

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. IPR2025-01201

U.S. Patent No. 8,904,194

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



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1002	Declaration of Dr. Erez Zadok
1003	PCT Patent Application Publication No. 01/022322 (“Dickinson”)
1004	U.S. Patent No. 6,363,481 (“Hardjono”)
1005	Claudia Canali <i>et al.</i> , <i>Performance Comparison of Distributed Architectures for Content Adaptation and Delivery of Web Resources</i> , 25 IEEE Int’l Conf. on Distributed Comput. Sys. Workshops 331 (2005) (“Canali”)
1006	File History of U.S. Patent No. 8,904,194 (“’194 File History”)
1007	File History of U.S. Patent Application Serial No. 11/258,839 (“’839 App. File History”)
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1009	U.S. Provisional Application Serial No. 60/622,146 (“Provisional Application No. 60/622,146”)
1010	U.S. Provisional Application Serial No. 60/718,185 (“Provisional Application No. 60/718,185”)
1011	Microsoft Computer Dictionary
1012	Bruce Schneier, <i>Applied Cryptography</i> , 2nd ed., 1996, excerpts (“Schneier”)
1013	Highlighted Comparison Between Dickinson and the ’194 Patent
1014	Yitzhak Birk, “Random RAIDs with Selective Exploitation of Redundancy for High Performance Video Servers,” IEEE 1997 (“Birk”)
1015	U.S. Patent Publication No. 2003/0016596A1 (“Chiquoine”)
1016	Curriculum Vitae of Dr. Erez Zadok
1017	John Kubiatoewicz, <i>et al.</i> , “OceanStore: An Architecture for Global-Scale Persistent Storage,” ACM 2000 (“Kubiatoewicz”)
1018	U.S. Patent Publication No. 2001/0034795 (“Moulton”)
1019	U.S. Patent Publication No. 2003/0046551 (“Brennan”)
1020	U.S. Patent Publication No. 2002/0049655 (“Bennet”)

Exhibit No.	Description
1021	<i>Google, LLC v. Sec. First Innovations, LLC</i> , IPR2024-00212, Exhibit 1043 (Patent Owner’s Proposed Claim Constructions In <i>Sec. First Innovations, LLC v. Google, LLC</i> , No. 2:23-cv-00097 (E.D. Va.)) (“PO’s Google Litigation Construction”)
1022	<i>Sotera</i> Stipulation
1023	Cisco and IBM Joint Press Release, “Cisco and IBM Work Together to Accelerate the ASP Ecosystem” (Oct. 18, 1999)
1024	TechMonitor Article, “IBM Announces Software Consulting Initiative for ASPs” (Oct. 26, 1999)
1025	Press Release, <i>Emerging ASP Market Standardizing on Citrix Platform</i> (epixtech, inc., Jan. 19, 2000)
1026	Spencer E. Ante, “IBM Sells the Next Big Thing in E-Business,” <i>BusinessWeek</i> (Nov. 5, 2002)
1027	“Study: IBM and EDS Lead Web Hosting Market,” <i>Computerworld</i> (May 30, 2003)
1028	2014 Statement of Work (PROTECTIVE ORDER MATERIAL)
1029	2017 Statement of Work (PROTECTIVE ORDER MATERIAL)
1030	U.S. Patent No. 9,338,140 (“the ’140 Patent”)
1031	U.S. Patent No. 10,452,854 (“the ’854 Patent”)
1032	U.S. Patent No. 11,068,609 (“the ’609 Patent”)
1033	U.S. Patent No. 11,178,116 (“the ’116 Patent”)
1034	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	Docket Navigator Report – List of Cases Involving the '194 Patent
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1043	Comparison Of Specification In PCT Patent Application Publication No. 01/022322 (EX1003) And U.S. Patent No. 7,187,771 (EX2030)
1044	Declaration of Mr. Michael Loria (“Loria Decl.”)

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. 8,904,194 ("194 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 '194 Patent would never be asserted against it. The prior owner of the '194 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 '194 Patent would not be asserted against it.

