

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ALLIANCE LAUNDRY SYSTEMS, LLC,
Petitioner,

v.

PAYRANGE LLC,
Patent Owner.

PGR2025-00028
U.S. Patent No. 11,972,423

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

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PETITIONER’S EXHIBIT LIST

Exhibit No.	Description	Publication Date (unless otherwise noted)	Type of Prior Art
1001	USPN 11,972,423 (the '423 Patent) (Patent submitted for Post-Grant Review)	December 18, 2013 (earliest possible priority date based on filing of provisional application)	N/A
1002	File History for USPN 11,972,423	N/A	N/A
1003	Declaration of Dr. B. Clifford Neuman Under 37 C.F.R. § 1.68 in Support of Petition for Post-Grant Review of the '423 Patent	N/A	N/A
1004	<i>Curriculum Vitae</i> of Dr. B. Clifford Neuman	N/A	N/A
1005	USPN 10,210,501 (“ <i>Low</i> ”)	July 25, 2013	§ 102(a), (d)
1006	USPN 9,898,884 (“ <i>Arora</i> ”)	April 4, 2013	§ 102(a), (d)
1007	USPN 8,958,846 (“ <i>Freeny</i> ”)	Aug. 23, 2006	§ 102(a), (d)
1008	USPN 8,255,323 (“ <i>Casey</i> ”)	Aug. 28, 2012 (issuance date)	§ 102(a)(1)
1009	PayRange’s Statutory Disclaimer of USPN 11,481,772 claims 1-6, 8-10, and 12-20	Filed on November 22, 2023	N/A
1010	Redline comparison of Claim 1 of the '423 Patent to Claims 13 and 15 of the '423 Patent	N/A	N/A
1011	Redline comparison of claims of USPN 10,891,614 and corresponding claims of the '423 Patent	N/A	N/A
1012	USPN 3,457,391 (“ <i>Yamamoto</i> ”)	July 19, 1965 (issuance date)	§ 102(a)(1)

Exhibit No.	Description	Publication Date (unless otherwise noted)	Type of Prior Art
1013	USPN 3,931,497 (“ <i>Gentile</i> ”)	Jan. 6, 1976 (issuance date)	§ 102(a)(1)
1014	USPN 6,810,234 (“ <i>Räsänen</i> ”)	Oct. 26, 2004	§ 102(a)(1)
1015	US Patent Pub. No. 2003/0172028 (“ <i>Abell</i> ”)	Mar. 7, 2002	§ 102(a), (d)
1016	US Patent Pub. No. 2003/0130902 (“ <i>Athwal</i> ”)	Nov. 4, 2002	§ 102(a), (d)
1017	PayRange Claim Chart for the USPN 11,481,772, attached as Exhibit L to PayRange’s Amended Counterclaims in <i>Alliance Laundry Systems, LLC v. PayRange, Inc.</i> , 24-cv-733-MN, Dkt. 18, PageID.1404-1416 (D. Del., filed Oct. 4, 2024)	N/A	N/A
1018	Slip Opinion, <i>Linfo IP, LLC v. TrustPilot, Inc.</i> , 24-cv-2796, slip. op., Dkt. 37 (S.D.N.Y. Jan. 3, 2025)	N/A	N/A
1019	Transcript, <i>Chemours Co. FC, LLC v. Daikin Indus. Ltd.</i> , 1:17-cv-01612, Dkt. 77, at 29:1-33:16 (D. Del. Jan. 3, 2019).	N/A	N/A
1020	Excerpted Copy of U.S. District Courts—Combined Civil and Criminal Federal Court Management Statistics-Profiles for the Reporting Period ending June 30, 2024, available at https://www.uscourts.gov/data-news/reports/statistical-reports/federal-court-management-statistics/federal-	N/A	N/A

Exhibit No.	Description	Publication Date (unless otherwise noted)	Type of Prior Art
	court-management-statistics-june-2024.		
1021	US Patent Pub. No. 2015/0302411 (“ <i>Bondessen</i> ”)	April 22, 2014	N/A
1022	US Patent Pub. No. 2014/0279537 (“ <i>Cicoretti</i> ”)	Mar. 12, 2014	N/A
1023	USPN 11,010,759 (“ <i>Maeng</i> ”)	Sep. 11, 2018	N/A
1024	USPN 309,219 (“ <i>Fruen</i> ”)	Jan. 28, 1884	N/A
1025 (NEW)	Docket Navigator statistics regarding Judge Noreika decisions on motions to stay pending IPR/PGR	N/A	N/A
1026 (NEW)	Docket Navigator statistics regarding District of Delaware decisions on motions to stay pending IPR/PGR	N/A	N/A
1027 (NEW)	PayRange’s Opposition to CSC’s Motion to Stay Pending Inter Partes Review, <i>PayRange Inc. v. CSC ServiceWorks, Inc.</i>, No. 1:23-cv-00278, Dkt. 59 (D. Del. Feb. 23, 2024)	N/A	N/A
1028 (NEW)	<i>Nuance Comms., Inc. v. MModal, LLC</i>, No. 1:17-cv-01484, Dkt. 226, (D. Del. Apr. 11, 2019) (Noreika, J.)	N/A	N/A
1029 (NEW)	<i>Waters Corp. v. Agilent Techs., Inc.</i>, No. 1:18-cv-01450, Dkt. 95 (D. Del. Aug. 6, 2019) (Noreika, J.)	N/A	N/A
1030 (NEW)	<i>PayRange Inc. v. CSC ServiceWorks, Inc.</i>, No. 23-cv-	N/A	N/A

Exhibit No.	Description	Publication Date (unless otherwise noted)	Type of Prior Art
	278, Dkt. 61 (D. Del. Feb. 26, 2025)		

I. INTRODUCTION

Patent Owner’s request for discretionary denial should be denied. Denial would be inappropriate under *Advanced Bionics* and Section 325(d), *Fintiv*, and the additional factors set forth in the March 2025 Memorandum, “Interim Processes for PTAB Workload Management” (“March 2025 Memorandum”).

First, the challenged patent, U.S. Patent No. 11,972,423 (“the ’423 Patent,” Ex. 1001), issued just over a year ago, on April 30, 2024. **The ’423 Patent has never previously been challenged**, and Petitioner timely filed a post-grant review petition within the nine-month window set by Congress. The Petition presents strong challenges based on art that the Examiner overlooked or misapprehended, and, in the case of Petitioner’s Section 101 challenge, arguments previously adopted by the Board in invalidating nearly identical claims in a predecessor patent. Section 325(d) and *Advanced Bionics* do not warrant discretionary denial.

