

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 IPR2025-01201
Patent 8,904,194

PATENT OWNER'S DISCRETIONARY DENIAL BRIEF

~~CONTAINS CONFIDENTIAL PROTECTIVE ORDER MATERIAL~~

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2001	Lowenstein Declaration In Support of Notice of Intent
2002	Woo Declaration In Support of Notice of Intent
2003	Complaint in <i>Sec. First Innovations, LLC v. Int’l Bus. Machs. Corp.</i> , 1-25-cv-00514 (E.D. Va. Mar. 24, 2025), ECF No. 1 [Complaint]
2004	“Security First Corp. Presentation,” (March 4, 2015) [3/4/15-O’Hare Presentation] (CONFIDENTIAL)
2005	“IBM and Security First Corp to co-develop security capability for cloud computing,” PROACTIVE (last updated Nov. 9, 2010), https://www.proactiveinvestors.co.uk/companies/news/74758/ibm-and-security-first-corp-to-co-develop-security-capability-for-cloud-computing-9918.html [Proactive-Investors]
2006	“SFC – IBM Status Report” (September 16, 2011) (slip sheet omitted) [9/16/11 SFC-IBM Status Report] (CONFIDENTIAL)
2007	“IBM and Security First Corp. to Develop Integrated Security Technology,” SECURITY TODAY (Aug. 1, 2011), https://securitytoday.com/articles/2011/08/01/ibm-and-security-first-corp.-to-develop-integrated-security-technology.aspx [Security-Today]
2008	[8/24/09 Email] (slip sheet omitted) (CONFIDENTIAL)
2009	[11/11/13 Presentation] (CONFIDENTIAL)
2010	[2/15 Presentation] (CONFIDENTIAL)
2011	[3/11 IBM Presentation] (slip sheet omitted) (CONFIDENTIAL)
2012	Excerpts from File History of U.S. Patent Application No. 16/197,275 [’275-FH]
2013	U.S. Patent No. 8,447,695 [’695 patent]

2014	Excerpts from File History of U.S. Patent No. 8,447,695 [’695-FH]
2015	Licensed Works Agreement [LWA] (CONFIDENTIAL)
2016	2013 Statement of Work [2013 SOW] (CONFIDENTIAL)
2017	2015 Statement of Work [2015 SOW] (CONFIDENTIAL)
2018	“IBM Completes Acquisition of Cleversafe,” PRITZKER GROUP (Nov. 6, 2015), https://www.pritzkergroup.com/ibm-completes-acquisition-of-cleversafe/
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2020	[10/9/06 Email] (slip sheet omitted) (CONFIDENTIAL)
2021	[12/6/16 Email] (slip sheet omitted) (CONFIDENTIAL)
2022	Reserved
2023	Order Granting Motion to Stay in <i>Sec. First Innovations, LLC v. Int’l Bus. Machs. Corp.</i> , 1-25-cv-00514 (E.D. Va. Aug. 20, 2025), ECF No. 88 [Stay Decision]
2024	Chart of Settled Expectations Decisions [Chart]
2025	Scheduling Order in <i>DivX, LLC v. Amazon.com, Inc.</i> , No. 1:24-cv-2061 (E.D. Va. July 1, 2025), ECF No. 69 [Recent Scheduling Order]
2026	Opposition to Motion to Stay in <i>Sec. First Innovations, LLC v. Int’l Bus. Machs. Corp.</i> , 1-25-cv-00514 (E.D. Va. July 29, 2025), ECF No. 71 [Stay Opposition] (CONFIDENTIAL)
2027	U.S. Patent No. 11,178,116

