UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTERNATIONAL BUSINESS MACHINES CORP.,
Petitioner,

v.

VIRTAMOVE, CORP.,
Patent Owner

IPR2025-00591
Patent No. 7,784,058

PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL OF INSTITUTION

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PATENT OWNER'S EXHIBIT LIST

Exhibit	Description
2001	Proof of Service, *VirtaMove, Corp. v. International Business Machines Corp*., Case 2:24-cv-00064-JRG ("'-064 case"), Dkt. 1 (E.D. Tex. Feb. 8, 2024).
2002	Plaintiff VirtaMove's Preliminary Infringement Contentions Cover Pleading in -064 case, served on June 5, 2024
2003	Plaintiff VirtaMove's Corrected Preliminary Infringement Contentions Cover Pleading in -064 case, served on July 1, 2024
2004	Docket Control Order, *VirtaMove v. HPE*, Case 2:24-cv-00093-JRG ("-093 case"), Dkt. 54 (E.D. Tex. June 16, 2024)
2005	Fourth Amended Docket Control Order, -093 case, Dkt. 184 (E.D. Tex. May 1, 2025)
2006	Docket Navigator Stay Statistics for Eastern District of Texas (Search Performed and Exhibit Created in Second Quarter 2025)
2007	Docket Navigator Median Time-to-Trial Statistics for Eastern District of Texas (Search Performed and Exhibit Created in Second Quarter 2025)
2008	Defendant IBM's Invalidity Contentions Cover Pleading in -064 case, served on October 30, 2024

I. INTRODUCTION

Pursuant to the Director's March 26, 2025 memorandum regarding Interim Processes for PTAB Workload Management, Patent Owner VirtaMove, Corp. ("Patent Owner" or "VirtaMove") respectfully requests that Board exercise its discretion under 35 U.S.C. § 314(a) and deny institution.

One of the primary objectives of the AIA was "to provide an effective and efficient ***alternative*** to district court litigation." But this IPR cannot be an alternative (much less an effective and efficient one) to a EDTex trial between Petitioner IBM and Patent Owner VirtaMove scheduled to occur almost a full year before the FWD deadline. The parties have invested heavily in that case and at the time of the institution decision, almost all the pretrial work on the '058 patent, including on invalidity, will be done. Only a jury trial will remain. Under the PTAB's precedent and the Director's recent guidance, the Board should deny institution.[1]

II. BACKGROUND

A. EDTex Procedural Background

On January 31, 2024, Plaintiff VirtaMove filed a complaint in the Eastern District of Texas against Defendant International Business Machines Corp. ("IBM")

[1] Patent Owner intends to file a Preliminary Response addressing the merits of the Petition pursuant to 37 C.F.R. § 42.107(a) on the schedule set forth by regulation and consistent with the March 26, 2025, Memorandum. *See* 37 C.F.R. § 42.107(b).

asserting infringement of the '058 patent. *VirtaMove, Corp. v. International Business Machines Corp.*, Case 2:24-cv-00064-JRG ("-064 case"), Dkt. 1 (E.D. Tex. Jan. 31, 2024). On February 8, IBM was served with the complaint. *Id.*, Dkt. 10 (Proof of Service) (Ex. 2001).

On April 17, 2024, the Court ordered the -064 case to be consolidated for pretrial purposes with *VirtaMove v. HPE*, Case 2:24-cv-00093-JRG ("-093 case"). *Id.*, Dkt. 22 (Consolidation Order). On May 13, VirtaMove filed a first amended complaint against IBM. -093 case, Dkt. 39.[2] On May 29, VirtaMove filed a second amended complaint against IBM. Dkt. 47. On June 5, IBM answered VirtaMove's second amended complaint. Dkt. 49.

On June 5, 2024, VirtaMove served preliminary infringement contentions against IBM, including contentions for the '058 patent. *See* Ex. 2002 (PICS Cover Pleading); Ex. 2003 (Corrected PICS Cover Pleading on July 1, 2024). On June 12, VirtaMove and IBM jointly moved for entry of a docket control order. Dkt. 53 (Motion for DCO); Dkt. 53-1 (Proposed DCO).

