

Petitioner's Response to Patent Owner's Discretionary Denial Brief

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,
Petitioner,

v.

BRODTI INC.,
Patent Owner.

Case IPR2025-00472
Patent 11,416,898 B2

**PETITIONER'S RESPONSE TO PATENT OWNER'S
DISCRETIONARY DENIAL BRIEF**

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I. INTRODUCTION

The Petition presents a strong and compelling case of unpatentability with respect to every claim of the '898 patent, based on new prior art that was not considered during prosecution. Patent Owner's discretionary denial brief does not challenge the strength of the Petition; in fact, Patent Owner has expressly waived the filing of any Patent Owner Preliminary Response directed to the merits. (Paper 12.) Thus, at this stage, Petitioner's arguments on the merits stand effectively unrebutted, which further supports institution of IPR.

In any event, Patent Owner's argument for discretionary denial amounts to little more than an assertion that IPR should be denied simply because the Patent Office allowed the '898 patent in the first place. Patent Owner fails to address the applicable frameworks set forth in the *General Plastic*, *Fintiv*, and *Advanced Bionics* cases cited in the PTAB's Memorandum on Interim Processes and has, therefore, waived or forfeited such arguments. Patent Owner points only to alleged "settled expectations of the parties' based on the Reasons for Allowance" and "compelling economic factors," to argue for discretionary denial. (Patent Owner's Discretionary Denial Brief ("Br."), pp.8, 12.) But neither of these considerations comes close to weighing in favor of discretionary denial, let alone provides a basis to deny IPR institution.

II. ANY CONSIDERATIONS RELATED TO “SETTLED EXPECTATIONS” WEIGH IN FAVOR OF INSTITUTION

As Patent Owner's brief notes, “settled expectations of the parties, such as the length of time the claims have been in force” is one consideration identified in the Director's Interim Processes for PTAB Workload Management memorandum. (Br., pp.2-3.) But this consideration does not weigh in favor of denying IPR institution—if anything, this factor weighs in favor of institution.

The '898 patent is relatively new—it issued less than three years ago (on August 16, 2022). It has not undergone any previous post-grant challenge at the Patent Office, nor has its validity been upheld in any previous litigation. Patent Owner has also offered no evidence that the '898 patent has achieved any degree of acceptance or recognition by the online advertising community (or in any other field).

Patent Owner's purported evidence of settled expectations comes from the Examiner's statement of Reasons for Allowance. (Br., pp.4-8.) But it is undisputed that the prior art relied upon in the Petition was not cited or considered by the Examiner during prosecution of the '898 patent. The mere fact that the Patent Office allowed the '898 patent cannot create any “settled expectations” with respect to the patent's validity over other prior art the Examiner never considered.

The sparse prosecution of the '898 patent, if anything, undermines Patent Owner's contention of “settled expectations” with respect to validity of the patent.

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The applicant did not file a single Information Disclosure Statement (IDS) during the entire prosecution of the '898 patent. The universe of prior art considered during prosecution was remarkably small—consisting of a single U.S. patent application, a single foreign patent document, and three non-patent references—all cited by the Examiner. ('898, References Cited (56); EX1020, p.0064.) The paucity of prior art considered by the Examiner was apparently due to the exceedingly narrow search terms she employed in the prior art search (EX1020, p.0066),¹ and the sole rejections entered were based on non-statutory double-patenting—not prior art. (EX1020, pp.0058-0063.) The prosecution history thus does not provide any basis for Patent Owner to claim “settled expectations” with respect to validity of the '898 patent. To the contrary, in light of the exceedingly narrow universe of prior art considered by

¹ According to the prosecution history, the Examiner's search appeared to have required at least four words appear within close proximity of each other in the prior art: “ADVERTISER NEAR5 (REVENUE OR FUND OR PROFIT OR INCOME) NEAR5 (IMPRESSION OR CLICK\$3 OR AD OR ADVERTISEMENT) NEAR5 (CROWDFUND\$3 OR CROWD AJ FUND\$3 OR FUNDRAISING OR FUND ADJ RAIS\$3)” (EX1020, p.0066.) It is thus not surprising that the Examiner considered only a handful of references. As noted in the text, the applicant did not cite any prior art during prosecution of the '898 patent.