By contrast, SFI's expectations are tenuous at best. SFI has not shown that the '194 Patent was ever marked, commercialized, or previously asserted, nor that the license taken by IBM ever included the '194 Patent. Furthermore, claims in related patents in the '194 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 '194 Patent issued only because the examiner committed a material error during prosecution by overlooking prior art that should have compelled a rejection. By accepting SFC's argument that a provisional application in the priority claim provided written description support for the "identifying" limitation, the examiner should have also found that the "identifying" limitation was already disclosed in prior art of record—U.S. Patent No. 7,187,771 ("Dickinson-771"). But instead, the examiner erroneously treated the "identifying" limitation as allowable subject matter. That material error 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 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. EX1023-1027. 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 '194 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, EX1028. 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. EX1044, ¶¶6. IBM responded responsibly—sharing details related to the request and arranging a meeting between SFC and relevant employees at IBM. EX1044, ¶¶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. EX1044, ¶8.

Relying on SFC’s assurance, IBM continued to collaborate with SFC, entering into another SOW in 2017. EX1044, ¶9; EX1029. 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. EX1034, ¶¶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 ’194 Patent, against IBM. EX2003, 1; EX1044, ¶8.

III. THE PARTIES’ SETTLED EXPECTATIONS FAVOR INSTITUTION

The thrust of SFI’s position on discretionary denial is the age of the ’194 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 11-year-old ’194 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); *Home Depot U.S.A., Inc. v. H2 Intellect LLC*, IPR2025-00480, Paper 11, 2 (PTAB Sept. 4, 2025) (same for 12-year-old patent); *Activision Blizzard, Inc. v. Milestone Entm’t, LLC*, IPR2025-00708, Paper 13, 2 (PTAB Aug. 14, 2025) (same for 12-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 ’194 Patent Against IBM

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

IBM had every reason to expect that the ’194 Patent would not be asserted against IBM. As explained in Section II, the prior owner of the ’194 Patent—SFC—assured IBM that IBM would not be sued for patent infringement on its patents. EX1044, ¶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 ’194 Patent had already issued and after SFC met with IBM’s employees to analyze IBM’s technology. *Id.*, ¶¶7-8; EX1001, Cover (issued Dec. 2, 2014). IBM reasonably relied on that assurance: IBM had no reason to seek review of the ’194 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 ’194 Patent requires—namely, “distributing the data set in the plurality of shares” 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 ’194 Patent—posed no threat.

2. SFI’s Delay In Bringing Lawsuit And Impending Expiration Of The ’194 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 ’194 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 ’194 Patent.

The impending expiration of the ’194 Patent further reinforces those expectations. The ’194 Patent is set to expire in just *eight days*, on October 25, 2025. EX1001, Cover. Yet SFC/SFI did not assert the ’194 Patent against anyone until March 24, 2025 (EX1040)—only seven months before expiration. This extraordinary period of non-enforcement reinforced IBM’s expectation that the ’194 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 Jun. 12, 2025) (expiration creates expectation of non-enforcement).

B. SFI Has Minimal Settled Expectations On The Validity Of The '194 Patent

In contrast, SFI's settled expectations are minimal. Numerous claims in related patents—covering substantially similar technologies as the '194 Patent's claims—have already been invalidated or found to raise substantial new questions of patentability, undermining any settled expectations on the '194 Patent's claims. Also, SFI has failed to show that the '194 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 '194 Patent. In these circumstances, SFI's expectations are weak and cannot outweigh IBM's far stronger settled expectations.

1. Numerous Claims In The '194 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 '194 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.

