

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SHOPIFY INC.
Petitioner,

v.

DKR CONSULTING LLC,
Patent Owner.

IPR2025-00130 (Patent 11,455,678 B2)
IPR2025-00133 (Patent 11,488,237 B2)

Before MIRIAM L. QUINN, ROBERT L. KINDER, and
BRIAN P. MURPHY, *Administrative Patent Judges*.

QUINN, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION AND CONSOLIDATION

This Decision addresses two petitions for *inter partes* review filed in IPR2025-00130 and IPR2025-00133.¹ In the first, Shopify (“Petitioner”) filed a Petition requesting *inter partes* review of claims 1–20 of U.S. Patent No. 11,455,678 B2 (130 IPR, Ex. 1001, “the ’678 patent”). 130 Pet. 5 (130 IPR, Paper 3). In the second, the Petition challenges claims 1–20 of U.S. Patent No. 11,488,237 B2 (133 IPR, Ex. 1001, “the ’237 patent”). 133 Pet. 5 (133 IPR, Paper 3). DKR Consulting LLC (“Patent Owner”) did not file a Preliminary Response to either of the Petitions.

Before delving into the institution determination, we hereby consolidate the proceedings for the purpose of rendering this Decision on Institution. The 130 IPR and the 133 IPR involve related patents. The ’237 patent involved in the 133 IPR is an indirect continuation of the application that issued as the ’678 patent. Both of these patents have a common disclosure. The proceedings involve the same asserted prior art and substantially similar grounds, present the same expert testimony, and involve substantively similar application of the prior art to the claims. Additionally, the reason for denying institution applies equally to both of these proceedings and consolidation allows the Board to more efficiently and consistently handle the common issues and arguments. Under 35 U.S.C. § 315(d), the Director may determine the manner in which these pending

¹ The caption in this Decision identifies the two proceedings addressed in this Decision. We refer to each proceeding via a short name, the “130 IPR” and the “133 IPR”, respectively, and the exhibits filed in each are identified similarly, e.g., the petition filed in the 130 IPR is identified (or cited to) as follows: “130 Petition” or “130 Pet”.

IPR2025-00130 (Patent 11,455,678 B2)

IPR2025-00133 (Patent 11,488,237 B2)

proceedings may proceed, including “providing for stay, transfer, consolidation, or termination of any such matter or proceeding.” *See* also 37 C.F.R. § 42.4(a) (“The Board institutes the trial on behalf of the Director.”), 42.122(a) (“the Board may . . . enter any appropriate order regarding . . . consolidation”). Therefore, we consolidate the 130 IPR and 1333 IPR for purpose of rendering this Decision.

For the reasons stated in this Decision, we determine that discretionary denial is appropriate under 35 U.S.C. § 314(a).

II. BACKGROUND

A. *Real Parties-in-Interest*

Petitioner identifies itself (Shopify Inc.) as a real party-in interest. 130 Pet. 1; 133 Pet. 1. Patent Owner identifies itself (DKR Consulting LLC) as the real party-in-interest. Paper 4.

B. *Related Litigation*

The ’678 and ’237 patents are asserted in the following district court case: *DKR Consulting LLC v. Shopify Inc.*, Case No. 2:23-cv-6904 (C.D. Cal.), filed Aug. 1, 2024 (“District Court”). 130 Pet. 1; 133 Pet. 1; 130 IPR, 130 IPR, Paper 4, at 2.

C. *Related IPRs and Reexamination*

Petitioner identifies various concurrently filed petitions for *inter partes* review on patents related to the ’678 and ’237 patents. 130 Pet. 1–2; 133 Pet. 1–2. Moreover, the ’678 patent underwent a reexamination (Control No. 90/019,476), which concluded with an Ex Parte Reexamination Certificate issued on February 7, 2025. *See* 130 Pet. 2.; 130 IPR, Ex. 1033.

According to the Certificate, as a result of the reexamination, claims 1–16 and 8–20 are cancelled and claim 7 was not reexamined. 130 IPR,

Ex. 3002. Accordingly, claim 7 is the only claim of the '678 patent that remains challengeable in the 130 IPR.

D. The '678 and '237 Patents

The patents-at-issue refer to electronic commerce and the particular method of distributing multimedia content and consummating transactions involving that content. 130 IPR Ex. 1001, 1:16–21.² The patents describe the challenges of achieving viral distribution of content focusing on electronic mail. *Id.* at 1:57–58. To enhance the content distribution, one approach has been to use “web widgets.” *Id.* at 1:61–62. A “web widget” is “portable software that can be installed and executed within a hypertext-markup-language web page by an end user that does not require additional compilation.” *Id.* at 1:62–65. The patents-at-issue describe known “web widgets” are limited in functionality and are not used as self-contained electronic commerce platform. *Id.* at 2:7–9.

