IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FORTINET, INC.,

Petitioner,

v.

NETSKOPE, INC.,

Patent Owner.

U.S. Patent No. 8,117,639

Case No.: IPR2026-00025

NETSKOPE, INC.'S BRIEF FOR DISCRETIONARY DENIAL

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EXHIBIT LIST

No.	Exhibit Description
Ex. 2001	Scheduling Order for *Netskope, Inc. v. Fortinet, Inc.*, Case No. 4:25-cv-02360-HSG, pending in the United States District Court for the Northern District of California.
Ex. 2002	Fortinet Inc.'s Preliminary Invalidity Contentions in *Netskope, Inc. v. Fortinet, Inc.*, Case No. 4:25-cv-02360-HSG, pending in the United States District Court for the Northern District of California.
Ex. 2003	Exhibit Chart C-1 of Fortinet Inc.'s Preliminary Invalidity Contentions in *Netskope, Inc. v. Fortinet, Inc.*, Case No. 4:25-cv-02360-HSG, pending in the United States District Court for the Northern District of California.
Ex. 2004	Exhibit Appendix C of Fortinet Inc.'s Preliminary Invalidity Contentions in *Netskope, Inc. v. Fortinet, Inc.*, Case No. 4:25-cv-02360-HSG, pending in the United States District Court for the Northern District of California.
Ex. 2005	Plot from Docket Navigator – Profile of Judge Haywood S. Gilliam Motion Success To Stay Pending IPR
Ex. 2006	Plots from Docket Navigator – Profile of Judge Haywood S. Gilliam Time to Milestones (annotated)
Ex. 2007	Website blog on Fortinet.com, titled: "Fortinet is Leading Innovation in the Security Industry with More Than 1,500 Patents" https://www.fortinet.com/blog/business-and-technology/fortinet-is-the-security-innovation-leader-more-than-1500-patents-either-awarded-or-pending
Ex. 2008	Website article on Wikipedia.org, titled: "Fortinet" https://en.wikipedia.org/wiki/Fortinet

I. Introduction

Under the October 17 *Open Letter* and *Memorandum* by the Director of the United States Patent and Trademark Office (the "October Memorandum"), the decision to institute an *inter partes* review is reclaimed by the Director who will decide, based on two briefings, whether (i) discretionary factors or (ii) merits and other non-discretionary issues warrant denial of the petition. Regarding the discretionary factors, the October Memorandum explained that "[t]he Office has issued more than 580 decisions under the Interim Processes, providing substantial guidance on how the Director will handle discretionary considerations." October Memorandum at 5. Pursuant to the October Memorandum, Patent Owner, Netskope, Inc., requests that the Director discretionarily deny Petitioner's, Fortinet Inc.'s, Petition for *Inter Partes* Review ("IPR") of U.S. Patent No. 8,117,639 (the "'639 patent") for the reasons below.

Discretionary denial is warranted here for several reasons. First, the '639 patent was issued on February 14, 2012 and been ***in force for close to fourteen years***, creating strong settled expectations for Patent Owner. The Director's office has made clear that "the longer the patent has been in force, the more settled expectations should be." *Dabico Airport Sols. Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21 at 2 (Director Decision, June 18, 2025).

Furthermore, institution would waste the Patent Office's valuable resources in a duplicable effort with the district court. The '639 patent's validity is being adjudicated in a parallel proceeding, *Netskope, Inc. v. Fortinet, Inc.*, Case No. 4-25-cv-02360 (N.D.Cal., Mar. 7, 2025) (the "District Court Litigation"), which will require the district court to evaluate many of the same validity questions raised in the Petition, regardless of the Director's decision on whether to institute an IPR trial or not. Notably, the District Court Litigation is already moving at a steady pace, with preliminary invalidity contentions having been served back in August 2025 and the *Markman* hearing on claim construction to be held in about two months. Petitioner wants it both ways, as no *Sotera* stipulation has been filed in this IPR matter.

The Petition is also substantively flawed and lacking in merit. Grounds 1 and 2 are amalgamated in a way that fails to distinguish between Petitioner's § 102 and § 103 challenges, and Petitioner impermissibly relies on the knowledge of a person of ordinary skill in the art ("POSITA") for limitations that the Petition's references fall short of disclosing or teaching.

