

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

L'OREAL USA, INC.,

Petitioner,

v.

BRIGHTEX BIO-PHOTONICS, LLC,

Patent Owner.

IPR2025-00971

Patent No. 9,542,595

**PETITIONER'S OPPOSITION TO PATENT OWNER'S REQUEST FOR
DISCRETIONARY DENIAL**

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EXHIBIT LIST

Exhibit	Reference
1001	U.S. Patent No. 9,542,595 (“the ’595 patent”)
1002	Prosecution History of the ’595 patent
1003	Declaration of Dr. Milan Sonka
1004	Curriculum Vitae of Dr. Milan Sonka
1005	U.S. Patent App. Pub. No. 2011/0301441 (“Bandic”)
1006	U.S. Patent No. 7,634,103 (“Rubinstenn103”)
1007	U.S. Patent App. Pub. No. 2003/0063300 (“Rubinstenn300”)
1008	Nina Bhatti et al., <i>Mobile cosmetic advisor: an imaging based mobile service</i> , Multimedia on Mobile Devices (Jan. 27, 2010)
1009	Hsien-Che Lee, <i>Introduction to Color Imaging Science</i> , Cambridge Univ. Press (2005)
1010	Milan Sonka et al., <i>Image Processing, Analysis, and Machine Vision</i> , Chapman and Hall Publishers (1993)
1011	U.S. Patent App. Pub. No. 2004/0108384
1012	János Schanda, <i>Colorimetry: Understanding the CIE System</i> , John Wiley & Sons, Inc. (March 1, 2007)
1013	Yoshi Ohno et al., <i>CIE Fundamentals for Color Measurements</i> , IS&Ts NIP16: 2000 International Conference on Digital Printing Technologies (2000) (accessible at https://tsapps.nist.gov/publication/get_pdf.cfm?pub_id=841491 (Accessed May 6, 2025))
1014	Color Calibration Chart, Jason-Jones.com (January 19, 2010) (accessible at https://jason-jones.com/articles/107-photography/303-color-calibration-chart)
1015	<i>Brightex Bio-Photonics, LLC, v. L’Oreal USA, Inc.</i> , Case No. 24-cv-07919-JCS, Dkt. No. 34 (Mar. 14, 2025) (Patent Case Management and Pretrial Order (including schedule))
1016	L’Oreal USA’s Stipulation Regarding Invalidity Contentions (<i>Sotera</i> Stipulation)
1017	U.S. Patent App. Pub. No. 2008/0219528 (“Edgar”)

1018	App'x E to Petitioner's Invalidity Contentions (addressing the ModiFace Application)
1019	<i>Daily Makeover Tries To Re-Crete the Beauty Counter Online</i> , TechCrunch.com (Aug. 23, 2009)
1020	<i>Mary Kay Virtual Makeover by Mary Kay Inc.</i> , AppAdvice.com (Sep. 12, 2025)
1021	<i>Virtual Makeover by Mary Kay, Inc.</i> , Amazon.com App Store (September 12, 2025)
1022	Letter from Rajeshwar Chhibber, Chief Executive Officer, Brightex (June 6, 2022)
1023	<i>Brightex Bio-Photonics, LLC v. L'Oreal USA</i> , No. 24-cv-07919-JCS, ECF No. 59 (N.D. Cal. July 7, 2025) (Order Granting Motion to Stay)
1024	<i>Brightex Bio-Photonics, LLC v. L'Oreal USA</i> , No. 24-cv-07919-JCS, ECF No. 25 (N.D. Cal. Jan. 24, 2025) (L'Oreal's Motion to Dismiss)
1025	<i>Brightex Bio-Photonics, LLC v. L'Oreal USA</i> , No. 24-cv-07919-JCS, ECF No. 32 (N.D. Cal. Mar. 6, 2025) (Order Granting Motion to Dismiss)
1026	<i>Brightex Bio-Photonics, LLC v. L'Oreal USA</i> , No. 24-cv-07919-JCS, ECF No. 44 (N.D. Cal. May 7, 2025) (Order Granting Entry of Judgment)
1027	<i>Brightex Bio-Photonics, LLC v. L'Oreal USA</i> , No. 24-cv-07919-JCS, ECF No. 50 (N.D. Cal. June 4, 2025) (Notice of Appeal to Federal Circuit)
1028	<i>Brightex Bio-Photonics, LLC v. L'Oreal USA</i> , No. 24-cv-07919-JCS, ECF No. 52 (N.D. Cal. June 5, 2025) (L'Oreal's Motion to Stay)

I. INTRODUCTION

Petitioner L'Oreal USA ("Petitioner" or "L'Oreal") requests that the Director deny Brightex Bio-photonics, LLC's ("PO" or "Brightex") request for discretionary denial (Paper 7, "DD Request"), and instead, refer this IPR to a PTAB panel for an institution decision on the merits. PO bases its request for discretionary denial primarily on patent age, but a holistic analysis of the facts particular to this case show the Office is the appropriate and most efficient forum to review the validity of U.S. Patent No. 9,542,595 ("the '595 Patent," EX1001).

First, the Examiner committed multiple errors during prosecution, which warrant the Office reviewing the issued patent. Notably, the Examiner identified allowable subject matter that the Applicant added during amendment, but the Examiner never conducted a proper search to see if those amendments were taught by the prior art. They were, and the Examiner's failure to even look means it would be an appropriate use of Office resources to consider Petitioner's challenges here.

