id.* at 18:15–16), screen-blocking program 114 and launch program 116. *Id.* at 18:9–10. Once executed, launch program 116 is configured to execute, or launch, screen-blocking program 114. *Id.* at 19:18–19.

As shown in Figure 7, client data 100 stored on database 18 includes client ID 122 assigned by host computer 12 to portable computing device 14, and product identifier 124. *Id.* at 20:3–5. Host computer 12 assigns the client ID when the user registers the client software on portable computing device 14, and product identifier 124 is a code assigned to the particular version of client software 112 on personal computing device 14, wherein the product identifier is used by the host to determine what type of product is installed on portable computing device 14. *Id.* at 20:5–10.

Client data 100 also includes reported status 148 of portable computing device 14, wherein an interest holder in portable computing device 14 reports the status of portable computing device 14 via a telephone call, email, online form, or any other communications method, an “interest holder” referring to an owner of the device, a lessor, lender, or other financier of the device, or a user of the device. *Id.* at 21:6–13. The reported status can be any status, including NORMAL, MISSING, LOST, STOLEN, UNAUTHORIZED USE, MESSAGE QUEUED, PAYMENT DUE, and/or DELIQUENT. *Id.* at 21:14–16.

Client data 100 also includes one or more responsive actions 150 corresponding to each possible status 148, wherein an interest holder in portable device 14 decides ahead of time the responsive action(s) to be taken for each possible status. *Id.* at 23:4–6. Responsive actions 150 include RETRIEVE FILE, DELETE FILE, LOCK-UP DEVICE, TRACK LOCATION, SEND MESSAGE, DOWNLOAD FILE, EXECUTE FILE, SEND BILL, and SEND PAYMENT REMINDER. *Id.* at 23:12–14.

A flowchart of a method for registering a portable computing device is depicted in Figure 12, reproduced below:

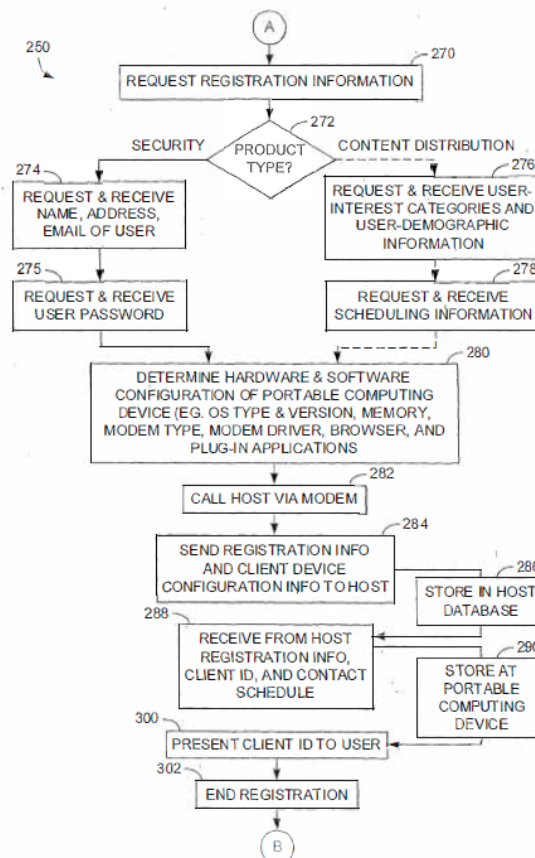


FIG. 12

Figure 12 shows flowchart for registering portable computing device 14. As shown in Figure 12, method 250 includes, at step 270, requesting

registration information via registration program 120 and gathering different information depending on the type of client software 112 installed on portable device 14. *Id.* at 35:21–36:2. At step 272, the method includes detecting whether client software 112 is of a predetermined type by reference product identifier 124 stored within client software 112, wherein product identifier 124 is later transferred to host computer 12 and stored in client data 100 on database 18. *Id.* at 36:2–6. Product identifier 124 indicates that client software 112 is a security product having features such as determining if a portable computing device is missing and retrieving and deleting data, tracking the location of the portable computing device, and locking up the portable computing device. *Id.* at 36:7–13.

At step 280, the method includes determining hardware and software configuration 168 of portable computing device 14. *Id.* at 37:15–20. At step 282, the method includes calling host computer 12, at step 284, the method includes sending the gathered registration information and hardware and software configuration 168 to host computer 12, and at step 286, the method includes storing the registration information and hardware and software configuration of portable computing device 14 in database 18 associated with host computer 12. *Id.* at 37:21–38:6.