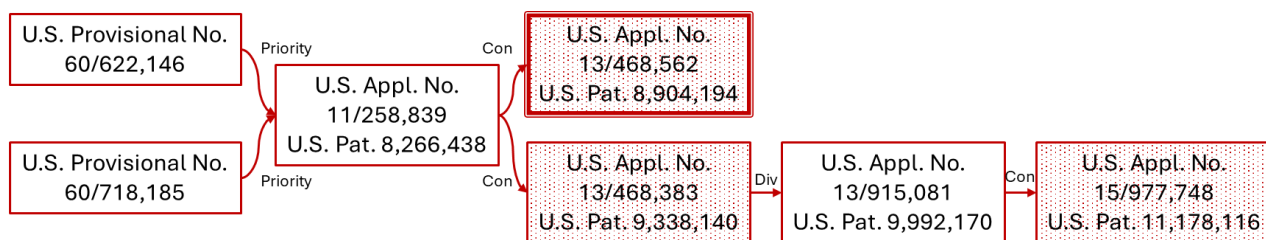
As background, SFI filed suit against Google alleging infringement of U.S.

Patent Nos. 9,338,140 (“’140 Patent”), 10,452,854 (“’854 Patent”), 11,068,609 (“’609 Patent”), 11,178,116 (“’116 Patent”). EX1035, 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* EX1036.

	IPR2024-00215 (’854 Patent)	IPR2024-00214 (’609 Patent)	IPR2024-00212 (’116 Patent)
Invalidated Claims	1-10 (<i>See</i> EX1037, 34)	1-10 (<i>See</i> EX1038, 32)	1, 2, 5, 9, and 11–14 (<i>See</i> EX1039, 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 ’194 Patent: storage systems that divide a dataset into multiple pieces (*e.g.*, shares or chunks) for separate storage. *Compare* EX1030 [’140 Patent], Claim 1 (“***generate the plurality of shares for storage*** on the plurality of physical storage devices”), EX1031 [’854 Patent], Claim 1 (“***generating a plurality of data chunks ... storing [] the plurality of data chunks ...*** on a plurality of different storage devices”), EX1032 [’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* EX1033 [’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 [’194 Patent], Claim 1 (“*generating...a plurality of shares ... storing the plurality of shares* at a plurality of storage devices”). Notably, the ’140 and ’116 Patents are in the same family as the ’194 Patent (as shown below) and include the entirety of the ’194 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 ’194 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 ’194 Patent’s Claims Were Ever Commercialized, Practiced, Or Marked

SFI has presented no evidence that the ’194 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 ’194 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 ’194 Patent, two of which are in the ’194 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. EX1041, 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 ’194 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 ’194 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 '194 Patent.

IBM's license included [REDACTED]

[REDACTED] EX2015, 1, 6. But SFI fails to provide any evidence that the '194 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 '194 Patent. Indeed, none of the SOWs identifies the '194 Patent, or any other patents for that matter. *See* EX2016, EX2017, EX1028, EX1029.

Second, even if the license somehow included the '194 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 '194 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 '194 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 '194 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 '194 Patent or its “ancestor patent.”

Besides, any settled expectations arising from IBM’s purported knowledge of a related application to the '194 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 '194 Patent itself. This is in stark contrast to a case that SFI relies on, where the petitioner had 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 '194 PATENT WOULD NOT HAVE ISSUED BUT FOR MATERIAL ERROR DURING EXAMINATION

The '194 Patent issued only because of a material error during prosecution—the examiner for the '194 Patent overlooked prior art of record that should have compelled a rejection. During prosecution, the examiner accepted SFC’s argument that U.S. Provisional Application No. 60/718,185 (“’185 Application”) provided written description support for the then-pending claims—including the purportedly

allowable subject matter—and allowed the claims on that basis. That was error: the purportedly allowable subject matter allegedly supported by the '185 Application was already disclosed *to the same extent* in prior art cited in an Information Disclosure Statement (“IDS”)—namely, U.S. Patent No. 7,187,771 (“Dickinson-771”). The examiner’s failure to apply Dickinson-771 against the allegedly allowable subject matter was therefore a material error.

As background, the application for the '194 Patent—U.S. Application No. 13/468,562 (“’562 Application”)—was filed on May 10, 2012, claiming the benefit of U.S. Application No. 11/258,839 (filed October 25, 2005), which in turn claims priority to U.S. Provisional Application Nos. 60/622,146 (filed October 25, 2004) and 60/718,185 (filed September 16, 2005). EX1001, Cover.