On June 14, 2024, the Court issued the agreed DCO, with the following case schedule through trial on October 20, 2025:

- Oct. 21, 2024: Invalidity Contentions

[2] Unless otherwise noted, all docket citations are to the -093 case (lead case).

- Nov. 2024-Mar. 2025: Claim Construction Disclosures and Briefing
- Apr. 4, 2025: Claim Construction Hearing
- May 15, 2025: Deadline to Complete Fact Discovery
- June-July 2025: Expert Reports, Complete Expert Discovery
- July 2025: Dispositive Motions Briefing
- Aug.-Sept. 2025: MILs, Pre-trial Disclosures
- Sept. 15, 2025 – Pretrial Conference
- Oct. 20, 2025 – Jury Selection and Trial

Dkt. 54 (DCO) (Ex. 2004) at 1–6

On August 20, 2024, the Court issued the first amended DCO, adjusting the date for patent-eligibility contentions from Aug. 21 to Sept. 21. Dkt. 76. On October 23, the Court issued the second amended DCO, adjusting the deadline for invalidity contentions from Oct. 21 to Oct. 30 and the deadline for exchanging proposed terms for construction form Nov. 22 to Dec. 3. Dkt. 92. On Jan. 10, 2025, the Court issued the third amended DCO, adjusting the deadlines for filing and responding to amending pleadings to Feb. 7 and Feb. 21, respectively. Dkt. 122.

On October 30, 2024, IBM served invalidity contentions. *See* Ex. 2008 (Invalidity Contentions Cover Pleading). On April 17, 2025, the Court conducted the *Markman* hearing. Dkt. 172 (Markman Hearing Minutes). On May 1, 2025, the

Court issued the fourth amended DCO, which is currently operative. Dkt. 184 (4th Am. DCO) (Ex. 2005). The 4th Am. DCO maintains the same pre-trial and trial dates as the original DCO but adjusts certain deadlines as follows:

- May 29, 2025: Deadline to Complete Fact Discovery
- June 16, 2025: Opening Expert Reports
- July 7, 2025: Rebuttal Expert Reports
- July 16, 2025: Complete Expert Discovery
- July-Aug. 2025: Dispositive Motions Briefing
- Aug.-Sept. 2025: MILs, Pre-trial Disclosures (Same)
- Sept. 15, 2025 – Pretrial Conference (Same)
- Oct. 20, 2025 – Jury Selection and Trial (Same)

This request for discretionary denial is being filed on June 10, 2025. As of the date of this filing, fact discovery in the district court recently closed (on May 29, 2025) and opening expert reports on infringement and invalidity will be served in less than a week (on June 16, 2025).

B. This IPR Proceeding

In this IPR proceeding (IPR2025-00591), the Petition was filed on February 6, 2025. Paper 2. The deadline for Patent Owner to file a request for discretionary denial is June 10, 2025 (two months from the Board's April 10, 2025 Notice, Paper 5). The deadline for Patent Owner to file a preliminary response is July 10, 2025.

The institution decision is expected to issue on or shortly before October 10, 2025. If IPR is instituted, the final written decision is expected to issue on or shortly before October 10, 2026.

III. THE *FINTIV* FACTORS WEIGH STRONGLY IN FAVOR OF DISCRETIONARY DENIAL

35 U.S.C. § 314(a) gives the Director discretion to deny institution of IPR because to the advanced state of parallel district court litigation regarding the same patent and issues. *See NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 19-21 (PTAB Sept. 12, 2018) (precedential) ("*NHK*"). The Board has set forth six factors for determining whether discretionary denial is warranted:

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;
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 I*"). In evaluating these factors, the Board "takes a holistic

view of whether efficiency and integrity of the system are best served by denying or instituting review." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 7-17 (PTAB May 13, 2020) (order denying institution) (informative) ("*Fintiv II*").

