

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TREASURE GARDEN, INC.,

Petitioner,

v.

ATLEISURE, LLC,

Patent Owner.

Case IPR2025-01005

Patent No. 8,104,492

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

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I. INTRODUCTION

IPR2025-01005 seeks review of U.S. Patent No. 8,104,492 (“the ’492 Patent”) to correct an erroneous priority claim that excluded consideration of the strongest prior art references that invalidate the ’492 Patent under 35 U.S.C. § 102. The ’492 Patent claims priority to a provisional application. However, during prosecution, the examiner never evaluated whether the provisional application met the requirements of 35 U.S.C. § 112 in view of a new figure with additional description added to the non-provisional application that changed the scope of the claims. Neither the Patent Office nor any court has evaluated the priority claim. Patent Owner seeks discretionary denial of institution to avoid PTAB review of its weak priority claim and the prior art that should have been considered during examination prior to allowance.

Yet, discretionary denial is not warranted. First, all of the *Fintiv* factors weigh against discretionary denial and in favor of institution except for one that is neutral (that Petitioner is a defendant in the parallel litigation). The parallel litigation between the parties is in its initial stages. The district court has not conducted claim construction nor made any rulings relating to the ’492 Patent, and the parties have only conducted preliminary written discovery and document production. In February 2025, the district court issued an order stating its intent to appoint a special master to handle all aspects of the case up to trial. However, the special master has

not yet been appointed so the case has not progressed since February. There is no date set for a claim construction hearing or for trial. Further, the PTAB's decision in this IPR would fully resolve or greatly simplify the litigation.

Second, settled expectations do not justify discretionary denial here. The '492 Patent issued in 2012, and Patent Owner filed two lawsuits in 2012 that settled before any court considered the validity of the '492 Patent or its claim of priority to a provisional application. The Patent Owner did not file another lawsuit to enforce the '492 Patent or acquire any new licensees until 2020. In the intervening eight years, the defendants from the initial two lawsuits had a license from Patent Owner and continued selling licensed products but had no obligation to mark those products with the '492 Patent as required by 35 U.S.C. § 287. Thus, numerous unmarked products were on the market.

Petitioner has been selling its products accused of infringing the '492 Patent since at least 2017. Yet, Patent Owner never objected to these sales by a competitor until 2024. Patent Owner also allowed the '492 Patent to go abandoned for failure to pay maintenance fees in 2020, though later succeeded in getting the patent reinstated.

In view of Patent Owner's failure to enforce the '492 Patent for years, failure to comply with the marking requirements, lengthy delay in enforcing the '492 Patent against Petitioner, and allowing the patent to go abandoned, Patent Owner's conduct

undermined any expectations that the '492 Patent was valid or would be enforced. Moreover, competitors of Patent Owner have repeatedly questioned the validity of the '492 Patent and its specious priority claim. Yet neither the Patent Office nor any court has evaluated it. The examiner's error in failing to review the priority claim to the provisional application overcomes any settled expectations of validity if any ever existed. Accordingly, Patent Owner's request for discretionary denial should be rejected, and this petition should be instituted.

II. FACTUAL BACKGROUND

A. Patent Owner Waited Seven Years to Enforce the '492 Patent Against Petitioner's Products

The '492 Patent issued on January 31, 2012. Shortly after, in April and June of 2012, Petitioner filed two lawsuits to enforce the patent against Ace Evert, Inc. and Red Star Traders, LLC. Ex. 1032; 1033. Each of those lawsuits settled and was dismissed before any rulings on the validity of the '492 Patent. Ex. 1034, 1035. The settlements of those lawsuits included licenses allowing Ace Evert, Inc. and Red Star Traders, LLC to sell products using the invention claimed in the '492 Patent but did not include any requirement to mark those products with the patent number as required by 35 U.S.C. § 287. *See* Ex. 1037 at 2 (ATLeisure's Response to Lowe's Home Center LLC's Motion for Partial Summary Judgment as to Patent Marking); *see also* Ex. 2002 at ¶ 4.

Petitioner has been openly selling the products accused of infringement in the parallel lawsuit since at least 2017, as shown in a 2017 webpage capture of the Treasure Garden website. *See* Ex. 1036. When Petitioner began selling these products, the Patent Owner had last sued a competitor in 2012, and Patent Owner's two licensees were selling products that practiced the '492 Patent but were not marked with the '492 Patent number. *See* Ex. 1037 at 2. From at least 2017 until 2024, Patent Owner never objected to Petitioner's sales of these products.

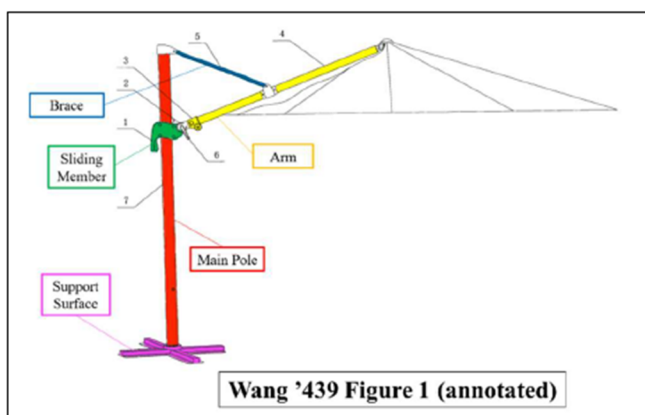
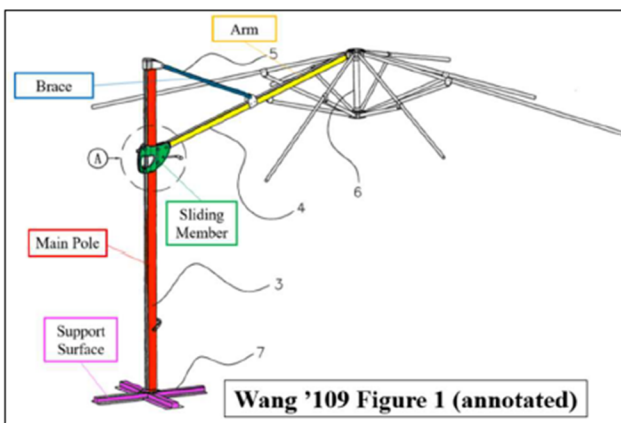
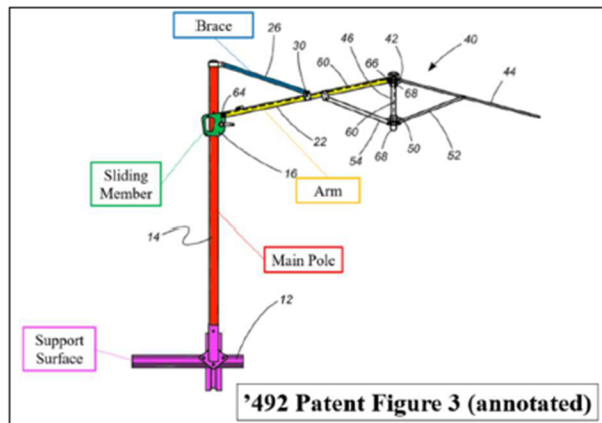
In 2020, Patent Owner had not filed a lawsuit to enforce the '492 Patent since 2012 and failed pay required maintenance fees for the '492 Patent. The Patent went abandoned on January 31, 2020, and was listed as expired on the USPTO website. *See* Ex. 1039. Shortly after, Patent Owner petitioned to have the patent reinstated, and the patent was reinstated on February 29, 2020. Ex. 1002 at 34. Following reinstatement, Patent Owner filed two additional lawsuits in 2020 and 2022. Exs. 1040, 1041. Both of those lawsuits settled after approximately one year. Exs. 1042, 1043. Other than a construction of the term "locking means" as having its plain and ordinary meaning under § 112 ¶ 6 in 2013, no district court issued orders on claim construction or validity in any prior lawsuit. Then, in 2024, almost seven years after Petitioner first launched its products, Patent Owner sued Petitioner for infringement of the '492 Patent.

