

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZESTY.AI, INC.

Petitioner,

v.

AON RE, INC.

Patent Owner.

Case No. IPR2025-01358

U.S. Patent No. 10,529,029

**BRIEF IN SUPPORT OF PATENT OWNER'S REQUEST FOR
DISCRETIONARY DENIAL**

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TABLE OF EXHIBITS

Exhibit No.	Document Description
2002	A. Toth's Letter to Aon dated July 21, 2025.
2003	Zesty.ai, Inc.'s Draft IPR Petition of U.S. Patent No. 10,529,029.
2004	Zesty.ai, Inc.'s Draft IPR Petition of U.S. Patent No. 10,650,285.
2005	Zesty.ai, Inc.'s Draft IPR Petition of U.S. Patent No. 11,195,058.
2006	Zesty.ai, Inc.'s Draft IPR Petition of U.S. Patent No. 11,030,491.
2007	Email Exchange between A. Toth and C. Alciati.
2008	District Court's Memorandum in Support of its Order Denying Zesty.ai, Inc.'s Motion to Dismiss under 35 U.S.C. § 101, Case No. 1:25-cv-00201 (D. Del.).
2009	T. Okazaki & O. Gaspa Rebull, Aon Benfield, May 12, 2017 presentation entitled "More than Just a Big Idea: How big data and deep learning is helping Japanese insurers to protect homeowners from Nat Cat risk?"
2010	Declaration of Dan Dick.
2011	Email Exchange between C. Alciati and G. Sueoka re Aon/Zesty (2020).
2012	Aon Re, Inc's Notice Letter to Zesty.ai, Inc. dated April 20, 2023.
2013	Zesty.ai, Inc.'s Opening Brief in Support of its Motion to Dismiss under 35 U.S.C. § 101, Case No. 1:25-cv-00201 (D. Del.).
2014	Zesty.ai, Inc.'s Reply Brief in Support of its Motion to Dismiss under 35 U.S.C. § 101, Case No. 1:25-cv-00201 (D. Del.).
2015	District Court's Scheduling Order, Case No. 1:25-cv-00201 (D. Del.).
2016	K. Oussayef's email to C. Alciati dated July 21, 2025 re Zesty.ai, Inc.'s Draft IPRs.
2017	Email Exchange between D. Dick and A. Toth dated April 25, 2023.
2018	Declaration of W. Cook Alciati in Support of Patent Owner's Request for Discretionary Denial.

I. INTRODUCTION

Petitioner Zesty.ai, Inc. (“Petitioner”) challenges U.S. Patent No. 10,529,029 (the “’029 patent”), which is owned by Aon Re, Inc. (“PO”). The ’029 patent will be more than six years old by the time the Board’s institution decision is due. For the following reasons, PO respectfully requests discretionary denial of the Petition.

First, Petitioner has been on notice of its alleged infringement since June 4, 2020, when the parties first discussed Petitioner’s alleged infringement. *See* Ex. 2010, ¶ 2. During those discussions, Petitioner repeatedly referenced an unspecified prior art-based defense, [REDACTED]

[REDACTED]. Petitioner’s attempted subterfuge notwithstanding, PO’s counsel expressly stated: “If [Petitioner] has defenses that it believes will avoid the need for the license, then now is the time to articulate those defenses.” Ex. 2007 at 6. Nonetheless, Petitioner remained steadfast in its refusal to share its alleged prior art, providing PO with strong settled expectations—developed over a period of many years—that Petitioner did not have a real validity challenge. Otherwise, Petitioner presumably would have shared the art to avoid the need for costly litigation or a license. PO’s settled expectations support discretionary denial.

Second, Petitioner’s conduct also demonstrates that it has used the IPR process not as an alternative to litigation, but rather as a forum shopping device—an

example of Petitioner’s gamesmanship. Petitioner’s first substantive move in response to PO’s complaint was to file a motion to dismiss under *Alice*. Ex. 2013. Just four business days after the Court denied Petitioner’s motion, Petitioner’s CEO wrote to PO, enclosing fully drafted petitions replete with citations to expert testimony. Exs. 2002-2006. Petitioner’s letter included a threat to file the petitions if PO did not dismiss its lawsuit with prejudice within just eight business days. Ex. 2002 at 1. PO rebuffed Petitioner’s bargaining tactic, leading to the instant Petition. Petitioner thus resorted to the PTAB after it lost what it apparently believed to be its stronger challenge in District Court—and it did so only after its “end the litigation or else” threat failed. This type of forum shopping frustrates the purpose of IPR as an alternative to litigation and supports discretionary denial.

