

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTERNATIONAL BUSINESS MACHINES CORPORATION

Petitioner

v.

SECURITY FIRST INNOVATIONS, LLC

Patent Owner

Case No. IPR2025-01200

U.S. Patent No. 8,271,802

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



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1004	U.S. Patent Publication No. 2003/0028493 ("Tajima")
1005	U.S. Patent Publication No. 2004/0030921 ("Aldridge")
1006	"Secret Sharing Made Short," Hugo Krawczyk, Advances in Cryptology - CRYPTO '93, 13th Annual International Cryptology Conference, LNCS 773, 136-146, 1993 ("Krawczyk")
1007	U.S. Patent Publication No. 2003/0200176 ("Foster")
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1014	U.S. Provisional Application No. 60/622,146
1015	U.S. Provisional Application No. 60/718,185
1016	Microsoft Computer Dictionary, 5 th ed., 2002, excerpts ("Microsoft Computer Dictionary")
1017	Bruce Schneier, Applied Cryptography, 2 nd ed., 1996, excerpts ("Schneier")
1018	Curriculum Vitae of Dr. Erez Zadok
1019	Yitzhak Birk, "Random RAIDs with Selective Exploitation of Redundancy for High Performance Video Servers," IEEE 1997 ("Birk")
1020	U.S. Patent Publication No. 2003/0016596A1 ("Chiquoine")
1021	Declaration of Dr. Hall-Ellis ("Hall-Ellis Decl.")
1022	John Kubiawicz, et al., "OceanStore: An Architecture for Global-Scale Persistent Storage," ACM 2000 ("Kubiawicz")
1023	U.S. Patent No. 6,226,618 ("Downs")
1024	P. Venkat Rangan et al., "Designing File Systems for Digital Video and Audio," ACM SIGOPS Operating Systems Review, Volume 25, Issue 5, 81-94 (1991) ("Rangan")

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1025	<i>Sotera</i> Stipulation
1026	Cisco and IBM Joint Press Release, “Cisco and IBM Work Together to Accelerate the ASP Ecosystem” (Oct. 18, 1999)
1027	TechMonitor Article, “IBM Announces Software Consulting Initiative for ASPs” (Oct. 26, 1999)
1028	Press Release, <i>Emerging ASP Market Standardizing on Citrix Platform</i> (epixtech, inc., Jan. 19, 2000)
1029	Spencer E. Ante, “IBM Sells the Next Big Thing in E-Business,” <i>BusinessWeek</i> (Nov. 5, 2002)
1030	“Study: IBM and EDS Lead Web Hosting Market,” <i>Computerworld</i> (May 30, 2003)
1031	2014 Statement of Work (PROTECTIVE ORDER MATERIAL)
1032	2017 Statement of Work (PROTECTIVE ORDER MATERIAL)
1033	U.S. Patent No. 9,338,140 (“the ’140 Patent”)
1034	U.S. Patent No. 10,452,854 (“the ’854 Patent”)
1035	U.S. Patent No. 11,068,609 (“the ’609 Patent”)
1036	U.S. Patent No. 11,178,116 (“the ’116 Patent”)
1037	Declaration of Pankaj Parekh in Support of Approval of Disclosure Statement and Confirmation of Plan of Reorganization, <i>In re Sec. First Corp.</i> , No. 20-12053 (BLS) (Bankr. D. Del. Oct. 13, 2020)
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1040	<i>Google LLC v. Sec. First Innovations, LLC</i> , IPR2024-00215, Paper 43 (PTAB May 16, 2025) (Final Written Decision)
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1042	<i>Google LLC v. Sec. First Innovations, LLC</i> , IPR2024-00212, Paper 42 (PTAB May 16, 2025) (Final Written Decision)
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1045	Declaration of Mr. Michael Loria (“Loria Decl.”)
1046	<i>Sec. First Innovations, LLC v. Google LLC</i> , No. 2:23-cv-97 (E.D. Va.), Dkt. 1.

I. INTRODUCTION

Petitioner IBM respectfully requests the Director to institute this IPR. The balance of the discretionary considerations is not close: IBM’s settled expectations, the Office’s error during prosecution of U.S. Patent No. 8,271,802 (“’802 Patent”), the stayed litigation, and the strength of the Petition all decisively favor institution.

