

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

OKTA, INC.,
Petitioner,

v.

THALES DIS FRANCE SAS,
Patent Owner.

Case IPR2026-00278
Patent No. 11,387,982

PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL

Table of Contents

List of Exhibits.....	ii
I. Introduction.....	1
II. The '982 Patent.....	1
III. Origin of this IPR: A European Dispute About an Unrelated Patent.....	2
A. Publication in 2019 Ignored.....	2
B. Action in Response to German Litigation.....	3
IV. Background of the Patent	4
A. Patent Owner	4
B. Publications Relating to the '982 Patent	4
C. Prosecution History Summary	5
V. Analysis	7
A. U.S. Interests Favor Denial	7
1. The <i>Squires Memo</i> Favors Denial.....	7
2. Underlying European Cause Favors Denial.....	9
B. Petitioner's Inability to Show Examiner Error Favors Denial.....	10
VI. Conclusion	12

List of Exhibits

Exhibit	Description
2001	Prosecution History of U.S. Patent Application No. 16/958,252.
2002	Administrative Instructions under the Patent Cooperation Treaty, Part 8, Instructions Relating to Observations by Third Parties, Section 801, Third Party Observation System, https://www.wipo.int/en/web/pct-system/texts/ai/s801#_801_a (captured May 5, 2026).
2003	Thales Group United States - About Us, https://www.thalesgroup.com/en/worldwide/united-states/about-us (captured May 5, 2026).
2004	Thales Defense and Security Inc. – Manufacturing, https://www.thalesdsi.com/manufacturing/ (captured May 5, 2026).
2005	International Patent Application Publication No. WO 2019/129422.
2006	Jonathan Vanian, <i>This Enterprise Software Unicorn Just Filed to Go Public</i> , Fortune Magazine (Mar. 13, 2017), https://fortune.com/2017/03/13/okta-cybersecurity-public/ .
2007	Agam Shah, <i>Made-in-China Servers Attracting More Buyers</i> , CIO (Mar. 9, 2016), https://www.cio.de/article/3686856/made-in-china-servers-attracting-more-buyers-4.html .

I. Introduction

The Director should exercise his discretion to deny institution to prevent Petitioner from bringing an unrelated foreign patent dispute into the United States. There is no valid reason for Petitioner to challenge the '982 Patent. Despite being on notice of the subject matter of the '982 Patent family since 2019, Petitioner did not challenge it until it was involved in a dispute with Patent Owner in Germany about a completely unrelated patent. Worse yet, Petitioner's challenge fails to identify any prior art disclosing what the Examiner found to be missing from the prior art when allowing the '982 Patent. Instituting review in this circumstance would not only frustrate Patent Owner's settled expectations but also be a waste of the Office's limited resources.

II. The '982 Patent

The '982 Patent relates to novel and inventive systems and methods for efficient, secure user authentication using context data while reducing bandwidth usage tied to context-based authentication processes. EX1001 at 1:38–51, 3:4–5. In prior systems, context-based authentication was performed by sending “entire” context data element(s) to an authentication server, because unlike fixed data, such as usernames and passwords, context data elements can vary within acceptable limits. EX2001 at 72.

The '982 Patent explains that each context data element is “preferably a string

of bits (or units of information) with an individual fixed length” and that by using a hash generated from each of these context data elements, rather than sending each context data element in its entirety for an authentication, “the invention solution does not need a large bandwidth to transmit data, including the hash, relating to the concerned environment or context, since the data relating to the concerned context includes only a few data (up to a few kbytes) to be transmitted.” EX1001 at 1:66–2:4, 2:65–3:3, 6:51–52. Bandwidth, as one of skill readily understands in the context of mobile computing, is a key resource for which usage must be controlled, and Patent Owner succeeded in doing so by way of the claimed methods and systems.

The inventive solution is not trivial and has real market value, particularly by way of improvements in efficiency and bandwidth usage. Indeed, Patent Owner has licensed the technology of the ’982 Patent to at least one third party.

