IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,
Petitioner,

v.

PROXENSE, LLC
Patent Owner

U.S. Patent No. 9,298,905 B1
IPR Case No.: 2024-00234

PROXENSE, LLC'S PRELIMINARY RESPONSE TO PETITION FOR *INTER PARTES* REVIEW OF U.S. PATENT NO. 9,298,905 B1

TABLE OF CONTENTS

I. INTRODUCTION 1

II. CLAIM CONSTRUCTION 2

A. 37 C.F.R. § 42.100(B) STATEMENT 2

B. CLAIMS TERMS PREVIOUSLY CONSTRUED IN A CIVIL ACTION 2

1. ID Code 3

2. Access Message 3

C. CLAIM TERM PREVIOUSLY CONSTRUED BY THE USPTO – THIRD-PARTY TRUSTED AUTHORITY 4

III. RESPONSE TO GROUNDS FOR INVALIDITY RAISED 6

A. GROUND 1: CLAIMS 1, 3-7, 9, 10, AND 12-18 ARE NOT RENDERED OBVIOUS BY LUDTKE 6

B. GROUND 2: CLAIMS 2 AND 11 ARE NOT RENDERED OBVIOUS OVER LUDTKE AND KON 13

IV. DISCRETIONARY FACTORS 13

A. 35 U.S.C. § 325(D) 13

1. Legal Standard 14

2. The Becton, Dickinson Factors Favor Denial in View of Prior IPR Institution Denials 15

3. The Becton, Dickinson Factors Favor Denial in View of the Pending EPR 19

B. FINTIV FACTORS STRONGLY FAVOR DENIAL 20

V. CONCLUSION 22

EXHIBIT LIST

No.	Exhibit Description
2001	Claim Construction Order in *Proxense v. Samsung Electronics, Co., Ltd. et al.,* No. 6.21-CV-00210-ADA
2002	Memo In Support of Claim Construction Order in *Proxense v. Samsung Electronics, Co., Ltd. et al.*
2003	*Intentionally Left Blank.*
2004	Claim Construction Order in *Proxense v., Google LLC,* No. 6:23-cv-00320-ADA
2005	Opening Claim Construction Brief in *Proxense v. Microsoft Corporation,* No. 6:23-cv-00319-ADA
2006	Responsive Claim Construction Brief in *Proxense v. Microsoft Corporation*
2007	Reply Claim Construction Brief in *Proxense v. Microsoft Corporation*
2008	Sur-reply Claim Construction Brief in *Proxense v. Microsoft Corporation*
2009	Case Schedule in *Proxense v., Google LLC*
2010	Order Denying Motion to Transfer in *Proxense v., Google LLC*
2011	Order from the Federal Circuit Regarding Mandamus Petition
2012	Order Denying Motion to Transfer in *Proxense v. Microsoft Corporation*
2013	Google's Invalidity Contentions Cover Pleading
2014	Email between Court and Counsel, dated May 3, 2024

I. INTRODUCTION

Pursuant to 35 U.S.C. § 313 and 37 C.F.R. § 42.107, Patent Owner Proxense, LLC ("Patent Owner" or "Proxense") submits the following Preliminary Response to the Petition for *Inter Partes* Review of claims 1-7 and 9-18 of U.S. Patent No. 9,298,905 B1 ("the 905 Patent") filed by Petitioner Google LLC ("Petitioner" or "Google").

The patent at issue is currently being asserted against Petitioner in *Proxense, LLC v. Google LLC,* No. 6:23-cv-00320-ADA (W.D. Tex. May 2, 2023) ("*Proxense v. Google*"). A *Markman* hearing was held on January 19, 2024. Pursuant to Rule 42.100(b), Patent Owner requests the Board to consider and adopt the District Court's claim term constructions. In other proceedings involving the 905 Patent and its family members, the USPTO construed terms of the challenged claims contrary to the specific grounds asserted in the Petition. Additionally, the USPTO has already considered substantially the same prior art, and the Petitioner does not assert that the Office erred in a manner material to the patentability of the challenged claims. Accordingly, it is unlikely that Petitioner could credibly pursue the specific grounds asserted in the Petition. Finally, the aforementioned civil action is well underway, fact discovery is scheduled to end in just over three months (August 16, 2024), and trial scheduled for the week of February 27, 2025. The Federal Circuit has acknowledged the District "[C]ourt's familiarity with the patents and technology from its substantial involvement with prior litigation." *In re Google LLC*, No. 24-117 (Fed. Cir. 2024).

The Petition treads familiar territory and is unlikely to fetch a different result. This, combined with parallel proceedings that are far likelier to conclude before this proceeding does, risks wasting the Board's, the District Court's, and the parties' time. *Inter partes* review, consequently, should not be instituted.

II. CLAIM CONSTRUCTION

A. 37 C.F.R. § 42.100(b) Statement

Terms appearing within the claims of the 905 Patent have twice been construed by the District Court in *Proxense v. Samsung Electronics, Co., Ltd. et al.,* No. 6.21-CV-00210 (W.D. Tex. March 5, 2021) ("*Proxense v. Samsung*") and *Proxense v. Google*. The Claim Construction Order and Memorandum in Support of Claim Construction Order issued in *Proxense v. Samsung* are provided herewith as Exhibits 2001 and 2002, respectively. Likewise, the Claim Construction Order issued in *Proxense v. Google* is provided herewith as Exhibit 2004.

