UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORP.,
Petitioner,

v.

VIRTAMOVE, CORP.,
Patent Owner.

Case No. IPR2025-000853
Patent No. 7,784,058

PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL OF INSTITUTION

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PATENT OWNER'S EXHIBIT LIST

No.	Description
2001	April 30, 2025 Scheduling Order in *VirtaMove, Corp. v. Microsoft Corp.*, 7:24-cv-00338-ADA (W.D. Tex.)
2002	DocketNavigator Time-to-Trial Statistics for Judge Alan Albright
2003	Google Patents, U.S Patent No. 7,784,058 (*available at* https://patents.google.com/patent/US7784058B2/en)

I. INTRODUCTION

Pursuant to the Director's March 26, 2025 memorandum regarding Interim Processes for PTAB Workload Management ("March 26, 2025 Memo"), Patent Owner requests that the Director exercise discretion to deny institution of the instant Petition, which is a "copycat" Petition for a Petition that was already denied on discretionary grounds. *See* Paper 4 at 1 (describing the instant Petition as a "copycat" petition); *Google LLC v. VirtaMove, Corp.*, IPR2025-00489, Paper No. 10 (PTAB July 11, 2025) (denying institution of original petition, of which the instant Petition is a "copycat," for discretionary reasons).

U.S. Patent No. 7,784,058 (the "'058 patent") challenged by the Petition issued on August 24, 2010, and as such it has been in force for nearly ***fifteen years*** (since before the introduction of the *inter partes* review procedure). Accordingly, Patent Owner VirtaMove had strong settled expectations that the '058 patent would not be invalidated through agency action.

Furthermore, Microsoft has been aware of the '058 patent since long before the filing of this Petition. *See* Ex. 2003 at 12 (noting that the '058 patent family was cited during prosecution of Microsoft Corp. U.S. Patent No. 7,921,375). And until the filing of the instant Petition, Microsoft has taken no action to invalidate the '058 patent.

Accordingly, the settled expectations weigh heavily in favor of denying institution, when the '058 patent has been enforceable for nearly fifteen years, and Microsoft knew of its existence for many years before bringing the instant challenge.

Given the heavily weight of settled expectations, the *Fintiv* factors taken as a whole favor denial of institution. Trial is scheduled before a Final Written Decision will be due in this case. And all of the other *Fintiv* factors also either weigh against institution or are neutral.

Finally, there are ***three*** parallel petitions filed against the challenged patent filed by Petitioner. To the extent the Board finds *any* of these Petitions should be instituted, Patent Owner requests that institution be limited to one Petition.

Under similar facts, the Director has already exercised discretion to deny the Petition filed by Google. *Google LLC v. VirtaMove, Corp.*, IPR2025-00489, Paper No. 10 (PTAB July 11, 2025). The same result is appropriate here, and Patent Owner respectfully requests that the likewise Director exercise discretion to deny institution in this proceeding.

II. DISCRETIONARY DENIAL OF INSTITUTION UNDER §314(a) IS WARRANTED.

35 U.S.C. § 314(a) gives the Director discretion to deny institution of IPR due to the advanced state of parallel district court litigation regarding the same 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 in light of such parallel litigation is appropriate:

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.

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) (informative) ("*Fintiv II*").

A. *Fintiv* Factor 1: There is no evidence that a stay will be granted.

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.

Here, the District Court Proceeding is pending before Judge Albright in the Western District of Texas. Because the Board ordinarily "will not attempt to predict" how a district court will proceed if a stay has not been granted (*see Sand Revolution*

II, LLC v. Continental Intermodal Group-Trucking LLC, IPR2019-01393, Paper 24 at 7 (PTAB June 16, 2020) (informative)), there is no reason to suggest that Judge Albright will issue a stay, particularly because the *Markman* hearing (scheduled for October 6, 2025—*see* Ex. 2001 at 2) will have been concluded by the time any decision granting institution would issue. *Fintiv* Factor 1 is thus neutral.

B. *Fintiv* Factor 2: The District Court trial will likely at or before the time 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. This is before the November 21, 2026 projected deadline for final written decision (if a decision granting institution were issued on November 21, 2025).

Here, the Court's trial date is November 16, 2026. And the median time-to-trial from original filing for patent cases before Judge Albright is 25 months. *See* Ex. 2002 (Docket Navigator median time-to-trial statistics for Judge Albright). Accordingly, *Fintiv* factor 2 weighs against institution.

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, an institution decision would be due by November 21, 2025. *See* 35 U.S.C. § 314(b). Prior to the deadline for an institution decision, the parties will have invested significant resources in the parallel District Court Proceeding. For example, the parties have already served extensive infringement and invalidity contentions, and Petitioner's opening claim construction brief will be filed the same day as this request for discretionary denial. See Ex. 2001 at 2. And by the time any institution would occur, the parties would have completed claim construction briefing and the corresponding hearing, and began the process of fact discovery.

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

D. *Fintiv* Factor 4: There is substantial overlap between this IPR and the District Court proceeding.

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 challenged claims cover all asserted claims, and Petitioner's stipulation does little to alleviate concerns with redundancy of invalidity theories presented between this proceeding and the District Court Litigation.

First, the Petition challenges claims 1–18, covering all claims that are asserted in the District Court Proceeding. *See* Ex. 1108 (VirtaMove's March 28, 2025 Preliminary Infringement Contentions) at 1 (showing claims 1-4 and 18 are asserted). And if institution is denied, Patent Owner stipulates that it will not assert against Petitioner any claims of the '058 patent other than those already asserted against Petitioner.