III. Origin of this IPR: A European Dispute About an Unrelated Patent

A. Publication in 2019 Ignored

The claims of the ’982 patent have been in force since 2022, and Petitioner was on notice of the subject matter of the ’982 Patent family since July 4, 2019, when International Application PCT/EP2018/081759, from which the ’982 Patent claims priority, was published. EX2005 at 1. Petitioner could have challenged the claims of the International Application via third-party submissions under Section

801 of the Administrative Instructions under the Patent Cooperation Treaty,¹ but it did not.

Petitioner similarly ignored the application leading to the '982 Patent in the United States. U.S. Application 16/958,252, from which the '982 Patent issued, was published as US2020/0336300 on October 22, 2020. EX1001 at 1. But again, Petitioner did nothing. It took no action while the application was pending, nor did it file a PGR petition within nine months of issuance. It did not file the present IPR petition until years after issuance, and nothing justifies such delay in the face of Patent Owner's settled expectations.

B. Action in Response to German Litigation

Following a breakdown in discussions between the Patent Owner and the Petitioner regarding licensing of unrelated European Patents No. EP 3090376 and EP 3732598 ("the European Patents"), Patent Owner initiated litigation in the German Courts ("the German litigation") to assert its rights in the German counterparts of the European Patents. Petitioner then filed the present IPR petition, seeking to bring a European dispute to the United States, despite the lack of any relationship between the claims and subject matter of the '982 Patent and those in the German litigation.

¹ EX2002.

IV. Background of the Patent

A. Patent Owner

Patent Owner, Thales DIS France SA, is an international company with headquarters in Meudon, France, and with research and development (R&D) and manufacturing facilities around the globe, including in the United States. Patent Owner's parent company, Thales Group, employs 5,200 people spread across 20 states, and invests approximately \$1.4 billion annually in the U.S. supply chain, with \$188 million annual investment in U.S.-based R&D. EX2003 at 2. In addition, through its wholly owned manufacturing subsidiary, Thales Defense and Security, Inc. ("TDSI"), Thales Group utilizes over 439,000 square feet of manufacturing facilities in the U.S., with TDSI being considered a 100% American company by the United States government. EX2004 at 1–2.

B. Publications Relating to the '982 Patent

The '982 Patent issued from U.S. Patent Application No. 16/958,252, which was a U.S. national stage entry application of International Application No. PCT/EP2018/081759 ("the '759 application"). EX1001 at 1. The '759 application claims priority to European Patent Application No. EP17306977 and entered the national stage in the United States as U.S. Patent Application No. 16/958,252 ("the '252 application"), EX1001 at 1, and Europe as European Patent Application No. EP18800679. EX2001 at 141.

The '759 application was published almost seven years ago on July 4, 2019, as WO 2019/129422. EX2005 at 1. The '252 application entered the U.S. National Stage under 35 U.S.C. § 371 on June 26, 2020 and was published almost six years ago on October 22, 2020. EX1001 at 1. Neither the '982 Patent nor any related counterpart thereof, including foreign counterparts, have ever been asserted in any court by the Patent Owner.

C. Prosecution History Summary

International Application PCT/EP2018/081759 included 15 claims, with claims 1, 11, 13, and 15 being independent. EX2005 at 23–26. Upon entry to the U.S. National Stage as the '252 application, Patent Owner filed a preliminary amendment cancelling claims 1–15 and replacing them with claims 16–25. EX2001 at 323, 325–29. In advance of the first non-final office action, Patent Owner filed two IDSs disclosing all references identified during searches carried out by the corresponding international and European authorities in the counterpart applications. EX2001 at 138–45, 220–22.

The Examiner initially rejected the original claims as obvious over the combination of Lawrence (EX1028), Cheng (EX1029), Aura (EX1030), and Sakamoto (EX1031), alleging that they collectively taught all elements of the claims. EX2001 at 91–96. In doing so, the Examiner acknowledged that Lawrence did not disclose, among other things, (1) “collecting, based on a predetermined

authentication policy, at least one context data element,” (2) “generating, as a hash distance step, a hash distance between the generated hash and a predetermined reference hash,” and (3) “authenticating successfully or not based on the generated hash distance, as an authentication step.” EX2001 at 92–94.

