

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PERFECT CORP.,
Petitioners,
v.
ZUGARA, INC.,
Patent Owner

**PATENT OWNER'S BRIEF REQUESTING DISCRETIONARY DENIAL
UNDER 35 U.S.C. § 325(d) AND/OR § 314(a)**

Filed on behalf of Patent Owner by:

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EXHIBIT LIST

Exhibit	Description
2001.	U.S. Patent No. 8,275,590
2002.	Declaration of Matthew Szymczyk In Support of Patent Owner's Brief Requesting Discretionary Denial Under 35 U.S.C. § 325(d) And/Or § 314(a)
2003.	U.S. Patent No. 9,183,581

I. INTRODUCTION

Pursuant to the March 26, 2025 Memorandum from the Acting Director of the USPTO (“Director Memorandum”), Patent Owner Zugara, Inc. (“Zugara” or “Patent Owner”) requests that the Board exercise its discretion under 35 U.S.C. § 325(d) and/or 35 U.S.C. § 314(a) to deny institution. The Petition should be denied in view of the Patent Owner’s long-settled expectations in the validity of the Challenged Patent and its family members. Specifically:

1. U.S. Pat. No. 10,482,517 (“the ’517 patent” or “Challenged Patent”) issued six years ago; Ex. 1001 (’517 patent) at p. 1
2. The earliest patent in the family, which shares a common specification with the ’517 patent and claims functionality similar to that claimed by the ’517 patent, issued *thirteen* years ago; Ex. 2001 (U.S. Patent No. 8,275,590) at p. 1
3. Approximately seventy prior art references were considered during prosecution of the ’517 patent and Petitioner has made no attempt to explain if or how the references presented in the Petition differ from those previously considered references; Ex. 1001 at pp. 1-2
4. Petitioner has known or should have known of the ’517 patent family since as early as 2013, yet did not challenge any patent in the family until mid-2025 (between 2013 and 2024 Patent Owner informed more than fifteen companies believed to be customers of Petitioner of the existence and applicability of the ’517 patent family); Ex. 2002 (Declaration of Matthew Szymczyk In Support of Patent Owner’s Brief Requesting Discretionary Denial Under 35 U.S.C. § 325(d) And/Or § 314(a)] at ¶ 4)
5. Patent Owner has asserted the ’517 patent in several litigations, including against three customers of Petitioner.

II. THE '517 PATENT FAMILY

The '517 patent issued on November 19, 2019 from U.S. Pat. Appl. No. 14/936,444 (the "'444 application"). Ex. 1001 at p. 1. The '444 application was published on November 9, 2015 as U.S. Pat. Publication No. 2016/0063592. *Id.* The '517 patent is a continuation of U.S. Pat. Appl. No. 13/592,159, which issued as U.S. Pat. No. 9,183,581 (the "'581 patent") on November 10, 2015. *Id.* The '581 patent is a continuation of U.S. Pat. Appl. No. 12/822,168, which issued as U.S. Pat. No. 8,275,590 (the "'590 patent") on September 25, 2012. *Id.* In the thirteen years that have elapsed since the '590 patent issued, there were no other post-grant challenges to any patent in the family.

The '517, '581, and '590 patents are all directed to and claim systems and methods for providing virtual-try on functionality, *i.e.*, providing a simulation of wearing items such as garments or accessories to aid a remote user in deciding whether to purchase an item. *See* Ex. 2001, Abstract. Zugara pioneered the claimed virtual try-on functionality.

III. ZUGARA, INC.

Zugara was formed in 2001 as a Digital Marketing Agency and, in 2008, shifted its focus to Augmented Reality technology. *See* Ex. 2002 at ¶ 2. As a pioneer in the AR (Augmented Reality) and VR (Virtual Reality) fields Zugara began developing award-winning Virtual Try-on Technology in 2008 that was initially

productized as The Webcam Social Shopper. *Id.* at ¶ 3. Over the ensuing 10 years, Zugara continued to innovate in the AR field with virtual try-on technology deployments for companies such as Mattel, Major League Baseball, PayPal, Delta Airlines, Chick-fil-A, Crayola and others.¹ *Id.* at ¶ 4.