A *Markman* hearing regarding the challenged claims is currently pending in *Proxense, LLC v. Microsoft Corporation,* No. 6:23-cv-00319-ADA (W.D. Tex. May 2, 2023) ("*Proxense v. Microsoft*"). Microsoft filed its opening claim construction brief on November 6, 2023, a copy of which is attached as Exhibit 2005. Patent Owner filed its responsive claim construction brief on November 27, 2023, a copy of which is attached as Exhibit 2006. Microsoft then filed a reply claim construction brief on December 11, 2023, a copy of which is attached as Exhibit 2007. Finally, Patent Owner filed a sur-reply claim construction brief on December 27, 2023, a copy of which is attached as Exhibit 2008. The District Court recently advised Microsoft and Proxense that "the Court is highly unlikely to adopt a construction that departs from how the Court has previously construed the same claim term." Exhibit 2014. When the District Court issues its claim construction, Patent Owner will file a request asking the Board to consider the District Court's construction.

B. Claims Terms Previously Construed in a Civil Action

Pursuant to Rule 42.100(b), Patent Owner requests the Board to consider and adopt the constructions previously given the following terms in *Proxense v. Samsung* and *Proxense v. Google.* This Board must "presume, unless otherwise compelled, that the same claim term in the

same patent or related patents carries the same construed meaning." *Omega Engineering, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1334 (Fed. Cir. 2003).

1. ID Code

The term "ID code" appears in claims 1-3, 9-11, 13, and 14.

In *Proxense v. Samsung*, the District Court construed the terms "device ID code" and "ID code" as "a unique code identifying a device." Exhibit 2002 at 15. The District Court's construction was based upon a review of the prosecution history of the 905 Patent. In particular, the District Court evaluated the exchange between the Applicant and Examiner regarding the distinction between a "private decryption key" and "a code uniquely identifying the integrated device." *See* Exhibit 2002 at 17-18. After evaluating the exchange, the District Court concluded it "did not to alter the clear meaning of the claim language." *Id.* The District Court's construction of "device ID code" / "ID code" was consistent with the prosecution history and, therefore, proper and there is no compelling reason for this Board to disregard it.

2. Access Message

The term "access message" appears in claims 1, 9, and 13.

In *Proxense v. Samsung*, the District Court construed the term "access message" as "a signal or notification enabling or announcing access." Exhibit 2002 at 20.. The District Court based its construction on a consideration of the specification, noting that: "The sole mention of 'access message' in the specification is when after the device is authenticated, the system sends an 'access message to the application to allow user access and/or provide additional information from the profile 740 (such as the user's age)." Exhibit 2002 at 21. Based upon the language within the specification, the District Court concluded that "[t]he access message therefore can have the effect of moving the user to the next step of providing information (like providing the user's age), which is more than just enabling access." *Id.* at 21. The District's Court construction of "access

message" was made with careful consideration of the specification and is therefore proper. There is no compelling reason for this Board to disregard it.

C. Claim Term Previously Construed by the USPTO – Third-Party Trusted Authority

The term "third-party trusted authority" appears in claims 1, 9, 10, and 13.

The USPTO has construed the term "third-party trusted authority" on ***three*** separate occasions. *See Samsung Electronics America, Inc. v. Proxense, LLC,* IPR2021-01444, Paper 11 at 11-15 (PTAB Feb. 28, 2022); *Samsung Electronics America, Inc. v. Proxense, LLC,* IPR2021-01447, Paper 12 at 10-14 (PTAB Feb. 28, 2022); and *Samsung Electronics America, Inc. v. Proxense, LLC,* IPR2021-01448, Paper 12 at 8-11 (PTAB Feb. 28, 2022). In each instance, the term was construed to mean "a trusted authority that is an ***entity separate from the parties to a transaction.***" IPR2021-01444, Paper 11 at 15; IPR2021-01447, Paper 12 at 14; and IPR2021-01448, Paper 12 at 11.

The Office provided further clarity as to the meaning of its constructions when evaluating the then-asserted prior art:

> "Patent Owner responds that "Lapsley's DPC is part of the system providing access to a user's registered financial accounts, i.e., a cloud based digital wallet—not a third party trusted authority." Prelim. Resp. 8 (citing Ex. 1007 ¶¶ 102, 138, 139). Patent Owner contends that, "[i]n Lapsley, instead of using a personal fob or phone to access the DPC digital wallet, the user utilizes a Party Identification Apparatus located at a store." Id. at 8–9 (citing Ex. 1007 ¶¶ 167–169). According to Patent Owner, "[a]s the DPC is accessed with the PIA to retrieve a list of user financial accounts stored in the DPC, the ***DPC must be the system being accessed/authenticated***. Consequently, ***Lapsley's DPC is not what . . . Petitioner and Patent Owner agree constitutes a 'third-party trusted authority.'***" *Id*. at 9

> ***We agree with Patent Owner***. Petitioner has not explained sufficiently why Lapsley's DPC is a third-party trusted authority, what entities the DPC is a third-party relative to, or what application the user is being permitted to access in the asserted combination. As Patent Owner points out, ***the DPC appears to be what is being accessed***, as the payee and payor, with the PIA, access a list of financial accounts from the DPC. *See id*. at 8–9; Ex. 1007 ¶¶ 167–170. Here, ***the DPC is the resource to be accessed, but it is a party to the transaction, rather than a third party***. This is similar to the situation Petitioner argues that the applicant distinguished during prosecution: "[d]uring prosecution, the applicant explained a 'user []prov[ing] to the same institution that authenticates the fingerprint information that the user is who he purports to be' does not satisfy the 'third party' limitation." *See* Ex. 2001, 7 (alterations by Petitioner)." (Emphasis added.)

IPR2021-01444, Paper 11 at 26-27; *accord* IPR2021-01447, Paper 12 at 23-24; and *accord* IPR2021-01448, Paper 12 at 25-26.