In response, Patent Owner did not amend the claims, but instead argued the impropriety of the rejections, namely that (1) Lawrence does not teach the features acknowledged as lacking by the Examiner and (2) Cheng does not remedy the deficiencies of Lawrence because everything in Cheng happens internally to the computing system so neither a hash, nor a hash distance, is needed for authentication. EX2001 at 73–75. Patent Owner further argued that any hash assessment in Aura was not for authentication but for selecting the most secure hash value, and that Sakamoto has nothing to do with the claims, and does not remedy any of the noted deficiencies. EX2001 at 75–79. Thus, Patent Owner concluded that the combination of references did not teach at least the claimed steps of (1) “generating, as a hash distance generation step, a hash distance between the generated hash and a predetermined reference hash” and (2) “authenticating successfully or not based on the generated hash distance as an authentication step.” EX2001 at 79.

The Examiner contacted Patent Owner’s representative by telephone on April 5, 2022, to propose amendments, namely:

i) wherein said at least one context data element is a captured image represented as a string of bits with a fixed length for constituting said data packet,

ii) and wherein said hash is a byte stream generated from said string of bits representing said captured image for said data packet.

EX2001 at 18–21, 24.

Patent Owner accepted these amendments, and they were added to the claims by Examiner’s Amendment in the Notice of Allowance. EX2001 at 13–23. The Examiner explicitly relied upon the above limitations in allowing the claims. EX2001 at 21–22.

V. Analysis

A. U.S. Interests Favor Denial

1. The *Squires Memo* Favors Denial

The *Squires Memo* dated March 11, 2026, expressed concern regarding the use of IPR proceedings by entities who have either moved manufacturing out of the U.S. or otherwise not significantly invested in the U.S. Memorandum from John A. Squires, Under Sec’y of Com. for Intellectual Prop. & Dir. of the U.S. Patent & Trademark Office, to All PTAB Users, at 1–2 (Mar. 11, 2026) (“*Squires Memo*”). Noting the significant economic and national security damage the trend of such “off-shoring” has caused, Director Squires recognized that the effect of institution standards bears directly on the economy and the integrity of the patent system. *Id.*

Director Squires further noted that “many of the most frequent users of IPR proceedings...do not have a significant, existing manufacturing presence in the United States, nor are they taking concrete steps to invest in American manufacturing.” *Id.* at 2.

Patent Owner’s investment in U.S. manufacturing and R&D interests, as highlighted above at IV.A, favors denial of the Petitioner’s IPR Request. Indeed, not only does Patent Owner have a significant, ongoing manufacturing presence in the U.S., but Patent Owner continues year-on-year to invest heavily in U.S. based operations and R&D, as discussed above. *See supra* § VI.A and accompanying citations; EX2003 at 2; EX2004 at 1–2.

The ***Squires Memo*** sets forth three points for consideration by the Director when determining institution, each of those factors relating to an alleged infringement and corresponding litigation. ***Squires Memo*** at 2. At present, Patent Owner has neither accused Petitioner of infringement, nor initiated any litigation against the Petitioner for infringement of the ’982 patent (factor 1). While Patent Owner has initiated litigation in Germany against Petitioner for infringement of unrelated German counterparts of European patents, any such foreign litigation should have no impact on domestic, U.S. matters.

Petitioner Okta Inc., headquartered in San Francisco, California, appears to be an entity that, while off-shoring its work, attempts to make use of the IPR system

against entities with a significant U.S. investment. Okta Inc. does not appear to have any manufacturing presence in the U.S., merely offering software as a service (SaaS) via Amazon Web Services servers. EX2006 at 2. Patent Owner notes that, although Amazon maintains strict confidentiality around its supply chain, the vast majority of cloud-based servers such as those utilized by Amazon Web Services, are manufactured in Asia, not the United States. EX2007 at 1–3.

Petitioner is not the type of entity for whom IPR institution should be decided favorably based at least on the concerns raised in the *Squires Memo*.

2. Underlying European Cause Favors Denial

There is no reason for the U.S. Patent and Trademark Office to get involved in the European dispute between Petitioner and Patent Owner involving patents wholly unrelated to the '982 Patent.