Zugara was a regular fixture at AR events and Zugara's CEO often gave presentations of Zugara's Virtual Try-on technology at conferences from the Augmented World Expo in San Jose to Ad:Tech Events in New York.² *Id.* at ¶ 5. Zugara even won a prestigious DEMOgod award for its technology at the 2011

¹ See *MLB.com Utilizes Virtual Mirrors To Promote All-Star Game Apparel*, ZUGARA, <https://zugara.com/mlb-com-utilizes-virtual-mirrors-to-promote-all-star-game-apparel> (last visited September 11, 2025); *Fanatics & MLB Debut 3 Virtual Dressing Room Kiosks At 2018 MLB All-Star Game*, ZUGARA, <https://zugara.com/fanatics-mlb-debut-3-virtual-dressing-room-kiosks-at-2018-all-star-game> (last visited September 11, 2025); *Delta Airlines Uses Augmented Reality To Unveil New Uniforms*, ZUGARA, <https://zugara.com/delta-airlines-uses-augmented-reality-to-unveil-new-uniforms> (last visited September 11, 2025); *Chick-fil-A Debuts New Uniforms With Augmented Reality*, ZUGARA, <https://zugara.com/chick-fil-debuts-new-uniforms-augmented-reality> (last visited September 11, 2025); *Crayola Debuts Multiple Augmented Reality Technologies At New Theme Park*, ZUGARA, <https://zugara.com/crayola-debuts-multiple-augmented-reality-technologies-at-new-theme-park> (last visited September 11, 2025).

² See *Come See Us at the Augmented World Expo*, ZUGARA, <https://zugara.com/come-see-us-at-the-augmented-world-expo> (last visited September 11, 2025); *Zugara Augmented Reality Presentation at AWE Asia*, ZUGARA, <https://zugara.com/zugara-augmented-reality-presentation-at-awe-asia> (last visited September 11, 2025).

DEMO conference and Zugara's '590 patent for virtual try-on technology was selected by the USPTO for the Smithsonian Innovation Festival in 2015.³ *Id.* at ¶ 6.

IV. THE PETITION SHOULD BE DISCRETIONARILY DENIED

A. DISCRETIONARY DENIAL IS APPROPRIATE BECAUSE THERE ARE STRONG SETTLED EXPECTATIONS

The Director's Memorandum identifies the "[s]ettled expectations of the parties, such as the length of time the claims have been in force" as one of the factors relevant to whether denying institution is appropriate. "Although there is no bright-line rule on when expectations become settled, in general, the longer the patent has been in force, the more settled expectations should be." *Dabico Airport Solutions Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21 at 3.

The Challenged Patent has been in force for six years and the application that led to the Challenged Patent was published in 2015, creating strong settled expectations for Patent Owner. *See Kahoot! AS v. Interstellar Inc.*, IPR2025-00696,

³ See *Zugara Wins DemoGOD award (with presentation)*, ZUGARA, <https://zugara.com/advanced-product-visualization-and-validation-the-demo-presentation-video> (last visited September 11, 2025); see also *Zugara Augmented Reality Patent and Technology to be Featured at the Smithsonian Innovation Festival*, ZUGARA, <https://zugara.com/zugara-augmented-reality-patent-and-technology-to-be-featured-at-smithsonian-innovation-festival> (last visited September 11, 2025); *Smithsonian To Host Innovation Festival at National Museum of American History*, PR NEWswire, <https://www.prnewswire.com/news-releases/smithsonian-to-host-innovation-festival-at-national-museum-of-american-history-300120633.html> (last visited September 11, 2025).

Paper 12 at 2 (granting Patent Owner's request for discretionary denial based on settled expectations where the challenged patent had been in force six years); *see also Samsung Electronics Co., Ltd. et al v. GenghisComm Holdings, LLC*, IPR2025-00780-00781, Paper 11 at 2 (finding strong settled expectations for Patent Owner where one of the challenged patents had been in force for six years).

Moreover, the ultimate parent patent to the Challenged Patent, the '590 patent, issued thirteen years ago, in 2012. *See* Ex. 2001 at p. 1. The second patent in the family, the '581 patent, issued in 2015. *See* Ex. 2003 [U.S. Patent No. 9,183,581] at p. 1. Prior to the instant Petition, no post-grant challenges have ever been filed on any of the '517 patent, '590 patent, or '581 patent despite Patent Owner alerting approximately one hundred and fifty companies of the patent family. *See infra*, Section IV.B.

Patent Owner has enforced the '517 patent against several of its competitors in the virtual-try-on technology space. *See Zugara, Inc. v. JOIUSS Limited*, Civil Action No. 2:24-cv-00743 (E.D. Tex. Sep. 10, 2024) at Dkt. No. 1; *Zugara, Inc. v. Grenion GmbH d/b/a Banana Beauty*, Civil Action No. 2:24-cv-00747 (E.D. Tex. Sep. 11, 2024) at Dkt No. 1; *Zugara, Inc. v. GoodR LLC*, Case No. 2:24-cv-08133 (C.D. Cal. Sep. 20, 2024) at Dkt. No. 1; *Zugara, Inc. v. The Estée Lauder Companies, Inc.*, Civil Action No. 2:25-cv-00180 (E.D. Tex. Feb. 13, 2025) at Dkt. No. 1; *Zugara, Inc. v. JAND, Inc. d/b/a Warby Parker*, Civil Action No. 2:25-cv-

00183 (E.D. Tex. Feb. 14, 2025) at Dkt. No. 1; *Zugara, Inc. v. Chanel, Inc.*, Civil Action No. 2:25-cv-00324 (E.D. Tex. Jul. 22, 2025) at Dkt. No. 1; *Zugara, Inc. v. Revlon Consumer Products LLC*, Civil Action No. 3:25-CV-00857-WWB-SJG (M.D. Fla. Jul. 29, 2025) at Dkt No. 1. The Petition acknowledges Patent Owner’s history of enforcing its rights related to the Challenged Patent. *See* Petition at 1.