A flowchart of a method for communicating between a host computer and a portable computing device after registration is depicted in Figure 13, reproduced below:

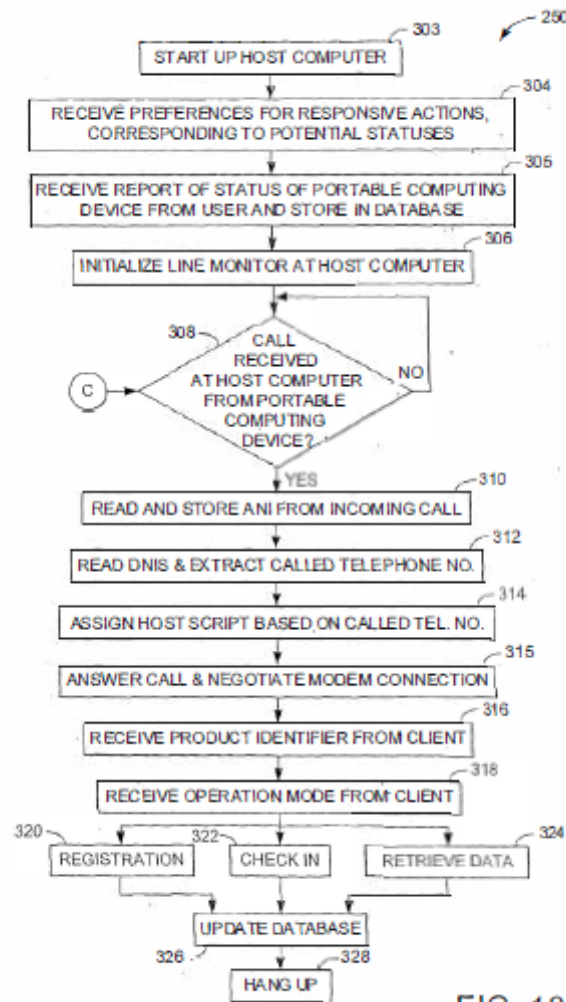


FIG. 13

Figure 13 shows flowchart for communication between portable computing device 14 and host computer 12. As shown in Figure 13, at step 303, the method includes starting up host computer 12. *Id.* at 38:19–20. At step 304, the method includes receiving one or more responsive actions 150 corresponding to the potential status of portable computer device 14 from an interest holder in portable computing device 14. *Id.* at 38:20–39:5. At step 305, the method includes receiving a report of status 148 of portable computing device 14, wherein after status 148 is received, the method includes storing the reported status in client data 100 on database 18. *Id.*

at 39:6–20. At step 306, the method includes initializing line monitor program 96 on host computer 12 and instantiating line threads 98 configured to monitoring incoming lines for calls from remotely located portable computing devices 14, and at step 308, the method includes determining whether a call has been received from portable computing device 14. *Id.* at 39:21–40:4.

At step 312, the method includes extracting the dialed telephone number from information associated with the incoming telephone call. *Id.* at 40:4–6. At step 314, the method includes assigning a predefined script at the host based upon the dialed telephone number tailored to retrieve data as quickly as possible from portable computing device 14. *Id.* at 40:7–18. At step 316, the method includes receiving product identifier 124 from client software 112 on portable computing device 14, wherein host computer 12 uses this product identifier to tailor further interactions with portable computing device 14. *Id.* at 40:19–22. At step 318, the method includes receiving an operation mode from the client, at steps 320, 322, 324, the operations are performed, at step 326 host computer 12 updates client data 100 in database 18, and at step 328, the method includes terminating the connection between host computer 12 and portable computing device 14. *Id.* at 40:32–41:22.

3. Analysis

a. *Unpatentability of Claims 1, 9, 17, and 25 over Andrews (Ground 1)*

Petitioner contends that, like the '649 patent, “Andrews discloses security software for portable electronic devices, which are ‘particularly susceptible to loss and theft,’” and “which stores data that is ‘of a sensitive

nature,’ such that ‘public disclosure . . . may have detrimental consequences.’” Pet. 9–10 (citing Ex. 1005, 1:13–14, 1:17–19; Ex. 1003 ¶¶ 117–121). Further, Petitioner contends that, like the ’649 patent, “Andrew’s system causes ‘a responsive action to be taken in the event that a portable computing device becomes missing.’” *Id.* at 10 (citing Ex. 1005, Abstract).