Second, Petitioner had settled expectations that PO would not assert the '595 Patent against Petitioner. Specifically (and as PO admits), despite communications between the parties, including Petitioner informing PO of Petitioner's product development, PO waited years before asserting the '595 Patent. Petitioner's settled expectations should outweigh the age of the patent.

Finally, instituting this IPR will not result in inefficiencies with parallel litigation because the district court litigation is stayed, little investment in that litigation has occurred, and Petitioner has provided a broad stipulation to ensure that this proceeding is a true alternative to district court.

Accordingly, the Director should decline to discretionarily deny institution of this IPR.

II. THE EXAMINATION OF THE '595 PATENT WAS FUNDAMENTALLY FLAWED AND SHOULD BE REVISITED

A. Overview of the Prosecution History

The application leading to the '595 Patent (Application No. 14/224,659) was filed on March 25, 2014, and claims priority to a provisional application filed on March 25, 2013. The original application had three independent claims, each reciting only (1) transferring a digital image of a subject's face and (2) transferring information of a cosmetic product that was identified by analyzing the color of the subject's face. For example, original claim 1 recited:

1. A method for analyzing a skin of a subject and identifying a cosmetic product for the subject, comprising:

at an electronic device with one or more processors and memory storing one or more programs for execution by the one or more processors:

transferring a digital image of at least a portion of a face of the

subject, the digital image including a plurality of pixels; and
transferring information of a cosmetic product, wherein skin pixels in the plurality of pixels are identified, color space values are identified from the skin pixels, and the cosmetic product is identified at least based on the color space values.

EX1002 at 154 (2014-03-25 claim 1 reciting a method), 155 (claim 9 reciting similar limitations for an electronic device), 155-56 (claim 15 reciting similar limitations for a non-transitory computer readable medium).

On September 17, 2015, the Examiner issued a first Office action, rejecting all of the pending claims as anticipated by LaForgia (US 8,693,768) or obvious over LaForgia and Saito (US 2012/0223956). *Id.* at 71-78 (2015-09-17 Non-Final Rejection). Prior to that rejection, the Examiner's search strategy was largely directed to the transferring limitations of the independent claims. *See id.* at 82-89 (2015-09-17 Examiner's Search Strategy). For example, the Examiner generally searched for a facial image, determining cosmetics or skin products, and identifying or calculating based on a color value. *See, e.g., id.* at 82 (S18 and S19 with search terms "(image with face same (skin adj3 care or cosmetic adj1 industry or skin adj3 products))" and "S18 and (calculating or identify\$3 or identification or computing or obtaining or determining) near3 color adj1 value"). Following these searches, the Examiner provided a Notice of References Cited, including the two applied in the Office Action and four additional references. Among those four additional references was US

2008/0219528 (EX1017, “Edgar”). EX1002 at 79 (2015-09-17 List of References Cited).

In response to the rejection, the Applicant amended the pending independent claims to add a calibrating limitation (“calibrating colors of a first digital image”), arguing (among other things) that LaForgia did not disclose such calibrating, and also amended pending dependent claims 8, 11, and 17 to recite two new limitations not in the original claims: (1) “displaying the first digital image” (the displaying limitation) and (2) “dividing the display of the first digital image into two sides, wherein one side of the first digital image is displayed with no cosmetic product applied, and one side of the first digital image is displayed with a simulated application of a cosmetic product” (the dividing/simulating limitation). *See id.* at 57-61 (2026-03-17 Claims amending pending independent claims 1, 9, and 15 and dependent claims 8, 11, and 17), 63-64 (2026-03-17 Applicant Arguments concerning amendments). For example, pending claim 8 was amended as follows:

8. The method of claim 1, ~~wherein the electronic device is selected from a group consisting of a wireless phone, a wireless tablet, and a wireless computer~~ further comprising:

displaying the first digital image; and

dividing the display of the first digital image into two sides, wherein one side of the first digital image is displayed with no cosmetic product applied, and one side of the first digital image is displayed with

a simulated application of a cosmetic product.

See id. at 58, 60-61 (pending claims 11 and 17 are similar).

On May 23, 2016, the Examiner issued a final rejection. *Id.* at 41-48. For all but pending claims 6, 8, 11, and 17, the Examiner maintained the previous rejection and added Kinjo (US 7,577,310) to address the new calibrating limitation. *Id.* at 44-47. The Examiner found that pending dependent claims 6, 8, 11, and 17 would be allowable if rewritten in independent form. *Id.* at 47. In making this determination, the Examiner never searched for the displaying and dividing/simulating limitations even though those limitations had been newly added by the Applicant following the previous rejection. *See id.* at 51-53 (2016-05-23 Examiner's search strategy mainly searching for "calibration"). Importantly, the Examiner did not search the prior art for any terms related to the displaying and dividing/simulating limitations, such as "display" or "divide" or "simulate" or any synonyms to those terms. *See id.*

In response to the May 23, 2016 rejection, on August 23, 2016, the Applicant rewrote previously pending claims 8, 11, and 17 as independent claims by incorporating limitations from prior independent claim 1 into claim 8, making claim 8 an independent claim, and incorporating limitations from prior dependent claims 11 and 17 into independent claims 9 and 15 respectively. *Compare id.* at 58-61 (2016-03-17 claim amendments where claims 8, 11, and 17 recite displaying and dividing/simulating limitations) *with id.* at 33-36 (2016-08-23 claim amendments where pending

claim 8 is an independent claim with prior claim 1's limitations incorporated and pending independent claims 9 and 15 incorporate the displaying and dividing/simulating limitations from prior dependent claims 11 and 17). Patent Owner also substantially amended claim 1 to incorporate the limitations of dependent claims 3, 5, and 6 (e.g., calibrating, transferring, and color correlation using a second image). *Id.* at 32, 38.

