

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,

Petitioner,

v.

PROXENSE, LLC,

Patent Owner.

Case No. IPR2024-00232

U.S. Patent No. 8,352,730

**PRE-INSTITUTION REPLY TO PATENT OWNER'S PRELIMINARY
RESPONSE**

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The Board authorized a seven-page reply to respond to Patent Owner's requests for discretionary denial under § 325(d) and *Fintiv*. A discretionary denial under either basis would be inconsistent with prior Board cases and precedent.

I. THE *FINTIV* FACTORS DO NOT FAVOR DISCRETIONARY DENIAL

A. The Totality of *Fintiv* Factors 1-5 Weigh Against Denial

Factor 1: The Board has declined to “speculate” whether a district court would grant a stay in similar situations to facts here—opting instead to find factor 1 neutral—and should do the same here. *Protect Animals with Satellites v. OnPoint Sys., LLC*, IPR2021-01483, Paper 11 at 11-12 (Mar. 4, 2022). Patent Owner argues that this factor “strongly favor[s] denial” because a stay has not been granted and “there is no reason why the District court will order a stay.” POPR at 20. But Patent Owner never disputes that the Western District can and has stayed litigations following institution, including during fact discovery. *See e.g., Lone Star SCM Sys., Ltd. v. Zebra Techs. Corp.*, 6:21-cv-00842, Dkt. 85, (WDTX Jul. 31, 2023).

Factor 2: When a case is scheduled for trial before the date for final written decision, but trial statistics indicate that a trial may not occur until around the same time as the final written decision, the Board has found that it “cannot say with any degree of assurance that the trial would take place before a final written decision issues.” *Precision Planting LLC, v. Maschio Gaspardo S.p.A.*, IPR2024-0008, Paper

12 at 16-17 (Mar. 26, 2024); *see also* IPR2021-01483, Paper 11 at 12-13. In those cases, the Board found this factor neutral or weighing slightly against a denial. *Id.* The same should hold for this case. Patent Owner argues that factor 2 “strongly” favors denial because the parallel litigation “will almost certainly conclude before the Board issues a Final Written Decision.” POPR at 20-21. But the trial schedule is subject to change. Applying the Court’s average time to trial would put trial around June or July 2025, around the time a final written decision would be expected in this proceeding. Ex. 1023, 5. Under these facts, factor 2 is neutral or weighs slightly against denial.

Factor 3: The Board has found that factor 3 “weighs against discretionary denial” where petitioner was diligent, *Markman* order issued, and discovery remains open. *Hyundai Motor America v. StratosAudio, Inc.*, IPR2021-01303, Paper 9 at 11-12 (Jan. 26, 2022) (factor 3). Patent Owner does not dispute that Petitioner was diligent in filing the petition and discovery remains open; so, the totality of factor 3 weighs *against* discretionary denial. Patent Owner only argues that this factor favors denial because the parallel litigation is “proceeding through fact discovery” and another litigation involving the challenged patent “has also entered discovery.” POPR at 21. But this argument has two flaws. First, both fact and expert discovery close *after* an institution decision is due, and dispositive motions are scheduled for October. Ex. 2009, 2. The Board has found that significant work remains in such

circumstances. IPR2021-01483, Paper 11 at 15 (“Although the parties and the court have invested some effort, a significant portion of work remains to be done in the district court proceeding—e.g., the completion of fact and expert discovery and dispositive motions.”). Second, factor 3 is only concerned with the investments made by the parties to the IPR, making the Microsoft litigation irrelevant to this factor.

Factor 4: The Board has found that factor 4 “weighs against discretionary denial” where “[t]he Petition challenges several claims that do not appear to be at issue in the parallel litigation.” IPR2024-00008, Paper 12 at 18 (factor 4). Patent Owner does not dispute that Petition challenges significantly more claims than the claims at issue in the parallel proceeding. Ex. 2013, 1. Instead, Patent Owner only asserts there is “undoubtedly overlap in the issues.” POPR at 21. To further mitigate concerns of overlap and inefficiency, Google stipulates that if the Patent Trial and Appeal Board institutes an IPR in this proceeding on the grounds presented in the Petition, Google will not pursue an invalidity defense in the district court action *Proxense, LLC v. Google LLC et al.*, No. 6:23-cv-00320 (W.D. Tex.) that the patent claims subject to the instituted IPR are invalid based on the same grounds as in the petition or even on the references that are the bases for those grounds (e.g., Ludtke and Kon). Ex. 1025. Accordingly, factor four weighs against denial.

Factor 5: The Board routinely institutes IPR when the Petitioner is a party to the litigation. *See NetNut Ltd. v. Bright Data Ltd.*, IPR2021-01492, Paper 12 at 9-16

(Mar. 21, 2022) (instituting IPR without stipulation and copending trial date six months before FWD); IPR2021-01483, Paper 11 at 11-13, 17 (Mar. 4, 2022) (same with trial one month before FWD).

Because, at worst, three factors are neutral and two factors weigh against denial, a holistic review indicates that discretionary denial is not warranted.