When distinguishing "third-party trusted authority" from the prior art, the Office repeatedly noted "***the DPC appears to be what is being accessed***, as the payee and payor, with the PIA, access a list of financial account from the DPC" and that the "***DPC is the resource to be accessed, but it is a party to the transaction, rather than a third-party.***" Based upon these findings, the Office concluded that the DPC was not a "third-party trusted authority." Rather than being an active participant, a "third-party trusted authority"—as the Office previously noted—takes on a witness role. Accordingly, "[e]xamples of trusted key authorities include 'a government official, a notary, and/or an employee of a third party which operates the trusted key authority, or ***another form of witness***." IPR2021-01444, Paper 11 at 14-15; IPR2021-01447, Paper 12 at 13; and IPR2021-01448, Paper 12 at 11 (emphasis added). The Office's consistent prior constructions and applications thereof makes clear that a "third-party trusted authority" is "witnessing"—***not participating in***—the transaction by being the system or application accessed.

III. RESPONSE TO GROUNDS FOR INVALIDITY RAISED

A. Ground 1: Claims 1, 3-7, 9, 10, and 12-18 Are Not Rendered Obvious by Ludtke

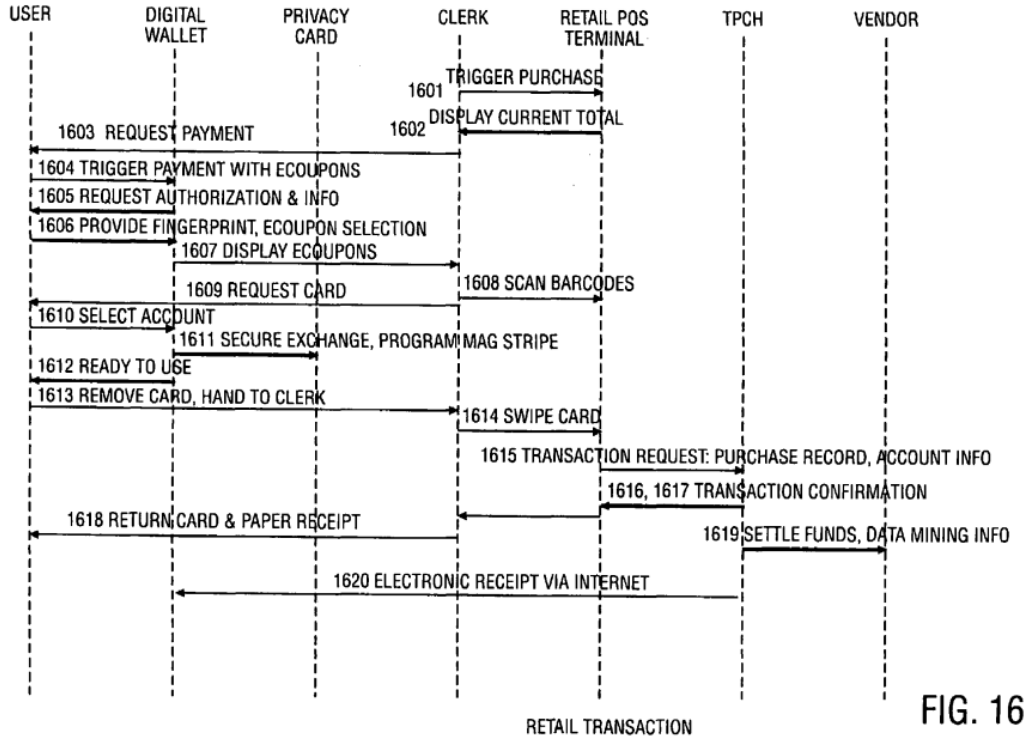
The Petition fails to demonstrate that Ludtke (U.S. Patent No. 7,188,110) discloses a "third-party trusted authority" and thus fails to demonstrate the challenged claims are invalid and unpatentable.

Independent claims 1, 9, and 13, along with dependent claim 10, each recite a "third-party trusted authority." Accordingly, the presence of a "third-party trusted authority" is an element of all the challenged claims. The Petition attempts to establish that the "transaction processing clearing house (TPCH)" of Ludtke is a third-party trusted authority. However, rather than being a witness, the TPCH is an active participant in transactions between a user and vendor. In the system taught by Ludtke, a "transaction device, *e.g.*, the privacy card, is the identity that may be known to a vendor. The highly secured location, accessible through or part of a transaction processing clearing house (TPCH), ***provides the transaction processing clearing house the information necessary to authorize a transaction***. For example, the transaction processing clearing house may access ***relevant account information*** to authorize transactions." Ludtke, 3:38-45 (emphasis added). The TPCH is thus accessing financial accounts to authorize transactions. Providing access to a financial account, the TPCH is no different than the DPC from Lapsley that the Office has previously rejected as disclosing a third-party trusted authority. *See* IPR2021-01444, Paper 11 at 14-15; IPR2021-01447, Paper 12 at 13; and IPR2021-01448, Paper 12 at 11 ("As Patent Owner points out, ***the DPC appears to be what is being accessed***, as the payee and payor, with the PIA, access a list of financial accounts from the DPC. *See id*. at 8–9; Ex. 1007 ¶¶ 167–170. Here, ***the DPC is the resource to be accessed, but it is a party to the transaction, rather than a third party***.") (emphasis added). The TPCH, however, participates even more in the transaction than the

previously discounted DPC. "The transaction device information is ***provided to the TPCH 110 that then indicates*** to the vendor 125 and the user 120 ***approval of the transaction to be performed***." Ludtke, 6:41-44 (emphasis added). By approving and authorizing the transaction, the TPCH is being accessed not only to access financial accounts, but also to process a transaction.