Second, the related District of Delaware litigation¹ does not support denial under the *Fintiv* factors. The Delaware Litigation is at an incredibly early stage, and has essentially been paused since late 2024 while Petitioner’s motion to dismiss remains pending. No discovery has been requested or exchanged, there is no

¹ *Alliance Laundry Systems LLC v. PayRange Inc.*, No. 1:24-cv-00733 (D. Del. Jun. 20, 2024) (“Delaware Litigation”).

timeline for claim construction proceedings, no case schedule is in place, **and a trial date has not even been set.** Provided this PGR proceeding is instituted, the Board will issue its Final Written Decision well before any trial. And if this proceeding is instituted, there is a high (upwards of **84%**) likelihood that the district court will stay the case.

Finally, the “additional considerations” listed in the March 2025 Memorandum weigh against discretionary denial. There is a compelling economic interest in permitting Petitioner to efficiently adjudicate the validity of the never-before-challenged ’423 Patent in this forum. And there are no “settled expectations” concerning the validity of the challenged claims, which were in effect for less than nine months when challenged. Most importantly, the merits of the Petition are strong and warrant review by a merits panel.

For these reasons, and as further explained below, Petitioner respectfully requests that the Director deny Patent Owner’s request to discretionarily deny institution and advance the Petition to a merits panel for consideration.

II. BACKGROUND

A. Patent Owner’s Patent Assertion Campaign

Beginning in early 2020, Patent Owner began an aggressive campaign of patent litigation against companies that make, use, sell, or develop mobile payment systems, including KioSoft Technologies, LLC (“KioSoft”) and CSC ServiceWorks,

Inc. (“CSC”). A complete overview of Patent Owner’s prior proceedings is included in the Petition, Paper 1, at **1–6. Petitioner below highlights certain history that bears directly on issues of discretionary denial.

1. Patent Owner’s Lawsuits Against KioSoft

In response to infringement complaints² filed by Patent Owner, KioSoft sought post-grant review against several patents in the same family as the ’423 Patent, including U.S. Pat. No. 10,891,614 (“the ’614 Patent”). *See KioSoft Techs., LLC v. PayRange Inc.*, PGR2021-00093, Paper 2 (PTAB Jun. 10, 2021). In PGR2021-00093, the PTAB issued a final written decision, finding Claims 1–6, 8–10, 14–15, and 18–25 of the ’614 Patent ineligible under 35 U.S.C. § 101. *Id.*, Paper 38.

Following that decision, KioSoft sought post-grant review of U.S. Patent No. 11,481,772 (“the ’772 Patent”)—which is the grandparent to the ’423 Patent and also shares many of the same claim limitations with the ’423 Patent. *See KioSoft Techs., LLC v. PayRange Inc.*, PGR2023-00042, Paper 2 (PTAB Jul. 25, 2023). Recognizing that the claims of the ’772 Patent were ineligible for the same reasons that the PTAB found the claims of the ’614 Patent ineligible, on November 22, 2023,

² *PayRange Inc. v. KioSoft Technologies, LLC et al.*, No. 1:20-cv-20970 (S.D. Fla.); *PayRange Inc. v. KioSoft Technologies, LLC et al.*, No. 1:20-cv-24342 (S.D. Fla.).

Patent Owner statutorily disclaimed Claims 1–6, 8–10, and 12–20 of the ’772 Patent. *See* Ex. 1009. Subsequently, before the PTAB could institute post-grant review of remaining Claims 7 and 11 of the ’772 Patent, the parties filed a joint motion to dismiss. *See KioSoft Techs.*, PGR2023-00042, Paper 7 (PTAB Feb. 5, 2024); *id.*, Paper 9 (PTAB Feb. 6, 2024).

2. Patent Owner’s Lawsuits Against CSC

In response to infringement complaints³ filed by Patent Owner, CSC sought *inter partes* review of several patents in the same family as the ’423 Patent, including the ’772 Patent. *See CSC ServiceWorks, Inc. v. PayRange, Inc.*, IPR2023-01449, Paper 1 (PTAB Oct. 9, 2023). Patent Owner subsequently filed the aforementioned statutory disclaimer on November 22, 2023 disclaiming Claims 1–6, 8–10, and 12–20 of the ’772 Patent. *See* Ex. 1009.

Despite Patent Owner making many of the same discretionary denial arguments as it has in this proceeding (*see CSC ServiceWorks*, IPR2023-01449, Paper 7 (sealed POPR) (PTAB Jan. 18, 2024); *id.*, Ex. 1011 (redacted POPR) at 11–16), the Board instituted *inter partes* review of Claim 11 of the ’772 Patent under 35 U.S.C. § 103 based on a six-reference combination. *Id.*, Paper 14 at **14–26. As to Patent Owner’s discretionary denial arguments, the Board found that “Patent

³ *See* Paper 1 at **3-4.

Owner’s concerns of fairness are outweighed by the benefits to the patent system of improving patent quality by reviewing the merits of the challenges raised in the petitions, which have not been addressed to date.” *Id.* at *11 (quoting *Code200, UAB v. Bright Data, Ltd.*, IPR2022-00861, Paper 18, at *5 (PTAB Aug. 23, 2022) (precedential)). Less than two weeks after institution, the parties filed a joint motion to terminate. *See id.*, Papers 16, 18.

B. In 2024, Patent Owner’s Aggressions Turned Towards Petitioner

Patent Owner argues that it “did not start this fight,” claiming “Petitioner chose the route of litigation.” Paper 6 at *2. That argument mischaracterizes the history of this dispute.

Despite Petitioner *granting Patent Owner a license* to make Patent Owner’s own products compatible with Petitioner’s machines, Patent Owner began a campaign of aggression against Petitioner in early 2024. On March 14, 2024, Patent Owner sent a letter accusing Petitioner of infringing a number of patents, including the ’423 Patent, the ’772 Patent, and U.S. Patent No. 11,966,920 (“the ’920 Patent”). *See* Ex. 2007, Declaratory Judgment Complaint, ¶ 51. Petitioner responded on April 25, 2024, explaining why Petitioner has not and does not infringe, and also why the identified claims were likely to be found invalid or unpatentable. *Id.* ¶ 55. Patent Owner sent Petitioner another letter on May 17, 2024, rejecting Petitioner’s arguments and maintaining that Petitioner infringed. *Id.* ¶¶ 57–58. After Petitioner

acknowledged receipt of the letter via email on May 31, 2024, Patent Owner sent another letter on June 12, 2024, threatening: “If Alliance does not promptly engage in negotiations with PayRange, we will assume that it prefers to resolve this matter in litigation.” *Id.* ¶ 61. Again, Petitioner acknowledged receipt on June 14, 2024, but Patent Owner continued to harass Petitioner with an email on June 19, 2024, stating that Patent Owner will be forced “to address this matter through litigation.” *Id.* ¶ 65. Petitioner filed its Declaratory Judgment Complaint the next day. *Id.*

Thus, contrary to its characterizations, **Patent Owner** started this fight by ignoring the serious infringement and invalidity problems plaguing its allegations and instead threatening meritless litigation. In the face of Patent Owner’s belligerence, Petitioner reasonably filed its action for declaratory judgment of non-infringement. *Id.* The District of Delaware is an efficient forum for Petitioner’s non-infringement claim: that Court previously heard multiple cases involving Patent Owner and is already familiar with its patents.