The widget builder resource component, executed on an application server, creates marketing resources, such as web widgets, buy buttons, links, and preview clips. *Id.* at 6:25–34. When a user selects or clicks on the button, link, or preview clip, the web widget is activated. *Id.* Once these marketing resources are created, content owners can use them in viral distribution marketing campaigns to promote their content compilations. *Id.* Figure 12, reproduced below, illustrates a web widget.

² All citations in this section refer to the specification of the '678 patent.

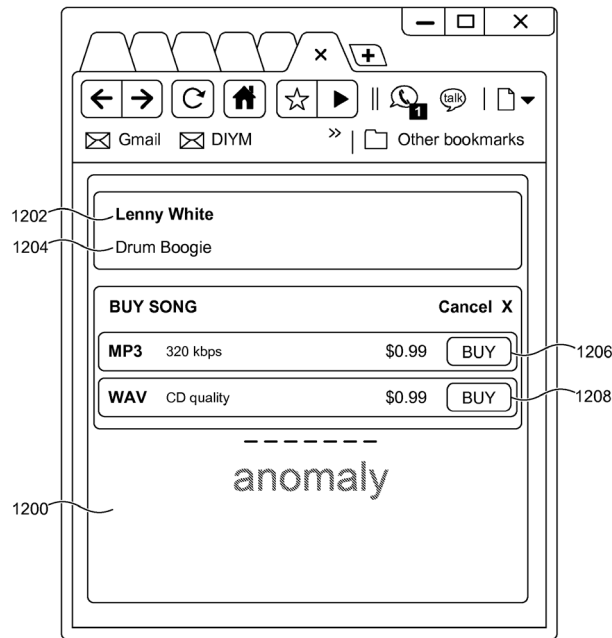


FIG. 12

Figure 12 illustrates web widget 1200 with an MP3 version content file available with specific price, description of the file, and separate buy buttons 1206, 1208. *Id.* at 17:42–49. When the user clicks a buy button, the user will be brought to a checkout screen. *Id.* at 7:50–61.

E. Illustrative Claims

For the '237 patent, claim 1 is illustrative of the claimed subject matter (reproduced below with Petitioner's bracketing (*see* 130 Pet. Appx. X) added for reference). Further, only challenged claim 7 of the '678 patent remains. Thus, we reproduce below claim 1 of the '237 patent and claim 7 of the '678 patent (claim 7 depends from claim 1, which is substantially similar to claim 1 of the '237 patent).

Claim 1 of the '237 patent:

1[preamble]: A system for generating an electronic commerce store, comprising:

1[a]: an application server configured to control a transaction processing service; and

1[b]: a storage resource communicatively coupled to the application server, the storage resource storing information related to a product, the information comprising: (i) multimedia content associated with the product and (ii) metadata associated with the product,

1[c]: the application server configured to: receive the information from the storage resource;

1[d]: execute a widget builder resource configured to generate a product listing, wherein the product listing includes: (i) a preview of the product based on the information from the storage resource and (ii) a clickable link, wherein the clickable link comprises a buy button;

1[e]: distribute the product listing to a web site or a distributed application, wherein the product listing is configured to be displayed on the web site or the distributed application;

1[f]: receive an indication that the clickable link has been selected by a remote computing device; and

1[g]: provide a checkout screen to the remote computing device,

1[h]: wherein the transaction processing service is configured to process a payment for a purchase of the product initiated from the checkout screen using the remote computing device.

133 Pet. 99–100; 133 Ex. 1001, 18:39–65.

Claim 7 of '678 patent:

The system of claim 1, wherein the transaction processing service comprises a managed service in communication with the server.

130 Ex. 1001, 19:15–17.

F. Asserted Grounds of Unpatentability

Petitioner asserts the following grounds of unpatentability (133 Pet. 5; 130 Pet. 5):

IPR2025-00133		
Claims Challenged	35 U.S.C. §	Reference(s)/Basis
1–4, 7–12, 15–18	§ 102	Johnston ³
5, 6, 13, 14, 19, 20	§ 103	Johnston
1–4, 7–12, 15–18	§ 103	Wiser, ⁴ Dierks ⁵
5, 6, 13, 14, 19, 20	§ 103	Wiser, Dierks, Chang ⁶
IPR2025-00130		
Claims Challenged	35 U.S.C. §	Reference(s)/Basis
1–20	§ 103	Johnston
1–4, 7–12, 15–18	§ 103	Wiser and Dierks
5, 6, 13, 14, 19, 20	§ 103	Wiser, Dierks, Chang

Petitioner supports its challenges with a Declaration of Todd Mowry, Ph.D. (130 Ex. 1002; 133 Ex. 1002).

