

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DATADOME S.A. AND DATADOME SOLUTIONS, INC.

Petitioners,

v.

ARKOSE LABS HOLDINGS, INC.,

Patent Owner.

Case No. IPR2025-00693
U.S. Patent No. 7,373,510

PATENT OWNER'S DISCRETIONARY DENIAL BRIEF

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Rules

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PATENT OWNER’S EXHIBIT LIST

Exhibit No.	Description
2001	Declaration of Christian E. Mammen Pursuant to 37 C.F.R. § 42.10(c)(2)
2002	Time to Trial for U.S. District Court for the District of Delaware, LexMachina (retrieved June 12, 2025)
2003	<i>Arkose Labs Holdings, Inc. et al v. DataDome et al</i> , C.A. No. 1:23-cv-01467-RGA (D. Del.), D.I. 1, Complaint (December 27, 2023)
2004	USPTO’s FAQs for Interim Processes for PTAB Workload Management
2005	Letter from Christian E. Mammen to Benjamin Fabre, dated October 6, 2022
2006	Letter from Christian E. Mammen to Stephen Smith, dated August 8, 2023
2007	Morris, A., “IPBC Global 2025: Acting USPTO Director Says IPR Use Needs to Change,” IAM (June 10, 2025)

Patent Owner Arkose Labs Holdings, Inc. (“Arkose”) respectfully submits this brief (“Discretionary Denial Brief”)¹ requesting that the Board exercise its discretion under 35 U.S.C. § 314(a) and the precedential considerations articulated in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (“Fintiv”) to deny institution of the Petition filed by DataDome S.A. and DataDome Solutions, Inc. (collectively, “Petitioner” or “DataDome”).

I. INTRODUCTION

It would waste Board resources to institute this IPR proceeding. Eighteen months ago, on December 27, 2023, after more than a year of exchanging letters with DataDome regarding its patents, Arkose filed a patent infringement action against DataDome in the District of Delaware, alleging infringement of six patents and also asserting a number of unfair competition-related claims. Arkose requested that DataDome S.A., a French company, and DataDome Solutions, Inc., a U.S. company, waive service under Fed. R. Civ. P. 4(d). After waiting nearly a

¹ Patent Owner’s Discretionary Denial Brief is timely submitted in accordance with the “Interim Processes for PTAB Workload Management” Memo (<https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf>), dated March 26, 2025, issued by Acting Under Secretary of Commerce for Intellectual Property and Acting Director for the USPTO, Coke Morgan Stewart (“Memorandum”). The Memorandum states that “within two months of the date on which the PTAB enters a Notice of Filing Date Accorded to a petition, a patent owner may file a brief explaining any applicable bases for discretionary denial of institution.” *Id.* at 2. This Discretionary Denial Brief is therefore timely filed given the Notice of Filing Date issued April 15, 2025. Paper 5.

full 60-day period, DataDome declined to waive service. Arkose served DataDome Solutions on March 15, 2024, and DataDome S.A. agreed to waive service shortly thereafter.

Just as the one-year statutory period expired, DataDome filed this Petition and the Petition in IPR2025-00694, challenging only two of the six patents-in-suit in the Delaware district court action. DataDome did not seek a stay of the Delaware action, but it has filed motions that have otherwise stalled the case and frustrated the progress of the dispute, and these IPR challenges continue DataDome's pattern of delay and avoidance of resolution on the merits.

Further, the challenged patent in this proceeding – U.S. Patent No. 7,373,510 (“the ’510 Patent”) – has now expired. No stay of the district court action has been requested, no *Sotera* stipulation has been offered, and—under the Director’s March 26, 2025 Memorandum—the Board’s present workload counsels strongly against adding an unnecessary review that cannot materially streamline the parallel litigation. Every *Fintiv* factor, considered together with these additional circumstances, weighs in favor of discretionary denial.

