Paper No. _____
Filed: April 23, 2025

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ALLIANCE LAUNDRY SYSTEMS, LLC,
Petitioner,

v.

PAYRANGE LLC,
Patent Owner.

Case No. PGR2025-00028
Patent No. 11,972,423

PATENT OWNER'S BRIEF IN SUPPORT OF DISCRETIONARY DENIAL

TABLE OF CONTENTS

I. Introduction....1

II. Background....3

III. The Director Should Exercise Her Discretion to Deny the Petition....6

A. *Advanced Bionics* Weighs in Favor of Discretionary Denial under §325(d)....7

1. *Advanced Bionics* Step 1....8

2. *Advanced Bionics* Step 2....18

B. *Fintiv* Weighs in Favor of Discretionary Denial under §314(a)....21

C. Additional Considerations Weigh in Favor of Discretionary Denial....25

IV. Conclusion....30

V. Appendix....32

I. INTRODUCTION

Pursuant to the Memorandum on Interim Processes for PTAB Workload Management, Patent Owner PayRange LLC hereby requests the Director to exercise her discretion to deny institution of post-grant review of U.S. Patent No. 11,972,423 ("the '423 patent"). The petition raises grounds previously considered by the Patent Office, making denial appropriate under §325(d). Moreover, the petition seeks a second bite at the apple for an eligibility challenge already brought in a currently pending motion in parallel litigation—a loophole in its purported *Sotera* stipulation the petition fails to mention.

The petition challenging the claims of the '423 patent is one of three that have been filed by Petitioner Alliance Laundry Systems, LLC against patents owned by PayRange LLC, with a fourth on its way. *See* Pet., 5. The petition challenges the claims of the '423 patent based on four grounds—three grounds asserting anticipation or obviousness over the prior art and one ground asserting patent ineligibility under 35 U.S.C. §101. These grounds, however, have already been before the Office. For example, the same prior art applied by Petitioner was before the Examiner in multiple ways. Not only were the references disclosed to the Examiner during prosecution of the '423 patent, the Examiner also had before him briefing, evidence, and Board decisions from multiple PTAB proceedings challenging claims from related patents that applied the same art Petitioner uses

here. The Examiner also expressly opined on the patent eligibility of the '423 patent claims after consideration of a previous Board decision finding some claims of a related patent ineligible under §101. The previous consideration by the Office of all grounds raised in the petition provides a strong basis to deny the petition using the Director's authority under §325(d).

Also providing reason for discretionary denial is the existence of a parallel district court litigation. However, unlike the majority of cases involving parallel litigation, PayRange did not start this fight. Instead, Petitioner chose the route of litigation and chose its forum by filing a declaratory judgment action of noninfringement in district court, knowing full well that PayRange would be compelled to assert its own infringement counterclaims and defend the validity of its patents. Indeed, Petitioner fails to mention that, even before the filing of this petition, Petitioner challenged the validity of the '423 patent claims in a motion to dismiss before the district court. The motion, which would be decided well before any final written decision here, raises the exact same patent-ineligibility ground raised in the petition. Thus, in addition to the Office's previous consideration of the petition's §101 challenge, the district court is currently assessing the same ground. Given the potentially dispositive nature of this motion, and its overlap with the petition grounds, another strong basis exists for denying the petition using the Director's authority under §314(a).

Finally, even if the Office's previous consideration of the petition grounds or the status of the parallel district litigation do not independently provide a basis for discretionary denial, the totality of the circumstances in this case justify the exercise of such discretion because doing so will ensure the efficient use of Office resources and maintain the settled expectations of the parties. PayRange's patented technology has been recognized as valid, praised, and licensed by competitors and customers alike. Moreover, in filing its complaint in district court, Petitioner has already chosen its forum for resolving the parties' disputes, which PayRange has accepted. The Office has already evaluated ample evidence in assessing and confirming the patentability of the claims. Taken as a whole, the circumstances here counsel discretionary denial.

II. BACKGROUND

Founded in 2013, Patent Owner PayRange invented its own mobile payment technology for unattended retail machines, including laundry and vending machines. PayRange's innovations improve upon legacy retail machines by enabling customers to interact with and buy goods or services from the machines through a specially coded application on their smartphone. EX2001, 15-16. For its breakthroughs, the Office has awarded PayRange with a portfolio of over 60 patents, including the '423 patent. *Id.* Over 30 of those are from the same family

at issue here, which has been thoroughly vetted through rigorous prosecution and repeated challenges at the PTAB.

Customers have embraced PayRange's technology and so has the industry. PayRange found success in the laundry and vending industries, attracting significant customers including WASH Multifamily Laundry Systems, LLC. *Id.*, 16. Unfortunately, competitors took notice and improperly copied PayRange's technology, leading PayRange to initiate litigation against a major competitor, Kiosoft Technologies, LLC, and subsequently its major customer, CSC Serviceworks, Inc. *Id.* In response, the parties challenged the validity of PayRange's patents before the PTAB. *Id.* All together, Kiosoft and CSC sought review of ten PayRange-owned patents in thirteen proceedings. Of the ten that reached an institution decision, the majority were denied.[1] *See* Pet., 2-4. Two PGR proceedings, brought by Kiosoft, resulted in a final written decision, where the Board determined that the petitioner had failed to show that some of the challenged claims were patent ineligible and had failed to show that any of the challenged claims were anticipated and/or obvious over the prior art. *See Kiosoft*

[1] Two proceedings were denied institution based on discretionary grounds, while four were denied institution based on the merits.