B. Neither the Patent Office Nor the Courts Has Ever Evaluated the Priority Claim of the '492 Patent or the Two Prior Art Patents that Anticipate the Claims of the '492 Patent

The application that would become the '492 Patent was filed on May 5, 2009, and claimed priority to Provisional Application No. 61/050,353 (the “'353 Provisional”), which was originally filed on May 5, 2008. The non-provisional contains a new figure that was not in the provisional application and contains additional description and explanation of the structure shown in that new figure. Although the '492 Patent issued on January 31, 2012, the Patent Office never reviewed the assertion of the May 5, 2008 priority date based on the provisional application. Ex. 1002. However, Claims 1 and 5-7 have a “locking means” limitation that the parties agree is governed by § 112 ¶ 6, and the new structure added in the non-provisional application changed the scope of those claims. The additional disclosure and changed claim scope in the non-provisional application undermine the '492 Patent's priority claim to the provisional.

Because the Patent Office relied on the May 5, 2008 priority date of the provisional, the Patent Office never considered the prior art references, Chinese Utility Model Patent Nos. CN 201076109Y (“Wang '109”) or 201197439Y (“Wang '439”), that are the basis for Grounds 1 and 2 of IPR2025-01005. Both of these references have a reference date after May 5, 2008, but before May 5, 2009.

Moreover, both of these references disclose a cantilever umbrella with a structure almost identical to the umbrella claimed in the '492 Patent as shown below.



C. The Parallel Lawsuit is in Its Initial Stages and Has Not Progressed Since February 2025

Patent Owner sued Petitioner for infringement of the '492 Patent on May 23, 2024 in the Northern District of Georgia. Ex. 1030. After the suit began, the parties exchanged written discovery, including infringement and invalidity contentions, and submitted claim construction briefs. Ex. 1052 at ¶ 3. On February 28, 2025, the

Court issued an order notifying the parties of the Court’s intention to appoint a special master to preside over issues leading up to trial, including claim construction, summary judgment, and discovery matters through summary judgment. Ex. 1044.

Patent Owner filed another lawsuit asserting the ’492 Patent on November 25, 2024 in the Northern District of Georgia, and the later-filed lawsuit was consolidated with the suit against Treasure Garden on April 9, 2025. Ex. 1045. Because the consolidated litigation included additional defendants, the parties submitted a new proposed schedule to the district court on April 10, 2025. Ex. 1046 at 7. The proposed schedule, which has not been adopted by the district court, does not provide a claim construction hearing or trial date. *Id.* Petitioner moved to stay pending *inter partes* review on May 22, 2025. Ex. 1047. As of yet, the district court has not adopted a schedule, appointed a special master, or ruled on Petitioner’s motion to stay. Ex. 1052, ¶ 4.

**III. FINTIV WEIGHS AGAINST DISCRETIONARY DENIAL BECAUSE
THERE ARE NO DATES SET FOR TRIAL OR EVEN CLAIM
CONSTRUCTION IN THE CO-PENDING LITIGATION**

A. The First *Fintiv* Factor Weighs Against Discretionary Denial: The Case is Essentially Stayed, and a Motion to Stay is Both Pending and Likely to be Granted.

The first *Fintiv* factor, “whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted,” weighs strongly against discretionary denial and favors institution. Although the parallel litigation involving

the '492 Patent has been pending since May 23, 2024, little substantive activity has taken place. Indeed, on February 28, 2025, the district court notified the parties of its intent to appoint a special master to preside over claim construction and summary judgment; however, the court has yet to appoint a special master. Ex. 1044. Moreover, on April 9, 2025, the district court consolidated the parallel action with an additional action filed by ATLeisure in November 2024. Because the consolidation added a new defendant, the parties submitted a joint motion to extend the case schedule. Ex. 1046. Petitioner moved to stay the district court action on May 22, 2025, but the district court has not yet ruled on the motion to stay. Ex. 1047.

The district court is likely to grant this motion. In the Northern District of Georgia, where the action is pending, courts “have reasoned that a stay pending a related PTO administrative proceeding should be liberally granted,” including where, as here, the IPRs may significantly simplify the issues or even dispose of the litigation altogether. *Doubleday Acquisitions, LLC v. Envirotainer AB*, No. 1:21-cv-03749-SCJ, 2022 WL 18778991, at *3 (N.D. Ga. June 3, 2022) (emphasis added). Here, as in *Doubleday*, *inter partes* review will greatly reduce the technical scope of issues relating to validity. Indeed, since every asserted claim is subject to Petitioner’s petitions, *inter partes* review may resolve the district court litigation completely.