The Estée Lauder Companies, Inc. (“Estee Lauder”), Chanel, Inc. (“Chanel”), and Revlon Consumer Products LLC (“Revlon”), which Patent Owner sued for infringement of the Challenged Patent in February 2025, July 2025, and July 2025, respectfully, are customer of Petitioner’s. *Id.* The litigation against Estee Lauder was resolved on July 9, 2025. Patent Owner’s history of assertion of the Challenged Patent further supports its settled expectations of validity and enforceability. *Cf. Intel Corp. v. Proxense LLC*, IPR2025-00327-00328-00329, Paper 12 at 2-3 (explaining that assertion and licensing of a patent can contribute to settled expectations)

B. DISCRETIONARY DENIAL IS APPROPRIATE BECAUSE PETITIONER KNEW OR SHOULD HAVE KNOWN OF THE ’517 PATENT FAMILY SINCE AT LEAST 2013 THROUGH ITS CUSTOMERS, FURTHER SUPPORTING SETTLED EXPECTATIONS

Petitioner does not need actual notice of the Challenged Patent or of possible infringement of the Challenged Patent in order to create settled expectations. *See Dabico Airport Solutions Inc.*, IPR2025-00408, Paper 21 at 3 (“patent applications (after 18 months) and issued patents are almost always publicly available to provide

notice to the public, other inventors, competitors, and commercial interests. Interested parties may find published patents and patent applications using the Office's automated search systems as well as publicly available resources on the Internet. As such, actual notice of a patent or of possible infringement is not necessary to create settled expectations") (citations omitted). However, here Petitioner knew or should have known about the '517 patent family through its customers since at least 2013.

Patent Owner has notified approximately one hundred and fifty companies about the existence of the '517 patent family. *See* Ex. 2002 at ¶ 7. Several customers of Petitioner were first contacted and notified of the parent of the '517 patent family in 2013.⁴ *Id.* at ¶ 8. Since 2013, Patent Owner has contacted at least sixteen customers of Petitioner to alert them to the existence of the '517 patent family. *Id.* at ¶ 9. The customers included Alibaba Group, Amazon.com, Inc., Burberry Group PLC, Meta Platforms, Inc., Google Inc., J.C. Penney Company, Inc., LVMH Moët Hennessy Louis Vuitton SA, Macy's, Inc., Rakuten Group, Inc., Shopify Inc., Simon Property Group, Snap, Inc., Target Corporation, Wal-Mart Stores, Inc., Wipro

⁴ *See Zugara Launches Long Term Patent Portfolio Monetization Program*, ZUGARA, <https://zugara.com/zugara-launches-long-term-patent-portfolio-monetization-program> (last visited September 11, 2025); *see also Key Augmented Reality & Retail Patent Issued to Zugara*, ZUGARA, <https://zugara.com/key-augmented-reality-retail-patent-issued-to-zugara> (last visited September 11, 2025).

Technologies, and Yahoo! Inc. *Id.* at ¶ 10. As such, Petitioner has known or should have known about the application that issued as the Challenged Patent since at least 2013 and the '517 patent itself as of at least 2019, further supporting Patent Owner's settled expectations. *See Dabico Airport Solutions Inc.*, IPR2025-00408, Paper 21 at 3.

V. CONCLUSION

For at least these reasons, Zugara respectfully requests that the Petition should be denied in view of Zugara's long-settled expectations of the validity and enforceability of the '517 patent.

CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24(d), I hereby certify that the foregoing Patent Owner's Brief Requesting Discretionary Denial contains 1,529 words in compliance with the 14,000 word limit set forth in 37 C.F.R. § 42.24 and the Director's Memorandum. The word count was measured by the word processing software used to prepare the document, and it excluded the cover page, signature block, and portions exempted under 37 C.F.R. § 42.24(a) or (b).

DATED: September 16, 2025

Respectfully submitted,

By: /C. Matthew Rozier/
C. Matthew Rozier
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Counsel for Patent Owner

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6, the undersigned certifies that on September 16, 2025, the foregoing document was served on counsel of record for Petitioners by filing this document through the End-to-End System, as well as *via* electronic mail to counsel of record for Petitioners at the following address:

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