Techs., LLC v. PayRange, Inc., PGR2021-00093 (hereinafter "the '614 PGR"), Paper 38, 69 (determining claims 1-6, 8-10, 14-15, and 18-25 of U.S. Patent No. 10,891,614 ("the '614 patent") unpatentable and claims 7, 11-13, and 16-17 not unpatentable); *Kiosoft Techs., LLC v. PayRange, Inc.*, PGR2021-00077, Paper 32, 57-58 (determining claim 1 of U.S. Patent No. 10,719,833 unpatentable and claims 2-27 not unpatentable).

In the first half of 2024, PayRange settled its dispute with KioSoft and CSC[2] and reached patent licensing deals with Kiosoft and WASH for PayRange's technology. EX2001, 16-17. In a press release following settlement, Kiosoft's president stated that his company "accept[s] that PayRange has valid claims," "respect[s] the technologies that have helped the self-service industry thrive," and further expressed a continuing commitment to "provid[e] best-in-class service to our customers with [PayRange's] fully-licensed technology." *Id.* Likewise, in a separate press release, WASH's CEO lauded PayRange's technology, stating his company's "deep respect for the innovations PayRange has brought to elevate the laundry industry." *Id.*, 17. That is, PayRange's customers and even its

[2] As a result of the parties' settlement, three proceedings brought by Kiosoft were terminated prior to institution and two proceedings brought by CSC were terminated after institution.

competitors—some of whom had lodged largely unsuccessful PTAB challenges—ultimately acknowledged the importance of PayRange's inventive contributions as reflected in its patent claims.

In March 2024, PayRange sent Petitioner Alliance a letter providing notice of its potential infringement and inviting it to join the numerous companies that have obtained a license to PayRange's patented technology. *Id.*, 17. In its response, Petitioner provided no indication that it would cease infringement, take a license, or even accept PayRange's invitation for discussions. *Id.*, 18. After subsequent communications where PayRange clarified its position and expressed its desire to engage in further discussion with the intent to seek amicable resolution, Petitioner chose the path of litigation by filing a declaratory judgement action of noninfringement in the United States District Court for the District of Delaware. *Alliance Laundry Systems, LLC v. PayRange Inc.*, 24-cv-733-MN (D. Del., filed June 20, 2024).

III. THE DIRECTOR SHOULD EXERCISE HER DISCRETION TO DENY THE PETITION

The Director should exercise her discretion to deny institution for several reasons. First, the *Advanced Bionics* framework under §325(d) weighs in favor of discretionary denial because all three grounds of challenge advanced in the petition have been previously considered by the Office, both by the Examiner and by the Board. Second, the *Fintiv* framework under §314(a) also weighs in favor of

discretionary denial because Petitioner is currently pursuing the same patent ineligibility arguments raised in the petition, which will be addressed by the district court before a final written decision in this proceeding. Third, the Director's memorandum on the interim processes for PTAB workload management further supports discretionary denial. Petitioner has already decided where it would like to litigate the parties' dispute. Splitting issues of invalidity into a second forum of Petitioner's choosing would be an inefficient use of Board resources, especially in view of the Office's previous consideration of substantially the same art and arguments.

Accordingly, for the reasons detailed below, the Director should exercise her discretion to deny institution of the petition.

A. *Advanced Bionics* Weighs in Favor of Discretionary Denial under §325(d)

The Director should exercise her discretion to not institute this challenge under the *Advanced Bionics* framework because (1) the same or substantially the same art or arguments were previously presented to the Office; and (2) Petitioner fails to demonstrate that the Office erred in a material manner. *Advanced Bionics, LLC v. Med-El Elektromedizinische Geräte GMBH,* IPR2019-01469, Paper 6 at 8-9 (precedential). As detailed more below, the petition relies on art and arguments explicitly considered by the Office, and Petitioner fails to show that the Office erred in a material manner in its prior evaluations. The anticipation and

obviousness challenges of Grounds 1-3 as well as the eligibility challenge of Ground 4 merely rehash issues already resolved by the Office and should be denied under §325(d).

1. *Advanced Bionics* Step 1

a. Grounds 1-3 are substantially similar to what was previously considered by the Office

The petition asserts three prior art-based grounds against the '423 patent claims based on four references. *See* Pet., 6. Ground 1, which challenges the independent claims, is based on alleged anticipation by Low. Grounds 2 and 3, which challenges dependent claims as obvious, rely on three additional references—Arora Freeny, and Casey—in combination with Low. *Id.* Petitioner acknowledges that each of these references was disclosed in an IDS and considered by the Examiner during prosecution of the '423 patent. *Id.*, 97. Petitioner, however, suggests that this was the extent of the Examiner's consideration and the references "were not substantively evaluated (either alone or in combination) during examination." *Id.*, 97-98. Contrary to Petitioner's assertions, the Examiner also considered the four references as they were applied in post-grant review proceedings challenging claims of patents related to the '423 patent. Thus, the foundation of the §§102 and 103 arguments in Grounds 1-2 are substantially similar to art and arguments previously considered by the Office during prosecution of the '423 patent.