Separately, institution should be denied under the *Advanced Bionics* framework, because DataDome’s Petition relies heavily on a reference – Lillibridge (Ex. 1008) – that was thoroughly considered and overcome during prosecution. The Petition attempts to avoid this problem by invoking another

reference – Lim (Ex. 1004) – but Lim is submitted to support substantially the same alleged disclosures as Lillibridge and does not add meaningfully to the disclosures the Patent Office has already considered and dismissed many years ago.

II. INSTITUTION SHOULD BE DENIED UNDER § 314(A) AND *FINTIV*

Under *Fintiv*, to determine whether to deny institution, the Director considers six non-exhaustive factors:

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.

Fintiv, IPR2020-00019, Paper 11 at 6.

Here, each factor, and the additional considerations highlighted in the Director's recent guidance, favors denial.

A. Factor 1 – Absence of a Stay or Likelihood of Stay Favors Denial

No motion to stay has been filed in the Delaware case, and the court has given no indication that it would entertain a stay if one were presented. Even if one were requested, the District of Delaware seldom grants pre-institution stays. *See, e.g., IOENGINE, LLC v. PayPal Holdings, Inc.*, C.A. No. 18-452-WCB, 2019 U.S. Dist. LEXIS 141545, at *19-20 (D. Del. Aug. 21, 2019) (collecting cases); *Invensas Corp. v. Samsung Elecs. Co.*, C.A. No. 17-1363, 2018 U.S. Dist. LEXIS 169999, at *6 (D. Del. Oct. 2, 2018). Here, it is highly unlikely a stay would be granted even if IPR is instituted, because the district court action involves multiple unchallenged patents and non-patent causes of action that must be adjudicated regardless of the IPR. *See, e.g., Twinstrand Biosciences, Inc. v. Guardant Health, Inc.*, C.A. No. 21-1126-GBW-SRF, 2023 U.S. Dist. LEXIS 45701, at *5-6 (D. Del. Mar. 17, 2023) (denying stay and reasoning that even with PTAB review, unaddressed defenses and patents would still need to be adjudicated at the district court); *see also Cao Lighting, Inc. v. Gen. Elec. Co.*, C.A. No. 20-681-GBW, 2022 U.S. Dist. LEXIS 227579, at *7-8 (D. Del. Dec. 19, 2022).

The absence of even a stay request confirms that Petitioner itself does not view an IPR as capable of streamlining the litigation. Consistent with *Fintiv* and

the Board's post-2022 decisions, this factor weighs heavily in favor of discretionary denial.

B. Factor 2 – The District Court's Expected Time-to-Trial Undercuts Institution

Chief APJ Boalick's March 24, 2025 Guidance Memo² states that, in applying *Fintiv*, "the Board may consider any evidence that the parties make of record that bears on the proximity of the district court's trial date ... including median time-to-trial statistics for civil actions in the district court in which the parallel litigation resides."

Here, the statistical information for median time-to-trial dates in the District of Delaware indicates that the median time-to-trial date in Delaware will be reached before a final decision would be due in an IPR in this matter. This is due in significant part to DataDome's delay in acknowledging service, as well as its decision to wait a full year after service before filing its Petition. Although a formal Case Management Order ("CMO") has not yet issued, the Board's recent guidance establishes that a District's statistical time-to-trial data may be considered. Depending on the measuring window, the average time-to-trial in the

² Guidance on USPTO's rescission of "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation," ("Guidance Memo") (March 24, 2025), available at: https://www.uspto.gov/sites/default/files/documents/guidance_memo_on_interim_procedure_rescission_20250324.pdf

District of Delaware ranges from 755 to 1284 days post-complaint—approximately 2.1 to 3.5 years. Ex. 2002, Lex Machina Time-to-Trial for Patent Cases (D. Del.). The complaint here was filed more than 18 months (537 days) ago. Ex. 2003, D. Del. Dkt. 1. Even using the longest historical average, Delaware’s median trial date would therefore arrive before—or at worst contemporaneously with—what would be the Board’s projected final written decision in late 2026, if review is instituted. The Director’s present guidance allows consideration of district-wide statistics where, as here, no CMO has issued. Accordingly, the proximity of the likely trial to the statutory FWD deadline favors denial.