Third, the Petition is fundamentally weak in relying on expert testimony in an attempt to fill gaps in the prior art. For example, for the claimed “second machine learning classifier,” Petitioner relies on expert testimony rather than a disclosure that is simply missing from the prior art on which it relies. The Petition is also weak in misconstruing the prior art. For example, the Petition argues (at 26-27) that it would be obvious to implement automatic feature extraction based on a reference which, states: “In general, current algorithms for automatic feature extraction do not provide a high degree of accuracy and require considerable computational capacity.” Ex. 1008 at 43. Neither the Petitioner, nor its supporting declaration—which most often

simply mimics the Petition verbatim—make any attempt to square Petitioner’s argument with the reference on which it relies.

Fourth, discretionary denial is also appropriate because Petitioner’s claim construction arguments here are inconsistent with its District Court position—an inconsistency that Petitioner failed to address, much less explain. In the District Court, Petitioner argued that the claim term “feature” was used in its ordinary sense to refer to “features of house,” presumably to help its failed *Alice* argument. However, in this proceeding, Petitioner’s expert opines that “the claimed *extracted features*, here, appear to follow the computer vision meaning of the term.” Ex. 1003, ¶ 91. This unexplained inconsistency supports discretionary denial.

Under the totality of the circumstances present in this proceeding, PO respectfully submits that the Director should discretionarily deny the Petition.

II. BACKGROUND

A. Aon’s pioneering invention.

The ’029 patent discloses and claims an improved computer architecture featuring two separate machine learning classifiers that classify property characteristics (e.g., a roof type) and their conditions (e.g., a shingled roof in poor condition). The claimed subdivision of one large classification task into two or more machine learning classifiers allows for faster and more efficient processing across limited compute resources while resulting in a more accurate assessment of a property’s structural characteristics and conditions.

In a described embodiment, a user requests information concerning a specific property (e.g., by typing an address into a user interface), causing the system to access an aerial image. '029 patent (Ex. 1001) at 13:21-28, 14:23-26. Following image processing, a “feature identification engine 320 extracts features” from the image that relate to a property characteristic from the image. *Id.* at 15:25-30. A “first machine learning classifier” then determines, e.g., the shape of an identified roof. *Id.* at 8:50-53, cl. 1. A “second machine learning classifier” then analyzes the extracted features to determine the condition of the identified roof. *Id.* at 20:30-32, cl. 1.

The subdivision of classification tasks into specialized machine learning classifiers improve the accuracy of condition assessment—a problem the prior art had not been able to solve—resulting in “an accuracy rate of 94%.” *Id.* at 9:7-23. This same subdivision, which allows for parallelization, “improve[s] processing efficiency of the system to reduce an amount of time it takes to perform the condition assessments and automate a condition assessment process.” *Id.* at 21:21-24.

B. PO’s commercialization of machine learning classifiers to classify property characteristics and conditions.

The '029 patent lists Takeshi Okazaki as the sole named inventor, an individual that led PO’s Research and Innovation team in PO’s Tokyo analytics group. Mr. Okazaki’s pioneering work started with the goal of building a database that cataloged the roof type and condition of Japan’s insurable single buildings. This

work led to the filing of a provisional application on September 23, 2016.

By May 12, 2017, Mr. Okazaki explained in the presentation submitted as Exhibit 2009 that Aon had “[a]chieved a building coverage ratio of 100% for the whole Japan,” which included 65,000,000 “unique buildings.” *Id.* at 12. This system ran on GPU processors and was able to meaningfully improve damage prediction as shown by the benchmarking included in the presentation. *Id.* at 14. PO’s machine learning classifiers presently execute on state-of-the-art Nvidia GPUs. PO relies on information gained from its machine learning classifiers to advise its clients.

III. ARGUMENT

A. PO’s settled expectations support discretionary denial.

The ’029 patent will be more than six years old at the Board’s institution decision deadline. In addition, Petitioner has known of its alleged infringement since July 2020 and repeatedly refused to articulate a prior art-based defense—multiple times over the course of multiple years. These facts provided PO with strong settled expectations that support discretionary denial.