Further, courts in the Northern District of Georgia “consider three factors in deciding whether to stay litigation pending completion of an IPR: ‘(1) whether discovery is complete and a trial date has been set; (2) whether a stay will simplify the issues in the case; and (3) whether a stay would unduly prejudice or present a tactical disadvantage to the nonmovant.’” *Aegis II S.A. v. Hisense Co., Ltd.*, No. 1:20-cv-3891-MHC, 2021 WL 12300139, at *2 (N.D. Ga. June 23, 2021) (quoting *Interface, Inc. v. Tandus Flooring, Inc.*, No. 4:13-CV-46-WSD, 2013 WL 5945177, at *4 (N.D. Ga. Nov. 5, 2013)). All of these factors indicate that the district court will stay the litigation.

The discovery cut-off and trial date in the district court will not be set until the district court rules on claim construction. Exs. 1048, 1046. Because the district court has not yet appointed a special master, no claim construction hearing has been set, and there is no date by which claim construction will be completed. Although the parties have taken written fact discovery, they have neither noticed depositions nor served expert reports. Ex. 1052 at ¶ 5. As discussed above, the stay will simplify the litigation and may resolve it completely. Additionally, ATLeisure has presented no evidence that it would be prejudiced by a stay. Thus, the district court is highly likely to grant the motion to stay.

Because the district court case has not progressed since February when the court indicated it would appoint a special master, and the district court is likely to

grant Petitioner’s motion to stay, the first *Fintiv* factor weighs strongly against discretionary denial.

B. The Second *Fintiv* Factor Weighs Against Discretionary Denial: There is No Trial Date, and the Entire Case is Ahead of the Parties, Not Behind Them.

The second *Fintiv* factor, the “proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision,” also weighs against discretionary denial and favors institution. As discussed above, there is no trial date set in the district court case.

Because there is no trial date against which to compare the Board’s projected statutory deadline of December 16, 2026, this factor weighs against discretionary denial. *See USAA Federal Savings Bank v. Pacid Techs., LLC*, IPR2025-00697, Paper 9 (denying request for discretionary denial where trial date was not set and was likely to fall after the statutory deadline). Even if the district court were to appoint a special master today, it is clear trial would not occur until long after December 16, 2026. *See Berkshire Hathaway Energy Co. v. Birchtech Corp.*, IPR 2025-00274, Paper 23 (denying request for discretionary denial where trial date was likely to fall after the statutory deadline). The parties and the district court have significantly more work ahead of them than behind them. Thus, this factor weighs in favor of institution.

C. The Third *Fintiv* Factor Weighs Against Denial: There Has Been Minimal Investment in the Parallel Proceeding, Particularly by Patent Owner.

The third *Fintiv* factor, the “investment in the parallel proceeding by the court and the parties,” similarly weighs against discretionary denial and favors institution. The Board has held that “[i]f, at the time of the institution decision, the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution.” *Fintiv v. Apple*, IPR2020-00019, Paper 11 at 10. Such is the case here.

Here, the district court has not issued any orders related to the patent. Further, the district court has notified the parties that a special master will be appointed to preside over the case up to trial and to determine issues such as claim construction and summary judgment motions. A special master has not yet been appointed nor made any rulings. Patent Owner argues that it has invested in the parallel litigation by engaging in written discovery and briefing claim construction. IPR2025-01005, Paper 7 at 22. However, that is not a substantial investment by the parties, and the district court has made essentially no investment in determining issues relating to the patent.

Even if the district court were to deny Petitioner’s motion to stay and appoint a special master shortly thereafter, these facts weigh against discretionary denial. *Google LLC v. Wildseed Mobile, LLC*, IPR2023-00247, Paper 10 at 23-25 (P.T.A.B.

June 6, 2023) (citations omitted) (finding infringement and invalidity contentions were exchanged, written discovery was in progress, and claim construction discovery would occur before institution decision, but “much work remain[ed]” and the third factor favored institution); see *Sand Revolution II, LLC v. Cont’l Intermodal Grp.—Trucking LLC*, IPR2019-01393, Paper 24 at 11 (P.T.A.B. June 16, 2020) (informative). Thus, this factor weighs strongly against discretionary denial and in favor of institution.

D. The Fourth *Fintiv* Factor Weighs Against Discretionary Denial.

The fourth *Fintiv* factor, the “overlap between issues raised in the petition and in the parallel proceeding,” also weighs against discretionary denial and favors institution. Although priority, claim construction, and validity may eventually be considered by the district court in the parallel litigation, those issues have not yet been considered by the district court, and the district court has indicated that it intends to turn these issues over to a special master. The district court is also unlikely to consider those issues before the USPTO’s statutory deadline for review. As discussed above, the court has not appointed a special master or adopted a schedule for over five months. Accordingly, Petitioner’s challenges are unlikely to result in duplicative analysis.

Further, because the district court is likely to stay the district court litigation pending Petitioner’s petition for *inter partes* review, any potential overlap between

issues is likely to only increase overall efficiency. *See Supra* III.A. Indeed, district courts in the parallel litigation’s district prefer to stay cases where there is greater potential for simplification of issues. *See Aegis II S.A.* 2021 WL 12300139, at *2 (weighing as a factor “whether a stay will simplify the issues in the case.”) If the petitions are instituted, the district court is unlikely to pursue its own conflicting schedule.

Accordingly, the fourth factor weighs against discretionary denial and favors institution.

E. The Fifth *Fintiv* Factor is Neutral: The Petitioner is the Defendant in the Parallel Litigation.

The fifth *Fintiv* factor, “whether the petitioner and the defendant in the parallel proceeding are the same party,” is neutral. As Patent Owner notes, Petitioner and the Defendant in the parallel district court case are the same party. As the Board explained in *Fintiv v. Apple*, this factor is concerned with preventing “redoing the work of another tribunal.” IPR2020-00019, Paper 11 at 14. This concern is not present here. As discussed above, due to the early stage of the parallel litigation and the likelihood of a stay being granted, this factor is neutral. *Supra* III.A-B.

F. The Sixth Factor Favors Institution: The Merits of the Petition are Strong, and the Petition Includes Novel Challenges to the Subject Patent.

The sixth *Fintiv* factor, “other circumstances that impact the Board’s exercise of discretion, including the merits,” also favors institution. Petition No. 2025-01005

includes challenges to the priority of Claims 1 and 5-7 of the '492 Patent. The PTO erred by failing to evaluate whether these claims were properly entitled to the priority date of the '353 provisional application. *Dynamic Drinkware, LLC v. Nat'l Graphics, Inc.*, 800 F.3d 1375, 1380 (Fed. Cir. 2015) (observing that “the PTO does not examine priority claims unless necessary” and holding that “the Board has no basis to presume” that claims are entitled to the filing date of a referenced provisional.) Accordingly, the PTO never considered the Wang '109 reference or the Wang '439 reference that are the basis for invalidity under 35 U.S.C. § 102 asserted in Grounds 1 and 2 in Petition No. 2025-01005.

