UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner,
v.

X1 DISCOVERY, INC.,
Patent Owner

U.S. Patent No. 7,370,035

Case No. IPR2025-00253

PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL

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PATENT OWNER'S EXHIBIT LIST

Exhibit No.	Description of Document
2001	Declaration of Mr. Martin Haeberli, dated April 28, 2025
2002	CV of Mr. Martin Haeberli
2003	Revised Stipulation to Stay, *X1 Discovery, Inc. v. Microsoft Corp.*, No. 8:23-cv-02415 (C.D. Cal. Feb 29, 2024), ECF No. 52
2004	Order Granting Revised Stipulation to Stay, *X1 Discovery, Inc. v. Microsoft Corp.*, No. 8:23-cv-02415 (C.D. Cal. Mar. 1, 2024), ECF No. 53
2005	Joint Status Report, *X1 Discovery, Inc. v. Microsoft Corp.*, No. 8:23-cv-02415 (C.D. Cal. Mar. 12, 2025), ECF No. 57
2006	Minutes of Status Conference, *X1 Discovery, Inc. v. Microsoft Corp.*, No. 8:23-cv-02415 (C.D. Cal. Mar. 12, 2025), ECF No. 59
2007	Excerpt of the Initial Determination Granting-In-Part Respondents' Motion for Summary Determination, *Certain Computing Devices Utilizing Indexed Search Systems and Components Thereof*, ITC-337-TA-1389, at 14 (Sept. 3, 2024)
2008	Excerpt of the Initial Determination of Violation of Section 337 and Recommended Determination on Remedy and Bond , *Certain Computing Devices Utilizing Indexed Search Systems and Components Thereof*, ITC-337-TA-1389, at 31-32 (Feb. 26, 2025)
2009	Email from counsel for Microsoft to counsel for X1 regarding *Sotera* stipulation, Apr. 18, 2025

Pursuant to the Director's guidance on "Interim Processes for PTAB Workload Management" ("March 26 Stewart Memorandum"), Patent Owner, X1 Discovery, Inc. ("X1" or "PO") submits this paper requesting discretionary denial of IPR2025-00253.

I. Introduction.

Patent Owner X1 began life as a startup founded in 2003 to develop, market, and sell software designed to make it faster and easier for users to search for files of all types on their computers. PO currently has approximately 20 employees. Around the time of its founding, PO sought to protect its intellectual property by obtaining patents, including U.S. Patent No. 7,370,035 ("the '035 patent"), which PO is actively practicing in a manner that is core to its business. During the last 22 years, PO has built a successful business operating in a software industry crowded with large powerhouses such as Microsoft Corporation ("Microsoft" or "Petitioner"). PO is precisely the type of innovator the patent system is intended to protect.

Petitioner has broadly implemented PO's inventions across its ecosystem of applications and operating systems. In response to discovering Petitioner's infringement of PO's patents, PO filed suit on December 19, 2023 in the Central District of California ("the District Court action"). Petitioner requested PO agree to seek a discretionary stay of that litigation during the pendency of an ITC

Investigation, to which Petitioner was not a party and which involved different, though related, patents. In return, Petitioner agreed it would not object to the scope of a third party subpoena served by PO in the ITC Investigation on the basis that Petitioner was not a party to the Investigation, and also agreed that it would not file any claims against PO during the pendency of the stay other than petitions for *inter partes* review. Petitioner ultimately participated substantively, and was represented by the same counsel as Respondents, in the ITC Investigation. The ITC Investigation has concluded, a Final Initial Determination issued, and neither party requested review. The Commission Determination is expected on the same day this brief is being filed, April 28, 2025.

Having obtained a stay, Petitioner then waited until the final minute of the eleventh hour to file this Petition, and two other petitions challenging the other patents asserted in the District Court Action, IPR2025-0254 and IPR2025-00255 ("the Co-Pending Petitions"). After the ALJ issued the Final Initial Determination at the ITC, Petitioner argued to the district court that the stay should be extended because it had filed these IPR Petitions. The court refused to consider any further stay of the District Court Action unless and until the IPRs are instituted. These facts make clear that Petitioner is engaging in gamesmanship in order to delay resolution of PO's claims.

On the merits, the Petition suffers from numerous deficiencies that, taken together with Petitioner's gamesmanship and delay, strongly counsel in favor of discretionary denial pursuant to 35 U.S.C. § 325(d), *Fintiv*, and the additional considerations laid out in the March 26 Stewart Memorandum. For example, the Petition heavily relies on the declaration of Dr. Loren Terveen, which itself is deficient for at least the following reasons: (1) Dr. Terveen relies on vague statements about what POSITA would have known or found obvious to meet certain limitations, without any explanation or citations to record evidence; (2) Dr. Terveen relies on implicit claim constructions lacking supporting justifications or evidence.

Further, the Petition does not present a compelling challenge to patentability. For example, Petitioner and its expert fail to make a compelling showing of motivation to combine the four references used in Ground 1 or the five references used in Ground 2. In fact, in Ground 1, Petitioner purports to combine two Lotus Notes references directed to different versions of the software separated by six years and a significant intervening version release. Petitioner glosses over this and hides the fact that the very functionality it alleges discloses the claim limitations at issue here is meaningfully different in these two versions of Lotus Notes.

Beyond the weak merits challenge, the allegedly material information Petitioner relies on in its cited art is wholly duplicative of the disclosures in the art

already considered by the Examiner during prosecution. Thus, discretionary denial under § 325(d) is also warranted.

Given Petitioner's delay in filing this Petition and the weakness of the patentability challenge, PO respectfully submits that instituting this Petition would not be a good use of the Board's resources and requests that institution be denied.

