

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE

MICROSOFT CORPORATION,
Petitioner,

v.

X1 DISCOVERY, INC.,
Patent Owner.

IPR2025-00253 (Patent 7,370,035 B2)
IPR2025-00254 (Patent 10,552,490 B2)
IPR2025-00255 (Patent 9,633,139 B2)

Before COKE MORGAN STEWART, *Acting Under Secretary of
Commerce for Intellectual Property and Acting Director of the United States
Patent and Trademark Office.*

DECISION
Denying Patent Owner's Request for Discretionary Denial

IPR2025-00253 (Patent 7,370,035 B2)
IPR2025-00254 (Patent 10,552,490 B2)
IPR2025-00255 (Patent 9,633,139 B2)

X1 Discovery, Inc. (“Patent Owner”) filed a request for discretionary denial (Paper 7, “DD Req.”) in the above-captioned cases, and Microsoft Corporation (“Petitioner”) filed an opposition (Paper 9, “DD Opp.”).¹ With authorization, Patent Owner filed a Reply (Paper 11) and Petitioner filed a Sur-reply (Paper 12).

After considering the parties’ arguments and the record, and in view of all relevant considerations, discretionary denial of institution is not appropriate in these proceedings. This determination is based on the totality of the evidence and arguments the parties have presented.

In particular, no trial date is scheduled in the district court, and there is some evidence that a stay would be likely. DD Opp. 7, 12. Additionally, there has not been meaningful investment in the district court proceeding, as infringement and invalidity contentions have not been served. *Id.* at 10–11. Furthermore, Petitioner provides persuasive reasoning, supported by evidence, that discretionary denial under 35 U.S.C. § 325(d) is not appropriate because the Office erred in a manner material to the patentability of the challenged claims. *Id.* at 20–29. Patent Owner argues that the patent examiner allowed the claims because, although the prior art of record taught “incremental searching,” it did not teach incremental searching using two strings in the same field. DD Req. 19. However, Petitioner persuasively argues, for the purposes of this Decision, that cited prior art teach both incremental searching as well as searching using two strings in the same field. DD Opp. 20–29 (citing Ex. 1059, 163–164; Ex. 1061, 140).

¹ Citations are to papers in IPR2025-00253. The parties filed similar papers in IPR2025-00254 and IPR2025-00255.

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Although certain arguments are highlighted above, the determination not to exercise discretion to deny institution is based on a holistic assessment of all of the evidence and arguments presented. Accordingly, the Petitions are referred to the Board to handle the case in the normal course, including by issuing a decision on institution addressing the merits and other non-discretionary considerations, as appropriate.

In consideration of the foregoing, it is:

ORDERED that Patent Owner's request for discretionary denial is *denied*;

FURTHER ORDERED that the Petitions are referred to the Board;
and

FURTHER ORDERED that neither party shall file a request for rehearing or Director Review of this decision until the Board issues a decision on institution.

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