Patent Owner thereafter confirmed that its aggressive threats to bring suit were not empty: just four calendar days after Petitioner filed its Complaint, Patent Owner sued two other defendants for patent infringement in the Western District of Texas. *See Paper 1 at *5.*

III. DISCRETIONARY DENIAL IS NOT WARRANTED

A. Discretionary Denial Under 35 U.S.C. § 325(d) and *Advanced Bionics* is Not Warranted

Advanced Bionics provides a two-part framework for evaluating whether denial under Section 325(d) is warranted: (1) whether the same, or substantially the same, prior art or arguments were previously presented to the Office; and (2) if the first prong is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of the challenged claims. *See, e.g., Advanced Bionics, LLC v. MED-EL Elektromedizinische Gerate GmbH*, IPR2019-01469, Paper 6, at **7–8 (PTAB Feb. 13, 2020). The factual inquiry is guided by six *Becton, Dickinson* factors. *Id.* (citing *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (PTAB Dec. 15, 2017)).

Here, Petitioner does not dispute that the four prior art references relied upon in the Petition were submitted by Patent Owner during examination, in an IDS that contained ***more than five hundred (500) references***.⁴ *E.g.*, Ex. 1002, pp. 4175-4190; Paper 1 at *97. Accordingly, the references were technically previously presented to the Office under prong one of the *Advanced Bionics* analysis and

⁴ The Petition incorrectly underestimated or miscounted the number of references as being “more than four hundred.” Paper 1 at *97. Petitioner corrects the actual number here, but maintains that this is not a material difference for purposes of discretionary denial.

Becton, Dickinson Factor (a). See, e.g., *Ecto World, LLC v. RAI Strategic Holdings, Inc.*, IPR2024-01280, Paper 13, at **2-4 (PTAB May 19, 2025). However, because Petitioner properly demonstrates that the Office erred in a manner material to the patentability of the challenged claims, including that the other *Becton, Dickinson* factors weigh against discretionary denial, discretionary denial is not warranted. See *id.*

1. The Board Has Never Considered the Patentability of the Claims of the '423 Patent

As an initial matter, Patent Owner attempts to characterize the present Petition as a serial petition, which should be discretionarily denied because the '423 Patent *family* has allegedly been “thoroughly vetted through rigorous prosecution and repeated challenges at the PTAB.” Paper 6 at **3–4. Not so. ***The '423 Patent has never previously been challenged in a post-grant review proceeding.*** While there are similar limitations between the claims of the '423 Patent and related patents that have been previously challenged, this fact alone does not provide a basis to discretionarily deny the first-ever Petition challenging the '423 Patent. See *Comair Rotron, Inc. v. Nippon Densan Corp.*, 49 F.3d 1535, 1539 (Fed. Cir. 1995) (“[S]eparate patents describe separate and distinct inventions...and it cannot be presumed that related patents rise and fall together”).

Patent Owner has not cited any authority, and Petitioner is not aware of any, that would support Patent Owner's argument that a challenge to a predecessor patent forecloses any post-grant challenges to a successor patent. See Paper 6 at **8–10. Rather, “[w]hile evidence of invalidity regarding the claims of one patent may certainly apply to those of another, a party may not avoid its burden of proof by making a blanket statement that its proofs with respect to one patent apply to another and not provide a formal analysis as to why that is true.” *Enzo Biochem, Inc. v. Calgene, Inc.*, 188 F.3d 1362, 1378–79 (Fed. Cir. 1999). That is precisely what Patent Owner attempts to do here – impute the outcomes of challenges to earlier, related patents to the '423 Patent without any analysis as to why that should be true. The Director should reject this argument, which would reflect a sea change in patent law generally and post-grant review practice specifically.

Further, Patent Owner falsely argues that “all three grounds of challenge advanced in the petition have been previously considered by the Office, both by the Examiner and by the Board.” Paper 6 at *6. Again, this is the ***first ever*** post-grant review challenge brought against the '423 Patent (which only issued in April 2024), so it is impossible for the grounds in the Petition to previously have been before the Board. Because neither the PTAB nor any other forum have adjudicated the validity or patentability of the challenged claims, this factor weighs against discretionary denial. *E.g.*, March 2025 Memorandum.

2. The Examiner Did Not Properly Evaluate the Asserted Art During Examination

Becton, Dickinson Factor (c) considers “the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection.” *Becton, Dickinson*, IPR2017-01586, Paper 8 at *17; *see also Advanced Bionics*, IPR2019-01469, Paper 6 at *8; *Ecto World*, IPR2024-01280, Paper 13, at *5. During prosecution, the ’423 Patent faced only a non-statutory double-patenting rejection. *See* Ex. 1002, pp. 149–55. Only four references were discussed by the Examiner during prosecution,⁵ none of which are relied upon in the Petition.

While the asserted prior art—*Low*, *Arora*, *Freeny*, and *Casey*—were submitted as part of an IDS containing more than five hundred references, the Examiner signed this IDS as “considered” just over a month after it was submitted. Ex. 1002, pp. 4175-4190. Thus, this does not weigh meaningfully against institution, as the Examiner “merely signed the [IDS] without explaining why he disagreed with the [prior art at issue].” *Apple Inc. v. Seven Networks, LLC*, IPR2020-00285, Paper 10, at *30 (PTAB July 28, 2020); *Samsung Elecs. Co. v. Power2B, Inc.*, IPR2021-

⁵ *Bondessen* (U.S. Pub. No. 2015/0302411), *Cicoretti* (U.S. Pub. No. 2014/0279537), *Maeng* (U.S. Pat. No. 11,010,759), and *Giordano* (U.S. Pub. No. 2002/0152123). Notably, two of these references (*Bondessen* and *Maeng*) may not even qualify as prior art as their earliest priority dates are *after* the ’920 Patent’s earliest claimed priority date of December 18, 2013. *See* Exs. 1021, 1023; *see also* MPEP § 211.05.

01190, Paper 11, at *19 (PTAB Jan. 6, 2022); *Ecto World*, IPR2024-01280, Paper 13, at **6–7 (precedential as to Section A).

Moreover, the asserted prior art “was not a basis for rejection during examination.” *See Ecto World*, IPR2024-01280, Paper 13, at *5. And the asserted prior art “is not substantially the same as prior art the Examiner applied.” *Id.* The Examiner did not “apply” any art (only a non-statutory double-patenting rejection), and Patent Owner does not contend otherwise, or argue that the asserted art is cumulative of the references mentioned during prosecution. *See, e.g.*, Ex. 1002, pp. 149–55.