A patent is only entitled to claim the benefit of a provisional application's filing date if the provisional application provides support for the claims in compliance with 35 U.S.C. § 112 ¶ 1. *Id.* at 1381. The Federal Circuit has held that individual claims of a patent are not entitled to an earlier application's filing date where the later-filed patent claims have a broader scope based on additional disclosure contained only in the later-filed patent specification. *Anascope, Ltd. v. Nintendo of Am. Inc.*, 601 F.3d 1333, 1337-39 (Fed. Cir. 2010). For example, in *Anascope*, the Federal Circuit determined claims of a continuation-in-part were not entitled to the priority date of an earlier filed application. The Court concluded that an earlier application, which described a video game controller limited to a single input operable in six degrees of freedom, did not satisfy § 112 ¶ 1 as to the

continuation-in-part's claims not limited to a single input operable in six degrees of freedom.

Here, as in *Anascope*, the patentee added disclosure to the '492 Patent specification that was not present in the provisional. This disclosure supports a new variant of the § 112 ¶ 6 “locking means” limitation, which is claimed in claims 1 and 5-7. For means-plus-function claims to benefit from the priority date of a parent application, the structure corresponding to the function must be “present in the *parent's specification*.” *Auto. Techs. Int'l, Inc. v. Delphi Corp.*, 776 F. Supp. 2d 469, 490 (E.D. Mich. 2011) (emphasis added). But here, patentee added the '492 Patent's upper lever cam lock embodiment of the “locking means” for the first time in the '492 Patent specification. *Compare* Ex. 1001 at 3:25-40 *with* Ex. 1003 at [0025].

Referring now to FIG. 4, the sliding member 16 includes a housing 70, the rear portion 72 of which is formed in the shape of a handle that may be easily grasped by a user. A cam lock member 74 is pivotally mounted in an upper portion of the housing 70. The cam lock member 74 comprises a lever portion 76 and a cam surface 78. When viewed from the end, the lever portion 76 is slightly narrower than the housing 70. When the cam lock member 74 is in its “down” or “stored” position, the cam surface 78 bears against a spring loaded button 80, which in turn clamps against the main pole 14 to secure the sliding member 16 against the pole. When the lever portion 76 of the cam lock member 74 is in its up position, shown in the dashed line, the cam surface 78 is rotated free of the button 80. The spring then causes the button 80 to retract, and the sliding member 16 can move freely up and down the main pole 14.	[0025] Referring now to FIG. 4, the sliding member 16 includes a housing 70, the rear portion 72 of which is formed in the shape of a handle that may be easily grasped by a user. A cam lock member 74 is pivotally mounted in a lower portion of the housing 70. The cam lock member 74 comprises a lever portion 76 and a cam surface 78. When the cam latch member 74 is in its “up” or “stored” position, the cam surface 78 bears against a spring loaded button 80, which in turn clamps against the main pole 14 to secure the sliding member 16 against the pole. When the cam latch member 74 is in its down position, shown in the dashed line, the cam surface 78 is rotated free of the button 80. The spring then causes the button to retract, and the sliding member 16 can move freely up and down the pole 14.
'492 Patent at 3:25-40	'353 Provisional Application at [0025]

Indeed, the '492 Patent specification explains that the upper lever cam lock and the cam lock disclosed in the '353 provisional are separate embodiments. The

later-filed specification explains “the handle of the lever is described as being pivoted at its upper end. However, it will be appreciated that the latch mechanism 74 can be mounted at the lower end of the slide 16, with the handle 76 being pivoted at its lower end.” Ex. 1001 at 4:36-40. Accordingly, the ’492 Patent specification distinguishes between the “pivoted at the upper end” and “pivoted at its lower end” variant embodiments of the locking means, with the “upper” embodiment disclosed for the first time in the ’492 Patent specification. Accordingly, the claims which broadly rely on the means-plus-function “locking means” term, Claims 1 and 5-7, are not entitled to the priority date of the provisional.

The version of the Manual of Patent Examining Procedure effective during the prosecution of the ’492 Patent directed the patent examiner to evaluate a priority claim if a potentially invalidating reference is found that would qualify as prior art if the application is only accorded priority to its filing date. Ex. 1049 at 24, (MPEP §706.02(a) (8th Ed., Rev. 8, July 2010-August 2012)). Specifically, once a patent examiner found a printed publication or patent which disclosed the claimed invention, the operative MPEP explained that “the effective filing date of the application ***must be determined*** and compared with the date of the reference.” *Id.* (emphasis added). Regarding the determination of the “effective filing date,” the operative MPEP explained that the date was only the filing date of a provisional

application for “any claims which are ***fully supported*** under the first paragraph of 35 U.S.C. 112 by the provisional application.” *Id.* (emphasis added).

Here, however, the examiner mistakenly failed to evaluate the priority claim to the provisional application. Specifically, the examiner identified one reference that qualifies as prior art under § 102(e) for any claims not entitled to the priority date of the provisional, Tung ’755. The examiner stated that Tung ’755 was “nearest to the applicant’s claimed device.” Ex. 1002 at 73-74. However, the examiner failed to evaluate whether the claims that included the § 112 ¶ 6 “locking means” limitation were “fully disclosed” by the provisional application in view of the figure and description added in the non-provisional application, as required by the operative MPEP. Indeed, as discussed above, Claims 1 and 5-7 were not “fully disclosed.” *See Anascape*, 601 F.3d at 1337-39. Instead, the examiner erred by concluding that all of the claims of the ’492 Patent’s application were entitled to the effective filing date of the provisional without differentiating the claims or analyzing priority. Ex. 1002 at 73-74.

Due to the examiner’s error in failing to determine that the effective date for claims 1, and 5-7 was May 5, 2009, the Patent Office failed to consider references in prosecution. Indeed, as discussed above, the examiner himself noted that one such reference, Tung ’755, was the “nearest to the applicant’s claimed device” because it taught a similar “sliding member with a winding mechanism mounted thereon.” Ex.

