UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

JUMIO CORPORATION,
Petitioner

v.

FACETEC, INC.,
Patent Owner

Case IPR2025-00109

U.S. Patent No. 11,874,910

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW

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I. INTRODUCTION

Patent Owner FaceTec respectfully requests that the Director deny institution under *Fintiv*. The validity of the challenged patent is being decided in a separate litigation, and Petitioner provided no stipulation (*Sotera* or otherwise) that would reduce the duplicative efforts Petitioner asks the Board to undertake by deciding the same issues in this IPR. The Board correctly understood that, in the litigation, the "invalidity contentions collectively cover all of the asserted references in the Petition [and] the arguments presented here completely overlap with the district court litigations." Paper 17 at 8-9 (referring to the analysis in IPR2025-00106, Paper 17 at 8, which quotes Patent Owner FaceTec).[1] It also correctly found that the relevant *Fintiv* "factor weighs against institution." *Id.* However, the Board did not give this factor the strong weight it deserves to avoid unnecessarily burdening the Board and to avoid Petitioner's harassment of FaceTec.

The Board correctly found that Petitioner is the defendant in a litigation, but only found that the related *Fintiv* factor is "either neutral or weighs marginally in

[1] Because the Board adopted and referred the parties to its *Fintiv* analysis in IPR2025-00106, Patent Owner discusses the Board's analysis in that case throughout this request.

favor of denial." *Id.* But *Fintiv* itself says that when the Petitioner is a defendant, this factor weighs fully in favor of denial—it is not neutral or of only marginal significance. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 15 (P.T.A.B. Mar. 20, 2020) (precedential).

In evaluating the factors regarding a potential stay and trial date proximity, the Board correctly understood that the California district court's scheduled trial date is in close proximity to the Board's deadline to issue a final written decision, that Petitioner's counsel (Perkins Coie) has been disqualified in that case, and that the litigation "trial date is likely to be delayed" because of this disqualification. IPR2025-00106, Paper 17 at 7. However, the Board incorrectly rewarded Petitioner for its counsel's ethical breaches, noting the likely trial delay before finding that these facts favor institution. *Id.* Instead, the Board should have found that these facts favor denial (or at most are neutral), as it would create a perverse incentive to reward ethical breaches with more favorable findings under *Fintiv*.

The Board correctly declined to find that Petitioner's challenge is "particularly strong." IPR2025-00106, Paper 17 at 9. Instead, it found only a reasonable likelihood for claim 1, and stated that "we do not find the merits in this case to be of particular significance such as to weigh this sixth factor for or against exercising discretion to deny the Petition." *Id.* In addition, the Board did not mention or evaluate numerous complicating factors that favor denial, including

potential disqualification issues, unique privilege issues, and the need for additional discovery regarding real party in interest. *See* Paper 14 at 1-2.

Despite every *Fintiv* factor weighing against institution—some of them quite strongly—the Board declined to deny institution. It applied the same reasoning in three other IPRs, so the Board is now moving forward with four complex, weak-on-the-merits, duplicative IPRs that waste the Board's resources and result in Patent Owner being harassed in multiple proceedings.

In addition, the earliest patent in the challenged patent's family issued in 2018, over seven years ago. The longstanding existence of the family created settled expectations of Patent Owner that it could reasonably assert patents in the family without bearing the burden of duplicative additional proceedings before the Board. *See, e.g.*, *Dabico Airport Solutions Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21 at 2-3 (P.T.A.B. June 18, 2025) (Acting Director granting request for discretionary denial).

Accordingly, Patent Owner respectfully requests Director Review under 37 C.F.R. § 42.75, asks the Director to reverse the decision to institute, and if deemed necessary, remand to the panel with instructions to deny institution.

II. BACKGROUND

There are two district court cases involving patents in the challenged patent's family: one pending in Nevada since 2021 against iProov—Petitioner's

supplier, indemnifier, and partner-in-litigation—and another pending in the Northern District of California since 2024 against Petitioner Jumio and iProov (after iProov intervened). *See* Exs. 1050, 2024, 2026; *see also* Paper 6 at 7-13 (providing an overview of the litigations and close relationship between Petitioner and iProov). Only the California action involves the challenged patent. When iProov sought to intervene in that case, Petitioner correctly advocated that duplicative proceedings are not warranted, conceding that "[a]ny differences between the Nevada case and the [California] case do not negate the presence of substantial overlapping factual and legal questions, which need not be litigated twice." Ex. 2020 at 26 (internal quotations omitted).

