UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

WALMART INC. and WALMART STORES TEXAS, LLC,
Petitioner

v.

RAVENWHITE SECURITY, INC.,
Patent Owner

Case IPR2025-00810
U.S. Patent No. 10,594,823

PATENT OWNER'S BRIEF ON DISCRETIONARY DENIAL

Mail Stop "PATENT BOARD"
Patent Trial and Appeal Board
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

TABLE OF CONTENTS

I. INTRODUCTION 1
II. OVERVIEW OF THE ’823 PATENT 3
III. LEGAL STANDARDS 6
IV. THE BOARD SHOULD EXERCISE DISCRETION TO DENY INSTITUTION UNDER 35 U.S.C. § 314(a) 8
A. Settled Expectations and Efficiency Favor Discretionary Denial.........8
B. The *Fintiv* Factors Weigh in Favor of Denial in View of the Parallel District Court Litigation. 11
C. The Weak Merits of the Petition and the Petition’s Heavy Reliance on Expert Testimony Favor Denial. 14
D. Compelling Economic and Public Interest Concerns Favor Denial. ..16
V. CONCLUSION.. 18

PATENT OWNER'S EXHIBIT LIST

Exhibit No.	Description
2001	Docket Control Order [43], *RavenWhite Licensing LLC v. The Home Depot, Inc. et al.*, Case No. 2:24-cv-00688 (E.D. Tex. Nov. 22, 2024)
2002	Complaint [1], *RavenWhite Licensing LLC v. Walmart Inc. et al.*, Case No. 2:23-cv-00418 (E.D. Tex. Sept. 15, 2023)
2003	*Intentionally Left Blank*
2004	Results charted from DocketNavigator.com, run on June 9, 2025, for success of Motions to Stay Pending IPR in the Eastern District of Texas
2005	Results charted from DocketNavigator.com, run on June 9, 2025, for success of Motions to Stay Pending IPR decided by Judge Rodney Gilstrap
2006	PREVAIL Act Fact Sheet
2007	Walmart Balance Sheet, accessed June 12, 2025 at: https://stock.walmart.com/financial-information/balance-sheet
2008	Fortune Announces 2025 Fortune 500 List, accessed June 12, 2025 at: https://www.prnewswire.com/news-releases/fortune-announces-2025-fortune-500-list-302470158.html
2009	Ventura, L., "World's Largest Companies in 2024," Global Finance Magazine, accessed June 12, 2025 at: https://gfmag.com/data/biggest-company-in-the-world/
2010	Morris, A., "IPBC Global 2025: Acting USPTO Director says IPR Use Needs to Change," accessed June 16, 2025 at: https://www.iam-media.com/article/ipbc-global-2025-acting-uspto-director-says-ipr-use-needs-change

I. INTRODUCTION

The Petition challenges U.S. Patent No. 10,594,823 ("the '823 patent"), one of two patents presently asserted against Walmart Inc. and Walmart Stores Texas, LLC (collectively, "Walmart" or "Petitioner") in the Eastern District of Texas. The '823 patent arises from innovative technology that allows websites to identify client devices while addressing security concerns typically associated with traditional cookies. The '823 patent accomplishes these goals through use of "cache cookies that the server can use to identify the client device (or user)," "[e]ven if the browser is blocking cookies" or "has deleted its cookies." EX1001, 2:66-3:4, 6:49-53.

Balancing considerations of "system efficiency, fairness, and patent quality," the Office should exercise its discretion to deny institution of this *inter partes* review (IPR) proceeding. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5 (P.T.A.B. Mar. 20, 2020) (precedential) ("*Fintiv*"). Significantly, this Petition would be time barred under 35 U.S.C. § 315(b) if not for Petitioner's motion for joinder because Petitioner waited more than 18 months to file the Petition. Even if the parties to IPR2024-01316—the IPR Walmart seeks to join—were to reach a settlement, Walmart would be able to continue forward with the IPR despite the reasonable expectation that Walmart would not submit its own IPR challenge. The inequities of allowing Walmart to contravene the one-year time bar and pose a

barrier to potential settlement between Patent Owner and the lead petitioner strongly favor discretionary denial.