The Director has found settled expectations based on a broad date range, including a patent that was in force for about 5.6 years before the petition was filed. *See Coretronic, Corp. v. Maxell, Ltd.*, IPR2025-00477, Paper 10 at 2 (Acting Director July 10, 2025) (15 years); *Kahoot! AS v. Interstellar Inc.*, IPR2025-00696, Paper 12 at 2 (Acting Director July 31, 2025) (5.6 years). Indeed, the Director has explained that “there may be good reasons why a patent owner has strong settled

expectations in a patent that has been in force for two, three, or four years[.]” *Apple Inc. v. Apex Beam Techs. LLC*, IPR2025-00896, Paper 10 at 3 (Acting Director Sept. 3, 2025).¹ The Director has also found it relevant that a Petitioner has “had notice of the challenged patents or patent family for a significant period of time.” *Id.*; see also *Jinkosolar Co., Ltd. v. Longi Green Energy Tech. Co., Ltd.*, IPR2025-00859, Paper 10 at 3 (Acting Director Sept. 3, 2025) (same).

Here, Petitioner has been on notice of its alleged infringement of the challenged ’029 patent since June 4, 2020, when Dan Dick (an executive director with PO) informed Attila Toth (Petitioner’s CEO) of the existence of the ’029 and ’285 patents by phone. Ex. 2010, ¶ 2. This exchange led to a meeting among the parties and their respective outside counsel via Webex on July 9, 2020. *Id.*, ¶ 3. During that call, Petitioner vaguely referred to prior art it believed could render the patents invalid, although Petitioner declined to share the prior art at issue. *Id.*

On August 24, 2020, PO’s counsel followed up with Petitioner’s counsel to propose a Confidential Communications Agreement that would encourage a full and frank discussion concerning, *inter alia*, prior-art based defenses. Ex. 2011 at 5. In

¹ Though PO’s other patents that are challenged by Petitioner have been in force for less time, the Director has found it relevant to consider inefficiencies that may result from referring a challenged patent that “has not been in force as long as the other patents challenged.” *Amazon.com, Inc. v. Audio Pop IP, LLC*, IPR2025-00768, Paper 15 at 3 (Acting Director Aug. 14, 2025).

response, Petitioner's counsel stated that his [REDACTED]

[REDACTED]

[REDACTED]. *Id.* at

2, 4; *see also id.* at 1.² In other words, [REDACTED]

[REDACTED]. This

gamesmanship led PO to reasonably believe that Petitioner had no real invalidating prior art or intent to challenge PO's patents. Otherwise, Petitioner presumably should have been willing to share the prior art [REDACTED]

[REDACTED]. PO's resulting settled expectations support discretionary denial.

Several years later, Petitioner again refused to engage with PO as to its purported prior art defense, further cementing PO's settled expectations. By letter dated April 20, 2023, PO *again* placed Petitioner on formal notice of its infringement, which included additional patents that had issued since the parties first discussed PO's patents in 2020. *See* Ex. 2012. Following receipt of PO's notice letter, Mr. Toth corresponded with Mr. Dick and claimed that the patents [REDACTED]

[REDACTED] but stated that [REDACTED]

[REDACTED]

[REDACTED] Ex. 2017.

² Emphasis herein is added unless otherwise indicated.

Mr. Toth's reference to [REDACTED] further supported PO's settled expectations that the patents were valid—especially as Petitioner did not re-raise its veiled prior art threat from 2020.

PO's counsel then followed up with Mr. Toth and again offered to enter into a Protected Communications Agreement “that will allow the parties to confidentially exchange information for the sole purpose of exploring a licensing relationship.” Ex. 2007 at 7. Mr. Toth declined. In response, PO's counsel wrote, in pertinent part:

If Zesty has defenses that it believes will avoid the need for the license, then now is the time to articulate those defenses. Mr. Sueoka [Zesty's outside counsel] provided very little, if any, detail beyond stating that Zesty believed it had prior art (which he would not share) while indicating that Zesty's system worked behind the scenes (i.e. non-public information) in ways that avoided infringement. As such, **we request that Zesty articulate any specific defenses on which Zesty would rely to argue that a patent license is not necessary.**

Id. at 6.