Furthermore, while Petitioner filed a *Sotera*-type stipulation (Paper No. 8 at 1), the scope of Petitioner'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 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. Stellar*, 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…."). As the Board has explained in similar situations:

> [A] majority of the parties' work that would be done here will also be required in the litigation regardless of whether we institute review. Accordingly, we do not consider the presence of the *Sotera* stipulation in our case to ensure that *inter partes* review would be a "true alternative" to the Litigation. On balance, we find that Fintiv Factor 4 weighs in favor of discretionarily denying institution.

SAP America, Inc. v. Cyandia, Inc., IPR2024-01496, Paper No. 13 at 9 (PTAB Apr. 7, 2025).[1]

Here, Petitioner's stipulation only warrants that it will not pursue the same grounds as those raised in the IPR proceedings (or that could have been reasonably raised in the IPR proceedings), system art "materially identical" to "a reference describing that same system art asserted as a part of a specific ground raised in" this

[1] *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.").

proceeding. Paper No. 8 at 1. Thus, the stipulation does not cover any combinations of system prior art with other publication prior art ***not*** asserted in these proceedings, rendering Petitioner's stipulation insufficient to ensure the IPR proceedings are a "true alternative" to the District Court proceedings.

Additionally, Petitioner's stipulation still permits subsequent *ex parte* reexamination petitions on grounds that could have been raised in the Petition (at least before final written decision is entered in this proceeding). Thus, Petitioner's 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.[2]

[2] While 35 U.S.C. § 315(e) does preclude a petitioner from filing an *ex parte* re-examination based on any invalidity grounds "which petitioner raised or reasonably could have raised," this language does not fully protect patent owners from serial validity attacks using substantially the same prior art. As the Federal Circuit has explained, if a petitioner seeks to serially challenge a patent (i.e., by filing an *ex parte* re-examination right after conclusion of an IPR proceeding against the same patent), "[t]he burden of proving, by a preponderance of the evidence, that a skilled

In short, if the Board were to grant institution in this proceeding, it would be considering the same claims of the '058 patent whose validity would also be previously tried before the District Court, 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 weighs in favor of discretionary denial.

E. *Fintiv* Factor 5: Petitioner is a defendant in in the 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 is a defendant in the parallel litigation.

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

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searcher exercising reasonable diligence would have identified an invalidity ground rests on the ***patent holder***." *See Ironburg Inventions Ltd. v. Valve Corp*., 64 F.4th 1274, 1298-99 (Fed. Cir. 2023). Thus, petitioners may still abuse the system by withholding certain prior art during the initial IPR challenge, then filing an *ex parte* proceeding if the IPR challenge fails, forcing the patent owner to then carry the burden of proving that the petitioner could have found the additional references with reasonable diligence.

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 heavily against institution, including for the reasons discussed below with regard to additional considerations (and in particular, the fact that Petitioner has been aware of the '058 patent and it was issued nearly fifteen years ago).

G. Additional considerations weigh in favor of 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, as discussed further below: 1) the claims have been in effect for nearly fifteen years; and 2) no changes in the law support reconsideration of validity of the '058 patent claims.

1. Settled expectations weigh heavily against institution.

The '058 Patent on August 24, 2010 (before the America Invents Act was even signed into law), and has been in effect for nearly ***fifteen years***. When the patent issued, VirtaMove was not even aware of the possibility of an IPR challenge. Accordingly, the settled expectations of VirtaMove of being able to adjudicate its patent claims before an Article III Court weigh against institution.

Furthermore, Petitioner and its technology licensing affiliate have also been aware of the teachings of the '058 patent for many years. Ex. 2003 at 12 (noting that the '058 patent family was cited during prosecution of Microsoft Corp. U.S. Patent No. 7,921,375). Thus, the settled expectations of both parties weigh ***strongly*** against institution.

2. No changes in the law support reconsideration of patentability.

Second, no changes in the law support reconsideration of the validity of the '058 patent claims, such that there is nothing that would justify upending the settled expectations of both parties as discussed above.

H. The balance of the *Fintiv* factors favor denial.

In sum, five *Fintiv* Factors weigh in favor of discretionary denial, and one is neutral. Furthermore, additional relevant considerations (particularly, settled expectations of the parties) further weigh strongly in favor of discretionary denial. Thus, considered as a whole, the relevant facts all weigh in favor of exercising discretionary denial.

III. PARALLEL PETITIONS WEIGH AGAINST INSTITUTION.

Petitioner Microsoft has filed ***three*** separate petitions against the ’058 patent. *See* Paper No. 4 at 1. To the extent ***any*** of these petitions are instituted, Patent Owner requests that institution be limited to a single petition, as Petitioner has not explained why it should be entitled to four separate attacks on the validity of the ’058 patent (its three IPRs plus the district court invalidity arguments).

IV. CONCLUSION

For the foregoing reasons, Patent Owner respectfully requests that the Director exercise discretion to deny institution.

Date: July 21, 2025

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CERTIFICATION REGARDING WORD COUNT

Pursuant to 37 C.F.R. §42.24(d), Patent Owner certifies that there are 2,785 words in the paper excluding the portions exempted under 37 C.F.R. §42.24(a)(1).

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CERTIFICATE OF SERVICE (37 C.F.R. § 42.6(e))

The undersigned hereby certifies that the above document was served on April July 21, 2025 by filing this document through the Patent Trial and Appeal Case Tracking System (PTACTS) as well as delivering a copy via electronic mail upon the following attorneys of record for Petitioner:

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