On August 31, 2016, the Examiner issued a Notice of Allowability. *Id.* at 11-13. Notably, prior to this Notice, the Examiner conducted another search for prior art, but the Examiner, again, did not search for any terms related to the displaying and dividing/simulating limitations. *See id.* at 19-21. Instead, the Examiner focused on searches generally directed to other limitations. *See id.* (focusing on identifying colors and calibrating). The Examiner then issued a Notice of Allowance, and pending claims 8, 9, and 15 were renumbered to claims 5, 6, and 11. *Id.* at 12. Because the Examiner had found all limitations of issued claims 5, 6, and 11 were taught by the prior art (i.e., the LaForgia-Kinjo combination), other than the displaying and dividing/simulating limitations, the Examiner allowed those claims based on those two limitations. The '595 Patent issued on January 10, 2017. EX1001.

B. The Examiner's Material Errors Weigh Against Discretionary Denial

In its discretion brief, although PO does not argue the Petition should be discretionarily denied under 35 U.S.C. §325(d), PO states the Petition "merely presents

cumulative prior art of the nature already considered by the Office in the original prosecution, such as LaForgia.” DD Request at 34-35. PO then points to the amendments to pending claim 8 to argue “the Examiner was convinced, for example, that the combination of the color calibration limitation and the simulated application limitation in [pending] Claim 8 was allowable.” *Id.* at 35.¹ The Examiner, however, committed multiple errors during prosecution, and thus, discretionary denial of this Petition would be inappropriate.

First, the Examiner erred by not searching for the displaying and dividing/simulating limitations that the Applicant added in an amendment after the first Office action. The MPEP makes clear that an examiner should perform additional prior art searches if “necessitated by amendments to the claims by the applicant in a reply to the first Office action.” *See* MPEP § 904. Here, the Examiner conducted an additional search prior to each Office action, but the Examiner failed to tailor those searches to the Applicant’s amendments to the claims, and particularly to the amendments the Examiner found recited allowable subject matter (i.e., the displaying and dividing/simulating limitations).

¹ As discussed above, this assertion is incorrect, and the Examiner allowed pending claim 8 based on the displaying and dividing/simulating limitations.

This error by the Examiner was material because such a search would have revealed that these limitations were well known in existing virtual make-over applications. For example, as shown below, the ModiFace application, which was launched in 2010, simulated a cosmetic on an individual's face and divided the displayed image in half for "before" and "after" images. *See* EX1018 at 15 (App'x E to Petitioner's Invalidity Contentions, showing image taken of YouTube video demonstrating ModiFace application at lower left). Similarly, an application called Daily Makeover, released in 2009, also has a dividing feature. *See* EX1019 at 3 (Tech Crunch Article, showing image of Daily Makeover application with dividing feature at lower right); *see also* EX1020 at 3-4 (AppAdvice.com's guide describing Mary Kay's Virtual Makeover app was released on March 13, 2012 with screenshots showing dividing feature); EX1021 at 2 (Amazon.com showing Mary Kay's Virtual Makeover app first released on Amazon app store on March 16, 2012). Had the Examiner conducted a proper prior art search, he would have found such references²

² Examiners are required to search for non-patent literature ("NPL"). *See* MPEP §904.02 (stating that examiners are required to search for NPL to be considered a "thorough and complete search," and examiners are encouraged to use the Technology Centers' EICs for NPL searching). NPLs about applications like ModiFace,

which showed both the displaying and dividing/simulating limitations were taught in the prior art. From this, the Examiner would have easily found that placing before and after images next to each other, or dividing a cosmetic simulation, would have been obvious to apply to any virtual makeover application so that users can see what they look like with and without the simulated cosmetic.



The Examiner's second error (not applying the Edgar reference (EX1017)) amplifies the first. As discussed above, Edgar was cited by the Examiner at the time of the first Office action in a Notice of References Cited. EX1002 at 79. One reason why examiners cite references despite not relying on them in an office action is

Daily Makeover, and Mary Kay's Virtual Makeover app would have been easily located even through simple internet searches.

because “while not needed for rejecting the claims, [those references] would be useful for forestalling the presentation of claims to other disclosed subject matter regarded by applicant as their invention, by showing that this other subject matter is old or obvious.” MPEP §904.03. But here, when the Applicant amended the claims, the Examiner overlooked that Edgar suggested that the amendments adding the displaying and dividing/simulating limitations were old or obvious.

Edgar was published in 2008—years before the ’595 Patent’s 2013 priority date. Edgar is directed to simulating cosmetics on a person’s skin for aesthetic purposes, such as to try out different cosmetics or appear more attractive. *See* Edgar, ¶¶ 3, 15-16. Edgar stated that it was already well known in 2008 (5 years before the ’595 Patent’s earliest possible priority date) that “[w]ebsites such as MaryKay.com offer[ed] virtual makeovers that allow users to try out on their home computer displays different makeup patterns,” and Edgar provided an improved version to simulate the cosmetic application with greater accuracy. *E.g., id.*, ¶¶ 11, 55.

