

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMAZON WEB SERVICES, INC.,

Petitioner,

v.

CROGA INNOVATIONS, LTD.,

Patent Owner.

Case IPR2025-00884
U.S. Patent No. 10,601,780

PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL

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TABLE OF EXHIBITS

Exhibit No.	Description
2001	First Amended Scheduling Order, Dkt. No. 43, <i>Croga Innovations Ltd. v. Amazon Web Services, Inc.</i> , No. 1:24-cv-00398-ADA (W.D. Tex. Apr. 16, 2025)
2002	Claim Construction Order, Dkt. No. 50, <i>Croga Innovations Ltd. v. Amazon Web Services, Inc.</i> , No. 1:24-cv-00398-ADA (W.D. Tex. June 23, 2025)
2003	Document and transaction history of Reexamination Proceedings concerning U.S. Pat. Appl. Pub. 90/019,638
2004	Defendant's Preliminary Invalidity Contentions (Exhibit A-14), dated Nov. 15, 2024 in <i>Croga Innovations Ltd. v. Amazon Web Services, Inc.</i> , No. 1:24-cv-00398-ADA (W.D. Tex.)

I. THE DIRECTOR SHOULD EXERCISE DISCRETION TO DENY INSTITUTION UNDER 35 U.S.C. § 314(a)

The Director should exercise her discretion to deny institution on all grounds. There is significant overlap with the Parallel Litigation, which is scheduled for trial well before a Final Written Decision would be expected here. In addition, an *inter partes* review proceeding would be an inefficient use of resources in light of the currently pending *ex parte* reexamination that has been underway for nearly a year. No stay has been requested in the underlying Western District of Texas litigation, and trial is set to begin in June 2026—more than five months before the statutory deadline for a Final Written Decision. Petitioner will have their day in court to make these same invalidity arguments to the jury. To conserve time and resources, the Director should exercise her discretion and deny institution.

II. THE *FINTIV* FACTORS AND OTHER FACTORS IDENTIFIED BY THE DIRECTOR WEIGH AGAINST INSTITUTION

The Board has discretion under 35 U.S.C. § 314(a) to deny institution of the requested *inter partes* review 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 (PTAB Sept.

12, 2018) (precedential, designated May 7, 2019). The Board has set forth six factors (known as the “Fintiv factors”) for determining whether discretionary denial is appropriate:

- whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
- proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
- investment in the parallel proceeding by the court and the parties;
- overlap between issues raised in the petition and in the parallel proceeding;
- whether the petitioner and the defendant in the parallel proceeding are the same party; and
- 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, designated May 5, 2020) (“*Fintiv I*”); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 7-8 (PTAB May 13, 2020) (decision denying institution of inter partes review) (“*Fintiv II*”). “These factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.” *Fintiv I* at 6. In evaluating the factors, “the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.*

As set forth below, each *Fintiv* factor weighs against institution. To avoid duplication of efforts, wasting resources, and potentially inconsistent decisions, the Director should deny institution.

A. Factor 1: No stay has been entered in the parallel district court litigation and there is no evidence that a stay will be granted

Petitioner has not filed a motion to stay in the parallel district court case pending in the Western District of Texas, nor is there any evidence to suggest a stay would be granted if such a motion was filed. This factor favors denial.

The parallel district court case is not in its early stages. Jury selection is scheduled for June 15, 2026. See EX2001, First Amended Scheduling Order, Dkt. 43 (April 16, 2025), at 3. Fact discovery – including extensive third-party discovery – is ongoing. The parties have already completed claim construction, and a claim construction order was issued on June 23, 2025. EX2002. Fact discovery is ongoing, and source code review has already been substantially completed. The parties have briefed and the court has denied a motion to dismiss filed by Amazon. An institution decision on the '780 IPR Petition is not due until November 2026. By that date, the parties in district court will have exchanged final

invalidity and infringement contentions, fact discovery will be closed, and opening expert reports will have been served. EX2001 at 1-2.

As explained by the Board, a stay of the district court litigation pending resolution of the PTAB proceedings “allays concerns about inefficiency and duplication of efforts.” *Fintiv I* at 6; *Fintiv II* at 12. But here, the district court has not stayed the pending litigation, nor is there any evidence that a stay will be granted. Allowing this IPR to proceed simultaneously with the district court litigation would be wasteful and inefficient. This factor weighs against institution.

B. Factor 2: The proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision.

“If a district court’s trial date is earlier than the Board’s projected statutory deadline for a final written decision, the Board generally has weighed this fact in favor of exercising discretion to deny institution.” *T-Mobile USA, Inc., et al., v. Wireless Alliance*, IPR2024-00608, Paper 16 (PTAB Sept. 3, 2024) (exercising discretion to deny institution of *inter partes* review). The ’780 Petition was filed on April 17, 2025, a decision whether to institute is expected in November 2025, and, if instituted, any

final written decision is expected approximately in November 2026. 37
C.F.R. § 42.100.