First, the parties’ settled expectations strongly favor institution. IBM had every reason to expect that the ’802 Patent would never be asserted against it. The prior owner of the ’802 Patent—Security First Corporation (“SFC”)—was IBM’s collaborator. After reviewing details of IBM’s technology to assess whether IBM infringed SFC’s patents, SFC assured IBM that there was no issue and that IBM would not be sued. IBM relied on that assurance and continued to collaborate with SFC. For nearly *nine years* thereafter, neither SFC nor its successor—Security First Innovations (“SFI”)—took any action against IBM, further reinforcing IBM’s settled expectation that the ’802 Patent would not be asserted against it.

By contrast, SFI’s expectations are tenuous at best. SFI has not shown that the ’802 Patent was ever marked, commercialized, or previously asserted, nor that the license taken by IBM ever included the ’802 Patent. Furthermore, claims in related patents in the ’802 Patent’s family have been found invalid or were found to raise serious patentability issues. Thus, on balance, IBM’s settled expectations are far stronger, and that weighs heavily in favor of institution.

Second, the '802 Patent issued only because of a material error during examination. On the day that SFC filed the application for the '802 Patent, it also filed a sibling application containing substantially similar, though narrower, claims. In that case, the examiner rejected the claims based on prior art references (Horne and Krawczyk) and required further narrowing amendments. Those same references were equally applicable to the broader claims of the '802 Patent and of record, yet the examiner of the '802 Patent overlooked them entirely. Such inconsistent treatment of the '802 Patent's claims reflects a clear material error that warrants review.

Third, the *Fintiv* factors overwhelmingly favor institution. The district court case was stayed at its earliest stage, with neither the scheduling order nor trial date. And IBM filed this Petition diligently—within four months of the complaint—and has entered a *Sotera* stipulation to reduce the risk of overlap. Under such circumstances, the Director has routinely declined to deny institution on a discretionary basis.

For these reasons, institution of the IPR trial is both equitable and consistent with the Office's commitment to ensuring the integrity of issued patents. The record presents precisely the circumstances in which the institution is appropriate: Petitioner's clear settled expectations, a demonstrable material error during examination, and a stayed parallel proceeding. The Director is therefore respectfully

requested to institute this IPR.

II. BACKGROUND

Since the late 1990s, IBM has successfully commercialized numerous cloud-computing services, consistently earning industry recognition. EX1026-1030. As an industry leader, IBM routinely evaluated emerging companies and, where appropriate, extended opportunities to help them bring their products to market.

One such company was SFC—the prior owner of the '802 Patent. In 2005, SFC approached IBM seeking to commercialize its technology on IBM's platform, and for a few years, SFC and IBM worked towards that goal. EX2003, ¶53; EX2004, 6. Then, in 2012, IBM entered into a "Licensed Works Agreement" ("LWA"). EX2015. The LWA established a framework for future "statements of work" ("SOWs") under which SFC would develop add-ons for IBM's products and provide a limited patent license (without naming any specific patents) covering [REDACTED]

[REDACTED] EX2015, 1, 6 [REDACTED]
[REDACTED]
[REDACTED]

Between 2013 and 2015, IBM and SFC executed several SOWs under the LWA, and IBM invested significant resources in those projects. EX2016, EX2017, EX1031. But SFC's deliverables were not commercially successful, and each SOW was ultimately terminated.

While this collaboration was ongoing, IBM acquired Cleversafe, an object storage company, in 2015. EX2018, EX2019. Following the acquisition, SFC requested details on IBM’s Cleversafe technology for the purpose of investigating whether IBM infringed SFC’s patents. EX1045, ¶¶6. IBM responded responsibly—sharing details related to the request and arranging a meeting between SFC and relevant employees at IBM. EX1045, ¶¶6-7. After investigating the details, SFC assured IBM that there was no issue and that SFC would not pursue any patent infringement action against IBM. EX1045, ¶8.

Relying on SFC’s assurance, IBM continued to collaborate with SFC, entering into another SOW in 2017. EX1045, ¶9; EX1032. Like the earlier projects, however, this new project failed and was subsequently terminated.

