Grant E. Kinsel, Bar No. 172407
GKinsel@perkinscoie.com
PERKINS COIE LLP
1888 Century Park East
Suite 1700
Los Angeles, CA 90067
Telephone: 310.788.9900
Facsimile: 310.788.3399
[Additional Counsel on Signature Block]

Attorneys for JUMIO CORPORATION

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

FACETEC, INC., *Plaintiff*, *v.* JUMIO CORPORATION, *Defendant*.	Case No. 5:24-cv-3623-RFL JUMIO CORPORATION'S OPPOSITION TO FACETEC'S REQUEST FOR VOLUNTARY DISMISSAL WITHOUT PREJUDICE

TABLE OF CONTENTS

INTRODUCTION 1

FACTS 2

ARGUMENT 4

1. FACETEC'S CLAIMS AGAINST JUMIO SHOULD BE DISMISSED WITH PREJUDICE 4

2. DISPOSITION OF JUMIO'S COUNTERCLAIMS 8

CONCLUSION 8

TABLE OF AUTHORITIES

CASES

3M v. Barr Lab'ys, Inc.,
289 F.3d 775 (Fed. Cir. 2002).....4

Burnette v. Godshall,
828 F. Supp. 1439 (N.D. Cal. 1993).....4, 5

Co-Investor, AG v. Fonjax, Inc.,
No. C 08-1812 SBA, 2010 WL 1292767
(N.D. Cal. Mar. 31, 2010).....4

Columbia Cas. Co. v. Gordon Trucking, Inc.,
No. 09-CV-05441-LHK, 2010 WL 4591977
(N.D. Cal. Nov. 4, 2010).....5

Hargis v. Foster,
312 F.3d 404 (9th Cir. 2002).....4

Toyo Tire & Rubber Co., Ltd. v. DoubleStar Dong Feng Tyre Co., Ltd.,
2018 WL 1896310 (C.D. Cal. Mar. 28, 2018).....4

STATUTES

35 U.S.C. § 315(b).....7

OTHER AUTHORITIES

Fed. R. Civ. P. 26.....3

Fed. R. Civ. P. 41.....4

Fed. R. Civ. P. 41(a)(2).....4, 5

INTRODUCTION

FaceTec seeks dismissal of its complaint to extricate itself from its ill-conceived gambit in this Court at Jumio's expense. Feigning ignorance—or, at best, conceding that its pre-suit investigation was woefully deficient—FaceTec contends that it only recently learned that this case is "largely duplicative of the District of Nevada patent litigation between FaceTec and iProov," and that it seeks dismissal on that basis to avoid wasting the Court's resources. But as explained below, FaceTec's meretricious explanation of how its view of this case has purportedly changed over the past four months does not square with the facts. Importantly, Jumio never "represented that ***all*** of the liveness detection technology that FaceTec had analyzed before filing [its] complaint was provided to Jumio by iProov and does not include any separate liveness detection technology from Jumio," as FaceTec contends. Dkt. No. 45 at 4 (emphasis added). Jumio did, however—on multiple occasions—attempt to explain to FaceTec that its allegations here are largely duplicative of those in its case against iProov in Nevada. FaceTec simply elected to ignore those explanations until one day before Jumio was due to file patent infringement counterclaims.

The Court should not entertain such antics or indulge FaceTec's desire to walk away without providing Jumio any certainty as to FaceTec's allegations against Jumio's technology. Indeed, courts routinely enter dismissals *with* prejudice where—as here—a party requests dismissal without an adequate explanation for such request. Jumio respectfully submits that FaceTec's disingenuous explanation of its requested dismissal is, alone, sufficient basis for this Court to dismiss FaceTec's complaint with prejudice.

Another—and perhaps more important—reason to dismiss this case with prejudice is that failing to do so will subject Jumio to significant prejudice. In particular, by serving Jumio with its complaint, FaceTec started Jumio's clock to file petitions for *inter partes* review ("IPR") of the four asserted patents. Under 35

U.S.C. § 315(b), an IPR may be barred "if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner … is served with a complaint alleging infringement of the patent." The statute contains no exception for cases voluntarily dismissed without prejudice. Thus, if the Court merely dismisses FaceTec's claims without prejudice, Jumio will remain at risk of FaceTec re-filing its claims at a later date and be put into the untenable position of either (1) filing its petitions for IPR within the next approximately eight months and taking on hundreds of thousands of dollars in expense, perhaps unnecessarily, or (2) being barred from seeking IPR as part of its defense if FaceTec decides to re-file. FaceTec's gamesmanship makes a dismissal without prejudice highly unfair and prejudicial to Jumio.

For at least these reasons, Jumio respectfully requests that the Court dismiss FaceTec's complaint *with* prejudice.