Additional factors also weigh in favor of discretionary denial. First, the *Fintiv* factors counsel denial. Trial in the district court case is scheduled for April 20, 2026, merely a month after the Board's projected deadline for issuing a Final Written Decision (FWD) in the IPR that Petitioners seek to join. And by the date of institution, the court and parties will have already made significant effort into the district court litigation, including conducting a claim construction hearing.

Second, the Petition's weak merits and heavy reliance on expert testimony favor denial. Although the Board previously instituted IPR2024-01316, Patent Owner's arguments in its upcoming Patent Owner Response, which are supported by evidence and expert testimony, explain how the Board erred. Accordingly, the merits of the Petition remain weak, supporting discretionary denial.

Finally, Walmart's financial position and capability to litigate patent challenges in district court present compelling economic concerns. For example, if the parties to IPR2024-01316 were to reach a settlement, Walmart would be able to continue forward with its IPR challenge, unnecessarily expending the Office's limited resources.

Therefore, the Director should exercise discretion to deny institution.

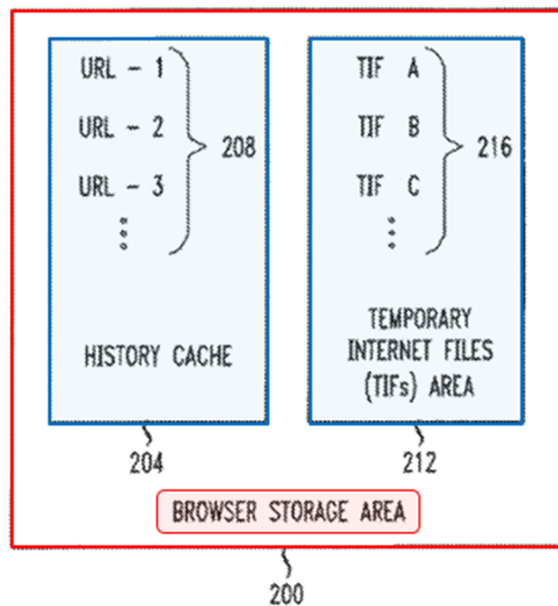
II. OVERVIEW OF THE ’823 PATENT

The ’823 patent generally relates to “causing a browser to store information in a browser storage area of a client device” that can later be used for “identification of a user.” EX1001, 1:31-34, 2:5-6. The ’823 patent explains that “[a] Web page . . . may request user information from the user when the user first accesses the page, such as a user’s name, password, address, interests, etc.” *Id.*, 1:39-42. “When the user accesses the same Web page at a later time, the server may use the information previously entered by the user to customize the Web page for the user.” *Id.*, 1:42-45.

The ’823 patent further explains that “[t]his customization of a Web page is typically the result of cookies,” which are “message[s] transmitted to a browser by a server.” EX1001, 1:46-48. “The message can include user-specific identifiers or personal information about the user,” and “[t]he message (i.e., cookie) is then sent back to the server each time the browser requests a Web page from the server.” *Id.*, 1:48-52. However, “[d]espite the benefits associated with customizing a Web page, cookies also present drawbacks.” *Id.*, 2:11-13. “As a result, some people block or clear cookies,” which results in organizations such as “banks [to] lose another technique to identify the user.” *Id.*, 2:24-40.

As the ’823 patent explains, to circumvent issues associated with traditional cookies, “one or more servers instead ‘write’ and ‘read’ a cache cookie to and from

a browser storage area associated with a browser requesting a Web page from the server(s)." EX1001, 2:66-3:3. The patent describes exemplary embodiments in which "[t]he browser storage area may include a history cache and/or a Temporary Internet Files (TIFs) area." *Id.*, 3:3-4. These two storage areas are illustrated in Figure 2.



EX1001, FIG. 2 (annotated).