First, in addition to their consideration in the disclosed IDS, the Examiner also considered each of the references as they were applied in previous PTAB proceedings of related patents. As Petitioner acknowledges, the ’423 patent is a child patent of, and was terminally disclaimed over, the ’614 patent, U.S. Patent No. 11,481,772 (“the ’772 patent”), and U.S. Patent No. 11,501,296 (“the ’1,296 patent”), each of which were challenged in PGRs and IPRs before the Board. *See* Pet., 1-4, 13 (citing EX1002, 151-53). The ’423 patent is also a child patent of U.S. Patent No. 9,959,296 (“the ’9,296 patent”), which was also challenged in post-grant review proceedings before the Board. As listed below, each of these related patents was challenged in the following review proceedings:

- *Kiosoft Techs., LLC v. PayRange, Inc.*, CBM2020-00026, Paper 2 (CBM petition challenging claims of ’9,296 patent as obvious) (filed Sept. 15, 2020) (institution denied Mar. 22, 2021);
- *Kiosoft Techs., LLC v. PayRange, Inc.*, IPR2021-00086, Paper 3 (IPR petition challenging claims of ’9,296 patent as obvious) (filed Oct. 20, 2020) (institution denied Mar. 22, 2021);
- *Kiosoft Techs., LLC v. PayRange, Inc.*, PGR2021-00093, Paper 2 (PGR petition challenging claims of ’614 patent as anticipated and/or obvious) (filed Jun. 10, 2021) (final written decision issued Dec. 14, 2022);

- *Kiosoft Techs., LLC v. PayRange, Inc.*, PGR2023-00042, Paper 2 (PGR petition challenging claims of ’772 patent as obvious) (filed Jul. 25, 2023) (terminated prior to institution Feb. 6, 2024);
- *Kiosoft Techs., LLC v. PayRange, Inc.*, PGR2023-00050, Paper 2 (PGR petition challenging claims of ’1,296 patent as obvious) (filed Aug. 15, 2023) (terminated prior to institution Feb. 6, 2024); and
- *CSC ServiceWorks, Inc. v. PayRange, Inc.*, IPR2023-01449, Paper 1 (IPR petition challenging claims of ’772 patent as obvious) (filed Oct. 9, 2023) (terminated after institution May 2, 2024).

These previous proceedings involved prior-art challenges that applied the same art used by Petitioner in this proceeding. *See, e.g.*, *Kiosoft*, CBM2020-00026, Paper 2, 10 (applying Arora to claims of ’9,296 patent); *Kiosoft*, IPR2021-00086, Paper 3, 4 (same); *Kiosoft*, PGR2023-00042, Paper 2, 5 (applying Low, Arora, and Casey to claims of ’772 patent); *CSC ServiceWorks*, IPR2023-01449, Paper 1, 20 (applying Low, Arora, Casey, and Freeny to claims of ’772 patent); *Kiosoft*, PGR2023-00050, Paper 2, 6 (applying Low, Arora, and Casey to claims of ’1,296 patent). For example, Petitioner’s same anticipation ground—Ground 1—was advanced in the ’614 PGR, where the claims of the ’614 patent were challenged as anticipated by Low. ’614 PGR, Paper 2, 5. The Board found in a final written decision that the petitioner had failed to meet its burden in proving

unpatentability based on the asserted prior-art grounds because petitioner had failed to establish that Low taught each of the limitations of the challenged claims—claims Petitioner characterizes as "materially identical" to the '423 patent claims.[3] '614 PGR, Paper 38, 69.

In addition, these previous proceedings also involved applying the same art in substantially similar combinations as Petitioner presents in its obviousness-based grounds (Grounds 2 and 3). In PGR2023-00042, Kiosoft alleged that the claims of the '772 patent were obvious over a combination of Low, Arora, and Casey. *Kiosoft*, PGR2023-00042, Paper 2, 5; *see also Kiosoft*, PGR2023-00050, Paper 2, 6 (petitioner Kiosoft applying the same combination to claims of '1,296 patent). Like Petitioner here, Kiosoft relied on Arora's alleged user interface teachings for selecting a vending machine and Casey's alleged swipe-to-pay features in combination with Low as a primary reference. *Compare Kiosoft*, PGR2023-00042, Paper 2, 51 (combining Low with "Arora's disclosures of its user interface, which allow, *e.g.*, a user to select a vending machine or product from a list and the ability to interact with the mobile application"), 52 (combining Low

[3] None of the proceedings challenging claims of patents related to the '423 patent reached a final written decision finding the claims unpatentable based on prior-art grounds.

with Casey to "result[] in a user interface of the mobile application that can accept convenient user input such as swipe-to-pay or motion to trigger payment"), 60-63 (citing Arora at, e.g., FIG. 3), 77-78 (citing same as allegedly teaching "a visual representation" of vending machines), *with* Pet., 58-59, 65-66 (combining Arora's user interface that includes "icons or photographs, 41 and 42" shown in FIG. 3 with Low), 62-63, 70-71 (combining Low with Casey's "slide bar 182").

