

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CISCO SYSTEMS, INC.,
Petitioner,

v.

OPTIMNET LLC,
Patent Owner,

U.S. Patent No. 10,020,961

Inter Partes Review No.: IPR2026-00322

**PETITIONER’S OPPOSITION TO PATENT OWNER’S REQUEST FOR
DISCRETIONARY DENIAL**

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Patent Trial and Appeal Board
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

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PETITIONER’S EXHIBIT LIST

Exhibit #	Description
1001	U.S. Patent No. 10,020,961 (“the ’961 Patent”)
1002	Prosecution History of the ’961 Patent (“File History”)
1003	Declaration of Petitioner’s Expert
1004	U.S. Patent Application Publication No. 2015/0146727 to Ye et al. (“Ye”)
1005	U.S. Patent Application Publication No. 2009/0099602 to Nagapudi et al. (“Nagapudi”)
1006	U.S. Patent Application Publication No. 2008/0247406 to Figueira et al. (“Figueira”)
1007	Internet Engineering Task Force (IETF) Internet-Draft, titled VXLAN: A Framework for Overlaying Virtualized Layer 2 Networks over Layer 3 Networks (draft-mahalingam-dutt-dcops-vxlan-00) by Mahalingam et al. (“Mahalingam”)
1008	U.S. Patent Application Publication No. 2013/0311637 to Kamath et al. (“Kamath”)
1009	U.S. Patent Application Publication No. 2014/0086253 to Yong et al. (“Yong”)
1010	U.S. Patent No. 8,166,205 to Farinacci et al. (“Farinacci”)
1011	U.S. Patent Application Publication No. 2013/0250951 to Koganti et al. (“Koganti”)
1012	Internet Engineering Task Force (IETF) Internet-Draft, titled Overlay Transport Virtualization (draft-hasmit-otv-04), by Grover et al. (“Grover”)
1013	U.S. Patent No. 7,649,904 to Ghosh et al. (“Ghosh”)
1014	New H3C Technologies Co., Ltd., VPLS Technology White Paper-6W100 (last updated Apr. 27, 2025)

1015	U.S. Patent Application Publication No. 2013/0266019 to Qu et al. (“Qu”)
1016	OptimNet’s December 5, 2025 Infringement Contentions Patent Infringement Chart for U.S. Patent No. 10,020,961 from OptimNet LLC v. Cisco Systems, Inc., No. 2-25-cv-00935-JRG (E.D. Tex. case filed Sept. 4, 2025)
1017	U.S. Patent Application Publication No. 2013/0318219 to Kancherla et al. (“Kancherla”)
1018	Email from Joseph A. Powers to OptimNet litigation counsel on July 2, 2026

I. INTRODUCTION

Cisco Systems Inc. (“Petitioner”) opposes the request by Patent Owner for Discretionary Denial of Institution (Paper 6, “Request”). The ’961 Patent never should have issued, as demonstrated by the prosecution of the original claims and strong, new evidence of invalidity in the Petition.

The Petition is based on prior art that was not before the Patent Office during examination, but would have been if the examiner had spent more time searching and used search criteria tied to the features asserted to distinguish over the prior art. The IPR prior art, U.S. Patent Application Publication No. 2015/0146727 (Ye), just like the ’961 Patent discloses a domain tunnel endpoint configured to add a L3 tunnel header to the packet for which the L2 switching has been performed to generate a new tunnel packet, the very limitations that were thought to be missing from the prior art as a result of the examiner’s erroneous searches. The resources of the Office should be used to correct these errors.

Underscoring the importance of this Petition to the validity of the ’961 Patent and the integrity of the patent system, PO does not even request denial under 35 U.S.C. § 325(d).

There is no basis to give the invalidity of the ’961 Patent a pass under *Fintiv*, given the strong evidence of apparent examiner error here. Further, it is unlikely

that the trial will occur before the final written decision and the Petitioner has issued a *Sotera* Plus stipulation so there will be no overlap in validity issues.