The "history cache 204 [] contains Uniform Resource Locators (URLs) 208 recently visited by the browser (also called browser history)." EX1001, 6:4-8. "A server can 'write' any of a wide variety of cache cookies," e.g., URLs "recently visited by the browser," "in the history cache 204 to, for instance, facilitate the identification of a client device (or user)." *Id.*, 6:4-8, 6:22-24. Then, "when the user

revisits" a URL, "the server can 'read' the history cache 204 of the client device to determine what Web pages the browser has recently visited." *Id.*, 6:42-45. "The server can use the pattern of URLs stored in the browser's history cache 204 to, e.g., identify the client device (or user)." *Id.*, 6:47-49. And "[e]ven if the browser is blocking cookies (or has deleted its cookies . . .), the history cache 204 still contains the cache cookies that the server can use to identify the client device (or user)." *Id.*, 6:49-53.

"The browser storage area 200 can also include a Temporary Internet Files (TIFs) area 212 for storing TIFs 216," which "are files containing information embedded in Web pages." EX1001, 6:54-57. When a user returns to a URL, "[t]he server can use [a] determination (i.e., of which specific image files the browser retrieves from its local TIF area 212) to identify the browser." *Id.*, 7:25-32. The patent explains that "[a]s a result, the TIFs stored in the TIF area 212 of a browser are an embodiment of cache cookies" that "persist indefinitely." *Id.*, 6:64-67, 7:33-34.

Thus, by employing "cache cookie[s]," the '823 patent addresses issues associated with traditional cookies, while still allowing websites to identify client devices. EX1001, 2:66-3:4.

III. LEGAL STANDARDS

The Board may deny institution under *Fintiv* and other discretionary factors committed to the Board's discretion under § 314(b), including the factors identified by the Acting Director in the March 26 Memorandum ("Director Memo") and the Board's latest guidance responding to FAQs for Interim Processes for PTAB Workload Management ("FAQs"). The *Fintiv* factors include:

1. whether 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.

Fintiv, 5-6. The Board takes a "holistic view" of whether efficiency and integrity of the system are best served by denying or instituting review. *Id.* Furthermore, the Director Memo identified a non-exhaustive list of additional factors that may be considered by the Board when evaluating how to apply the Board's discretion under § 314(b) ("Memo Factors"), including:

1. Whether the PTAB or another forum has already adjudicated the validity or patentability of the challenged patent claims;

2. Whether there have been changes in the law or new judicial precedent issued since issuance of the claims that may affect patentability;

3. The strength of the unpatentability challenge [(related to *Fintiv* Factor 6, above)];

4. The extent of the petition's reliance on expert testimony;

5. Settled expectations of the parties, such as the length of time the claims have been in force;

6. Compelling economic, public health, or national security interests; and

7. Any other considerations bearing on the Director's discretion.

Director Memo, 2-3.

The Board's FAQs further indicate that "[t]he Process Memorandum includes a non-exhaustive list of issues that may be raised in discretionary briefing," and "[p]arties are encouraged to address any fact or circumstance they believe bears on the Director's discretion to institute, including reasons not discussed in current Board precedent or in the Process Memorandum." FAQs at Q.11.

IV. THE BOARD SHOULD EXERCISE DISCRETION TO DENY INSTITUTION UNDER 35 U.S.C. § 314(a)

A. Settled Expectations and Efficiency Favor Discretionary Denial.

Instituting this IPR would unjustly deprive Patent Owner and RavenWhite Licensing LLC ("Exclusive Licensee") of their reasonable and settled expectation that they may rely on their property rights in the '823 patent. It also would reinforce the PTAB's current joinder practice, which poses an unnecessary barrier to potential settlement between the patent owner and the lead petitioner by enabling time-barred parties take over the IPR in the event of a settlement.

The '823 patent is a continuation of U.S. Patent No. 8,533,350, filed on October 31, 2006, and published on May 10, 2007. Thus, the public has been on notice of the subject matter claimed in the '823 patent for over 18 years. And the '823 patent itself has been in force since March 17, 2020. Petitioner has been aware of the '823 patent at least since September 2023 but waited until March 2025—more than 18 months later—to petition for IPR. EX2002. That delay amounts to more than six months after expiration of the one-year time limit, creating an even greater expectation that Walmart would not challenge the '823 patent outside of district court. *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10 at 3 (P.T.A.B. June 6, 2025) ("Petitioner's awareness of Patent

Owner's applications and failure to seek early review of the patents favors denial.").

