

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HOME DEPOT U.S.A., INC.,
Petitioner

v.

SECURITY TECHNOLOGY, LLC,
Patent Owner

Case IPR2024-01420
U.S. Patent No. 11,562,402

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW

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I. INTRODUCTION

Security Technology, LLC (“Patent Owner”) requests Director Review of the panel’s decision instituting IPR of claims 1-19 of U.S. Patent No. 11,562,402 (“the ’402 patent”). Paper 12 (“Decision on Institution” or “DI”). In determining not to exercise its discretionary denial authority, the panel (i) misapplied its precedential *Fintiv* and *Sotera Wireless* decisions, and (ii) made erroneous factual findings. When properly evaluated, the *Fintiv* factors strongly favor denial of institution. To proceed forward would unnecessarily waste both the Board’s and the parties’ time and resources, particularly given Petitioner’s delay in filing this petition that results in the district court jury trial and Board’s final written decision scheduled to occur within a few weeks of each other. Accordingly, the Director should vacate the panel’s decision and deny institution of this proceeding.

II. STANDARDS FOR DIRECTOR REVIEW

“Requests for Director Review of a Board’s decision . . . shall be limited to decisions presenting (a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law.” USPTO Revised Interim Director Review Process,¹ § 2.B. “Both discretionary and merits-based issues may be raised,” subject to these limitations. *Id.* As part of its analysis of discretionary issues, the Director may consider factors

¹ <https://www.uspto.gov/patents/ptab/decisions/director-review-process>.

including “[t]he strength of the unpatentability challenge” and “[t]he extent of the petition’s reliance on expert testimony.” *See* Memorandum re: Interim Processes for PTAB Workload Management (Mar. 26, 2025) (“March 26th Memo”).

III. THE PANEL ERRED IN ITS ANALYSIS OF THE *FINTIV* FACTORS.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020) (“*Fintiv*”) articulated six nonexclusive factors for determining whether to institute an IPR when there is parallel litigation. The panel erred in its analysis of the *Fintiv* factors. Although it correctly found that factor 1 is neutral and factor 5 weighs in favor of denial, DI, 43-44, 46-47, the panel’s findings that factors 2, 3, 4, and 6 weigh against discretionary denial are erroneous. DI, 44-48. Factor 2 is neutral, and factors 3, 4, and 6 plainly weigh in favor of discretionary denial. The Director should thus vacate the panel’s decision and exercise her discretion to deny institution based on *Fintiv* and the Director’s guidance in the March 26th Memo.

A. The panel erred in analyzing factor 2, which is neutral due to the close proximity of the trial date and projected FWD deadline.

On February 28, 2025, the Office rescinded the previous Director’s June 21, 2022 memorandum addressing discretionary denial procedures, instructing that the Board’s precedential *Fintiv* decision should be followed for guidance. In *Fintiv*, the Board instructed, “[i]f the court’s trial date is *at or around the same time* as the projected statutory deadline . . . , the decision whether to institute will likely implicate other factors discussed herein. . . .” *Fintiv*, 9 (emphasis added). In other

words, factor two does not weigh against discretionary denial when the trial date is “around the same time” as the projected deadline for a final written decision, as here. *Id.* Rather, when these dates are in close proximity, *Fintiv* indicates that the analysis should focus on the other factors.

Here, the panel ran afoul of this guidance. The projected statutory deadline in this case is March 24, 2026, while trial in the parallel litigation² is set for April 20, 2026—less than one month after. EX2001, 1. The panel failed to appreciate the close proximity of the trial and final written decision dates, finding “this factor would weigh against discretionary denial.” DI, 45. That determination is erroneous under the guidance set forth in *Fintiv*, which counsels that factor two should be at least neutral.

B. The panel erred in analyzing factor 3 because the parties have made significant investments in the parallel proceeding and Petitioner was not diligent filing its Petition.

As Patent Owner pointed out in its Preliminary Response, the parties involved in this proceeding have been litigating for more than a year and a half, with an initial complaint filed on September 18, 2023. EX2002; POPR, 34. Finding that the parties and the court have “invested some effort” in the parallel litigation

² *RavenWhite Licensing LLC v. The Home Depot, Inc., et al.*, Case No. 2:24-cv-00688 (E.D. Tex.).

thus far, the panel weighed this factor against discretionary denial, alleging that “[s]ignificant effort . . . remains to be expended.” DI, 45. The panel, again, weighed this factor incorrectly.