Thus, PO *again* expressly invited Petitioner to identify its alleged prior art—and Petitioner *again* declined to do so. Instead, Petitioner simply defaulted to its position that it would not engage on the patents [REDACTED]

[REDACTED] *See id.* at 1. Petitioner's repeated failures to show any prior art to PO over the course of several years—despite repeatedly being invited to do so—underscore that PO held strong settled expectations in the patents' validity

(expectations that solidified further each time that Petitioner failed to produce any of the purported prior art).

PO respectfully submits that a fact pattern such as this—a patent in place for six years; Petitioner being on notice of the patent since 2020; Petitioner’s gamesmanship in its repeated refusal to produce any prior art despite years of PO’s requests that it do so—is exactly why the settled expectations doctrine exists. The Petition should be denied. *See NKT Photonics Inc. v. Omni Continuum LLC*, IPR2025-00839, Paper 10 at 3 (Acting Director Sept. 4, 2025) (discretionary denial where petitioner was on notice of the patent for several years before taking action).

B. Petitioner’s improper use of *inter partes* review as a forum shopping device to demand dismissal of the District Court litigation should result in discretionary denial.

The Acting Director’s March 26, 2025, Memorandum (the “Process Memorandum”), provides that “the parties are permitted to address all relevant considerations” that support discretionary denial. Here, Petitioner’s gamesmanship in misusing the IPR process as a forum shopping device to threaten PO, rather than as a true alternative to litigation, is a relevant consideration. As shown below, Petitioner’s conduct further supports discretionary denial here.

In the parallel District Court proceeding, Petitioner moved to dismiss under *Alice* as its first substantive move, arguing that “the real issue is apparently that ZestyAI succeeded where Aon has failed: not just having the bare idea of applying

machine learning to the insurance industry, but actually doing the hard work of developing and implementing effective machine learning systems.” Ex. 2013 at 7. Petitioner thus focused “the real issue” on whether it was Petitioner or PO that did the work to develop a commercial system—rather than focusing on an early prior art-based challenge. This is entirely consistent with Petitioner’s repeated refusal to disclose any allegedly invalidating prior art over the course of several years.

In a decision dated July 15, 2025, the Court denied Petitioner’s motion and held that “the patents recite the patent-eligible arrangement of two independently trained classifiers to analyze property characteristics and conditions.” Ex. 2008 at 1. The District Court found that claim 1 of the ’029 patent “implements machine-learning technology in a specific way to address a practical technical problem: how to accurately and quickly assess the physical characteristics and condition of a property from an aerial image using machine learning models.” *Id.* at 9.

Ultimately, the District Court found:

Claim 1 is not particularly hard to understand; Aon does not pretend that it is. But intricacy must not be the principal measure of eligibility — why should elegant inventions be prejudiced? Claim 1 presents a targeted, technical solution to a specific problem and reflects more than a generic invocation of machine learning. Thus, it is directed to patent-eligible subject matter. And because Zesty has not shown that claim 1 is directed to an abstract idea, our *Alice* inquiry ends at step one. The motion to dismiss is denied. An appropriate accompanying order follows.

Id. at 13.

Just *four business days* after losing its *Alice* challenge, Petitioner's CEO wrote to PO directly with a threat to file IPR petitions, stating:

If Aon does not dismiss the lawsuit with prejudice by July 31, 2025, we have no other option but to file IPR petitions before the Patent Trial and Appeal Board of the United States Patent and Trademark Office. Please note that the IPR challenges could readily be adapted to challenge and invalidate non-asserted patents in Aon's portfolio, such as U.S. Patent Nos. 11,347,976, 11,551,040, 11,687,768, 11,853,889, and 12,205,031. Naturally, those actions would involve further time and expense for both sides—resources we believe are far better directed toward creating value for our shared clients.

Ex. 2002 at 1; Ex. 2016 (same). This letter demanded a full dismissal with prejudice within just eight business days—despite the fact that PO won the *Alice* issue—or else Petitioner would file IPR petitions.

Included with the letter were four fully drafted IPR petitions replete with citations to evidence and a draft Forsyth declaration. Exs. 2003-2006. Plainly, this type of work product had been in process for months—and it came after years of Petitioner's repeated refusals to share its alleged prior art. Rather than focus its efforts on challenging the patents at the PTAB years before, Petitioner first decided to take its shot on an *Alice* motion, apparently sizing up its odds as more favorable in the District Court. Only once this gambit failed did Petitioner threaten to file the

petitions on which it had apparently been sitting. This is forum shopping, plain and simple. Coupled with Petitioner’s insistence that PO dismiss its lawsuit within *eight business days* under threat of IPR, Petitioner has plainly used the IPR process for an improper purpose.

