

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner

v.

SANDPIPER CDN, LLC,
Patent Owner

Case IPR2026-00174
U.S. Patent No. 9,762,692

**PATENT OWNER'S BRIEF ON
DISCRETIONARY DENIAL**

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PATENT OWNER'S EXHIBIT LIST

Exhibit No.	Description
2001	First Amended Docket Control Order, <i>Sandpiper CDN, LLC v. Microsoft Corporation</i> , Case No. 2:25-cv-00664-JRG-RSP (E.D. Tex.), October 17, 2025
2002	Exhibit E101 to Microsoft's Invalidity Contentions (Subject Matter Ineligibility Contentions for U.S. Patent No. 9,762,692), <i>Sandpiper CDN, LLC v. Microsoft Corporation</i> , Case No. 2:25-cv-00664-JRG-RSP (E.D. Tex.), December 5, 2025
2003	"Enforcement and Non-Waiver of 37 C.F.R. § 42.104(b)(4) and Permissible Uses of General Knowledge in <i>Inter Partes</i> Reviews," United States Patent and Trademark Memorandum, July 31, 2025
2004	Success Rate of Motions to Stay Pending <i>Inter Partes</i> Review before Judge Rodney Gilstrap, Docket Navigator Report generated February 4, 2026
2005	Complaint for Patent Infringement, <i>Sandpiper CDN, LLC v. Microsoft Corporation</i> , Case No. 2:25-cv-00664-JRG-RSP (E.D. Tex.), June 26, 2025
2006	Microsoft's Invalidity Contentions, <i>Sandpiper CDN, LLC v. Microsoft Corporation</i> , Case No. 2:25-cv-00664-JRG-RSP (E.D. Tex.), December 5, 2025

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I. INTRODUCTION

The Director should deny institution of *inter partes* review of U.S. Patent No. 9,762,692 (“the ’692 patent”) for multiple reasons that make clear it would not be a good use of the Board’s resources to reconsider the patentability of the challenged claims. First, Sandpiper has strong settled expectations in the ’692 patent because it has been in force for 8 years and Microsoft has known about the patent for years. Second, the *Fintiv* factors strongly favor denial. Trial in the parallel litigation is scheduled for over two months *before* the projected Final Written Decision date for this Petition. The ’692 patent is also asserted against Comcast—who is also litigating validity—with trial set for nearly a *year* before the Final Written Decision date for this Petition. Furthermore, Microsoft advances claim construction positions that conflict with its positions in the district court.

Additionally, the Petition contains numerous flaws that favor discretionary denial. Petitioner’s arguments on the merits are weak, failing to identify disclosure of multiple claim elements in the cited art. This lack of disclosure, in turn, causes the Petition to rely heavily on expert testimony to supply missing elements in the cited art, contravening Petitioner’s requirement to specify where each element of the claim is found in the prior art patents or printed publications relied upon under 37 C.F.R. § 42.104(b)(4). These flaws further favor discretionary denial.

Moreover, the Office already expended substantial resources on this patent during initial prosecution when the same art used in Microsoft's challenges was considered by the Examiner and the Board and over which the claims were determined to be allowable. Accordingly, the Petition also warrants denial under 35 U.S.C. § 325(d).

II. BACKGROUND

The challenged patent arises from pioneering technology directed to delivering content across a network. Content delivery networks (CDNs) provide critical services that enable content providers to quickly deliver online content to millions of consumers simultaneously over the Internet. The technology underlying these CDNs was made possible through a series of inventions developed by a California start-up called Sandpiper Software Consulting, LLC, a predecessor of Patent Owner Sandpiper CDN, LLC.

In the early 1990s, the internet became a household staple. This mass adoption led to data congestion issues from the ever-growing number of users seeking to simultaneously access Internet content. Sandpiper's solution was to deploy CDN servers around the world, replicate appropriate content from origin servers to appropriate CDN servers, and transparently rendezvous end users requesting that content to the "best" CDN server to deliver that content, all while

providing their customers with control over their content and user experience. This architecture was quickly imitated by many others in the industry.