Specifically, one of Edgar’s “aspects . . . [was] to provide a method to let users select and display cosmetic enhancements of digital images of subjects.” *Id.*, ¶ 40. Edgar’s system achieved this through a specific camera and software system that would “capture images of a surface such as the human body” that would result in images that had “pixel-level data about the subject’s color, [and] light value.” *Id.*, ¶ 42. After the image was taken, “a user [would] employ[] computer controls to view

one or more images of the original scan . . . on a computer display and . . . [could] select and modify desired virtual cosmetic enhancements.” *Id.*, ¶ 43. Edgar’s system would “display virtual cosmetic enhancements,” such as changing the color of the subject’s skin, which could be done automatically to achieve certain “looks,” such as “an evening look” or could be manipulated in response to user selections. *Id.*, ¶¶ 196, 199-201.

In other words, Edgar taught displaying the first image and in that image, simulating application of a cosmetic product. The only thing potentially missing from Edgar was dividing the displayed image so that only one side showed the simulated cosmetic application while the other side did not. Given that Edgar discussed known virtual makeover applications with simulations of cosmetics, the Examiner should have been prompted to see if any of these applications included the seemingly simple feature of dividing the image so the user could see before and after together. But as discussed above, the Examiner never even looked. *See* EX1002 at 58, 60-61. Indeed, had the Examiner looked at the known virtual makeover application that Edgar explicitly referenced (on Mary Kay.com), the Examiner would have found that application disclosed such dividing. *See* EX1017 (Edgar), ¶11 (referencing Mary Kay); EX1020 at 4 (showing dividing feature in images of Mary Kay app); *see also* EX1018 at 15; EX1019 at 3.

These fundamental and material errors in the examination of the '595 Patent should weigh heavily against discretionary denial. *See, e.g., Eunsung Glob. Corp. v. HydraFacial LLC*, IPR2025-00445, -452, -453, Paper 14 at 2-3 (July 10, 2025) (“The patent challenged in IPR2025-00445, on the other hand, issued in 2017, and this would ordinarily favor denying institution . . . Petitioner’s arguments that the Office materially erred are persuasive Discretionary denial is not appropriate for this reason.”); *Anthony Inc. v. ControlTec, LLC*, IPR2025-00559, -636, Paper 12 at 2 (July 16, 2025) (“[D]iscretionary denial under 35 U.S.C. § 325(d) is not appropriate Although the challenged patents have been in force for approximately eighteen and seventeen years, Petitioner appears to show a material error by the Office, and it is an appropriate use of Office resources to review the potential error.”); *Xencor, Inc. v. Merus N.V.*, IPR2025-00604, Paper 12 at 2-3 (July 17, 2025) (similar); *Activision Blizzard, Inc. v. Milestone Ent., LLC*, IPR2025-00708, -711, -712, -713, Paper 13 at 2-3 (Aug. 14, 2025) (similar).

III. PETITIONER’S SETTLED EXPECTATIONS THAT PO WOULD NOT ASSERT THE ’595 PATENT WEIGH AGAINST DISCRETIONARY DENIAL

L’Oreal had settled expectations here that PO would not assert the ’595 Patent against L’Oreal. Specifically, PO suggests in its complaint and Discretionary Request that it knew L’Oreal was working on its own application with virtual try-on technology that PO now accuses of infringement. For example, PO suggests that it

knew L’Oreal was interested in virtual try-on technology because L’Oreal entered into the November 2013 agreement between L’Oreal and PO where PO stated it was developing technology “that permits the person to select and apply such products to the image and then view the results.” DD Request at 8 (citing SRX2006 (Complaint), ¶32). PO also alleges that L’Oreal publicly announced the introduction of its “Makeup Genius” product in June 2014, and partnerships with Modiface and Perfect Corp. to develop smartphone applications, including for virtual try-on make up. SRX2006 (Complaint), ¶¶36-39. Further still, while L’Oreal’s “Skin Genius” application is accused of infringing the ’358 Patent, not the ’595 Patent, PO alleges in its complaint that in April 2015 (almost two years before the ’595 Patent ever issued), L’Oreal informed PO that “L’Oreal was working on its own ‘Skin Genius’ application, which was ‘like what [BTBP] built for LRP,’ La Roche-Posay (L’Oreal affiliate).” DD Request at 10 (citing SRX 2006, Complaint, ¶35, p. 13). Thus, the record shows PO knew that L’Oreal was building its own virtual try-on application.

Despite this, PO waited 8 years (until June 2022) after learning of L’Oreal’s own development of its Makeup Genius application in 2014 (which was directed to virtual try-on technology) and Skin Genius application in 2015 and five years after the issuance of the ’595 Patent to notify L’Oreal that PO believed the ’595 Patent was relevant to the Skin Genius application. EX1022 (2022 Chhibber Letter) at 1; *see* SRX2006, ¶82. At that time, PO did not accuse L’Oreal of infringement (stating

only that the patent was “relevant”) and did not ask L’Oreal to take a license to any patents (instead suggesting a “discussion” to “explore” “a mutually beneficial business arrangement”). EX1022 (2022 Chhibber Letter) at 2. PO does not allege it sent any follow-up to this communication, and instead after over 18 months of silence, PO filed its district court complaint.