The fundamental premise that IPR would offer “a quick, inexpensive, and reliable *alternative* to district court litigation” is undermined when a party resorts to IPR only after it has lost what it perceives to be its best shot in district court to avoid litigation. *See* S. Rep. No. 110-259, p. 20 (2008). Petitioner’s transparent forum shopping that used IPR as extortion—rather than a true alternative to litigation—should result in discretionary denial.

C. The weakness of Petitioner’s unpatentability challenge weighs in favor of discretionary denial.

1. Petitioner’s reliance on expert testimony in an attempt to fill gaps in the prior art supports discretionary denial.

Acting Director Stewart identified “[t]he extent of the petition’s reliance on expert testimony” as a consideration relevant to discretionary denial. Process Memorandum at 2. Relevant to that analysis is a situation where a Petitioner uses its expert to “fill gaps in the prior art.” *See Cambridge Indus. USA, Inc. v. Applied Optoelects., Inc.*, IPR2025-00434, Paper 11 at 2 (Acting Director June 26, 2025). Here, discretionary denial is appropriate because Petitioner does just that: for the claimed “second machine learning classifier,” which is recited in each challenged independent claim, Petitioner relies not on a prior art disclosure, but instead on Dr.

Forsyth's testimony. *See* Ex. 1001, cls. 1, 8, and 15.

For the claimed “second machine learning classifier,” the Petition acknowledges (at 31) that “Gross does not explicitly disclose its condition qualifiers are classified via a different machine learning classifier than was used to identify attributes,” (i.e., Gross does not disclose two machine learning classifiers). Nonetheless, the Petition argues that “Gross does explicitly disclose ‘it may be useful to employ multiple classifiers ... to identify the attributes and classify the structure.’” (alterations in original). Petitioner’s intentionally placed ellipsis guts Gross’s disclosure of its context, which makes clear that Gross is not discussing the use of two separate classifiers each trained to identify different specific information from an aerial image. Specifically, the full sentence in Gross states: “For better accuracy it may be useful to employ multiple classifiers trained with different algorithms **to give a combined or averaged score** to identify the attributes and classify the structure.” Ex. 1005, ¶ 0080. Petitioner’s carefully omitted text makes clear that Gross is referencing multiple classifiers identifying the same information concerning the same thing and then averaging the output to come up with an overall score. Petitioner’s resort to selective alteration of Gross reveals the weakness in its Petition. A strong challenge need not rely on an ellipsis to fabricate a central point.

Cognizant of the fact that Gross does not actually disclose separate machine learning classifiers, Petitioner nevertheless argues (at 31) that a “POSA would have

found it obvious to separate the classifiers” and then offers a motivation argument based in part on its ellipsis-created reading of Gross. In turn, Dr. Forsyth simply mimics the Petition verbatim—including its ellipsis—and does not cite any prior art consisting of patents or printed publications disclosing the use of two separate machine learning classifiers at all. Ex. 1003, ¶¶ 100-01. Petitioner’s reliance on expert testimony in an attempt concoct a claim limitation that is missing from the prior art supports discretionary denial.

2. Petitioner fails to square internal inconsistencies in its primary reference while relying on improper incorporation by reference.

Element 1.3 recites “extracting, by the processing circuitry, one or more of a plurality of features from the aerial image corresponding to the property characteristic . . .” Independent claims 8 and 15 recite a substantively identical limitation in elements 8.3 and 15.3. For each of these independent claims, the Petition argues (at 26-27) that “Gross notes feature extraction algorithms are well-known in the art, and identifies a suitable example to be used in its embodiments is described in [Jafri.]” Thus, the Petition relies on Jafri in an attempt to supply missing “feature extraction” details for Gross’s cited embodiments.

Petitioner’s reliance is woefully misplaced. Jafri (Ex. 1008) is a paper titled “A Survey of *Face Recognition* Techniques”—it has nothing to do with identifying and classifying property characteristics and their conditions. And neither the Petition

nor Dr. Forsyth make any effort to explain why a paper that discusses ways to identify a *face* has any relevance to property characteristics condition classification.