Distributing content across a network of servers alleviated data congestion issues, allowing consumers to connect to edge servers located near them, which reduced latency. The inventors developed and built systems and methods for propagating data from origin servers to edge servers based on network demand and for seamlessly routing users to the optimal edge server with the correct content.

Recognizing that the groundbreaking inventions of Sandpiper Networks (and its successor companies) could revolutionize content delivery worldwide, Level 3 Communications (“Level 3”) acquired the Sandpiper Networks CDN and patent assets in 2006, while onboarding several of the founders and inventors on the original Sandpiper Networks patents. Thereafter, Level 3 continued to file numerous patent applications directed to this foundational CDN technology, including the patent challenged in the Petition.

Petitioner Microsoft was well aware of the Sandpiper Networks patents at this time. In fact, Petitioner Microsoft Corp. competed with Level 3 in a bidding war to acquire Sandpiper’s patent portfolio. But Level 3 won the bid, at which point Microsoft became a CDN customer of Level 3 for several years before choosing to build its own CDN network without owning or obtaining a license to the Sandpiper patents.

Other businesses also entered the market by misappropriating Sandpiper's innovations and directly competing with Sandpiper for market share. Ultimately, Level 3 sold its CDN patents, including the patent challenged in this Petition, to Patent Owner, Sandpiper CDN, LLC.

III. OVERVIEW OF THE '692 PATENT AND COMPREHENSIVE PROSECUTION HISTORY

The '692 patent is entitled "Handling Long-Tail Content in a Content Delivery Network (CDN)," and was filed as U.S. Application No. 12/880,324 on September 13, 2010. It is a continuation-in-part of U.S. Patent No. 8,930,538, which claims priority to provisional application 61/042,412, filed on April 4, 2008. The '692 patent is directed to CDN technology and to solving issues related to delivering resources from more than one content provider. This involves replicating content from a source associated with a client of a CDN network onto CDN servers. End user requests are then directed to the CDN servers instead of to the client's source servers (generally referred to as "origin" servers) in some cases.

Embodiments of the '692 patent address technical issues with handling requests and timely providing content. The '692 patent describes a CDN that includes a tiered server system and a framework that obtains only popular content at a first tier of servers, thus speeding up content delivery and preserving memory space. The inventors pioneered the described unconventional technical solutions for serving resources in a memory conscious manner to address latency issues.

The '692 patent was given a thorough examination and included consideration of both references used in Microsoft's challenges here (Seed and Swildens). In particular, after Patent Owner cited Seed in an Information Disclosure Statement (EX1002, 66), the Examiner carefully considered the references listed in the IDS and applied Seed and another reference disclosed in the same IDS (Outten) to reject the independent claims. EX1002, 245-254. The Examiner also issued double patenting and indefiniteness rejections. EX1002, 242-245. Patent Owner overcame these rejections.

Specifically, Patent Owner responded with claim amendments and remarks and submitted a terminal disclaimer. EX1002, 288-298. After performing another search, the Examiner issued a Final Office Action in which the Examiner maintained the rejections of the independent claims over Outten and Seed and indicated Patent Owner's remarks were considered and found unpersuasive. EX1002, 2116-2125. Patent Owner filed a Notice of Appeal and submitted an Appeal Brief, the Examiner submitted an Answer, and Patent Owner submitted a Reply Brief. EX1002, 2156, 2174-2199, 2206-2212, 2217-2226.