C. Factor 3 – Investment in the Parallel Proceeding

Although fact discovery has not yet occurred, the parties and the court have already invested in the Delaware action:

- i. Patent Owner filed an original Complaint on December 27, 2023, and an Amended Complaint on March 14, 2024, alleging infringement of six patents;
- ii. Petitioner filed a Motion to Partially Dismiss the First Amended Complaint on May 8, 2024;
- iii. That Motion is fully briefed and pending before the district court.

Because Petitioner has targeted only two of the six asserted patents and has not even attempted IPRs on four of them, the district court will proceed to

adjudication on the majority of issues irrespective of this Petition. The investment already made—combined with the certainty that the litigation must continue on at least four unchallenged patents—renders an IPR an inefficient duplication of effort, weighing against institution.

D. Factor 4 – Overlap and Lack of a *Sotera* Stipulation Favor Denial

There is complete overlap between the invalidity issues presented in this IPR proceeding and those that would be adjudicated in the district court for the '510 Patent. Amplifying the risk of duplicative proceedings, Petitioner has not provided a *Sotera* stipulation. Without that stipulation, Petitioners remain free to advance the same grounds—and additional grounds not raised here—in district court even in the event of institution, guaranteeing inefficient duplication. As the Board recently explained in *SAP America v. Cyandia*, IPR2024-01432, Paper 14 (PTAB Apr. 7, 2025), the absence of a *Sotera* stipulation when other invalidity theories remain in court means the IPR cannot serve as a true alternative forum.

Even if Petitioner were to belatedly offer such a stipulation, the Board's recent guidance minimizes the impact of the stipulation. *See* Guidance Memo at 2-3. The Board's FAQs for Interim Processes for PTAB Workload Management emphasize that a Petitioner "should file a *Sotera* or *Sand* stipulation **as soon as practicable**, so that a patent owner may address the impact of the stipulation in its discretionary denial brief." Ex. 2004, Interim Processes FAQ No. 14 (emphasis

added). Petitioner has not done so here, thus depriving Arkose from the ability to address the substance of any such stipulation.

Factor 4 thus weighs heavily in favor of denial.

E. Factor 5 – Identical Parties Favors Denial

There is complete identity between the parties here and in the district court action. The Board has consistently treated this circumstance as weighing toward discretionary denial when, as here, the other factors also favor denial. *See Int’l Bus. Machines Corp. v. Digital Doors, Inc.*, IPR2023-00970, Paper 7 at 13 (PTAB Jan. 12, 2024) (“Because Petitioner here is a defendant in the parallel district court litigation, this factor favors denial of institution under § 314(a).”); *Ericsson Inc. v. Collision Comm., Inc.*, IPR2022-01233, Paper 12 at 16 (PTAB Jan. 19, 2023) (“Petitioner and the defendant in the district court proceeding are the same party” and thus “this factor weighs in favor of denial.”).

Factor 5 weighs heavily in favor of denial.

F. Factor 6 – Other Circumstances, including the Additional “Workload Management” Factors, Strongly Favor Denial

Other circumstances support the Director exercising her discretion not to institute here.

1. Weak Merits

Patent Owner will explain in detail, in its forthcoming POPR, the fundamental problems with Petitioner’s grounds, including, among other things,

the completely erroneous claim parsing that oversimplifies and mischaracterizes the claimed invention in a way that confuses the issues and misapplies the cited art. Further, the Petition relies heavily on a reference, Lillibridge, that was before the Examiner and overcome during prosecution. Ex. 1002 at 109-110. Petitioner's unpatentability challenges simply repackage previously rejected arguments without adding materially different evidence or reasoning. The Petition's reliance on the same primary reference the Examiner already considered undercuts any claim of "compelling merits."