Thus, the totality of circumstances strongly favors discretionary denial.

II. Strong Settled Expectations Favor Discretionary Denial

Many prior decisions by the Office, in conformance with the Interim Process guidelines, have established that "[s]ettled expectations of the parties, such as the length of time the claims have been in force," is a relevant factor when determining whether to deny institution. *See* Memorandum re: Interim Processes for PTAB Workload Management (Mar. 26, 2025) at 2. Here, this factor is not only relevant but compelling.

Patent Owner's expectations of the '639 patent are clearly well settled. The '639 patent was issued in February 2012, and by the time of Director's review, it may well be more than 14 years old. The Office has consistently denied IPRs challenging such longstanding patents, making the age of the '639 patent reason enough to warrant discretionary denial. *See Google LLC v. Cellular South, Inc.*, IPR2025-00875, Paper 10 at 2-3 (denying institution for a 7-year-old patent). *See also Amazon.com, Inc. et al. v. Soundclear Technologies LLC*, IPR2025-01067, Paper 15 at 2 (denying institution for a 10-year-old patent). *See also Intel Corp. et al. v. General Video, LLC*, IPR2025-01036, Paper 14 at 3 (denying institution for a 10-year-old patent). *See also TankLogix, LLC v. SitePro, Inc.*, IPR2025-00648, Paper 10 at 2-3 (denying institution for 11-year-old patent). *See also Microsoft Corp. v. TS-Optics Corp.*, IPR2025-00767, Paper 13 at 2 (denying institution for a 17-year-old patent despite having previously expired due to nonpayment of

maintenance fee by prior owner and subsequent revival by the present patent owner TS-Optics Corporation[1]).

Moreover, discretionary denial due to a patent owner's settled expectations does not require a petitioner's prior knowledge or awareness of the patent. "Actual notice of a patent or of possible infringement is not necessary to create settled expectations." *Dabico*, Paper 21 at 3. There, the Acting Director reminded parties, like Petitioner, that issued patents are always "publicly available to provide notice to the public, other inventors, competitors, and commercial interests" and capable of finding "using the Office's automated search systems as well as publicly available resources on the Internet." *Id*. Here, Petitioner, Fortinet, Inc., is a sophisticated actor with a substantive patent portfolio in network communications and security,[2] having acquired more than a dozen companies and their IP in the relevant technology space since 2009 (Ex. 2008 at 2-3), and thus is likely aware of patent activity by its competitors in that technology area.

Therefore, all evidence supports Patent Owner's strong settled expectations for the '639 patent, which has been in force for nearly 14 years.

[1] *Microsoft Corp. v. TS-Optics Corp.*, IPR2025-00767, Paper 13 at 2-3.

[2] By their own account, Fortinet, Inc. has more than 1,500 patents. Ex. 2007 at 1.

III. The *Fintiv* Factors Favor Denial

As established in the precedential case of *Apple v. Fintiv*, the Director considers six factors when exercising discretion whether to deny an *inter partes* review in view of a parallel proceeding. *Apple v. Fintiv*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential). Those factors are: (1) whether the district court granted a stay or evidence exists that one may be granted if a proceeding is instituted; (2) proximity of the court's trial date to the projected statutory deadline for a final written decision; (3) investment in the parallel proceeding by the district court and the parties; (4) overlap between issues raised in the petition and in the parallel proceeding; (5) whether the petitioner and the defendant in the parallel proceeding are the same party; and (6) other circumstances that impact the exercise of discretion, including the merits. *Id*.

The majority of these *Fintiv* factors, i.e., factors 3-6, weighs in favor of the Director denying institution of this IPR in view of the ongoing District Court Litigation.