The Board reviewed the rejections and reversed the obviousness rejection of independent claim 17 (issued claim 12) over Seed and Outten. EX1002, 2339-2342. The Board observed that the Examiner explicitly acknowledged "Seed does not specifically teach the second tier of servers teaching first and second portions

of the content providers library” and relied on Outten for this element. EX1002, 2340; *see also id.* at 2341 (the elements of claim 17 are “admittedly missing from Seed”). The Board agreed with Appellants that Outten teaches storing the *entire* content of a provider’s library, rather than storing *distinct* portions on *each* of the second tier servers. EX1002, 2341-42. Thus, the Board was persuaded that the Examiner erred and did not sustain the rejection. EX1002, 2342. The Board also reversed other rejections for similar reasoning that Outten does not disclose the recited distinct “portions.” EX1002, 2334, 2338. Additionally, the Board affirmed other rejections, entered a new ground of rejection of claim 17 over Seed, and, accordingly, issued an affirmance in part. EX1002, 2343-45.

Upon return of the application to the Examiner, the Examiner performed another search. EX1002, 2371-2372. The Examiner also considered an IDS that cited Swildens, along with just two other references. EX1002, 2373. After conducting an interview with the Patent Owner, the Examiner entered an Examiner’s amendment that included an amendment to claim 1 to recite a substantially similar element to the element that the Board found was not disclosed in Outten (“wherein the first portion of the content provider’s library is distinct from the second portion.”). EX1002, 2363-2367, 2377. The Examiner did not maintain the new rejection that was issued by the Board, and instead explicitly found the claims were allowable because “the claimed invention requires

‘separate’ and ‘distinct’ portions of a content library.” EX1002, 2368.

Accordingly, the Examiner entered a Notice of Allowance. EX1002, 2361-2369.

Patent Owner then paid the issue fee and the patent issued. The Office, including the Board, has therefore already expended extensive resources and attention on confirming the patentability of the challenged claims—including over the two references (Seed and Swildens) that are the sole basis for Microsoft’s challenges here.

IV. LEGAL STANDARDS

It is Petitioner’s burden to demonstrate unpatentability by a preponderance of the evidence. The Petition must establish, with particularity, the grounds and evidence that support invalidating the patented claims. 35 U.S.C. § 312(a)(3). Petitioner “must ‘specify where each element of the claim is found in the [relied upon] prior art patents.’” *In-Depth Geophysical, Inc. v. ConocoPhillips Co.*, IPR2019-00850, Paper 56 at 27 (P.T.A.B. Sept. 3, 2020) (quoting 37 C.F.R. § 42.104(b)(4)).

V. THE PETITION WARRANTS DISCRETIONARY DENIAL FOR MULTIPLE REASONS.

The Director should exercise discretion to deny institution under 35 U.S.C. § 314(a) for multiple independent reasons, including: (1) Sandpiper has strong settled expectations; (2) the district court is the more efficient and faster forum to resolve the parties’ dispute; (3) Microsoft advances inconsistent claim construction

positions; and (4) the Petition improperly ignores Board regulation and guidance by relying on expert testimony to fill gaps in the prior art. The IPR also warrants denial under § 325(d) because the Board already decided patentability on the same art presented in the Petition.

A. Settled expectations strongly favor denial because the '692 patent has been in force for over eight years and Microsoft had longstanding knowledge of the patent.

Settled expectations weigh in favor of denying institution of this IPR for two reasons: 1) the age of the patent; and 2) Microsoft's awareness of the challenged patent and its relevance to its products.

Patents that have been in force for over six years create strong settled expectations for patent owners. *See e.g., iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10 (P.T.A.B. June 6, 2025); *Dabico Airport Solutions Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21 (P.T.A.B. June 18, 2025) (informative); *Samsung Elecs. Co., Ltd. v. Headwater Research LLC*, IPR2025-00932, Paper 8 (P.T.A.B. Sept. 26, 2025). The '692 patent claims priority to a provisional application filed April 4, 2008, and issued on September 12, 2017. It has been in force for over eight years. These facts establish strong settled expectations for Sandpiper.