By 2019, SFC’s business had collapsed. Its products failed in the marketplace, it generated no revenue, and it filed for bankruptcy. EX1037, ¶¶4, 6, 9, 12. To recoup some value, SFC sold its patent portfolio to the current owner, SFI. Paper 9 (“DD Brief”), 1; EX2003, ¶25.

Then, in 2025—nearly *nine years* after SFC assured IBM that it would not face any patent infringement action on SFC’s patents—SFI asserted several of those patents, including the ’802 Patent, against IBM. EX2003, 1; EX1045, ¶8.

III. THE PARTIES’ SETTLED EXPECTATIONS FAVOR INSTITUTION

The thrust of SFI’s position on discretionary denial is the age of the ’802

Patent. DD Brief, 9-10. But the settled expectations analysis does not just turn on the patent's age. Instead, the Director evaluates settled expectations holistically. *See Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12, 2–3 (PTAB Jun. 26, 2025). Indeed, the Director has declined to discretionarily deny numerous IPR petitions challenging patents older than the 13-year-old '802 Patent. *See Anthony Inc. v. ControlTec*, IPR2025-00559, -00636, Paper 12, 2 (PTAB Jul. 16, 2025) (declining to discretionarily deny petitions challenging 17- and 18-year-old patents); *Am. Airlines v. Intellectual Ventures I*, IPR2025-00785, -00786, Paper 11, 2 (PTAB Aug. 29, 2025) (same for 14- and 18-year-old patents); *Apple Inc. v. Allani*, IPR2025-00856, Paper 11, 3 (PTAB Sept. 5, 2025) (same for 13-year-old patent).

When viewed holistically, the parties' settled expectations favor institution.

A. IBM Had Strong Settled Expectations That SFC (And Any Successor) Would Not Assert The '802 Patent Against IBM

1. SFC's Assurance That IBM Would Not Be Sued Strongly Supports Institution

IBM had every reason to expect that the '802 Patent would not be asserted against IBM. As explained in Section II, the prior owner of the '802 Patent—SFC—assured IBM that IBM would not be sued for patent infringement on its patents. EX1045, ¶8 (“Mr. Mumaugh informed me on behalf of SFC that there was no issue and that SFC would not pursue any patent infringement action against IBM.”). Critically, that assurance came in 2016, after the '802 Patent had already issued and

after SFC met with IBM’s employees to analyze IBM’s technology. *Id.*, ¶¶7-8; EX1001, Cover (issued Sep. 18, 2012). IBM reasonably relied on that assurance: IBM had no reason to seek review of the ’802 Patent until now, when SFI—contrary to SFC’s assurance—has asserted it against the very technology that SFC analyzed close to a decade ago. *DataDome S.A. v. Arkose Labs Holdings*, IPR2025-00693, Paper 13, 2 (PTAB Aug. 14, 2025) (“[A] concession of non-infringement by a patent owner may constitute settled expectations for a petitioner.”).

SFI alleges that IBM “knew that the technology IBM acquired from Cleversafe infringed SFC’s patents.” DD Brief, 12. Not so. IBM had no reason to believe—and SFI fails to present any evidence—that the Cleversafe technology infringed SFC’s patents, as explained above. In fact, SFI’s own exhibit further underscores IBM’s settled expectations that the Cleversafe technology does not infringe SFC’s patents. In a 2006 e-mail to IBM, SFC’s then-CEO expressly distinguished SFC’s intellectual property from the Cleversafe technology, stating:

[REDACTED]

[REDACTED] EX2020,

2. Those missing features are precisely what every claim of the ’802 Patent requires—namely, splitting data into shares using “data splitting information” and restoring data from a subset of shares— [REDACTED] See EX1001, Claim 1, 53:15-24. Thus, SFC’s e-mail reinforced IBM’s understanding that SFC’s

patents—particularly the '802 Patent—posed no threat.

2. SFI's Delay In Bringing Lawsuit And Impending Expiration Of The '802 Patent Further Support Institution

The *nine-year* delay between SFC's assurance and SFI's complaint strongly supports institution. In *Apple*, the Director declined to discretionarily deny an IPR petition challenging a 13-year-old patent where the patent owner waited 11 years to sue after the petitioner declined a license. IPR2025-00856, Paper 11, 3. The circumstances here are even more compelling for institution than in *Apple*. SFC/SFI waited nine years to bring suit on the '802 Patent—after IBM had disclosed details on IBM's technology and after SFC *assured IBM that no suit would follow*. This prolonged delay, combined with SFC's assurance, created even stronger settled expectations than those present in *Apple*—that IBM would not face suit on the '802 Patent.