III. ANALYSIS OF DISCRETIONARY DENIAL

The Petition identifies a parallel district court proceeding and order “finding all claims of the ’678 [and ’237] patent[s] to be ineligible under 35 U.S.C. § 101.” 130 Pet. 1–2 (citing Ex. 1025, 10, 14); 133 Pet. 1–2. The

³ U.S. Patent Application Pub. No. US 2010/0114739 A1, published May 6, 2010 (Ex. 1005).

⁴ U.S. Patent No. 6,868,403 B1, filed Mar. 9, 2000 (Ex. 1003).

⁵ U.S. Patent Application Pub. No. US 2008/0183593 A1, published July 31, 2008 (Ex. 1004).

⁶ U.S. Patent Application Pub. No. US 2008/0255962 A1, published Oct. 16, 2008 (Ex. 1008).

Petition further states that Patent Owner has appealed the order. 130 Pet. 2 (citing Exs. 1026, 1030, 1031).

On May 7, 2025, Acting Director Coke Morgan Stewart designated *Hulu, LLC v. Piranha Media Distribution, LLC*, an informative decision. IPR2024-01252, Paper 27 (Stewart Apr. 17, 2025) (Director Review) (informative) (“*Hulu*”). The challenged patent claims in *Hulu* had been invalidated by a district court as claiming patent ineligible subject matter under 35 U.S.C. § 101. *Id.* at 2. The Acting Director exercised her discretion to deny institution in *Hulu* “[b]ecause the patent claims already stand invalid.” *Id.*

On May 13, 2025, we issued an Order to Show Cause informing the parties of our intention to follow the new informative *Hulu* decision (130 IPR, Paper 8; 133 IPR, Paper 9) and deny each Petition, unless Petitioner can show cause why each Petition should not be denied.” 130 IPR, Paper 8.⁷ We ordered Petitioner to file “a paper to show cause why the Petition should not be denied under *Hulu*.” *Id.* at 2–3. We further ordered Petitioner to “advise whether all challenged claims of each Patent are subject to the district court’s Order (Ex. 1025) and Judgment (Ex. 3001).” *Id.* at 3. We authorized Patent Owner to file a response to Petitioner’s filing. *Id.*

On May 19, 2025, Petitioner filed a Paper to Show Cause Why the Petition Should Not Be Denied. 130 IPR, Paper 9 (“Show Cause Paper”).⁸ The Show Cause Paper confirms that “[a]ll challenged claims are subject to the district court’s Order and Judgment.” *Id.* at 6. Patent Owner did not file a response to Petitioner’s Show Cause Paper.

⁷ Identical order filed in the 133 IPR.

⁸ Petitioner filed the substantively identical paper in the 133 IPR, as Paper 10.

We deny institution because, “where a district court already has found the challenged claims invalid, the efficiency and integrity of the patent system is best served by denying institution.” *Hulu* at 3.

A. Legal Standards

Institution of *inter partes* review is discretionary. *See* 35 U.S.C. § 314(a) (authorizing institution of *inter partes* review under particular circumstances, but not requiring institution under any circumstances). The Supreme Court and Federal Circuit Court of Appeals have unequivocally confirmed the Director’s broad discretion, delegated to the Board in this proceeding, to decide whether to institute *inter partes* review. *See United States v. Arthrex, Inc.*, 594 U.S. 1, 8–9 (2021) (“Congress has committed the decision to institute *inter partes* review to the Director’s unreviewable discretion.”); *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *SAS Institute, Inc. v. Iancu*, 584 U.S. 357, 366 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review.” (emphasis omitted)); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”). As stated by the Federal Circuit:

The Director is permitted, but never compelled, to institute an IPR. And no petitioner has a right to such institution. For example, the Director is free, as in this case, to determine that for reasons of administrative efficiency an IPR will not be instituted, as agencies generally are free, for similar reasons, to choose not to initiate enforcement proceedings. And the Supreme Court has determined that such a decision is committed to agency discretion by law.

IPR2025-00130 (Patent 11,455,678 B2)

IPR2025-00133 (Patent 11,488,237 B2)

Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V., 989 F.3d 1375, 1382 (Fed. Cir. 2021). Petitioner has not cited any legal authority to the contrary. Show Cause Paper 1–5.