Moreover, Microsoft has known for years about Sandpiper's patent portfolio, including the '692 patent, and its relevance to Microsoft's business. *See*

EX2005, ¶¶44-63. Microsoft was a customer of the company that acquired the Sandpiper CDN intellectual property—Level 3—before Microsoft chose to build its own CDN network without owning or obtaining a license to the Sandpiper patents. EX2005, ¶¶47-49. And the '692 patent application is cited on the face of numerous of Microsoft's own patents related to CDN technology. *See, e.g.*, U.S. Patent No. 8,612,550 (titled "Proxy-based cache content distribution and affinity"; issued Dec. 17, 2014); U.S. Patent No. 9,374,276 (titled "CDN traffic management in the cloud"; issued Jun. 21, 2016). Microsoft's longstanding knowledge of the challenged patent enhances Sandpiper's settled expectations. *See Murata Mfg. Co. Ltd. v. Georgia Tech. Research Corp.*, IPR2025-00383, Paper 14 (P.T.A.B. July 29, 2025) (finding Petitioner's knowledge of challenged patent created settled expectations weighing in favor of denial); *Google LLC v. SoundClear Techs., LLC*, IPR2025-00344, Paper 15 (P.T.A.B. Aug. 4, 2025) (same).

B. The *Fintiv* Factors weigh in favor of denial.

All of the *Fintiv* factors favor or strongly favor denying institution. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020) (articulating six non-exclusive factors for determining whether to institute an AIA post-grant proceeding where there is parallel litigation).

1. Factor 1 favors denial because the EDTX is not likely to grant a stay.

Factor 1 strongly favors denial because there is no stay of the proceedings in the parallel district court case and there is a high probability that the district court will not stay its proceedings pending conclusion of an IPR. Indeed, Judge Gilstrap (the assigned district court judge in the EDTX) has denied close to 85% of all stay requests. EX2004. There is no indication that Judge Gilstrap would depart from his usual practice and grant a stay here.

2. Factor 2 strongly favors denial because the district court trial date will occur months before the projected Final Written Decision.

Factor 2 strongly favors denial. The projected statutory deadline for a Final Written Decision (FWD) in this IPR is June 18, 2027.¹ This is more than *two months* after the April 5, 2027 trial date in the EDTX. It is also nearly a year after trial will be completed in the *Sandpiper v. Comcast* district court litigation, in which the validity of the challenged patent is also being litigated. EX2001. Institution of an IPR under these circumstances—when the district court trial will occur much faster than the issuance of a decision by the Board—would not be consistent with the AIA’s objective to provide an effective and efficient alternative

¹ This date assumes the Board will issue an institution decision on June 18th, 2026 (before the Federal holiday on June 19th).

to litigation. *Accord NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (P.T.A.B. Sept. 12, 2018) (precedential).

3. Factor 3 favors denial because there has been significant investment in the district court.

Factor 3 favors denial. The relevant consideration is the “amount and type of work already completed in the parallel litigation by the court and the parties *at the time of the institution decision.*” *Fintiv*, 9 (emphasis added). The deadline for issuing a Decision on Institution (DI) in this IPR is approximately June 18, 2026. By this date, significant work will have been done in the parallel district court litigation, including the exchange of invalidity and infringement contentions, extensive fact discovery, the exchange of claim construction positions, and the filing of the Joint Claim Construction Statement (by the modified June 11, 2026 date). EX2001.

4. Factor 4 favors denial because Microsoft’s *Sotera* stipulation does little to mitigate concerns of inefficiency and duplication of effort.

Factor 4 considers the overlap between the issues raised in the IPR petition and in the parallel proceeding in order to evaluate “concerns of inefficiency and the possibility of conflicting decisions.” *Fintiv*, 12. This factor also strongly favors denial.

In the parallel district court proceeding, Microsoft submitted invalidity contentions that completely overlap with its IPR challenges. *Compare* EX2006,

169, 182-185 (asserting the claims are obvious over Seed and Swildens) *with* Pet., 3 (challenging the claims based on Seed and Swildens). In district court, Microsoft further challenges the claims on numerous additional anticipation and obviousness grounds. EX2006, 169-191.