Discovery is well underway in the parallel district court proceeding, briefing on Petitioner’s motion to dismiss has been completed, and both infringement and invalidity contentions have been exchanged. EX2001, 4-5. Petitioner’s invalidity contentions alone (served on February 11, 2025) consist of thousands of pages, including 33 separate prior-art claim charts, as well as subject matter eligibility, written description, enablement, and indefiniteness challenges.³ Thus, the parties have already invested substantial time and resources in the parallel district court proceeding, regardless of the effort remaining. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 14 (P.T.A.B. May 13, 2020) (“*Fintiv II*”) (finding that *Fintiv* factor three “weighs somewhat in favor of discretionary denial” when, similar to this case, the parties exchanged both “infringement and invalidity contentions,

³ Patent Owner is cognizant of the prohibition on submission of new evidence with a Request for Director Review. Concurrent with the filing of this Request, Patent Owner has submitted an email requesting authorization to submit evidence of Petitioner’s served invalidity contentions.

including detailed invalidity claim charts addressing the prior art cited in th[e] Petition.”).

Moreover, the panel wholly ignored that Petitioner waited until the second-to-last day before the one-year bar to file its petition—almost exactly one year after being served with a complaint—and provided no explanation as to its filing delay. DI, 11-12. Patent Owner identified this delay as favoring discretionary denial, POPR, 31 (citing Pet., 67-71; 35 U.S.C. § 315(b)), but the panel overlooked this argument and failed to factor Petitioner’s delay into its analysis, DI, 45-46. Patent Owner first identified asserted claims on December 4, 2023—*more than nine months* before Petitioner filed its Petition for IPR—and those claims remain asserted in the pending litigation. *See* IPR2024-01316, EX1008; *see also* EX1014 (infringement claim chart submitted with infringement contentions). As the Board outlined in *Fintiv*, this fact weighs heavily in favor of discretionary denial. *Fintiv*, 11-12 (“[I]t is often reasonable for a petitioner to wait to file its petition until it learns which claims are being asserted against it in the parallel proceeding,” but if “the evidence shows that the petitioner did not file the petition expeditiously, . . . these facts have favored denial.”).

Accordingly, *Fintiv* factor three weighs in favor of discretionary denial.

C. The panel erred in analyzing factor 4 because it placed too much weight on Petitioner’s *Sotera* stipulation, which does not establish this IPR as a true alternative to the district court proceeding.

Between the time that Patent Owner filed its Preliminary Response and when the panel issued its DI, Petitioner filed a *Sotera* stipulation. *See* Paper 11. Citing this stipulation, the panel found that Petitioner’s “*Sotera* stipulation ‘mitigates any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions.’” DI, 46 (citing *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (P.T.A.B. Dec. 1, 2020) (“*Sotera*”). The panel’s finding should be reconsidered and reversed in light of system-based art asserted in Petitioner’s February 2025 invalidity contentions.

Fintiv factor four seeks to evaluate “concerns of duplicative efforts,” such that “*inter partes* review is a true alternative to the district court proceeding.” *Sotera*, 19 (cleaned up). While Petitioner’s stipulation may mitigate some concern of duplicative effort, it does not establish this IPR as a true alternative to district court litigation. The Petition presents two grounds: (1) obviousness over Grannan, Chung, and Yang, and (2) obviousness over Grannan, Chung, and Ramaiyer. Pet., 1. In Petitioner’s invalidity contentions in the parallel litigation, Petitioner identifies (among other references) Grannan, Chung, Yang, Ramaiyer, and numerous prior art systems. Petitioner alleges that Grannan, Chung, Yang, and/or

Ramaiyer, alone or in combination with the prior art systems, render claims of the '402 patent obvious. The prior art systems are detailed in hundreds of pages of claim charts.

As in the recent Director Review Decision in *Motorola Solutions, Inc. v. Stellar, LLC*, Petitioner's invalidity arguments in the district court are thus "more expansive and include combinations of the prior art asserted in these proceedings with unpublished system prior art."⁴ IPR2024-01205, Paper 19 (Order Granting Director Review) at 3-4 (citing *Sotera*, 19). Indeed, if Patent Owner were to prevail in this proceeding, the district court and parties would still need to grapple with thousands of pages of materials related to system prior art, resulting in little reduction in duplicative effort in district court. *Id.*, 4.