In addition, in IPR2023-01449, CSC relied on the same combination of alleged teachings from Arora, Casey, and Freeny, together with Low, that Petitioner relies on here in its Ground 3. *Compare CSC Serviceworks*, IPR2023-01449, Paper 1, 20 (listing ground applying Low, Arora, Casey, and Freeny), 77-79, 89-90 (relying on Casey's "swipe-to-pay feature"), 83-84, 89 (relying on Freeny's "approved credit amount"), 86-88 (relying on Arora's FIG. 3 "icons or photographs"), *with* Pet., 58-59, 65-66 (relying on Arora FIG. 3), 60-62, 68 (relying on Freeny's "approved credit amount"), 62-63 (applying Casey's slide bar 182). Notably, CSC even relied on the same expert that Petitioner relies on in this proceeding. *See CSC ServiceWorks*, IPR2023-01449, Paper 1, 6.

The Examiner was aware of these proceedings during prosecution of the '423 patent. As an initial matter, as part of routine examination practice, examiners are "required to review specific papers of PTAB post-grant proceedings in related applications," which include patents forming the basis for a non-statutory

double-patenting rejection. M.P.E.P. §904.4. Papers to review include the petition, preliminary response, institution decision, any final written decision, and "[i]f present, [p]arties' supporting evidence, including expert declaration." *Id.* By the time the first Office Action issued on September 27, 2023, the Examiner would have reviewed the petitions (along with their supporting expert declarations) for most of these proceedings and also would have been aware of the Board's final written decision in the '614 PGR, which involved the same Ground 1 advanced by Petitioner. By the time PayRange submitted its response to that Office Action, the Examiner would have additionally reviewed the later PTAB record (IPR2023-01449) raising a combination involving the ***same four references*** at issue in Petitioner's Grounds 2 and 3, addressed by the ***same expert witness*** Petitioner relies on.

Moreover, to avoid any doubt, PayRange made sure to bring the earlier PTAB proceedings involving these prior art combinations to the Examiner's attention during prosecution of the '423 patent. To ensure that relevant evidence was considered during prosecution, PayRange, in its response to the first Office Action on November 15, 2023, informed the Examiner of related US patent applications having prosecution histories that contained "information relevant to the pending application." EX1002, 183. PayRange further denoted the specific patent applications that also "have been or are currently being challenged at the

PTAB" and expressly "encouraged [the Examiner] to review the record of each of these proceedings in the Patent Trial and Appeal Case Tracking System (P-TACTS)." *Id.* (marking PTAB-challenged applications with an asterisk). The '9,296, '614, and '772 patents were among the applications highlighted by PayRange. *Id.* (marking with asterisks application "14/458199," corresponding to the '9,296 patent, application "15/603400," corresponding to the '614 patent, and application "17/654732," corresponding to the '772 patent). Thus, in addition to the four references themselves, pursuant to examination procedure the Examiner also reviewed and considered documents and expert testimony discussing and applying the same asserted references to claims Petitioner characterizes as "materially identical" (Pet., 73; *see also id.*, 13-14) during prosecution of the '423 patent. PayRange did exactly what it should have done in bringing those related applications and their associated PTAB proceedings to the Examiner's attention to ensure consideration.

Lastly, the Examiner's familiarity with the applied references was not limited to the '423 patent. While the petition implies that the asserted references were only first disclosed to the Examiner during prosecution of the '423 patent (*see* Pet., 97-98), Low and Arora were known to the same Examiner since at least prosecution of the '772 patent, with Arora being first disclosed to the Examiner during prosecution of the '614 patent. *See* EX2002, 7 (considered IDS listing Low

and Arora); EX2003, 8 (considered IDS listing Arora as the sole reference). Indeed, during prosecution of the '614 patent, Arora's application to the then-pending claims was discussed during an Examiner-initiated interview. EX2003, 3; *see also id.*, 9 (applicant summary of interview noting that "portions of the Arora reference identified by the Examiner fail to teach or suggest at least some limitations of the allowed claims" and "[t]he Examiner agreed that the allowed claims appear to be allowable over the Arora reference").

Accordingly, the same references asserted in the petition were repeatedly disclosed to the Office for substantive evaluation, both with respect to the prosecution of the '423 patent itself and with respect to the prosecution of related patents. *See Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8, 17-18 (precedential as to §III.C.5, first paragraph) (considering non-exclusive factors for evaluating discretion under §325(d), including "the similarities and material differences between the asserted art and the prior art involved during examination" and "the extent to which the asserted art was evaluated during examination"). Moreover, expert testimony on how the references allegedly applied to claims over which the '423 patent claims were terminally disclaimed was also before the Examiner, making Petitioner's applied prior art grounds and supporting evidence merely cumulative over what was already considered by the Office. *See id.* (considering "the cumulative nature of

the asserted art and the prior art involved during examination"). Thus, the first step of the *Advanced Bionics* framework with respect to Petitioner's Grounds 1-3 is met.

b. Ground 4 is substantially similar to what was previously considered by the Office

Petitioner's Ground 4 challenges claims 1-20 of the '423 patent as being directed to patent-ineligible subject matter under 35 U.S.C. §101. Pet., 6. However, like Petitioner's prior-art grounds, the prosecution history of the '423 patent establishes that the Examiner evaluated the patent eligibility of the challenged claims and made express findings that the claims represented technical improvements that went beyond a generic application of an abstract idea. Thus, like Grounds 1-3, Ground 4 is premised on substantially similar arguments previously considered by the Office.