Further, Microsoft's *Sotera* stipulation (EX1023) does little to mitigate concerns of inefficiency or duplication of effort such that "th[is] IPR proceeding[] would be a 'true alternative' to the district court proceeding." *Motorola Solutions, Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 at 3-4 (P.T.A.B. Mar. 28, 2025) (on Director Review vacating panel's institution decision and denying under *Fintiv*). Microsoft's stipulation does not preclude the use of Seed and Swildens in combination with system art. *See* EX1023. Indeed, Petitioner's invalidity contentions specifically include contentions that combine Seed and Swildens with system art, such as Windows Media Services 9, Squid, and Akami EdgeSuite. *See* EX2006, 45, 169-170, 187-190. Thus, even if this IPR is instituted, it will not be a "true alternative" to the parallel proceeding, because the district court judge and jury will still have to decide complex invalidity issues based on the same art used in this IPR in combination with system art. Petitioner's stipulation also does not prevent it from pursuing its contentions that all of the claims challenged in the Petition are invalid under §§ 101 and 112 (EX2006, 250-51; EX2002), which further exacerbates the inefficiencies and potential for inconsistent results (e.g.,

different claim constructions) that would result from allowing Petitioner to proceed in both forums. Accordingly, factor 4 strongly favors denial.

5. Factors 5 and 6 favor denial because the parties in the IPR overlap with the parties in the district court and the merits are weak.

Factor 5 favors denial because the parties are the same in both proceedings. *Fintiv*, IPR2020-00019, Paper 15 at 15 (P.T.A.B. May 13, 2020) (“Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.”).

Factor 6 also favors denial because, as will be explained further in the Patent Owner Preliminary Response (“POPR”), the Petition fails to establish that the challenged claims are invalid over the asserted Grounds. Patent Owner asks the Director to consider the briefing presented in its POPR. *See* Interim Process, § II.C.i (patent owner may direct attention to an anticipated POPR and evidence for a discussion of the merits). Further, as discussed in Section V.D below, the Petition improperly relies on expert testimony to fill gaps in its challenges.

C. Microsoft advances inconsistent claim constructions in contravention of Office policy.

The Director should deny institution because Microsoft presents different claim construction positions between its Petition before the Board and its invalidity contentions in the EDTX case. Specifically, Microsoft argues in its IPR Petition that the Board should apply the terms’ ordinary meaning, while it argues in its

EDTX invalidity contentions that claim 18 is indefinite. EX2006, 251-252. Taking inconsistent claim construction positions is disfavored by Office policy and undermines the efficiency of *inter partes* review. That is reason alone for the Director to discretionarily deny this IPR.

The Office has made clear that allowing petitioners to propose different constructions at the Board and the district court, such as seeking narrower constructions in litigation to avoid infringement liability, is contrary to the goal of “providing greater predictability and certainty in the patent system.” *Revvo Techs., Inc. v. Cerebrum Sensor Techs., Inc.*, IPR2025-00632, Paper 20 at 4 (P.T.A.B. Nov. 3, 2025) (Squires, Director) (precedential) (internal citations omitted). Rules 104(b)(3) and 104(b)(4) require a petitioner to explain “how the challenged claim is to be construed” and “how the construed claim is unpatentable.” 37 C.F.R. §§ 42.104(b)(3)-(4). “The Board’s claim construction rules are designed to ensure that the Board correctly construes claim terms and to minimize inconsistency in claim construction between forums.” *Revvo*, IPR2025-00632, Paper 20 at 4. A petitioner that advances different claim construction positions in different fora needs to explain why those different positions are warranted. *Id.* at 3-5. That a petitioner “cannot raise indefiniteness challenges in an *inter partes* review is not a sufficient explanation” because such a statement amounts to an assertion that a petitioner should be permitted to raise inconsistent invalidity challenges. *Tesla, Inc. v.*

Intellectual Ventures II LLC, IPR2025-00340, Paper 18 at 3-4 (P.T.A.B. Nov. 5, 2025) (informative).