Although the USPTO *may* reconsider its decision to grant a patent in an IPR, it is never required to do so. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) ("[T]he agency's decision to deny a petition is a matter committed to the Patent Office's discretion"); 35 U.S.C. § 314(a). Indeed, the Board has taken into account the imposition of undue inequities and prejudices to a patent owner when considering whether to institute an IPR. *See General Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 17 (P.T.A.B. Sept. 6, 2017) ("Our intent in formulating the factors was to take undue inequities and prejudices to Patent Owner into account.").

That Petitioner waited more than six months after they would otherwise be barred from filing an IPR petition emphasizes the inequities of instituting this IPR proceeding. For example, even if Patent Owner were to reach a settlement with Home Depot, the petitioner in IPR2024-01316, Walmart would be able to continue forward with the IPR despite delaying its challenge for more than 18 months after being served with a complaint.

Such a result discourages private settlement of patent disputes, adding unnecessary strain on judicial resources. In recent comments, the Acting Director emphasized that the PTAB is not "a court" and should not be "an on-demand

extension of purely private disputes." EX2010, 1. In the same vein, the PTAB should not pose any barriers to settling private disputes. The PTAB's current joinder practices—enabling an otherwise time-barred party to join and potentially take over an instituted challenge in the event that the lead petitioner settles—poses such a barrier. This is further recognized by the PREVAIL Act. *See* EX2006, 2. When re-introducing the bill, Senator Coons highlighted how current joinder practice in IPRs creates "a loophole" allowing "a time-barred party to challenge patents after the PTAB filing deadline expires by joining a PTAB proceeding brought by another party." EX2006, 2.

Current joinder practice discourages settlement negotiations between a patent owner and the lead petitioner because the threat of invalidation at the PTAB does not cease in the event of settlement between the patent owner and lead petitioner, potentially hamstringing patent owners who are dealing with multiple infringing parties. It also incentivizes defendants to be "follow-on" petitioners (like Walmart) that delay bringing their challenges before the PTAB, which is contrary to the direction of current policy at the USPTO. *See* EX2010, 1-2 (emphasizing that the USPTO "want[s] . . . early challenges" to issued patents); *see also* EX2006, 2 (the PREVAIL Act would prevent the joined party from maintaining the IPR in the event that the lead petitioner settles).

B. The *Fintiv* Factors Weigh in Favor of Denial in View of the Parallel District Court Litigation.

In *Fintiv*, the Board articulated six nonexclusive factors for determining whether to institute an AIA post-grant proceeding where there is parallel district court litigation. *Fintiv*, IPR2020-00019, Paper 11. These *Fintiv* Factors aim "to balance considerations such as system efficiency, fairness, and patent quality" when determining whether to institute an IPR proceeding. *Fintiv*, 5. Taken as a whole, the balance of the *Fintiv* Factors favors discretionary denial of this Petition.

***Fintiv* Factor 1 favors denial.** There is presently no stay of proceedings in the district court. While Home Depot, the co-defendant, has filed a motion to stay, there is no indication that the court will grant Home Depot's motion. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (P.T.A.B. May 13, 2020) ("*Fintiv II*") (in similar circumstances finding that "[t]his factor does not weigh for or against discretionary denial"). Moreover, the Eastern District of Texas only stays proceedings in view of IPR proceedings roughly 25% of the time. EX2004. And Judge Rodney Gilstrap, who is presiding over the case, only stays proceedings in view of IPR proceedings roughly 14% of the time. EX2005. This factor, therefore, should favor discretionary denial.

***Fintiv* Factor 2 favors denial.** In September 2023, Petitioner was served a complaint alleging infringement of the '823 patent. Petitioner waited more than 18

months to file its Petition for this IPR. This Petition would be time barred under 35 U.S.C. § 315(b) if not for Petitioner's motion for joinder to join IPR2024-01316 between Patent Owner and Home Depot U.S.A., Inc., Walmart's co-defendant in the district court case.

If the Board were to institute this proceeding and grant Walmart's motion for joinder, a Final Written Decision (FWD) would be due around March 25, 2026, less than one month before the scheduled district court trial date of April 20, 2026. EX2001, 1. The close proximity of trial to the projected FWD deadline should, at a minimum, be considered neutral and "implicate other factors . . . such as the resources that have been invested in the parallel proceeding." *Fintiv*, 9. By the time the Board issues a FWD, only the trial in the district court case will remain to be completed. Accordingly, this factor is either neutral or favors denial.