The Examiner considered and expressly discussed the patent eligibility of the challenged '423 patent claims during prosecution. As noted above, the '423 patent is a child patent of the '614 patent, the claims of which were challenged in a previous PGR proceeding. *See* Pet., 1-3, 13-14. In a final written decision, the Board held some of the challenged claims of the '614 patent unpatentable, finding them directed to subject matter ineligible under §101. *Id.*, 72-73; '614 PGR, Paper 38, 69. As also noted above, the Examiner was aware of this proceeding and its outcome during prosecution of the '423 patent. That is, in addition to reviewing

the relevant papers, including the final written decision, of the '614 PGR as required by the examination process, the Examiner was separately informed of that prior proceeding by PayRange. *See* M.P.E.P. §904.4; EX1002, 183; *supra*, §II.A.1.a.

The prosecution history also makes clear that the Examiner considered the '614 patent, and its relevant PGR, by including express findings relevant to the patent eligibility of the '423 patent. In particular, after PayRange's response, the Examiner issued a Notice of Allowance providing a statement of the reasons for allowance. *Id.*, 190-96. In addition to finding that the prior art taken alone or in combination failed to teach or suggest the limitations of the independent claims, the Examiner also reproduced certain limitations—limitations that ***differ*** from claims found ineligible in the '614 PGR—and expressly found:

> The above recited limitations provide ***meaningful limitations that transform[] the abstract idea into patent eligible***. The claims as a whole effect an improvement to another technology or technical field. These limitations in combination provide meaningful limitations beyond generally linking the use of the abstract idea to a practical application.

Id., 193-94 (emphasis added). Accordingly, the first step of the *Advanced Bionics* framework with respect to Petitioner's Ground 4 is satisfied.

In sum, contrary to Petitioner's contentions, the petition fails to "provide substantial evidence that was not considered by the Examiner." *Id.* For instance, for its §101 analysis, Petitioner repeatedly relies on the Board's findings in

the ’614 PGR (*see id.*, 77-92), but, as explained above, the substantive papers and underlying evidence submitted in the ’614 PGR, along with the Board’s decision, were considered by the Examiner during prosecution of the ’423 patent. *Supra*, §II.A.1.b. Also considered by the Examiner were the substantive papers and underlying evidence applying the asserted references to claims of related patents in previous post-grant proceedings. *Supra*, §II.A.1.a. Thus, contrary to Petitioner’s bare assertion, the petition presents arguments and evidence that have already been considered by the Examiner and the Board with respect to all four of Petitioner’s grounds. As a result, step 1 of *Advanced Bionics* weighs in favor of discretionary denial and the Director should exercise her discretion not to institute the petition under §325(d).

2. *Advanced Bionics* Step 2

Discretionary denial is further warranted under the second step of the *Advanced Bionics* framework because Petitioner has failed to sufficiently point out how the Office erred in its evaluation of the asserted prior art and the eligibility of the challenged claims. *See Becton, Dickinson*, IPR2017-01586, Paper 8, 17-18. Petitioner provides only conclusory statements regarding error. *See* Pet., 99. For instance, Petitioner generally asserts that “the Examiner did not evaluate, or erred in its evaluation,” of the asserted references or patent eligibility. *Id.* But, as explained above, Petitioner is incorrect that the Examiner (and the Board) did not

evaluate the references applied in the petition's prior art grounds and also incorrect that the Examiner did not evaluate the petition's eligibility ground. *Supra*, §II.A.1. Moreover, to the extent Petitioner asserts that there was error in the Office's previous evaluation, Petitioner does not explain what that error is. Pet., 99. The unsupported assertion of "error" is really just a request that the Board reach a different conclusion than the Examiner.

To the extent Petitioner addresses the Office's previous evaluation at all, it is only with respect to the Examiner's consideration of the Board's decision in the '614 PGR and his findings made with respect to the patent eligibility of the '423 patent claims. *See supra*, §III.A.1.b. Specifically, Petitioner attempts to dismiss the Examiner's conclusions on patent eligibility by characterizing them as a "terse statement" that has "no basis or support," suggesting instead that "the Examiner erroneously confused the search for an inventive concept with a non-obviousness determination." Pet., 98. Petitioner's arguments, however, ignore the context of the entire prosecution history. In the first Office Action, the Examiner rejected the pending claims based on obviousness-type double-patenting, but otherwise deemed the claims allowable over the prior art. EX1002, 151-54. In discussing the specific teachings of the relevant art, the Examiner notably did not discuss the patent eligibility of the pending claims nor did he make any express findings regarding the claims' meaningful technical improvements. *Id.* It was

only after PayRange filed its terminal disclaimer and specifically directed the Examiner's attention to the '614 patent and its relevant PTAB proceedings did the Examiner make separate findings on §101 eligibility when confirming the allowability of the '423 patent claims in the Notice of Allowance. *Id.*, 193-94; *see also* M.P.E.P. §904.4 (stating "[t]he presence of a recorded terminal disclaimer" requires review of related post-grant proceedings).

