[PUBLIC VERSION]

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. IPR2025-01359

U.S. Patent No. 11,195,058

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

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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	IPR2025-01358, Declaration of Dr. David A. Forsyth in Support of Zesty.ai, Inc.'s IPR Petition of U.S. Patent No. 10,529,029.
2019	IPR2025-01357, Declaration of Dr. David A. Forsyth in Support of Zesty.ai, Inc.'s IPR Petition of U.S. Patent No. 10,650,285.
2020	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. 11,195,058 (the "'058 patent"), which is owned by Aon Re, Inc. ("PO"). The '058 patent is part of a family of patents challenged by Petitioner, the oldest of which 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 of PO's patents 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]. 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, for example, claiming 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. As another example, the Petition relies on material that is not properly incorporated by reference into Petitioners' sole obviousness reference as allegedly teaching the claimed "machine learning

algorithms" recited in each independent claim.

Fourth, discretionary denial is also appropriate here because Petitioner presents a different construction of the word "feature" in this proceeding as compared to its construction of the word "feature" in related proceedings directed to PO's U.S. Patent Nos. 10,650,285 (the "'285 patent") and 10,529,029 (the "'029 patent"), which are in the same family and claim overlapping subject matter. In those related proceedings, Petitioner's expert Dr. Forsyth opines that the claim term "extracted features" "appear[s] to follow the computer vision meaning of the term" rather than the "standard context[]" in which the "word *feature* can refer to an aspect, quality, or facet of something. . . ." Ex. 2018, ¶ 91; Ex. 2019, ¶ 71. However, in this proceeding, Petitioner's same expert opines that "the '058 patent uses the word *feature*" as "describing 'property features' as physical aspects, qualities, or facets [] of a property" rather than in its "computer vision contexts." Ex. 1003, ¶ 62. Petitoner's failure to explain its differing constructions of terms that include the word "feature" in the same family of patents 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 '058 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. '058 patent (Ex. 1001) at 13:65-14:5, 15:1-4. Following image processing, a "feature identification engine 320 extracts features" from the image that relate to a property characteristic from the image. *Id*. at 16:1-6. A "first machine learning classifier" then determines, e.g., the shape of an identified roof. *Id*. at 9:21-24, cl. 1. A "second machine learning classifier" then analyzes the extracted features to determine the condition of the roof. *Id*. at 21:13-15, 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 9:45-61. 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 22:4-7.

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

The '058 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. *See id*.

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 '058 patent is one of four challenged patents in the same family. The oldest patent in the family (the '029 patent) will be more than six years old at the Board's institution decision deadline while the '058 patent will be just over four years old. 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. *See* Ex. 2010, ¶ 3. These facts provided PO with strong settled expectations, along with administrative efficiency, that support discretionary denial.

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). The Director has also 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). Another relevant factor is whether 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).

Here, there are good reasons why PO had settled expectations as to the '058 patent. As explained in PO's discretionary denial brief directed to the '029 patent, PO had strong settled expectations for the '029 patent, which will be more than six years old when the Board's institution decision is due. As the Petition acknowledges (at 8), the '058 patent is a continuation of one of PO's earlier issued patents (the '285 patent), and accordingly there is substantial overlap among PO's family of

challenged patents. Indeed, in the District Court, Petitioner argued that claim 1 of the '029 patent was representative of all the claims of the '058 patent. Ex. 2013 at 9; Ex, 2014 at 6. This overlap supports discretionary denial in view of PO's strong settled expectations relative to the '029 patent. It would be inefficient for the Board to institute proceedings here while declining institution in the related '029 patent IPR (IPR-2025-01358).

Moreover, Petitioner has known about PO's family of patents since June 4, 2020, as explained in more detail in connection with PO's '029 and '285 patent discretionary denial briefs. *See* Ex. 2010, ¶ 2. When the parties discussed PO's patents in 2020, Petitioner's counsel referenced undisclosed prior art and stated that his "client would authorize [him] to discuss the prior art and their non-infringement [redacted]. Ex. 2011 at 2, 4; *see also id*. at 1.[1] In other words, [redacted]. This gamesmanship led PO to reasonably believe that Petitioner had no real invalidating prior art or intent to challenge PO's patents. And while the parties discussed the '029 and '285 patents, PO's settled expectations reasonably extended to its related patents in the same family. Indeed, the '058 patent application was already filed by the time the parties discussed PO's patents in

[1] Emphasis herein is added unless otherwise indicated.

2020—and it is a continuation of the '285 patent discussed in July 2020.

By letter dated April 20, 2023, PO *again* placed Petitioner on formal notice of its infringement, which included the '058 patent challenged here. *See* Ex. 2012. Following receipt of PO's notice letter, Mr. Toth corresponded with Mr. Dick and claimed that the patents [redacted] but stated that [redacted] Ex. 2017. Mr. Toth's reference to a [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]. *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 family of patents in place for over six years; Petitioner being on notice since 2020 of the family of patents; 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 Dr. 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 is 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 fails to square internal inconsistencies in its primary reference while relying on improper incorporation by reference.