In accordance with the Interim Processes FAQs, Patent Owner incorporates herein by reference the merit arguments and evidence from its forthcoming POPR. *See* Ex. 2004, Interim Processes FAQ No. 25 ("Notwithstanding the prohibition on incorporation by reference in 37 C.F.R. § 42.6(a)(3), when filing a brief for discretionary denial, a patent owner may direct attention to an anticipated POPR and evidence for a discussion of the merits.").

2. Settled Expectations – Expired Patent

The Director identified "[s]ettled expectations of the parties, such as the length of time the claims have been in force" as a relevant consideration in deciding whether to deny institution. Memorandum at 2. The '510 patent expired on September 23, 2024, so the claims were in force for the maximum possible time. The expiration of the challenged patent diminishes the public-interest benefit

of a separate IPR while amplifying the prejudice of delay to the patent owner. That consideration is particularly acute where, as here, parallel litigation is underway and capable of resolving validity in the ordinary course.

The Director's decision in *iRhythm Technologies, Inc. v. Welch Allyn, Inc.* is also instructive here. Director's Discretionary Denial Decision, IPR2025-00363, IPR2025-00374, IPR2025-00376, IPR2025-00377, IPR2025-00378, Paper 10 (Jun. 6, 2025). There, the petitioner had long been aware of the challenged patents, and the Director found that prior awareness outweighed other factors that counseled against discretionary denial. While the passage of time in that dispute was longer, the same principle applies here. Arkose made DataDome aware of its patent portfolio in 2022 (Ex. 2005, October 6, 2022 Letter), of the challenged '510 Patent in August 2023 (Ex. 2006, August 8, 2023 Letter), and filed suit in December 2023 (Ex. 2003). Despite having knowledge of Arkose's patents and potential claims, DataDome delayed as long as possible—stonewalling in pre-Complaint communications, refusing to waive service, filing a motion to dismiss, and then filing this Petition on the last available day under the statutory period. Combined with the expired status of the '510 Patent, the settled expectations of the parties counsels strongly in favor of denying institution.

3. PTAB Workload

Under the Director's March 24, 2025 Memorandum, the Board may weigh its current workload when deciding whether to institute "redundant or low-value" proceedings. Further, the Director has recently noted that the PTAB should be taking up "important cases" and does not "need to be an on-demand extension of purely private disputes." Ex. 2007, Morris, A., "IPBC Global 2025: Acting USPTO Director Says IPR Use Needs to Change," IAM (June 10, 2025) (quoting Director Stewart's comments at IAM's IPBC Global Conference). The Petition challenges just one of six asserted patents, offers no *Sotera* stipulation, and presents no compelling merits. Instituting review would therefore expend Board resources without meaningfully simplifying the district court action, at a time when the Board's docket is already saturated. Further, the '510 Patent is now expired, and the Board's resources are not well-spent evaluating claims that are no longer in force.

4. Inefficiency of Partial Institution

Because a Petition here is now time-barred for four of the six asserted patents-in-suit, the PTAB cannot resolve validity issues for even half of the patents asserted in the district court proceeding. The Delaware court will necessarily try validity (and infringement) for the other patents, along with the non-patent causes of action, damages and willfulness, regardless of this IPR. Instituting review of an

expired patent under these circumstances would not “enhance efficiency” but would instead create a second front of expensive, duplicative litigation.

III. THE PETITIONER SHOULD BE DENIED UNDER § 325(D) AND *ADVANCED BIONICS*

The Board’s existing precedent in *Advanced Bionics* separately supports denying institution. Under § 325(d) and *Advanced Bionics*, an IPR petition may be dismissed on discretionary grounds if: (1) the same or substantially same art or arguments were previously presented to the Office; and (2) if so, the Office did not make a material error in its patentability analysis. *See Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020). DataDome’s cited Lillibridge reference was previously presented to the Office, examined and applied by the Examiner, and overcome during prosecution. The disclosure in the Petition’s other cited references – Lim and Guthrie – is the same or substantially the same as the disclosure in Lillibridge. The Office furthermore did not make any material patentability error with respect to Lillibridge by allowing the ’510 Patent.