2028	U.S. Patent No. 11,068,609
2029	U.S. Patent No. 10,452,854
2030	U.S. Patent No. 7,187,771 [Dickinson-'771]

I. INTRODUCTION

For nearly 15 years, Security First Corporation (“SFC”)—the predecessor to Patent Owner Security First Innovations, Inc. (“SFI”)—worked with Petitioner IBM to develop products based on SFC’s revolutionary, patented data-security technology. During that long relationship, SFC disclosed to IBM the intimate workings of its novel technology along with details about its robust patent portfolio. Rather than continuing to work with SFC, IBM chose to purchase technology from a competing company that IBM knew infringed SFC’s patents. Left without a commercial partner, SFC declared bankruptcy, and its patents were acquired by SFC’s former chairman through his company SFI. To remedy IBM’s decade-long willful infringement, SFI filed suit against IBM for infringement of U.S. Patent Nos. 9,135,456 (“456 Patent”), 8,904,194 (“194 Patent”), and 8,271,802 (“802 Patent”) (collectively, the “Patents”)—all of which are over a decade old. Despite knowing of the Patents for years, and at one point jointly working on technology that included a license to them, IBM never challenged their validity until the time came to face the music for its infringement. Only then did IBM file IPR petitions challenging these decade-old patents. U.S. Patent and Trademark Office (“PTO”) policies and recent decisions compel the denial of IBM’s IPR petitions for several independent reasons.

To start, Patent Owner’s strong settled expectations mandate denial. Each of the Patents has been in force for more than a decade—specifically, 10, 11 and 13

years. That alone is sufficient to deny institution. But the settled expectations here are even stronger because of the nearly 15-year relationship between SFC and IBM. During that relationship, SFC disclosed, and made available to IBM, every aspect of its technology, as well as details of the robust patent portfolio that protected it. And when IBM decided to use technology from another company, it did so despite warnings that its chosen technology infringed SFC's patents. IBM had every opportunity and motivation to challenge the Patents. Its decade-long delay led SFC (and SFI) to expect that IBM acquiesced in their validity. Those settled expectations weigh heavily in favor of denying institution.

Separately, despite now claiming that the Patents are invalid, that was not IBM's position previously, when it instead decided to license them more than a decade ago in connection with products SFC was developing for IBM. IPR would not be an efficient use of PTO resources under these circumstances.

Finally, *Fintiv* favors denial. The Eastern District of Virginia would get to trial much faster than the PTAB and is the most efficient forum to resolve the parties' dispute. Institution should be denied so that validity may be decided there promptly.

II. FACTUAL BACKGROUND

In the early 2000s, Patent Owner SFI's predecessor, SFC, developed and patented a multi-layered data-security system known as the "SecureParser," which substantially improved the security of data storage by, at a high level, combining at

least part of an encrypted data set with the encryption key, unconventionally parsing and splitting that data set into different portions before storage, adding redundancy information, and storing those portions in different locations. Aspects of SFC's SecureParser technology are claimed in the Patents, and are used today by IBM to provide secure, reliable, and fast cloud storage to its customers.

The Patents All Issued More Than 10 Years Ago. The three Patents have been in force for more than a decade—the '802 Patent issued nearly 13 years ago; the '194 Patent issued nearly 11 years ago; and the '456 Patent issued just more than 10 years ago. Each patent is entitled "Secure Parser Method and System," lists the same inventors, derives from the same parent application,¹ claims priority to the same provisional applications,² and is directed to a different aspect of SFC's SecureParser technology.

Petitioner IBM Has Been Aware of the Patented Technology Since 2005. IBM became aware of SFC, and technology embodied in the Patents, as early as 2005, when an SFC representative e-mailed documents to IBM that described SFC's innovative technology as a "[REDACTED]" system with "[REDACTED]"

¹ U.S. App. No. 11/258,839, filed October 25, 2005, now U.S. 8,266,438.

² U.S. App. No. 60/718,185, filed September 16, 2005, and U.S. App.

No. 60/622,146, filed October 25, 2004.