Patent Owner contends that the prior art fails to disclose or suggest the claimed “automatically sending identifying information for the mobile electronic device to the security service,” and “accepting a notification at the mobile electronic device from the security service” recited in “each independent claim.” Prelim. Resp. 39–49. We begin by addressing in detail Petitioner’s contentions and Patent Owner’s arguments with respect to the limitations of the independent claims.

(1) Obviousness over Andrews

i. Preambles (claims 1, 9, 17, 25)

Petitioner contends that, “[t]o the extent they are limiting, Andrews discloses the preambles.” Pet. 14–17. According to Petitioner, “Andrews discloses a ‘portable computing device,’ which is *a mobile electronic device.*” *Id.* at 14 (citing Ex. 1005, 8:4–9, 8:18–9:7; Ex. 1003 ¶¶ 133–134). Further, Petitioner contends that “Andrews’s ‘portable computing device 14 typically includes a central processing unit 22,’” and thus, “Andrews discloses the *processor.*” *Id.* at 15 (citing Ex. 1005, 10:3–4; Ex. 1003 ¶ 136). Petitioner then contends that Andrews’s portable computing device “further includes ‘memory 24 [and] a mass storage device 26’” with mass storage device 26 being “flash memory” while memory 24 “typically includes . . . read only memory (ROM) 32,” wherein “[a] POSITA would

have understood flash memory and ROM to each be example of *non-transitory machine-readable storage media*.” *Id.* at 15 (citing Ex. 1005, 3–14; Ex. 1003 ¶¶ 137–138). Petitioner also contends that Andrews’ portable computing device includes “client software 112” which “can be a ‘security product’ . . . [having] features such as determining if a portable computing device is missing and retrieving and deleting data . . . , and locking up the portable computing device,” wherein a POSITA “would have understood Andrews’s client software to be a *security application*.” *Id.* at 17 (citing Ex. 1005, 15:8–14, 18:10–13, 34:10–13; Ex. 1003 ¶¶ 140–142).

At this stage of the proceeding, Patent Owner does not present arguments in the Preliminary Response addressing the specific merits of Petitioner’s contentions with respect to the preambles. *See* Prelim. Resp. 39–49. Having reviewed all of Petitioner’s assertions regarding the subject matter recited in the preambles, as well as all supporting evidence, we determine on this record that Petitioner has made a sufficient showing that Andrews teaches the preambles recited in claims 1, 9, 17, and 25.⁹

ii. Registration limitations (claim 1, 9, 17, 25)

Petitioner contends that Andrews’s “client software 112” “*enables an owner of the device to request to register the device* with a remote host computer (i.e., a *server* on which a *security service at least partially resides*).” Pet. 17 (citing Ex. 1003 ¶¶ 149–150). In particular, according to Petitioner, Andrews’s client software “includes a registration program 120” that “registers client software with host computer and includes a product

⁹ Because Petitioner has shown that the recitation in the preambles is satisfied by Andrews, there is no need at this time to determine whether the preambles are limiting. *See Vivid Techs.*, 200 F.3d at 803.

identifier identifying the software as, e.g., a security product.” *Id.* at 18 (citing Ex. 1005, 18:5–13, 33:21–35:14; ex. 1003, 144–148). Petitioner further contends that Andrews’s host computer 12 “includes a central processing unit 60 [and] memory 62,” and is “linked to database 18,” wherein “[a] POSITA would therefore understand the host computer and associated database constitute the claimed *one or more servers on which a security service at least partially resides.*” *Id.* at 31 (citing Ex. 1003 ¶ 127).

At this stage of the proceeding, Patent Owner does not present arguments in the Preliminary Response addressing the specific merits of Petitioner’s contentions with respect to the registration limitations. *See* Prelim. Resp. 39–49. Having reviewed all of Petitioner’s assertions regarding the registration limitations, as well as all supporting evidence, we determine on this record that Petitioner has made a sufficient showing that Andrews teaches “enabling an owner of the mobile electronic device to register the mobile electronic device with a security service residing at least partially on one or more servers,” as recited in claim 1 and similarly recited in claims 9, 17, and 25.

iii. Sending identification information limitations (claims 1, 9, 17, 25)