Therefore, *Fintiv* factor four should weigh in favor of discretionary denial.

D. The panel erred in analyzing factor 6 because the merits are fatally flawed.

Fintiv factor six concerns "other circumstances that impact the Board's exercise of discretion, including the merits." *Fintiv*, 14. As part of this analysis, the

⁴ In *Motorola*, the Director suggested that the petitioner's stipulation "is not likely to moot" a combination of prior art asserted in the IPR proceeding and system prior art. *Motorola*, 4. Patent Owner takes no position whether a *Sotera* stipulation is not likely to moot such a combination of prior art.

Board’s consideration includes, among others, “[t]he strength of the unpatentability challenge.” *See* March 26th Memo. Relatedly, the March 26th Memo explained that “[t]he extent of the petition’s reliance on expert testimony” is a factor to consider when assessing discretionary denial. *See id.* As both considerations relate to the merits of Petitioner’s challenge, each consideration is addressed here and counsels in favor of discretionary denial.

The Petition presents two obviousness grounds challenging independent claims 1, 10, and 19 of the ’402 patent, which are both based on the Grannan and Chung references. Pet., 1. After reviewing the parties’ arguments, the panel determined that *Fintiv* factor six “weighs against discretionary denial” because, according to the panel, “Petitioner’s arguments and evidence for the asserted grounds of unpatentability appear strong with respect to at least one claim.” DI, 47. The panel, however, overlooked key arguments and evidence in making that erroneous determination.

Independent claims 1, 10, and 19 each recites “*determin[ing] a first quality level associated with a **user profile**, . . . wherein the determining of **the first quality level is based at least in part on a unique identifier and clustering***” (element [1c]). EX1001, 17:55-63, 18:53-61, 20:6-14 (emphasis added). As Patent Owner noted in its Preliminary Response, the Petition asserts that Grannan’s disclosure of a “user profile” satisfies both the claimed “*user profile*” and the claimed “*unique*

identifier.” POPR, 15-16 (citing Pet., 19 (“Grannan teaches that the [PIC] score associated with **each subscriber’s user profile (*unique identifier*)** is weighted based on the contents of the user profile”) (emphasis added)). But the claims expressly distinguish between a “*user profile*,” which includes a collection of various data, and a “*unique identifier*,” and Grannan’s “user profile” cannot satisfy both elements. POPR, 15-19.

The panel acknowledged that “Petitioner does refer to Grannan’s ‘user profile’ to satisfy both the ‘user profile’ and ‘unique identifier’ recited in claim 1.” DI, 26 (citing Pet., 19-20). Yet, the panel took it upon itself to amend Petitioner’s grounds, explaining that Grannan discloses that its user profile data includes “subscriber user identifiers for family members,” and that each subscriber is identified “via single sign-on (SSO) credentials.” DI, 26. Therefore, the panel determined that “Grannan’s profile . . . expressly includes identifiers for the subscribers,” and that “PIC scores are calculated for specific subscribers.” DI, 27.

This theory is found nowhere in the Petition. Petitioner’s theory, instead, relies on the entire “contents of the user profile” as the recited “*unique identifier.*” Pet., 19. Indeed, to meet the requirement that “*the first quality level is based at least in part on a unique identifier*,” Petitioner alleges that Grannan’s PIC score is “weighed and scored” based on the “settings/characteristic[s] that are stored in each user profile,” as well as “contextual information about the subscriber”

including “the subscriber’s unique location and Internet connectivity.” Pet., 19-21. In other words, Petitioner’s obviousness theory relies on Grannan’s “user profile” as a whole to determine the claimed “*first quality level*,” Pet., 19-21—not the “subscriber user identifiers,” as the panel relied on for institution. The entire “user profile” cannot meet the claimed “*unique identifier*,” POPR, 15-19, and the panel is not permitted to depart from the Petition’s theory. *SAS Inst., Inc. v. Iancu*, 584 U.S. 357, 365-367 (2018) (The Petition “define[s] the scope of” an IPR proceeding “all the way from institution through to conclusion,” and the panel does not “enjoy[] a license to depart from the petition.”).