FACTS

On June 14, 2024, FaceTec sued Jumio alleging that Jumio infringes four of its patents. Dkt. No. 1. FaceTec accused all Jumio products and services "that include or use technology of the kind referred to by Jumio or by its vendor iProov Ltd. as 'Liveness Assurance' as well as 'Liveness Checks' and 'Liveness Detection.'" Dkt. No. 1, ¶ 28. While FaceTec's accompanying claim charts contain allegations broadly accusing Jumio's technology, they heavily rely on iProov's technology. *See generally* Dkt Nos. 1-5–1-8. The result is a confusing jumble of allegations—some directed at Jumio and others at iProov.

FaceTec also asserted that Jumio's alleged infringement is willful. The complaint seeks treble damages, attorneys' fees, and injunctive relief. In view of the seriousness of these allegations, Jumio had no choice but to immediately prepare to defend itself. So, Jumio retained counsel and expended substantial resources to, among other things, identify relevant prior art, potential expert

witnesses, and—once it became clear that FaceTec's patents were clearly unpatentable—prepare four separate petitions for IPR.

By mid-August, before Jumio filed its answer (which was due in late August), and even though Jumio had already incurred substantial expense, Jumio's counsel had reached out to FaceTec's counsel to explain that FaceTec should dismiss Jumio from this case because FaceTec's complaint appeared largely focused on iProov's technology and not Jumio's, and made it clear that Jumio's own technology does not infringe FaceTec's patents. Given that the focus of FaceTec's allegations was iProov's technology and that FaceTec and iProov have a long-running patent dispute in Nevada over that very technology, counsel for Jumio said the case was duplicative and requested that FaceTec dismiss Jumio. Kinsel Decl. ¶ 2. FaceTec refused.

Weeks went by—Jumio continued to rack up significant costs—and soon the parties had their Rule 26 conference. Jumio's counsel again raised Jumio's concerns that the allegations in the complaint seemed to be focused more on iProov than Jumio, and that FaceTec should simply dismiss its case against Jumio since the case added little to FaceTec's already-pending case against iProov. Jumio informed FaceTec that Jumio understood that iProov intended to file a motion to intervene in the case, and FaceTec's counsel confirmed that he was aware of that fact. *Id.*, ¶ 3. FaceTec remained intransigent.

On September 16, iProov filed its motion to intervene. *See* Dkt. No. 36. Incredibly, despite FaceTec's representation to the Court in its request for dismissal that this case "adds little" to its case in Nevada against iProov, FaceTec *opposed* iProov's motion to intervene. Dkt. No. 40, 5:3–10.

On September 18, the Court held its initial case management conference. Jumio confirmed that it intended to (1) file IPR petitions with respect to each patent, (2) request the Court to stay this litigation in view of those IPRs, and (3) file

amended counterclaims to raise infringement claims associated with FaceTec's infringement of multiple Jumio patents. Dkt. No. 32, 6:15–18, 9:22–25.

On October 10—one day before Jumio was due to file its amended counterclaims, months after Jumio had requested that FaceTec dismiss Jumio because the case appeared focused on iProov and not Jumio, and after Jumio expended extraordinary costs to defend itself—FaceTec filed its request to dismiss without prejudice.

ARGUMENT

1. FaceTec's Claims Against Jumio Should be Dismissed With Prejudice

Dismissal is within a court's discretion, regardless of whether it is sought with or without prejudice. *See, e.g., 3M v. Barr Lab'ys, Inc.*, 289 F.3d 775, 783 (Fed. Cir. 2002) ("Under Federal Rule of Civil Procedure 41(a)(2), once an answer or a motion for summary judgment has been filed, an action may be dismissed at the plaintiff's request only upon order of the court and upon such terms and conditions as the court deems proper"); *Burnette v. Godshall*, 828 F. Supp. 1439, 1443 (N.D. Cal. 1993), *aff'd sub nom Burnette v. Lockheed missiles & Space Co.*, 72 F.3d 766 (1995). The "broad grant of such discretion [under Rule 41] does not contain a preference for one kind of dismissal or another." *Co-Investor, AG v. Fonjax, Inc.,* No. C 08-1812, 2010 WL 1292767, at *2 (N.D. Cal. Mar. 31, 2010) (quoting *Hargis v. Foster*, 312 F.3d 404, 412 (9th Cir. 2002)).