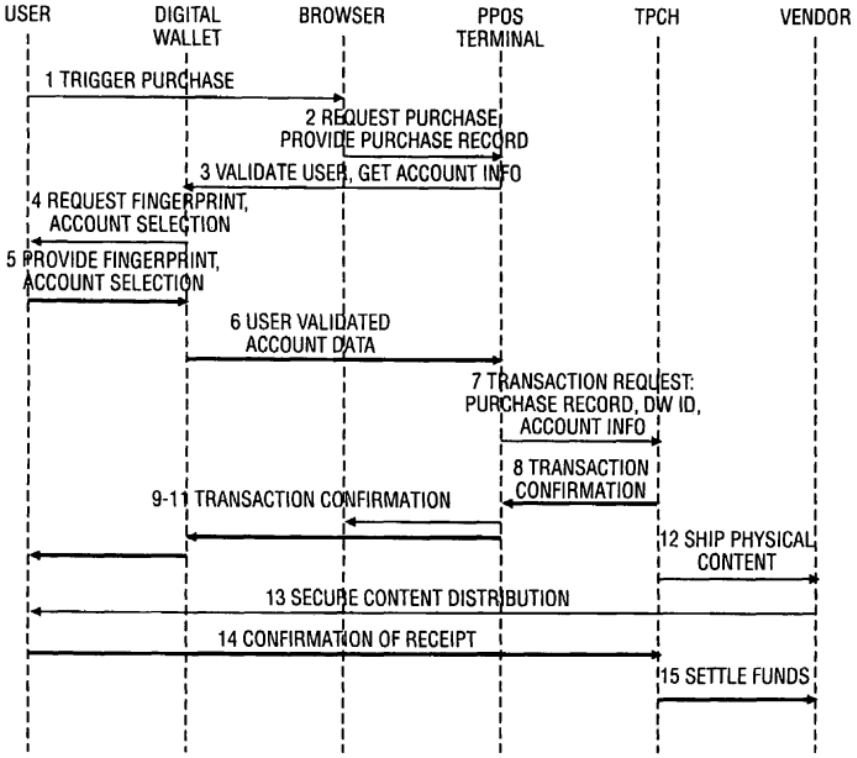
Ludtke details the role of the TPCH is to be an active participant by authorizing and processing transactions. "The ***TPCH functions to provide the user with authorization to perform transactions*** without compromising the user's identity." Ludtke 9:28-30 (emphasis added). The TPCH also includes an agent 615 that "handles system management and policy control, and forms the core functionality of the TPCH 600. In one embodiment, within the entire system, there is one clearing house agent, which resides permanently at the clearing house. Among the responsibilities handled by the agent include internal system management functions such as data mining, ***financial settlement and allocation of payments to internal and external accounts***, and registration of new users joining the system." Ludtke 9:43-51 (emphasis added). Thus, the "the TPCH processes the settlement of funds." Ludtke, 29:34. "The settlement of funds involves the transfer of the appropriate financial credit into the vendor's account." Ludtke, 29:35-36. The TPCH of Ludtke is thus accessed by the user and the vendor to access a financial account, authorize a transaction, and provide payment. The TPCH is a very active participant in the transaction, not merely a witness to it.

The active participation of the TPCH in a transaction between a user and vendor is shown in Ludtke's Figures 16 and 17 (reproduced below):



RETAIL TRANSACTION

FIG. 16



WEB TRANSACTION

FIG. 17

Figures 16 and 17 of Ludtke detail the use of the TPCH in retail and web transactions, respectively. In each instance, the TPCH becomes an active participant by authorizing the transaction ("1616, 1671 TRANSACTION CONFIRMATION" and "8 TRANSACTION CONFIRMATION") and subsequently performing settlement ("1619 SETTLE FUNDS, DATA MINING" and "15 SETTLE FUNDS").

The transactions involve a user and vendor accessing the TPCH via a point of sale (POS) terminal. As described in Ludtke, "the POS terminal may collect the necessary information from the transaction device, *e.g.*, digital wallet, combine it with the purchase data, and send it to the TPCH. The TPCH may then authorize the transaction, store data relevant to the transaction in its records and trigger a financial transfer to the vendor's account." Ludtke, 23:50-55; *see also id.,* 21:51-57 ("In one embodiment, a POS terminal is the link between the digital wallet or privacy card and the transaction privacy clearinghouse (TPCH) of the eCommerce system. The main purpose of the POS terminal is to establish a secure transaction connection between the transaction device and the TPCH and to transfer transaction data to the TPCH for completion of the transaction."). The main purpose of Ludtke's POS terminal, therefore, is to establish a secure transaction connection between the transaction device and the TPCH and to transfer transaction data to the TPCH for completion of the transaction.

During a retail transaction, as shown in FIG. 16 above, the POS receives data from the digital wallet. As shown in steps, 1611, 1613, and 1614, the POS receives data from the digital wallet via the magnetic stripe on a privacy card interfaced with the digital wallet. Then the "POS terminal establishes a secure connection with the TPCH, and request that the transaction be carried out, step 1615." Ludtke, 27:56-58. Thus, the TPCH is accessed by the vendor and the user to

receive authorization for a transaction. "Assuming that the transaction is successful, the TPCH returns a confirmation message to the retail POS terminal, step 1616, which in turn may display an appropriate message to the clerk, step 1617." Ludtke, 27:60-63. After the TPCH processes the request and sends a confirmation message, the process moves onto step 1619 where "the TPCH settles funds, transferring the appropriate amount into the vender's account." Ludtke, 27:66-67. By authorizing transactions and transferring funds into the vendor's account, the TPCH is a very active participant in the transactions—it is being accessed by the vendor to authorize a transaction. The TPCH is also accessed by the user to pay the vendor. Being accessed by the vendor and user to be an active participant, the TPCH cannot be the claimed "third-party trusted authority."