In addition, PO’s CEO submitted a declaration with the discretionary denial request in this IPR. SRX2015. In that declaration, PO’s CEO contends that L’Oreal asked for information about PO’s patents during five meetings. *Id.*, ¶7. Of these, only one allegedly occurred after the ’595 Patent’s issuance, and PO’s CEO does not allege that anyone from PO told L’Oreal that PO believed L’Oreal’s products infringed the ’595 Patent. *Id.*, ¶7.d.³ In other words, years after L’Oreal informed PO of L’Oreal’s own product development, PO gave L’Oreal information about PO’s patents on 5 different occasions without ever suggesting it would assert those patents against L’Oreal. Based on this, L’Oreal had settled expectations that PO would not assert the ’595 Patent.

³ Of the alleged meetings, PO’s CEO identifies only one at which he was personally present. *Id.*, ¶7.a. For the remaining alleged meetings, PO’s CEO does not provide the basis for his knowledge, which appears to be based on inadmissible hearsay.

PO contends it has settled expectations based on the length of time the '595 claims have been in force and L'Oreal's awareness of the '595 patent. As discussed above, L'Oreal's own settled expectations should weigh more heavily than the patent age here. Indeed, the parties' long-standing business relationship shows PO had ample opportunity to inform L'Oreal if PO believed L'Oreal infringed any of its patents, including when L'Oreal allegedly inquired about the status of such patents. Instead, PO chose to remain silent while PO knew L'Oreal was developing its own technology.

Perhaps recognizing the weakness of its position, PO resorts to mischaracterizing L'Oreal's district court answer to make it sound like L'Oreal admits PO was the first to launch software in this space. DD Request at 24 ("L'Oreal admits that the Brightex application programs were the 'first to go live' in 2014. Despite that admission regarding the 'Brightex application being the 'first to go live,' L'Oreal now argues that Brightex's patented technology is obvious in light of prior art.") (internal citation omitted). This is a gross mischaracterization of L'Oreal's answer.

Specifically, PO's "first to go live" argument cites the district court complaint ¶¶33-34, which state:

33. BTBP then designed and delivered fully functional applications that incorporated BTBP technology for two of L'Oreal's brands, LRP and Garnier. BTBP worked with these brands to determine their

preferred user-interfaces, uploading of products, and testing of the applications.

34. For example, testing of the LRP application was to be completed on July 10, 2014, and was scheduled to launch on July 13, 2014. Garnier, by comparison, was scheduled to complete testing on July 1, 2014, and launch on July 8, 2014. *See Project Timeline.*

SRX2006, ¶¶33-34.

PO then cites L'Oreal's answer as to those paragraphs, which state:

33. L'Oreal USA admits that BTBP developed applications under the November 2013 Agreement, including an application for the Garnier brand. L'Oreal USA lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations, if any, contained in paragraph 33 and, on the basis, denies them.

34. L'Oreal USA admits that, *of the applications BTBP developed under the November 2013 Agreement, the application for the Garnier brand was the first to go live and did so on September 23, 2014.* L'Oreal USA lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations, if any, contained in paragraph 34 and, on the basis, denies them.

SRX2007, ¶¶33-34 (emphasis added).

L'Oreal's admission in paragraph 34 of its answer cannot reasonably (or even plausibly) be interpreted as an admission that PO was the first to have an application go live in this space or as an admission inconsistent with arguing the '595 Patent claims would have been obvious, and PO's argument should be rejected as an attempt to mislead the Director. Instead, L'Oreal admitted only that of the two applications PO developed for L'Oreal brands LRP and Garnier, the application for Garnier was the first to go live (i.e., the Garnier application went live before the LRP application) and did so on September 23, 2024 (i.e., about 2-1/2 months after the scheduled launch date alleged in the complaint). Admitting which of two applications was the first to go live and the date of that launch is irrelevant to PO's discretionary denial request and to the grounds in the Petition.

PO also argues "as a recognized technology 'partner' that shared confidential information and technology with L'Oreal for more than fifteen (15) years, Patent Owner Brightex's 'settled expectations' were that L'Oreal would not leverage its confidential position in their partnership, or the confidential information it acquired during their product development projects, to advance its own interests by filing of an *Inter Partes* Review seeking invalidation of a Brightex patent." DD Request at 25. First, PO has not identified any way that L'Oreal used any confidential information in preparing or filing its IPR. Petitioner did not; its IPR is based only on publicly available patents and printed publications.

In addition, Petitioner has never held a license to any of PO's patents, has never held an interest in any of them, and has never had an agreement with PO that allowed Petitioner to the right to monitor and provide input into the prosecution of any of PO's patents. Thus, this case is distinguishable from the cases in which the Director has relied on "unfair dealings" as weighing in favor of discretionary denial. For example, in *RegenX Sci., Inc., v. NextGen Biologics, Inc.*, the petitioner "had the right to monitor and provide optional input in the prosecution..., and further licensed the patents, and then...advocate[d] for the unpatentability" via the IPR. IPR2025-00620, -621, Paper 13 at 2 (July 31, 2025). The facts of *RegenX* are far different from the facts here.