A. *Fintiv* Factors 1-2

Factors 1 and 2 are either neutral or favor Petitioner. The district court case has been assigned to District Court Judge, Haywood S. Gilliam, who has demonstrated propensity to stay the litigation pending IPR institution. *See* Ex. 2005. Here, Petitioner's motion to stay the litigation is opposed by Patent Owner, with a

hearing scheduled on this issue, *inter alia*, on January 8, 2026. Ex. 2001 at 2. Yet, in prior decisions, even for IPR cases in which the parallel district court case has already been stayed, the Office has denied institution due to patent owner's strong settled expectations, as is the case here for the '639 patent. *See again Amazon*, IPR2025-01067, Paper 15 at 2-3 (discretionarily denying institution based on holistic assessment of all arguments and evidence, including a stay in parallel district court proceeding and the patent owner's "strong settled expectations" of three patents in force for ten, eight, and ten years).

Also, it is possible—albeit not certain—that the district court trial would begin after a final written decision ("FWD") by the Patent Trial and Appeal Board ("PTAB") if an IPR trial was instituted. *See* Ex. 2006, showing Judge Gilliam's average time to trial of 2 years, 10.6 months. Regardless of that potential outcome, the Director's office has shown this factor is not weighted as heavily when there are strong settled expectations. *See again TS-Optics*, IPR2025-00767, Paper 13 at 2 (where Director discretionarily denied IPR based primarily on "strong settled expectations" despite the petitioner's arguments on the anticipated trial date in the parallel district court proceeding being "nearly 8-10 months after the anticipated final written decision" (*id*., Paper 12 at 28-29)).

B. *Fintiv* Factors 3-5

Factors 3-5 strongly favor Petitioner because the two parallel proceedings deal with the same parties, substantial investment by both, and multiple overlapping issues.

The parties are the same (factor 5). Patent Owner is the plaintiff that brought an action for patent infringement of nine patents, including the '639 patent, in the district court against the defendant, Petitioner.

There has already been significant investment by the parties in the parallel district court proceeding to date with significantly more investment by the time of the institution decision in April 2026 (factor 3). For instance, both parties have served their initial claim constructions on the opposing party months ago, and the *Markman* hearing will be concluded by February 6, 2026. *See* Ex. 2001 at 2. Moreover, Petitioner already challenged the validity of all claims of the '639 patent in the District Court Litigation and served their preliminary invalidity contentions on Patent Owner on August 15, 2025 (Ex. 2002 at 2, 80), nearly two months before filing the Petition for *inter partes* review at the PTAB on October 7, 2025. Critically, Petitioner did not file any stipulations per *Sand Revolution* or *Sotera* for this IPR matter and continues pursuit of the same and additional invalidity challenges in the District Court Litigation. Therefore, the institution of this IPR proceeding would result in duplicative adjudication of the same issues, risk divergent results, and waste

of judicial resources and the parties' investments in both the district court and at the PTAB.

With respect to factor 4, the Petition's invalidity grounds substantially overlap with Petitioner's preliminary invalidity contentions served on Patent Owner. Ex. 2002 at 2, 17-19. In the District Court Litigation, Petitioner contends the same claims (Claims 1-27) are invalid based on the same grounds in the Petition, as well as at least three other parallel grounds. *Compare* Petition at 3 (table listing "asserted Grounds of unpatentability") *with* Chart C-1 (Ex. 2003 at 1)[3] and Appendix C (Ex. 2004 at 1)[4] of Petitioner's preliminary invalidity contentions.

[3] Petitioner's Chart C-1 asserts on pg. 1: "[a]s illustrated in the chart below, Richmond anticipates the asserted claims of the '639 Patent. To the extent Richmond is found not to expressly disclose certain limitations in the asserted claims, such limitations are inherent. To the extent Richmond is found not to anticipate any asserted claims or claim elements of the '639 Patent, the reference nevertheless renders those claims or claim elements obvious under 35 U.S.C. § 103, either alone or in combination with other art identified in the cover pleading or herein."

[4] Petitioner's Appendix C asserts on pg. 1: "[a]s illustrated in the chart below, these references disclose or render obvious certain limitations or claims of the '639 patent

Because Petitioner is asserting the same grounds (Richmond alone and Richmond in combination with Wood or Teraslinna) in both proceedings, Petitioner has created redundancy that risks divergent results and amount to a waste of resources—avoidable through discretionary denial.