A. *Fintiv* Factor 1: No Stay Has Been Granted and the EDTex Court Is Highly Unlikely to Grant a Stay

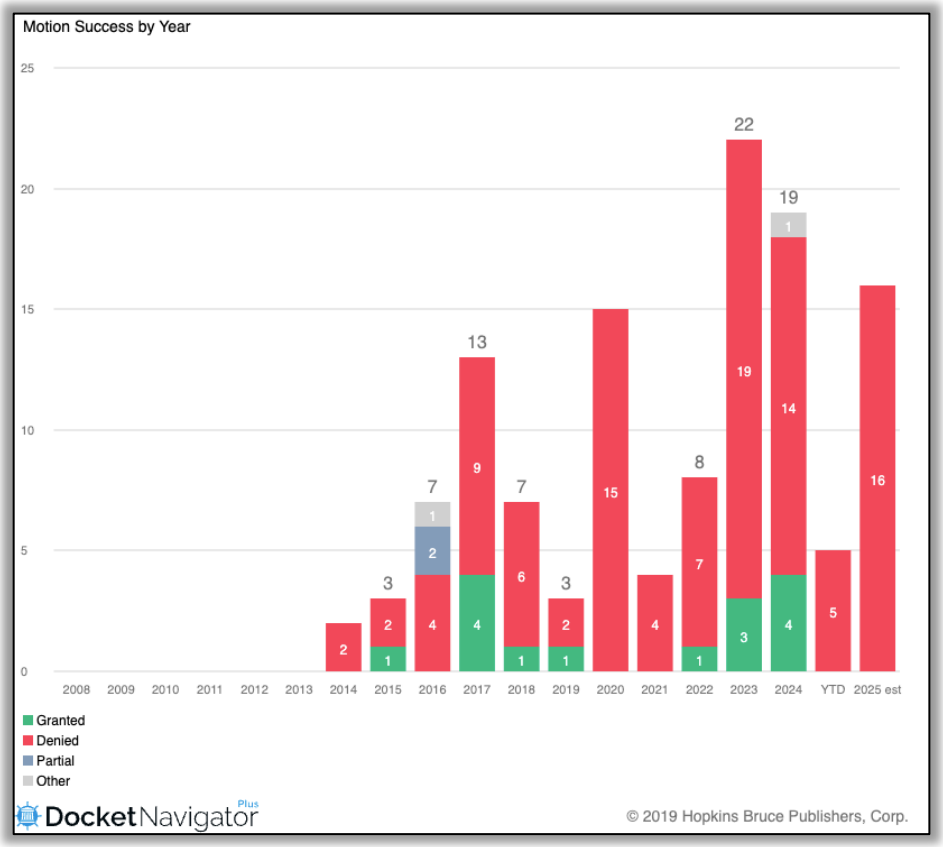
Fintiv Factor 1 looks to "whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted." *Fintiv I* at 5-6. This factor weighs against institution.

Defendant IBM has never moved for a stay, nor is there any indication that it will move for a stay. *See generally* Petition. The District Court of the Eastern District of Texas granted the parties joint scheduling orders, and the parties have been complying with those orders, including exchanging infringement contentions, invalidity contentions, and conducted the *Markman* briefing. At the time of this discretionary denial request (one month before the POPR is due), the parties have completed fact discovery (on May 29, 2025) and will serve opening expert reports in less than a week (on June 16, 2025).

Even if IBM were to file a motion to stay pending IPR, it highly unlikely that stay will be granted. For example, the presiding judge, Judge Gilstrap, as well as other judges in the Eastern District, have consistently held that it is the practice of the Court to deny motions to stay where, as here, IPRs have not been instituted. *See,*

e.g., Viavi Sols. Inc. v. Zhejiang Crystal-Optech Co., No. 2:21-CV-00378-JRG, 2022 WL 16856099, at *5 (E.D. Tex. Nov. 10, 2022) ("It is the Court's established practice to consider that motions to stay pending IPR proceedings which have not been instituted are inherently premature and should be denied as such.").

Moreover, even if the Board institutes IPR, it is highly unlikely that a stay would be granted. For example, an analysis of the outcomes for motions to stay pending IPR before Judge Gilstrap demonstrates that the vast majority of these motions have been denied— the last five years, only 5 such motions have been granted*, while have 65 been denied:*



See Ex. 2006 (Docket Navigator Stay Statistics).

Here, a stay is particularly unlikely given the timing of the Petition. The institution decision is not expected until October 10, 2025, which is only 10 days before the scheduled trial. At that point, the parties will have completed all pre-trial work in the case and be in the midst of trial prep. It highly unlikely that the Court would stay the case at such a late stage.