PO's broad assertion—that *any* past relationship between Petitioner and PO supports unfair dealings in bringing an IPR—is not supported by its own cases. *See* DD Request at 4 n.2 & 20 n.5. Those cases addressed specific scenarios where the inventors themselves later tried to challenge the patent. In *Gator Bio, Inc., v. Sartorius Bioanalytical Instruments, Inc.*, "two inventors of the challenged patent [were] founders of Petitioner [Gator Bio], and one of these inventors is named as a real party-in-interest." IPR2025-00633, Paper 9 at 2 (July 24, 2025). The Director held that it was not an appropriate use of Office resources to institute an IPR where the inventors applied for and were issued a patent but then advocated for its unpatentability. *Id.* Similarly, in *Tessell, Inc. v. Nutanix, Inc.*, the inventors were the patent

owner Nutanix’s employees when they invented what became the challenged patent, but nearly all of those inventors left Nutanix to found or work for the petitioner. IPR2025-00322, Paper 14 at 2 (June 12, 2025). The Director held it was unfair there for the inventors to apply for the patent and then switch companies and try to challenge that patent. *Id.*

Those cases are inapposite to this one, and PO does not even attempt to analogize them. Instead, the facts here show the parties’ prior relationship support Petitioner’s settled expectations that PO would not assert the ’595 Patent against Petitioner. This weighs heavily against discretionary denial.

IV. DISCRETIONARY DENIAL UNDER *FINTIV* IS NOT WARRANTED

Application of the *Fintiv* factors here also shows discretionary denial would be inappropriate, with all six factors weighing against it.

A. Factor 1: The District Court Litigation Is Stayed

The Director should weigh Factor 1 against discretionary denial. As PO admits, “[o]n July 7, 2025, the Northern District of California stayed the parallel litigation pending the outcome of th[is] IPR.” DD Request at 41 (citing *Brightex Bio-Photonics, LLC v. L’Oreal USA*, No. 3:24-cv-07919-JCS (N.D. Cal.), ECF No. 59); EX1023 at 1, 6 (Order Granting MTS). “The granting of a stay pending *inter partes* review has weighed strongly against exercising discretion to deny institution.” *Snap*,

Inc. v. SRK Tech. LLC, IPR2020-00820, Paper 15 at 9 (Oct. 21, 2020) (precedential in relevant part).

PO's arguments do not counsel otherwise. DD Request at 41-42. PO cites no evidence that the Magistrate would "re-establish comparable dates and deadlines for the parallel litigation" if its request for discretionary denial is granted. Such argument is "unfounded speculation as to how the court might proceed." *See Snap*, IPR2020-00820, Paper 15 at 9. Further, PO's argument that the stay should carry less weight here because of PO's settled expectations is also inapplicable because, as described above, any settled expectations PO has based on patent age are outweighed by Petitioner's settled expectations that PO would not assert the challenged patent and by Examiner error.

B. Factor 2: Even If the Stay Were Lifted, an FWD Is Expected Before District Court Trial

The Director should weigh Factor 2 against discretionary denial. PO submitted statistics that show median time to trial in the Northern District of California of 40.2 months (SRX2010), suggesting a trial date of March 2028. As PO admits, a final written decision is expected in this IPR no later than December 15, 2026, over a year earlier. DD Request at 43 n.18.

PO cites no evidence to support its speculation that "a trial *could* be scheduled by the Magistrate in the parallel litigation (if the stay is lifted) before the final written decision date." *Id.*, 43 (emphasis added). The Director should not give PO's

unsupported speculation any weight. Instead, the litigation is stayed, and even if the stay were lifted, the record supports that district court trial would likely occur after the expected final written decision in this IPR. Thus, this factor weighs heavily against discretionarily denying institution.

C. Factor 3: There Has Been Little Investment in the District Court Proceeding, and Petitioner Was Diligent in Filing this IPR

The Director should weigh Factor 3 against discretionary denial. As discussed for Factor 1, the co-pending litigation has been stayed since July 7, 2025.

Little investment has occurred in district court with respect to the '595 Patent. The complaint, filed in November 2024, asserted infringement of two patents, the '595 patent and U.S. Patent No. 9,842,358. *E.g.*, SRX2006, ¶¶46, 50, 83, 105. On January 24, 2025, L'Oreal moved to dismiss under Rule 12(b)(6), contending the asserted claims of the '358 patent were unpatentable under 35 U.S.C. §101. EX1024 at 1-2 (L'Oreal's Motion to Dismiss). On March 6, 2025, the district court granted that motion and dismissed PO's infringement claim for the '358 patent with prejudice. EX1025 at 1 (Order Granting Motion to Dismiss). On May 7, 2025, the district court entered judgment of that order under Rule 54(b), and PO's appeal to the Federal Circuit is pending. *See* EX1026 at 1 (Order Granting Entry of Judgement); EX1027 at 1 (Notice of Appeal to the Federal Circuit).

As to the '595 Patent, L'Oreal filed its answer on April 18, 2025, and then this IPR petition less than a month later (on May 12, 2025). *Compare* SRX2007 at 28

(filing date) *with* Paper 5 at 1 (NOFDA). L’Oreal filed its motion to stay pending IPR on June 5, 2025, and the district court granted that motion on July 7, 2025. EX1028 at 1-2 (L’Oreal’s MTS); EX1023 at 1 (Order Granting MTS).

PO admits that the protective order in district court was not entered until June 13, 2025, and L’Oreal began producing documents after that. DD Request at 45-46. Thus, the parties produced documents under the protective order for less than a month before the case was stayed. Further, PO’s discretionary request confirms that the district court proceeding was in its infancy when it was stayed with certain disclosures exchanged and initial production of documents, but with no depositions yet taken, no claim construction briefing filed with the district court, no *Markman* hearing, and no substantive motions on the ’595 Patent. *See, e.g.*, DD Request at 45-46.