In 2022, Patent Owner began discussions with Petitioner regarding licensing related to EP 3090376 and EP 3732598. When the discussions failed, Patent Owner initiated first infringement proceedings for the German counterpart of EP 3090376 in the Landgericht München on December 30, 2024 (Ref: 7 O 16673/23). Petitioner filed a suit for nullity of the German counterpart of EP 3090376 in the German Federal Patent Court on June 16, 2025 (Ref: 6 Ni 32/25 (EP)). Patent Owner then filed second infringement proceedings for the German counterpart of EP 3732598 in the Landgericht München on January 20, 2026 (Ref 7 O 132/26).

Shortly thereafter and instead of challenging the US counterparts of the patents in the German litigation, U.S. Patent Nos. 10,581,836 and 10,963,167, Petitioner filed the present petition.

The Director should reject Petitioner's attempt to bring the European dispute between the parties to the United States. As discussed below, Petitioner failed to identify any prior art that would warrant reconsidering the Examiner's allowance of the issued claims.

B. Petitioner's Inability to Show Examiner Error Favors Denial

Independent claims 1, 8, and 10 of the '982 patent recite "wherein said at least one context data element is a captured image represented as a string of bits with a fixed length for constituting said data packet," and this was one of two features introduced to the claims by Examiner Amendment with the Notice of Allowance and relied upon by the Examiner in the Reasons for Allowance. Ex. 1001 at 11–12; Ex. 2001 at 13–23.

Petitioner relies throughout the Petition on the combination of Starner and Leskovec, which they call "SLC," to allege that the prior art teaches each and every limitation of the claims. *See generally Okta, Inc. v. Thales Dis France USA, Inc.*, IPR2026-00278, Paper 2 (PTAB Feb. 27, 2026). However, in addressing the "wherein said at least one context data element is a captured image represented as a string of bits with a fixed length for constituting said data packet" limitation,

Petitioner at page 32 of the Petition merely refer back to § V.A.4.(a)[1.1] of the petition instead of showing where the combination teaches this limitation. *Id.* at 32. The Petition at § V.A.4.(a)[1.1] cites the declaration of Dr. Traynor, concluding that “[t]hus, like the ’982 Patent, SLC’s context data element(s) (e.g., eye-scan image(s) or other biometric data) are represented *as a string of bits* with a fixed length (e.g., a ‘1024-byte *data record*’) for constituting the digital template.” *Id.* at 21 (Petitioner’s emphasis removed; emphasis added). Dr. Traynor provides no further explanation. EX1003 at ¶ 126. In fact, nowhere in the Petition or in Dr. Traynor’s declaration is it specified where each element of the claim, namely, the *captured image* represented as “*a string of bits...* for constituting said data packet,” is found in the prior art patents or printed publications, i.e. the Starner Leskovec combination. *See generally* EX1003; *Okta, Inc. v. Thales Dis France USA, Inc.*, IPR2026-00278, Paper 2 (PTAB Feb. 27, 2026). Petitioner cannot do so for the reasons that will be discussed in Patent Owner’s preliminary response.

Petitioner’s reliance on what, according to its declarant, a purported person of ordinary skill “would have found” obvious, without any support in the references themselves, contravenes Rule 42.104(b)(4). Petitioner’s failure to show how its cited references disclose what the Examiner found missing from the prior art during prosecution dooms its petition. The Examiner correctly allowed the claims.

VI. Conclusion

Petitioner's attempt to use the limited resources of the Office to adjudicate a European dispute is improper. Petitioner had prior notice and opportunity to challenge the '982 Patent but chose not to do so until confronted with wholly unrelated litigation in Europe. Even now, Petitioner has identified no prior art disclosing what the Examiner expressly found to be missing from the prior art during prosecution. The Director should deny institution to avoid wasting the Office's limited resources.

Dated: May 5, 2026

By: / Joshua L. Goldberg /
Joshua L. Goldberg, Reg. No. 59,369
FINNEGAN, HENDERSON, FARABOW,
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Counsel for Patent Owner
Thales DIS France SAS

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL AND EXHIBITS 2001 THROUGH 2007** were served electronically via email on May 5, 2026, in their entirety on the following:

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Petitioner has consented to service by electronic mail.

Dated: May 5, 2026

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