II. The Petition Should be Discretionarily Denied.

The March 26 Stewart Memorandum provides that "to facilitate [the new] bifurcated approach, the USPTO will permit parties to file separate briefing on requests for discretionary denial of institution" in which "the parties are permitted to address all relevant considerations," including: (1) "discretionary considerations enumerated in existing Board precedent (including *Fintiv*, *General Plastics*, and *Advanced Bionics*) and the Consolidated Trial Practice Guide (Nov. 2019)"; and (2) other "relevant considerations" identified in the March 26 Stewart Memorandum. (March 26 Stewart Memorandum, 2.) Discretionary denial is appropriate under each of these considerations.

A. Discretionary Denial is Appropriate Under Other "Relevant Considerations" Identified in the Guidance.

The March 26 Stewart Memorandum sets forth several additional factors the parties may address in discretionary denial briefing. Relevant here are: (1) the

strength of the unpatentability challenge; and (2) the extent of the Petition's reliance on expert testimony.

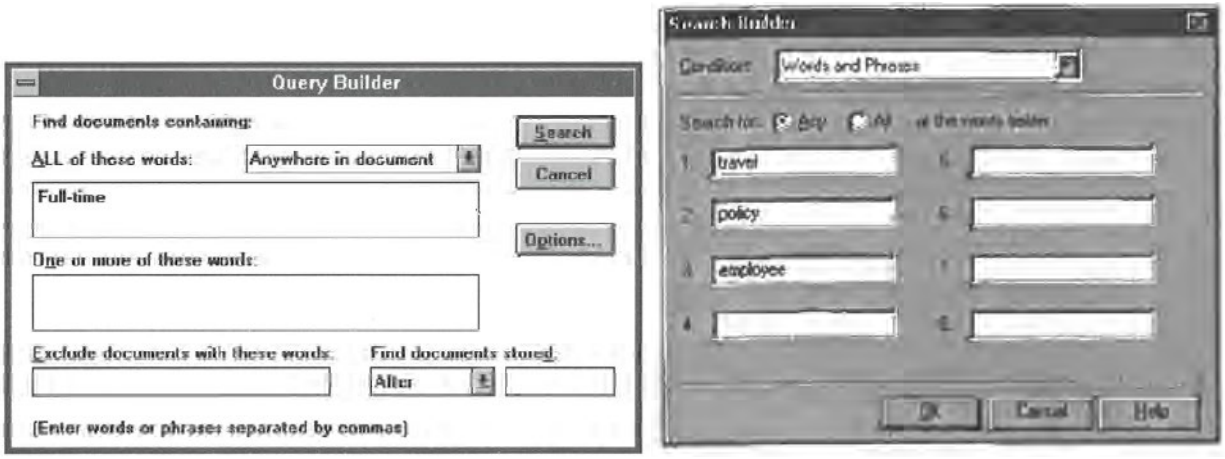
1. The Petition's Weak Unpatentability Challenge Favors Discretionary Denial.

As laid out in detail in the Patent Owner Preliminary Response ("POPR"), filed concurrently with this brief, the Petition lacks merit and institution should be denied based on the failure to demonstrate a reasonable likelihood that Petitioner will prevail on at least one challenged claim.

a. Petitioner's Improper "Lotus Notes" Combination in Ground 1.

In Ground 1, Petitioner relies on a combination of two references that describe the Lotus Notes software (Wilcox (EX1059) and Londergan (EX1061)), which it then combines with two additional references (Raskin (EX1021) and Wu (EX1019)). (Pet., 15, 23-26.) Petitioner's combination of Wilcox and Londergan is improper as the two references relate to different versions of the Lotus Notes system. (EX2001, ¶77-78.) Specifically, Wilcox (EX1059) describes Lotus Notes v. 3.0, released in 1993 and Londergan (EX1061) describes Lotus Notes R5, released in 1999. (Pet., 16-17.) As discussed in more detail in the POPR, this combination is improper at least because the Lotus Notes search functionality Petitioner relies on is materially different in the two references. (EX2001, ¶77-78.) In brief, Petitioner implies that the Query Builder functionality present in Lotus

Notes v. 3.0 and described in Wilcox (EX1059) is the same as the Search Builder functionality present in Lotus Notes R5 and described in Londergan (EX1061). (Pet., 26-29.) Not so. As relevant to Petitioner's obviousness arguments, Wilcox describes the Query Builder feature in v. 3.0 as capable of searching on multiple words entered into a single search field. (EX1059, 163; EX2001, ¶79.) Londergan describes Search Builder in R5 as providing multiple search fields, each of which can only be used for a single search string. (EX1061, 142; EX2001, ¶80.) The figures below show the difference between the two functionalities; notably, Petitioner ***only*** shows the Query Builder functionality in the Petition and simply implies that the functionalities are equivalent. (Pet., 27-28.)



Query Builder/Lotus Notes 3.0 (left), Search Builder/Lotus Notes R5 (right)

(EX1059, 163; EX1061, 142.) Petitioner repeatedly and misleadingly asserts that these two search tools are equivalent and can both receive multiple strings in a single search field when Search Builder from Lotus Notes R5 plainly cannot. (Pet.,

18 ("For the Query Builder/Search Builder, the user similarly enters the multiple strings in a single search field but separates the search strings with a comma instead of a Boolean AND operator.").)