Security First's SecureParser cryptographic splitting technology for use in IBM's cloud computing offering"); Ex. 2006 [9/16/11 SFC-IBM Status Report] (describing 2011 meetings "[REDACTED]"); Ex. 2007 [Security-Today] (describing 2011 agreement to "combine Security First's patented cryptographic data-splitting technology" with "IBM's wire speed processor technology" that would be "integrated directly onto IBM's wire speed system on a chip.").

As a result of this close collaboration, IBM had tremendous exposure to, and was well aware of, SFC's patents relating to all aspects of its SecureParser technology. Indeed, SFC disclosed its patents and portfolio to IBM on numerous occasions. For example, in 2009, SFC identified its then-published patents and explained to IBM that SFC further had "[REDACTED]

[REDACTED]"; Ex. 2008 [8/24/09 Email] 1; *see also id.* ("[REDACTED]"). Notably, the then-pending patents included the parent application to the Patents. Similarly, in November 2013, an SFC presentation to IBM discussed SFC's "[REDACTED]"; Ex. 2009 [11/11/13 Presentation] 2; *see also id.*, 9-10; *see also* Ex. 2010 [2/15 Presentation] 3. As another example, in March 2015,

Examiner distinguished this reference (misspelled as “Orisini”) in the reasons for allowance. *See* Ex. 2014 [’695-FH] 15.

IBM Licensed SFC’s SecureParser Patents. IBM’s awareness of SFC’s patents relating to its SecureParser technology resulted in multiple license agreements covering the technology SFC was developing for IBM. *See* Section III.A.2. In late 2012, IBM and SFC signed a “master” Licensed Works Agreement (“LWA”) for products that SFC and IBM would jointly produce. Ex. 2015 [LWA]. This included “[REDACTED]” developed by SFC as contemplated by the statements of work (“SOWs”). *Id.*, 6. As relevant here, the parties entered multiple SOWs relating to different aspects of SFC’s SecureParser technology. *E.g.*, Ex. 2016 [2013 SOW] (2013 SOW “[REDACTED]”); Ex. 2017 [2015 SOW] (2015 SOW regarding “[REDACTED]”). Through these SOWs, IBM was licensed to several SFC patents, including the Patents at issue here, for products

developed by SFC.³

IBM Purchases SFC's Infringing Competitor. After receiving and analyzing troves of information about SFC's technology and patents over almost a decade, in November 2015, IBM paid \$1.3 billion to acquire one of SFC's competitors, Cleversafe. IBM entered this transaction despite warnings from SFC that Cleversafe's technology infringed SFC's patents. Exs. 2018-2020. For example, as early as 2006, SFC informed IBM of "[REDACTED]" from Cleversafe's technology. Ex. 2020 [10/9/06 Email] 1. After that acquisition, SFC continued to warn IBM that it had "[REDACTED]" to its "[REDACTED]." Ex. 2021 [12/6/16 Email] 2.

Despite this knowledge, over the next several years, IBM gradually began to wind down its work with SFC, and by 2019 had cancelled its last contract with SFC. Without compensation from companies like IBM that infringed its patents, SFC was forced to file for bankruptcy. SFC's long-time chairman, Leo Guthart, later formed SFI and regained SFC's patents.

³ These licenses were for products using SFC-developed technology, such as SFC's SPxBitFiler and SPxCore products, and not the product-at-issue in the District Court Action. These licenses terminated when IBM terminated its relationship with SFC and decided not to purchase SFC's products.

SFI Sues IBM for Infringing the Patents. Earlier this year, SFI filed the District Court Action against IBM for infringement of the Patents. On August 19, following IBM’s filing of IPR petitions challenging those patents, the court stayed the case pending the institution decision, due to, *inter alia*, the relatively short period before the Director issues her decision on this motion. Ex. 2023 [Stay Decision] 7.