This contradicts Petitioner's assertion that the Examiner somehow "confused the search for an inventive concept with a non-obviousness determination" as the Examiner made his findings in response to PayRange's identification of the eligibility issue and made them distinct from any comments relating to what was taught by the relevant art. *See id.*, 193-94 (§101 comments addressed in paragraph 2, while art-specific comments addressed in paragraph 3). Moreover, to the extent the Examiner followed up his §101 findings with a discussion of the teachings of specific art references in a subsequent paragraph, this discussion only aids to support the Examiner's analysis because it demonstrates how the limitations of the '423 patent claims represent nonconventional technical improvements over the prior art. Thus, contrary to Petitioner's contentions, the Examiner considered the exact same ground—§101 eligibility—as presented in the petition and, apart from characterizing the Examiner's findings as "terse," Petitioner identifies no error in the Examiner's determination.

Accordingly, step 2 of *Advanced Bionics* weighs in favor of discretionary denial and the Director should exercise her discretion not to institute the petition under §325(d).

B. *Fintiv* Weighs in Favor of Discretionary Denial under §314(a)

The Director should also exercise her discretion to not institute this proceeding under *Fintiv*. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (precedential). As Petitioner admits, parallel district court litigation is ongoing between the parties, but not initiated by PayRange. *See* Pet., 5; *supra*, §II. Instead, after providing notice to Petitioner of its potential infringement and inviting licensing discussions several times, Petitioner opted to file a declaratory judgment complaint in the United States District Court for the District of Delaware, where Petitioner is currently seeking a judgment of noninfringement of the ’423 patent, the ’772 patent, and related U.S. Patent No. 11,966,920 (“the ’920 patent”). Pet., 5; *Alliance Laundry Systems, LLC v. PayRange Inc.*, 24-cv-733-MN (D. Del., filed June 20, 2024). In this parallel litigation, Petitioner is currently requesting the district court to find claims of the ’423 patent invalid under §101 for claiming ineligible subject matter—the same ground of challenge that Petitioner seeks in this petition. As discussed below, in view of this pending litigation and Petitioner’s pursuit of overlapping invalidity grounds, a holistic consideration of the *Fintiv* factors weighs in favor of discretionary denial because there is a strong

likelihood that inefficiencies and duplication of efforts will occur between the PTAB and the district court. *Fintiv,* Paper 11, 6.

Petitioner contends that the *Fintiv* factors weigh against discretionary denial for several reasons. For example, Petitioner asserts that it "will request a stay of the Delaware Litigation," that "the Delaware Litigation is in a very early stage," and that, given its petition stipulation that it will not pursue any grounds that were raised or could have been raised in the petition, there would be no overlap between the two proceedings. Pet., 92-95. However, in view of a currently pending motion to dismiss filed by Petitioner that is potentially case-dispositive to the claims challenged in this proceeding, none of these considerations weigh in favor of institution.

More specifically, Petitioner has not requested a stay of the parallel litigation, making *Fintiv* factor 1 weigh in favor of denial. Even if Petitioner were to file a motion to stay, that is no guarantee the court would grant the request. *See, e.g., Inmar Brand Sols., Inc. v. Quotient Tech., Inc.*, No. 1-23-cv-00994, Doc. No. 141 (D. Del. Apr. 4, 2025) (denying stay where PTAB instituted on two patents, but denied as to a third); *Plastic Omnium Advanced Innovation & Research v. Donghee Am., Inc.*, No. 1-16-cv-00187, Doc. Nos. 196, 278 (D. Del. Oct. 27, 2017) (denying motion to stay prior to institution and renewed motion to stay after institution).

Rather than request a stay, Petitioner instead elected to file a motion to dismiss PayRange's counterclaims asserting infringement of certain claims of the '920 patent, '772 patent, and '423 patent. *See* EX2004; EX2005. Briefing has closed and is awaiting scheduling of a hearing per Petitioner's request. *See* EX2006. While Petitioner references this motion in passing, it fails to mention that its motion raises the same issues that the petition raises in this PGR. Pet., 93. In particular, Petitioner's motion seeks to invalidate all asserted claims under §101 for claiming ineligible subject matter. EX2004. In its briefing before the district court, Petitioner even goes so far as to raise the same estoppel and ineligibility arguments that are advanced in its PGR petition. *See* EX2005, 13-20.

These facts further weigh in favor of discretionary denial under the remaining *Fintiv* factors. For instance, should the district court grant Petitioner's motion, it would be dispositive of the parties' dispute regarding this patent. *See* EX2004, 3 (requesting dismissal of the '423 patent). A decision on this motion is expected to occur well before any final written decision in this PGR, thus duplicating the efforts of both the district court and the Board. As such, while no trial date has been set by the district court, the same patent ineligibility ground that Petitioner raises in its petition is under current consideration by the district court. The proximity of and investment involved in the district court's resolution of this

potentially dispositive motion supports exercising discretionary denial under factors 2 and 3 of *Fintiv*.