II. STIPULATIONS

Petitioner stipulates that if the Board grants the Petition and institutes an *inter partes* review, unless institution is later vacated, reversed or otherwise withdrawn by rehearing or Director Review, Petitioner will not pursue in the Litigation the specific grounds that it raised in the Petition, nor any other ground that Petitioner could have reasonably raised in an IPR against the challenged claims of the '961 Patent, nor any invalidity ground based on system prior art corresponding to the printed publication asserted in the specific invalidity ground that it raised in the IPR petition. *See Sotera Wireless, Inc. v. Masimo Corp.*, Case IPR2020-01019, Paper 12 (Dec. 1, 2020) (precedential); *Magnolia Medical Technologies, Inc. v. Kurin, Inc.*, IPR2026-00097, Paper 17 at 3 (Director, May 14, 2026) (precedential); EX-1018. Moreover, given the Director's new guidance in decisions designated informative on May 13, 2026, Petitioner stipulates that it will not pursue in the Litigation any indefiniteness ground under 35 U.S.C. §112 against any claim of the '961 Patent.¹

¹ By email sent to PO's counsel on July 2, 2026, Petitioner entered the above (i) "Sotera Plus" stipulation, *i.e.*, a conventional *Sotera* stipulation with additional

III. INSTITUTION IS WARRANTED TO CORRECT THE ERRONEOUS ORIGINAL ISSUANCE OF THE '961 PATENT AND ITS SUBSEQUENT REEXAMINATION

A. The '961 Patent Should Never Have Been Issued

The '961 Patent issued based on the examiner's mistaken belief that the prior art did not disclose "the tunnel packet generator configured to add a tunnel header to the packet for which the L2 switching has been performed to generate a new tunnel packet, and to transmit the new tunnel packet." Ex. 1002 at pp. 167-68. However, Ye discloses these very features. As described in the Petition, Ye is directed to methods and devices for forwarding packets in a Virtual Private LAN Service (VPLS) network—a technology for connecting geographically dispersed Layer 2 (L2) networks into a single, unified virtual LAN over a service provider's backbone network. EX-1004, [0001], [0026]. Like the '961 Patent claims, Ye discloses a domain tunnel endpoint configured to add an IP address [L3 tunnel header] to the packet for which the L2 switching has been performed to generate a new tunnel packet. Thus, the Challenged Claims are unpatentable over Ye. EX-1003, ¶¶29-30.

assurances regarding certain system prior art, which the Board has found favorable to institution, and (ii) "*No Indefiniteness*" stipulation. *See* EX-1018.

However, in response to the Patent Owner's argument that "the tunnel packet generator configured to add a tunnel header to the packet for which the L2 switching has been performed to generate a new tunnel packet, and to transmit the new tunnel packet", it appears that the examiner spent thirteen minutes searching on November 30 (from 11:19 am-11:32 am).²

² The examiner began his search on November 30, 2017 at 11:19 and conducted the last search at 11:32 and printed out the search results for the record at 11:44.

EAST Search History (Prior Art)

Ref #	Hits	Search Query	DBs	Default Operator	Plurals	Time Stamp
L1	437	virtual adj switch\$4 adj instance	US-PGPUB; USPAT	OR	ON	2017/10/30 11:19
L3	59	tunnel with packet with generator	US-PGPUB; USPAT	OR	ON	2017/10/30 11:22
L4	435	tunnel with packet with unicast	US-PGPUB; USPAT	OR	ON	2017/10/30 11:23
L5	5522	tunnel with packet with encapsulat\$4	US-PGPUB; USPAT	OR	ON	2017/10/30 11:23
L6	5727	3 4 5	US-PGPUB; USPAT	OR	ON	2017/10/30 11:23
L7	45	1 and 6	US-PGPUB; USPAT	OR	ON	2017/10/30 11:23
L8	33	7 and @ad< "20131227"	US-PGPUB; USPAT	OR	ON	2017/10/30 11:23
L9	20	7 and @rlad< "20131227"	US-PGPUB; USPAT	OR	ON	2017/10/30 11:24
L10	35	8 9	US-PGPUB; USPAT	OR	ON	2017/10/30 11:24
L11	254	("L2" ethernet) adj2 switch\$4 and 1	US-PGPUB; USPAT	OR	ON	2017/10/30 11:31
L12	90	11 and @ad< "20131227"	US-PGPUB; USPAT	OR	ON	2017/10/30 11:32
L13	49	11 and @rlad< "20131227"	US-PGPUB; USPAT	OR	ON	2017/10/30 11:32
L14	98	12 13	US-PGPUB; USPAT	OR	ON	2017/10/30 11:32
L15	18	10 and 14	US-PGPUB; USPAT	OR	ON	2017/10/30 11:32

EX-1002, 102.

However, the examiner was unable to locate any relevant art in the thirteen minutes he searched using only the substantive terms virtual switch, tunnel, packet, generator, unicast, instance, encapsulat\$4, L2 and ethernet.

Had the examiner spent more time than the thirteen minutes searching for the concepts the Patent Owner argued were missing from the prior art, he would have been able to locate Ye. Thus, it was the examiner's error that erroneously allowed the claims to issue.

