UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SHOPIFY INC.,
Petitioner,

v.

DKR CONSULTING LLC.,
Patent Owner.

Case No. IPR2025-00132
U.S. Patent No. 11,157,995

PETITIONER'S PAPER TO SHOW CAUSE WHY THE PETITION SHOULD NOT BE DENIED

Petitioner Shopify Inc. ("Shopify") submits the following Paper in response to the Board's May 13, 2025 Order for Petitioner to show cause why the Petition should not be denied under *Hulu, LLC v. Piranha Media Distribution,* LLC, IPR2024-01252, IPR2024-01253, Paper 27 (Apr. 17, 2025) (designated informative May 7, 2025) (*Hulu*), and also advising whether all challenged claims are subject to the district court's Order and Judgment. Order, Paper 8 (May 13, 2025).

I. THE BOARD SHOULD NOT DENY INSTITUTION UNDER *HULU*

The Board should not deny institution under *Hulu*. 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.

A. The Patent Owner Did Not Request Discretionary Denial, and The Board Should Not Consider *Hulu*

First, Patent Owner did not request that the petition be discretionarily denied, so the Board should not do so. The deadline for filing a POPR—which Patent Owner opted to not file—was March 12, 2025. Thus, the new Interim Process and new factors expressly do not apply. Instead, the guidance indicates that the Board should only address the discretionary considerations ***the parties raise*** when considering whether to discretionarily deny the Petition. Director's Memorandum on *Interim Processes for PTAB Workload Management*, at 3, available at

https://perma.cc/8KWG-CFB4 (Stewart, Mar. 26, 2025) ("Process Memo."); PTAB, *FAQs for Interim Processes for PTAB Workload Management*, No. 5, available at https://perma.cc/G4H4-E8F6 ("*FAQs*") ("process if … the deadline for filing a POPR passed, on or before the Process Memorandum issued on March 26, 2025"). And because here, unlike in *Hulu*, Patent Owner advanced *no arguments*, the Board should not exercise its discretion to deny institution. Notably, even if the new process did apply, discretionary denial is only considered if the Patent Owner requests it—which Patent Owner has not done. *FAQs*, No. 9.

Second, even if the Board considers discretionary denial, the Board's guidance expressly confirms it should only consider *previously existing* Board precedent, which does not include *Hulu*. *See FAQs*, No. 5. *Hulu* issued after the POPR deadline had passed in this proceeding. The Board's guidance explains that when the POPR filing deadline was before the Process Memorandum issued—as happened here—the Board panel "will address any discretionary considerations … *the parties raise* (e.g., in a petition or a POPR), ***as enumerated in previously existing Board precedent***," but not "new factors outlined in the Process Memorandum."[1] *Id.*

[1] Thus, Board guidance confirms "[t]he panel will not address" new factors (*FAQs*, No. 5), such as "[w]hether the PTAB or another forum has already adjudicated the validity *or patentability* of the challenged patent claims." Process Memo., 2.

B. Previously Existing Board Precedent Does Not Favor Denial

Previously existing Board precedent does not support denying institution.

1. The *Fintiv* Factors Do Not Favor Discretionary Denial

The *Fintiv* factors—as *Hulu* itself acknowledged—do "not fit neatly with the circumstances … where the district court already had determined that the challenged claims are invalid under § 101 before the Board's Decision." *Hulu* at 3. Nevertheless, they favor institution. The *Fintiv* factors include: "1. whether the court granted a stay …; 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." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential) (*Fintiv*). Five of the six factors favor institution here.

First, the district court proceeding is not merely stayed, but has been dismissed. *Fintiv* at 6. Second, thus, there is now no district court trial date at all, much less a trial date before the projected statutory deadline for a final written decision. Third, because the district court granted Shopify's motion to dismiss the complaint, the district court and the parties did not invest substantial time in the

parallel proceeding (e.g., no claim construction briefing or order, nor any fact or expert discovery). Fourth, there are no concerns here about inefficiency and duplication of efforts; there is not overlap between the district court's decision on patent eligibility under 35 U.S.C. § 101, and the petition's invalidity grounds under 35 U.S.C. § 103. Thus, the district court is not deciding "the same or substantially similar issues" to those in the petition. *Fintiv* at 7-8.

The fifth *Fintiv* factor does not weigh against denial—the parties are the same.

Finally, the sixth *Fintiv* factor, which includes the merits, favors institution. Under Board precedent, this factor should only be considered if *Fintiv* factors 1-5 support discretionary denial—which they do not. *CommScope Techs. LLC. v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23, at 6 (February 27, 2023) (precedential). Nevertheless, because the merits are strong here—as shown in the Petition, and unrebutted by Patent Owner—the sixth *Fintiv* factor also favors institution.

2. Other Previous Precedent Does Not Favor Denial

The Board's *FAQs* identified *General Plastic* and *Advanced Bionics* and the *PTAB Consolidated Trial Practice Guide* as guidance for evaluating whether to discretionarily deny institution. *FAQs*, No. 5. None supports denying institution.