Both L’Oreal’s diligence in filing its Petition and the lack of investment at the district court should weigh strongly against discretionary denial. *See Savant Techs LLC d/b/a GE Lighting v. Feit Elec. Co.*, IPR2025-00260, Paper 16 at 3 (June 12, 2025) (declining to discretionarily deny petition and noting that “Petitioners acted diligently in filing this Petition less than three months after Patent Owner asserted claims 11 and 12 in district court”); *All. Laundry Sys., LLC, v. Payrange LLC*, PGR2025-00027, -28, -573, Paper 11 at 2 (July 17, 2025) (declining to discretionarily deny petition and noting that “relatively little investment in that proceeding” favors institution).

D. Factor 4: The Stay and Petitioner’s Stipulation Mean There Will Be No Overlap Between Issues Raised in this IPR and in the District Court

The Director should weigh Factor 4 heavily against discretionary denial. Petitioner provided a *Sotera* stipulation with its Petition. Pet. at 71; *see* EX1016. In addition, although L’Oreal raises prior art systems in its district court invalidity contentions, if this IPR is instituted, L’Oreal will not seek to combine those systems with any patents or printed publications, including those in the grounds in this IPR. *See* SRX2013 at 8. Thus, the *Sotera* stipulation and L’Oreal’s further stipulation above meaningfully eliminate overlap and should be given significant weight.

E. Factor 5: L’Oreal Is the Petitioner and the Defendant in the Parallel Proceeding

The Director should weigh Factor 5 against discretionary denial. Here, as explained regarding Factor 2, the district court case is stayed, and even if the stay were lifted, median time-to-trial statistics show that trial would likely occur after the final written decision. In circumstances where a final written decision “is likely to issue before the district court trial,” the Board has “weigh[ed] this factor against exercising discretion.” *BMW of N. Am., LLC v. Mich. Motor Techs. LLC*, IPR2023-01234, Paper 11 at 14-15 (Jan. 26, 2024) (collecting cases).

F. Factor 6: Other Circumstances, Including the Merits, Show This IPR Should Not Be Discretionarily Denied

The Petition presents strong merits, and the Director should weigh Factor 6 against denial. As to the merits, PO argues Bandic does not teach or render obvious “the simulated application of a cosmetic product.” DD Request at 36. But the Petition explains that a POSITA would have found it obvious to apply Bandic’s simulation for cosmetic products in Ground 1. Pet. at 24-25; EX1003 (Sonka Decl.), ¶¶109-110. Dr. Sonka bases this analysis on Bandic’s own disclosures that its “algorithm 150 for determining a skin state 158 may be used to determine a cosmetic and because the cosmetic may be simulated on the user interface.” EX1003 (Sonka Decl.), ¶110 (citing Bandic, ¶0423). In addition, PO ignores Ground 2 which relies on Rubinstenn103 as teaching simulated application of a cosmetic product. Pet. at 46 (citing Rubinstenn103, 9:2-7 (“selecting a first beauty product based on the subject’s response to the query (S.130); enabling a display, on a display device, of *a simulation of the first beauty product applied on a representative facial image* (S.140)”) (emphasis added)); EX1003 (Sonka Decl.), ¶181.

As explained in detail below, none of PO’s other arguments under this factor support discretionary denial. In addition, clear evidence of examiner error and Petitioner’s own settled expectations, which are described above, show this IPR is an appropriate use of the Office’s resources.

V. PETITIONER APPROPRIATELY RELIES ON EXPERT TESTIMONY THAT IS ENTITLED TO WEIGHT

PO argues that Petitioner's reliance on expert testimony supports discretionary denial. DD Request at 26-31. In doing so, PO repeatedly points to the length of the expert declaration. *E.g., id.*, 26, 28, 30. But length of an expert declaration alone does not support discretionary denial. *See, e.g., Cambridge Indus. USA, Inc. v. Applied Optoelectronics, Inc.*, IPR2025-00434, -436, -437, Paper 11 at 2 (June 26, 2025) ("Although Patent Owner argues that discretionary denial is warranted because Petitioner is over-reliant on expert testimony, Patent Owner does not identify any portions of the expert testimony that suggest Petitioner is using its expert to fill gaps in the prior art."); *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, -374, -376, -377, -378, Paper 10 at 2-3 (June 6, 2025) (similarly finding PO's argument of over-reliance on expert testimony unpersuasive where PO did not identify any of portions of testimony that was used to fill gaps in the prior art).

Next, PO faults Petitioner and its expert for not including explicit claim constructions in the Petition and accompanying declaration. DD Request at 26-28. Although PO points to the four terms Petitioner proposed for construction in district court (SRX 2018), PO does not argue that Petitioner's invalidity grounds in this IPR are inconsistent with any constructions proposed in district court. *See* DD Request at 26-28.

Additionally, PO points out that Petitioner's challenges are for obviousness and not anticipation. *Id.* at 28. And because L'Oreal does not assert Bandic as an anticipatory reference, PO accuses L'Oreal of using its expert declaration to fill gaps. *Id.* But PO does not identify a single instance of alleged gap-filling. Instead, PO resorts to general statements about the length of Bandic, the number of embodiments disclosed in it, and how many times the reference used common phrases like "an aspect of the invention." *See id.*, 28-30. Such conclusory assertions do not support improper use of expert testimony that weighs in favor of discretionary denial. Instead, Dr. Sonka explains how a POSITA would have understood the Bandic reference's disclosures. *E.g.*, EX1003, ¶102 (explaining why "color offset correction is equivalent to calibrating the colors of the first digital image" with citation to a published book in support). Dr. Sonka also explains why Bandic's disclosures do not refer to separate, distinct embodiments, but rather interchangeable variations. EX1003, ¶95.