Trial in the parallel litigation is scheduled to begin on June 15, 2026. *See* EX2001, at 3. Even if the Board disregards the scheduled trial date, the average time to trial statistics, which would put trial months prior to a Final Written Decision, still weigh against institution. *See* EX1011; *see* Pet. 46.

Petitioner's attempt to inject "scheduling uncertainty" into the district court proceedings is entirely speculative and without merit. Since being transferred to Judge Albright, the district court case has proceeded on schedule. As Petitioner concedes, based on both the scheduled trial date and the average time to trial in the Western District of Texas, trial is likely to occur before the statutory deadline for a Final Written Decision. Pet. 46. Accordingly, this factor weighs against institution.

C. Factor 3: The parties and the courts have made a substantial investment in the parallel proceeding.

This factor relates to the "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. Claim construction orders entered by the district court likewise “indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.” *Id.* at 10.

As discussed above, fact discovery between the parties is ongoing in the parallel district court litigation. In addition, source code review by Croga has already been substantially completed. Claim construction has been completed, with the court issuing its claim construction order on June 23, 2025. EX2002. Final invalidity and infringement contentions are due on August 6, 2025, which is months earlier than an institution decision by the Board is likely to be made in the present *inter partes* review.

Thus, the parties and the district court have already invested significant time and resources in the litigation. This favors discretionary denial. *Fintiv I* at 10; *Fintiv II* at 13-14 (finding that “the level of investment and effort already expended on claim construction and invalidity contentions” favored denial).

D. Factor 4: There is substantial overlap between this IPR and the parallel district court case

This factor looks at “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.

Petitioner acknowledges that the parallel litigation “involves the same parties and same issues” as this IPR. Pet. at 48. Every challenged claim in this proceeding is also at issue in district court, and Petitioner relies on the same Nazario reference here as it presented in its Preliminary Invalidity Contentions. *See* EX2004, Amazon Invalidity Contentions A-14, at 1.

Thus, there is substantial overlap with respect to the arguments and evidence presented here and in the district court litigation for Ground 1. That the district court case involves additional prior art references not asserted in this IPR is “not relevant to the question of the degree of overlap for this factor.” *Fintiv II* at 15.

Notably, Petitioner has not stipulated not to pursue in a parallel district court proceeding the same grounds as in the petition or any

grounds that could have reasonably been raised in the petition (*i.e.*, a *Sotera* stipulation).

In sum, this IPR and the district court case involve the same claims—which have already been construed by the district court—and some of the same prior art, which raises substantial “concerns of inefficiency and the possibility of conflicting decisions.” *Fintiv I* at 12. This factor thus weighs in favor of a discretionary denial. *See Fintiv II* at 15; *NHK Spring* at 19–20.

E. Factor 5: Petitioner is the defendant in the parallel district court case

There is no dispute that the Petitioner here is the defendant in the parallel district court case. “Because 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.; *see also Daiichi Sankyo, Inc. v. Seagen Inc.*, PGR2021-00030, Paper 11, 19 (P.T.A.B. June 24, 2021) (citing *Fintiv I* at 13-14).

F. Factor 6: Other circumstances that impact the Board’s exercise of discretion, including the merits.

The Board may consider other circumstances in the exercise of its discretion, including the merits of the case. *Fintiv I* at 14. “A challenge

can only ‘plainly lead to a conclusion that one or more claims are unpatentable’ if it is highly likely that the petitioner would prevail with respect to at least one challenged claim.” *OpenSky Indus., LLC v. VLSI Tech. LLC*, IPR2021-01064, Paper 102, 49 (PTAB Oct. 4, 2022) (precedential). The Petition here does not present a compelling argument on the merits. For example, Petitioner relies on prior art disclosure of “virtual machines” for the “internal firewall” limitation, Pet. 27-31, yet Petitioner ignores that both previously denied petitions also relied on prior art disclosures of “virtual machines.” *Fortinet v. Croga Innovations Ltd.*, IPR2025-00086, Paper 9 (PTAB March 27, 2025) at 17; *Cisco Systems, Inc. v. Croga Innovations Ltd.*, IPR2024-01196, Paper 7 (February 13, 2025) at 11-13, 15, 17-20. This factor also favors discretionary denial.

All six *Fintiv* factors strongly favor discretionary denial, and the Petition should be denied on this basis alone.

G. Other Factors: Additional Considerations Identified by the Director Strongly Favor Denial of Institution.

The other factors identified by the Director in recent guidance also support exercise of discretion to deny institution.