In *General Plastic*, the Board set forth factors for evaluating follow-on petitions where parallel petitions have been filed. *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357 et al., Paper 19 (September 6, 2017)

(precedential as to § II.B.4.i). Here, Petitioner did not file multiple parallel petitions challenging the same patent. Thus, *General Plastic* is inapplicable.

In *Advanced Bionics*, the Board set forth the two-part framework for denying institution under § 325(d) where the same or substantially the same prior art or arguments previously were presented to the Office. *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (February 13, 2020) (precedential). The district court's determination that the patent is ineligible under Section 101 does not implicate the *Advanced Bionics* test.

And the *PTAB Consolidated Trial Practice Guide*'s guidance largely restates the same factors as *General Plastic* and *Advanced Bionics*. *PTAB Consolidated Trial Practice Guide*, at 55-65 (Nov. 2019).

C. *Hulu* Is Not Binding Authority

As the Order acknowledged, *Hulu* is an informative decision. While PTAB precedential decisions are "binding authority concerning major policy or procedural issues," informative decisions "set forth Board norms that should be followed in most cases" but are "not binding authority on the Board." PTAB Standard Operating Procedure 2, Rev. 11, at 7, available at https://perma.cc/PU7D-FEPE. Here, a holistic analysis of all relevant factors justifies institution. ***First***, as discussed below, the Patent Owner is appealing the district court decision, so there may not be overlap with the claims the Federal Circuit ultimately deems to be patent-ineligible. ***Second***,

as discussed above, previously existing Board precedent favors institution. ***Third***, unlike in *Hulu*, where the patent owner was actively participating in the IPR proceedings, Patent Owner has not filed *any* request to deny institution. *See* IPR2024-01252, Paper 10 (Piranha POPR), Paper 21 (Piranha Dir. Review Request).

II. THE DISTRICT COURT'S ORDER AND JUDGMENT

All challenged claims are subject to the district court's Order and Judgment. Ex. 1025 at 10, 14. But unlike in *Hulu*—where the patent owner agreed claim 1 was representative for the § 101 motion (*see Piranha Media Distrib. LLC v. Hulu LLC*, No. 2-24-cv-00498, Dkt. 50, at 2 (C.D. Cal., Sep. 11, 2024); *Piranha Media Distrib. LLC v. Hulu LLC*, No. 25-1038, Dkt. 15, at 1 (Fed. Cir. Feb. 7, 2025))—here, Patent Owner expressly disputed representativeness. Ex. 1025 at 9. And on appeal, Patent Owner argued claims other than claim 1 of its Asserted Patents show patent eligibility. *See, e.g.*, Plaintiff-Appellant's Opening Brief, *DKR Consulting, LLC v. Shopify, Inc.*, No. 24-2279, Dkt. 16, at 20, 36-37 (Fed. Cir. Nov. 20, 2024 (discussing claims 1, 2, 3, and 7 of the '785 patent)). The district court's Section 101 ruling will be reviewed de novo on appeal. If the Federal Circuit agrees with Patent Owner's arguments on appeal, one or more challenged claims in the IPR might not ultimately overlap with those the district court determined to be ineligible under Section 101.

III. DENYING INSTITUTION UNDER THE NEW *HULU* DECISION WOULD VIOLATE THE ADMINISTRATIVE PROCEDURE ACT

Finally, it would be a violation of the Administrative Procedure Act for the

Board to exercise its discretion to deny institution based on *Hulu*, because the Director was required to promulgate *Hulu*'s institution instructions through notice-and-comment rulemaking procedures. *See Apple Inc. v. Vidal*, 63 F.4th 1, 14 (Fed. Cir. 2023) (APA permits challenge to Director's process for promulgating institution instructions, and remanding for further proceedings on merits). To the extent *Hulu*'s standard alters the Board's institution decision, it is a substantive rule that should be subject to notice-and-comment rulemaking. *See* Appellant's Reply Brief at 5-6, *Apple Inc. v. Stewart*, No. 24-1864 (Fed. Cir. Nov. 22, 2024).

IV. CONCLUSION

The Board should not deny institution under *Hulu*.

Dated: May 19, 2025

Respectfully submitted,

By: /Greg Israelsen/
R. Gregory Israelsen, Reg. No. 72,805

CERTIFICATE OF SERVICE

I hereby certify that, on May 19, 2025, I caused a true and correct copy of:

- Petitioner's Paper to Show Cause Why The Petition Should Not Be Denied

to be served via electronic mail on Patent Owner's attorney of record:

Maulin V. Shah (Reg. No. 56,587)
ENVISION IP LLC
2020 Progress Ct., Suite 100-158
Raleigh, NC 27608
Tel. 888-307-6807
Fax. 646-200-5227
maulin.shah@envisionip.com

/Greg Israelsen/
R. Gregory Israelsen, Reg. No. 72,805

WILMER CUTLER PICKERING HALE AND DORR LLP
2100 Pennsylvania Avenue NW
Washington, DC 20037
Phone: 202-663-6215
Email: Greg.Israelsen@wilmerhale.com