Contrary to the “ordinary meaning” that Microsoft asserts applies in this IPR (Pet., 10), Microsoft contends claim 18 is indefinite in district court. EX2006, 251-52. The impact on the Board when a petitioner takes inconsistent positions cannot be understated. As one panel explained the issue, “[i]f, according to Petitioner many limitations in [the claims] are indefinite, then how does Petitioner propose that the Board construe such limitations to assess Petitioner’s invalidity challenges?” *Am. Airlines, Inc. v. Intellectual Ventures I LLC*, IPR2025-01055, Paper 11 at 13 (P.T.A.B. Nov. 21, 2025). To that question, rather than providing an explicit construction or explain how the claim is to be interpreted under “ordinary meaning,” Microsoft provides three possible interpretations and leaves it to the Board to sort out. Pet., 41-42.

Moreover, as will be explained in the POPR, Microsoft sets up its own straw man by creating an issue when none exists. Simply put, there is no indefiniteness issue when the claim terms are given their proper antecedent basis. Yet, it was Microsoft, not Sandpiper, that had an obligation to clearly explain in its Petition how the challenged claims are to be construed, rather than offering inconsistent constructions. *See* 37 C.F.R. § 42.104(b)(3).

Microsoft's advancement of inconsistent claim constructions should not stand. Accordingly, the Director should deny the Petition.

D. The Petition's improper reliance on expert testimony and fundamental flaws on the merits warrants denial.

The Petition improperly uses alleged knowledge of a POSA and state of the art to fill missing limitations in the grounds. The statutory basis for *inter partes* review limits invalidity grounds to prior art "consisting of patents or printed publications." 35 U.S.C. § 311(b). The corresponding regulation requires a petition to "specify where each element of the claim is found in the prior art patents or printed publications relied upon." 37 C.F.R. § 42.104(b)(4); *see also* 35 U.S.C. § 312(a)(3); EX2003 (Office guidance on the proper application of Rule 104(b)(4); *Henny Penny Corp. v. Frymaster LLC*, 938 F.3d 1324, 1331-32 (Fed. Cir. 2019). The Petition here fails to do this. Compounding this error, the expert testimony on which the Petition relies to fill these gaps is conclusory, and provides no analysis, evidence, or explanation.

For example, in its analysis of limitation 1[c], Microsoft relies, not on the disclosure of Seed, but on the understanding of a POSITA and a purported obviousness modification to Seed that is supported only by expert testimony, rather than the prior art asserted in the challenge. *See* Pet., 20-21 (relying only on expert testimony to support the allegation that "a POSITA would have understood that Seed suggests having edge servers fetch and then serve popular objects to the client

in response to a request” and that “even if Seed could not be understood to fetch and serve content ... a POSITA would have been motivated to modify Seed to do so.”). As another example, to support its conclusory analysis of element 1[d][ii], Microsoft improperly attempts to fill the gaps in Swildens by relying only on expert testimony to support its erroneous allegation that “a POSITA would have understood that a hash function would typically result in each server having distinct, non-overlapping portions of the library.” Pet., 26. Not only is this reliance on expert testimony improper, it is also wrong for reasons that will be discussed in the POPR. Additional examples of improper reliance on expert testimony will be provided in the POPR, which Sandpiper requests the Director consider when making the determination whether to discretionarily deny this IPR. *See* Interim Proess, § II.C.i.

The Petition’s cursory and conclusory analysis falls well short of Petitioner’s obligation to perform reasoned analysis—based on the references asserted in its challenges—and runs afoul of the Office guidance that compliance with Rule 104(b)(4) precludes reliance on expert testimony for claim limitations. EX2003. Accordingly, this is an additional reason the Director should deny institution.

E. Institution should be denied under 35 U.S.C. § 325(d) because the same art was previously before the Office and the Board.