C. *Fintiv* Factor 6

Finally, for factor 6, there are other circumstances that should impact the Director's exercise of discretion to deny the IPR. The Petition's three invalidity grounds lack merit even under a cursory review, and close examination reveals significant flaws that cause each ground to fail. While those shortcomings will be described in detail in the forthcoming Patent Owner Preliminary Response ("POPR"),[5] the following provides a few highlights that illustrate significant deficiencies of the Petition.

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and can be combined with each other or other charted references for the reasons set forth in the Cover Pleading."

[5] "[A] patent owner may direct attention to an anticipated POPR and evidence for a discussion of the merits." *See* Q25 in FAQs for Interim Processes for PTAB Workload Management (https://www.uspto.gov/patents/ptab/faqs/interim-processes-workloadmanagement).

1. The Grounds fail to delineate between § 102 and § 103 arguments or properly assert either category.

Grounds 1 and 2 of the Petition assert unpatentability under the anticipation standard of § 102 and the obviousness standard of § 103, respectively, but are presented together in a manner that fails to fully or clearly articulate either theory. *See* Petition at 18 ("VII. Grounds 1 & 2 – Claims … are anticipated or rendered obvious by Richmond"). Due to this lack of clarity, the grounds of the Petition are substantively deficient and noncompliant with 35 U.S.C. § 312(a)(3),[6] thereby favoring discretionary denial.

First, it is unclear whether the Petition intends to raise both § 102 and § 103 arguments. Within this combined hetero-ground, the Petition uses boilerplate language to assert both anticipation and obviousness theories, e.g., alleging "Richmond discloses and renders obvious all limitations of claim 1." *Id*. Yet, for anticipation under § 102, Petitioner fails to map each element of the claim to the

[6] 35 U.S. Code § 312(a) Requirements of Petition.—A petition filed under section 311 ***may be considered only if***— . . . (3) the petition identifies, in writing ***and with particularity***, each claim challenged, ***the grounds on which the challenge to each claim is based***, and the evidence that supports the grounds for the challenge to each claim, ... (emphasis added)

disclosures in the cited prior art reference, as described above, so any § 102 argument fails from the start. And, for obviousness under § 103, not only does Petitioner fail to show the requisite teaching or suggestion in the prior art of each claimed feature, Petitioner fails to explain any reasoning for why any claim would be obvious within the framework for objective analysis articulated in *Graham v. John Deere Co.*, 383 U.S. 1 (1966) and reiterated in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007). The court has "repeatedly emphasized that an obviousness inquiry requires examination of all four *Graham* factors and that an obviousness determination can be made only after consideration of each factor." *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1335 (Fed. Cir. 2016).

Here, for every claim element of the challenged claims, the Petition lacks any articulation of the second *Graham* factor (ascertaining the differences between the claimed invention and the prior art). While arguing such differences risks undercutting one's anticipation arguments, Petitioner in this case chose to avoid taking the risk at the expense of ignoring the legal standard of obviousness.

The improper ground not only requires Patent Owner to respond to multiple incomplete arguments but also would impel the Board, if the Petition is instituted, to analyze multiple unarticulated invalidity grounds under multiple legal standards. Furthermore, gaps in Petitioner's claim mapping (discussed briefly below) raise doubts that any § 102 argument was made in good faith. Yet Patent Owner is forced

to respond to both anticipation and obviousness arguments within the limited word count requirements, despite neither theory being sufficiently explained for Patent Owner to appropriately rebut. Petitioner has improperly shifted the burden to the Board and to Patent Owner, which warrants dismissal of the Petition based on discretionary considerations.

2. Petitioner improperly relies on POSITA's knowledge instead of disclosure or teaching in the prior art reference.

On July 31, 2025, the Director's office issued a memorandum (the "July Memorandum") putting all practitioners on notice that the Office "will enforce and no longer waive the requirement of 37 C.F.R. § 42.104(b)(4) (Rule 104(b)(4)) that a petition for inter partes review (IPR) "must specify where each element of the claim is found in the prior art patents or printed publications relied upon"" and prohibiting reliance on "applicant admitted prior art (AAPA), expert testimony, common sense, and other evidence that is not "prior art consisting of patents or printed publications" … to supply a missing claim limitation." July Memorandum at 1. The July Memorandum makes clear that reliance on a "general knowledge," such as by a POSITA, to fill in missing claim limitations from prior art reference(s) was impermissible and is limited to supporting motivation to combine and demonstrating the knowledge of a POSITA. *Id*. at 1-2. This change applies to any petition filed on or after September 1, 2025 (*id*. at 3) and, thus, applies to the instant Petition.