A similar process for web transactions is shown in Figure 17 of Ludtke. However, instead of receiving data from the digital wallet via a magnetic stripe on a privacy card, the POS "communicates with the transaction device, asking the transaction device to validate the user, confirm the user wants to make this transaction, and get the appropriate information for which account the user to use for payment." Ludtke, 28:58-62. This is shown by step 6 in Figure 17: "When information on the user's side of the transaction has been set up to perform a transaction, the personal POS terminal opens a secure communication session to the TPCH, requesting a transaction. The personal POS terminal provides the transaction record that it received from the web browser and the unique ID of the transaction device. The TPCH uses the unique ID of the transaction device to process the transaction." Ludtke, 29:6-14. And, as shown by step 7 of Figure 17, the POS collects the necessary information from the transaction device, *e.g.*, digital wallet, combines it with purchase data, and sends it to the TPCH. The TPCH, in turn, is accessed via the POS to process the transactions, making the TPCH an active participant in the transaction. The active participation of the TPCH does not stop with authorizing the transaction. "Subsequently,

the TPCH receives confirmation that the content was successfully shipped to the user and the user has acknowledged receipt of the content. Once the confirmation is received, the TPCH processes the settlement of funds." Ludtke, 29:31-34. Accordingly, the TPCH is also accessed by the user to pay the vendor. As the TPCH is an active participant during retail and web transactions by being accessed by the vendor and user, it cannot be the claimed "third-party trusted authority."

The TPCH performs settlement by providing access to the user's accounts – as did the DPC at issue in the previous IPR denials. Instead of merely providing a listing of accounts, the TPCH takes control of the accounts to perform settlement. The TPCH is thus being accessed to access and take control of a user's account by issuing commands to the user's accounts.

"The settlement of funds involves the transfer of the appropriate financial credit into the vendor's account." Ludtke, 29:35-36. As shown in FIGs 16 and 17 (*supra*), the TPCH is responsible for settlement. Ludtke discloses four methods by which settlement may be accomplished but, in each of the disclosed settlement processes, the TPCH is accessed to provide access and take control of a user's accounts by issuing commands to the registered account for the purpose of transferring funds to the vendor account. Accordingly, the TPCH is what is being accessed by the user and vendor to gain access to a registered account, ***thereby making it a party to the transaction***.

The simplest settlement method disclosed by Ludtke is one in which "the account is managed completely by the TPCH, and thus the funds transfer is handled completely inside of the TPCH." Ludtke, 29:37-39. With this method of processing settlement, the TPCH simply transfers funds from an account held by the TPCH to the vendor. Accordingly, the TPCH is being accessed to pay the vendor, making the TPCH an active participant in the transaction.

In the next settlement method disclosed, "the TPCH 110 interfaces to at least one financial processing system 140 to perform associated financial transactions, such as confirming sufficient funds to perform the transaction, and transfers to the vendor 125 the fees required to complete the transaction." Ludtke, 6:51-55. In this method the TPCH issues credit to the user based on the availability of funds in an account registered with the TPCH. The TPCH is thus being accessed to provide access to an external account registered with the TPCH ***and*** a credit account established with the TPCH from which the vendor is paid. Accordingly, by issuing credit to the user, the TPCH is an even more active participant than in the previous method of settlement.

The third settlement process disclosed is one in which "the TPCH may issue a funds settlement request to a third party financial institution on behalf of the user, causing the necessary funds to be transferred to the vendor from the user's account." Ludtke, 29:43-46. Again, the TPCH is accessed to provide access to the user's account. In this instance, however, that access issues a command to the user's account to make a transfer to the vendor's account. Being accessed to take control of a user's account, the TPCH is an active participant in the transaction, and not a witness.

The final settlement process disclosed by Ludtke is one in which the TPCH directly charges an account registered with the TPCH. "[T]he FP140 is contacted by the TPCH requesting a generic credit approval of a particular account… The TPCH 110 can request the credit using a dummy charge ID that can be listed in the monthly credit statement sent to the user, so that the user can reconcile his credit statement." Ludtke, 7:12-20; *accord* Ludtke, 29:46-51 ("In yet another alternative embodiment, the TPCH may act as a proxy for the user, whereby the TPCH takes the funds from the user's account as managed by a third party financial institution, and then issues a funds transfer from the TPCH account to the vendor's account."). In this process, the TPCH is

providing access to a registered account to issue the "dummy charge," collecting funds from the user's account, and also transferring funds to the vendor. The TPCH is thus being accessed to access a user's registered account and to pay the vendor. Notably, the TPCH makes the payment, thereby making it a party to the transaction.

As the forgoing demonstrates, the TPCH of Ludtke is accessed by the user and the vendor to access a financial account, authorize a transaction, and provide payment. The TPCH, far from a passive witness role, is an involved, active participant in the transaction. Consequently, the Ludtke's TPCH is exactly what the Office has previously determined is ***not*** a "third-party trusted authority." Furthermore, the Petition does not assert Kon (U.S. Patent Publication No. 2002/0046336) discloses this element. The Petition, consequently, fails to establish Ludtke alone, or in combination with Kon, invalidates claims 1, 3-7, 9, 10, and 12-18.

B. Ground 2: Claims 2 and 11 Are Not Rendered Obvious Over Ludtke and Kon

The Petition does not assert Kon (U.S. Patent Publication No. 2002/0046336) discloses the "third-party trusted authority" element. As noted *supra*, Ludtke also fails to disclose this, and thus the Petition fails to establish that Ludtke in combination with Kon discloses all the elements of claims 1, 3-7, 9, 10, and 12-18. Accordingly, because elements of the independent claims are not met, the Petition fails to establish that Ludtke in combination with Kon invalidates dependent claims 2 and 11.