Petitioner contends that “Andrews’s portable computing device sends ‘hardware and software configuration’ to the host computer,” wherein “[t]he hardware and software configuration is *identifying information for the portable computing device.*” Pet. 21–22 (citing Ex. 1005, 16:11–14, 24:16–19, 35:1–20; Ex. 1003 ¶ 153). Further, Petitioner contends that “Andrews also discloses sending a ‘product identifier,’ which a POSITA would have also understood to constitute *identifying information for the*

mobile electronic device that the device *automatically sends to the security service as claimed.*” *Id.* at 24 (citing Ex. 1005, 18:3–13, 34:2–13, 33:23–34:6; Ex. 1003 ¶ 156). According to Petitioner, a POSITA would have understood Andrews to disclose “automatically sending” information from the portable computing device to the host computer “because the client software determines and sends the information without being instructed by a user to do so.” *Id.* at 23–24 (citing Ex. 1003 ¶¶ 154–155).

Patent Owner replies that “Petitioner fails to point to any disclosure of ‘identifying information for the electronic device.’” Prelim. Resp. 41. In particular, Patent Owner contends that “[h]ardware and software configuration does not identify the electronic device, e.g., such that it can be used to determine whether the device is registered or stolen in accordance with the operation of the claimed invention.” *Id.* Although Patent Owner acknowledges that Petitioner also relies on Andrews’s “product identifier” 124 as the “identifying information for the electronic device” (*id.* at 43), Patent Owner contends that “this information at best indicates what software product is on the electronic device and is also gathered as registration information via the registration program.” *Id.* at 43–44 (citing Ex. 1005, 33:21–23). Patent Owner then contends that “there is no disclosure in Andrews of ‘identifying information’ being *sent automatically*,” because “Andrews discloses that the user must initiate the registration process first before any information is sent.” *Id.* at 41 (citing Ex. 1005, 24:19–21).

We find Patent Owner’s arguments unavailing. In particular, we disagree with Patent Owner’s contention that “[h]ardware and software configuration” cannot be the claimed “identifying information” because it does not identify the electronic device “such that it can be used to determine

whether the device is registered or stolen in accordance with the operation of the claimed invention.” Prelim. Resp. 41. Here, claim 1 merely recites causing the mobile electronic device to automatically send “identifying information for the mobile electronic device.” *See* Ex. 1001, 35:62–64. Claims 9, 17, and 25 similarly merely recite “automatically sending identifying information for the mobile electronic device.” *Id.* at 37:16–18, 38:38–40, 40:12–14. There is no requirement recited in the claims that the identifying information “can be used to determine whether the device is registered or stolen in accordance with the operation of the claimed invention,” as argued by Patent Owner. Prelim. Resp. 41.

Nevertheless, Patent Owner does not address Petitioner’s reliance on Andrews’s “product identifier” 124 in its contention that “identifying information” must identify the electronic device “such that it can be used to determine whether the device is registered or stolen in accordance with the operation of the claimed invention.” Prelim. Resp. 41. Here, Andrews discloses that product identifier 124 stored in client software 112 is used by the host to determine what type of product is installed on portable computing device 14. *See* Ex. 1005, 20:5–10. In particular, Andrews’s host references product identifier 124 to detect whether client software 112 is a security product having features such as determining if a portable computing device is missing. *Id.* at 36:2–13. That is, Andrews’s product identifier 124 identifies portable computing device as having a security product installed thereon, such that product identifier can be used to determine whether portable computing device is missing. *Id.*

Although Patent Owner contends that Andrews’s product identifier 124 “at best indicates what software product is on the electronic device and

is also gathered as registration information via the registration program” (Prelim. Resp. 43–44), the recited language of claim 1 does not preclude the “identifying information” from indicating/identifying the software product thereon or whether the information is gathered during registration.

We also find unavailing Patent Owner’s contention that Andrews’s “identifying information” is not sent automatically because “Andrews discloses that the user must initiate the registration process first before any information is sent.” Prelim. Resp. 41. As Petitioner points out, in Andrews, “the client software determines and sends the information without being instructed by a user to do so.” Pet. 23–24 (citing Ex. 1003 ¶¶ 154–155). In particular, Andrews’ method extracts the dialed telephone number from information associated with the incoming telephone call, assigns a predefined script at the host based upon the dialed telephone number tailored to retrieve data as quickly as possible from portable computing device 14, and then receives product identifier 124 from client software 112 on portable computing device 14, wherein host computer 12 uses this product identifier to tailor further interactions with portable computing device 14. Ex. 1005, 40:4–22. That is, contrary to Patent Owner’s contentions (Prelim. Resp. 41), product identifier 124 is received at host computer 12 from computing device 14 “without being instructed by a user to do so.” Pet. 23–24.