A. The Same or Substantially Same Art or Arguments Were Previously Presented to the Office

DataDome admits that Lillibridge was before the Examiner during prosecution of the ’510 Patent. Paper 1 at 7. But DataDome does not explain that the Examiner expressly applied Lillibridge in an August 16, 2007 Office Action as

a basis for both anticipation and obviousness rejections of the pending claims. Ex. 1002 at 109-110.

The disclosures of Lim and Lillibridge are duplicative and substantially the same in all material respects relevant to the challenged claims. Both teach the use of graphical and/or textual challenges to distinguish humans from bots, both emphasize the need for variation in the challenges, and both are directed to the same technical problem and use cases. The core elements of request for access to a web site, responding with a challenge or quiz, and proceeding depending on whether the response to the challenge is correct are duplicative. The technical implementation, motivation, and context are also the same. In arguing for the combinability of the references, DataDome asserts that the two additional cited references are in the same field – internet authentication and security – and address similar problems: distinguishing humans from bots in the context of website access and resource protection. Paper 1 at 24-25.

As a result, Lim does not provide any technical teaching relevant to the elements noted above that is not already disclosed in Lillibridge. The two references are redundant, and Lim's disclosure is, for all practical purposes, a reiteration and elaboration of the same ideas and solutions already present in Lillibridge. Guthrie is only relied upon for discrete subparts of the challenged claims, and does not provide any teaching or technical details that add to the

analysis or change the duplicative nature of the cited references from those considered during prosecution.

B. The Office Did Not Make a Material Error in Its Patentability Analysis

DataDome does not allege that the Examiner erred in allowing the '510 Patent over Lillibridge. The Examiner applied Lillibridge to pending claims in the application that led to the '510 Patent, contending that Lillibridge disclosed a method and computer process for preventing robots from browsing a website beyond a welcome page, comprising steps of receiving an initial request from an undefined originator and responding to the request with a challenge that prompts a response from the undefined originator, once the response is received, checking the response to determine whether the challenge is fulfilled, and if unfulfilled, stopping processing of any further requests, but if fulfilled, processing further requests. Ex. 1002 at 109-110 (August 16, 2007 OA). The applicant amended the claims and the Examiner acknowledged that those amended claims overcame the alleged disclosures of Lillibridge by issuing a Notice of Allowance on January 9, 2008. The Examiner did not err in that determination, and DataDome does not point to any error or any teaching of Lim or Guthrie that is materially different and that would have affected the Examiner's conclusion. The Board should not wade back

into substantive considerations decided over 17 years ago, and DataDome provides no persuasive reason for the Board to do so.

IV. CONCLUSION

Evaluated collectively, the *Fintiv* factors, the weakness of Petitioner's merits, the expired status of the patent, and the Board's own workload considerations all point to the same result: institution would be an inefficient use of Board and party resources and would not materially advance the resolution of the parties' overall dispute. The Petition should also be denied for the separate reasons articulated under the *Advanced Bionics* framework.

For the foregoing reasons, Patent Owner respectfully requests that the Director deny institution under 35 U.S.C. § 314(a) and/or § 325(d).

Date: June 16, 2025

Respectfully submitted,

/s/ Preston H. Heard

Preston H. Heard (Reg. No. 64,675)

Lead Counsel for Patent Owner

CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that the foregoing Patent Owner's Discretionary Denial Brief contains 3,280 words using the word count feature of Microsoft Word.

Dated: June 16, 2025

Respectfully submitted,

/s/ Preston H. Heard

Preston H. Heard (Reg. No. 64,675)

Lead Counsel for Patent Owner

CERTIFICATE OF SERVICE

The undersigned certifies that on June 16, 2025, that a true and correct copy of the foregoing was served on Counsel for Petitioner via filing through the P-TACTS, as well as by delivering a copy via electronic mail to the following email address(es):

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