Patent Owner attempts to sidestep this factor by contending the “Examiner also considered each of the [asserted] references as they were applied in previous PTAB proceedings of related patents.” Paper 6 at *9. But Patent Owner has no evidence that the Examiner actually considered each of the references or the prior PTAB proceedings, and instead leaps to that assumption based on a provision in the MPEP. Paper 6 at **16–17 (citing MPEP § 904.4). Regardless, “even though the asserted prior art [was] listed on an IDS, the Examiner did not issue any prior art rejections during examination,” which was a material error that weighs against discretionary denial. *Ecto World*, IPR2024-01280, Paper 13, at **5–6.

Patent Owner relies heavily on the prior ’614 Patent PGR to support its argument. *See, e.g.*, Paper 6 at **10-11 (discussing ’614 Patent PGR institution

decision). But this argument ignores entirely the differences between the '614 Patent claims and the '423 Patent claims. In the '614 Patent PGR, the Board found that Petitioner had not shown that *Low* taught limitation [1.3] of the '614 Patent. *E.g., KioSoft Techs., LLC v. PayRange Inc.*, PGR2021-00093, Paper 38 at *64 (PTAB Dec. 14, 2022) (“After a full trial and having considered all of the parties’ arguments and evidence, we determine that Petitioner has failed to show by a preponderance of evidence that *Low* discloses or teaches ‘the identifying including detecting predefined radio messages broadcast by the one or more payment accepting units,’ as recited in the independent claims.”). But the corresponding limitation [1.3] of the '423 Patent is considerably **broad**er than the corresponding limitation [1.3] of the '614 Patent:

'614 Patent Claim 1	'423 Patent Claim 1
Limitation [1.3]	Limitation [1.3]
the identifying including detecting predefined radio messages broadcast by the one or more payment accepting units	the identifying ~~including detecting predefined radio messages broadcast by~~ <u>based at least in part on an identifier or location corresponding to</u> the one or more payment accepting units

See Ex. 1011; *KioSoft Techs., LLC v. PayRange Inc.*, PGR2021-00093, Paper 38 at **61-65 (PTAB Dec. 14, 2022).

As this demonstrates, the '423 Patent replaces the narrower “detecting predefined radio messages” limitation of the '614 Patent with the broader “based at

least in part on an identifier” limitation. See Ex. 1011; see also, e.g., *KioSoft Techs., LLC v. PayRange Inc.*, PGR2021-00093, Paper 38 at **61-62 (PTAB Dec. 14, 2022) (finding that “Petitioner does not identify clearly and unambiguously what it contends to be the recited ‘predefined radio messages broadcast [by a vending machine].’”). Indeed, the Board specifically contrasted this narrower language of the ’614 Patent with broader language similar to that found in limitation [1.3] of the ’423 Patent. See *id.* at *62 (“[T]he claim [of the ’614 Patent] requires there to be a predefined message broadcast by the payment accepting unit (the vending machine), **not some general identifying action by the server.**”) (emphasis added).

By contrast, the Petition here demonstrates in great detail how *Low* teaches this broader limitation [1.3] of the ’423 Patent. Paper 1 at **23–25; see also *Ecto World*, IPR2024-01280, Paper 13, at *5 (considering whether asserted art “includes specific teachings that impact patentability of the challenged claims”). Accordingly, the Board finding that a prior petitioner failed to prove that *Low* teaches a narrower limitation **not present** in the claims of the ’423 Patent does not weigh in favor of discretionary denial.

3. There is No Overlap Between the Art in the Petition and the Art Actually Considered by the Examiner

Becton, Dickinson Factors (b) and (d) consider “(b) the cumulative nature of the asserted art and the prior art evaluated during examination” and “(d) the extent

of the overlap between the arguments made during examination and the manner in which the Petitioner relies on the prior art or Patent Owner distinguishes the prior art.” *Becton, Dickinson*, IPR2017-01586, Paper 8 at **17–18. There were no anticipatory or obviousness-based rejections against the ’423 Patent during prosecution. *See* Ex. 1002, pp. 149–55. Accordingly, these references cannot be cumulative of the art evaluated by the Examiner and/or cited in an Office Action, and Patent Owner has not asserted, much less demonstrated, that *Low, Arora, Freeny*, and/or *Casey* are cumulative. Further, the present Petition asserts unpatentability based on obviousness and ineligible subject matter grounds, which do not overlap with the double-patenting rejection issued during prosecution. Thus, *Becton, Dickinson* Factors (b) and (d) strongly favor institution.

4. The Examiner’s Prior Art and Eligibility Analyses Were Erroneous

Becton, Dickinson Factors (e) and (f) consider “(e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art;” and “(f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.” *Id.*; *see also Advanced Bionics*, IPR2019-01469, Paper 6 at *8; *Ecto World*, IPR2024-01280, Paper 13, at **5-6.

During prosecution, “even though the asserted prior art [was] listed on an IDS, the Examiner did not issue any prior art rejections during examination.” *Ecto World*, IPR2024-01280, Paper 13, at **5–6. The Examiner’s failure to appreciate the teachings of the prior art references relied upon in the instant Petition relative to the claims of the ’423 Patent demonstrates that “the Examiner materially erred by overlooking certain teachings in the prior art on the IDS.” *Id.*; see also *Advanced Bionics*, IPR2019-01469, Paper 6 at *8 n.9. The Petition demonstrates how *Low* alone teaches nearly every limitation of every Challenged Claim, including all limitations of Claims 1–6, 8, 10, and 12–20 under Section 102, and how *Arora*, *Freeny*, and *Casey* teach the trivial claimed features not expressly taught by *Low*. See, e.g., Paper 1 at **21-71. Thus, the Examiner committed a material error that weighs against discretionary denial by misapprehending or overlooking these references and their teachings, even though they were cited in a voluminous IDS. Ex. 1002, pp. 4175-90.

As to the Petition’s Section 101 challenge, Patent Owner’s heavy reliance on the “Examiner consider[ing] the ’614 patent, and its relevant PGR,” does not support discretionary denial here. Paper 6 at *17. There is no evidence that the Examiner meaningfully considered the ’614 Patent PGR, and Patent Owner never identified it as a proceeding to which the Examiner should pay particular attention. See *Ecto World*, IPR2024-01280, Paper 13, at *7. The Examiner never articulated how or

why the claims of the '423 Patent are eligible under Section 101; instead, they included a single conclusory sentence—in a portion of the Notice of Allowance explaining why the claims are allowable ***over the art of record***—despite not making any Section 101 rejections in the preceding office action. *See* Ex. 1002, pp. 193–94; MPEP § 2106.05; *see also cxLoyalty, Inc. v. Maritz Holdings Inc.*, 986 F.3d 1367, 1378 (Fed. Cir. 2021). Thus, the Examiner erred by conflating the legal standard for two different patentability requirements.