On this preliminary record, we are persuaded that Petitioner has made a sufficient showing Andrews teaches causing the mobile electronic device to “automatically send identifying information for the mobile electronic device to the security service,” as recited in claim 1 and similarly recited in claims 9, 17, and 25.

iv. *Periodic communication limitations (claims 1, 9 and 17)*

Petitioner contends that “[f]ollowing registration, the client software receives ‘contact schedule information’ from the host computer,” and thereafter “client software 112 is configured to periodically check in with host computer.” Pet. 24 (citing Ex. 1005, 15:19–16:8, 16:1–17:4, 19:3–9, 25:17–22, 26:1–12, 27:3–6, 28:5–16, 30:8–21, 31:10–16, 32:21–33:6). Petitioner contends that “[a] POSITA would have understood the portable computing device periodically contacting the host computer according to a periodic schedule and receiving, in response, a reported device status.” *Id.* at 26 (citing Ex. 1003 ¶¶ 158–165). According to Petitioner, the communication “occurs *after the owner has registered the mobile electronic device with the security service*,” wherein “the ‘check-in program’ is ‘configured to launch upon start-up,’” and thus, “a POSITA would have understood that the check-in program is running whenever the device is in a state other than a state in which the mobile electronic device is powered off.” *Id.* at 26–27 (citing Ex. 1005, 16:15–17:4; Ex. 1003 ¶¶ 166–167).

At this stage of the proceeding, Patent Owner does not present arguments in the Preliminary Response addressing the specific merits of Petitioner’s contentions with respect to the periodic communication limitations. *See* Prelim. Resp. 39–49. Having reviewed all of Petitioner’s assertions regarding the periodic communication limitations, as well as all supporting evidence, we determine on this record that Petitioner has made a sufficient showing that Andrews teaches, “after the owner has registered the mobile security device with the security service, causing the mobile electronic device to periodically communicate with the security service,

when the mobile electronic device is in a state other than a state in which the mobile electronic device is powered off,” as recited in claim 1 and similarly recited in claims 9 and 17.

v. *Security notification limitations (claims 1, 9, 17, 25)*

Petitioner contends that, in Andrews, “during operation the computing device receives a ‘reported [device] status’ in response to periodically establishing communication with the host computer,” wherein this reported status is “typically reported by an interest holder in portable computing device.” Pet. 27. According to Petitioner, “the status may be accompanied by a message ‘instructing the portable computing device’ to ‘take [a] responsive action,’ which ‘may for example include . . . restricting access to portable computing device.” *Id.* at 28 (citing Ex. 1005, 28:17-22).

According to Petitioner, a POSITA “would have understood such a *message to indicat[e] that the owner of the mobile electronic device has . . . requested disabling of the mobile electronic device.*” *Id.* (citing Ex. 1003 ¶ 171).

Patent Owner replies that “[t]he ‘reported status 148 of portable computing device’ that the Petition relies on [] is *not* a status reported *from* the host computer to the portable computing device.” Prelim. Resp. 46. In particular, Patent Owner contends that “[t]he disclosure from Andrews relied on in the Petition makes clear that the ‘reported status’ is reported to the host computer by an interest holder.” *Id.*

We find Patent Owner’s arguments unavailing. In particular, although we agree with Patent Owner’s contention that the status of portable computing device is reported to the host computer by an interest holder (Prelim. Resp. 45), as Petitioner points out, the portable computing device is

notified of the status which accompanies “a message ‘instructing the portable computing device’ to ‘take [a] responsive action.’” Pet. 28 (emphasis added); *see also* Ex. 1005, 28:17-22 (“host computer may also initiate contact by calling . . . the portable computing device. At 208, the method includes instructing the portable computing device to take the responsive action 150.”). As Petitioner contends, a POSITA would have understood such a message indicates that the owner of the mobile electronic device has requested disabling of the mobile electronic device. Pet. 28 (citing Ex. 1003 ¶ 171). That is, the disclosure from Andrews relied on in the Petition (Ex. 1005, 28:17–22) makes clear that the portable computing device accepts a notification from the host computer, wherein the notification comprises a message indicating that the owner/interest holder of the portable computing device requested disabling of the mobile electronic device, and thus, instructing the portable computing device to take the responsive action. *Id.*