Rule 41(a)(2)'s dismissal requirement of consent by the defendant or an order from the Court exists to prevent precisely the game FaceTec tries to play here—file a case without adequate investigation or for improper purposes, impose massive costs on a defendant, and then dismiss without prejudice or consequence. As one court put it, "Rule 41(a)(2) exists chiefly for the defendant's protection." *Id.* at *3. *See also Toyo Tire & Rubber Co., Ltd. v. DoubleStar Dong Feng Tyre Co., Ltd.*, No. SACV 15-00246,2018 WL 1896310, at *5 (C.D. Cal. Mar. 28, 2018) ("Dismissal with prejudice maximizes the protection to … the defendant, which is

the underlying goal of Federal Rule of Civil Procedure 41(a)(2)"). Dismissal with prejudice is appropriate where "it would be inequitable or prejudicial to defendant to allow plaintiff to refile the action." *Burnette*, 828 F. Supp. at 1443.

A court should enter a dismissal with prejudice where doing otherwise will subject the defendant to prejudice. *See*, *e.g.*, *Columbia Cas. Co. v. Gordon Trucking, Inc.*, No. 09-CV-05441, 2010 WL 4591977, at *6 (N.D. Cal. Nov. 4, 2010) (holding it would be unfair to dismiss without prejudice where defendant had expended substantial resources and "[t]he plaintiff could use what he learned during the litigation, file his claim again, and force the defendant back into litigation"). Prejudice can take many forms and includes examination of, among other factors, "(1) the defendant's effort and expense involved in preparing for trial, (2) excessive delay and lack of diligence on the part of the plaintiff in prosecuting the action, [and] (3) insufficient explanation of the need to take a dismissal." *Burnette*, 828 F. Supp. at 1443–44; *Columbia Cas. Co.*, 2010 WL 4591977 at *6. Further, the court "must weigh the relevant equities and do justice between the parties in each case, imposing such costs and attaching such conditions to the dismissal as are deemed appropriate." *Burnette*, 828 F. Supp. at 1444.

FaceTec's Request for Dismissal demonstrates the delay, lack of diligence, and insufficient explanation that courts have identified as constituting prejudice sufficient for a with-prejudice dismissal. FaceTec says that the Court should dismiss this case without prejudice because, according to FaceTec, it only recently learned that this case "adds little to the patent litigation against iProov that is already well underway in the District of Nevada." Dkt. No. 45, 3:6–8. This is both disingenuous and fails to justify FaceTec's requested relief.

FaceTec has always known that this case is duplicative and "adds little" to the Nevada case. Indeed, as far back as August 2023, FaceTec alleged that Jumio supposedly infringed FaceTec patents by using "iProov's Liveness Assurance technology in its own products, including Jumio's Neverify and KYX platforms."

Kinsel Decl., Ex. 1. FaceTec's allegations in this case are essentially the same as the allegations it made in August 2023. *See*, Dkt. No. 1-5, n.1 (FaceTec defining the accused technology as including "'Basic Face Verifier,' or 'Express Liveness'" and citing "Jumio Adds iProov's Award-Winning Liveness Detection to its KYX Platform"). Indeed, in its complaint alleging willful patent infringement in this case, FaceTec relies on its August 2023 letter as supposed evidence of Jumio's disregard for FaceTec's rights. Dkt. No. 1, 12:2–4. FaceTec's infringement theory in this case appears to be largely the same as it has always been—its view that iProov's technology infringes its patents. So, it can hardly be new information that this case is duplicative of FaceTec's infringement assertions against iProov in Nevada.

Indeed, FaceTec knew all along that it was suing Jumio based almost entirely on its use of iProov's technology.[1] While FaceTec's allegations of infringement make generalized references to the "Jumio Accused Instrumentalities" as allegedly containing the relevant claim limitations, *see, e.g.*, Dkt. No. 1-5, at 1 ("The Jumio Accused Instrumentalities use images of a user's face captured using a camera equipped computing device …"), they cite to and rely on iProov's technology repeatedly throughout the claim charts, Dkt. Nos. 1-5, at 15-16, 18; 1-6, at 2 (FaceTec's charting of "Browser iteration" which relies on iProov technology), 18 (citing iProov documentation), Dkt. No. 1-5, at 4 (incorporating iProov data flow, and citing to "The screen shot below, for example, shows the overlap between the Jumio Accused Instrumentalities and Genuine Presence Assurance. See also, www.iproov.com/blog/how-iproov-developed-

[1] To set the factual record straight, Jumio's counsel never told FaceTec's counsel that "all of the liveness detection technology that FaceTec had analyzed before filing this complaint was provided to Jumio by iProov." Dkt. No. 45, at 4:5–7. Jumio's counsel told FaceTec that Jumio was in the process of migrating its technology from iProov to Jumio's proprietary technology, that Jumio's technology does not infringe, and that most of what was shown in the exhibits attached to the complaint was iProov's technology. Kinsel Decl. ¶ 5.

liveness-assurance (describing 'Flexible Authentication,' as 'combin[ing]' its Liveness Assurance product with its unique, market-leading Genuine Presence Assurance technology . . . ."). It strains credulity to suggest that FaceTec *just now* figured out that this case "adds little" to the Nevada case against iProov.