III. ARGUMENT

A. Patent Owner Has Strong Settled Expectations Warranting Denial of Institution.

1. Dismissal Is Mandated Based on the Issue Dates of the Patents Alone.

As the Director explained in the March 26, 2025 Memorandum regarding Interim Processes for PTAB Workload Management, a fundamental consideration that weighs strongly in favor of discretionary denial is the “[s]ettled expectation of the parties” as measured by “the length of time the claims have been in force.” Although there is “no bright-line rule on when expectations become settled,” *Dabico Airport Sols. Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21, 2-3 (June 18, 2025), the Director’s subsequent decisions have made clear that they are certainly settled for patents such as these that are more than a decade old. In more than 30 decisions between June 1 and the filing date of this brief, “settled expectations” have generally been dispositive in barring institution as to a patent that issued six or more years ago. *See, e.g., Kahoot! AS v. Interstellar Inc.*, IPR2025-00696, Paper 12, 2 (July 31,

2025) (“*Kahoot!*”) (settled expectations based on patents in force for over six years); *Yangtze Memory Techs. Co. v. Micron Tech., Inc.*, IPR2025-00500, Paper 10, 2 (Aug. 14, 2025) (similar); *see also* Ex. 2024 [Chart] (citing all “settled expectations” decisions since June 1, 2025).⁴ IBM itself has benefited from the Director’s focus on settled expectations and argued that “the length of time” its patent’s “claims have been in force strongly favors denial of institution.” *Carvana, LLC v. Int’l Bus. Machs. Corp.*, IPR2025-00564, Paper 8, 42 (filed May 6, 2025). Agreeing with IBM, the Director denied institution in that case, finding that “the challenged patent has been in force for approximately 15 years, creating strong settled expectations ...” *Id.*, Paper 11, 2 (July 10, 2025).

Here, Patent Owner’s strong settled expectations overwhelmingly favor denying institution as a matter of discretion. The Patents were issued 10, 11, and 13 years ago. *See* Section II, *supra*. Based upon the issue dates alone, Patent Owner’s settled expectations are stronger than most cases in which the Director has previously denied institution. Ex. 2024 [Chart]; *see also* Interim Director Discretionary Process, USPTO, Section I.A (explaining that “the Director will consider,” among other things, facts “[t]o maintain consistency” with prior discretionary decisions).

⁴ The chart has 60 rows but many describe decisions affecting multiple IPRs.

2. Dismissal Is Mandated Based on IBM’s Long-Time Knowledge of SFC’s Patents Covering SecureParser Technology.

While unnecessary given the age of the Patents, Patent Owner’s settled expectations are even stronger given SFC’s long business relationship with IBM—which gave IBM access to, and detailed knowledge of, SFC’s SecureParser technology and related patent portfolio, including the Patents. For example, in *Amazon.com*, the Director denied institution where the petitioner “learned of Patent Owner’s technology in 2007” and then, “in 2012, Patent Owner informed Petitioner of its patent portfolio, including an issued ancestor patent to the challenged patents.” *Amazon.com, Inc. v. Audio Pod IP, LLC*, IPR2025-00757, Paper 15, 2-3 (Aug. 14, 2025). The same result should apply here, where IBM learned of SFI’s technology in 2005 and repeatedly was informed of SFI’s patent portfolio over a decade, including the ancestor patent to the Patents.

Indeed, the long-standing business relationship between IBM and SFC alone created settled expectations. For example, in *Murata*, the Director held that knowledge that a patent owner “was involved in the same technology space for a significant amount of time” but the petitioner “fail[ed] to seek early review of the patents” strongly favored denial. *Murata Mfg. v. Georgia Tech. Rsch. Corp.*, IPR2025-00383, Paper 14, 2-3 (July 29, 2025). Similarly, in *Neural AI*, institution was denied on a patent reissued in 2023 where the parties had a business relationship

and engaged in discussions regarding the patent owner's patent portfolio. *NVIDIA Corp. v. Neural AI, LLC*, IPR2025-00608, Paper 16, 2-3 (July 31, 2025).