This IPR should be denied because the Office has already thoroughly considered Seed and Swildens during prosecution of the ’692 patent. *See* Section

III. It is not an efficient use of the Board's resources to consider patentability based on the same references.

Microsoft's challenges to the '692 patent rely *solely on the same art* that the Office previously considered. Under the two-part framework used by the Board to decide whether to deny institution under 35 U.S.C. § 325(d), both parts are met. *See Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 7-8 (P.T.A.B. Feb. 13, 2020) (precedential). Thus, this IPR also warrants denial under 325(d).

Under part one of the framework, the Petition presents the "same or substantially the same arguments previously ... presented to the Office." *Advanced Bionics* at 8. In its Petition, Microsoft asserts two obviousness grounds for its challenge: (1) Seed and Swildens; and (2) Swildens and Seed. Pet., 3. Seed is the same reference applied by the Examiner in multiple rejections, considered by the Board when reversing a rejection based on Seed, and over which the Examiner found the claims allowable. *See* Section III; EX1002, 2361-2368 (Notice of Allowance). Indeed, the Examiner specifically found Seed does not teach a second tier server comprising a second portion of the content provider's library distinct from the first portion. EX1002, 2123; EX1002, 2340-41 (Board noting same). Swildens was also before the Office because it was cited in an IDS (with just two other references) and considered by the Examiner before issuing the Notice of

Allowance. EX1002, 2373; *see also Ecto World, LLC v. RAI Strategic Holdings, Inc.*, IPR2024-01280, Paper 13 at 5 (P.T.A.B. May 19, 2025) (Stewart) (precedential) (clarifying that a reference cited on an IDS satisfies prong one of *Advanced Bionics*). Thus, Microsoft is undisputably asking the Office to reconsider its decision to allow the claims over *the identical art*.

Under part two of the framework, Microsoft has not “demonstrated that the Office erred in a manner material to the patentability of the challenged claims.” *Advanced Bionics*, 8. Nor can it. Microsoft acknowledges the Examiner allowed the claims when there was an anticipation rejection by the Board. Pet., 1. Yet Microsoft offers no evidence that the Examiner failed to consider the Board’s new rejection, as required, before determining that the claim amendments overcame the rejections.

Further, despite Petitioner’s attempt to insinuate the claim element over which the Board reversed the Seed-Outten rejection is optional (*see, e.g., Pet.*, 1), the Examiner explicitly found otherwise. Specifically, after considering the Board’s new rejection and discussion of the conditional limitations, the Examiner found “the claimed invention requires ‘separate’ and ‘distinct’ portions of a content library,” which the Examiner found was not disclosed in the prior art (including Seed and Swildens). EX1002, 2368. That Microsoft disagrees with the Examiner’s reasonable interpretation is not reason to revisit the Office’s determination. *See*

Advanced Bionics, 9 (“If reasonable minds can disagree regarding the purported treatment of the art or arguments, it cannot be said that the Office erred in a manner material to patentability.”).

Moreover, the Examiner did not issue the Notice of Allowance until after considering Swildens. EX1002, 2373. Microsoft should have a high burden to show material error when the IDS citing Swildens had only two other references and the prosecution history demonstrates the Examiner carefully considered references disclosed on an IDS (as evidenced by the issuance of rejections based on the cited references as discussed in Section III above). But even without a high burden, Microsoft cannot show any error when the Petition only points to conclusory, and faulty, expert testimony to support its allegation Swildens teaches distinct portions of the library. *See* Section V.D (discussing the improper reliance on expert testimony and deficiency of the Petition for this claim element).

Accordingly, the Director should reject Microsoft’s improper attempt to challenge the ’692 patent over the same art previously considered by the Office and deny institution under § 325(d).

VI. CONCLUSION

For the foregoing reasons, the Director should exercise discretion to deny institution of this IPR.

Respectfully submitted,

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CERTIFICATE OF SERVICE (37 C.F.R. § 42.6(e))

I certify that the above-captioned **PATENT OWNER'S BRIEF ON
DISCRETIONARY DENIAL** and associated Exhibits 2001-2006 were served in
their entirety on February 19, 2026, upon the following parties via electronic
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