1002 at 73-74. However, because Tung '755 was summarily deemed to “ha[ve] a later priority date than the instant application,” the examiner did not cite the reference in a rejection and instead granted the '492 Patent. *Id.* Tung '755's filing date is February 24, 2009, between the '353 Provisional filing date and the filing date of the '492 Patent's application. Given the examiner's recognition that Tung '755 was the “nearest” prior art to the '492 Patent, had the examiner properly evaluated priority, he would have considered Tung '755 and used it to limit the '492 Patent's claims.

The examiner's failure to use references filed or published between May 5, 2008 and May 5, 2009 to bound claims 1 and 5-7 of the '492 Patent resulted in an overbroad grant of patent rights. In addition to the Tung '755 reference identified by the examiner, petitioner's anticipation grounds raise Wang '109 and Wang '439 which were also eliminated from consideration by the examiner's error in failing to evaluate priority as required by the MPEP. Indeed, Wang '109 and Wang '439 disclose a “sliding member with a winding mechanism mounted thereon,” which the examiner identified as the key element of Tung '755. Paper 1 at 33-34, 43-44.

Patent Owner argues that Petitioner's priority argument is weak because dependent claims 2-6 were included in the provisional application. IPR2025-01005, Paper 7 at 16. However, Patent Owner's argument misses the mark. Claims 1 and 5-7 are not entitled to the earlier priority date because they include a “locking means”

limitation that is subject to § 112 ¶ 6, and the non-provisional application included an additional embodiment of the locking means that was not in the provisional. Thus, it is the addition to the specification that defeats the priority claim rather than changes to the claim language. *See Anascape*, 601 F.3d at 1338-1339 (finding claims based on new matter included in the specification could not benefit from the parent application’s priority date).

Patent Owner also argues that dependent claim 2 in the provisional application included sufficient description of a “cam” locking means to meet the written description requirement of § 112 ¶ 1 for the broader claims. IPR2025-01005, Paper 7 at 17. However, claim 2 did not disclose the cam lock structure incorporating an upper lever mounting position that was added to the non-provisional application. Thus, the provisional application failed to disclose the full scope of the later claimed subject matter sufficiently to “meet the requirements of 35 U.S.C. § 112, first paragraph, as to that claimed subject matter,” and therefore, the broader claims are not entitled to the filing date of the provisional. *See Anascape, Ltd. v. Nintendo of Am. Inc.*, 601 F.3d 1333, 1337-39 (Fed. Cir. 2010). Contrary to Patent Owner’s argument, nothing in claim 2 shows that the inventor possessed the full scope of claim 1 as broadened by the figures and description added to the non-provisional. *See* Paper 7 at 21. Accordingly, Petitioner’s priority date argument is strong and weighs in favor of institution.

**IV. THE PARTIES' SETTLED EXPECTATIONS WEIGH AGAINST
DISCRETIONARY DENIAL**

Patent Owner argues that institution should be denied due to settled expectations because the '492 Patent “has been in force for thirteen years.” IPR2025-01005, Paper 7 at 14. However, Patent Owner’s prior actions contradicted any expectation that Patent Owner would maintain and enforce the '492 Patent. Specifically, Patent Owner allowed the '492 Patent to go abandoned due to failure to pay maintenance fees approximately five years ago, and Patent Owner delayed more than 6 years in enforcing the '492 Patent against Petitioner’s products accused of infringement in the co-pending lawsuit. Moreover, Patent Owner and its licensees have failed to consistently mark their products covered by the '492 Patent.

A. Patent Owner Failed to Enforce the '492 Patent for Eight Years and Allowed it to Become Abandoned

Although Patent Owner brought two lawsuits to enforce the '492 Patent in 2012 within six months after issuance (against Ace Everet, Inc. and Red Star Traders, LLC), Patent Owner did not bring suit to enforce the patent again for the next eight years. During that time, in 2017, Petitioner began selling the products accused of infringement in the parallel lawsuit.

Further, Patent Owner allowed the '492 Patent to go abandoned on January 31, 2020 due to non-payment of maintenance fees. Ex. 1039 (Printout from PTO records showing expiration of '492 Patent as of 02/22/2020). Subsequently, on

February 29, 2020, Patent Owner’s attorney filed with the PTO a document entitled Petition to Accept Unintentionally Delayed Payment of Maintenance Fee in an Expired Patent (“Petition”) to obtain reinstatement of the ’492 Patent. Ex. 1002 at 34. The PTO accepted the petition and reinstated the ’492 Patent on February 29, 2020. *Id.* Nonetheless, Patent Owner’s lack of diligence in maintaining the ’492 Patent left room for doubt among the public as to whether Patent Owner intended to enforce the patent. *See* Ex. 1039; *Dabico Airport Solns. Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21 at 3 (observing that the availability of the patent to the public, including by the Office’s automated search systems, is what creates settled expectations in the absence of actual notice.)¹ As a result of Patent Owner’s lack of enforcement and abandonment, the public’s expectations in the ’492 Patent are no longer settled, if they ever were.

B. Patent Owner and its Licensees Have Not Consistently Marked Their Products

Patent Owner argues that expectations in the ’492 Patent are settled because the patent is well known in the industry. IPR2025-01005, Paper 7 at 14-15. That is incorrect. To the contrary, Patent Owner’s industry activities, including its sale of unmarked patent practicing products, weighs against Patent Owner’s claim of settled

¹ Indeed, Patent Owner had abandoned the ’492 Patent’s application on two other occasions as well. Once on March 16, 2011 and again on December 8, 2011. Patent Owner’s frequent brinksmanship with patent office fees and deadlines has resulted in a file wrapper pockmarked with abandonments, further muddling Patent Owner’s rights in the eyes of the public.

expectations. *See Intel Corp. v. Proxense LLC*, IPR2025-00327 (Paper 12 June 26, 2025).

First, Patent Owner asserts, based on the Declaration of Jason Bliss (Ex. 2002), that Patent Owner has sold hundreds of thousands of patent-practicing umbrellas. IPR2025-00408, Paper 7 at 14. However, the Bliss Declaration does not explain whether the 400,000 umbrellas purportedly sold by ATLeisure were marked with the '492 Patent's number. Ex. 2002 at ¶ 3. As the Federal Circuit has explained, a patent owner's sales of a product only provide "notice to the world" when consistently and continuously marked in compliance with 35 U.S.C. §287. *Am. Med. Sys., Inc. v. Med. Eng'g Corp.*, 6 F.3d 1523, 1537 (Fed. Cir. 1993). Patent Owner provides no basis to conclude that it has consistently and continuously marked its products with the '492 Patent number, and it therefore provides no basis to conclude that its sales have notified the industry of the '492 Patent.

