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Paper 7
Entered: December 1, 2023

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTERNATIONAL BUSINESS MACHINES CORPORATION,
Petitioner,

v.

DIGITAL DOORS, INC.,
Patent Owner.

IPR2023-00968
Patent 7,322,047 B2

Before THU A. DANG, THOMAS L. GIANNETTI, and ELIZABETH M. ROESEL, *Administrative Patent Judges.*

ROESEL, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

International Business Machines Corporation ("Petitioner" or "IBM") filed a Petition (Paper 2, "Pet.") requesting *inter partes* review of claims 1, 2, 10, 15, 16, 19, 33, 34, 42, 47, 48, and 51 (the "challenged claims") of U.S. Patent No. 7,322,047 B2 (Ex. 1001, "the '047 patent"). DigitalDoors, Inc. ("Patent Owner") filed a Preliminary Response (Paper 6, "Prelim. Resp.").

We have authority to determine whether to institute an *inter partes* review. 35 U.S.C. § 314 (2018); 37 C.F.R. § 42.4(a) (2023). The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted unless "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." However, institution of *inter partes* review is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) ("[T]he PTO is permitted, but never compelled, to institute an IPR proceeding."). For the reasons stated below, we exercise our discretion not to institute *inter partes* review.

II. BACKGROUND

A. Related Proceedings

The parties indicate that the '047 patent is the subject of *DigitalDoors, Inc. v. International Business Machines Corporation*, No. 2:22-cv-00457-JRG-RSP (E.D. Tex.). Pet. 77; Paper 4, 1. Patent Owner identifies several patents related to the '047 patent that are also involved in this lawsuit: 7,313,825, 7,349,987, 7,552,482, 7,721,344, 7,958,268, and 8,468,244. Paper 4, 2.

B. Real Party in Interest

Petitioner identifies itself as the real party in interest. Pet. 77. Patent Owner also identifies itself as the real party in interest. Paper 4, 1.

C. The '047 Patent (Ex. 1001)

The '047 patent, titled "Data Security System and Method Associated with Data Mining," issued on January 22, 2008. Ex. 1001, (45), (54). The patent "relates to a data security system and method and . . . filters, extracts, disperses, via a controlled release of data segments to storage locations and permits reconstruction utilizing security protocols to provide a security system, for data." *Id.* at 1:22–29. Accordingly, it is an object of the disclosed invention "to parse, disperse and reconstruct the data or data object thereby enabling secure storage of the data." *Id.* at 7:12–14.

Figures 1A and 1B of the '047 patent illustrate this operation and are reproduced below.

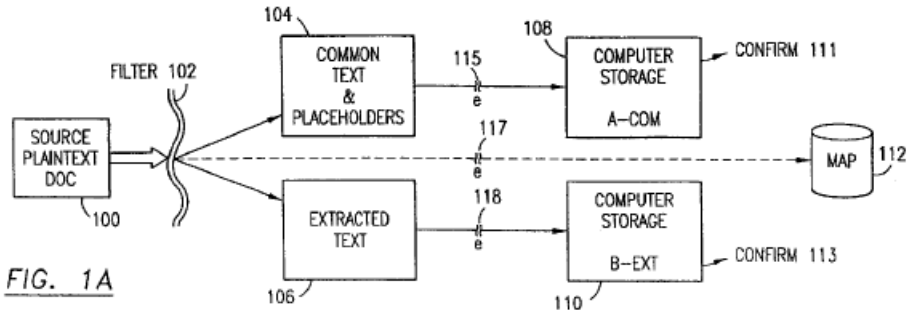

FIG. 1A

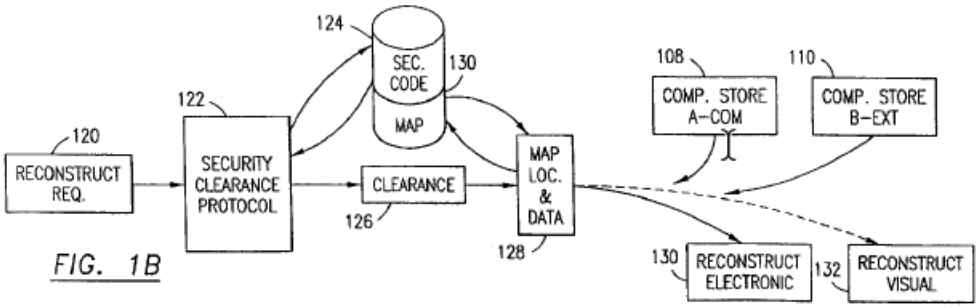

FIG. 1B

Figure 1A illustrates the basic processes for establishing a secure storage of information, generally identified as "data." Ex. 1001, 18:33–35. In the '047 patent, the term "data" includes "any data object, e.g., text, images, icons, moving images, multiple images, data representing sound, video, electronic streams of information, etc. Sound bites, data objects and video images may also be extracted as 'data.'" *Id.* at 18:35–38.