Additionally, regarding elements [1b] and [1d], Patent Owner argued that neither Grannan nor Chung taught either the recited first or second search or purchase of the independent claims. As the panel acknowledged for element [1b], Grannan only discloses web “surfing,” not a “*search*,” and Chung describes only one general listing of “events” that include “search queries,” neither of which are relevant to “*a first purchase*.” DI, 21-23 (citing EX1007, ¶¶65, 90; EX1005, 6:62-7:2). The panel acknowledged that Petitioner does not explain how the combination of Grannan and Chung discloses “*a first purchase*,” yet the panel waves away this requirement. DI, 24.

The panel does not even analyze “*a second purchase*” for element [1d], where Petitioner’s main argument is that Grannan’s initial PIC score is based on

“multiple contribution scores calculated from multiple purchases,” which Petitioner’s expert Mr. Sherwood invents out of thin air. EX1003, ¶104; DI, 28-32. The panel, instead, fills the gaps in Petitioner’s arguments, latching onto a combined system that Petitioner does not explicitly argue is present. Specifically, the Board appears to construct a system from Grannan where “[the] initial PIC score is based on ‘a first search’” that “may update a subscriber’s [PIC] scoring matrix in real time” by Grannan’s ICSS subsystem based on later searches, appearing to rely only on Chung’s disclosure of searches in general. DI, 31-32. In support of this system, the panel cites portions of Grannan that Petitioner does not, describing Grannan’s ICSS database search and product interest correlation score update (EX1007, ¶100) and “classifying web links based on implied intent of subscribers visiting the page” (EX1007, ¶ 83), neither of which are cited by Petitioner. DI, 30. This departure from the Petition’s arguments and evidence, again, highlights the weakness of Petitioner’s obviousness grounds. *SAS*, 584 U.S. at 365-367; *Henny Penny Corp. v. Frymaster LLC*, 938 F.3d 1324, 1330 (Fed. Cir. 2019) (“It is of the utmost importance that petitioners in the IPR proceedings adhere to the requirement that the initial petition identify with particularity the evidence that supports the grounds for the challenge to each claim.”) (cleaned up).

Relatedly, per the March 26th Memo, Petitioner’s heavy reliance on the unsubstantiated testimony of its expert, Mr. Sherwood, is further evidence of a

weak unpatentability challenge and weighs in favor of discretionary denial.

Petitioner relies on Mr. Sherwood’s unsupported knowledge of a POSITA for several limitations, such as the obviousness of combining Chung’s search information with Grannan’s system (Pet., 16 (citing EX1003, ¶¶85-86)) and the fabrication of “multiple purchases” in Grannan (Pet., 25-27 (citing EX1003, ¶¶104, 108)), which are entirely devoid of citations to corroborating evidence. Indeed, Petitioner’s expert largely repeats the Petition verbatim without providing additional analysis or corroborating evidence. *See, e.g.*, Pet., 19-21 (citing EX1003, ¶¶92-94); Pet., 24-28 (citing EX1003, ¶¶102-110); *Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 9 at 15 (P.T.A.B. Aug. 24, 2022).

Therefore, Petitioner’s abundant reliance on its expert’s unsubstantiated testimony as to what a “POSITA” would allegedly know—instead of arguing and showing that the claim limitations are actually disclosed in the prior-art references—lays bare Petitioner’s recognition that these references simply do not disclose multiple claim limitations in the challenged claims.

Because the merits of the grounds raised in the petition are weak, *Fintiv* factor six should weigh in favor of discretionary denial. *Fintiv*, 14-15.

* * *

No *Fintiv* factor weighs against discretionary denial. The trial date in the parallel litigation is set less than four weeks after the projected statutory deadline

here, the parties have already made substantial investment into the litigation, Petitioner's *Sotera* stipulation is unlikely to reduce duplicative invalidity efforts, and an IPR evaluating the merits of Petitioner's unpatentability challenge would be a waste of both the Board's and the parties' resources. Denial of institution is, therefore, warranted.

IV. CONCLUSION

For at least the foregoing reasons, the Board should vacate the Board's Decision on Institution and deny institution of this proceeding.

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

I certify that the above-captioned **PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW** was served in its entirety on April 7, 2025, upon the following parties via electronic mail:

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