Moreover, with respect to factors 4 (overlap in issues) and 5 (same parties), although Petitioner "stipulates that, if the instant PGR is instituted," it will not pursue the grounds raised or that reasonably could have been raised in the petition in the parallel litigation (Pet., 94), its stipulation is directly contradicted by the fact that Petitioner is actively pursuing a ground raised in the petition in a substantive, fully-briefed motion awaiting hearing and a decision at the district court. Because the dispositive effect given to petitioner stipulations under the 2022 interim guidance has been rescinded by the Office, Petitioner's district court actions render its stipulation even less persuasive under the *Fintiv* framework to support institution as Petitioner is maintaining issues in the district court that overlap those raised in the petition.[4] Finally, *Fintiv* factor 6 weighs in favor of denial. As discussed above, all four of the petition's grounds have been previously considered by the Examiner and the Board, undermining the merits of the petition. Thus, given Petitioner's pending motion, together with the fact that the petition merely

[4] In addition, Petitioner only states its stipulation in the petition—Petitioner has yet to file any document with the district court notifying its intent to not pursue grounds that were raised or could have reasonably been raised in the petition.

relies on art and arguments previously considered by the Office, discretionary denial is warranted under *Fintiv.*

C. Additional Considerations Weigh in Favor of Discretionary Denial

Lastly, even if the frameworks under *Advanced Bionics* and *Fintiv* do not counsel denial on their own, these factors together along with additional considerations weigh in favor of discretionary denial. As outlined in the Director's memorandum providing for interim processes for PTAB workload management, "all relevant considerations" will be evaluated in determining whether to exercise discretionary denial. *See* Memorandum, *Interim Processes for PTAB Workload Management*, 2 (Mar. 26, 2025). In addition to the discretionary considerations enumerated in existing Board precedent, such as *Fintiv* and *Advanced Bionics*, other relevant considerations outlined in the memorandum include compelling economic interests, the settled expectations of the parties, and the extent of the petition's reliance on expert testimony. *Id.* As detailed below, these additional considerations, together with the considerations discussed above (*supra*, §§III.A-B), support the Director exercising her discretion to deny the petition.

First, the "[s]ettled expectations of the parties" and "[c]ompelling economic … interests" support the Director exercising her discretion to deny institution. *See* Memorandum, 2. As discussed above in Section II, numerous industry participants including PayRange competitors and customers have obtained

licenses to PayRange's patents and acknowledged the significance of PayRange's innovations. EX2001, 16-17. These licensees "accept that PayRange has valid claims," "respect the technologies that have helped the self-service industry thrive," express "deep respect for the innovations PayRange has brought to elevate the laundry industry," and plan to "provid[e] best-in-class service to our customers with [PayRange's] fully-licensed technology." *Id.* Thus, PayRange's claimed inventions provide economic benefit not only to PayRange but also to its numerous licensees and the industry at large. The express praise of PayRange's technology as well as repeated licensing of its patents likewise demonstrates a settled expectation that its innovative contributions will continue to enjoy protections.

In addition, the related district court litigation launched by Petitioner also demonstrates settled expectations of the parties and compelling economic interests supporting discretionary denial. As mentioned above, PayRange did not choose to initiate litigation. *Supra*, §II. Instead, consistent with previous decisions from the Office confirming the patentability of PayRange's technology, PayRange sought to engage in meaningful discussions with Petitioner, including potential to license its technology, like others had done in the industry. Ignoring those invitations, Petitioner instead chose to initiate litigation and, in doing so, Petitioner chose its forum to resolve its dispute: the District Court of Delaware. Petitioner's reasoning for bringing litigation of its dispute into that forum was based, in part, on the

court's handling of previous complaints of infringement brought by PayRange. EX2007, 2-3. PayRange has conceded that venue is proper for the purposes of Petitioner's action. EX2001, 2-3.

In bringing its declaratory judgement action, Petitioner fully expected validity to be an issue before the court. By rule, PayRange was compelled to raise any counterclaims arising out of Petitioner's infringing actions, which, in turn, would lead to challenges of invalidity, as evidenced by Petitioner's immediate filing of its motion to dismiss PayRange's counterclaims due to §101 ineligibility. *See* Fed. R. Civ. P. 13(a). Although by the terms of the relevant statute (*see* 35 U.S.C. §325(a)) Petitioner is not strictly barred from filing the instant petition, Petitioner's actions show that it is trying to have it both ways: litigate validity and eligibility in a district court forum of its choosing, while at the same time challenging the validity and eligibility of the patents at the PTAB. However, Petitioner affirmed its desire to litigate and chose where to do it, which PayRange has accepted. Thus, it is the settled expectations of the parties that their dispute will be resolved before the Delaware District Court, which supports discretionary denial of institution of the petition. Moreover, discretionary denial is also supported by compelling economic interests: it would be an inefficient and wasteful use of resources to ask the Board to weigh in on issues that not only have

been previously considered by the Office, but are also being concurrently considered by the Delaware District Court.

Beyond the settled expectations and economic interests in the industry and arising from Petitioner's litigation, the settled expectations regarding the Office's consideration of the claims of the '423 patent also support discretionary denial. As detailed above, multiple related patents within the '423 patent's priority chain were the subject of multiple proceedings before the PTAB. *See supra*, §III.A. Collectively, these proceedings included briefing and expert testimony relating to the validity and eligibility of the claims of these related patents using substantially the same art and grounds that the petition applies in this proceeding. *See id.* PayRange ensured that the Examiner fully considered this evidence during prosecution of the '423 patent and, in light of that evidence, the '423 patent claims were allowed. *Id.* Thus, supporting discretionary denial are the settled expectations that the Office has already evaluated the challenged claims and deemed the claims patentable over the extensive evidence that was before it.