Because there is no evidence that the EDTex case will be stayed, Factor 1 weighs against institution.

B. *Fintiv* Factor 2: The District Court Trial Will Occur ***Nearly a Year*** Before the Deadline for a Final Written Decision

Fintiv Factor 2 looks to "proximity of the court's trial date to the Board's projected statutory deadline for a final written decision." *Fintiv I* at 5-6. "If the court's trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*." *Id.* at 9. Here, the District Court trial is scheduled for October 20, 2025. Meanwhile, the statutory deadline for a FWD in this IPR is expected to be October 10, ***2026.*** Thus, the EDTex trial is scheduled to occur nearly ***a year*** before the expected FWD deadline in this IPR. Under Factor 2, a gap of nearly a year is extraordinary and weights strongly in favor of discretionary denial.

Notably, IBM waited an entire year after the District Court complaint was

served (complaint filed on Jan. 31, 2024 and served Feb. 8, 2024) to file its Petition (on Feb. 6, 2025). Had IBM been diligent in filing the Petition rather than delaying one year, they could have avoided the trial date being scheduled many months before the FWD deadline. Indeed, IBM was aware of the October 2025 trial date since at least June 2024, when the Court issued the first DCO. *See* Ex. 2004.

Despite knowing the impending trial date, IBM delayed another 7 months before filing this IPR in February 2025. As a direct and foreseeable result of this delay, the question of patentability already be resolved by the jury and District Court many months before the FWD in this IPR.

Any argument that the October 2025 trial date is uncertain fails. Although Judge Gilstrap often schedules multiple trials for the same date, that is to account for settlement and the list tends to substantially narrow as the date approaches. The EDTex court is efficient and conducts multiple trials per month, without a long backlog. Even assuming for the sake of argument that the trial in this case is delayed by 3 months, it would still be 9 months before the expected FWD. Likewise assuming it is delayed by 6 months, it would still be 6 months before the FWD. Finally, assume that trial was delayed by 9 months (contrary to the evidence or statistics). It would *still* be 3 months before the FWD in this IPR. This proves Patent Owner's point. Based on all available information, trial in EDTex will occur before the FWD in this IPR, and likely many months before.

Moreover, the median time-to-trial for the Eastern District of Texas is twenty-three months. *See* Ex. 2007 (Docket Navigator Median Time-to-Trial Statistics). Because the parallel District Court action was filed on Jan. 31, 2024, that would put the expected time-to-trial as late-Dec. 2025 to early Jan. 2026. This is a conservative estimate and metric given the long-standing trial date of October 2024. But even assuming that trial occurred in Jan. 2026, that would still be 9+ months before the statutory deadline for a FWD in this IPR (in October 2026).

Thus, *Fintiv* Factor 2 weighs heavily in favor of discretionary denial.

C. *Fintiv* Factor 3: The Parties Will Have Invested Substantially in the District Court Case Before Any Institution Decision

Fintiv Factor 3 looks to "amount and type of work already completed in the parallel litigation by the court and the parties *at the time of the institution decision*." *Fintiv I* at 9 (emphasis added). For example, "if, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition," this factor favors denial. *Id.* at 9-10. "Likewise, district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial." *Id.* at 10.

Here, even at the time of this discretionary denial brief (one month before the POPR and four months before the institution decision) have already invested

heavily. The parties have completed fact discovery and are in the midst of expert reports, with opening infringement and validity reports due on June 16, 2025.

The institution decision in this IPR is expected on or before October 10, 2025. At that time, the parties will be 10 days before the scheduled trial (on October 20, 2025) and several weeks *after* the pre-trial conference (on September 15, 2025). At that point, the parties and the Court will essentially have completed all pre-trial work in the district court case. All that remains would be trial (and the parties may already have traveled to Marshall, TX to await trial). Under any reasonable measure, this is substantial investment. All work on claim construction, infringement, and invalidity for the '058 patent would be done, including expert reports and motions.