B. The Petition Raises Compelling Merits

The Board need not reach *Fintiv* factor 6 because factors 1-5 do not favor discretionary denial. Guidance Memo 3-4; *CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 at 3 (PTAB Feb. 27, 2023) (precedential). Nonetheless, factor 6 favors institution because the Petition raises compelling merits that particularly address the limitation Patent Owner alleges to be missing from the prior art—a “third-party that operates a trusted authority”. POPR at 6-13, 21-22.

The Petition explains why the prior art reference Ludtke discloses a “third-party trusted authority” including under the Board’s previous construction of that term. Pet. 6-7, 25-31. A Final Office Action also finding that Ludtke *does* disclose a “third-party trusted authority” recently issued in the reexamination of related U.S. Patent No. 9,298,905 (the subject patent of IPR2024-00234). Ex. 1023, 22-25. This finding shows the strength of the prior art, demonstrating that the petition is compelling. Furthermore, none of the “other circumstances” identified by Patent Owner favor denial. POPR at 20-21. As Patent Owner acknowledges, the Office has

yet to issue an Office Action in two¹ of the EPRs, and the Office is *aligned* with the Petitioner’s position that Ludtke discloses a “third-party trusted authority.” These facts, if anything, favor institution because a trial would provide the Board with a more comprehensive opportunity to assess the validity of the patents and whether Ludtke discloses a third-party trusted authority through the cross-examination of Petitioner’s expert in the IPR.

II. DISCRETIONARY DENIAL IS IMPROPER UNDER §325(d)

A. Ludtke is Not Cumulative of The Prior Art Relied on in The *Samsung* Petition

Patent Owner argues that the Board should deny institution under §325 (d) because Ludtke is “entirely cumulative” of prior art reference Lapsley and “fails to teach the claimed ‘third party trusted authority’ for precisely the same reason that Lapsley failed to teach it.” POPR at 15-16.

This conclusion ignores the express teachings of Ludtke, which establish that Ludtke’s TPCCH communicates “with external retailers and vendors, as well as the transaction device” and functions “as the middleman of the distribution channel.” Pet. 25-26, 31 (citing Ludtke, 7:46-48, 9:26-30, 9:43-59), *see also* Pet. 30-31

¹ The patent at issue in 90/015,954 is not presently asserted against or challenged by Petitioner.

(explaining why Ludtke’s teaching are distinct from the prior art “mapping in the prior IPR”); Ex. 1024, 22-25 (confirming that Ludtke is not like Lapsley).

Patent Owner’s argument that Ludtke’s TCPH is not a “third-party,” even though it *is* “external [to] retailers and vendors, as well as the transaction device,” is also inconsistent with its previous “agree[ment] that at a ‘third-party trusted authority’ is an institution or entity that is outside of the multi-party system (*user and application or vendor*) that is being authenticated” and the Board’s construction that a third-party trusted authority is “a trusted authority that is an entity separate from the parties to the transaction,” and one that is “separate from the *principal parties* to a transaction.” Pet. 30 (citing Ex. 1007, 13-15). Thus, *Advanced Bionics* part one is not satisfied because Ludtke is not cumulative of Lapsley at least because it discloses a “third-party trusted authority” that is “an institution or entity that is outside of the multi-party system (user and application or vendor) that is being authenticated” and “separate from the principal parties to a transaction.” Ex. 1007, 13-15. *Advanced Bionics* part 2 is moot. Accordingly, Patent Owner’s argument that the “*Becton, Dickinson* factors favor denial in view of the prior IPR” must fail. *See Wolfsped, Inc. v. Trs. of Purdue Univ.*, IPR2022-00761, Paper 13 at 7–8 (Mar. 30, 2023) (finding that the prior art references were not substantially the same where their teachings differed on a material issue of patentability and vacating the Board’s decision denying institution under §325(d)).

B. §325(d) Does Not Apply to the '730 Patent *Ex Parte* Reexamination

Patent Owner argues that the first prong of the *Advanced Bionics* analysis “heavily favors denial in view of the pending EPR for the 730 Patent.” POPR at 19. The Board has held that an EPR does not weigh in favor of discretionary denial when no Office Action has issued. *Juniper Networks, Inc. v. Monarch Networking Solutions LLC*, IPR2024-00175, Paper 12 at 27 (“reexamination is in its early stages, and no office action has issued. It is premature to characterize the reexamination grounds as ‘previously presented,’ or to evaluate whether the Office erred in a manner material to the patentability of challenged claims.”)

Furthermore, the Petition raises grounds not previously considered by the Office. Unlike the pending EPR, the Petition relies on Ludtke in a single reference obviousness challenge and in combination with Kon. That Ludtke is relied upon for similar elements in both proceedings does not make the arguments substantially similar. Indeed, the Petition relies on Ludtke alone for several elements that the EPR does not. Thus, *Advanced Bionics* one is not satisfied because the arguments raised in the instant petition were not previously presented to or considered by the office and are not cumulative of such argument, and *Advanced Bionics* two is moot.

Date: May 20, 2024

Respectfully submitted,

/Erika H. Arner/
Erika H. Arner, Lead Counsel (57,540)

CERTIFICATE OF SERVICE

The undersigned hereby certifies a copy of the foregoing **PETITIONER’S
PRE-INSTITUTION REPLY TO PATENT OWNER’S PRELIMINARY
RESPONSE** was served on May 20, 2024, via email directed to counsel of record
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