PO does not dispute that Ye discloses the very limitations that the examiner thought were missing from the prior art. PO also does not make any §325(d) arguments, effectively conceding that the Petition's grounds present an important challenge never considered by the Office. Thus, as a threshold matter, the Office's prosecution failed to uncover or consider the art and grounds of this Petition, which are neither cumulative nor redundant to the examination upon which the patent rests for its validity. *See Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6, p. 8 (Feb. 13, 2020).

IV. THE *FINTIV* FACTORS WARRANT INSTITUTION

As explained above, instituting this IPR to correct the Examiner's material error "serves the interest of overall system efficiency and integrity." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 15 (PTAB Mar. 20, 2020) (precedential). Additionally, as demonstrated below, the Petitioner's broad stipulation "reduces

the concern of inconsistent outcomes or significant duplication of efforts” and thus counsels against discretionary denial.” *Tesla, Inc. v Bulletproof Property Management, LLC*, IPR2026-00204, Paper 14 at 3 (PTAB June 15, 2026) (informative). The *Fintiv* factors warrant consideration of the merits and institution because, as explained below, they either favor institution or are neutral.

A. Factor 1: Likelihood of a Stay

No party has requested a stay, and the district court has not indicated whether a stay would be granted. Therefore, this factor is neutral. *See Hulu, LLC v. SITO Mobile, Ltd.*, IPR2021-00298, Paper 11, 10-11 (PTAB May 19, 2021).

B. Factor 2: Timing of Trials

Factor 2 in neutral. Patent Owner admits that the trial date is scheduled only 47 days before the Final Written Decision is expected to issue. Given the tendencies of trial dates to slip it is only speculation to assume that the trial will occur before the FWD issues particularly where Judge Gilstrap’s practice is to schedule multiple cases on the exact same date

C. Factor 3: Investment in Parallel Proceedings

Factor 3 favors institution. As held by the Board in *Fintiv*, “[i]f, at the time of the institution decision, the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution.” *Fintiv*, 10. Here, the district court will not issue its Markman order until after the Markman hearing scheduled for February 18, 2027, which will occur

after the institution decision.

D. Factor 4: Overlap of Issues

Factor 4 favors institution. In view of Petitioner's *Sotera Plus* stipulation (*see* §II), there will be, no overlap between the issues raised in the Petition and issues to be adjudicated in the Litigation.

E. Factor 5: Overlap of Parties

Factor 5 is neutral. The Board has long recognized that it is commonplace for petitioners to be defendants and does **not** weigh in favor of denial. *See, e.g., HP Inc. v. Slingshot Printing LLC*, IPR2020- 01084, Paper 13 at 9 (Jan. 14, 2021).

F. Factor 6: The Petition's Merits, and Demonstration of Apparent Examiner Error, Strongly Favor Institution

As explained above, the evidence of invalidity in the Petition is overwhelming, presents prior art unlike any considered by the examiner when deciding to issue the Challenged Claims, and demonstrates apparent examiner error as being the reason that Ye was not previously before the Office. The Patent Owner's attempt to show the weakness of the Petition by counting the number of times the expert is cited is misplaced. Each citation to the expert's declaration also includes a parallel cited to the underlying factual basis for the expert's opinion, demonstrating compliance with the PTAB's requirements that expert opinions must be supported by factual underpinnings. Integrity of the patent system compels that the Director should not exercise discretion to prevent correcting this error in

the patent grant by considering the merits of the critical evidence of invalidity presented in the Petition. *Magnolia*, 6-8; *Fintiv*, 14-15.

V. THE SETTLED EXPECTATIONS DOCTRINE DOES NOT WARRANT SHIELDING THE '961 PATENT FROM REVIEW

When a patent has been erroneously issued by the Patent Office, the settled expectation doctrine should not trump the purpose of IPRs of serving “the interest of overall system efficiency and integrity” particularly where Patent Owner only acquired its rights to the '961 Patent three months before filing the litigation.

Fintiv, Inc., Paper 11 at 15.

VI. CONCLUSION

PO has identified no legitimate basis for the Director to deny institution on any discretionary factors. Institution should be granted.

Respectfully submitted,

DUANE MORRIS LLP

Dated: July 2, 2026

/ Patrick D. McPherson /

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CERTIFICATION OF SERVICE ON PATENT OWNER

Pursuant to 37 C.F.R. §§ 42.6(e), 42.8(b)(4) and 42.105, the undersigned certifies that on the 2nd day of July, 2026, a complete and entire copy of this Petitioner's Opposition to Patent Owner's Request for Discretionary Denial and supporting exhibit were served via email and/or electronic download by agreement of Patent Owner, to the Patent Owner's counsel of record in this manner.

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