Further undermining Petitioner's arguments, Jafri itself criticizes the very feature extraction the Petition argues would have been a "suitable example" to be used in Gross. Specifically, Jafri states (Ex. 1008 at 43): "In general, current algorithms for automatic feature extraction do not provide a high degree of accuracy and require considerable computational capacity." *See also id.* at 45 (referring to "the difficulty of automatic feature detection"). Neither the Petition nor Dr. Forsyth make any effort to address the fact that Jafri itself counsels against the very automatic feature extraction on which the Petition relies to argue that automatic feature extraction would have been obvious in view of Jafri. Petitioner's failure to address Jafri's teaching away negates a legally sufficient motivation to combine.

In addition, Gross itself says very little about *machine learning*, with one passing reference to "neural networks" as one of a "variety of techniques" that allow analysis in "image patterns." Ex. 1005, ¶ 0077. And Gross is utterly bereft of any detail on the use of a machine learning-based neural network to classify images. Accordingly, Petitioner again resorts to Jafri's *facial recognition* paper, arguing (at 29) that "Gross—through the incorporated Jafri material—describes using 'a hybrid neural network solution' (i.e., a form of classifier) to analyze image patterns."

"To incorporate material by reference, the host document must identify with

detailed particularity what specific material it incorporates and *clearly indicate where* that material is found in the various documents.” *Zenon Env’t, Inc. v. U.S. Filter Corp.*, 506 F.3d 1370, 1378 (Fed. Cir. 2007) (original emphasis). This legal standard is not met where Gross limits its alleged incorporation by reference of Jafri to “feature extraction algorithms” as follows: “***Feature extraction algorithms*** are well-known in the art, and examples of such that are suitable and/or can be adapted easily for use in the present embodiments is set out in literature such as [Jafri] and incorporated by reference herein.” Ex. 1005, ¶ 0079.³ This says nothing about neural networks, and therefore Jafri is not properly incorporated for that purpose.

In deciding whether material is properly incorporated by reference, “the standard of ***one reasonably skilled in the art*** should be used to determine whether the host document describes the material to be incorporated by reference with sufficient particularity.” *Zenon*, 506 F.3d at 1378-79. Despite this, Dr. Forsyth fails to offer necessary supporting testimony. Ex. 1003, ¶ 97. Instead, Dr. Forsyth appeared to simply assume Gross properly incorporated Jafri’s reference to “hybrid neural network[s]” based on a legal instruction from counsel. *Id.*, ¶ 94.

Compounding the shortcomings of Jafri and the Petition is the fact that Dr. Forsyth relies on Fig. 19 of Jafri as allegedly disclosing feature extraction to be used

³ For purposes of this discretionary denial brief, PO assumes without conceding that Gross does properly incorporate Jafri by reference for “feature extraction algorithms.”

in Gross's embodiments. Ex. 1003, ¶ 94. However, Fig. 19 appears in a portion of Jafri discussing *facial recognition from video*. Ex. 1008 at 51-52. Yet again, the Petition and Dr. Forsyth fail to explain the alleged relevance of this to machine-learning based property characteristic condition classification. Moreover, Fig. 19 is a figure Jafri reproduced from *another* paper by de Campos et al. (titled "A Framework for *Face Recognition from Video Sequences* Using GWN and Eigenfeature Selection"), which Petitioner did not even submit as an exhibit—a type of multi-layered incorporation by reference based on a reference that is not even of record here. *See id.*, fn 207. This highlights the fundamental weakness of the Petition and its primary Gross reference.

All of the foregoing is consistent with the fact that Gross describes himself on LinkedIn as an "[e]xperienced inventor, prosecutor, negotiator and enforcer in all aspects of patent business," rather than one of skill in the art. Indeed, Petitioner has defined (at 8) a POSITA as having "approximately two years' experience in image processing and machine learning," which skill Gross appears to lack. *See* Ex. 1003, ¶ 42. This is further evidenced by Gross's dearth of technical details and attempted reliance on Jafri's facial recognition survey paper that counsels against automatic feature extraction. No POSITA would have been forced to resort to Jafri's facial recognition survey to disclose the technical details of their invention, which has nothing to do with facial recognition.