In operation, source document 100 or "plaintext" is sent to filter 102, which separates out common text or remainder data 104 from uncommon text, words, characters, icons or data objects. *Id.* at 18:39–42. The security sensitive words, characters, icons or data objects are separated from remainder or common text 104 as extracted text 106. *Id.* at 18:43–45. Filter 102 may use a dictionary such that words present in the dictionary (common words) are separated from source plaintext document 100 and placed into remainder document or common data file 104. *Id.* at 18:51–54. The uncommon words (extracted-security sensitive words), not found in the dictionary, would be placed in an extracted text or extracted data file 106. *Id.* at 18:55–57. In the illustrated embodiment, remainder data file 104 also includes place holders, which enables the extracted data to be easily inserted or set back into the remainder data file. *Id.* at 18:64–67.

Figure 1B illustrates the major features of a reconstruction routine or system. Ex. 1001, 23:35–36. In operation, the user inputs a reconstruction request 120. *Id.* at 23:36–38. The system first executes security clearance protocol routine 122. *Id.* at 23:38–40. The security code input by the user is checked against a security code database or list 124. Clearance is provided in step 126. *Id.* at 23:46–48. The location of a map identifying the location of remainder data A-com 108 and extraction data B-ext 110 is provided to the user's computer in step 128. *Id.* at 23:48–50. The storage segments are

A-com 108 and B-ext 110. The common or remainder data from A-com 108 is downloaded or transferred or made available to the user's computer as shown at the output of map location and data step 128. *Id.* at 23:53–57. Typically, the extracted or security sensitive data from B-ext 110 also is downloaded. *Id.* at 23:57–58. The data is then reconstructed as a complete electronic document in function 130 or as a visual reconstruction in step 132. *Id.* at 23:58–61.

D. Illustrative Claims

Claims 1, 15, 33, and 47 are independent claims. Claim 1 is illustrative of the claimed subject matter and is reproduced below:

> 1. [i] A method of securing data based upon a plurality of security levels, each with a predetermined security clearance,
>
> [ii] in a computer system having a plurality of computers therein and a plurality of memories designated as a remainder store and a plurality of extract stores for respective ones of said plurality of security levels operatively coupled over a communications network,
>
> [iii] said data having security sensitive content represented by one or more security sensitive words, data objects, characters, images, data elements or icons, comprising:
>
> [a] extracting said security sensitive content from said data to obtain (a) subsets of extracted data and (b) remainder data;
>
> [b] storing said extracted data and said remainder data in respective extract stores, corresponding to the respective security level of the extracted data, and said remainder store, respectively; and,
>
> [c] permitting reconstruction of some or all of said data via one or more of said subsets of extracted data from respective extract stores and remainder data
>
> [d] only in the presence of predetermined security clearance for said respective security level corresponding to said respective extract stores.

Ex. 1001, 57:2–24 (numbered paragraphs/limitations added corresponding to the Petition).

E. Prior Art and Other Evidence

Petitioner relies on the references listed below:

Name	Reference	Publication/Issue Date	Exhibit No.
Bossemeyer	U.S. Patent No. 7,010,701 B1	Mar. 7, 2006	1005
Merenda	U.S. Patent Pub. No. 2004/0148290 A1	Jul. 29, 2004	1006

Petitioner relies also on a Declaration of Erez Zadok, Ph.D. (Ex. 1003, "Zadok Decl."). Patent Owner submits the Declaration of Dr. William C. Easttom II (Ex. 2004, "Easttom Decl.").

F. Asserted Grounds of Unpatentability

Petitioner contends that the challenged claims of the '047 patent are unpatentable based on the following grounds (Pet. 9–10):

Claim(s) Challenged	35 U.S.C. §[1]	Reference(s)/Basis
1, 2, 10, 15, 16, 19, 33, 34, 42, 47, 48, 51	103	Bossemeyer
1, 2, 10, 15, 16, 19, 33, 34, 42, 47, 48, 51	103	Bossemeyer, Merenda

III. REQUEST FOR DISCRETIONARY DENIAL UNDER § 314(A)

Institution of an *inter partes* review is discretionary. *See* 35 U.S.C. § 314(a) (authorizing institution of an *inter partes* review under particular

[1] The relevant sections of the Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112–129, took effect on March 16, 2013. The '987 patent was filed on May 23, 2002, and claims priority to applications with filing dates before this date. *See* Ex. 1001, (22), (63). For the purposes of this Decision, pre-AIA statutes apply.

circumstances, but not requiring institution under any circumstances); *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) ("[T]he agency's decision to deny a petition is a matter committed to the Patent Office's discretion."); *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) ("[Section] 314(a) invests the Director with discretion on the question whether to institute review . . . ." (emphasis omitted)); *Harmonic*, 815 F.3d at 1367 (Fed. Cir. 2016) ("[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.").

Patent Owner argues that we should exercise our discretion under 35 U.S.C. § 314(a) and not institute trial, given that trial in the parallel district court litigation in the Eastern District of Texas is scheduled for August 19, 2024, and therefore is scheduled to finish over three months before the deadline for a final written decision in this case. Prelim. Resp. 60–67.