***Fintiv* Factor 3 favors denial.** Since September 15, 2023, the parties have made significant investment into litigating the '823 patent. An initial complaint against Petitioner was filed on September 15, 2023. EX2002. That case was ultimately dismissed without prejudice, and a new complaint against Petitioner was filed August 21, 2024. Discovery in the new case began in November with RavenWhite's mandatory production of documents relevant to all claims and defenses. On November 4, 2024, Walmart filed a motion to dismiss alleging that the claims are unpatentable under 35 U.S.C. § 101, and all briefing has been

completed. And by October 18, 2025 (the institution decision deadline), the parties will have prepared and exchanged infringement and invalidity contentions (including subject-matter eligibility contentions) and completed all claim construction briefing. EX2001, 4-5. Further, the court will have conducted a claim construction hearing. EX2001, 4. These facts weigh at least "somewhat in favor of discretionary denial." *Fintiv II*, 14.

Moreover, Petitioner waited more than six months after the one-year deadline to file its petition—that is, more than a year and a half after being served with a complaint. 35 U.S.C. § 315(b). As discussed in Section IV.A, Petitioner's 18-month delay created a reasonable expectation that Petitioner would not file an IPR challenging the '823 patent. Instituting and joining Petitioner's otherwise time-barred filing unfairly impairs potential settlement negotiations between Patent Owner and Home Depot. Thus, taking into account fairness considerations, as *Fintiv* advises, this fact weighs heavily in favor of discretionary denial. *Fintiv*, 11-12 (When analyzing *Fintiv* Factor 3, if "the evidence shows that the petitioner did not file the petition expeditiously, . . . these facts have favored denial.").

***Fintiv* Factor 5 favors denial.** The IPR and the district court proceeding include the same parties. Thus, Factor 5 weighs in favor of denying institution because the parties in the parallel litigation are the same. *See* Pet., 68; *Fintiv II*, 15

("Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.").

***Fintiv* Factor 6 favors denial.** *Fintiv* Factor 6 concerns "other circumstances that impact the Board's exercise of discretion, including the merits." *Fintiv*, 14. As noted in Section IV.C below, the merits of the arguments presented in the Petition are weak. Factor 6 should thus favor discretionary denial.

C. The Weak Merits of the Petition and the Petition's Heavy Reliance on Expert Testimony Favor Denial.

The Director Memo explains that "[t]he strength of the unpatentability challenge" should be taken into account when deciding whether to discretionarily deny a petition. Director Memo, 2 (Memo Factor 3). The Petition presents two single-reference obviousness grounds challenging independent claims 1 and 6 of the '823 patent: one based on Hinton, and one based on Varghese. Pet., 1. For the reasons discussed in Patent Owner's Response, due to be filed June 27, 2025, each of the Petition's grounds includes numerous flaws. Although the Board previously instituted IPR2016-01316, Patent Owner's arguments in its Patent Owner Response, supported by evidence and expert testimony, explain how the Board erred. Thus, the merits of the petition remain weak, supporting discretionary denial.

Additionally, the Director Memo provides that "[t]he extent of the petition's reliance on expert testimony" should be taken into account when deciding whether to discretionarily deny a petition. Director Memo, 2 (Memo Factor 4). Petitioner's heavy reliance on expert testimony and the "knowledge of a POSITA" is further evidence of a weak unpatentability challenge and weighs in favor of discretionary denial. For the Hinton-based ground for claim 1 alone, Petitioner relies on the declaration of its expert to support statements that "a POSITA would have understood and found [] obvious" various gaps in Hinton's disclosure *no fewer than 16 times*. *See* Pet., 10-30. Similarly, for the Varghese-based ground for claim 1, Petitioner relies on its expert declaration to support similar statements to address gaps in Varghese's disclosure *no fewer than 10 times*. *See* Pet., 40-60. Claim 6 is the method analog to claim 1, so Petitioner merely incorporates all the reliance on its expert declaration into its challenges to claim 6. Pet., 33-34, 61-63.