Finally, as to *Becton Dickson* Factor (f), the voluminous IDS containing the asserted prior art weighs against discretionary denial. *See Ecto World*, IPR2024-01280, Paper 13, at **6-7. The IDS contained 561 references, which is more than twenty-two times the size of a typical IDS, and Patent Owner did not identify any particular reference to which the examiner should pay particular attention. *See id.* Indeed, despite prosecution of this application lasting less than a year and receiving only a single office action, the file wrapper contains more than **4,800** pages, largely made up of voluminous NPL. *See* Ex. 1002. And in addition to the 4,500 pages of NPL in the file wrapper for the '423 Patent, and the 500+ references submitted via IDS, the Examiner purported to review the complete filings for five post-grant proceedings (comprising thousands of pages) between two days, September 5–6, 2023. Ex. 1002 at 198–200. That the Examiner erred when they missed the

proverbial needle in a haystack is a material error that does not warrant discretionary denial.

For similar reasons, Patent Owner's reliance on its disclosure of the prior PTAB proceedings to the Examiner is an overstatement. *See, e.g.*, Paper 6 at *13. Patent Owner argues that it "made sure to bring the earlier PTAB proceedings involving these prior art combinations to the Examiner's attention during prosecution." *Id.* But like its IDS dump, Patent Owner listed **forty** prosecution histories that "may contain information relevant to the pending application," and did not identify any to which the examiner should pay particular attention. *See* Ex. 1002 at 183; *Ecto World*, IPR2024-01280, Paper 13, at *7. Accordingly, that the prior proceedings were technically disclosed does not support discretionary denial. *See id.*

* * *

The arguments set forth above and in the Petition provide substantial evidence that the Examiner erred in failing to consider *Low*, *Arora*, *Freeny*, and *Casey* and Section 101. Thus, because Petitioner has demonstrated that the Office erred in a manner material to patentability, discretionary denial is not warranted. *E.g., Ecto World*, IPR2024-01280, Paper 13, at *3.

B. Discretionary Denial Under *Fintiv* is Not Warranted

1. The Board Should Reject Patent Owner’s Request to Re-Write the America Invents Act

Patent Owner argues that Petitioner first filing an action for declaratory judgment of non-infringement, and then filing the present Petition for PGR, mandates discretionary denial. Paper 6 at **21–22. Patent Owner’s argument would essentially re-write the America Invents Act into a *per se* prohibition against post-grant review after filing a complaint for declaratory judgment of non-infringement. This usurpation of Congressional authority is not warranted.

Courts and this Board have previously rejected the re-write of the America Invents Act that Patent Owner now urges the Office to adopt through the mechanism of discretionary denial. For example, in *Epic Games, Inc. v. Acceleration Bay LLC*, the court held: “[u]nlike a patent infringement defendant (which cannot bring an IPR more than one year after being sued) or a declaratory judgment plaintiff seeking a judgment of invalidity (which cannot seek an IPR at all), **a declaratory judgment counterclaimant faces no apparent restrictions on seeking an IPR.**” No. 4:19-cv-04133, 2020 WL 1557436, *1, 3 (N.D. Cal. Apr. 1, 2020) (emphasis added). Any interpretation to the contrary would usurp the role of Congress because “Congress has spoken, using unambiguous language, concerning ‘a civil action challenging the validity of a claim of the patent,’ as in § 315(a)(1), and ‘counterclaim,’ as in §

315(a)(3). In our view, the above-referenced policy considerations do not override the unambiguous statutory language.” *Canfield Scientific, Inc. v. Melanoscan, LLC*, IPR2017-02125 Paper 7, 2018 WL 1628565, at **2–3 (PTAB Mar. 30, 2018).

Moreover, Patent Owner’s remonstrations that Petitioner’s declaratory judgment complaint meant “PayRange would be compelled to assert its own infringement counterclaims and defend the validity of its patents” is a red herring that has no impact on discretionary denial. Indeed, Congress specifically endorsed Petitioner’s actions by enumerating “[a] counterclaim challenging the **validity** of a claim of a patent” exception to the bar against institution of a post-grant review after the filing of a civil action. 35 U.S.C. § 325(a)(3). The “unambiguous statutory language” of Section 325 makes it clear that Petitioner’s filing of a declaratory judgment of **non-infringement** does not bar Petitioner from subsequently filing a petition for post-grant review. *Canfield Scientific*, IPR2017-02125 Paper 7, at **3–4; *see also, e.g., Ariosa Diagnostics v. Isis Innovation Ltd.*, IPR2012-00022, 2013 WL 2181162, at *4–5 (PTAB Feb. 12, 2013).

The America Invents Act permits Petitioner to seek post-grant review after filing a complaint for declaratory judgment of noninfringement. The Director should reject Patent Owner’s request to amend the AIA using the discretionary denial mechanism.

2. The *Fintiv* Factors Do Not Support Discretionary Denial

The Board also considers six *Fintiv* Factors⁶ when considering discretionary denial, five of which weigh heavily against discretionary denial here. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, at **5–6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”).

***Fintiv* Factor 1** weighs against discretionary denial because Petitioner will request a stay of the Delaware Litigation and there is a significant likelihood that the district court will stay the case if PGR is instituted. Judge Noreika, who is presiding over the Delaware Litigation, routinely grant motions to stay when IPRs or PGRs have been instituted. *See, e.g.*, Ex. 1028, *Nuance Comms., Inc. v. MModal, LLC*, No. 1:17-cv-01484, Dkt. 226, at 25:13–30:20 (D. Del. Apr. 11, 2019) (Noreika, J.) (staying case where “the PTAB [h]as instituted on all of the asserted claims of all [asserted] patents”); Ex. 1018, *Chemours Co. FC, LLC v. Daikin Indus. Ltd.*, No. 1:17-cv-01612, Dkt. 77, at 29:1–32:24 (D. Del. Jan. 3, 2019) (Noreika, J.) (same).

⁶ The *Fintiv* Factors are: “1. [W]hether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted; 2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision; 3. investment in the parallel proceeding by the court and the parties; 4. overlap between issues raised in the petition and in the parallel proceeding; 5. whether the petitioner and the defendant in the parallel proceeding are the same party; and 6. other circumstances that impact the Board’s exercise of discretion, including the merits.”

In fact, according to Docket Navigator statistics analyzing motions to stay pending IPR/PGR filed both before and after institution, Judge Noreika grants or partially grants **84%** of such motions and the District of Delaware grants or partially grants **68%** of such motions.⁷ See Exs. 1025, 1026.

Patent Owner criticizes Petitioner because it has “not requested a stay of the parallel litigation.” Paper 6 at *25. But this ignores that the customary practice in the District of Delaware is to wait until after institution to seek a stay; pre-institution motions to stay are typically denied as premature. See, e.g., Ex. 1029, *Waters Corp. v. Agilent Techs., Inc.*, No. 1:18-cv-01450, Dkt. 95 (D. Del. Aug. 6, 2019) (Noreika, J.) (denying “request to stay the litigation pending IPR without prejudice to renew after the PTAB decision on institution”).