IV. DISCRETIONARY FACTORS

A. 35 U.S.C. § 325(d)

On February 28, 2022, the Board denied institution of three IPRs, one for the 905 Patent along with two for members of this Patent's family. *Samsung Electronics America, Inc. v. Proxense, LLC*, IPR2021-01444, Paper 11 at 11-15 (PTAB Feb. 28, 2022) (for member of the 905

Patent family); *Samsung Electronics America, Inc. v. Proxense, LLC,* IPR2021-01447, Paper 12 at 10-14 (PTAB Feb. 28, 2022) (for the 905 Patent); and *Samsung Electronics America, Inc. v. Proxense, LLC,* IPR2021-01448, Paper 12 at 8-11 (PTAB Feb. 28, 2022) (another member of the 905 Patent family) (collectively, the "Prior Petitions"). Filed by Prior Petitioner Samsung Electronics America, Inc., the Prior Petitions asserted invalidity on obviousness grounds asserting, among other references, U.S. Patent Application Publication No. 2001/0000535A1 ("Lapsley"), in an attempt to render the "third party authority" claim limitation obvious and, in combination with several other references, argued that the Patents were invalid. The Prior Petitioner failed to demonstrate obviousness in light of Lapsley in combination with other references. Here, Ludtke is entirely cumulative of the art raised in that Prior Petition. Ludtke's relevant teachings provide nothing more than what was taught by the art presented in the Prior Petitions.

There are also three pending ex parte reexaminations (EPR) involving the 905 Patent and its family members. Two of them (Application Nos. 90/015,052 and 90/015,054) have been "Ready for *Ex Parte* Action" for over a year, and first office actions have not been issued. In the third EPR (90/015,053), a final office action was issued, and the Patent Owner submitted a notice of appeal. As with the Prior Petitions, these are cumulative of the art and arguments raised here: Ludtke.

The art and the invalidity arguments based thereon raised by this Petitioner offer nothing more than what was previously considered by the Board in the prior IPR institution denials and the pending EPRs: the same structures that serve the same purpose. As such, the Board should exercise its discretion to deny institution under §325(d).

1. Legal Standard

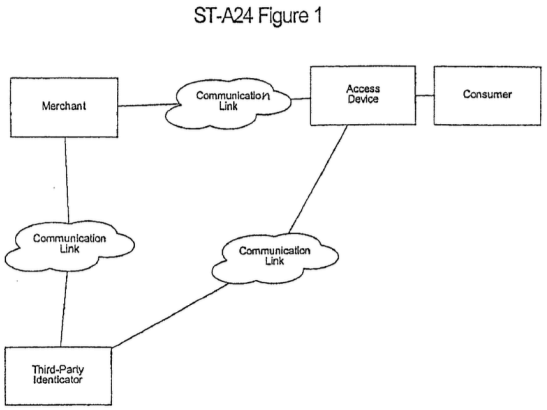
"[U]nder § 325(d), the Board uses the following two-part framework: (1) whether the same or substantially the same art previously was presented to the Office or whether the same or

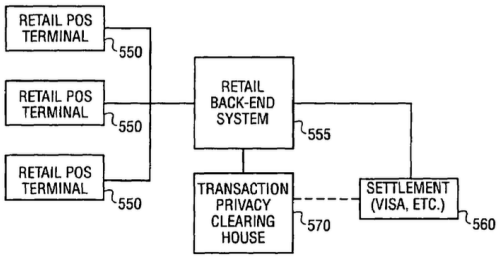
substantially the same arguments previously were presented to the Office; and (2) if either condition of first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims." *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH* IPR2019-01469, Paper 6 at 8 (PTAB Feb. 13, 2020) (precedential). That decision also noted that the six factors that were previously known as "the Becton, Dickinson factors [also] provide useful insight into how to apply the framework under 35 U.S.C. § 325(d)… The factors set forth in Becton, Dickinson should be read broadly, however, to apply to any situation in which a petition relies on the same or substantially the same art or arguments previously presented to the Office during a proceeding pertaining to the challenged patent." *Id*. at 9-10. The factors announced in *Becton, Dickinson* are: (a) The similarities and material differences between the asserted art and the prior art involved during the previous IPRs; (b) the cumulative nature of the asserted art and the prior art evaluated during the previous IPRs; (c) the extent to which Lapsley was the basis for one or more Grounds in the previous IPR; (d) the extent of overlap between the arguments made during the previous IPRs and the manner in which the Petitions; (e) the Petitions have not established the PTAB erred in finding Lapsley's DPC was not a third-party trusted authority; and (f) no additional evidence has been presented in the Petitions that warrants reconsideration.

2. The Becton, Dickinson Factors Favor Denial in View of Prior IPR Institution Denials

In the Prior Petitions and in this one, Petitioner and Patent Owner disagree on whether the prior art references teach the claimed "third-party trusted authority." In the Prior Petitions, the Board concluded that the prior art references failed to disclose a "third-party trusted authority." Here, too, as demonstrated *supra*, both Lapsley and Ludtke teach a method of verifying a user during authentication of **an integrated device**. Ludtke fails to teach the claimed "third-party

trusted authority" for precisely the same reason that Lapsley failed to teach it. With respect to the Prior Petitions, the Board found that "the DPC [of Lapsley] appears to be what is being accessed, as the payee and payor, with the PIA, access a list of financial accounts from the DPC. Here, the DPC is the resource to be accessed, but it is a party to the transaction, rather than a third party." IPR2021-01444, Paper 11 at 14-15; IPR2021-01447, Paper 12 at 13; and IPR2021-01448, Paper 12 at 11. Ludtke and Lapsley solve the same problem using the same function: both permit the entity that authenticates the user to also be, as the name TPCH suggests, the "clearing house," which is a party to the transaction. These two references are thus entirely cumulative and both run contrary to one of the main aspects of the claims of the Patent: a third party trusted authority. The two references have the same structures in the same configuration.





AN ALTERNATIVE EMBODIMENT OF THE RETAIL SYSTEM MODIFIED TO SUPPORT THE INTERACTION OF LEGACY POS TERMINALS WITH THE DIGITAL WALLET SYSTEM

FIG. 5B

See Lapsley Fig. 1 (left); Ludtke Fig 5B (right)

Petitioner makes precisely the same flawed argument here with respect to substantially similar subject matter. Petitioner argues that "with respect to Figure 6, the TPCH is an entity separate from the parties to a transaction because it is distinct from the transaction device, the POS on which the user/transaction device is performing a transaction, and the 'external retailers and vendors' that complete the transaction." Petition at 25. However, Figure 6 of Ludtke [reproduced

below], actually demonstrates that in Ludtke, exactly as in Lapsley, the alleged "third party trusted authority" is actually part of the system which is being accessed to authenticate the user and despite the fact that it is the financial clearing house.