Importantly, Petitioner's expert largely repeats the Petition verbatim without providing additional analysis or corroborating evidence. *Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 9 at 15 (P.T.A.B. Aug. 24, 2022). Therefore, Petitioner's abundant reliance on its expert's unsubstantiated testimony as to what a "POSITA" would allegedly know—instead of arguing and showing that the claim limitations are actually disclosed in Hinton, Varghese, and other

references—lays bare Petitioner's recognition that these references simply do not disclose multiple claim limitations in the challenged claims.

D. Compelling Economic and Public Interest Concerns Favor Denial.

Director Memo Factor 6 favors denial. Congress enacted the Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112–29, 125 Stat. 284, in 2011 to, *inter alia*, "limit unnecessary and counterproductive litigation costs." H.R. REP. No. 112-98, pt. I, at 40 (2011); *see also* 37 C.F.R. § 42.100 (2017) (observing the purpose of IPR as promoting just, speedy, and inexpensive resolution of patent-validity disputes). While promoting judicial economy is among the goals of the IPR process, the AIA was also a reaction to the financial hardship that many smaller defendants faced with complex commercial litigation. *Id.*

On balance, this factor weighs against institution in view of the fact that Petitioner Walmart (as of April 2025) has $262.372 billion USD in net assets and is the U.S.'s wealthiest company by revenue and the world's 14th wealthiest company by market cap. *See* EX2007, 2; EX2008, 1-3; EX2009, 6-8. Walmart is more than capable of litigating its patent challenges in district court. Unlike the smaller defendants Congress may have had in mind, Walmart does not need to tax the resources of the Patent Office to offload its invalidity defenses or reduce its litigation costs. Importantly, if Patent Owner were to reach a settlement with Home Depot, the petitioner in IPR2024-01316, Walmart would be able to continue

forward with its IPR challenge. In such a case, the Office's limited resources would be better used elsewhere.

Therefore, the significant investments by the parties and the district court to-date represent compelling economic interests that weigh in favor of discretionarily denying the Petition.

V. CONCLUSION

For at least the foregoing reasons, the Office should discretionarily deny institution of this Petition.

Respectfully submitted,

STERNE, KESSLER, GOLDSTEIN & FOX PLLC

/*Richard M. Bemben*/

Richard M. Bemben
Registration No. 68,658
Counsel for Patent Owner

Date: June 18, 2025

1101 K Street, NW, 10th Floor
Washington, DC 20005
(202) 371-2600

CERTIFICATE OF WORD COUNT (37 C.F.R. § 42.24(d))

1. This Patent Owner's Brief on Discretionary Denial complies with the type-volume limitation of 14,000 words, comprising 3,479 words, excluding the parts exempted by 37 C.F.R. § 42.24(a)(1).

2. This Patent Owner's Brief on Discretionary Denial complies with the general format requirements of 37 C.F.R. § 42.6(a) and has been prepared using Microsoft® Word 2016 in 14-point Times New Roman font.

Respectfully submitted,

STERNE, KESSLER, GOLDSTEIN & FOX PLLC

/*Richard M. Bemben*/

Richard M. Bemben
Registration No. 68,658
Counsel for Patent Owner

Date: June 18, 2025

1101 K Street, NW, 10th Floor
Washington, DC 20005
(202) 371-2600

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

I certify that the above-captioned **PATENT OWNER'S BRIEF ON DISCRETIONARY DENIAL** and associated Exhibits 2001-2002 and 2004-2010 were served in their entireties on June 18, 2025, upon the following parties via electronic mail:

Nathaniel St. Clair, II (Lead Counsel)
Blake T. Dietrich (Back-up Counsel)
JACKSON WALKER LLP
nstclair@jw.com
bdietrich@jw.com
pcollins@jw.com

Respectfully submitted,

STERNE, KESSLER, GOLDSTEIN & FOX PLLC

/Richard M. Bemben/

Richard M. Bemben
Registration No. 68,658
Counsel for Patent Owner

Date: June 18, 2025

1101 K Street, NW, 10th Floor
Washington, DC 20005
(202) 371-2600

24923310