Petitioner's argument for motivation to combine Wilcox and Londergan treats the different versions of Lotus Notes as equivalent, noting only that "Londergan explains some of the new features of Lotus Notes 5, including its calendaring and auto-complete features," and implies that the "core user interface and search functionality" is the same in the two versions. (Pet., 17.) As explained above, the "core user interface and search functionality" differ materially between the two versions of Lotus Notes. (EX2001, ¶82-86.) This difference is critical to Petitioner's allegations that the Lotus Notes references disclose the claim limitations requiring "*receiving a [first/second] string in [a/the] first search field*." (EX1001, claim 1; Pet., 28.) Therefore, Petitioner's purported combination of Wilcox and Londergan to form what Petitioner refers to as the Lotus Notes references is improper and Ground 1 should fail for this reason alone.

b. Petitioner's Improper Reliance on Disparate Functionalities in the Entourage References.

Petitioner's Ground 2 relies on a combination of three references describing the Entourage 2001 email program (Schwartz (EX1004), Sebastian (EX1005), and Barber (EX1006)), which are then combined with two additional references (True

(EX1009) and Baeza-Yates (EX1023)). (Pet., 40, 50-51.) The Entourage references describe multiple distinct filtering and search tools, including: (1) a "filter a list" tool that operates on lists of contacts or email messages and in which the list filtering happens as characters are typed into the filter field (EX1004, 8; EX2001, ¶119); (2) Find and Advanced Find commands that are executed only upon pressing the Find button (EX1004, 9) and that (a) can search for Entourage items (such as emails, newsgroup messages, notes, etc.) if the user invokes the Find command while in an email folder or other Entourage window (EX1004, 10-11; EX2001, ¶120), or (b) after a user opens a single item and invokes the Find command again, searches the text of that single Entourage item for a single search string, and scrolls to and highlights the first occurrence of that search string (EX1004, 10-11; EX2001, ¶121). Petitioner elides over the differences between these functionalities and relies on the filtering functionality for claim limitations requiring incremental search (Pet., 57-60), while relying on the Find command performed in Entourage windows for claim limitations requiring multiple search strings entered in a single field (*Id.*, 52 (referencing "Orson Welles" example in Find command disclosure (EX1006, 387)), and the Find command performed on a single open Entourage item for highlighting search results (Pet., 75-77). Indeed, Petitioner also mischaracterizes the Entourage references to suggest that each of

these functionalities (filtering a list, Find within a group of documents, and Find within a single document) can all occur in a single search conducted in Entourage:

> Users can quickly locate documents (e.g., emails, news articles, tasks, contacts) containing specific text using an incremental, quick-find search, accessible at the top of a main window…. Results are displayed '[a]s you type the filter text….' [showing two screenshots of Entourage's filter a list tool].
>
> After Entourage finds a document (e.g., email) containing the search string(s), Entourage scrolls to the portion of the document that contains the search string(s) and highlights the search string(s). [showing a screen shot of highlighting in a single document from Entourage's Find command within a single document]

(Pet., 42-44.) But the capabilities Petitioner cites are from different search tools in Entourage. There is no disclosure in the Entourage references that a user trying to locate a document can "quickly locate documents… as you type the filter text" and then "after Entourage finds a document (e.g., email)" that Entourage "scrolls to the portion of the document that contains the search string(s) and highlights the search string(s)." (*Id.*; EX2001, ¶¶122-27.) While Petitioner paints Entourage as allowing a user to do all of these things in a single search, a user could not. Instead, a user could filter a list of contacts and receive results as they type the contact's name in

one system. (EX1004, 8) Or, in another system, Find and Advanced Find, a user can type a single string, hit enter, and receive a list of search results, but not as an incremental search and without any highlighting of search results. (EX1004, 9-11) Or, if a user goes into yet a different window by opening a single item and then utilizing the Find toolbar again, the user can enter a single search string to perform a delimited (not incremental) search, and the system will highlight and scroll to the first match. (EX1004, 10-11.) Thus, in addition to improperly picking and choosing from different functionalities within Entourage to meet the claim limitations, Petitioner improperly paints these functionalities as if they are occurring in a single search tool in the prior art when they are plainly not.

Despite cherry-picking from among these distinct functionalities, Petitioner never suggests that its combination of Schwartz, Sebastian, and Barber is comprised of a combination of each of the disparate filtering and searching functionalities found within the Entourage system and described above. Rather, Petitioner points to the different functionalities individually without expressly combining them or providing any motivation to do so. Petitioner's cherry-picking of distinct functionalities in the Entourage references is improper and for this reason, Petitioner's Ground 2 should fail.

c. Petitioner's Deficient Ground 2 Combination.

Petitioner's Ground 2 consists of the combination of the three Entourage references with True (EX1009) and Baeza-Yates (EX1023). Petitioner's combination is deficient at least because True does not provide the limitations missing in the Entourage references and because Petitioner fails to sufficiently articulate why a POSITA would have been motivated to look to these disparate references directed to different types of searching or how the references would be combined in a specific way to arrive at the claimed invention. *Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364, 1380 (Fed. Cir. 2016); *Trivascular, Inc. v. Samuels*, 812 F.3d 1056, 1066 (Fed. Cir. 2016).

As explained in the POPR, the Entourage references describe an email system comprising email folders, address book, calendar, notes, and tasks. (EX1004, 2.) In contrast, True is directed to searching for words within a computer transcription of an audio file, taking into account the confidence level of the accuracy of the speech-to-text transcription for each word in the transcript. (EX1009, 4:5-49.) True's query results consist of a graphical display showing the "interest level" of "transcript windows," calculated "as the sum of confidences of each word in the transcript window matching a word in the query." (*Id.*, 5:29-50.) Petitioner concedes that Entourage is missing, *inter alia*, any teaching on

incrementally ***searching a set of documents*** for multiple strings and relies on True in the proposed combination with the Entourage for that limitation. (Pet., 57-63.)