The impending expiration of the '802 Patent further reinforces those expectations. The '802 Patent is set to expire in just *eight days*, on October 25, 2025. EX1001, Cover. Yet SFC/SFI did not assert the '802 Patent against anyone until March 24, 2025 (EX1038)—only seven months before expiration. This extraordinary period of non-enforcement reinforced IBM's expectation that the '802 Patent would not be enforced against anyone—let alone against IBM—and thus further favors institution. *See Global Medical, Inc. v. Spinelogik, Inc.*, IPR2025-00225, Paper 8, 2 (PTAB June 12, 2025) (expiration creates expectation of non-

enforcement).

B. SFI Has Minimal Settled Expectations On The Validity Of The '802 Patent

In contrast, SFI's settled expectations are minimal. Numerous claims in related patents—covering substantially similar technologies as the '802 Patent's claims—have already been invalidated or found to raise substantial new questions of patentability, undermining any settled expectations on the '802 Patent's claims. Also, SFI has failed to show that the '802 Patent was ever commercialized, practiced, or marked, nor that the limited license IBM took as a part of a broader business deal with SFC included the '802 Patent. In these circumstances, SFI's expectations are weak and cannot outweigh IBM's far stronger settled expectations.

1. Numerous Claims In The '802 Patent's Family Members—Directed To Substantially Similar Technology—Have Been Invalidated Or Were Found To Raise Serious Patentability Concerns

SFI has little basis for any settled expectations on the '802 Patent because: (1) the PTAB invalidated numerous claims in related patents directed to substantially similar subject matter; and (2) the PTO has identified substantial new questions (“SNQs”) of patentability in numerous similar claims of another related patent.

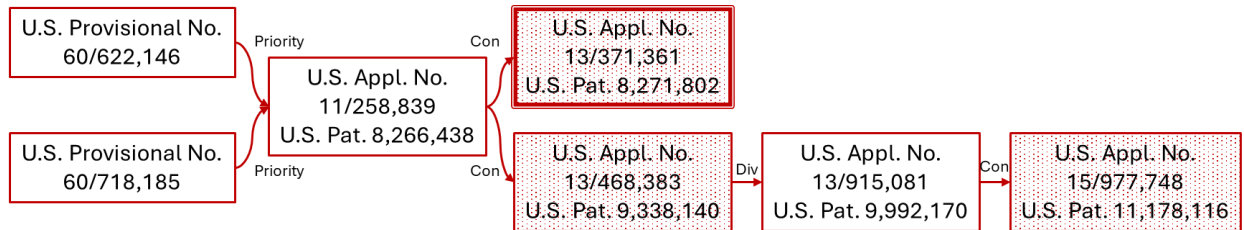
As background, SFI filed suit against Google alleging infringement of U.S. Patent Nos. 9,338,140 (“'140 Patent”), 10,452,854 (“'854 Patent”), 11,068,609 (“'609 Patent”), 11,178,116 (“'116 Patent”). EX1046, 1. In response, Google filed

four petitions for IPR, one per patent. IPR2024-00212, -00213, -00214, -00215. The Board instituted trial in three of the four IPRs and ultimately invalidated numerous claims, as summarized below. Separately, with respect to the '140 Patent—the only asserted patent for which the IPR institution was denied—Google filed a request for *ex parte* reexamination. *Ex Parte* Reexamination Ctrl. No. 90/019,836. The PTO granted the request, finding SNQs of patentability. *See* EX1039.