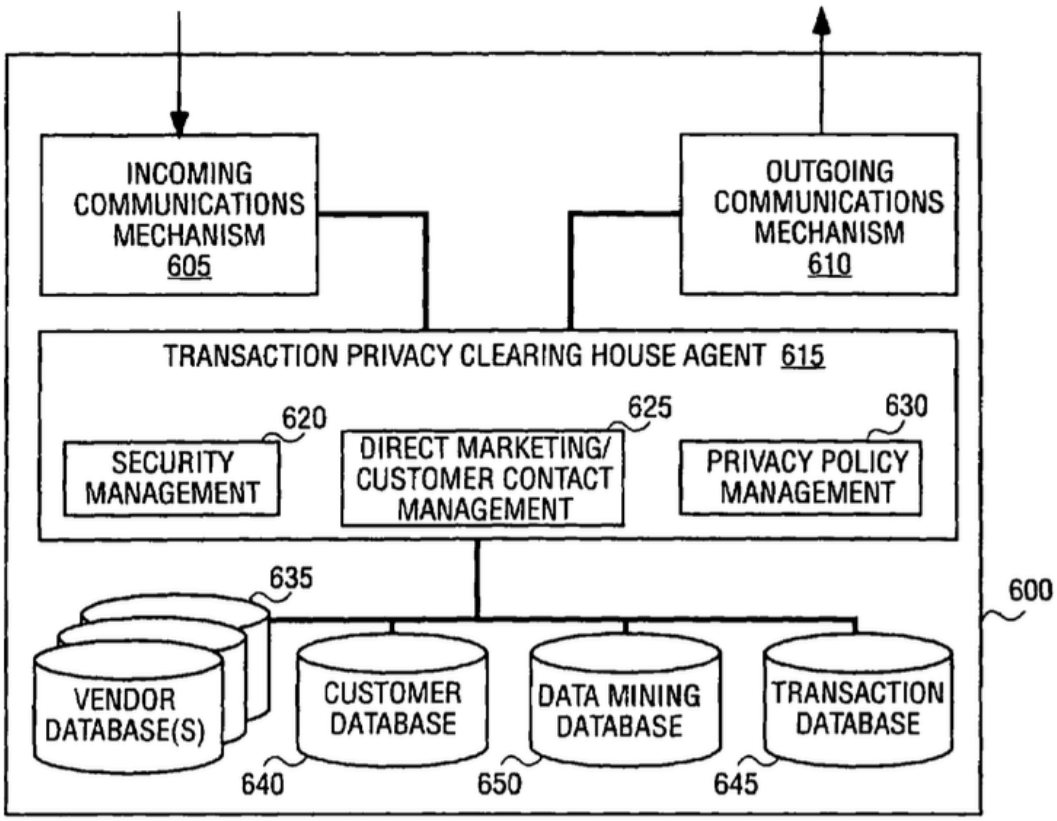


FIG. 6

See Ludtke, Fig. 6.

Ludtke further teaches that "In one embodiment, Vendors use the database(s) to store a variety of information about the products and services that they offer **through the TPCH** and the transaction device." Ludtke, 10:9-11 Likewise, Ludtke teaches that "Transaction privacy clearing

house 440 receives the user's privacy card identification and determines whether the user has sufficient funds to perform the transaction. TPCH 440 interfaces with the financial processing system 445, vendors 450, and distribution systems 455 **to complete the transaction**." As such, and as further demonstrated in detail *supra*, there is no material difference between the "third-party trusted authority" of Lapsley and Ludtke.

Petitioner does not argue that there are any potential material differences between Ludtke and Lapsley (or the other references raised in the Prior Petition) other than as to the disclosure of the TPCH as an alleged "third-party trusted authority." As such, Petitioner offers no argument that is materially different from the arguments that have already been considered by the Board. Such arguments need not be considered. *See Becton*, *Dickinson*, IPR2017-01586, Paper 8 at 21 ("We cannot reasonably consider such differences "material" because, on one hand these structural differences do not appear to affect in any a meaningful manner, the functioning of the check valve itself, and because Petitioner has not relied on, or substantively addressed, any particular differences…."); *see also In re Japikse,* 181 F.2d 1019 (CCPA 1950) (Claims to a hydraulic power press which read on the prior art except with regard to the position of the starting switch were held unpatentable because shifting the position of the starting switch would not have modified the operation of the device.)*; In re Kuhle,* 526 F.2d 553 (CCPA 1975) (the particular placement of a contact in a conductivity measuring device was held to be an obvious matter of design choice).

Petitioner argues that Ludtke and Kon were not considered by the examiner during prosecution. However, Ludtke is substantially the same to Lapsley in all relevant respects, as demonstrated above, and Petitioner did not present Kon for the presence of a "third-party trusted authority" nor to invalidate any of the independent claims.

Likewise, Petitioner has failed to persuasively demonstrate substantial error as to the Board's determination related to Lapsley. *See Advanced Bionics*, IPR2019-01469, Paper 6 at 10-9 ("On the other hand, if the alleged error is a disagreement with a specific finding of record by the Office, then ordinarily the petitioner's required showing of material error must overcome persuasively that specific finding of record."). Because the Board properly construed the claimed "third-party trusted authority" and correctly concluded that Lapsley did not disclose it, the Board should exercise its discretion here on the grounds that Ludtke has the same or substantially the same deficiency and deny institution.