Despite Petitioner's acknowledgment that duplicative issues "need not be litigated twice," it filed this IPR seeking to litigate the same invalidity issues in yet another forum. It did so without providing a *Sotera* or other stipulation that would limit the overlap between proceedings. iProov moved to stay its Nevada case, and the motion was recently granted, and Petitioner moved to stay the California case, which has not been stayed pending this IPR. The California court denied without prejudice Petitioner's motion to stay after finding that Petitioner's original counsel, Perkins Coie, was disqualified from representing Petitioner based on the firm's ethical violations against FaceTec. Ex. 2030 (order granting motion to disqualify

and deny motion to stay). Accordingly, there is no pending motion to stay the litigation against Petitioner.

The California action is temporarily stayed, not based on this IPR, but for Petitioner to identify appropriate replacement counsel. However, Petitioner selected counsel from Morrison & Foerster, who had previously represented Petitioner in the California litigation and did so at the same time Perkins Coie also represented Petitioner. Because the firms jointly served as counsel, there is a risk that Perkins Coie improperly shared FaceTec's confidential information with Morrison & Foerster, and even if it didn't, the appearance of impropriety is sufficient to disqualify Morrison & Foerster. Accordingly, a motion to disqualify Morrison & Foerster—who is also serving as replacement counsel in this IPR—is currently pending before the California court.

III. LEGAL STANDARDS

A party may request Director Review under 37 C.F.R. § 42.75 if the Board's institution decision presents (a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law. Director Review Process § 2.B, available at https://www.uspto.gov/patents/ptab/decisions/director-review-process (last accessed June 20, 2025). The Board abuses its discretion if its decision: (1) is clearly unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly

erroneous fact finding; or (4) involves a record that contains no evidence on which the Board could rationally base its decision. *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1367 (Fed. Cir. 2016).

The Board's precedential *Fintiv* decision provides the following six factors to evaluate whether to discretionarily deny institution based on parallel litigation:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;

2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;

3. investment in the parallel proceeding by the court and the parties;

4. overlap between issues raised in the petition and in the parallel proceeding;

5. whether the petitioner and the defendant in the parallel proceeding are the same party; and

6. other circumstances that impact the Board's exercise of discretion, including the merits.

Fintiv, IPR2020-00019, Paper 11 at 5-6.

IV. ARGUMENT

A. The Board Inadvertently Rewarded Ethical Violations in Its Analysis of Factors 1 and 2

Factors 1 and 2 favor denial, but the Board treated Factor 1 as neutral and Factor 2 as favoring institution. IPR2025-00106, Paper 17 at 7. It supported its findings by (1) declining to speculate as to "how the district court might rule on any refiled motion to stay" once appropriate counsel has appeared for Petitioner, and (2) by mentioning that the California trial date, which differs from the Board's Final Written Decision deadline by only two months, "is likely to be delayed" because that case is stayed pending appropriate counsel's appointment. *Id.* These findings inadvertently reward Petitioner's prior counsel's ethical violations against FaceTec and assume facts about actions that Petitioner's counsel may or may not take.

Regarding Factor 1, no motion to stay is pending in the California case because, when the court disqualified Petitioner's prior counsel, it dismissed Petitioner's motion to stay without prejudice. Ex. 1050 at 15. It remains to be seen whether Petitioner's new counsel will follow the same path as prior counsel and also move to stay. And it is unclear whether its current counsel will even remain as counsel, as there is a pending motion to disqualify Petitioner's current counsel. Thus, even if Petitioner's current counsel were to state that they intend to file a motion to stay, they may not remain as counsel to have the opportunity to do so.

The Board found Factor 1 to be neutral based on the assumption that a motion to stay might be refiled. IPR2025-00106, Paper 17 at 7 ("We decline to speculate about how the district court might rule on any refiled motion to stay in the California litigation . . . ."). But because no motion to stay is pending and because it is unclear if one ever will be filed, Factor 1 favors denial.

Regarding Factor 2, to the extent the Board found the current stay of the litigation to weigh in favor of Petitioner, it rewarded Perkins Coie's ethical misconduct with a Petitioner-favorable finding under *Fintiv*. The Board should avoid incentivizing unethical behavior, and it should not reward lapses when they occur. Moreover, the current temporary litigation stay to allow Petitioner to retain appropriate counsel is wholly unrelated to the stay that is the focal point of Fintiv—"avoid[ing] duplicative efforts" if a "PTAB trial is instituted." *Fintiv*, IPR2020-00019, Paper 11 at 6-7.