On this preliminary record, we are persuaded that Petitioner has made a sufficient showing Andrews teaches “after the owner has registered the mobile security device with the security service, accepting a notification at the mobile device from the security service, wherein the notification comprises a message indicating that the owner of the mobile electronic device has reported a loss or requested disabling of the mobile electronic device,” as recited in claim 1 and similarly recited in claims 9, 17 and 25.

vi. *Remaining limitations of claims 1, 9, 17 and 25*

Petitioner provides detailed explanations as to how Andrews teaches or suggests the remaining claim limitations of claims 1, 9, 17, and 25, citing

Dr. Black's declaration for support. *See* Pet. 28–43 (citing Ex. 1005, 10:6–8, 14:18–21, 15:1–11, 20:14–17, 21:14–23, 22:1–7, 22:10–12, 22:21–23:4, 23:7–10, 30:12, 32:9–14, 34:10–13, 38:23–39:16, 40:5–13, 40:14–41:11, 42:15–20, 45:6–46:3, Figs. 7, 14–16, 45; Ex. 1003 ¶¶ 34–54, 115–265). At this stage in the proceeding, Patent Owner does not address separately Petitioner's explanations and supporting evidence regarding the remaining limitations of independent claims 1, 9, 17, and 25. *See* Prelim. Resp. 39–49.

Having reviewed Petitioner's arguments and supporting evidence in the present record, we determine Petitioner has demonstrated a reasonable likelihood that it will prevail on its assertion that these limitations of independent claims 1, 9, 17, and 25 would have been obvious over Andrews.

vii. Dependent claims 2–5, 7, 8, 9–13, 15, 16, 18–21, 23, and 24

Petitioner provides detailed explanations as to how Andrews teaches or suggests the claim limitations of dependent claims 2–5, 7, 8, 9–13, 15, 16, 18–21, 23, and 24, citing Dr. Black's declaration for support. Pet. 43–48 (citing Ex. 1005, 19:8–13, 21:4–8, 28:11–16, 35:15–20; Ex. 1003 ¶¶ 266–282).

At this stage in the proceeding, Patent Owner does not address separately Petitioner's explanations and supporting evidence regarding the dependent claims. *See* Prelim. Resp. 39–49. Having reviewed Petitioner's arguments and supporting evidence in the present record, we determine Petitioner has demonstrated a reasonable likelihood that it will prevail on its assertion that the limitations of dependent claims 2–5, 7, 8, 9–13, 15, 16, 18–21, 23, and 24 would have been obvious over Andrews.

viii. Conclusion

For the foregoing reasons, we determine that the evidence and arguments presented show a reasonable likelihood that Petitioner would prevail in establishing that claims 1–5, 7–13, 15–21, 23–25 would have been obvious over Andrews.

(2) Anticipation by Andrews

Petitioner contends that claims 1–5, 7–13, 15–21, 23–25 of the ’649 patent also are anticipated by Andrews, but provides the same arguments discussed above for the obviousness grounds. Pet. 9–48. Patent Owner responds with the same arguments discussed above for the obviousness ground based on Andrews. Prelim. Resp. 39–49. Thus, at this stage of the proceeding, we do not separately address Petitioner’s anticipation ground based on Andrews. Nonetheless, Patent Owner may raise arguments regarding this anticipation ground in the Response after institution.

b. Claims 1–5, 7–13, 15–21, 23–25 over Andrews and Bonnett (ground 2); Claims 1–5, 7–13, 15–21, 23–25 over Andrews and Cotichini (ground 3); Claims 6, 8, 14–16, 22–25 over Andrews, Cotichini and Hayward (ground 4).

Petitioner contends that, alternatively, claims 1–5, 7–13, 15–21, 23–25 also would have been obvious over Andrews in further view of Bonnett (ground 2). Pet. 48–60. In particular, Petitioner provides detailed explanations as to how the combination of Andrews and Bonnett teaches or suggests the claim limitations of claims 1–5, 7–13, 15–21, 23–25, citing Dr. Black’s declaration for support. *Id.* (citing Ex. 1005, 1:13–22, 10:3–14, 15:3–18, 19:6–13, 31:21–32:8, 46:11–122; Ex. 1006 ¶¶ 7, 10–11, 18–19, 31–33, 35–37, Figs. 1–3; Ex. 1003 ¶¶ 283–403).