3. The Becton, Dickinson Factors Favor Denial in View of the Pending EPR

The first prong of the *Advanced Bionics* analysis heavily favors denial in view of the pending EPR for the 905 Patent because it involves the same prior art using the same arguments. As Petitioner acknowledges, the primary reference relied upon in the EPR is the same as the one here: Ludtke. *See* Petition at 54-55; *see generally* Ex. 1011. While Petitioner attempts to distinguish Ludtke's treatment in the EPR by its use in combination with different secondary references, in all cases Ludtke is used for the same reason: the TPCH in Ludtke purportedly discloses the "third-party trusted authority" element present in all of the challenged claims. *Compare* Petition at 16-19, *with* Ex. 1011 at 54-56, 82.

Similar to the Prior Petitions, Petitioner does not attempt to persuasively demonstrate substantial error in the EPR under the second prong of the *Advanced Bionics* analysis. Because there is a pending EPR involving the 905 Patent where the same prior art reference is used utilizing the same arguments, the Board should exercise its discretion here to deny institution.

B. *Fintiv* Factors Strongly Favor Denial

Discretionary denial is warranted under *Fintiv* because an analysis of the *Fintiv* factors all weigh in favor of it. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential).

First, there is no evidence that the District Court in *Proxense v. Google* will grant a stay in the event that an IPR is instituted nor is there any likelihood of it doing so. There are three pending EPRs that involve the 905 Patent and its family members (Application Nos. 90/015,052, 90/015,053, and 90/015,054) and two involving patents asserted in *Proxense v. Google*, yet the case in the District Court continues apace. Fact discovery is scheduled to end on August 16, 2024 and trial is set for the week of February 27, 2025. Exhibit 2009. If IPR is ever instituted here, it will likely occur when fact discovery is almost over in the District Court, making the possibility of a stay near zero. While Petitioner notes that there was a pending motion to transfer the case to the Northern District of California, that motion was since denied. Petition at 69; Exhibit 2010. Petitioner subsequently filed a mandamus petition with the Federal Circuit, but the Federal Circuit declined to disturb the District Court's decision on Google's motion to transfer venue and denied the petition. Exhibit 2011. In summary, the case will not be transferred and there is no reason why the District Court will order a stay.

Second, a trial at the District Court will almost certainly conclude before the Board issues a Final Written Decision even if it institutes IPR here. Trial is set for the week of February 27, 2025. Even accepting Petitioner's median time-to-trial in the Western District of Texas as 25.8 months (which would assume that the District Court case would be delayed for months), that would put a potential trial date in June 2025[1] *even if* the schedule is delayed. Meanwhile, if IPR is

[1] The District Court case was filed on May 2, 2023.

instituted here, a Final Written Decision may not issue until late 2025 or early 2026. *See* 35 U.S.C. § 316(a)(11) (final determination in an IPR no later than one year after institution, or possibly one-and-a-half years if extended); 37 C.F.R. § 42.100(c) (same).

Third, there has been and will continue to be significant investment by the Court in parallel proceedings. Not only is the case proceeding through fact discovery in the pending District Court litigation with Google, it has also entered discovery with the same asserted patents in *Proxense v. Microsoft*. Exhibit 2012 at 16. Further, as the District Court itself acknowledged and the Federal Circuit recognized, it is very familiar with the patents and technology at issue as it dealt with them in the prior *Samsung* case. *In re Google LLC*, No. 24-117 (Fed. Cir. 2024) (recognizing the "court's familiarity with the patents and technology from its substantial involvement with prior litigation."); Exhibit 2010 at 10 (same); Exhibit 2012 at 12-13 (same).

Fourth, there is undoubtedly overlap in the issues here as in the District Court proceeding. Google has asserted obviousness of the patent at issue as a defense and will undoubtedly raise the same prior art references. *See* Exhibit 2013.

Fifth, Google is both the Petitioner here and a defendant in the District Court proceeding.

Sixth, there are no other circumstances that would disfavor denial. As discussed above, Petitioner has not shown that the prior art discloses the "third-party trusted authority" limitation present in all of the challenged claims. Additionally, the Petition relies on the same primary reference (Ludtke) and raises the same arguments already being considered by the Office in three pending EPRs (Application Nos. 90/015,052, 90/015,053, and 90/015,054). At issue in each EPR is whether Ludtke's TPCH constitutes a "third-party trusted authority." Two of the EPRs (Applications Nos. 90/015,052 and 90/015,054) have been "Ready for *Ex Parte* Action" for over a year, yet first office actions have not been issued. In the third EPR (90/015,053), a final office

action was issued, and the Patent Owner submitted a notice of appeal.. Instituting *inter partes* review of the 905 Patent would add a fourth proceeding before the Office considering the same issue. Rather than add another redundant proceeding to its docket, the Office should deny this Petition on its merits and terminate all proceedings considering the identical issue of the whether Ludtke's TPCH is a "third-party trusted authority."

V. CONCLUSION

The Petition fails to demonstrate a reasonable likelihood that the Petitioner will prevail as to any of the challenged claims. Additionally, all factors strongly favor discretionary denial. *Inter partes* review of the 905 Patent should therefore be denied.

Dated: May 6, 2024

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CERTIFICATE OF SERVICE (37 C.F.R. § 42.6(e))

Pursuant to 37 C.F.R. § 42.6(e), the undersigned hereby certifies that Patent Owner Proxense, LLC's Preliminary Response was served on May 6, 2024 by e-mailing copies to the following e-mail address as provided in Petitioner's Petition:

Google-Proxense-IPRs@finnegan.com.

Dated: May 6, 2024

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CERTIFICATE OF COMPLIANCE (37 C.F.R. § 42.24)

Under the provisions of 37 C.F.R. § 42.24, the undersigned hereby certifies that word count for the foregoing Patent Owner Response (excluding the table of contents, certificate of service, word count, or listing of exhibits) total 6,175 words, which is less than the 14,000 words allowed under 37 C.F.R. § 42.24(b)(1).

Dated: May 6, 2024

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