But True does not supply the elements missing from the Entourage references. Specifically, because True's query results are based on an interest level calculated as a sum of confidences that certain words are present in a snippet of a single transcript, these query results provide nothing more than an indication of which transcript windows ***might*** contain ***at least one*** of the words of interest entered into the search query. (EX1009, 5:41-50; EX2001, ¶131.) In other words, True does not search across documents and does not provide a list of search results pointing to portions of the transcript that necessarily include all words in the search query. Further, as explained below, Petitioner's argument that True searches on a "set of documents" rests on an implicit claim construction which Petitioner did not expressly request and fails to provide any evidence to support. (*Infra*, §II.A.2.b.)

Further, Petitioner's stated motivation for combining the three Entourage references with True, that "a multi-string search would return more relevant results than a single-string query," fails to explain why a POSITA would look to True specifically to improve Entourage in this way. (Pet., 50; EX2001, ¶134.) Indeed, Entourage and True are directed to completely different purposes and a POSITA would not have considered True when seeking to modify Entourage as stated. *See In re Klein*, 647 F.3d 1343, 1350-51 (Fed. Cir. 2011) ("If [a reference] is directed

to a different purpose, the inventor would accordingly have had less motivation or occasion to consider it.") (citing *In re Clay*, 966 F.2d 656, 659 (Fed. Cir. 1992)). Specifically, True provides ***potential*** hits with "levels of confidence that the hits are representative of underlying information that is of interest to the user." (EX1009, 3:19-27.) This is necessarily an imprecise way of searching. If a POSITA wanted to make the search functionality in Entourage more precise, it would not have made any sense to turn to True's inherently imprecise interest level method. (EX2001, ¶137.) Also, Petitioner has failed to explain why a POSITA would have looked to True, which is limited to searching a single text file that is a translation of an audio file, to improve any of Entourage's search tools that search across multiple documents and databases such as email folders, calendars, and notes.

Finally, Petitioner fails to describe with particularity how a POSITA would modify Entourage to incorporate True's disclosure of allegedly receiving two "search strings" in a single field. Petitioner's motivation argument regarding combining Entourage with True is limited to a single sentence that "[a] POSITA would have been motivated to incorporate True's express teachings to receive two search strings in the search field … to provide more targeted searching, as was common sense and well known in the art." (Pet., 54.) Petitioner never explains

which of the numerous search tools within Entourage a POSITA would modify, or how the resulting interface would work. (EX2001, ¶¶138-139.)

Petitioner's reasonable expectation of success argument is similarly conclusory: "[a] POSITA would have reasonably expected to succeed in incorporating this functionality from True in the Entourage search tool at least because the Entourage search tool already includes the same or substantially similar functionality and would have required only simple and straightforward software modifications." (Pet., 61.) But the Petition fails to explain which "search tool" in Entourage a POSITA would even modify or how it has similar functionality to True which, as discussed above, is directed to a wholly different way of identifying potential matches with a transcript of an audio file. Petitioner's conclusory arguments are insufficient. *Magnum Oil*, 829 F.3d at 1380 ("To satisfy its burden of proving obviousness, a petitioner cannot employ mere conclusory statements. The petitioner must instead articulate specific reasoning, based on evidence of record, to support the legal conclusion of obviousness.").

* * *

Further arguments regarding deficiencies in the Petition's Grounds are the subject of the POPR, filed concurrently with this brief. Because the Grounds presented in the Petition are weak, the Director should exercise discretion to deny institution.

2. The Petition's Over-Reliance on Conclusory Expert Testimony Favors Discretionary Denial.

Petitioner relies heavily on its expert's conclusory opinions to: (1) use the alleged knowledge of a POSITA to fill in claim limitations missing from the prior art; and (2) implicitly construe claim terms without properly requesting the terms be construed or presenting evidence or argument in support of the implicit constructions.

a. Petitioner Relies on the Knowledge of a POSITA to Fill in Limitations Missing in the Prior Art.

The Petition improperly relies on expert testimony in an attempt to fill in gaps in the prior art. Using an expert to fill gaps is improper. See 35 U.S.C. § 311(b) ("[a] petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and ***only on the basis of prior art consisting of patents or printed publications***.").

As just one example, in Ground 2 the Petition does not identify any express disclosure that True separately searches on multiple words entered into the search box; rather, the Petition simply states this as though it is a fact, citing to the Terveen declaration. (Petition, 47-48; citing EX1003, ¶118.) Dr. Terveen, however, does not point to an explicit disclosure of searching separately for each

search string, but rather states that a "POSITA would have understood" that True discloses this. (EX1003, ¶118.)

b. Petitioner Relies on its Expert's Implicit Claim Constructions in Violation of 37 C.F.R. § 42.104(b)(3).

Petitioner is required to "[p]rovide a statement of the precise relief requested for each claim challenged," which must include "[h]ow the challenged claim is to be construed." 37 C.F.R. § 42.104(b)(3). Petitioner states, "Unless otherwise noted, Petitioner applies the plain and ordinary meaning of all claim terms below." (Petition, 14-15.) Nowhere in the Petition or Terveen Declaration do Petitioner or its expert provide any analysis of the proper construction of any term. Yet Dr. Terveen's declaration includes numerous examples of implicit claim construction lacking any reference to the intrinsic record for support.