Fintiv Factor 3 has been found to strongly favor discretionary denial where there was less investment than at issue here. *See, e.g., Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19, 3 (PTAB Mar. 28, 2025) (Order Granting Director Review, Vacating the Decision Granting Institution, and Denying Institution of Inter Partes Review) (finding "factor 3 strongly favors discretionary denial" where "the parties had served extensive infringement and invalidity contentions, served opening and rebuttal expert reports, filed claim construction briefs, and conducted several depositions" and "[t]he court also had held a claim construction hearing and construed the disputed claim terms").

Here, the parties and the Court would have done all the work discussed in the

Motorola IPR, *plus* completing dispositive motions getting decisions on those motions, and substantial pre-trial work culminating in the pre-trial conference. Again, the pre-trial conference is scheduled for September 15, 2025—several weeks before the expected institution decision in this IPR.

Thus, *Fintiv* Factor 3 weighs strongly in favor of discretionary denial.

D. *Fintiv* Factor 4: There Is Substantial Overlap Between this IPR And the District Court Action

Fintiv Factor 4 looks to "whether all or some of the claims challenged in the petition are also at issue in district court" and whether the "petition includes the same or substantially the same claims, grounds, arguments, and evidence" as the parallel district court case. *Fintiv I* at 12-13. In short, this factor evaluates "concerns of inefficiency and the possibility of conflicting decisions" when substantially identical prior art is submitted in both the district court and the IPR proceeding. *Id*. at 12.

Here, the claims asserted in the EDTex action are claims 1-4 and 18 of the '058 patent. The IPR challenges the same claims: claims 1-14 and 18. *See* Petition at 1. Further, the prior art and invalidity grounds relied on in the Petition substantially overlap with IBM's invalidity contentions in the EDTex action.

The Petition relies on two obviousness grounds:

- "Ground I: Claims 1-4 and 18 Are Rendered Obvious by Deianov in view of Levine and/or Sands" and

- "Ground II: Claims 1-4, 18 Are Rendered Obvious by Ely in view of Levine and/or Sands"

See Petition at 18, 45; *see also* 10.

IBM's invalidity contentions rely on the same references of Deianov, Levine, and Ely in the same obviousness combinations. *See* Ex. 2008 (Invalid. Contentions) (referencing Deianov at 17, 36, 75, 77, 81-82, 86, 88, 92-93; referencing Levine at 18, 36, 76-77, 81, 83, 86, 89, 92, 94; referencing Ely at the 18-19, 36, 76, 78, 81-83, 86, 89, 92, 94). The only prior art reference not ostensibly listed in IBM's invalidity contentions is Sands. But that is immaterial given that the Petition only relies on Sands as an alternative and optional secondary reference ("Levine and/or Sands").

IBM also relies on the same invalidity theories and arguments (obviousness) based on the primary Deianov and Ely references, and the secondary Levine reference. IBM also relies on the same claim constructions and claim construction standard at issue in the District Court. This raises "concerns of inefficiency and the possibility of conflicting decisions" (*Fintiv I* at 12), as the jury and District Court will decide the validity of the '058 patent claims months prior to any FWD, based on substantially similar (and indeed far more expansive) invalidity arguments.

Additionally, while the IBM makes a *Sotera*-type stipulation in the Petition (Pet. at 67), that stipulation is insufficient. IBM apparently reserves all rights to rely on system prior art even if they are closely related or by the same prior artists as the

Deianov, Ely, Levine, and Sands references. Thus, the scope of IBM's stipulation is not sufficient to ensure that IPR proceedings would be a "true alternative" to the District Court litigation. *See Sotera*, Paper 12 at 19; *see also Motorola v. Stellar*, IPR2024-01205, -01206, -01297, -01208, Paper 19 Paper 19 at 3–4 (March 28, 2025) (Director vacating decision granting institution where the petitioner's "stipulation does not ensure that these [inter partes review] proceedings would be a 'true alternative' to the district court proceeding").