	IPR2024-00215 (’854 Patent)	IPR2024-00214 (’609 Patent)	IPR2024-00212 (’116 Patent)
Invalidated Claims	1-10 (<i>See</i> EX1040, 34)	1-10 (<i>See</i> EX1041, 32)	1, 2, 5, 9, and 11–14 (<i>See</i> EX1042, 38-39)

Contrary to SFI’s assertions (DD Brief, 18-20), the invalidated claims and those found to raise SNQs cover substantially similar core subject matter as the '802 Patent: storage systems that divide a dataset into multiple pieces (*e.g.*, shares or chunks) for separate storage. *Compare* EX1033 [’140 Patent], Claim 1 (“***generate the plurality of shares for storage*** on the plurality of physical storage devices”), EX1034 [’854 Patent], Claim 1 (“***generating a plurality of data chunks ... storing [] the plurality of data chunks ...*** on a plurality of different storage devices”), EX1035 [’609 Patent], Claim 1 (“***generating a plurality of data chunks ... storing ... at least one data chunk of the plurality of data chunks ...*** on at least one storage device”) *and* EX1036 [’116 Patent], Claim 1 (“***distributing the data set into a plurality of data chunks ... separately storing each data chunk of the plurality of data chunks ...*** on a plurality of different storage device”) *with* EX1001 [’802

Patent], Claim 1 (“*separating* the encrypted data set into the *plurality of shares* ... *causing the plurality of shares to be stored* in respective separate storage locations”). Notably, the ’140 and ’116 Patents are in the same family as the ’802 Patent (as shown below) and include the entirety of the ’802 Patent’s specification:



Because claims directed to substantially similar subject matter in related patents have already been found unpatentable or subject to serious patentability concerns, SFI cannot credibly assert any meaningful settled expectations regarding the ’802 Patent. *See Mercedes-Benz Group AG v. The Phelan Group, LLC*, IPR2025-00413, Paper 13, 2 (PTAB Jun. 25, 2025) (declining to discretionarily deny institution where “claims of a related patent were recently found unpatentable”); *Nintendo Co., Ltd. v. Resonant Systems, Inc.*, IPR2025-00680, Paper 18, 2 (PTAB Aug. 14, 2025).

2. There Is No Evidence That The ’802 Patent’s Claims Were Ever Commercialized, Practiced, Or Marked

SFI has presented no evidence that the ’802 Patent was ever commercialized, practiced, or marked. Although SFI claims that it has “patent coverage over its SecureParser technology” and that “SFC/IBM entered into numerous agreements meant precisely to license and commercialize the Patents in IBM’s technology

space” (DD Brief, 12), SFI offers no evidence that SFC’s SecureParser technology or SFC’s deliverable to IBM actually practiced or embodied the ’802 Patent.

In fact, the record strongly suggests otherwise. As explained in Section III.B.1, SFI asserted against Google four patents directed to substantially similar subject matter as the ’802 Patent, two of which are in the ’802 Patent’s family. In that litigation, SFI conceded that the asserted patents were never practiced by its predecessor SFC, the entity that developed the SecureParser technology and shipped deliverables to IBM. EX1043, 3 (SFI “re-affirmed that it does not contend that any SFC products practice the Asserted Patents.”). Given the substantial similarities between those asserted patents and the ’802 Patent (*see* Section III.B.1), it is highly unlikely that SFC’s SecureParser technology or SFC’s deliverable to IBM practiced or embodied the ’802 Patent.

3. SFI Could Not Have Developed Any Settled Expectations Based On The Alleged Patent Licenses

SFI argues, citing *Microsoft Corp. v. TS-Optics Corp.*, IPR2025-00767, Paper 13 (PTAB Aug. 14, 2025), that “[i]t would be an inefficient use of resources for the PTO to consider the validity of patents to which IBM previously took a license.” DD Brief, 14. That argument fails for two fundamental reasons.

First, SFI has not demonstrated that IBM ever took a license to the ’802 Patent.

IBM’s license included

[REDACTED]

[REDACTED]

EX2015, 1, 6. But SFI fails

to provide any evidence that the '802 Patent was [REDACTED]
[REDACTED] EX2015, 1, 6. SFI simply makes a conclusory allegation that the alleged “licenses were for products using SFC-developed technology, such as SFC’s SPxBitFiler and SPxCore products.” DD Brief, 8. But SFI offers no evidence that *ties* those products to the '802 Patent. Indeed, none of the SOWs identifies the '802 Patent, or any other patents for that matter. *See* EX2016, EX2017, EX1031, EX1032.