Indeed, in Patent Owner’s prior litigation with CSC before Judge Noreika, Patent Owner opposed CSC’s pre-institution motion to stay ***precisely because*** it was filed pre-institution. Patent Owner argued that “CSC’s motion [to stay] is premature because the PTAB has still not yet issued an institution decision” and “[t]he appropriate time to consider a stay is after all of the institution decisions have been

⁷ Exhibit 1024 shows that Judge Noreika granted motions to stay in their entirety in 45 out of 55 cases (82%) and granted one partial motion to stay (2%). Exhibit 1026 shows that the District of Delaware granted motions to stay in their entirety in 370 out of 578 cases (64%) and granted partial motions to stay in 22 other cases (4%).

entered.” *E.g.*, Ex. 1027, No. 23-cv-278, Dkt. 59 at 1, 4 (arguing that “courts almost invariably deny requests for stays pending IPR proceedings when the stay requests are filed before the IPR is instituted”) (citing *IOENGINE, LLC v. PayPal Holdings, Inc.*, No. 18-452, 2019 WL 3943058, at *6 (D. Del. Aug. 21, 2019)). Judge Noreika thereafter denied the motion to stay without prejudice, and ordered that CSC could renew its motion after the PTAB’s institution decision. *See* Ex. 1032, No. 23-cv-278, Dkt. 61 (D. Del. Feb. 26, 2025). Petitioner’s decision here to wait until institution before seeking a stay conforms squarely with Delaware practice and does not support discretionary denial.

***Fintiv* Factor 2** weighs heavily against discretionary denial because the Delaware Litigation is at a very early stage: no case schedule has been entered and **the Court has not even set a trial date**. *See, e.g.*, Delaware Litigation, Dkts. 21–28, 30. Moreover, based on recent statistics, it is unlikely that the Delaware Litigation would reach trial before March 2027. *See* Ex. 1019 (noting a median time of 32.9 months from filing to trial in the District of Delaware); *see also, e.g.*, USPTO March 24, 2025 Guidance (“Boalick Memo”) (noting that “the Board may consider . . . median time-to-trial statistics”). By contrast, the Board’s statutory Final Written Decision deadline in this proceeding will be approximately August 2026. Accordingly, the extremely early stage of the Delaware Litigation weighs heavily against discretionary denial. *See, e.g., Amazon.com, Inc. v. NL Giken Inc.*, IPR2025-

00250, Paper 14 at *2 (PTAB May 16, 2025) (rejecting discretionary denial where it was “likely that a final written decision in this proceeding will issue before the district court trial occurs”). This factor weighs heavily against denial.

Fintiv* Factor 3** weighs heavily against discretionary denial for similar reasons: due to the nascency of the Delaware Litigation, the parties (and especially the Court) have invested very little in it. No discovery has been requested or exchanged, no contentions have been exchanged, and there is not even an overall case schedule or deadlines for claim construction proceedings. And the very little time invested in the Delaware Litigation is limited to Section 101 issues—there has been ***no investment concerning Sections 102, 103, or claim construction. Indeed, because Petitioner’s motion to dismiss is pending, Petitioner has not even answered Patent Owner’s counterclaims. This weighs heavily against discretionary denial. *See, e.g., Fintiv*, IPR2020-00019, Paper 11, at *10 (“[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.”).

Patent Owner argues that Petitioner’s pending motion to dismiss weighs in favor of discretionary denial because “should the district court grant Petitioner’s motion, it would be dispositive of the parties’ dispute regarding this patent.” Paper 6 at *26. But the Delaware court has not even scheduled a hearing on the motion to dismiss. *Id.* at *25. And if the present PGR is instituted, the Delaware Litigation

will almost certainly be stayed before any ruling on the motion to dismiss, eliminating any possibility for inconsistent rulings.

Further, Petitioner should not be punished for “elect[ing] to file a motion to dismiss Patent Owner’s counterclaims asserting infringement” under Section 101. Paper 6 at *25. Petitioner contends that Claims 1–20 of the ’423 Patent are ineligible under Section 101 and it should not be forced to answer Patent Owner’s counterclaims of infringement relating to certain of those claims.

Additionally, the PTAB has already considered and rejected these same arguments in the ’614 Patent PGR. See Institution Decision, *KioSoft Techs., LLC v. PayRange Inc.*, PGR2021-00093, Paper 12 at **11–12 (PTAB Dec. 17, 2021). There, Petitioner KioSoft similarly filed a motion to dismiss under Rule 12(b)(6) and Section 101, and then filed a petition for PGR with one of the grounds challenging Section 101 eligibility. *Id.*, Paper 2, Ex. 1023. Rejecting Patent Owner’s arguments that this supported discretionary denial, the PTAB found that “although the parties have fully briefed Petitioner’s motion to dismiss, the district court has not yet issued a decision on the motion to dismiss[,]” so “the district court litigation is not so advanced as to warrant denial of institution.” *Id.*, Paper 12 at **11–12.

Finally, Factor 3 “weigh[s] against exercising the authority to deny institution” because Petitioner “filed the petition expeditiously.” *Fintiv*, IPR2020-00019, Paper 11, at *11. Petitioner filed the Petition less than nine months after the

issuance of the '423 Patent; less than seven months after filing its Complaint for Declaratory Judgment of non-infringement; and less than five months after Patent Owner's original Answer and Counterclaims of infringement. See Paper 1; Ex. 2007; *Alliance Laundry Systems LLC v. PayRange Inc.*, No. 1:24-cv-00733, Dk. 11 (D. Del. Aug. 23, 2024). At the time of filing (and to this day), the Delaware Litigation was at an incredibly early stage. Several recent decisions (including decisions issued after the March 2025 Memorandum) have agreed that similar expeditious filings weigh against denial. See, e.g., *Samsung Elecs. Co. v. Mullen Indus.*, IPR2025-01472, Paper 9 at *10 (PTAB Mar. 31, 2025) ("Petitioner's diligence in filing its Petition (a) less than five months after receiving Patent Owner's infringement contentions and (b) prior to the parties briefing claim construction issues weighs against exercising discretionary denial."); *Samsung Elecs. Co. v. Headwater Research LLC*, IPR2024-01396, Paper 13 at *7 (Apr. 1, 2025) ("[W]e find Petitioner's diligence in filing its Petition approximately 4 months before it was statutorily required to do so, and while litigation is in its early stages, weighs against denial, not for it.").

Accordingly, *Fintiv* Factor 3 weighs against denial.

Fintiv Factor 4 weighs against discretionary denial because any overlap between the pending motion to dismiss in the Delaware Litigation and present PGR proceeding will be resolved by staying the district court litigation after institution.

Further, Petitioner included a *Sotera* stipulation in its Petition, and will file the same in the Delaware Litigation when it seeks a stay if the present PGR is instituted.⁸ Petition at *94; *see also* Paper 6 at *24 n.4. Contrary to Patent Owner’s assertions that this stipulation is contradicted by Petitioner’s pending motion to dismiss, the stipulation was made *after* Petitioner moved to dismiss under Section 101. And if this proceeding is instituted, the Delaware Litigation will likely be stayed, and the stipulation effective following institution and Final Written Decision.