But, even if one believes that FaceTec genuinely did not know that its case against Jumio "added little" to the Nevada case when FaceTec first filed it, FaceTec indisputably knew that within a matter of weeks. Even before Jumio answered the complaint, Jumio's counsel expressly told FaceTec that this case against Jumio added little to the Nevada case and that it should be dismissed. iProov even sought to intervene so that it could defend its own technology—which for reasons entirely unexplained in FaceTec's Request for Dismissal, FaceTec *opposed*. Failing to conduct diligence is one thing, sticking one's head in the sand is quite another.

While FaceTec's requested dismissal without prejudice helps FaceTec save face and costs, it does little to help Jumio and indeed, would impose significant costs on Jumio. This is so because when FaceTec served its complaint on Jumio, FaceTec started the statutory-bar period for Jumio to file its IPR petitions. Under 35 U.S.C. § 315(b), Jumio could be barred from seeking IPR of the four asserted patents if it does not file its IPR petitions within one year from the date that FaceTec served Jumio with its complaint (June 14, 2024). *Id.* (IPR petition cannot be "filed more than 1 year after the date on which the petitioner. … is served with a complaint alleging infringement of the patent.") A mere dismissal without prejudice forces Jumio to file its IPR petitions to protect itself against FaceTec filing a new case after the statutory bar period. So, while a dismissal without prejudice gives FaceTec the ability to fight another day, it forces Jumio to keep fighting. Simply put, FaceTec's request for dismissal without prejudice allocates all of the burden of FaceTec's misguided gambit onto Jumio, and none onto FaceTec where the burden properly belongs.

FaceTec's feigned surprise that this case "adds little" to the Nevada case is hardly justification for imposing substantial—and ongoing—costs onto Jumio. If FaceTec wants out of the mess it has made, so be it. But FaceTec should not be permitted to impose massive, and continuing, costs onto Jumio and then walk away scot-free. The Court should, therefore, dismiss FaceTec's case *with* prejudice.

2. Disposition of Jumio's Counterclaims

Jumio has filed declaratory-relief counterclaims for infringement and invalidity. A dismissal of FaceTec's complaint with prejudice would resolve the ongoing dispute between the parties, and thus, moot Jumio's need for declaratory relief (and would also moot Jumio's need to file IPR petitions directed to FaceTec's four asserted patents).

A dismissal of FaceTec's claims without prejudice, on the other hand, would leave Jumio exposed to a potential future case, and thus, would not resolve the ongoing dispute between the parties. So, while Jumio could insist on adjudication of its counterclaims and prove that it does not infringe, such an action would be a burden on the Court's resources. This is particularly true in view of Jumio's representation to the Court at the initial case management conference that Jumio intended to file IPR petitions and then move to stay the case pending the IPRs. In Jumio's view, it would not be an appropriate use of the Court's resources to insist that the Court hear Jumio's noninfringement counterclaims, and then later move to stay those same counterclaims when the IPRs are instituted. As a consequence, should the Court decide to dismiss FaceTec's complaint—either with or without prejudice—the Court should also dismiss Jumio's counterclaims without prejudice.

CONCLUSION

FaceTec should not be rewarded with a dismissal without prejudice for recklessly and needlessly imposing massive—and ongoing—costs onto Jumio. The Court should dismiss FaceTec's complaint *with* prejudice.

Dated: October 18, 2024

PERKINS COIE, LLP

By: /s/ *Grant E. Kinsel*

Grant Kinsel, Bar No. 172,407
gkinsel@perkinscoie.com
Jessica Delacenserie, *pro hac vice*
jdelacenserie@perkinscoie.com
Samantha Carl, *pro hac vice*
scarl@perkinscoie.com
PERKINS COIE LLP
1201 Third Ave.
Suite 4900
Seattle, WA 98101-3099
Telephone: 206.359.3500
Fax: 206.359.9000

David Pekarek Krohn, *pro hac vice*
dpekarekkrohn@perkinscoie.com
PERKINS COIE LLP
33 East Main St.
Suite 201
Madison, WI 53703-3095
Tel: 608.663.7496
Fax: 608.283.4496

Jessica Kaiser, *pro hac vice*
jkaiser@perkinscoie.com
Tyler Knox, *pro hac vice*
tknox@perkinscoie.com
PERKINS COIE LLP
1900 Sixteenth St.
Suite 1400
Denver, CO 80202-5255
Tel: 303.454.2911
Fax: 303.291.2400

Attorneys for JUMIO CORPORATION

CERTIFICATE OF SERVICE

I hereby certify that on October 18, 2024, I electronically filed the foregoing document with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to all counsel of record for the parties.

/s/ *Grant E. Kinsel*
Grant E. Kinsel