

Paper No. _____
Filed: July 28, 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. IPR2025-00950
Patent No. 10,891,608

**PATENT OWNER'S BRIEF IN SUPPORT OF
DISCRETIONARY DENIAL**

TABLE OF CONTENTS

I. Introduction..... 1

II. Background..... 1

III. Prior PTAB Proceedings Against The '608 Patent 5

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

V. Conclusion 10

VI. Appendix..... 12

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 *inter partes* review of U.S. Patent No. 10,891,608 (“the ’608 patent”).

The claims of the ’608 patent have already been adjudicated twice before the Board. In two separate proceeding types, a PGR and an IPR, brought by two different petitioners asserting two different sets of prior art, the Board in both cases evaluated the art applied and concluded it insufficient to warrant a trial. Petitioner Alliance now asks the Board to again revisit the claims of the ’608 patent and reevaluate arguments that rely on a primary reference recycled from the previous proceeding. Petitioner’s petition requesting a third look at the ’608 patent is an inefficient use of Board resources. 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 '608 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.* Altogether, Kiosoft and CSC sought review of ten PayRange-owned patents in thirteen proceedings, including the '608 patent. 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

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

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 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 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 CSC² 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

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.

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 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 judgment action of noninfringement of three PayRange-owned patents 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). In its amended answer, PayRange asserted counterclaims of infringement of the three patents and the ’608 patent. EX2001, 19-35.

III. PRIOR PTAB PROCEEDINGS AGAINST THE '608 PATENT

The '608 patent has been the subject of two post-grant proceedings, both of which have failed on the merits. First, in May 2021, Kiosoft filed a PGR petition challenging all claims of the '608 patent. *Kiosoft Techs., LLC v. PayRange, Inc.*, PGR2021-00084, Paper 2. The petition alleged, in part, that claims 1-20 were unpatentable based on anticipation and obviousness grounds that applied Breitenbach as the primary reference. *Id.*, 15 (listing grounds 4-6). Petitioner relies on the same Breitenbach as its primary reference in the grounds asserted in the petition. *See* Pet., i, 5-6.

In December 2021, the Board issued its institution decision, determining that Kiosoft's PGR petition failed to establish that it was more likely than not that at least one of the claims challenged in the petition was unpatentable. *Kiosoft*, PGR2021-00084, Paper 12, 2. With respect to its prior art grounds, the Board's decision addressed claim 1, directed to "[a] payment module for an offline payment-operated machine including a coin receiving switch," and its element requiring a program that includes instructions for "storing, in the memory of the payment module, a number of the electrical pulses that must be received by the control unit to initiate an operation of the offline payment operating machine." *Id.*, 25. Kiosoft's petition asserted that this claim element was inherently disclosed by Breitenbach, but the Board found that Kiosoft had not explained how

Breitenbach's retrofit device (the alleged payment model) "inherently stores and determines the number of electric pulses" nor did Kiosoft "sufficiently account for Breitenbach's descriptions of storing operation instructions remote from machine 108 at controller 102." *Id.*, 25-27. Because these deficiencies were common to all prior-art grounds, the Board declined to institute a PGR proceeding.

In July 2023, CSC initiated a second proceeding against the '608 patent by filing an IPR petition that also challenged all twenty claims. CSC's petition asserted that the claims were obvious in view of a combination of a new set of art (Laaroussi, LeMay, and Sugimoto). *CSC ServiceWorks, Inc. v. PayRange, Inc.*, IPR2023-01188, Paper 2, 13. In an institution decision issued in January 2024, the Board found that CSC had failed to show even a reasonable likelihood that the applied combination of references taught several limitations of the claims, including the same limitation the Board found deficient in Kiosoft's PGR petition. *See CSC*, IPR2023-01188, Paper 12, 15-19.

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

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). Relevant considerations include "[w]hether the PTAB or another forum has already

adjudicated the validity or patentability of the challenged patent claims,” “[t]he strength of the unpatentability challenge,” and “[t]he extent of the petition’s reliance on expert testimony.” *Id.*

The PTAB has already adjudicated the patentability of the challenged patent claims twice. As noted above, the ’608 patent has been the subject of two prior-art challenges from two separate petitioners, one in a PGR proceeding and another in an IPR proceeding. In each of these proceedings, the Board found the applied prior art failed on the merits. While the Director has stated that “petitions for *inter partes* review will generally not be discretionarily denied because of an earlier petition for post-grant review when the post-grant review was not instituted,” *LifeVac, LLC v. DCSTAR Inc.*, IPR2025-00454, Paper 11, 2, the circumstances presented in this case fall outside this general guideline and the considerations discussed in the Director’s memorandum weigh in favor of discretionary denial.