Also favoring institution is the fact that the Petition challenges all claims of the ’423 Patent, including certain claims (2, 5, 7, 16, and 18), which Patent Owner is not asserting in the Delaware Litigation. Petitioner elected to challenge all claims of the ’423 Patent for efficiency reasons—for example, to avoid filing a petition for *inter partes* review in the event Patent Owner later asserts additional claims in the Delaware Litigation. These additional challenged (but unasserted) claims differ in scope from the asserted claims, meaning that important issues in the Petition will **not** be resolved in the Delaware Litigation—further reducing the degree of overlap

⁸ Patent Owner’s complaint that “Petitioner has yet to file any document with the district court” is of no import as demonstrated by Patent Owner’s lack of any authority to support this complaint. *See* Paper 6 at *27 n.4. Petitioner included such stipulation in the Petition. Paper 1 at *93. And because the *Sotera* stipulation only takes effect if the present PGR is instituted, Petitioner is justified in waiting until after institution to file the stipulation in the Delaware Litigation in connection with Petitioner’s motion to stay.

between this proceeding and the Delaware Litigation. *See, e.g., Fintiv*, IPR2020-00019, Paper 11, at *13 (examining whether the district court will “resolve key issues in the petition”).

Accordingly, Factor 4 weighs heavily against discretionary denial because (i) Petitioner’s *Sotera* stipulation will eliminate overlap with invalidity issues in the Delaware Litigation; and (ii) the validity of the unasserted claims will not be resolved in the Delaware Litigation.

***Fintiv* Factor 5** weighs slightly in favor of discretionary denial, as the parties to this proceeding are the same as the Delaware Litigation. However, the Board declines to discretionarily deny when, like here, “when balanced with factors 1-4, there is no indication of inefficiencies or duplication of efforts between the PTAB and the district court.” *Sony Group Corp. v. Inmusic Brands, Inc.*, IPR2023-00294, 2023 WL 5167545, at *6 (PTAB July 25, 2023).

***Fintiv* Factor 6** weighs heavily against discretionary denial. Petitioner has strong grounds of invalidity under Section 103, and as to its Section 101 challenge, most of the Challenged Claims are broader than the claims of the ’614 Patent that the Board has already found unpatentable. The Challenged Claims are also broader than claims of the ’772 Patent, which Patent Owner disclaimed following the Board’s Final Written Decision concerning the ’614 Patent. There is a strong

likelihood that the Board will likewise find the Challenged Claims invalid under all, or at least one, Ground.

C. Additional Considerations Favor Institution

In addition to the frameworks of *Advanced Bionics* and *Fintiv* weighing against discretionary denial, “all relevant considerations” outlined in the March 2025 Memorandum similarly weigh against discretionary denial. *See, e.g., Twitch Interactive, Inc. v. Razdog Holdings LLC*, No. IPR2025-00307, Paper 18 at *3 (PTAB May 16, 2025) (rejecting similar arguments to those made by Patent Owner here).

1. Petitioner Should Have Access to this Forum to Efficiently Establish the Unpatentability of the Challenged Claims

“Compelling economic...interests” heavily weigh against discretionary denial here. March 2025 Memorandum, 2. Patent Owner is aggressively asserting its patents even though nearly identical claims have been held invalid by the PTAB and/or been disclaimed by Patent Owner. It is in the public’s interest to disincentivize patent owners from abusing the system like this, as companies like Petitioner and others are forced to spend money defending against meritless patent assertions. And if the present Petition is discretionarily denied, there is a high likelihood that the parties will expend far greater resources in the Delaware Litigation. *See, e.g., Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-

01357, Paper 19 at *16-17 (PTAB Sept. 6, 2017) (“[W]e recognize that an objective of the AIA is to provide an effective and efficient alternative to district court litigation.”).

2. There Are No Settled Expectations that Would Warrant Discretionary Denial

Patent Owner argues that the “[s]ettled expectations of the parties” support discretionary denial. Paper 6 at **5, 25–27. Its argument on this factor relies largely on prior statements and press releases from former Patent Owner targets. *See id.* But these statements cannot establish “settled expectations of the parties,” for several reasons. First, the nature of these statements—extracted by Patent Owner as part of settlement—disposes of any argument that the statements were objective, independent assessments of Patent Owner’s patents. Indeed, because of the “coercive environment of patent litigation,” the Federal Circuit places strict limitations on when settlement agreements can be used for damages analyses. *See, e.g., Laser Dynamics, Inc. v. Quanta Computer, Inc.*, 694 F.3d 51, 77-78 (Fed. Cir. 2012). The same logic undercuts any probative value of the press releases issued by Patent Owner’s targets following settlement.

Second, none of the cited statements could possibly pertain to the ’423 Patent, which did not even issue until April 30, 2024—**after** PayRange started, and then settled, its disputes with Kiosoft and CSC. *Compare* Ex. 1001 (April 30, 2024 issue

date) *with* Ex. 2001, Counterclaim ¶ 5 (quoting January 31, 2024 joint press release with Patent Owner and Kiosoft), *id.* ¶ 7 (discussing April 2024 settlement with CSC).

Finally, given the PTAB’s prior finding that most of the claims of the ’614 Patent were ineligible, and Patent Owner’s decision to disclaim most of the claims of the ’772 Patent, the only “settled expectations” are that the very similar claims of the ’423 Patent will also be found invalid. And because the ’423 Patent issued just over a year ago, the very short “length of time the claims have been in force” weighs against discretionary denial. March 2025 Memorandum.

3. The Petition Does Not Improperly Rely on Expert Testimony

Patent Owner cherry-picks a handful of excerpts to argue that the Petition overly relies on expert testimony. *See* Paper 6 at *29. This is not “gap-fill[ing]” with expert testimony; instead, Petitioner’s expert was properly explaining how a POSA would understand certain claim limitations and disclosures of the prior art. Indeed, the understanding of a POSA is critical both to claim construction issues and to obviousness grounds. *See, e.g., Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (“We have made clear, moreover, that the ordinary and customary meaning of a claim term is the meaning that the term would have ***to a person of ordinary skill in the art*** in question at the time of the invention, i.e., as of the effective filing date of the patent application.”) (emphasis added); *KSR Int’l Co. v.*

Teleflex Inc., 550 U.S. 398, 417, 418, 421 (2007) (“If **a person of ordinary skill** can implement a predictable variation, § 103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and **a person of ordinary skill in the art** would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill.”) (emphasis added).