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the Examiner, coupled with the crowded field of Internet advertising in which the '898 patent relates, the prosecution history, if anything, raises potential red flags and highlights why the '898 patent is appropriate for review through IPR.

Patent Owner argues that “[t]he Petition nowhere mentions, contests, or points out any errors in the Examiner’s statement of Reasons For Allowance.” (Br., pp.7-8.) But as noted these reasons are not relevant because the Examiner never considered any of the prior art references on which the Petition relies. (Pet., p.4.) Patent Owner attempts to downplay this fact by speculating that “the Examiner would not have considered the Nickolas [sic] reference to be relevant prior art in the first place.” (Br., p.8.) There is no basis for Patent Owner’s speculation as to what the Examiner might have thought of Nicholas had she been made aware of it.

And to the extent it is proper to speculate about what the Examiner might have thought about Nicholas, the prosecution history suggests that she would have found it relevant. Nicholas sits in the same field of classification search, 705/14, as the '898 patent's own parent patent, U.S. 10,325,290:

(58) **Field of Classification Search**
CPC G06Q 30/02
USPC 705/14

(U.S. 10,325,290, face page (excerpt, highlighting added); *see also* Nicholas, face page, field (52).) Additionally, the purported “closest prior art” cited by the

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Examiner—Costin (U.S. 2002/0049816), the lone U.S. patent document cited during prosecution—shares the same International classification, G06F 17/60, as Nicholas:

Publication Classification

(51)	Int. Cl. ⁷		G06F 17/60;	G06F 15/16
(52)	U.S. Cl.		709/206;	705/26

(U.S. 2002/0049816, face page (excerpt, highlighting added); *see also* Nicholas, face page, field (51).) Thus, to the extent speculation about the Examiner’s consideration of whether Nicholas would be relevant prior art is entitled to any weight, it is more likely that she would have found Nicholas to be relevant. This is further supported by the analysis in the Petition, which shows the clear relevance of Nicholas to the challenged claims.

Patent Owner further argues that “Petitioners could only arrive at the conclusion that the Nicholas reference is relevant prior art by interpreting the claims in a manner completely different from the interpretation of the claims as provided by the Examiner.” (Br., p.8.) But the Examiner did not make any specific statements about the interpretation of the claims; the Notice of Allowability merely stated that the prior art references “alone or in combination failed to teach” limitations of the three independent claims, which the Examiner identified by quoting substantially all of the limitations in the independent claims including the “generating” step of limitation 1[c] and the entirety of limitations 1[d] through 1[k]. (EX1020, pp.00155-

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00156.) The prosecution history thus does not provide any basis for Patent Owner to speculate as to how the Examiner interpreted any particular limitation.

Patent Owner nevertheless contends that the Petition's assertion that the details of the claimed step of generating a repository "would have been trivial and well-known" contradicts the Reasons for Allowance. (Br., p.9.) But as noted, the Examiner did not make any specific statements directed to the repository generation step (or any other claim limitation), and she relied on substantially all of the limitations in the independent claims to find the claims allowable over the prior art she considered. And the Petition did not merely rest on the fact that the claimed repository generation would have been trivial and well-known—it further established that it would have been obvious in view of Mayadas which, as noted, was also not considered during prosecution. (Pet., pp.28-29; EX1002, ¶¶111-124.) Patent Owner offers no evidence contradicting Petitioner's obviousness analysis, and in fact, waived the filing of a Patent Owner Preliminary Response. (Paper 12.) In any case, the Examiner never made any findings that the repository generation step was not trivial or well-known; she simply found that step, along with substantially all of the other limitations in the independent claims, missing from the particular references she considered. (EX1020, pp.00155-00156.)