Second, even if the license somehow included the '802 Patent, it bears no resemblance to the stand-alone patent license at issue in *Microsoft*. Here, the license arose only as a [REDACTED] byproduct of a larger business arrangement under which IBM resold SFC’s products as add-ons to IBM’s products. EX2015, 6. Because the license imposed [REDACTED] IBM had no reason to decline it. A [REDACTED] license of this kind cannot reasonably create any expectation that IBM was conceding the validity of the patents it incidentally covered.

4. IBM Could Not Have Challenged The '802 Patent Because IBM Had No Knowledge Of It Until SFI Asserted It

SFI’s suggestion that SFC put IBM was put on notice of the '802 Patent or its “ancestor patent” long before SFI filed suit (DD Brief, 3-7, 11) is baseless. None of the materials SFI cites—including EX2004 [3/4/15 presentation], EX2008 [8/24/09 Email], EX2009 [11/11/13 Presentation], EX2010 [2/15 Presentation], EX2011 [3/11 Presentation]—actually identifies the '802 Patent or its “ancestor patent.” At

most, these materials contain generic references to SFC’s patents or applications, but none put IBM on notice of the ’802 Patent or its “ancestor patent.”

Besides, any settled expectations arising from IBM’s purported knowledge of a related application to the ’802 Patent, or the business relationship between IBM and SFC, cannot outweigh IBM’s far stronger settled expectations arising from SFC’s assurance that IBM would not be sued and SFI’s subsequent delay in bringing the suit. *See* Section III.A. That is particularly so where IBM was never aware of the ’802 Patent itself. This is in stark contrast to a case that SFI relies on, where the petitioner was given notice of the patent being challenged. *Nvidia Corp. v. Neurala AI, Inc.*, IPR2025-00606, Paper 18, 2-3 (PTAB Jul. 31, 2025) (“Neurala sent Petitioner a presentation that included a discussion of ... *the patent challenged* ...”).

IV. THE ’802 PATENT WOULD NOT HAVE ISSUED BUT FOR MATERIAL ERROR DURING EXAMINATION

The ’802 Patent issued only because of a material error during examination—Examiner Smithers overlooked prior art that should have compelled a rejection. The error is undeniable: at the time Examiner Smithers allowed the ’802 Patent’s claims over references of record, another examiner reviewing a sibling application rejected nearly identical, but *narrower*, claims over the same references. In other words, Office *allowed the broader claims* of the ’802 Patent over prior art of record while simultaneously *rejecting narrower claims* over the same art. That inconsistency is textbook material error.

More specifically, on the day that SFC filed the application for the '802 Patent (U.S. Application No. 13/371,361 (“’361 Application”)), it also filed another application (U.S. Application No. 13/371,363 (“’363 Application”)) sharing the same specification and the same priority claim. The original claim 1 of the '361 Application was broader than claim 1 of the '363 Application. As shown in the table below (with identical limitations shown in the same color), the '361 Application’s claim 1 was identical to the '363 Application’s claim 1, except that the '361 Application’s claim 1 recited “creating *integrity information*” and “including ... the *integrity information*,” whereas the '363 Application’s claim 1 recited “creating *hash information based on a hash operation*” and “including ... the *hash information*.” The specification of the '361 Application explains that “hash information” is an *example* of “integrity information.” EX1009, 162 (¶395) (“*Examples of integrity information* may include *hash values* computed based on any suitable parameter”). Thus, while the '361 Application’s claim 1 was substantially similar to the '363 Application’s claim 1, it was broader.

'361 Application (issued as the '802 Patent), Original Claim 1 (EX1009, 6)	'363 Application, Original Claim 1 (EX1011, 182)
<p>A method for securing a data set, the method steps implemented by a programmed computer system, the method steps comprising:</p> <p>creating <i>integrity information</i> using the data set;</p>	<p>A method for securing a data set, the method steps implemented by a programmed computer system, the method steps comprising:</p> <p>encrypting the data set based on an encryption key to produce an encrypted data set;</p>