Here, the evidence of Petitioner's pre-suit knowledge is far stronger than the mere awareness that SFC was in the same "technology space" or the other facts that favored denial in *Murata* or *Neural AI*. IBM has known for nearly 20 years that SFC had extensive patent coverage over its SecureParser technology, including the Patents; it knew that the technology IBM acquired from Cleversafe infringed SFC's patents; and it had every opportunity to challenge the Patents over the last 10 years. IBM's failure to do so gave rise to a strong expectation on SFC's part (and on the part of its successor SFI) that IBM understood and agreed that the patents are valid.⁵

If that were not enough, IBM's specific citation of the '456 Patent and the parent application for each of the Patents during prosecution of IBM's own patents

⁵ The Director has found that settled expectations may not bar institution where a patent has not been "commercialized, asserted, marked, licensed, or otherwise applied" in Petitioner's "particular technology space." *Shenzen Tuozhu Tech. Co. v. Stratasys, Inc.*, IPR2025-00531, Paper 10, 3 (June 17, 2025). This potential exception does not apply here, where SFC/IBM entered into numerous agreements meant precisely to license and commercialize the Patents in IBM's technology space. *See* Sections II, III.B; Exs. 2015-2017.

strongly favors denial. In *iRhythm*, the Director denied institution where the petitioner was aware of one of the patent owner’s patent applications “as early as 2013,” when it was cited in an IDS during prosecution of petitioner’s own patent application, but “fail[ed] to seek early review of the patents.” *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10, 3 (June 6, 2025) (“Petitioner’s awareness of Patent Owner’s applications and failure to seek early review of the patents favors denial and outweighs [other] considerations.”). The facts here are even stronger than those in *iRhythm*: The Patents issued over ten years ago and the parent application to each of them was cited in the prosecution of many of IBM’s own patents, as was the ’456 Patent itself. *See* Section II, *supra*.

Institution should likewise be denied here. Indeed, Patent Owner is not aware of any decision since the March 26, 2025 memorandum instituting IPR under circumstances similar to the current case.

3. The District Court’s Stay Does Not Change the Settled Expectations Analysis.

Notably, the Director has repeatedly found that a Patent Owner’s strong settled expectations alone favor discretionary denial even where, as here, the underlying district court litigation has been stayed pending the PTAB’s decision on institution. *E.g., Kahoot!*, 2 (denying institution because “the challenged patent has been in force for over six years, creating strong settled expectations” although “the

parallel district court proceeding ... has been stayed.”); *Sandisk Techs. Inc. v. Polaris PowerLED Techs., LLC*, IPR2025-00515, Paper 15, 2 (July 16, 2025) (similar); *Google LLC v. Soundclear Tech. LLC*, IPR2025-00344, Paper 15, 2 (Aug. 4, 2025) (“*Soundclear*”) (similar).

B. IBM’s Demonstrated Willingness to License the Patents Makes *Inter Partes* Review an Inefficient Use of USPTO Resources.

Separate from settled expectations, the Director also has found that institution should be denied where the petitioner previously licensed the challenged patent. In particular, the Director has explained that “[a]bsent exceptional circumstances,” institution would “not [be] an efficient use of Board resources where a party licensed the challenged patent, and then . . . advocates for the unpatentability of that same patent.” *Microsoft Corp. v. TS-Optics Corp.*, IPR2025-00767, Paper 13, 2 (Aug. 14, 2025). This is an independent reason to deny institution. As explained above, IBM previously took a license to the Patents for products SFC developed for IBM, but now that it has been caught with its hand in the cookie jar because it decided to use instead an infringing product it acquired from another company, seeks to have those same patents declared invalid. *See* Section II, *supra*. It would be an inefficient use of resources for the PTO to consider the validity of patents to which IBM previously took a license. *See* Ex. 2011 [3/11 IBM Presentation] 2 (IBM describing the patented technology as “[REDACTED]”).

C. The Petition Should Be Denied Under *Fintiv*.

Institution also should be denied because each of the six *Fintiv* factors, discussed in turn below, favors denial.