Patent Owner also mentions the combined prosecutions of both the '898 patent and its parent, U.S. Patent No. 10,325,290. (Br., p.11.) But Patent Owner

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does not contend that the Petition relies on prior art that was considered during either prosecution.² Patent Owner's argument boils down to the tenuous view that it is a "settled expectation" that the claims are valid just because the Patent Office allowed the '898 patent (and its parent) in the first place. As explained above, that view is plainly wrong and overlooks the key purpose of the IPR procedure, i.e., to provide an efficient way for the Patent Office to review and cancel bad patents. *E.g.*, *Cuozzo Speed Techs. v. Com. for Intell. Prop.*, 579 U.S. 261, 263 (2016) ("The purpose of *inter partes* review is not only to resolve patent-related disputes among parties, but also to protect the public's paramount interest in seeing that patent monopolies are kept within their legitimate scope."); *Thryv, Inc v. Click-To-Call Techs., LP*, 590 U.S. 45, 54 (2020) ("By providing for *inter partes* review, Congress, concerned about overpatenting and its diminishment of competition, sought to weed out bad patent claims efficiently.").

Patent Owner's argument that "settled expectations" support discretionary denial should therefore be rejected.

III. ECONOMIC FACTORS, IF ANYTHING, WEIGH IN FAVOR OF IPR

Patent Owner also argues that "compelling economic factors" "weigh strongly in favor of" denying institution because "it would be unreasonable to submit this patent, and Patent Owner, to a costly and unnecessary reexamination [sic; IPR]

² The '898 and '290 patent prosecutions were assigned to different examiners.

proceeding.” (Br., p.12.) As a threshold matter, it is unclear if concerns over the costs of a particular IPR proceeding qualify as “compelling economic factors” relevant to the discretionary denial issues. The factor in the USPTO’s recent guidance on which Patent Owner relies states: “Compelling economic, public health, or national security interests.” *See* Interim Processes for PTAB Workload Management (March 26, 2025), p.2. This articulation, alongside public health and national security interests, strongly suggests the compelling economic interests with which the PTO was concerned involve systemic or broader impacts on the United States, not the individualized costs borne by the parties to a particular IPR proceeding. Nevertheless, even if cost issues in particular cases were relevant, those costs must still be compelling—amounting to something significantly more than the ordinary costs borne by parties in IPR. Here, Patent Owner has failed to establish any such costs, and in any event, cost considerations favor institution.

This is because IPR was created “as an efficient, streamlined, and cost-effective alternative to district court litigation.” *Jiawei Tech. Ltd. v. Lighting Science Grp. Corp.*, Case IPR2018-00262, Paper No. 7 at 5 (PTAB Jun. 6, 2018); *see also Thryv, Inc.*, 590 U.S. at 54 (quoting H.R. Rep. No. 112–98, pt. 1, at p.40 (2011) (“The [AIA] is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”)). Adjudicating the validity of the ’898 patent through this IPR will

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be substantially less resource-intensive than district court litigation, which may require the parties to engage in extensive claim construction proceedings, expert discovery, motion practice, and potentially a jury trial. For example, according to the American Intellectual Property Law Association (AIPLA)'s 2023 economic survey, the median cost of a patent litigation was approximately \$3.6 million (for cases with \$25 million or more at risk), while the median cost of litigating an IPR all the way through appeal was approximately \$500K. (EX1021, pp.007, 009.) And because Patent Owner "affirmatively invoked the rights of the patent statute; [it] can hardly be heard now to complain of the rights afforded others by that same statutory framework." *Pegasus Dev. Corp. v. DirecTV, Inc.*, No. Civ.A. 00-1020-GMS, 2003 WL 21105073, at *2 (D. Del. May 14, 2003); *see also, e.g., Masimo Corp. v. Sotera Wireless*, No. 19-cv-01100-BAS-NLS, 2021 WL 321481, at *4 (S.D. Cal. Feb. 1, 2021) (same); *Twitch LLC v. Bote, LLC*, No. WA-24-CV-00233-KC, 2024 WL 3898297, at *5 (W.D. Tex. Aug. 21, 2024) (same).