And while the Board correctly noted that a final written decision would be due two months before the scheduled California trial date, it omitted that, by that time, the court and the parties likely will have completed nearly all of the pretrial work in California. Indeed, the Acting Director recently held that "it will be inefficient to maintain two parallel proceedings when the district court scheduled trial date and the projected final written decision due date are in close proximity,"

as they are here. *Shenzen Tuozhu Tech. Co., Ltd. v. Stratasys, Inc.*, IPR2025-00354, Paper 11 at 2 (P.T.A.B. June 12, 2025). Factor 2, therefore, favors denial.

B. Factor 3 Favors Denial Because the Board Underestimated the Parties' and the Courts' Significant Investments

The Board underestimated the significant investment already made in both district court cases. In Nevada, on related patents, the parties have exchanged detailed infringement and invalidity contentions, briefed and argued numerous discovery motions, and fully briefed claim construction. In California, the parties have served contentions and were scheduled to complete *Markman* briefing and a technology tutorial by the time of institution. These facts mirror those in *Fintiv*, where the Board found that substantive orders, invalidity contentions, and claim construction proceedings favored denial. *Fintiv*¸ IPR2020-00019, Paper 11 at 9-10. The same result is warranted here.

C. Factor 4 Heavily Favors Denial in Light of the Complete Overlap of Issues in Pending Litigation and Petitioner's Refusal to Provide a Stipulation

Including this IPR, there are now two proceedings that will address the validity/patentability of the claims of the challenged patent. Not only is there overlap of the issues at a high level, but the *exact same* prior art and arguments at issue in this IPR are also being pursued by Petitioner and its cohort iProov in litigation. The Board correctly acknowledged that the invalidity contentions in the California and Nevada litigations "collectively cover all of the asserted references

in the Petition," and that "the arguments presented here completely overlap with the district court litigations." IPR2025-00106, Paper 17 at 8. However, it did not comment on Petitioner's failure to provide a *Sotera* (or other) stipulation to avoid duplicating efforts across proceedings. *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (P.T.A.B. Dec. 1, 2020) (precedential).

Petitioner's calculated omission leaves Patent Owner exposed to duplicative proceedings and potentially inconsistent outcomes. Petitioner could have mitigated this issue to some degree by providing a stipulation, but it chose not to. It should not be rewarded for these tactics. *Fintiv*, IPR2020-00019, Paper 11 at 12. The Acting Director recently found that even a *Sotera* stipulation was not sufficient to avoid denial when the petitioner was also relying on system art in the litigation, as the stipulation "reduces, but does not eliminate, the inefficiencies" in litigating issues in parallel. *Shenzen*, IPR2025-00354, Paper 11 at 2-3. Here, Petitioner likewise relies on system art (*see, e.g.*, Ex. 2012 at 14-18, 33-39, 88), and it has provided *no* stipulation, let alone one that would reduce the burden and harassment of patent owners that the Acting Director has sought to reduce in recent cases.

Thus, while the Board correctly weighed Factor 4 against institution, it should have afforded this factor even more weight. It simply does not make sense for the Board to initiate yet another proceeding on the same issues that will already be addressed elsewhere.

D. Factor 5 Should More Than Marginally Favor Denial

The Board determined that Factor 5 is either neutral or weighs marginally in favor of denial because "Petitioner is a defendant in the California litigation but is not a defendant in the Nevada litigation." IPR2025-00106, Paper 17 at 8. But given the overlap of parties in the California case—the only action involving the challenged patent—the Board should have concluded that Factor 5 favors exercising discretion to deny institution. Indeed, "[b]ecause the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial." *Fintiv*, IPR2020-00019, Paper 11 at 15.

That Petitioner is not a party to the Nevada litigation does not alter this analysis, as it is a party in the California litigation. But even when focusing only on the Nevada litigation involving related patents, *Fintiv* explains that "[e]ven when a petitioner is unrelated to a defendant, however, if the issues are the same as, or substantially similar to, those already or about to be litigated, or other circumstances weigh against redoing the work of another tribunal, the Board may, nonetheless, exercise the authority to deny institution." *Fintiv*, IPR2020-00019, Paper 11 at 14.

Because the issues here overlap with those in litigation, the Board should have more strongly weighed Factor 5 in favor of denying institution. *See, e.g.*, *Mylan Laboratories Ltd. v. Janssen Pharmaceutics N.V.*, IPR2020-00440, Paper 17

at 23 (P.T.A.B. Jan. 14, 2021) (denying institution under *Fintiv* in light of two upcoming district court trials, one where the petitioner was a defendant and one where it was not), *appeal dismissed*, 989 F.3d 1375, 1378 (Fed. Cir. 2021).