Factors 1 and 2 Favor Denial. Although the district court has stayed the District Court Action pending the PTAB's decisions on institution, and thus there currently is no scheduled trial date, those facts do not weigh against discretionary denial for three reasons. *First*, as discussed above, a stay does not outweigh Patent Owner's strong settled expectations or establish that institution would be an efficient use of the Agency's resources. *See* Section III.A.3, *supra*.

Second, the district court remains the most efficient outlet for resolving any questions regarding the validity of the Patents. The District Court Action is pending in the Eastern District of Virginia, which boasts an average time-to-trial of 14.6 months—and Judge Hilton's cases, in particular, tend to move even faster. Ex. 2025 [Recent Scheduling Order]. If the Director denies institution, the district court trial would be expected to occur at least one-to-two months before any final written decision would have been due from the PTAB. And the Director has recently denied institution in similar circumstances. *See Soundclear, 2* (denying institution where Eastern District of Virginia proceeding was stayed).

Third, Petitioner has only offered a standard *Sotera* stipulation, presumably attempting to preserve its ability to use in the District Court Action system prior art,

including in combination with printed publication prior art. Allowing the IPRs to proceed merely because the case is stayed and there currently is no set trial date would virtually guarantee Petitioner two bites at the apple. It would be far more efficient to allow the District Court to expeditiously resolve validity of the Patents—faster and only once. These factors weigh against institution.

Factor 3 Favors Denial. The parties already have expended significant resources to identify relevant documents and witnesses and to investigate key issues in this case, including issues relating to Petitioner’s willful infringement in connection with briefing on IBM’s Motion to Transfer the District Court Action. Ex. 2026 [Stay-Opposition] 20. Moreover, given the typical case schedule in the Eastern District of Virginia, Patent Owner has already begun collecting and reviewing documents for production, consulting with experts, and drafting key case documents such as discovery requests and infringement contentions. *Id.* Presumably, Petitioner has also begun its own preparations.

Factor 4 Favors Denial. There is substantial “overlap between issues raised in the petition and in the parallel proceeding”—the same technology, patents, claims and prior art are at issue in the District Court Action and here. Moreover, IBM has only offered a limited *Sotera* stipulation. *See* Ex. 1025 [Stipulation].

Factor 5 Favors Denial. The parties to this IPR are the same parties in the District Court Action. As “the petitioner and the defendant in the parallel proceeding

are the same party, this factor weighs in favor of discretionary denial.” *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, 15 (May 13, 2020).

Factor 6 (Other Factors) Strongly Favors Denial. Here, the surrounding circumstances make institution inappropriate.

Settled Expectations Should Be Dispositive. As discussed above in Section III.A, Patent Owner’s strong settled expectations alone are sufficient reason for denial, and it also reinforces the basis for denial under *Fintiv*.

Petitioner’s Use Of Recycled References Favors Denial. Petition’s reliance on Dickinson and Hardjono, which are the same or substantially the same as art already presented to the Office during examination, further favors denial. 35 U.S.C. § 325(d).

Petitioner heavily relies upon Dickinson’s Figs. 2, 5, 7, 8 (Pet., 35-36, 36-37, 37-38, 40-43, 43-44), which is cumulative another Dickinson reference that was disclosed during prosecution and contains the same figures. Ex. 1006 [’194 FH] 13, 217 (considered by Examiner); *compare* Ex. 1003 [Dickinson] *with* Ex. 2030 [Dickinson-’771]. Hardjono also was disclosed to the Office in an IDS and considered by the Examiner. Ex. 1006 [’194 FH] 444 (IDS), 681 (considered by Examiner); Ex. 1001 [’194] p. 2 (listing Hardjono as cited reference); *see also Ecto World, LLC v. RAI Strategic Holdings, Inc.*, IPR2024-01280, Paper 13, 4 (May 19,

2025) (precedential) (“*Ecto World*”) (identifying a reference on an IDS is sufficient to show the same or substantially similar art was presented to the PTO).