'361 Application (issued as the '802 Patent), Original Claim 1 (EX1009, 6)	'363 Application, Original Claim 1 (EX1011, 182)
<p>encrypting the data set based on an encryption key to produce an encrypted data set;</p> <p>generating data splitting information, wherein the data splitting information is usable to determine into which of a plurality of shares of data a unit of data of the encrypted data set will be placed;</p> <p>separating the encrypted data set into the plurality of shares based on the data splitting information;</p> <p>including in the plurality of shares data indicative of (a) the encryption key and (b) the <i>integrity information</i>; and</p> <p>causing the plurality of shares to be stored in respective separate storage locations;</p> <p>wherein the data set is restorable by accessing less than all, but at least a threshold number of, the plurality of shares.</p>	<p>creating <i>hash information based on a hash operation using the data set</i>;</p> <p>generating data splitting information, wherein the data splitting information is usable to determine into which of a plurality of shares of data a unit of data of the encrypted data set will be placed;</p> <p>separating the encrypted data set into the plurality of shares based on the data splitting information;</p> <p>including in the plurality of shares data indicative of (a) the encryption key and (b) the <i>hash information</i>; and</p> <p>causing the plurality of shares to be stored in respective separate storage locations;</p> <p>wherein the data set is restorable by accessing less than all, but at least a threshold number of, the plurality of shares.</p>

During examination, the narrower claims in the '363 Application underwent *seven* rounds of Office Actions and multiple narrowing amendments. EX1011, 325, 565, 621, 842, 948, 1015, 1183. In those Office Actions, the examiner found that two prior art references—Horne and Krawczyk—independently taught the “hash information” limitations. EX1011, 330, 630.

The broader '361 Application, by contrast, sailed through the examination.

Examiner Smithers allowed the broader '361 claims after a *single* Office Action—without any amendment—based on the applicant’s unsupported assertion that the '361 claims “improve[] upon [the prior art] by *including*, in a plurality of shares, data indicative of *integrity information* created from a data set.” EX1009, 561. That was so even though Horne and Krawczyk—which were used to show the narrower “hash information” limitation in the '363 Application—were of record in the '361 Application. EX1009, 263, 356. Examiner Smithers did not even apply Horne and Krawczyk against any claims. EX1009, 322-329.

That was material error. Had Examiner Smithers applied Horne and Krawczyk to the '361 claims, Examiner Smithers would have concluded that Horne and Krawczyk teach the “integrity information” limitations, just as another examiner concluded in the '363 Application that they teach the even narrower “hash information” limitations. Allowing broader claims while rejecting narrower ones on the same prior art of record is erroneous. The Director has repeatedly recognized that such inconsistent outcomes constitute material error warranting review. *See Padagis US LLC v. Neurelis, Inc.*, IPR2025-00464, Paper 12, 2–3 (PTAB Jul. 16, 2025) (contradictory outcomes “raise[] concerns of material error such that review of the challenged patents is an appropriate use of Office resources.”); *Freightcar Am., Inc., v. Nat’l Steel Car Ltd.*, IPR2025-01046, Paper 20, 2-3 (PTAB Oct. 14, 2025) (finding material error where examiner overlooked prior art cited in an IDS

that discloses purportedly allowable subject matter).

V. FINTIV FACTORS OVERWHELMINGLY FAVOR INSTITUTION

The *Fintiv* factors overwhelmingly support institution. The parallel district court case is stayed, no scheduling order was entered, no substantive progress has occurred, and IBM filed the IPR petition diligently—within four months of the complaint. Together, these circumstances eliminate any risk of duplication or inconsistent outcomes, and discretionary denial is therefore unwarranted.

A. Factors 1-2 Strongly Favor Institution Because District Court Case Is Stayed

Factors 1-2 overwhelmingly favor institution. The district court stayed the parallel proceeding pending resolution of this IPR. EX1044. At the time of the stay, the court had not entered a scheduling order or set a trial date. With the stay in place, any district court trial will necessarily occur after the Board issues its final written decision. Under such circumstances, the Director has routinely declined to discretionarily deny IPR petitions because the risk of duplicative effort and inconsistent outcome is eliminated. *See Nintendo, 2; Western Digital v. IP Bridge*, IPR2025-00701, Paper 9, 2 (PTAB Aug. 14, 2025).

SFI nevertheless argues that factors 1-2 “favor denial” based on its alleged “settled expectations” and its view that the district court is the preferred forum to resolve invalidity. DD Brief, 15-16. But as explained in Section III, the settled expectations favor institution. And with the district court action stayed, the Board

is better positioned to efficiently and promptly rule on the invalidity of the '802 Patent.

