

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HIGHLEVEL, INC.,

Petitioner

v.

ETISON LLC D/B/A CLICKFUNNELS,

Patent Owner

IPR2025-00234

Patent No. 10,846,357

**PATENT OWNER'S AUTHORIZED RESPONSE
TO PETITIONER'S DIRECTOR REVIEW REQUEST**

TABLE OF CONTENTS

	Page
I. THE DIRECTOR REVIEW REQUEST PRESENTS INSUFFICIENT SUPPORT FOR ITS REQUESTED RELIEF	1
A. Petitioner’s Reliance on <i>Ford</i> is Misplaced	3
B. Multiple Board Panels Have Applied the Director’s <i>Hulu</i> Decision in the Same Way	4
C. The <i>Hulu</i> Decision Emphasizes Administrative Efficiency	4
II. CONCLUSION.....	5

TABLE OF AUTHORITIES

Page(s)

Cases

<i>Cuozzo Speed Techs., LLC v. Lee</i> , 579 U.S. 261 (2016).....	2
<i>Ford Motor Co. v. Ethanol Boosting Sys., LLC</i> , IPR2021-00339, Paper 17 (Nov. 21, 2022)	3
<i>Harmonic Inc. v. Avid Tech., Inc.</i> , 815 F.3d 1356 (Fed. Cir. 2016)	2
<i>Hulu, LLC v. Piranha Media Distribution, LLC</i> , IPR2024-01252, Paper 27 (Dir. Apr. 17, 2025)	1, 2, 4, 5
<i>Hulu, LLC v. Piranha Media Distribution, LLC</i> , IPR2025-00081, Paper 12 (May 1, 2025).....	4
<i>In re Palo Alto Networks, Inc.</i> , 44 F.4th 1369 (Fed. Cir. 2022)	2
<i>SAS Institute, Inc. v. Iancu</i> , 584 U.S. 357 (2018).....	2
<i>Shopify, Inc. v. DKR Consulting, LLC</i> , IPR2025-00130, Paper 10 (May 29, 2025).....	1, 2, 4, 5
<i>United States v. Arthrex, Inc.</i> , 594 U.S. 1 (2021).....	2

Statutes

35 U.S.C. § 101	1, 3, 4, 5
35 U.S.C. § 315(e)	5

Rules

USPTO, PTAB Director Review process, Section 1, https://www.uspto.gov/patents/ptab/decisions/director-review- process (last accessed July 15, 2025).	2, 3
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PATENT OWNER’S EXHIBIT LIST

Exhibit No.	Description
2001	Prosecution History Excerpts of U.S. Patent Application No. 15/880,226 (“’357 file history”)
2002	U.S. Patent Pub. No. 2017/0147364 (“Shaposhnikov”)
2003	U.S. Patent Pub. No. 2008/0263135 (“Olliphant”)
2004	U.S. Patent Pub. No. 2012/0151329 (“Cordasco”)
2005	U.S. Patent No. 8,799,829 (“Grosz”)
2006	Email from the Board authorizing Patent Owner’s Notice of District Court Decision in the Counterpart Litigation (Apr. 29, 2025)
2007	Opinion and Order granting defendant’s motion to dismiss and dismissing Plaintiff’s amended complaint with prejudice. <i>Etison LLC v. HighLevel, Inc.</i> , Case No. 1:24-cv-00502, 2025 WL 961489, Docket No. 37 (D. Del. Mar. 31, 2025)
2008	Brief for Defendant in Support of its Motion to Dismiss, <i>Etison LLC v. HighLevel, Inc.</i> , Case No. 1:24-cv-00502, Docket No. 22 (D. Del. Jul. 29, 2024)

Petitioner’s Director Review request should be denied. *Hulu, LLC v. Piranha Media Distribution, LLC* was correctly decided and properly applied in this proceeding. IPR2024-01252, Paper 27 (Dir. Apr. 17, 2025) (informative). Further, a separate Board panel applied *Hulu* in the same way as in the present case, declining to institute even where an appeal to the district court’s subject matter eligibility determination was pending. *See Shopify, Inc. v. DKR Consulting, LLC*, IPR2025-00130, Paper 10, at 10-12 (May 29, 2025) (“All of the Challenged Claims in this proceeding having been found invalid [under § 101], we see no reason to institute *inter partes* review.”). The efficiency espoused by Petitioner in its Request is not achieved by multiplying the invalidity proceedings for patent claims that have already been found invalid. Petitioner’s request for relief is for the Director to allow Petitioner two bites at the invalidity apple, via the PTAB and district court, for claims that have already been found invalid. Petitioner’s request to hold off on any decision while district court findings on invalidity are appealed would render IPRs a mere backup for cases when invalidity is found on any basis in the district court.