For example, claim element [1.4] of the '035 patent requires "*the first and second strings are separated by a string separator character in the first search field*." (EX1001, cl. 1.) In Ground 1, Dr. Terveen contends that this claim limitation is met by the Wilcox (EX1059) and Londergan (EX1061) combination because, he alleges, these references disclose searching on two search terms if those terms are separated by a Boolean operator, such as AND. (EX1003, ¶82.) Dr. Terveen provides no supporting citations to intrinsic or extrinsic evidence for this implicit construction equating a "string separator ***character***" with a Boolean

operator (which is a word, such as AND or OR). In fact, the intrinsic evidence contradicts Dr. Terveen's conclusion, as explained in detail in the POPR. (EX2001, ¶109.) In brief, the patent distinguishes between "string separator characters" and Boolean operators, and other patents in the family (include those challenged in the Co-Pending Petitions) include separate dependent claims directed to "string separator characters" (listing specific examples, such as space, comma, etc.) and other dependent claims directed to operators/modifiers (Boolean operators such as AND or OR). (EX1075, claims 6, 22; EX1077, claims 12, 20.)

As another example, claim elements [1.3] and [1.5] of the '035 patent require "*incrementally locating … documents*." (EX1001, cl. 1.) In Ground 2, Dr. Terveen contends that this claim limitation is met by the True reference because True allegedly teaches that searching within a transcript (i.e., a single document) of an audio file returns as results ***portions of the transcript***, referred to as "transcript windows." (EX1003, ¶138.) Dr. Terveen, without providing any citations to intrinsic evidence, and without explanation or justification for his implicit construction, equates "documents" with "transcript windows." (EX1003, ¶138.) Nor does Dr. Terveen even explain what a "transcript window" is. As explained in detail in the POPR, True's transcript windows are "portions of the transcript" defined by a window size in seconds (e.g., five seconds). (EX1009, 3:40-43, 4:55-65; EX2001, ¶132.) In other words, these transcript windows are not themselves

documents, but rather portions of a document. Dr. Terveen does not even attempt to justify his implicit construction of "document" to correspond to only a ***portion*** of a document.

Petitioner's reliance on its expert's implicit claim constructions and failure to explicitly address these claim construction issues violates 37 C.F.R. § 42.104(b)(3) and this violation supports discretionary denial of the Petition.

B. Discretionary Denial is Appropriate Under 35 U.S.C. § 325(d).

The Director should also deny institution under 35 U.S.C. § 325(d) because substantially similar art and arguments were already considered by the Examiner during prosecution of the '035 patent. The Board uses the following two-step test in considering whether to discretionarily deny institution pursuant to § 325(d):

> (1) whether the same or substantially similar art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and
>
> (2) if either condition of the first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of the challenged claims. If a condition in the first part of the framework is satisfied and the petitioner fails to make a showing of material error, the Director generally will exercise discretion not to institute inter partes review.

(*Advanced Bionics*, Paper 6 at 8-9.) This test reflects a "commitment to defer to previous Office evaluations of the evidence of record unless material error is shown." (*Id.* at 9.)

1. The Same or Substantially Similar Art Was Previously Presented to the Patent Office (*Advanced Bionics* Step 1).

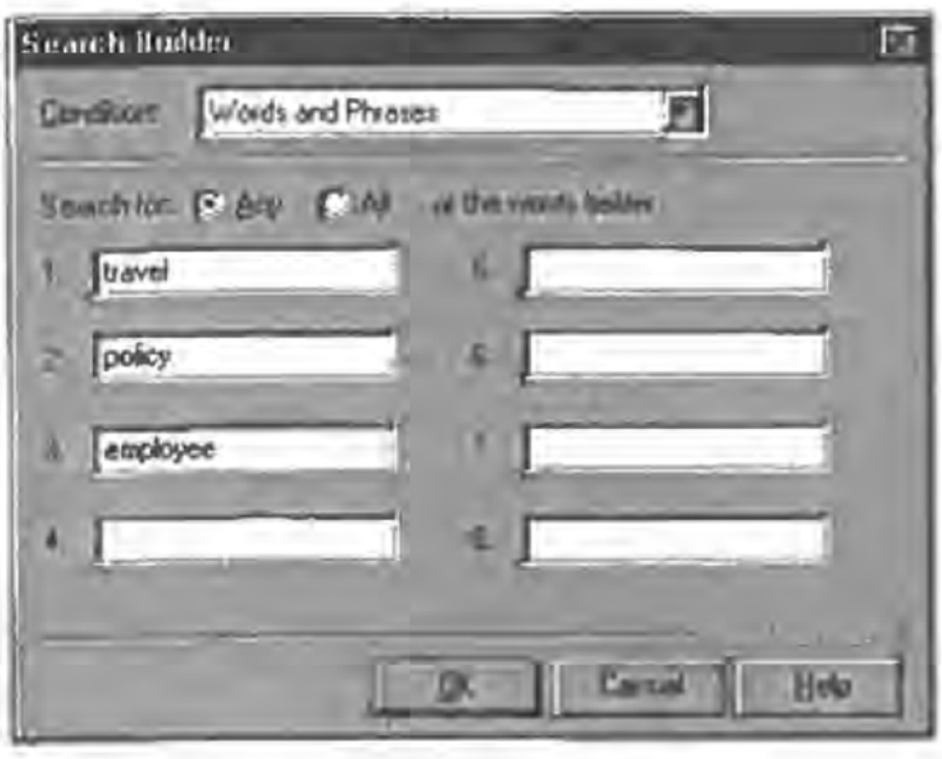
During prosecution of the application leading to the '035 patent, the Examiner issued rejections over U.S. Patent Publication 2002/0055981 to Spaey ("Spaey"), which the applicant successfully overcame. (EX1002, 111-34, 179-212.) In allowing the claims over Spaey, the Examiner noted that the "[p]rior art of record teaches incremental searching by entering a search parameter in a field and further entering different search parameter[s] in different fields to narrow the results … The prior art of record does not teach entering two partial search strings … in the same field and using these partial strings to incrementally locate[] documents." (*Id.*, 288.) Each of Petitioner's prior art references used in both Grounds teaches no more than, and in most cases less than, Spaey.

a. Ground 1: The Lotus Notes References.