D. Petitioner’s inconsistent claim construction positions support discretionary denial.

Acting Director Stewart has found discretionary denial appropriate when a “Petitioner has taken different claim construction positions in [an IPR] proceeding and the parallel district court proceeding,” even for a patent that was one year old and where the district court trial would occur after final written decision (both of which are circumstances that may counsel against discretionary denial). *See Sun Pharms. Indus. Inc. v. Nivagen Pharms., Inc.*, IPR2025-00893, Paper 18 at 2-3 (Acting Director Sept. 19, 2025). Here, Petitioner’s expert Dr. Forsyth testifies that the claim term “*feature* can also have multiple meanings, depending on the context” and that “the claimed *extracted features*, here, appear to follow the **computer vision meaning** of the term.”⁴ Ex. 1003, ¶ 91 (plain italics in original). This is inconsistent with Petitioner’s *Alice* arguments in the District Court where it argued that “Aon’s claims focus on generic data like ‘**features’ of a house . . .**” Ex. 2013 at 17. This undermines the credibility of the Petition and Dr. Forsyth generally. *See Interactive Commc’ns Int’l, Inc. v. Blackhawk Network Inc.*, IPR2024-00465, Paper 39 (PTAB Oct. 1, 2025) (Director Review Decision) (vacating unpatentability findings that relied on inconsistent expert testimony). Indeed, Petitioner makes no effort to

⁴According to Dr. Forsyth, “[c]omputer vision is a field of computer science that uses computing methods to interpret images and video, as well as image-like data, in ways that are useful.” Ex. 1003, ¶ 7.

explain why it has taken different positions.

Similarly, Petitioner argued that “[u]nlike [PO]’s claims, the *McRO* claims are replete with computer-specific terms that have nothing to do with human activity” Ex. 2014 at 12. Indeed, a fundamental premise of Petitioner’s *Alice* challenge was that feature extraction, and the other claimed steps, could be performed by a human. Ex. 2013 at 9 (referring to feature extraction by a human as “identify the rooftop”). This is all starkly different from Dr. Forsyth’s view that the ordinary word “feature” is a term of art in the computer vision field. Petitioner’s unexplained inconsistent positions support discretionary denial.

E. Factors relating to the parallel district court litigation weigh in favor of discretionary denial.

As explained *supra*, the District Court has invested substantial time and effort in resolving Petitioner’s *Alice* defense. Moreover, the parties will have engaged in substantial written discovery and exchanged labor intensive infringement, noninfringement, and invalidity contentions. The parties will also have submitted proposed claim constructions to the District Court by the time the Board’s institution decision would be due. Ex. 2015 at 11. All of this investment supports discretionary denial. *See, e.g., Samsung Elecs. Co. v. Keyless Licensing LLC*, IPR2025-00526, Paper 12 at 2 (Acting Deputy Chief APJ July 17, 2025) (determining that “meaningful investment in the parallel proceeding” by parties that are engaged in the *Markman* process weighs in favor of discretionary denial). So too does the fact that

Petitioner is the sole defendant in the district court case.

Petitioner has not sought a stay in the District Court, and any argument for a stay would need to be based on the outcome of the Board’s institution decision, making this consideration neutral in the analysis. While PO acknowledges that trial is unlikely to occur until after the Board’s final written decisions would be due, this fact alone does not outweigh the multiple other considerations detailed herein that support discretionary denial. *See, e.g., SmartSky Networks LLC v. Gogo Bus. Aviation LLC*, IPR2025-00672, Paper 10 (Acting Director July 31, 2025).

Petitioner also filed a *Sotera* stipulation after it filed its petitions. *See* Paper 6. Notably, the stipulation is narrow in scope and does not include all invalidity arguments that Petitioner could raise in District Court. Accordingly, “Petitioner’s stipulation here does not ensure that this proceeding would be a true alternative to the district court proceeding and is entitled to less weight.” *Cisco Sys., Inc. v. WSOU Investments LLC*, IPR2025-00188, Paper 14 at 3 (Acting Director Aug. 22, 2025).

IV. CONCLUSION

For the reasons stated above, PO respectfully requests that the Director exercise discretion and deny the Petition.

Dated: October 3, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing document, along with any supporting document(s), was served in its entirety by filing through the Patent Trial and Appeal Case Tracking System (P-TACTS) as well as providing a courtesy copy via e-mail to the following attorneys of record for the Petitioner listed below:

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