Petitioner contends that, alternatively, claims 1–5, 7–13, 15–21, 23–25 also would have been obvious over Andrews in further view of Cotichini (ground 3). Pet. 61–75. In particular, Petitioner provides detailed explanations as to how the combination of Andrews and Cotichini teaches or suggests the claim limitations of claims 1–5, 7–13, 15–21, 23–25, citing Dr. Black’s declaration for support. *Id.* (citing Ex. 1005, 11:10–15, 19:6–13; Ex. 1007, code (57), 1:22–25, 2:19–23, 4:8–11, 4:21–32, 12:3–11, 19:26–20:2, 22:6–11, 23:20–24:21, 25:15–23, 28:28–29:5, 30:24–33, 31:29–32:27, 36:10–16, 37:4–13, 38:8–13, 38:19–25, 42:17–21, 42:25–29, 43:1–10, 43:21–22, 45:10–11, 46:13–14, 55:17–21, 57:7–14, 58:22–23, Figs. 1, 8A, 14C, 14H, 20, 45; Ex. 1003 ¶¶ 297–309, 404–417, 420–528).

Petitioner then contends that dependent claims 6, 8, 14–16, 22–25 would have been obvious over Andrews, Cotichini and Hayward (ground 4). Pet. 75–82. In particular, Petitioner provides detailed explanations as to how the combination of Andrews, Cotichini and Hayward teaches or suggests the claim limitations of claims 6, 8, 14–16, 22–25, citing Dr. Black’s declaration for support. *Id.* (citing Ex. 1005, 1:17–22, 8:18–9:7, 15:19–16:8, 28:17–22; Ex. 1008, 1:23–2:4, 10:25–11:5, 12:1–5, 13:27–14:33, 15:12–17, 15:28–31, 20:28–21:2, 21:25–30, 22:5–12, 22:30–23:12, 23:17–20, 23:23–31, Fig. 11; Ex. 1003 ¶¶ 418–427, 529–552).

At this stage in the proceeding, Patent Owner does not address separately Petitioner’s explanations and supporting evidence regarding grounds 2–4. *See* Prelim. Resp. 39–49.

Having reviewed Petitioner’s arguments and supporting evidence in the present record, we determine Petitioner has demonstrated a reasonable likelihood that it will prevail on its assertion that claims 1–5, 7–13, 15–21,

23–25 also would have been obvious over Andrews in further view of Bonnett or Cotichini, and that dependent claims 6, 8, 14–16, 22–25 would have been obvious over Andrews, Cotichini and Hayward.

III. CONCLUSION

Because we determine that Petitioner has demonstrated a reasonable likelihood that it would prevail in showing at least one of the challenged claims is unpatentable, we institute *inter partes* review as to all challenged claims and grounds presented in the Petition. At this stage of the proceeding, we have not made a final determination as to the patentability of any of these challenged claims.

IV. ORDER

For the reasons given, it is

ORDERED that pursuant to 35 U.S.C. § 314, an *inter partes* review is instituted as to claims 1–25 of the '649 patent to determine whether:

- 1) claims 1–5, 7–13, 15–21, 23–25 are unpatentable under 35 U.S.C. § 102 as anticipated by or under 35 U.S.C. § 103 as obvious over Andrews;
- 2) claims 1–5, 7–13, 15–21, 23–25 are unpatentable under 35 U.S.C. § 103 as obvious over Andrews and Bonnett;
- 3) claims 1–5, 7–13, 15–21, 23–25 are unpatentable under 35 U.S.C. § 103 as obvious over Andrews and Cotichini; and
- 4) claims 6, 8, 14–16, 22–25 are unpatentable under 35 U.S.C. § 103 as obvious over Andrews, Cotichini and Hayward; and

IPR2023-01185
Patent 8,506,649 B2

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 a trial, which commences on the entry date of this Decision.

IPR2023-01185
Patent 8,506,649 B2

For PETITIONER:

Carrie A. Beyer
Kirstin Stoll-DeBell
Zachary D. Kachmer
FAEGRE DRINKER BIDDLE & REATH LLP
carrie.beyer@faegredrinker.com
kirstin.stolldeb主@faegredrinker.com
zach.kachmer@faegredrinker.com

For PATENT OWNER:

John S. Holley
Christina A. Ondrick
MCKOOL SMITH, P.C.
jholley@mckoolsmith.com
condrick@mckoolsmith.com