First, as to whether the PTAB or another forum has already

adjudicated the validity or patentability of the challenged claims, this factor favors denial of institution. The present Petition is the third petition for *inter partes* review challenging the patentability of the '780 patent. As to the first two petitions—IPR2024-01196 and IPR2025-00086—the Board denied institution on the merits, finding that neither petition presented a reasonable likelihood of success because the petitioners had not shown an “internal firewall” in the prior art. *Fortinet v. Croga Innovations Ltd.*, IPR2025-00086, Paper 9 (PTAB March 27, 2025) at 20-21; *Cisco Systems, Inc. v. Croga Innovations Ltd.*, IPR2024-01196, Paper 7 (February 13, 2025) at 17, 21. The third petition was voluntarily dismissed prior to an institution decision. In addition, the '780 patent is currently involved in an *ex parte* reexamination proceeding that commenced in August 2024. EX2003 at 1. Thus, the USPTO has already expended significant resources evaluating the validity and patentability of the '780 patent and, in further consideration of the ongoing district court litigation, it would not be an efficient use of Board resources to institute an *inter partes* review proceeding here.

Second, as to changes in law that may affect patentability, Petitioner has not identified any changes that would affect patentability.

This factor does not indicate that an *inter partes* review would be a valuable use of Board resources.

The third and fourth factors consider the strength of the unpatentability challenge and the extent to which the petition relies on expert testimony. These factors favor denial of institution. Petitioner contends that the Petition is “compelling” because it allegedly “address[es] the issues the Board found in denying institution of a separate petition against the 780 patent.” Pet. 51. However, merely attempting fill in the gaps in the prior art does not make Petitioner’s arguments on the merits compelling. The Petition here relies on prior art disclosure of “virtual machines” for the “internal firewall” limitation, yet Petitioner ignores that both previously denied petitions also relied on prior art disclosures of “virtual machines.” *Fortinet v. Croga Innovations Ltd.*, IPR2025-00086, Paper 9 (PTAB March 27, 2025) at 17; *Cisco Systems, Inc. v. Croga Innovations Ltd.*, IPR2024-01196, Paper 7 (February 13, 2025) at 11-13, 15, 17-20. Furthermore, Petitioner bases its argument as to the “internal firewall” limitation almost entirely on unsupported expert testimony that “a POSITA would have known that virtual machines are created by hypervisors” and that “a POSITA would

have implemented the virtual machine of Nazario using a hypervisor, which would have also acted as an ‘internal firewall.’” Pet. 28 (citing EX1002, ¶ 119). Because the Petition relies on unsupported expert testimony as to what a POSITA would have known, this factor weighs strongly in favor of denial.

The fifth factor considers the settled expectations of the parties. Here, although the ’780 patent issued more than five years ago, Petitioner argues that any settled expectations were diminished because Patent Owner acquired the patent more recently. Petitioner provides no explanation as to how a transfer of ownership interest in the challenged patent serves to diminish the settled expectations of the parties. The Director has previously exercised discretion to deny an *inter partes* review petition when the patent owner acquired the challenged patent many years after issuance. *See, e.g., Samsung Electronics America, Inc. v. Four Batons Wireless, LLC*, IPR2025-00496, Paper 13 (July 17, 2025); Assignment 056614/0544 (June 17, 2021). Petitioner also contends, without any support, that because the challenged patent is being asserted by a non-practicing entity, any settled expectations are further diminished. This is based on a wholly unsupported premise that only

entities producing products or services are entitled to fairly enforce intellectual property rights. This factor favors denial due to the more than five years that have passed since the patent issued.

The sixth factor, which considers whether there are compelling economic, public health, or national security interests at stake is neutral. Petitioner contends that use of the products accused of infringing the '780 patent by “a myriad of individuals and companies,” creates a compelling public interest based on “potential abuses of the patent system.” Yet, Petitioner does not identify any alleged abuse other than a boilerplate statement about enforcement of valid patents. Pet. 52. As Petitioner is undoubtedly aware, nearly every accused infringer presents an argument that the asserted patent is invalid. A similar assertion here does not create a compelling public interest in the result, nor does it show that the Board's resource should be devoted, for what would be the third time, to the merits of an *inter partes* review petition of the '780 patent.

The final factor considers any other considerations bearing on the Director's discretion. Petitioner argues—again without support—that “the integrity of the patent system” and “misuse of patents” are at issue here. Pet. 53. They are not. Patent Owner has asserted the '780 patent in

district court against Petitioner based on reasonable evidence that Petitioner has been and continues to infringe claims of the '780 patent. The district court proceeding will provide Petitioner the opportunity to present its arguments that the claims of the '780 patent are invalid. This factor favors denial.

Date: July 21, 2025

Respectfully submitted,

/Brett Cooper/

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CERTIFICATION REGARDING WORD COUNT

Pursuant to 37 C.F.R. § 42.24(d), Patent Owner certifies that there are no more than 2,641 words in the paper, excluding the portions exempted under 37 C.F.R. § 42.24(a)(1).

Dated: July 21, 2025

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CERTIFICATE OF SERVICE (37 C.F.R. § 42.6(e)(1))

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

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