For example, as discussed in the director review decision in *Motorola v. Stella*r, a standard *Sotera* stipulation is no longer sufficient to determine that *Fintiv* Factor 4 weighs in favor of institution where the district court invalidity contentions "are more expansive and include combinations of the prior art asserted in these proceedings with unpublished system prior art, which Petitioner's stipulation is not likely to moot." *Motorola v. Stellar*, Paper 19 at 4 (March 28, 2025) ("although Petitioner's *Sotera* stipulation may mitigate some concern of duplication between the parallel proceeding and this proceeding, the stipulation does not outweigh the substantial investment in the district court proceeding or Fintiv factors 1, 2, and 5"). Here, while Petitioners' stipulation covers the combination of "prior art asserted in this IPR with unpublished system art" (Ex. 1023 at 1), it does ***not*** cover combinations of art not asserted in this IPR with unpublished system art, rendering Petitioners' stipulation insufficient to ensure the IPR proceedings are a "true alternative" to the

District Court proceedings. This is particularly salient in view of Petitioners' expansive invalidity contentions in the District Court proceedings.[3]

Additionally, the Petitioner's stipulation still permits subsequent *ex parte* reexamination petitions on grounds that could have been raised in the Petition. Thus, the stipulation still allows for repeated challenges to the same patent by the same defendant in multiple venues, obviating the very purpose of the IPR process to streamline the patent system and reduce litigation costs. *See, e.g.,* H.R. Rep. No. 112-98, at 39–40 (2011) ("The legislation is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs."). While the Director's concerns in *Motorola v. Stellar* focused on concerns over the duplication between the PTAB and District Court proceedings, expecting the Patent Office (through the PTAB and the Central Reexamination Unit) to hear two serial challenges to the same patent is little better.

In short, if the Board were to grant institution in this proceeding, it would be considering the same claims of the '068 patent whose validity would have been

[3] *See also* FAQs for Interim Processes for PTAB Workload Management, https://www.uspto.gov/patents/ptab/faqs ("Where the petitioner is relying on corresponding system art in a co-pending proceeding and/or several other invalidity theories, a stipulation may not be particularly meaningful because the efficiency gained by any AIA proceeding will be limited.").

previously tried before the District Court many months prior, and the same claims of the '058 patent, whose validity may subsequently be challenged again during any potential *ex parte* reexamination process. This is the opposite of efficiency and contravenes the very purpose of the IPR process.

Thus, *Fintiv* Factor 4 does not favor institution.

E. *Fintiv* Factor 5: Petitioner IBM is the Defendant in the Parallel District Court Litigation

Fintiv Factor 5 looks to "whether the petitioner and the defendant in the parallel proceeding are the same party." *Fintiv I* at 5-6. Specifically, when "the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial." *Fintiv II* at 15. Here, the Petitioner IBM is the same party as Defendant IBM in the parallel EDTex action.

Thus, *Fintiv* Factor 5 weighs in favor of discretionary denial.

F. *Fintiv* Factor 6: Other Considerations Weigh Against Institution

Fintiv Factor 6 looks to "other circumstances that impact the Board's exercise of discretion, including the merits." *Fintiv I* at 5-6. This factor also weighs against institution for several reasons.

First, as discussed above, IBM waited an entire year after the District Court complaint was served (complaint filed on Jan. 31, 2024 and served Feb. 8, 2024) to file its Petition (on Feb. 6, 2025). Had IBM been diligent in filing the Petition rather

than delaying one year, they could have avoided the trial date being scheduled many months before the FWD deadline. Indeed, IBM was aware of the October 2025 trial date since at least June 2024, when the Court issued the first DCO. *See* Ex. 2004.

Despite knowing the impending trial date, IBM delayed another 7 months before filing this IPR in February 2025. As a direct and foreseeable result of this delay, the question of patentability already be resolved by the jury and District Court many months before the FWD in this IPR.

Second, contrary to IBM's assertion the Petition fails to present any compelling merits of unpatentability. The Petition does not present anticipatory prior art under §102. Instead, the Petition relies on vague and ambiguous obviousness assertions, as apparent from the Petition's own listing of the grounds.

Petition for *Inter Partes* Review of U.S. Patent No. 7,784,058
Case IPR2025-00591

Petitioner requests cancellation of the Challenged Claims on the grounds below:

Ground	Claims	Proposed Statutory Rejection
I	1-4 and 18	Obvious under §103 in view of Deianov, or alternatively obvious under §103 in view of Deianov in combination with Levine and/or Sands
II	1-4 and 18	Obvious under §103 in view of Ely, or alternatively obvious under §103 in view of Ely in combination with Levine and/or Sands

Pet. at 10 (highlighting added).