Rather, the evidence shows that Patent Owner had failed to mark patent practicing products for the *entire lifespan* of the patent. The Federal Circuit has explained that a patent owner's patent licensees must also mark the patent practicing products they produce in order for the patentee to provide notice to the public under § 287. *Arctic Cat Inc. v. Bombardier Rec. Prods.*, 950 F.3d 860, 864 (Fed. Cir. 2020). In a 2023 district court litigation filing, Patent Owner explained that it had entered into two license agreements in 2012 and 2013, and that it was "unaware of

any marking of the '492 patent” on the licensees’ products. Ex. 1037 at 2 (emphasis added.) Indeed, Patent Owner conceded that the licensees sold a significant quantity of patent-practicing products by admitting that “these sales ***preclude[d] constructive notice of the '492 patent.***” *Id.* at 2 (emphasis added.)

Further, Jason Bliss, Patent Owner’s declarant in support of its Request for Discretionary Denial, previously declared in connection with that same filing that Patent Owner had itself failed to consistently mark its products with the '492 Patent. *See* Ex. 1038 at ¶ 4; *Am. Med. Sys., Inc.* 6 F.3d at 1537 (“We caution, however, that once marking has begun, it must be substantially consistent and continuous in order for the party to avail itself of the constructive notice provisions of the statute.”).

Patent Owner’s failure to mark its products and failure to require licensees to mark has prevented the public from developing settled expectations in the '492 Patent. *See Intel Corp. v. Proxense LLC*, IPR2025-00327 (Paper 12 June 26, 2025) at 2-3 (explaining that if a patent has been in force for years but has not been marked, that consideration “weigh[s] against a patent owner’s claim of settled expectation and bears on the Director’s discretion.”) Indeed, Patent Owner, by its license agreements, has authorized the sale of significant quantities of unmarked patent-practicing products. These products, which all practice the claims of the '492 Patent, originate from different and competing commercial sources. Accordingly, the public and the industry have been confused as to whether the specific subject matter

covered by the '492 Patent is protectable or within the scope of Patent Owner's rights. This has abrogated the public's understanding of and expectations in the '492 Patent and weighs heavily against a finding of settled expectations here.

Second, Patent Owner argues that its licensing activities demonstrate that the '492 Patent is well known in the industry. However, the Bliss Declaration explains that 2 of the licenses concluded the 2012 lawsuits, and the remaining 27 license agreements occurred since 2020 after the Patent Owner failed to enforce the '492 Patent for the previous eight years and allowed it to briefly go abandoned. Moreover, ATLeisure's only two agreements prior to 2020 did not include marking provisions and resulted in the proliferation of unmarked patent-practicing products, confusing the public's expectations in the patent and the patented technology. *See* Ex. 1037 at 2. Accordingly, the Board should not credit these earlier license agreements with settling expectations. And because ATLeisure's other licensing activities only occurred within the last five years and only after the patent was allowed to be abandoned by Patent Owner, these activities are not sufficient to show settled expectations reaching back to 2012.

C. Patent Owner Should Not be Permitted to Avoid Review of its Priority Claim by Delaying Enforcement of an Invalid Patent

As discussed above, Petitioner's petition IPR2025-01005 challenges the '492 Patent's priority date. Because "the PTO does not examine priority unless necessary" during prosecution, the PTO did not properly determine the priority date

for the '492 Patent in prosecution. *Dynamic Drinkware*, 800 F.3d at 1380. The patent's incorrect priority date removed anticipation references from consideration by competitors sued by ATLeisure for years. Further, competitors of Patent Owner have come to repeatedly identify this issue with the '492 Patent. *See* Exs. 1050, 1051; *Dabico Airport*, IPR2025-00408, Paper 21 at 3 (identifying "competitors" as "the public" for purposes of settled expectations analysis). The priority date issue has caused uncertainty over the '492 Patent's validity, prevented the public's expectations in the patent to settle, and incentivized unpredictable economic behavior in the industry. The Patent Office has the primary duty to resolve an issue which resulted in its erroneous grant of overbroad patent rights. 35 U.S.C. § 2(a)(1). Indeed, resolving this issue is "an appropriate use of Office resources." *Anthony Inc. v. ControlTec LLC*, IPR2025-00559, Paper 12 (PTAB July 16, 2025) (declining to deny petitions directed to 17 and 18 year old patents where examiner erred in prosecution). The Director should not reward the Patent Owner for delaying asserting the '492 Patent and, in the process, confusing the public's expectations in the '492 Patent.

Patent Owner argues that the '492 patent has been "successfully asserted in four prior lawsuits." IPR2025-01005, Paper 7 at 15. However, each of those lawsuits settled at an early stage and no court in any of those lawsuits ruled on the validity of the '492 Patent. Exs. 1034, 1035, 1042, 1043.

<u>Caption</u>	<u>Stage of Litigation</u>	<u>Length of Lawsuit</u>
<i>ATLeisure, Inc. v. Ace Evert, Inc.</i> , 1-12-cv-01260 (N.D. Ga.)	Before the conclusion of expert discovery.	Approximately 18 months
<i>ATLeisure, Inc. v. Red Star Traders, LLC</i> , 1-12-cv-02253 (N.D. Ga.)	Before invalidity contentions were served.	Less than 6 months.
<i>ATLeisure, Inc. v. Sunvilla Corp.</i> , 1-20-cv-04662 (N.D. Ga.)	Claim construction briefs exchanged, but no order on claim construction.	Approximately 12 months
<i>ATLeisure, Inc. v. Lowe's Home Centers, LLC</i> , 6-22-cv-00682 (M.D. Fla.)	Claim construction hearing held days before the voluntary dismissal was filed.	Approximately 13 months

Patent Owner also argues that the '492 Patent survived a prior IPR petition, but that petition was not instituted because the primary prior art relied on in that petition was a design patent that failed to show the mechanics of the umbrella and thus, failed to show certain limitations. IPR2021-00430, Paper 7 at 16 (Jul. 12, 2021). Further, the prior IPR petition failed to properly raise and explain its obviousness ground. Instead, the petitioner broadly alleged numerous prior art

references without explaining which reference it was relying on for each claim element. *Id.* at 24-25. As a result of these deficiencies, the Board summarily denied institution without evaluating the references ostensibly raised in the petitioner's obviousness grounds. *See Id.* at 19 (determining that Petitioner's reliance on a design patent was fatal to Petitioner's obviousness arguments in ground 2), 24-25 (determining that Petitioner's obviousness arguments were not clear and denying institution regarding ground 3 on that basis).