Petitioner's lead reference for Ground 1 is a combination of two prior art references, which Petitioner refers to as "the Lotus Notes references" or simply "Lotus Notes." (Pet., 15-17.) These references are books describing how to use Lotus Notes 3.0 (Wilcox, EX1059) from 1993 and Lotus Notes R5 (Londergan,

EX1061) from 1999. (*Id.* 15-16.) Petitioner uses these two references only in combination—that is, Petitioner does not include any Grounds in the Petition that use Wilcox or Londergan individually. Petitioner admits that the proposed Wilcox-Londergan combination does not teach incremental searching or the so-called intersectional search claim elements, but contends that Wilcox-Londergan does teach entering multiple search strings into a single search field. (Pet., 20.)

Petitioner's combination of these two references is fundamentally flawed for the reasons described above and in the POPR. (*Supra* §II.A.1.a.) Specifically, Petitioner relies on search functionalities in the two versions of Lotus Notes that Petitioner treats as equivalent (Query Builder in Lotus Notes 3.0 (as described in Wilcox) and Search Builder in R5 (as described in Londergan) to allegedly disclose entering multiple search strings into a single search field, but these search functions are materially different in each version. In fact, Search Builder in Lotus Notes R5 (as described in Londergan) does not allow for multiple strings to be entered into a single search field—rather, a search on multiple strings requires the user to input each string separately into different search fields.



Search Builder in Lotus Notes R5 (EX1061, 142)

Entering multiple search strings in separate search fields is exactly what was disclosed by Spaey, as noted by the examiner and as shown in Spaey's Figure 9:

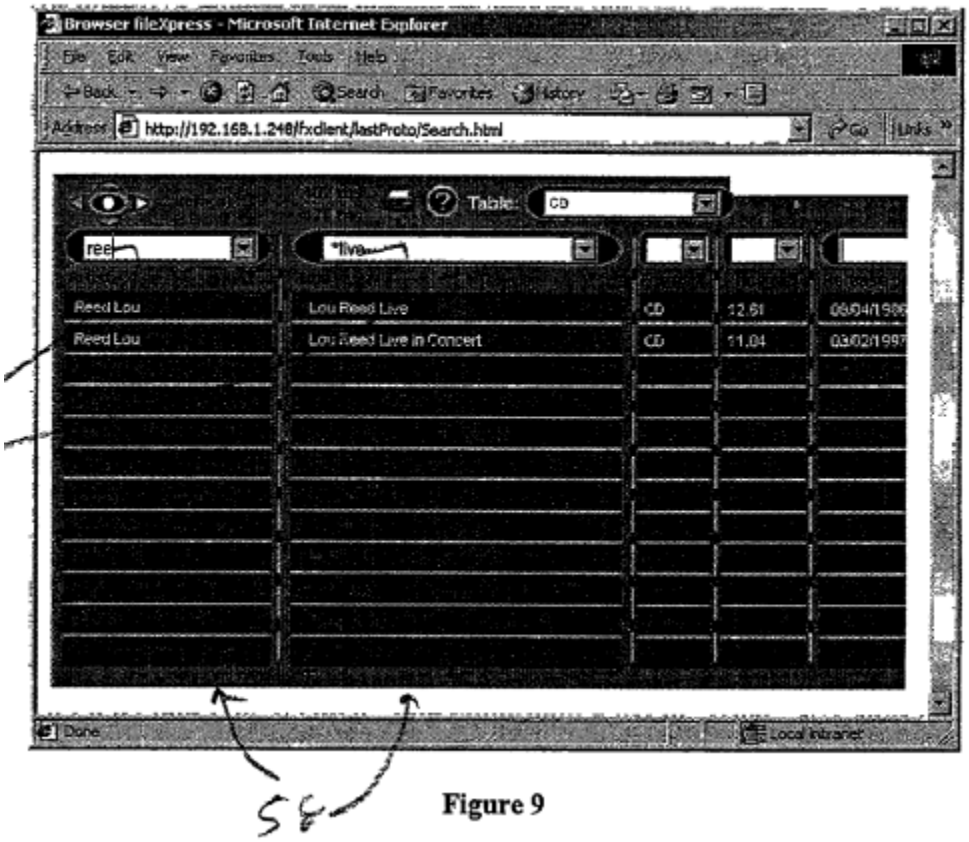


Figure 9

Spaey, Figure 9 (EX1012)

Thus, the Patent Office already considered whether the claims of the ’035 patent are obvious over a reference that discloses searching on multiple search strings entered into separate search fields. *Advanced Bionics* step one is therefore satisfied as to Lotus Notes.

b. Ground 1: Raskin.

Petitioner relies on Raskin, a book on user interfaces titled “The Humane Interface,” for its alleged disclosure of incremental searches. (Pet., 21.) Petitioner does not contend that Raskin discloses searching on multiple search strings entered

into a single search field. (*Id.*, 27-29.) Spaey, as explained above, was cited by the examiner in multiple office actions for teaching incremental search on a single search string entered into a single search field, and those rejections were successfully traversed. (EX1002, 207, 288.) Thus, the Patent Office already considered whether the ’035 patent claims were obvious over a reference that discloses incremental search on a single search string. *Advanced Bionics* step one is therefore satisfied as to Raskin.

c. Ground 1: Wu.

Petitioner relies on U.S. Patent No. 5,991,756 to Wu (“Wu”) solely for what Petitioner calls “intersectional search” or identifying a first group of documents that include the first string, identifying a second group of documents that include the second string, and then identifying the documents that appear in both groups. (Pet., 22-23, 29-33.) Petitioner does not contend that Wu teaches incremental search or entering multiple search strings into a single field. Thus, Wu offers nothing more than the art considered by the Patent Office.

d. Ground 2: The Entourage References.