These purported grounds lack specificity, including IBM's reliance on the unintelligible phrase "and/or." For each ground, IBM purports to rely on many combinations and permutation of three references to assert obviousness. Further, both grounds are duplicative and challenge the same claims (claims 1-4 and 18).

The Petition's lack of specificity highlights the lack of compelling merits here. Patent Owner intends to further discuss the lack of merits in its POPR.

Third, the Petition provides ***no*** substantive § 325(d) analysis for the agency to assess if the combinations of prior art features in the Petition are merely a rework of the prior art already assessed during prosecution. *See* 35 U.S.C. § 325(d) (permitting the Director to deny institution of a proceeding where "the same or substantially the same prior art or arguments previously were presented to the Office."). Indeed, the Petition simply asserts in conclusory fashion that § 325(d) does not bar institution. But a proper 325(d) analysis must assess the technical content of individual references relative to the previous prosecution history. This analysis permits the agency to efficiently assess whether "substantially similar" analysis was previously performed by the examiner.

In short, Petitioners attempt to offload their 325(d) burden to the agency or Patent Owner to figure out. Petitioners' 325(d) failure is improper but also demonstrates that *Fintiv* factor 6 favors denying institution.

Fourth, as discussed further below, "additional considerations" (as outlined

in the Director's March 26, 2025 Interim Processes for PTAB Workload Management) weigh in favor of discretionary denial, including the Petition's over-reliance on expert testimony to gap-fill holes in the prior art, as well as the length of time the challenged claims have been in effect.

IV. ADDITIONAL CONSIDERATIONS ON DISCRETIONARY DENIAL

In addition to the above factors, as explained in the March 26, 2025 Interim Processes for PTAB Workload Management, additional relevant considerations may weigh in favor of discretionary denial, including:

- Whether the PTAB or another forum has already adjudicated the validity or patentability of the challenged patent claims;
- Whether there have been changes in the law or new judicial precedent issued since issuance of the claims that may affect patentability;
- The strength of the unpatentability challenge;
- The extent of the petition's reliance on expert testimony;
- Settled expectations of the parties, such as the length of time the claims have been in force;
- Compelling economic, public health, or national security interests; and
- Any other considerations bearing on the Director's discretion.

Here, (1) no changes in the law support reconsideration of validity of the '058 patent claims; (2) the Petition is not strong and is overly reliant on unreliable expert testimony to gap-fill holes in the prior art; and (3) the challenged claims have been in force for fifteen years.

First, no changes in the law support reconsideration of the validity of the '058 patent claims, and Petitioners do not identify any such change. This is all the more striking where the Petition fails to explain how the invalidity grounds asserted in the Petition are not the same or substantially the same prior art or arguments previously were presented to the Office under § 325(d).

Second, the Petition's unpatentability challenges are not strong and rely heavily on expert testimony to gap-fill holes in the prior art. As discussed in the FAQs for Interim Processes for PTAB Workload Management, "[w]hile the Board may consider expert testimony, as a matter of efficiency, extensive reliance on expert testimony and/or reasonable disputes between experts on dispositive issues may suggest that the questions are better resolved in an Article III court."[4] Thus, a "failure to provide focused expert testimony may weigh against institution." *Id*.

The Petition relies on lengthy and unsupported expert testimony to coble together obviousness based on up to three prior art references. This over-reliance on expert testimony to gap-fill holes in the prior art is an additional relevant consideration weighing against institution. That the Petition is relying on expert testimony as opposed to the disclosures of the references themselves is evidenced

[4] FAQs for Interim Processes for PTAB Workload Management, https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management

by: (a) the lack of any anticipation grounds, and (b) the Petition's vague and ambiguous grounds of a primary reference or "alternatively" a primary reference in combination with Levine "and/or" Sands.