Finally, the Director's memorandum also will consider "[t]he extent of the petition's reliance on expert testimony" as part of the discretionary analysis. Memorandum, 2. This consideration further supports discretionary denial here. The petition heavily relies on expert testimony as a means to gap-fill disclosure lacking in the applied references and improperly incorporates argument that should

have been raised in the petition. For example, in numerous instances, the petition invokes its expert's testimony to establish the teaching of express claim limitations without corresponding disclosure in the references themselves. *See*, *e.g.*, Pet., 26-27 (citing to expert declaration to argue "[a] POSA would understand" that Low teaches claimed interface that "display[s] a visual indication of the one or more payment accepting units"), 27 (same for claimed "accept user input selecting an available payment accepting unit"), 29-30 (same for claimed "after establishing the wireless communication path, enabling user interaction"), 32 (same for claimed displaying "an updated user interface"), 64-65 (same for "visual representation of the available payment accepting unit"), 67-68 (stating "[a] POSA would understand" Low's disclosure "strongly implies" claim limitation). The petition also repeatedly relies on its expert's testimony to characterize the proposed combinations as "predictable" or "a simple substitution," but its expert merely parrots the petition's arguments without providing evidentiary support. *E.g.*, Pet., 57-59 (arguing combination of Low and Arora would be "more 'convenient'" and "a simple combination," citing EX1003, ¶¶237-41); EX1003, ¶¶237-41 (stating, "in my opinion," the same, without citing to objective evidence); Pet., 61-62 (same for combination with Freeny, citing EX1003, ¶¶253-54), 62-63 (same for combination with Casey). Furthermore, Petitioner attempts to bypass the petition's requirement for specificity by incorporating parts of the expert declaration as

evidence for "additional rationales" without any explanation. *See* Pet., 59 (stating "[t]he foregoing rationales are exemplary in nature and additional rationales may equally apply as discussed in additional detail in the Declaration of Petitioner's expert Dr. Neuman"), 62 (same). Given Petitioner's extensive reliance on expert testimony, that itself cites to no additional support, discretionary denial is further warranted.

Accordingly, given the totality of the circumstances present in this case, discretionary denial is justified.

IV. CONCLUSION

For at least the reasons above, Patent Owner PayRange respectfully requests that the Director exercise her discretion and deny institution of the petition.

Respectfully submitted,

Date: April 23, 2025

/ Matthew A. Argenti /
Matthew A. Argenti, Lead Counsel
Reg. No. 61,836

CERTIFICATE OF COMPLIANCE

Pursuant to §42.24(d) and the Director's Memorandum on Interim Processes for PTAB Workload Management, the undersigned certifies that this paper contains no more than 14,000 words, not including the portions of the paper exempted by §42.24(b). According to the word-processing system used to prepare this paper, the paper contains 6,657 words.

Respectfully submitted,

Date: April 23, 2025

/ Matthew A. Argenti /
Matthew A. Argenti, Lead Counsel
Reg. No. 61,836

V. APPENDIX

Exhibit No.	Description
2001	PayRange Inc.'s Amended Answer to Complaint and Counterclaims, *Alliance Laundry Sys. LLC v. PayRange Inc.*, Case No. 24-733-MN (D. Del.)
2002	Excerpts from File History of U.S. Application No. 17/654,732 (U.S. Patent No. 11,481,772)
2003	Excerpts from File History of U.S. Application No. 15/603,400 (U.S. Patent No. 10,891,614)
2004	Alliance Laundry Systems LLC's Partial Motion to Dismiss PayRange's Amended Counterclaims, *Alliance Laundry Sys. LLC v. PayRange Inc.*, Case No. 24-733-MN (D. Del.)
2005	Alliance Laundry Systems LLC's Opening Brief in Support of Its Partial Motion to Dismiss PayRange's Amended Counterclaims, *Alliance Laundry Sys. LLC v. PayRange Inc.*, Case No. 24-733-MN (D. Del.)
2006	Alliance Laundry Systems LLC's Request for Oral Argument on Its Motion to Dismiss, *Alliance Laundry Sys. LLC v. PayRange Inc.*, Case No. 24-733-MN (D. Del.)
2007	Alliance Laundry Systems LLC's Complaint for Declaratory Judgment, *Alliance Laundry Sys. LLC v. PayRange Inc.*, Case No. 24-733-MN (D. Del.)

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Patent Owner's Brief In Support of Discretionary Denial and accompanying Exhibits 2001-2007 were served on April 23, 2025, on the Petitioner at the electronic correspondence address of the Petitioner as follows:

Sarah E. Waidelich
Scott D. Barnett
David J. Thomas
Jenna E. Saunders
HONIGMAN LLP
swaidelich@honigman.com
sbarnett@honigman.com
dthomas@honigman.com
jsaunders@honigman.com

Dated: April 23, 2025

/ Matthew A. Argenti /
Matthew A. Argenti, Lead Counsel
Reg. No. 61,836