Petitioner’s lead reference for Ground 2 is a combination of three prior art references, which Petitioner refers to as “the Entourage references” or simply “Entourage.” (Pet., 41-45.) These references are books describing how to use the Microsoft email system Entourage 2001 for Macintosh. (Pet., 45; EX1004;

EX1005; EX1006.) Petitioner admits that the Entourage References do not teach incrementally searching on two search strings entered into a single search field. (Pet., 40.) Rather, Petitioner relies on Entourage for its alleged teaching of incremental search on a single search string. (*Id.*, 42.) Thus, the Patent Office already considered whether the '035 patent claims were obvious over a reference that discloses incremental search on a single search string. *Advanced Bionics* step one is therefore satisfied as to the Entourage references.

e. Ground 2: True.

U.S. Patent No. 6,112,172 to True ("True") was cited on Information Disclosure Statements during prosecution of the '035 patent. (EX1002, 242, 292.) Petitioner relies on True for allegedly teaching incrementally searching for multiple search strings entered into a single search field. (Pet., 47.) As explained in the POPR, the Petition grossly misrepresents True's teachings; True does not teach incrementally searching for multiple search strings entered into a single search field. (EX2001, ¶¶129-32.) Thus, True offers nothing more than the art considered by the Patent Office.

f. Ground 2: Baeza-Yates.

Like Wu, Petitioner relies on the book "Modern Information Retrieval," by Baeza-Yates, et al. ("Baeza-Yates") solely for what Petitioner calls "intersectional search" or identifying a first group of documents that include the first string,

identifying a second group of documents that include the second string, and then identifying the documents that appear in both groups. (Pet., 48-49, 64-66.) Petitioner does not contend that Baeza-Yates teaches incremental search or entering multiple search strings into a single field. Thus, Baeza-Yates offers nothing more than the art considered by the Patent Office.

2. Petitioner Has Not Shown Material Error by the Examiner (*Advanced Bionics* Step 2).

Petitioner's only argument for material error is that the Examiner overlooked True's alleged teaching of incrementally searching for two strings entered into the same search field. (Pet., 4-5.) As explained in the POPR, however, True does not disclose incrementally searching for search strings. (EX2001, ¶¶129-32.)

For Lotus, Raskin, Wu, Entourage, and Baeza-Yates, Petitioner does not identify any error by the Patent Office at all. Nor does Petitioner "address whether the proffered art is cumulative to or substantially the same as the art considered during prosecution." (*Darfon Elecs. Corp. v. Michael Shipman*, IPR2022-01008, Paper 11, 14 (exercising discretion to deny institution under § 325(d) where Petitioner's art was cumulative to or substantially the same as art considered during prosecution and Petitioner failed to address whether the Patent Office materially erred.)

Because Petitioner relies on substantially the same art that was considered during prosecution and has not shown material error by the Examiner, the Director should exercise discretion to deny institution under § 325(d).

C. The *Fintiv* Factors Favor Discretionary Denial or are Neutral.

The Director should also deny institution under *Fintiv*. The purpose of the *Fintiv* analysis, in view of a parallel litigation, is to "take[] a holistic view of whether efficiency and the integrity of the system are best served by denying or instituting review." *Apple Inc. v. Fintiv, Inc.,* IPR2020-00019, Paper 11 at 6 (PTAB Mar. 20, 2020) (precedential). The *Fintiv* factors include:

> 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.

(*Id.*, 5-6.) Here, each of the *Fintiv* factors either favors discretionary denial or is neutral and thus, on balance, *Fintiv* supports discretionary denial of the Petition.

1. Factor 1: No Stay has Been Granted.

The district court denied one attempt by Petitioner to stay the case during these IPRs, and indicated that Petitioner could only renew its request for a stay if the Petitions for IPR are granted. (EX2006, 2.) As explained in more detail below, Petitioner requested, and the district court granted, a discretionary stay pending resolution of the ITC Investigation, which involved different patents and to which Microsoft was not a party, on the basis that the patents-in-suit were related and it would be beneficial for the court and the parties to avoid "duplication of effort." (EX2003, 4; EX2004.) After filing these eleventh-hour Petitions for IPR, Microsoft requested that the district court extend the stay. (EX2005, 5.) The court declined to even consider a motion for a stay unless and until the PTAB institutes review. (EX2006, 2.)

Thus, the parties expect the discretionary stay of the parallel District Court Action will be lifted on or about April 28, 2025, when the Commission issues its Final Determination. Further, once the discretionary stay is lifted, PO intends to promptly file an Amended Complaint adding one or more patents not subject to these Petitions for IPR. As such, there is no guarantee that the district court will

even grant a stay should Petitioner move for one in the event one or more of the Co-Pending Petitions are instituted. Therefore, this factor is neutral.

2. Factor 2: Petitioner's Lack of Diligence and Gamesmanship Favor Discretionary Denial.

As explained above, Petitioner was not diligent in filing this Petition, having waited until almost the last possible day to file. Further, Petitioner sought and obtained a discretionary stay of the parallel District Court Action by representing to the court that waiting for resolution the related ITC Investigation involving different, but related, patents would avoid duplication of effort. (EX2003, 4; EX2004.) Thus, the only reason the court in the District Court Action has not yet set a trial date is because Petitioner secured a stay based on its representations that efficiency would best be served by focusing efforts on the ITC Investigation.