For starters, as noted in the Petition, Patent Owner originally sued Petitioner in the Western District of Texas, before dismissing and re-filing in the District of Delaware. (Petition, p.1.) This indicates Patent Owner, who is represented by multiple law firms, is not an unsophisticated litigant.

And to further enhance the cost-effectiveness of this IPR and minimize any potential overlap in the two proceedings, Petitioner also hereby provides a *Sotera*

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stipulation that, if IPR is instituted, then Petitioner will not pursue in the pending litigation the specific grounds of invalidity that were raised or that reasonably could have been raised during this IPR against the challenged claims under 35 U.S.C. §§ 102 or 103 on the basis of prior art patents or printed publications. IPR would, therefore, streamline the issues disputed in district court.

It is also unlikely that Patent Owner will expend substantial resources in the pending litigation while this IPR is pending. As noted in the Petition, the pending litigation in the District of Delaware is at an early (pre-Answer) stage. (Petition, p.4.) Indeed, although the complaint in the Delaware case was filed more than a year ago on February 9, 2024, the Court has not entered any case schedule, and Petitioner has not even filed its answer to the complaint. (EX1022 (Docket Sheet).) Almost every aspect of the district court case lies ahead—including the exchange of infringement and invalidity contentions, claim construction, fact and expert discovery, dispositive motions, and trial. Petitioner has also moved to dismiss the complaint and to transfer the case to the Northern District of California, and if the motion to dismiss is denied, Petitioner will move to stay the litigation pending resolution of this IPR. The motion to dismiss is currently set for a hearing in August 2025, after the statutory deadline for an institution decision.

But even if the pending litigation is not dismissed, transferred, or stayed, recent statistics for the District of Delaware show a median time-to-trial of more

than three years (EX1023, p.001), which is consistent with the progress of the pending litigation to date and would project a trial date in February 2027.³ In any case, it is highly likely that much of the effort in the litigation, including its most expensive later stages including expert reports, summary judgment proceedings, and trial, will occur (if at all) after a final written decision in this IPR, i.e., projected in July 2026.

On this factor, the Petition is indistinguishable from the petition considered in *Twitch Interactive, Inc. v. Razdog Holdings LLC*, IPR2025-00307, -308, Paper 18 at 2-3 (PTAB May 16, 2025). There, the Director explained that the “median time-to-trial statistics suggest[ed] trial [would] begin in February 2027,” which would have been “significantly after the projected final written decision” in that proceeding. The same reasoning justifies institution over Patent Owner's discretionary denial arguments here.

³ In fact, this case is likely to take an unusually long time to reach trial, based on the progress in district court to date. Accordingly, the case is likely to be tried (if at all) well after February 2027.

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Patent Owner's argument that "compelling economic factors" support discretionary denial should therefore be rejected.⁴

IV. CONCLUSION

Petitioner respectfully requests that the Director not exercise her discretion under 35 U.S.C. § 314(a) to deny institution of this proceeding.

Dated: May 23, 2025

Respectfully submitted,

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⁴ Petitioner reserves the right to challenge the March 26, 2025 Interim Process for PTAB Workload Management at least because it is legally invalid as (1) exceeding the Director's authority, (2) arbitrary and capricious, and (3) adopted without notice-and-comment rulemaking.

CERTIFICATE OF COMPLIANCE WITH WORD COUNT

I hereby certify, pursuant to 37 C.F.R. § 42.24(d), that the attached **PETITIONER'S RESPONSE TO PATENT OWNER'S DISCRETIONARY DENIAL BRIEF** contains 2,572 words according to the word-processing system used to prepare this paper.

Dated: May 23, 2025

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CERTIFICATE OF SERVICE

I hereby certify, pursuant to 37 C.F.R. § 42.6(e), that a complete copy of the attached **PETITIONER'S RESPONSE TO PATENT OWNER'S DISCRETIONARY DENIAL BRIEF** and related documents were served on May 23, 2025, upon the parties via electronic mail:

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