Patent Owner argues that "the Director has recognized that settled expectations alone are sufficient to deny institution." IPR2025-01005, Paper 7 at 13. However, none of Patent Owner's cases support Patent Owner's assertion, and all are distinguishable from this case.

Specifically, Patent Owner cites *iRhythm Tech., Inc. v. Welch Allyn, Inc.*, IPR2025-00363 (Paper 10, June 6, 2025) as an example of denial of a petition directed towards a patent which issued in 2012. In *iRhythm*, Patent Owner's licensees had not sold unmarked patent-practicing products. However, in this case Patent Owner has admitted that it has not marked its products in compliance with 35 U.S.C. § 287. The proliferation of unmarked patent-practicing products originating from competing commercial sources has abrogated the public's understanding of and expectations in the scope of the patented subject matter.

Patent Owner also cites *Apotex Inc., v. Alkermes Pharma Ireland Limited*, IPR2025-00514 (Paper 10, July 2, 2025) as another example of the Director denying a petition directed at a patent that had been in force for 14 years. In *Apotex*, *ex parte* reexamination had already been ordered on the challenged patent, and the Director determined that the reexamination included substantially overlapping prior art and “nearly identical issues” as the petition. As a result, none of the *Fintiv* factors would favor institution, and the Director accordingly concluded that “the Petitioner does not provide **any** persuasive reasoning why an *inter partes* review is an appropriate use of Board resources.” *Id.* at 2 (emphasis added). In this case, Petitioner has not filed for concurrent *ex parte* reexamination, and the parallel litigation is unlikely to result in duplicative analysis for the reasons discussed herein with respect to *Fintiv* factors 1-5. *See Supra* III. Rather, here, unlike in *Apotex*, all of the *Fintiv* factors support institution and Petitioner has not pursued a parallel remedy with the PTO.

Patent owner also cites the four petitions in *Samsung Electronics Co. Ltd. et al. v. Sinotechnix LLC*, IPR2025-00331/333/335/336 (Paper 13, July 2, 2025) as an example of the Office denying petitions directed at 10-year-old patents. However, in that case, the district court’s scheduled trial date was 5 months **before** the final written decision due date. Whereas, in this case, the parallel litigation has effectively been stayed since March and does not have a set a trial date. Further, Petitioner’s motion to stay is likely to be granted. *See Supra* III.A.

Patent Owner also cites to a slew of cases to argue that settled expectations can make discretionary denial proper. However, these cases are also distinguishable. For example, Patent Owner cites to *Dabico Airport Solutions, Inc. v. AXA Power APS*, IPR2025-00408 (Paper 21, June 18, 2025). In *Dabico*, the Director explained that, under the interim procedures, petitioners were encouraged to identify any facts or circumstances which affirmatively supported institution of review. *Id.* at 2. But in that case, the Director observed that the “Petitioner [did] not provide any persuasive reasoning why an *inter partes* review [was] an appropriate use of Office resources.” *Id.* at 3. Although “[t]here may [have been] persuasive reasons why the Office should [have] review[ed] the challenged patent,” in the absence of such affirmative argument, the Office was disinclined to disturb the settled expectations in the 8-year-old patent.

By contrast, here Petitioner has provided detailed arguments in favor of institution including that the claimed priority date of the ’492 Patent has never been substantively reviewed, and that for eight years Patent Owner and its licensees sold unmarked patent-practicing products and Patent Owner failed to enforce the patent. Accordingly, this case is distinguishable from *Dabico*, where the Petitioner failed to provide affirmative argument in favor of institution.

Patent Owner also cites *Sig Sauer v. Lone Star Future Weapons, Inc.* IPR2025-00410 (Paper 13, June 26, 2025). That case is inapposite. In that case, after

being accused of trade secret misappropriation by the patent owner in an action that did not initially involve the subject patent, the petitioner filed a counterclaim seeking a declaratory judgment of noninfringement of the subject patent. The petitioner then filed its petition for *inter partes* review. The Director observed that “there [was] persuasive argument that the filing of the Petition may [have been] inappropriate here.” *Id.* at 2. Here, Petitioner filed its counterclaims only in response to Patent Owner’s lawsuit against Petitioner for patent infringement in district court.

Patent Owner also cites *Intel Corp. v. Proxense LLC*, IPR2025-00327/00328/00329, Paper 13. However, in that case, petitioner failed to provide any persuasive reasoning as to “why the Board should review challenged claims several years after their issuance date.” The Director further observed that if a patent had been in force for years but the patent owner had not complied with the patent marking requirements, that consideration “weigh[s] against a patent owner’s claim of settled expectations and bears on the Director’s discretion.” *Id.* at 2. In this case, as explained above, Patent Owner has failed to mark a significant amount of its products for the entire lifespan of the patent. Ex. 1037 at 2 (Patent Owner admitting licensee sales alone “preclude constructive notice of the ’492 patent.”)

Accordingly, the Director should not exercise discretion to deny institution here as Patent Owner’s actions have not created settled expectations in the ’492 Patent.