Further, Petitioner misleadingly suggests that "even ignoring the [soon-to-be-lifted discretionary] stay, the median time-to-trial statistics for the district court (C.D.Cal.) put the district court trial date ***close to when a final written decision (FWD) would be due*** in this IPR." (Pet., 7 (emphasis added).) Petitioner's own evidence indicates that the median time-to-trial time in the Central District of California for the 12-month period ending September 30, 2024 is 29.1 months. (EX1042.) PO filed the District Court Action on December 19, 2023; 29.1 months from filing is, therefore, on or about April 22, 2026. This is over three months

prior to July 27, 2026, the date on which the FWD is expected in the event this Petition is instituted.

Therefore, this factor either favors discretionary denial or is at least neutral.

3. Factor 3: The Parties Have Made Significant Investment in a Related Proceeding.

As explained above, Petitioner made clear its preference to seek a discretionary stay of the parallel District Court Action in favor of litigating the related patents in the ITC Investigation. However, while the discretionary stay was in place, the Parties made significant investments in litigating the related patents in that ITC Investigation, in which Petitioner actively participated. In fact, the reason the District Court agreed to grant the discretionary stay is because Petitioner represented to the court that the patents were related and there would be efficiencies gained in litigating the ITC Investigation rather than litigating both cases in parallel. (EX2003, 4.)

Specifically, in seeking the discretionary stay of the District Court Action, Petitioner represented to the court that the two cases would "involve some overlapping and interrelated issues of law and fact, including overlapping discovery from Microsoft." (EX2003, 4.) Petitioner agreed that there would be "duplication of effort in the two cases." (*Id.*) Thus, the sole reason the District Court Action is stayed and does not yet have a schedule is because Petitioner

sought a stay under the pretense that it would be more efficient to litigate in the ITC first.

Regardless, substantial work has been completed by the parties in taking the ITC Investigation through fact and expert discovery, and all the way through trial. While the patents at issue in the District Court Action are different from those at issue in the ITC Investigation, the patents are all related and the overlapping issues the parties acknowledged in the stipulation mean that some of this already-completed work is relevant to the District Court Action.

The substantial work completed in litigating the ITC Investigation will streamline the litigation of the parallel District Court Action. Therefore, this factor favors discretionary denial.

4. Factor 4: Petitioner's Proffered *Sotera* Stipulation Is Deficient and Likely to Result in Significant Overlap Between the Issues Raised in the Petition and in the Parallel Proceeding.

Petitioner waited until April 18, ten days before this brief was due, to offer a purported *Sotera* stipulation. (EX2009; *see Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-0109, Paper 12 (P.T.A.B. Dec. 1, 2020).) This *Sotera* stipulation is not timely. Given the recent guidance rescinding the USPTO Director's June 21, 2022, memorandum, Petitioner has no excuse for waiting until the eleventh hour to offer

a stipulation. Furthermore, Petitioner's stipulation will not ensure simplification of the parallel District Court Action.

Petitioner's stipulation is cleverly cabined in such a way that even if this IPR is instituted, but one or both of the Co-Pending IPRs is ***not*** instituted, there is no meaningful simplification of the issues for the District Court Action. Under the proffered stipulation, Petitioner only agrees to forgo "grounds of unpatentability ***against any patent for which IPR is instituted*** that is raised or reasonably could have been raised ***in that instituted IPR***." (EX2009.) But Petitioner's three Co-Pending IPRs rely on exactly the same grounds using exactly the same prior art in exactly the same combinations. (*See* IPR2025-00254; IPR2025-00255.) Therefore, if, for example, the above-captioned IPR is instituted, but neither of the Co-Pending IPRs is instituted, Petitioner is not precluded under this stipulation from pursuing the very same grounds of unpatentability for the other patents-in-suit that would also be litigated in this IPR. Furthermore, Petitioner did not stipulate not to pursue commercial prior art that is based on the art used in this IPR (i.e., Lotus Notes 3.0 or R5, or Entourage 2001). Nor did Petitioner stipulate that it would not pursue any other invalidity theory not available to them in an IPR (e.g., under §§101 or 112). In other words, the only way Petitioner's stipulation would result in any meaningful simplification of the District Court Action is if all three Petitions

are instituted, and even then there is little reason to believe any meaningful simplification would be achieved.

The parallel District Court Action is available to Petitioner to litigate the validity of the '035 patent. Because Petitioner's purported *Sotera* stipulation is insufficient to ensure simplification of the parallel District Court Action, this factor favors discretionary denial.

5. Factor 5: The Parties are the Same in Both Proceedings.

Microsoft, Petitioner here, is the defendant in the parallel District Court Action and X1, Patent Owner, is the plaintiff. Therefore, this factor favors discretionary denial.

6. Factor 6: The Petition Does Not Present Compelling Merits.

As discussed in detail above and in the POPR, the Petition presents a weak patentability challenge. Therefore, this factor favors discretionary denial.

7. The *Fintiv* Factors Considered as a Whole Favor Discretionary Denial

For the reasons explained above, all of the *Fintiv* factors are either neutral or favor discretionary denial. To the extent factor 2 is found to weigh against discretionary denial, this alone is insufficient to outweigh the other factors, given the parties' extensive investment in the related ITC Investigation, Petitioner's insufficient *Sotera* stipulation, and the weakness of the merits of the Petition.

III. Conclusion

For the reasons explained above, X1 respectfully requests that the Director exercise discretion to deny institution.

Dated: April 28, 2025

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CERTIFICATE OF WORD COUNT

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that this Patent Owner's Request For Discretionary Denial complies with the type-volume limits of the March 26 Stewart Memorandum because it contains 6,633 words according to the word-processing system used to prepare this Request, excluding words in the Table of Contents, Table of Authorities, List of Exhibits, and Certificate of Service. This word count was prepared using Microsoft Word.

Date: April 28, 2025

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