I. THE DIRECTOR REVIEW REQUEST PRESENTS INSUFFICIENT SUPPORT FOR ITS REQUESTED RELIEF

“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); *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016); *SAS Institute, Inc. v. Iancu*, 584 U.S. 357, 366 (2018); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016). 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.” *Shopify*, IPR2025-00130, Paper 10 at 9-10 (citation explainers omitted); *id* (“The *Hulu* decision is an example of how a related district court proceeding impacts ‘the efficiency and integrity of the patent system....’”); *see also In re Palo Alto Networks, Inc.*, 44 F.4th 1369, 1375 (Fed. Cir. 2022) (“institution decisions are, by statute, the Director’s to make and are only made by the Board as a matter of delegated authority.”).

“[T]he Court in *Arthrex* made clear that ‘the Director need not review every decision of the PTAB’ nor did it require the Director to accept requests for review or issue a decision in every case.” USPTO, PTAB Director Review process, Section

1, <https://www.uspto.gov/patents/ptab/decisions/director-review-process> (citing *Arthrex*) (last accessed July 15, 2025).

A. Petitioner’s Reliance on *Ford* is Misplaced

Petitioner requests the Director to hold a decision on the request in abeyance, relying on *Ford Motor Co. v. Ethanol Boosting Sys., LLC*, IPR2021-00339, Paper 17 (Nov. 21, 2022). But the *Ford* decision was based on different facts, which are not present in the current case. The requester in *Ford* framed the question there:

Whether, as a matter of policy, the Board should hold its decision on institution in abeyance ***when a district court claim construction that was adopted by the Board is not final due to a pending appeal.***

Ford, IPR2021-00339, EX3002 (emphasis added) (emphasizing “petitions being filed prior to a claim construction decision in co-pending litigation.”). The Board’s decision in *Ford* involved a claim construction determination relied on by both a district court and by the Board on institution. Here, the question on appeal regarding patent eligibility under § 101 is unrelated to any grounds under which the Board can institute *inter partes* review.

There is no comparison. Patent eligibility is not addressed in an IPR. The claim construction gamesmanship alleged in *Ford* is not an issue in this case. The Board’s decision in *Ford* was made “under the unique circumstances of th[at] proceeding,” which circumstances are not present in the current case. *Id.*, DI at 12.

B. Multiple Board Panels Have Applied the Director’s *Hulu* Decision in the Same Way

Hulu was correctly decided and has been followed in other IPRs. In *Shopify*, IPR2025-00130, Paper 8, the Board issued a Show Cause Order to Petitioner, asking why *Hulu* should not apply to the proceedings. *Id.*, Paper 10 at 8 (“our intention to follow the new informative *Hulu* decision”). The *Shopify* Board followed *Hulu* and denied institution. In a similar manner, the Board here correctly interpreted and applied *Hulu*.

Further, another panel stated that the Director’s *Hulu* decision provides “clear guidance” on discretionary denial where the challenged claims have been held invalid in district court under § 101, “even though an appeal of that judgment is pending.” *Hulu, LLC v. Piranha Media Distribution, LLC*, IPR2025-00081, Paper 12 at 8 (May 1, 2025). And as the Board stated in the present case, the “relevant facts in this case are indistinguishable from those at issue in *Hulu*.” DI, 6.

C. The *Hulu* Decision Emphasizes Administrative Efficiency

The related district court litigation has concluded, with the claims at issue being found invalid. Petitioner states that “a Federal Circuit reversal or remand on § 101 will require substantial work at the district court.” DRR, 5. But that fact only weighs against granting review here. It is plainly more inefficient to conduct two proceedings, district court litigation and an IPR, as Petitioner would have it if the

hypothetical reversal and remand were to occur. Further, the Board cannot grant *inter partes* review based on § 101, which only highlights that Petitioner is not concerned with efficiency, but with using the PTAB as an invalidity backstop. The Board’s policy is clear: it is more efficient to deny institution.

As stated in *Shopify*, “statutory estoppel [e.g., § 315(e)] does not prevent a petitioner from raising the same invalidity grounds in district court if the petition is denied.” IPR2025-00130, Paper 10 at 10; *see also Hulu*, IPR2024-01252, Paper 27 at 2-3 (citing *Snap Inc. v. Blackberry Ltd.*, IPR2020-00392, Paper 8 at 10 (Jul. 13, 2020) (“the *Fintiv* factors examine whether we should deny institution based on the advanced status of an underlying district court case. In this instance, the district court case has concluded.”)). Petitioner is not being deprived of its rights to challenge validity. Indeed, the claims at issue have already been found invalid. Thus, “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*, IPR2024-01252, Paper 27 at 2-3.

II. CONCLUSION

Accordingly, the Request for Director Review should be denied.

DATED: July 15, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that a copy of **PATENT OWNER'S AUTHORIZED RESPONSE TO PETITIONER'S DIRECTOR REVIEW REQUEST** was served on Petitioner by causing it to be sent by email to counsel for Petitioner at the following email addresses:

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