Element 1.2 recites "a set of property characteristic profiles [] each . . . being developed through training one or more machine learning algorithms using first property images to identify one or more characteristics of at least one property feature of one or more property features." Element 13.5 recites a substantively similar limitation. For both of these elements, Petitioner argues (at 18, 33) that "Gross notes that feature extraction algorithms are well-known in the art and a suitable example that can be used in its embodiments is set forth 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 reconcile the suggestion that a POSITA would implement automatic feature extraction based on Jafri where Jafri itself disparages automatic feature extraction. 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 18-19) that "Gross—through the incorporated Jafri material—describes using 'a hybrid neural network solution' 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.[2] 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, ¶ 69. 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*.[3]

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

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[2] For purposes of this discretionary denial brief, PO assumes without conceding that Gross does properly incorporate Jafri by reference for "feature extraction algorithms."

[3] The Petition relies on Fig. 19 of Jafri in attempt to map Jafri to claim 2 of the '058 patent. 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.

defined (at 9) 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.

2. Petitioner's reliance on conclusory expert testimony 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. Here, the Petition relies on conclusory expert testimony in an attempt to map the claimed "one or more machine learning algorithms" to Gross. As explained above, the Petition relies on Jafri's reference to "hybrid neural network[s]," which is not properly incorporated by reference into Gross. From there, the Petition asserts (at 19) that "[a] POSA would have understood that neural networks comprise *one or more machine learning algorithms*," citing to Paragraph 69 of Dr. Forsyth's declaration (original emphasis). In turn, Paragraph 69 simply mimics the Petition—with no substantive explanation of how or why a POSITA would make this determination—stating only: "A POSA would have understood that neural networks comprise *one or more machine learning algorithms*." Ex. 1003

(original emphasis). This conclusory expert testimony is insufficient to identify a claim element in the prior art, and the Petition's reliance on such conclusory testimony supports discretionary denial.

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). As explained in PO's '029 and '285 patent discretionary denial briefs, Petitioner has failed to explain its inconsistent positions between the District Court and the PTAB concerning the construction of the word "feature." Compounding this issue is the fact that Petitioner has advocated for a construction of the word "feature" in this proceeding that differs from its construction of the word "feature" in the related '029 and '285 patents—again without explanation.

In the related proceedings, Dr. Forsyth testifies that "the word *feature* can [] have multiple meanings, depending on the context." Ex. 2018, ¶ 91; Ex. 2019, ¶ 71 (original emphasis). According to Dr. Forsyth, "[i]n standard contexts, the word

feature can refer to an aspect, quality, or facet of something" while in "computer vision contexts, the word *feature* (or "image feature") typically refers to pieces of information that can be derived from the pixel content of an image[.]" Ex. 2018, ¶ 91; Ex. 2019, ¶ 71 (original emphasis). Dr. Forsyth then opines that "the claimed *extracted features*, here, appear to follow the ***computer vision*** meaning of the term." Ex. 2018, ¶ 91 (plain italics in original).

In this proceeding, Dr. Forsyth provides a substantially similar explanation concerning the multiple potential meanings of the word "feature." Ex. 1003, ¶ 62. However, in this proceeding, Dr. Forsyth opines that "[w]hen referring to the claimed *features of a property location* or *property features*, the '058 patent uses the word *feature* in the second sense, describing 'property features' as physical aspects, qualities, or facets []," rather than according to the "computer vision meaning of the term." *Id*. Neither Dr. Forsyth nor Petitioner make any effort to explain why the word "feature" should mean different things in different claims among a family of related patents—much less attempt to square this inconsistency with Petitioner's district court positions. 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).

To further confuse things, the Petitioner appears to apply the "computer vision" meaning of the term "feature"—rather than the "standard context" Dr. Forsyth claims to have applied—in attempting to map Gross to elements 1.2 and 13.5. More specifically, Petitioner argues (at 18) that "Gross discloses its Classifier Engine is trained with reference images (i.e., first property images) and analyzes objects in the images, using neural networks, to detect and extract image features that can be readily detected." Thus, in the context of element 1.2, Petitioner appears to point to Gross's alleged disclosure of extracting features in the "computer vision context" that Dr. Forsyth claims to have not applied. Petitioner's unexplained inconsistencies 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., Ltd. 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,

GARDELLA ALCIATI P.A.

By: /Greg H. Gardella/

Greg H. Gardella (Reg. No. 46,045)
Email: ggardella@ga-iplaw.com
Michael J. Stimson (Reg. No. 45,429)
Email: mstimson@ga-iplaw.com
GARDELLA ALCIATI P.A.
80 M Street SE, 1st Floor
Washington, D.C. 20003
Phone: 703-556-9600
Fax: 703-740-4541

Attorneys for Patent Owner
Aon Re, Inc.

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:

Lead Counsel:	Daniel S. Block dblock-PTAB@sternekessler.com
Back-up Counsel:	Jennifer Meyer Chagnon Justin D. Wang jchagnon-PTAB@sternekessler.com jwang-PTAB@sternekessler.com PTAB@sternekessler.com

Dated: October 3, 2025

By: /Greg H. Gardella/
Name: Greg H. Gardella
GARDELLA ALCIATI P.A.