Third, the '058 has been in force for fifteen years. The '058 patent was filed on Sept. 21, 2004 and issued on Aug. 24, 2010. *See* Ex. 1001 ('058 patent). The considerable length of time the claims have been in force have built a foundation of settled expectations by the Patent Owner, providing a reasonable expectation that the presumptively valid patent claims—*which already passed thorough examination by the Office*—may be relied upon to defend Patent Owner's intellectual property rights. Thus, settled expectations of the parties is an additional relevant consideration weighing against institution.

Here, the '058 patent has been known to the public since its issuance in August 2010. Specifically, and as set forth in VirtaMove's district court complaint, IBM has known of the '058 patent since before 2015. Dkt. 1 (complaint). Defendant knew of VirtaMove, its products, and at least one of the patents long before this suit was filed and at least as early as 2015. For example, U.S. Patent No. 9,176,713 (assigned to IBM) issued on November 3, 2015 and identifies the '058 Patent under "References Cited." Additionally, U.S. Patent No. 9,934,055 (assigned to IBM) issued on April 3, 2018 and identifies the '058 Patent under "References Cited."

The evidence shows that IBM was aware of the '058 patent since 2015 or earlier and failed to seek review of this patent for a decade (and even up to a full year since being served with a complaint on the '058 patent). VirtaMove's and the public had settled expectations that the '058 patent was duly issued in 2010 and in force for a decade. This further weighs in favor of denying institution.

Just last week, the Director found that similar circumstances weighed in favor of denying institution, and the same reasoning and outcome applies here. *iRhythm Technologies, Inc. v. Welch Allyn.*, IPR2025-00377, Paper 10 at 3 (PTAB June 6, 2025) (Director granting request for discretionary denial and denying institution of IPR) ("Nevertheless, Patent Owner argues that because one of the patents has been in force since as early as 2012 and Petitioner was aware of it as early as 2013—having cited the then-pending application that issued as the challenged patent in an Information Disclosure Statement Petitioner filed in its own patent application—settled expectations favor denial of institution. DD Req. 30–31. Patent Owner's argument is persuasive. Petitioner's awareness of Patent Owner's applications and failure to seek early review of the patents favors denial and outweighs the above-discussed considerations.").

V. CONCLUSION

In summary, all or nearly all *Fintiv* factors weigh in favor of denying institution. Two points should be dispositive: (a) the EDTex trial is scheduled for

Oct. 2025, nearly a full year before the Oct. 2026 deadline for the FWD in this IPR; and (b) the institution decision is expected to arrive several weeks after the September 15, 2015 pre-trial conference in the EDTex case.

- Factor 1: the District Court has not entered a stay and a stay is unlikely.
- Factor 2: trial in the District Court litigation will occur nearly a year before the FWD, to all but ensuring that the District Court will decide the validity of the challenged patent claims way before any FWD
- Factor 3: by the time a decision on institution is issued, the parties will have already invested a significant amount of resources in the District Court litigation, including substantially completing all pre-trial work; only a jury trial will remain
- Factor 4: the challenged claims in the Petition cover all asserted claims in the District Court, and Petitioners' District Court invalidity contentions encompasses and are more expansive than the invalidity grounds asserted in the Petition.
- Factor 5: Petitioner IBM is the Defendant in the District Court litigation.
- Factor 6: Additional considerations favor discretionary denial, including the questionable merits of the Petition, as well as IBM's lack of diligence in bringing the Petition.

Moreover, additional relevant considerations weigh in favor of discretionary denial, including the Petition's over-reliance on unreliable expert testimony to gap-fill holes in the prior art, as well as the length of time the claims have been in force. The '058 patent has be in force for fifteen years, having issued in 2010. And the evidence shows that IBM knew of the '058 patent at least since 2015.

For the foregoing reasons, Patent Owner respectfully requests that the Director its exercise discretion under 35 U.SC. § 314(a) to deny institution.

Date: June 10, 2025

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CERTIFICATION REGARDING WORD COUNT

Pursuant to 37 C.F.R. §42.24(d), I certify that there are 5,158 in the paper excluding the portions exempted under 37 C.F.R. §42.24(a)(1).

Date: June 10, 2025

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e)(1), I certify that the above document was served on June 10, 2025, by filing this document through the Patent Trial and Appeal Case Tracking System (P-TACTS) as well as delivering a copy via electronic mail upon the following attorneys of record for the Petitioner:

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