Although the substance of both Dickinson and Hardjono were considered by the Examiner, Petitioner has not shown any material error. *Compare Ecto World*, Paper 13, 5 (petitioner must explain “how the Examiner erred in overlooking the prior art” identified in IDS) *with* Pet., 10-11 (describing prosecution history).

Google’s IPRs Against Different Patents Do Not Favor Institution. In 2023, Google filed IPR petitions against four different SFI patents. These IPRs were on patents that cover different encryption schemes than the Patents, and thus the validity analysis is entirely different. Indeed, two of the four patents are in different families altogether. And as to the two patents in the same family, one IPR (IPR2024-00213 for U.S. Patent No. 9,338,140) was not instituted at all on the merits and the other (IPR2024-00212 for U.S. Patent No. 11,178,116)⁶ had several claims that were confirmed valid. Thus, the Google IPRs cover different inventions with substantially different claims and are therefore irrelevant; they do not support institution and instead show that institution should be denied.

⁶ IPR should have never been instituted in the first place due to, *inter alia*, settled expectations. In any event, there were significant errors in the FWD, and SFI has appealed the PTAB’s decision invalidating certain claims of this Patent.

Petitioner may argue that *ARM Ltd. v. Daedalus Prime LLC*, IPR2025-00207, Paper 14, 2-3 (Aug. 6, 2025) supports institution in this case. It does not. In *Daedalus*, the IPR concerned claims that were “substantially identical” to claims in a related patent that had been found invalid in a prior IPR based upon a single reference. *Id.* Given nearly identical claims, and a single reference that had previously invalidated them, it made sense to institute IPR. The same is not true here. *First*, the claims in the Patents are materially different from the claims in the Google patents—at a high level, they are directed to encrypting datasets and splitting them into chunks whereas the Google patents are directed to splitting datasets and then encrypting the chunks. Due to this fundamental difference, the Patents also contain numerous additional limitations relating to, *e.g.*, “integrity information,” “data splitting information,” and restoring the data set with “less than all, but at least a threshold number of, the plurality of shares.” *Compare* Ex. 1001 [’802] cl. 1 *with* Exs. 2027-2029. *Second*, unlike in *Daedalus*, Petitioner does not rely on a single reference, much less one that previously was found to invalidate “substantially identical” claims. Not only are the claims here substantially different, but Petitioner’s alleged invalidity grounds and prior art combinations, none of which were at issue in the Google IPRs and even include various new prior art references, are also different. *Finally*, the settled expectations here are so strong given IBM’s knowledge and 15-year relationship with SFC, not to mention the speed and

efficiency of the Eastern District of Virginia, such that they outweigh any alleged overlap with the Google IPRs (which, at least under current guidance, should not have been instituted in the first place).⁷

The Petition's Weakness and Lack Of New Authority Favor Denial. The Petition's weakness supports denial. Memorandum, 2; *see* POPR (forthcoming). Patent Owner is not aware of any change in the law affecting patentability. *Id.*

In sum, each of the *Fintiv* factors weighs against institution, or is at worst neutral, which is an independently sufficient reason to deny institution.

IV. CONCLUSION

For the foregoing reasons, institution should be denied.

⁷ “The Director’s September 16 memorandum, which on its face pertains to institution and final written decisions on the merits, is inapplicable here as the discretionary denial decision concerns whether the IPRs would be an inefficient use of the Board’s resources in this case. In any event, the claims-at-issue and grounds raised here are not “substantially similar” to those at issue in the other IPRs, as explained above.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the following documents were served by electronic service, by agreement between the parties, on the date below:

PATENT OWNER DISCRETIONARY DENIAL BRIEF

EXHIBITS 2003-2021, 2023-2030

The names and addresses of the parties being served are as follows:

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Respectfully submitted,

/ Colette Woo /

Date: September 17, 2025