Petitioner disregarded the Director's instructions. The Petition impermissibly relies on the knowledge of a POSITA to substitute for missing '639 patent claim limitations in the cited references, namely Richmond.

Particularly, the Petition fails to show that Richmond discloses, teaches or suggests Claim 1's limitation of "***associating*** *the packet with* ***user specific traffic control rules and user specific firewall rules***" and, instead, argues an assumption that "*a POSITA would understand*" Richmond's network control technique to perform the claimed "*associating*" step. Petition at 30.

Richmond does not teach "*associating the packet with* ***user specific … rules***," and the Petition consequently does not make the requisite showing in Richmond. Rather, Richmond teaches assigning "roles" for users and associates these predetermined "roles" with particular "rules." *See* Ex. 1003 at ¶¶[0211], [0214], [0223], [0267], [0277]-[0279] and FIGS. 13A(1)-13(B). Petitioner effectively acknowledges this multiple times in the Petition: (1) in the Petition's "Overview of Richmond" (Petition at 13-14); (2) under the Petition's subheading "[u]ser-specific rule stage," explaining Richmond's method 1300 requires "after determining the identity **and role** of the authenticated user, "configur[ing] the entry port module **with the packet rules associated with the determined role**" (act 1320)," citing Richmond at ¶¶[0225], [0227], [0278], and Fig. 13B (*id*. at 25-26 (emphasis added)); and (3) in the Petition's actual discussion of Richmond and the '639 patent's

"*associating*" feature, stating "[g]iven a role ID of a valid user, the network entry device then associates the packet with user-specific traffic control rules and user-specific firewall rules **by using the role associated with that user to search for matching user-based rules in a rule database 1514**." *Id*. at 30.

No where in the Petition's long, drawn-out explanation about Richmond's user authentication and packet rules association schemes between pages 27-35 does Petitioner actually show where and how Richmond discloses and/or teaches the claimed "*associating the packet with* ***user specific … rules***."

In addition to the "*associating*" step, Petitioner also impermissibly relies on a POSITA, not Richmond, for the particular claimed limitations of "*user specific traffic control rules*" and "*user specific firewall rules*" recited in Claim 1. *See* Petition at 33, stating: "[a] POSITA would understand Richmond's user-based packet rules to include both "user specific traffic control rules" and "user specific firewall rules."" Petitioner supports this statement by only citing Petitioner's expert's declaration at ¶¶98-99 (*id*.), which notably mirrors the Petition without any further insight or analysis from Petitioner's expert. *See* Ex. 1002 at ¶¶98-99. The Petition does not map these particular "user specific" rules to the role-based packet rules discussed by Richmond.

This fatal flaw in the Petition applies to all of the independent claims of the '639 Patent for mixed Ground 1/2, as the Petition merely cites the same deficient

arguments from Claim 1 for Claims 10, 17, and 27. *See* sections VII.J.2 (Claim 10), VII.Q.4 (Claim 17), and VII.Z (Claim 27) of Petition, each stating "*[s]ee* Section VII.A.2-VII.A.5 (corresponding limitations for claim 1)." Petition at 59, 64, and 67, respectively. Notably, this is also repeated for the only independent claim in Ground 3 (Claim 27), where Petitioner again refers to the same faulty arguments made in Claim 1. *Id*. at 73.

Petitioner's disregard for Rule 104(b)(4) provides a compelling reason for the Director to exercise discretion by denying the Petition.

IV. Conclusion

Patent Owner's settled expectations alone warrant discretionary denial of instituting *inter partes* review of the '639 patent. Yet, this taken together with the *Fintiv* factors further weigh in favor of discretionary denial of this IPR.

Dated: December 9, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of December, 2025, true and correct copies of the foregoing NETSKOPE, INC.'S BRIEF FOR DISCRETIONARY DENIAL and EXHIBITS were served via electronic mail on Petitioner's counsel at the following address:

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