When exercising the Director’s discretion under § 314(a), the Board may consider “events in other proceedings related to the same patent, either at the Office, in district court, or the ITC.” Patent Trial and Appeal Board Consolidated Trial Practice Guide, 58 & n.2 (Nov. 2019). For example, the Board’s precedential order in *Apple v. Fintiv* identifies factors that impact the Director’s discretion when determining whether to deny institution in view of related litigation, with the goal of balancing efficiency, fairness, and patent quality. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5–16 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”). The *Hulu* decision is an example of how a related district court proceeding impacts “the efficiency and integrity of the patent system,” even though “the *Fintiv* framework does not fit neatly with the circumstances of this case.” *Hulu* at 3.

B. Discretionary Denial Based on Hulu

The *Hulu* decision held that “[b]ecause the patent claims already stand invalid, it is unnecessary to institute another proceeding to review them for patentability under other grounds.” *Hulu* at 2. The decision reasoned that “[i]n the event the Federal Circuit reverses the district court’s decision, Petitioner may raise such invalidity arguments in the district court on remand.” *Hulu* at 3 (remanding the panel’s institution decisions and denying institution). The *Hulu* rationale is grounded in the statutory estoppel provisions of 35 U.S.C. § 315(e) that apply only to a “final written decision;” statutory estoppel does not prevent a petitioner from raising the same invalidity grounds in district court if the petition is denied. See *Intuitive Surgical, Inc. v. Ethicon LLC*, 25 F.4th 1035, 1041 (Fed. Cir. 2022)

(“[E]stoppel is triggered when an IPR proceeding results in a final written decision.”). Even if *inter partes* review is instituted but later terminated with respect to a petitioner, e.g., after settlement, no statutory estoppel attaches to the petitioner, a real party in interest, or privy. *See* 35 U.S.C. § 317(a) (“If the inter partes review is terminated with respect to a petitioner under this section, no estoppel under section 315(e) shall attach to the petitioner, or to the real party in interest or privy of the petitioner, on the basis of that petitioner’s institution of that inter partes review.”). Thus, discretionary denial would not eclipse Petitioner’s ability to assert invalidity of the Challenged Claims in the District Court litigation.

The Petition explains that the District Court granted a Motion to Dismiss and found all of the Challenged Claims to be patent ineligible under 35 U.S.C § 101. 130 Pet. 2 (citing Ex. 1025, 10, 14; *DKR Consulting LLC v. Shopify, Inc.*, Case No. 2:23-cv-06904 (C.D. Cal.)); *see also* Ex. 3001 (District Court judgment stating “[p]ursuant to this Court’s Order Granting Defendant’s Motion to Dismiss, it is ordered that judgment is entered on all claims in favor of Defendant Shopify, Inc.”). In the Show Cause Paper, Petitioner confirms the scope of the District Court Judgment as applying to all of the challenged claims of the ’678 and ’237 patents. *See* Show Cause Paper at 6 (“All challenged claims are subject to the district court’s Order and Judgment.”). All of the Challenged Claims in this proceeding having been found invalid, we see no reason to institute *inter partes* review. As stated in *Hulu*, if the Federal Circuit reverses the District Court’s Judgment that the challenged claims are invalid as patent ineligible under Section 101, “Petitioner may raise such invalidity arguments in the district court on remand.” *Hulu* at 3.

Thus, consistent with *Hulu*, we deny institution of *inter partes* review because the District Court has entered judgment determining all challenged claims of the '678 and '237 patents invalid under 35 U.S.C. § 101.

Discretionary denial in the circumstances of this proceeding promotes administrative efficiency and the integrity of the patent system.

Discretionary denial also preserves Petitioner's ability to assert the same obviousness challenges, should the need arise, in the District Court litigation.

C. Addressing Petitioner's Arguments

Petitioner contends we should not deny institution under *Hulu* for three reasons. Petitioner argues:

First, Patent Owner did not request discretionary denial, nor does the Board's new discretionary denial guidance apply to this IPR. Second, previously existing Board precedent does not favor denial. Third, because *Hulu* is not binding, the Board should institute review based on a holistic review of the relevant facts.

Show Cause Paper 1. We address each argument in turn.

Petitioner is correct that Patent Owner did not file a preliminary response by the March 12, 2025 deadline and did not request discretionary denial. *Id.* Petitioner is also correct that the Director's March 26, 2025 memorandum titled "Interim Processes for PTAB Workload Management" ("Director's Memorandum" or "Dir. Mem.")⁹ does not apply to this proceeding because the preliminary response deadline passed before the Director's Memorandum took effect on March 26, 2025. *Id.*; *see also* Dir.