E. The Board Did Not Address the Burdensome Nature of This Proceeding and Other Circumstances Under Factor 6

Factor 6 further supports denial.

First, the Board correctly declined to find that Petitioner's challenge is "particularly strong." IPR2025-00106, Paper 17 at 9. Instead, it found only a reasonable likelihood for claim 1, and stated that "we do not find the merits in this case to be of particular significance such as to weigh this sixth factor for or against exercising discretion to deny the Petition." *Id.* But in instances like this, where the merits are weak and the other *Fintiv* factors favor denial, the Board has frequently denied institution. *See e.g.*, *TCL Electronics Holdings Ltd. v. Univ. of Rochester*, IPR2024-01245, Paper 10 at 16 (P.T.A.B. Feb. 13, 2025); *Pharaoh Energy Servs., LLC v. Flex-Chem Holding Co., LLC*, IPR2024-00822, Paper 6 at 30 (P.T.A.B. Sept. 20, 2024).

Second, this case presents unique complexities that will impose significant burdens on the Board and the parties, making it a poor candidate for institution. Specifically, this is one of four proceedings Petitioner filed in which the parties and the Board will have to navigate (1) fact-intensive real-party-in-interest issues

involving iProov (*see* Paper 6 at 6-18); (2) issues regarding disqualification, both in relation to Petitioner's current counsel (who is the subject of a pending disqualification motion in the California litigation) and in relation to the propriety of already-disqualified counsel at Perkins Coie providing a declaration in this proceeding *after* having been disqualified (*see* Ex. 1049); and (3) potentially difficult privilege issues related to deposing Petitioner's former counsel regarding her declaration. These issues are likely to consume substantial Board and party resources, and it is highly inefficient for the Board to undertake them when the same validity issues will be addressed in litigation. These "other circumstances" contemplated by *Fintiv* Factor 6 should have weighed heavily in favor of discretionary denial, but the Board did not mention them. IPR2025-00106, Paper 17 at 9; Paper 14 at 1-2.

Moreover, this petition should be dismissed because iProov is an unnamed real party in interest to this proceeding, rendering the Petition defective under 35 U.S.C. § 312(a)(2). Paper 6 at 5-18. The Board elected not to consider this argument, stating:

> Our precedential authority, *SharkNinja Operating LLC et al. v. iRobot Corp.*, controls this case, and explains that we need not determine whether a third party is an RPI to the Petitioner because "even if it were, it would not create a time bar or estoppel under 35 U.S.C. § 315."

> IPR2020-00734, Paper 11, 18–19 (P.T.A.B. Oct. 6, 2020) (precedential).

Paper 17 at 3.

However, this case differs from *SharkNinja* because iProov is time-barred in related cases. IPR2025-00106, Paper 6 at 5-22; IPR2025-00107, Paper 6 at 5-22. In assessing the time-bar in those cases, which is not optional, the Board will likely address whether iProov is a real party in interest. And if it finds that iProov is a real party in interest, it would be inconsistent to apply that finding only to the cases where iProov is time-barred and ignore that same finding and the related statutory deficiency here. Nothing in *SharkNinja* compels this inconsistent result.

It makes little sense to move forward with a complex proceeding (actually four complex proceedings when taking into account Petitioner's other petitions) when the merits are weak, the other *Fintiv* factors favor denial, and there is a high likelihood that the Petition does not meet even the minimum statutory requirements for institution.

F. Patent Owner's Settled Expectations Support Denial

The earliest patent in the challenged patent's family issued in 2018, over seven years ago. *See* U.S. Patent No. 9,953,149 B2 (issued Apr. 24, 2018); *see also* Ex. 1001 at 2 (identifying U.S. Patent No. 9,953,149 under "Related U.S. Application Data"). The longstanding existence of the family created settled

expectations of Patent Owner that it could reasonably assert patents in the family without bearing the burden of duplicative additional proceedings before the Board. *See, e.g.*, *Dabico Airport Solutions Inc.*, IPR2025-00408, Paper 21 at 2-3. While Petitioner's knowledge of the patent is not required to create settled expectations, in this case, Patent Owner informed Petitioner of the family at least as early as 2021, which is the same year Patent Owner filed the Nevada litigation where it ultimately asserted the challenged patent. *See* Ex. 2024 (Nevada complaint).

V. CONCLUSION

FaceTec respectfully requests that the Director exercise supervisory authority to deny institution under 35 U.S.C. § 314(a).

Date: June 23, 2025

Respectfully submitted,

/Jason Stach/
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing **Patent Owner's Request for Director Review** was served on June 23, 2025, via email directed to counsel of record for the Petitioner at the following:

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