Nor can the understanding of a POSA be proven only with attorney argument, which is not evidence. *E.g.*, *Elbit Sys. of Am., LLC v. Thales Visionix, Inc.*, 881 F.3d 1354, 1359 (Fed. Cir. 2018) (“Elbit fails to present any evidence supporting this contention beyond attorney argument . . . and ‘[a]ttorney argument is not evidence’ and cannot rebut other admitted evidence.”). Indeed, the Board recently confirmed that expert testimony is **essential** to properly support arguments that are evaluated from the perspective of a POSA. *See, e.g.*, *PLR Worldwide Sales Ltd. v. Flip Phone Games, Inc.*, IPR2024-000209, Paper 28 at *32 (PTAB Apr. 24, 2025) (“It is well settled that mere attorney argument unsupported by factual evidence is entitled no probative value.”).

The Petition presents and relies upon the testimony of Dr. Neuman on the understanding of claim terms and obviousness issues, as required. *E.g.*, Paper 1 at **20-21, 47-51, 55-64; Ex. 1003 at **21-22, 65-71, 77-92. The unpatentability grounds in the Petition are fully supported by the references themselves—Dr.

Neuman's testimony serves to confirm, support, and explain the references' disclosures from the perspective of a POSA. *See generally* Paper 1 at **20-92.

Patent Owner is also wrong that the Petition "invokes its expert's testimony to establish the teaching of express claim limitations without corresponding disclosure in the references themselves." Paper 6 at *29. To the contrary: all of the limitations Patent Owner cites include "corresponding disclosure in the references themselves," in addition to Dr. Neuman's understanding of how the terms would be understood by a POSA. *See, e.g.*, Paper 1 at **26-27 (for claim limitation including "display a visual indication of the one or more payment accepting units," citing to *Low*, Ex. 1005, at 2:16-20, 8:66-9:2, 2:26-28), at *27 (same for claimed "accept user input selecting an available payment accepting unit"); **28-31 (for claimed "after establishing the wireless communication path, enabling user interaction" limitation, citing to *Low*, Ex. 1005, at 8:24-28, 8:22-24, 10:1-3, Figure 3 (including screenshot in Petition)); *31 (for "exchanging information with the available payment accepting unit" limitation, citing to *Low*, Ex. 1005, at 5:54-57, 5:66-6:3, 6:9-15); **31-32 (for "updated user interface" limitation, citing to *Low*, Ex. 1005, at 8:31-33, 9:8-11). And the corresponding paragraphs in Dr. Neuman's declaration also consider the "corresponding disclosure in the references themselves." *See, e.g.*, Ex. 1003 at ¶¶ 81-84, 87-96.

Patent Owner is also wrong that Dr. Neuman “merely parrots the petition’s arguments without providing evidentiary support.” Paper 6 at *29. Its argument ignores Dr. Neuman’s 133-page, 300+ paragraph report, instead focusing on just seven paragraphs: 237-41 and 253-54. *See id.* Not only does this wrongly ignore the remainder of Dr. Neuman’s opinions, it is also flatly wrong that these paragraphs lack evidentiary support. For example, Dr. Neuman explained why, in his opinion, the “icons or photographs, 41 and 42” in the interface taught by *Arora* would make the interface of *Low* more convenient, for example, if a user has difficulty interpreting textual descriptions. *See, e.g.,* Ex. 1003 at ¶ 237. And Dr. Neuman gave at least six rationales (with supporting evidence) for why a POSA would have been motivated to modify the user interface of *Low* to include a visual representation of the available payment accepting unit; Patent Owner ignores all but two. *Compare* Paper 6 at *29 (complaining of paragraphs 237-41 in Ex. 1003) *with* Ex. 1003 at ¶¶ 240-45 (providing at least six rationales, with supporting evidence). Patent Owner does the same as to Dr. Neuman’s expressed rationales for why a POSA would have been motivated to modify the user interface of *Low/ Arora* to include a visual representation of an indication of a prepaid balance, as taught by *Freeny*. *Compare* Paper 6 at *29 (complaining of paragraphs 253-54 in Ex. 1003) *with* Ex. 1003 at ¶¶ 253-58 (providing at least six rationales, with supporting evidence).

Dr. Neuman is a POSA, and used his expertise to explain background information and the understanding of a POSA as to both claim interpretation and obviousness issues. Dr. Neuman's testimony, and Petitioner's citation of it in support of the Petition, is entirely consistent with case law and Board precedent, and does not support discretionary denial. Indeed, that Petitioner and Dr. Neuman provided robust expert testimony on twenty challenged claims is a "feature, not a bug of his testimony," a feature that the Board has just recently applauded. *See, e.g., Tesla, Inc. v. Charge Fusion Tech., LLC*, IPR2025-00032, Paper 11 at *39 (PTAB May 19, 2025) ("[T]hat [Petitioner's expert] supports his extensive explanations of his opinions with citations to dozens of pieces of objective evidence, **is a feature, not a bug of his testimony**. [The expert], and Petitioner by extension, leave virtually none of the substance of his testimony unsupported by objective evidence, **a practice that we applaud.**") (emphasis added).

Finally, the Petition does not improperly incorporate parts of Dr. Neuman's Declaration by reference. *See* Paper 6 at *30. To the contrary, "[f]ar from improperly incorporating arguments by reference," Dr. Neuman's "citation to objective evidence to support his opinions" on why a POSA would be motivated to modify the user interface of *Low* as taught by *Arora* is "preferred and highly persuasive." *See* Paper 1 at *59 (citing Dr. Neuman Declaration, Ex. 1003, at ¶¶ 242-45); *id.* at *62 (citing Ex. 1003, at ¶¶ 255-58); *Tesla*, IPR2025-00032, Paper 11

at *21-22. And because “[p]roof of one motivation to combine, as shown here, is sufficient,” Dr. Neuman providing multiple rationales for why a POSA would combine these references goes above and beyond what is required, and Petitioner only needed to cite to one of these exemplary rationales. *Everlight Elecs. Co., Ltd v. Nichia Corp.*, 719 F. App’x 1008, 1013 (Fed. Cir. 2018).

Accordingly, Petitioner’s proper reliance on evidence-backed expert testimony to support the strong unpatentability grounds in the Petition weighs against discretionary denial.

IV. CONCLUSION

For at least the reasons above, Petitioner respectfully requests that the Director deny Patent Owner’s request for discretionary denial, and instead progress the Petition to a merits panel for consideration.

Respectfully submitted,

Dated: May 23, 2025

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Petitioner's Opposition to Patent Owner's Request for Discretionary Denial was served on the date below on Patent Owner at the email addresses below:

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**CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME
LIMITATION, TYPEFACE REQUIREMENTS, AND TYPE STYLE
REQUIREMENTS**

This Petitioner's Opposition to Patent Owner's Request for Discretionary Denial complies with the type-volume limitation in 37 C.F.R. § 42.24, and the Director's March 2025 Memorandum on Interim Processes for PTAB Workload Management, in that it contains 8,019 words, excluding the parts exempted by 37 C.F.R. § 42.24, as measured by the word processing software used to prepare the document.

This Petition complies with the general format requirements of 37 C.F.R. § 42.6(a) and has been prepared using Microsoft Office 365 in 14-point Times New Roman.

Dated: May 23, 2025

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