From the outset, the examiner identified the “identifying” limitation as the sole feature distinguishing the claims from prior art. In the first Office Action, dated February 1, 2013, the examiner rejected certain pending claims under 35 U.S.C. § 101 as being directed to an abstract idea (EX1006, 242–243), but nevertheless found that all claims “contain allowable subject matter over prior [art] because the independent claims include teaching of *identifying sets of fastest-responding storage devices in the set of storage devices.*” EX1006, 245 (emphasis added).

Despite that initial position, the examiner subsequently rejected all claims on the merits. After SFC amended the claims on April 16, 2013, to address the § 101

rejections (EX1006, 343, 448–454), the examiner issued a new Office Action on August 15, 2013, rejecting all claims based on art that *post-dated* the '562 Application's claimed priority date. The examiner explained that the art that post-dated the asserted priority date of the '562 Application was still prior art to the '562 Application because the claims lacked written description support in the priority applications and were therefore only entitled to the '562 Application's filing date. EX1006, 668-669.

The examiner eventually reversed course and allowed all claims. Following an additional Office Action, on September 15, 2014, SFC amended the claims to recite “*identifying* from the plurality of storage devices a set of fastest-responding storage devices necessary to retrieve the minimum number of shares,” and argued that the amended limitation was supported by paragraphs 114, 183, and 184 of the '185 Application. EX1006, 813. The examiner accepted SFC's argument and allowed the claims—likely for the same reasons previously articulated in the February 1, 2013 Office Action, namely that the independent claims recited the “*identifying*” limitation. EX1006, 825-826, 833.

That allowance was erroneous, because the examiner overlooked that Dickinson-711—prior art cited in an IDS—disclosed the “*identifying*” limitation to the same extent as the '185 Application provided written description for the “*identifying*” limitation. Specifically, the paragraphs that SFC cited as written

description support in the '185 Application appear *identically* in Dickinson-771. Compare EX1010 ['185 Application], [0114] with EX2030 [Dickinson-771], 17:3-24; compare EX1010, [0183] with EX2030, 32:43-56; and compare EX1010, [0184] with EX2030, 32:57-67. Accordingly, the purportedly allowable subject matter—the “identifying” limitation—was already disclosed in prior art of record, and the examiner should not have allowed the claims. The examiner’s failure to apply Dickinson-771 against the '194 claims constitutes a material error.

The Director has repeatedly recognized that such material error—where the examiner overlooks prior art of record disclosing the alleged point of novelty—warrants review. See *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); *Carbyne, Inc. v. Trittech Software Systems*, IPR2025-00959, Paper 11, 2 (PTAB Oct. 3, 2025) (same); *Eunsung Global Corp. v. Hydrafacial*, IPR2025-00445, Paper 14, 3 (PTAB Jul. 10, 2025).

Here, institution is especially appropriate because the Petition relies on Dickinson (EX1003)—a sibling reference to Dickinson-771 that shares substantially the same specification (EX1043 [Specification Comparison]), the same filing date, and the same priority claim. This proceeding thus presents an opportunity for the Office to correct the examiner’s material error by reviewing the claims in view of

Dickinson on the merits.

For these reasons, the Director is respectfully requested to institute this IPR.

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. EX1042. 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 '194 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 (EX1022), 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 “obviate[s] 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 *favours 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 stronger settled expectations. That alone warrants institution.

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

With respect to Dickinson: SFI asserts that Dickinson (EX1003) is cumulative of Dickinson-771 that is of record. DD Brief, 17. But as explained in Section IV, the Office committed a material error by overlooking the specific teachings in Dickinson-771. That error warrants institution.

With respect to Hardjono: SFI asserts that Hardjono (EX1004) was “considered” merely because it was cited in an IDS. DD Brief, 17-18. But the Office never considered the combination of Hardjono with other references, including with Dickinson. *See* EX1006, 240-246; 666-677; 771-784. Because those combinations were not before the Office, denial is unwarranted. *Shenzhen Root Tech. Co. v. Chiaro Tech.* IPR2024-01296, Paper 9, 27–28 (PTAB Feb. 25, 2025).

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,

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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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