

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. 10,195,058

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

I. Petitioner mischaracterizes the parties’ pre-suit discussions.

In an attempt to excuse its inaction after being notified of its infringement, Petitioner argues (at 3) that the “the parties executed a renewal of their partnership in 2021, suggesting the matter was *resolved*.”¹ While Petitioner fails to include this alleged “renewal” with its brief, Petitioner refers to a “Marketing Agreement” that included a clause titled “[REDACTED]” and states: “[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].”

Ex. 2022 at 3. The Agreement further provides that “[REDACTED]

[REDACTED]

[REDACTED]” *Id.*

Thus, the Agreement expressly provides [REDACTED].

Petitioner’s claim to the contrary is simply untrue. If anything, the Agreement highlights Petitioner’s knowledge of PO’s patents and persistent inaction over the course of five years. Indeed, Petitioner admits (at 12-13) that it waited to file its Petition until after it lost its § 101 challenge. If Petitioner were truly interested in efficiency, it would have shared its defenses five years ago. Indeed, if Petitioner

¹ Emphasis herein is added unless otherwise indicated.

Petitioner’s next excuse (at 4) is that when PO again placed Petitioner on notice of its infringement in 2023, “it was under the guise of a ‘business proposal’—not a licensing discussion.” That too is untrue. In fact, PO’s 2023 letter expressly stated: “Zesty may be interested in a ***license*** to the Aon Patents” and referred to the parties’ prior discussions concerning Petitioner’s infringement. Ex. 2012 at 1.

In response, when **Petitioner** attempted to focus on a business proposal, PO’s counsel reiterated that the “[REDACTED]”; that “[REDACTED]”; and that “[REDACTED]” Ex. 2007 at 6. PO’s counsel then stated “[REDACTED]” *Id.* Contrary to Petitioner’s representation (at 4), the dispute has always been about Petitioner needing a license.

Despite that, Petitioner ultimately declined to share any prior art with PO, suggesting to any reasonable observer that Petitioner was simply bluffing. Petitioner's pattern of inaction and refusal to share any real information concerning its defenses provided PO with settled expectations and distinguishes this proceeding

from others where the Director declined to find settled expectations. Indeed, Petitioner's CEO claimed that he offered "[REDACTED]

[REDACTED],” undermining Petitioner's claim (at 4) that it never “suggest[ed] that the patents were valid or had any value to Zesty.” Ex. 2007 at 6.

II. The Examiner thoroughly considered the prior art and did not err.

Desperate to find *some* reason to avoid discretionary denial, Petitioner searches in vain for examiner error first arguing (at 9) the “’058 patent issued without even a *single* prior art rejection.” (original emphasis). But that is belied by the file history where the Examiner referred to his “35 USC 103 *rejections*,” cited three references, and explained why those references did not render the claims obvious. Ex. 1002 at 295-296. Indeed, the Examiner considered more than 15 pages of IDS, including a detailed International Search Report (ISR). Ex. 1002 at 225-237, 240-241, 245-247, 251-252, 305-306 (ISR entry at 235).

Next, Petitioner criticizes (at 10) the Examiner's search strategy as allegedly “not includ[ing] *a single* search term related to machine learning classifiers *at all*.” (original emphasis). That is flat wrong: the Examiner used the search: “(property or properties or house or houses or ‘real property’ or resident\$3) near7 (classif\$3).” Ex. 1002 at 258. Petitioner's argument also misleadingly suggests (at 9) that the Examiner considered no machine learning references at all. This too is wrong as

shown by the 892 appended to the Notice of Allowance. Ex. 1002 at 298.

For example, Collins states for roof analysis, “[a] software program with artificial intelligence (learning algorithms) or designed with neural networks could also be used to detect damage.” Ex. 2023, ¶102. Collins also states that “[a]fter the relevant features have been determined, scanning of the images and relevant metadata can be performed using existing image processing algorithms.” *Id.*, ¶118.

As another example, the Examiner’s 892 cited Howe, which stated that “a like feature representation to that used in the training stage is extracted from the image, and a category or class membership can then be established based on the output of the trained classifier or clustering algorithm. The different categories can correspond to a category of damage, including damage produced by a hurricane, a hail storm, a falling object, or a collision.” Ex. 2024 at 8:55-62. Additionally, the Examiner’s 892 cited Ciarcia which, with reference to identifying roofs, stated “other techniques may purely rely on artificial intelligence algorithms to identify regions of interest after learning.” Ex. 2025 at 6:59-61. Ultimately, Petitioner highlights that the Examiner considered substantially similar art to Petitioner’s characterization of Gross and that Petitioner failed to address § 325(d) in its Petition.

III. Petitioner cannot rewrite its Petition to avoid denial.

Petitioner attempts to excuse its failure to address motivation and expectation of success, arguing (at 14) that the Petition does not rely “*solely* on Jafri to supply

these teachings.” But this admits reliance on Jafri and highlights an effort to obscure the Petition grounds—a failure of § 312(a)(3)’s “particularity” mandate.

Petitioner next attempts to rewrite its Petition to blunt the impact of Jafri’s teaching away, arguing (at 14) that Jafri “merely cites to an article that predates [it] by 12 years” (Jafri reference [58]). However, the Petition (at 18-19 (citing Ex. 1008 at 49)) and Petitioner’s discretionary brief (at 15) both rely on this very same reference [58] to argue that Jafri discloses a “hybrid neural network solution.”

Petitioner also claims (at 16-17) that Forsyth’s testimony concerning Jafri’s alleged disclosure of the claimed “one or more machine learning algorithms” in the form of a “hybrid neural network” is not conclusory because Forsyth’s declaration includes a “State of the Art” section. But Petitioner had a burden to explain *how* Jafri’s facial recognition review paper maps to the claims, and nothing in the ‘State of the Art’ section or the ’058 patent does that. Petitioner’s inability to cite any substantive analysis by Forsyth confirms the conclusory nature of his testimony.

IV. The Petition did not explain Petitioner’s inconsistent constructions.

Petitioner admits (at 19) that it used different constructions of the word “feature” across its four petitions. Forsyth’s testimony that the ’058 patent allegedly uses the word “feature” to mean different things does not address the claims of *the other patents*. The Petition should have explained the different constructions among the four IPRs. The Director should decline to consider Petitioner’s belated argument.

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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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