⁹ The Director's Memorandum can be found at <https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf>.

Mem. 3 (“The processes described herein will be implemented in IPR and PGR proceedings where the deadline for the patent owner to file a preliminary response has not yet passed.”). Therefore, the Board is charged with exercising the Director’s delegated discretion on whether to institute this proceeding.

The exercise of the Director’s discretion does not depend on receiving a request for discretionary denial from Patent Owner, as urged by Petitioner. Show Cause Paper 1–2. Congress invested the Director with broad authority “on the question whether to institute review” under Section 314(a). *SAS Institute*, 584 U.S. at 366. There is no statutory or regulatory requirement that a patent owner must first request the Director to exercise discretionary denial authority, and Petitioner has cited none. The Director’s statutory authority to institute *inter partes* review, moreover, is permissive, not mandatory, and the Director may deny institution for reasons of administrative efficiency. *See Mylan Labs.*, 989 F.3d at 1382 (“Director is free . . . to determine that for reasons of administrative efficiency an IPR will not be instituted”). Our exercise of discretion in this proceeding is consistent with the Director’s statutory authority, binding Supreme Court and Federal Circuit precedent, prior Board precedent, and *Hulu*.

Petitioner, having established that the Director’s Memorandum does not apply to this proceeding, relies heavily on the Director’s Memorandum and related FAQs to support its position,¹⁰ rather than addressing the concerns identified in *Hulu* regarding the promotion of administrative efficiency and the integrity of the patent system. Show Cause Paper 1–2.

¹⁰ The FAQs may be found at <https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management>.

Even so, the Director’s Memorandum and related FAQs do not compel a different result. The Director’s Memorandum explicitly notes that “consistent with the discretionary considerations enumerated in existing Board precedent,” such as *Fintiv*, we should consider whether “another forum has already adjudicated the validity or patentability of the challenged patent claims.” Dir. Mem. 2. We follow that guidance here.

Fintiv Factor 6, in particular, captures “other circumstances that impact the Board’s exercise of discretion,” which would include a district court judgment invalidating all challenged claims as patent ineligible. *Fintiv* at 5–6. The policy goal expressed in *Hulu* also aligns directly with *Fintiv* in that the Board seeks “to balance considerations such as system efficiency, fairness, and patent quality.” *Id.* at 5. Thus, contrary to Petitioner’s assertions, prior Board precedent is consistent with our decision to exercise the Director’s discretionary denial authority for reasons of administrative efficiency and the integrity of the patent system as stated in *Fintiv* and *Hulu*.

Petitioner’s argument that the *Fintiv* factors do not favor discretionary denial is not persuasive. Petitioner makes the curious argument that the District Court’s judgment of patent ineligibility means: (i) the case has not been stayed, (ii) “there is now no district court trial date at all,” (iii) the parties “did not invest substantial time” in the District Court litigation, and (iv) there is no inefficiency concern or overlap between Petitioner’s obviousness Grounds and the District Court’s 101 judgment. Show Cause Paper 3–4. Lost in that argument is any discussion of *Hulu* and the administrative inefficiency of having the Board and Patent Owner engage in an *inter partes* review of claims already adjudicated to be unpatentable. The inefficiency is compounded given the strict statutory deadline for completing *inter partes* review proceedings. See 35 U.S.C. § 316(a)(11) (“requiring that

IPR2025-00130 (Patent 11,455,678 B2)

IPR2025-00133 (Patent 11,488,237 B2)

the final determination . . . be issued not later than 1 year after the date on which the Director notices the institution of a review”). *Hulu* may not be binding authority (Show Cause Paper 5–6), but we are persuaded that following the *Hulu* decision in this proceeding is the most administratively efficient approach that preserves Board resources, the integrity of the patent system, and Petitioner’s opportunity to challenge the validity of the ’678 and ’237 patent claims in District Court if the need arises.

I. CONCLUSION

For the reasons given above, we deny the Petitions in the 130 and 133 IPRs. Therefore, we do not institute *inter partes* review.

II. ORDER

In consideration of the foregoing, it is hereby

ORDERED that the Petitions in IPR2025-00130 and IPR2025-00133 are *denied*, and *inter partes* review is not instituted.

IPR2025-00130 (Patent 11,455,678 B2)

IPR2025-00133 (Patent 11,488,237 B2)

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