Further, PO contends Petitioner's expert parrots the claim language with conclusory assertions and that the expert's testimony is not sufficiently focused. DD Request at 30-31. Again, however, PO does not identify a single example of this. Even a quick review of Dr. Sonka's declaration shows it contains much more than parroting of claim language with conclusory assertions, and as noted above, Dr.

Sonka explains that Bandic teaches interchangeable variations, not distinct embodiments. EX1003, ¶95.

Finally, PO's argument as to Petitioner's expert's testimony mentions only the Bandic reference, while ignoring that Petitioner relies on Bandic alone for challenging only three of the fifteen challenged claims. And even for those three claims, Petitioner presents an additional ground that relies primarily on a different reference (Rubinstenn103) in combination with Bandic. Pet. at 3, 35.⁴ Petitioner also presents additional grounds that rely on two different references (Rubinstenn103 and Rubinstenn300) in combination with Bandic. Pet. at 3.

PO's reliance on *Adaptics Ltd. v. Perfect Co.* to support its argument about Petitioner's expert testimony is also misplaced. IPR2018-01596, Paper 20 (Mar. 6, 2019) (informative)); DD Request at 38. In *Adaptics*, institution was denied because the petition was based on voluminous and excessive grounds, relying "on up to ten references connected by the conjunction 'and/or' [in a single ground, which] result[ed] in a multiplicity of grounds, none of which [was] presented with sufficient particularity Petitioner's use of 'and/or'. . . expand[ed] the ground to include

⁴ Petitioner notes that its table of grounds contains a typographical error (Pet. at 3), and Grounds 1 and 2 both challenged the same claims (5, 6, and 11) (*see id.* at 13, 35).

combination of three, four, or more references, yielding hundreds of possible combinations.” *Adaptics*, IPR2018-01596, Paper 20 at 18-19. *Adaptics* does not apply here because the Petition does not use an “and/or” conjunction to set forth hundreds of combinations of references. Instead, the Petition sets forth grounds with specific combinations. *See* Pet. at 3 (Ground 1 relies on Bandic, Ground 2 relies on Rubinstenn103 and Bandic, and Grounds 3 and 4 rely on Rubinstenn103, Rubinstenn300, and Bandic).

VI. WHEN CONSIDERING THE FACTS HERE HOLISTICALLY, THIS IPR SHOULD BE REFERRED TO A MERITS PANEL

On balance, the Director should deny PO’s request for discretionary denial and refer this IPR to a merits panel as discussed above: (1) the Examiner erred during prosecution; (2) the *Fintiv* factors favor institution; (3) Petitioner had its own settled expectations that PO would not assert the ’595 Patent against it, and (4) Petitioner’s properly relies on the testimony of its expert Dr. Sonka.

Moreover, any potential settled expectations that PO had in the ’595 Patent due to its age are outweighed by other considerations including the Examiner’s errors. The Director has repeatedly found that a persuasive showing of examiner error outweighs a PO’s settled expectation based on patent age. For example, in *Eunsung*, the Director held that discretionary denial was inappropriate because the Examiner’s error outweighed settled expectations. There, the examiner identified a feature that was missing from the prior art, but the examiner erred by overlooking that a

reference the examiner had found as pertinent actually disclosed that feature. IPR2025-00445, 452, -453, Paper 14 at 2-3. Although the challenged patent had issued in 2017, which would ordinarily favor denying institution, the Director held that discretionary denial was not appropriate because the examiner erred by overlooking that the allowable features were disclosed in the reference. *Id.*

Here, the Examiner's error is similar to, if not worse than, the error in *Ensung*, outweighing any settled expectations due to age. Like in *Eunsung*, the '595 Patent issued in 2017, but the Examiner erred by overlooking that Edgar, which was found by the Examiner, actually suggests the displaying and dividing/simulating limitations that the Examiner thought were missing from the prior art. To make matters even worse, the Examiner never even searched for those limitations which were added in an amendment after the first Office action and which the Examiner found were the allowable subject matter for most of the challenged claims here. If overlooking a reference is enough to overcome settled expectations of an eight-year-old patent, then overlooking a reference for limitations the Examiner thought was missing from the prior art and neglecting to search for those limitations certainly outweigh settled expectations for the eight-year-old '595 Patent here.

VII. CONCLUSION

Considering all factors holistically, significant, persuasive reasons—including Examiner errors, Petitioner's own settled expectations, and stayed district

court litigation with little investment and a broad stipulation to meaningfully eliminate overlap—show PO’s request for discretionary denial should be denied.

Respectfully submitted,

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CERTIFICATION OF COMPLIANCE

Pursuant to 37 C.F.R. §42.24 and the Interim Process for PTAB Workload Management, the undersigned hereby certifies that the word count for the foregoing PETITIONER'S OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL totals 6,659 words. Accordingly, this Opposition is under the word count limit of 14,000 words.

This word count was calculated by using the built-in word-count tool in L'Oreal Word, the software used to prepare the document.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing PETITIONER'S OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL and Exhibits 1017-1028 were served via electronic mail upon the following counsel of record for PO:

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