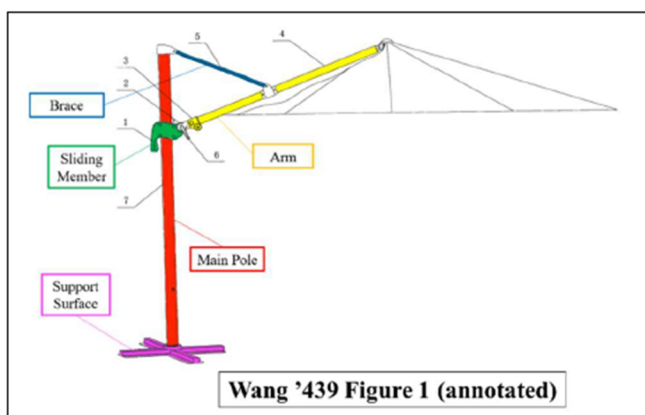
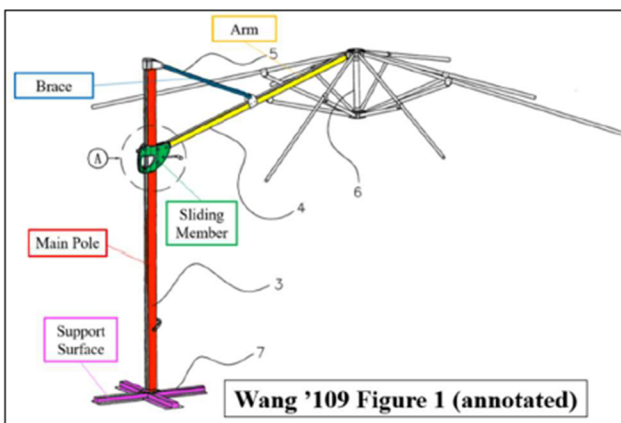
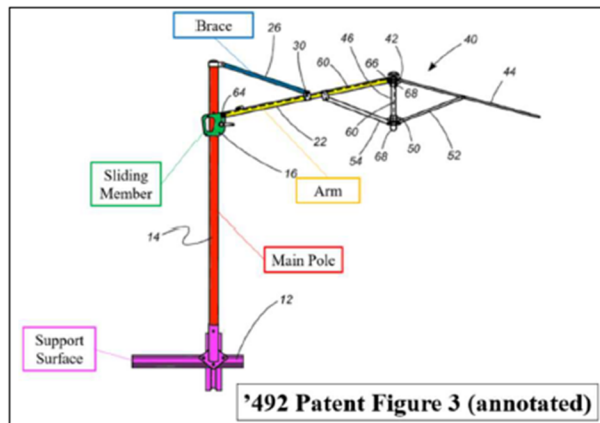
**V. INSTITUTION SHOULD NOT BE DENIED UNDER § 325(D) BECAUSE
THE REFERENCES ARE NOT CUMULATIVE**

Institution should not be denied under § 325(d) because the prior art cited in the petition is not the same or substantially the same as the prior art considered during prosecution (Advanced Bionics factor 1). *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 10 (PTAB Feb. 13, 2020).

Specifically, Ground 1 of the Petition relies solely on Wang '109, and Ground 2 relies solely on Wang '439. Since both of these references have a reference date between May 5, 2008 and May 5, 2009, neither of them was considered during prosecution or in the 2021 IPR petition. Nor are these references the same as any that were previously considered. Due to the examiner's error in failing to review the priority claim of the '492 Patent, the Patent Office failed to consider Tung '755 which the Examiner recognized was the "nearest" prior art to the '492 Patent. *Supra* § III.F. However, because Tung '755 was deemed to "ha[ve] a later priority date than the instant application," the examiner did not cite the reference in a rejection and instead granted the '492 Patent. Ex. 1002 at 73-74.

Like Tung '755, Wang '109 and Wang '439 disclose a "sliding member with a winding mechanism mounted thereon," which the examiner identified as the key element of Tung '755 making it the "nearest" to the patented subject matter. *See*

Paper 1 at 33-34, 43-44. Indeed, the Wang references disclose every limitation of the of Claims 1 and 5-7 of the '492 Patent.



Ground 3 of the Petition relies on Glatz '980 as the primary reference in view of the Tung '037, the Liu '171, the Wang '460, and/or the Bertola '895 patents. The Glatz'980 reference was never previously considered during prosecution or the 2021 IPR and is not similar to any reference that was considered. Ex. 1002; IPR2021-00430, Paper 1 (Jan. 22, 2021). Patent Owner argues that “the Tung '037, the Liu '171, the Wang '460, and the Bertola '895 patents relied upon in the 2021 IPR petition are also relied upon in both petitions currently pending.” Paper 7 at 9.

However, as explained above the 2021 IPR was not instituted because the primary reference was a design patent, Liu '453, that showed insufficient detail of the mechanical operation of the umbrella, and the party that brought the 2021 IPR failed to identify specific obviousness combinations. Thus, these references were not considered in a prior IPR.

The examiner's error in evaluating priority for Claims 1 and 5-7 can now be properly corrected by the Patent Office on *inter partes* review. Indeed, in *Anthony, Inc. v. ControlTec, LLC*, the Director found that the patent examiner erred by failing to consider a specific reference (the "Carter reference"). IPR2025-00559, Paper 12 at 2 (July 16, 2025). Because the examiner erred by failing to consider the Carter reference, the Director determined that it "is an appropriate use of Office resources to review the potential error" even though the challenged patents were 17 to 18 years old. Like the petitioner in *Anthony*, Petitioner here has shown that the patent examiner materially erred in failing to properly consider references having a publication or filing date between May 5, 2008 and May 5, 2009. Further, in *TSMC v. Marlin Semiconductor*, the Director found that the patent examiner erred by overlooking teachings of cited prior art. IPR2025-00847, Paper 11 (Sept. 3, 2025). Similarly, Petitioner here has shown that the patent office materially erred by overlooking Tung '755 and other similar art having a reference date between May 5, 2008 and May 5, 2009.

Patent Owner also argues that, during prosecution of the '492 Patent, Patent Owner amended in view of obviousness rejections made up of Tung '037 and Liu '171. Paper 7 at 18. While those references are included in Petitioner's obviousness grounds in the petitions, those references are not primary references. Rather, those references are used only to show specific features found in specific dependent claims. Tung '037 is used to show the "cam lock" embodiment in claim 2 and Liu '171 is used to show the "teeth and pawl" embodiment in claim 3. The grounds also rely on alternative references not cited by the examiner.

Accordingly, there is no basis to deny institution under under § 325(d).

VI. CONCLUSION

For the reasons set forth in the Petition and herein, the challenges here represent an appropriate use of Board resource. Accordingly, Petitioners respectfully request that the Director deny PO's Request for Discretionary Denial.

Dated: September 16, 2025 By: 

Lauren Keller Katzenellenbogen (Reg. No. 56,553)

Andrew M. Douglas (Reg. No. 51,212)

KNOBBE MARTENS OLSON & BEAR, LLP

Attorney for Petitioner Treasure Garden, Inc.

CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that this PETITIONER’S OPPOSITION TO PATENT OWNER’S REQUEST FOR DISCRETIONARY DENIAL contains 7,740 words according to the word-processing program used to prepare this paper. The foregoing word count complies with the 14,000-word type-volume limit specified by the Memorandum Form Acting Director Stewart, *Interim Processes for PTAB Workload Management* (March 26, 2025).

Dated: September 16, 2025 By: 
Lauren Keller Katzenellenbogen (Reg. No. 56,553)
Andrew M. Douglas (Reg. No. 51,212)
KNOBBE MARTENS OLSON & BEAR, LLP

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing PETITIONER'S
OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY
DENIAL is being served on September 16, 2025, via email on counsel of record for
Patent Owner at the address below:

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