First, the patent challenged in *LifeVac* had been the subject of only one PGR proceeding, with the petitioner filing a subsequent IPR petition shortly after receiving a decision on the merits in the PGR. *See LifeVac*, IPR2025-00454, Paper 8, 13, 16-19. Here, not only has the ’608 patent been the subject of a failed PGR challenge filed in 2021, it has already been the subject of a failed IPR challenge filed in 2023. The Director has found that reevaluating a patent claiming subject matter that has been the subject of multiple proceedings is an inefficient use of

Board resources. *See Azurity Pharms., Inc. v. Exelixis, Inc.*, IPR2025-00427, Paper 13, 2 (granting discretionary denial request where related patent containing substantially similar claim language was challenged in a prior district court proceeding and prior Board proceeding denied institution on the merits); *Comcast Cable Comms., LLC v. Entropic Comms., LLC*, IPR2025-00183, Paper 11, 2 (granting discretionary denial request where related patent containing similar claims was challenged in two IPR proceedings that had been denied institution on the merits); *WebGroup Czech Republic, AS v. DISH Techs. LLC*, IPR2025-00470, Paper 14, 2-3 (granting request for discretionary denial where challenged patent, although issued recently, had been challenged in three IPRs and an ITC investigation).

Second, the IPR petition submitted by the petitioner in *LifeVac* challenged the claims of the patent based on wholly new prior art compared to the previous PGR proceeding, reducing road-mapping concerns. *See LifeVac*, IPR2025-00454, Paper 8, 1, 9-10, 16. In this proceeding, Petitioner applies the same primary reference, Breitenbach, that was already evaluated by the Board in the PGR proceeding brought by Kiosoft. *See Azurity*, IPR2025-00427, Paper 13, 2 (noting petitioner's challenges were "substantially similar to those raised against a related patent").

Third, the strength of Petitioner's unpatentability challenge and its reliance on expert testimony further support discretionary denial because they mimic deficiencies identified by the Board in the previous proceedings against the '608 patent. For instance, in the prior PGR proceeding, the Board faulted petitioner for failing to "sufficiently account for Breitenbach's descriptions of storing operation instructions remote from machine 108 at controller 102." *Kiosoft*, PGR2021-00084, Paper 12, 27. The petition does not address this aspect of Breitenbach's disclosure. *See, e.g., Pet.*, 20-23, 35-37.

Moreover, in both prior proceedings, the Board found petitioner's explanation as to how the art taught the claimed electrical pulses insufficient. *See CSC*, IPR2023-01188, Paper 12, 15-16 (finding petitioner did not explain how the references taught "the particular pulses required by limitation 1(c) ('in response to insertion of a single coin')" or instead "indicate the cumulative amount of received coins"); *Kiosoft*, PGR2021-00084, Paper 12, 26-27 (finding petitioner failed to sufficiently explain why Breitenbach "inherently stores and determines the number of electrical pulses"). Petitioner does the same here. Relying only on its expert's conclusory testimony, the petition asserts that Breitenbach's "coin-in signal" teaches the particular pulses required by the claims without sufficient explanation or evidence. *See Pet.*, 30 (equating, without explanation, "a 'coin-in' signal indicative of the proper payment amount for the desired unit of product" to mean

electrical pulses that each emulate a signal in response to “insertion of a single coin of a predetermined type”), 32-33 (citing only to expert testimony that “[a] POSA would understand that ... ‘emulating a payment processing device’ means replicating coin-in electrical pulses”), 39 (citing only to expert testimony that “[a] POSA would have understood that a ‘coin-in’ signal indicative of the proper payment amount for the desired constitutes a particular number of electrical pulses”). Petitioner’s attempts at gap-filling its primary reference raises similar deficiencies already rejected by the Board, thus further illustrating that Petitioner’s unpatentability challenge lacks merit and fails to justify that the Board should revisit the ’608 patent for a third time.

V. 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: July 28, 2025

/ Matthew A. Argenti /
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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 2049 words.

Respectfully submitted,

Date: July 28, 2025

/ Matthew A. Argenti /
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VI. APPENDIX

Exhibit No.	Description
2001	PayRange Inc.'s Amended Answer to Complaint and Counterclaims, <i>Alliance Laundry Sys. LLC v. PayRange Inc.</i> , 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 Exhibit 2001 were served on July 28, 2025, on the Petitioner at the electronic correspondence address of the Petitioner as follows:

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