B. Factor 3 Strongly Favors Institution Because District Court Investment Was Minimal And IBM Was Diligent

The parallel district court case was stayed at its earliest stages. Apart from limited *venue* discovery, the parties engaged in no substantive discovery—no document production, no written discovery, and no depositions. Moreover, IBM acted diligently, filing the Petition in less than four months of the Complaint. That strongly weighs against discretionary denial. *See Nintendo, 2; Western Digital, 2.*

C. Factor 4 Favors Institution

IBM has filed a *Sotera* stipulation to reduce the overlap between the IPR and the district court proceeding (EX1025), and that favors institution. Contrary to SFI's position (DD Brief, 16), a broader stipulation is unnecessary because the parallel district court case has been stayed. *Snap, Inc. v. SRK Tech. LLC*, IPR2020-00820, Paper 15, 15-16 (PTAB Oct. 21, 2020) (precedential) (stay of litigation “obviat[es] concerns of inefficiency and conflicting decisions while providing the possibility of simplifying issues for trial”); *Advanced Micro Devices, Inc. v. Concurrent Ventures, LLC*, IPR2025-00478, Paper 10, 2-3 (PTAB Jul. 31, 2025).

D. Factor 5 Favors Institution

“[F]actor 5 generally follows factor 2, such that this factor ‘favors denial if trial precedes the Board’s Final Written Decision and *favors institution if the*

opposite is true.” *Nikon Corp. v. Optimum Imaging Techs.*, IPR2024-01374, Paper

19, 23–24 (PTAB Apr. 29, 2025). As discussed in Section V.A, with the stay in

place, the Final Written Decision is guaranteed to issue before the district court trial.

Accordingly, Factor 5, like Factor 2, weighs against discretionary denial.

E. Factor 6 Favors Institution

As described in the Petition, the merits are strong and support institution. SFI nevertheless argues that Factor 6 “Strongly Favors Denial” for four reasons, each of which is meritless. DD Brief, 17-20.

First, SFI asserts that its “settled expectations alone are sufficient reason for denial.” DD Brief, 17. Not so. As explained in Section III, it is IBM—not SFI—that holds far stronger settled expectations. That alone warrants institution.

Second, SFI claims that “Petition’s reliance on Orsini and Krawczyk ... further favors denial.” DD Brief, 17. SFI does not appear to invoke § 325(d) directly, but rather suggests that the alleged “recycl[ing]” of Orsini and Krawczyk supports denial under *Fintiv*. SFI is wrong.

With respect to Krawczyk: As shown in Section IV, Examiner Smithers materially erred by not applying Krawczyk against the ’802 Patent claims. That error warrants institution.

With respect to Orsini: SFI asserts that Orsini (EX1008) is cumulative of another Orsini reference considered during prosecution. DD Brief, 17. Even

assuming that Orsini is cumulative of another Orsini reference considered during prosecution, the Office never considered the combination of Orsini with non-cumulative references used in the Petition, including with Torre, Krawczyk, and Foster. Because those combinations have never been before the Office, denial is unwarranted. *Shenzhen Root Tech. Co. v. Chiaro Tech.* IPR2024-01296, Paper 9, 27–28 (PTAB Feb. 25, 2025).

Besides, Grounds I, II, and IV—which demonstrate invalidity of 24 of the 27 challenged claims—do *not* even rely on Orsini or Krawczyk. *See* Pet. 5. Because the overwhelming majority of claims are unpatentable on grounds wholly independent of Orsini and Krawczyk, denial is inappropriate.

Third, SFI contends that “Google’s IPRs Against Different Patents Do Not Favor Institution.” DD Brief, 18. As explained in Section III.B.1, however, invalidity of numerous similar claims in related patents favors institution.

Fourth, SFI’s claim that the “Petition’s weakness supports denial” (DD Brief, 20) is wholly conclusory and should be rejected on that basis alone.

VI. CONCLUSION

IBM respectfully requests institution of *inter partes* review in this proceeding.

Dated: October 17, 2025

Respectfully submitted,

/Taeg Sang Cho/

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CERTIFICATE OF SERVICE

The undersigned certifies that on October 17, 2025, complete copies of the foregoing and any accompanying exhibits were served on counsel of record for the Patent Owner by filing the documents through P-TACTS and by sending via electronic mail to the following addresses:

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