When determining whether to exercise discretion to deny institution in view of a parallel proceeding, we consider the following factors:

> 1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
> 2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
> 3. investment in the parallel proceeding by the court and the parties;
> 4. overlap between issues raised in the petition and in the parallel proceeding;
> 5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
> 6. other circumstances that impact the Board's exercise of discretion, including the merits.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential) ("*Fintiv*"). "These factors relate to whether efficiency,

fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding." *Id.* In evaluating the *Fintiv* factors, we take "a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review," recognizing that "there is some overlap among these factors" and that "[s]ome facts may be relevant to more than one factor." *Id.* at 6.

On June 21, 2022, the Director of the United States Patent and Trademark Office issued a Memorandum setting forth an "Interim Procedure for Discretionary Denials in AIA Post Grant Proceedings with Parallel District Court Litigation." Exhibit 1026 ("Guidance Memo"). The Guidance Memo states that "to benefit the patent system and the public good, the PTAB will not rely on the *Fintiv* factors to discretionarily deny institution in view of parallel district court litigation where a petition presents compelling evidence of unpatentability." *Id.* at 2. "Compelling, meritorious challenges are those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence." *Id.* at 4.

In the analysis that follows, we first consider whether *Fintiv* factors 1–5 weigh in favor of denying institution, and, if so, we must also determine whether the Petition presents compelling merits. *See CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 at 4 (PTAB Feb. 27, 2023) (precedential) ("In circumstances where . . . the Board's analysis of *Fintiv* factors 1–5 favors denial of institution, the Board shall then assess compelling merits.").

A. Likelihood of a Stay (Factor 1)

A district court stay of parallel litigation pending resolution of an *inter partes* review allays concerns about inefficiency and duplication of efforts,

and strongly weighs against exercising our authority to deny institution. *Fintiv*, Paper 11 at 6.

Here, Petitioner's motion to stay the district court litigation pending in the Eastern District of Texas was denied on July 24, 2023. Ex. 2007. In denying the stay, Magistrate Judge Payne stated that to prevail on a stay motion, "IBM needs to show that *every asserted claim* has a reasonable likelihood of being invalidated by the PTAB." *Id.* at 5 (emphasis added). Judge Payne continued that "[h]ere, the PTAB has not publicly determined that any asserted claim has a reasonable likelihood of being invalidated." *Id.*

Patent Owner points out that there are 54 claims and seven patents involved in the district court proceeding, and that because the court has made it clear that it will not grant stay unless there is a showing that every asserted claim has a reasonable likelihood of being invalidated, a stay is unlikely. Prelim. Resp. 62.

However, *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (PTAB May 13, 2020) (informative), cautions against speculating whether the district court would grant a stay if one were requested. Accordingly, this factor is neutral.

B. Proximity of Trial Date to Projected Statutory Deadline (Factor 2)

Jury selection in the parallel district court litigation has been scheduled by Judge Gilstrap for August 19, 2024, about three and a half months before the statutory deadline for our final written decision. Prelim. Resp. 62; Ex. 1007. Patent Owner argues that trial will occur prior to any anticipated final written decision. Prelim. Resp. 62–63. Patent Owner contends that the most recent (March 2023) median time-to-trial statistics for the Eastern District of Texas predict a trial date (June 2024) that is *even*

earlier than the August 2024 trial date set by Judge Gilstrap. *Id.* at 63 (citing Ex. 1009).[2]

Petitioner argues, based on the median time-to-trial statistics for March 2022 (24.2 months) as well as the more recent March 2023 statistics (19 months) that the projected trial date is between June 2024 and December 2024. Pet. 73 (citing Ex. 1009, 1). Petitioner concludes that this shows the statistics "fluctuate" and therefore this factor is neutral. *Id.*

We agree with Patent Owner's analysis based on the most recent time-to-trial statistics and the schedule set by Judge Gilstrap. We are not persuaded by Petitioner's argument based on out-of-date data. We find that this factor favors exercising our discretion to deny institution.

C. Investment in the Parallel Proceeding (Factor 3)

Patent Owner contends that "[t]he parties have expended substantial resources on the pending district court case in the eight months since this suit was filed." Prelim. Resp. 63. Patent Owner explains that it has "prepared and served 1,067 pages of infringement contentions." *Id.* Patent Owner asserts that IBM "drafted and served 10,171 pages of invalidity contentions." *Id.* In addition, Patent Owner states documents have been produced and there have been there have been "multiple" depositions of fact witnesses and "multiple rounds of discovery requests and responses." *Id.* at 64.

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[2] The Guidance Memo approves the submission of the "most recent" median time-to-trial statistics for the district, among other evidence of projected trial dates. *See* Guidance Memo at 8–9 ("Parties may present evidence regarding the *most recent statistics* on median time-to-trial for civil actions in the district court in which the parallel litigation resides for the PTAB's consideration.") (emphasis added) (footnote omitted).

While the district court proceeding has already advanced well beyond the pleadings stage and discovery is underway, there is still much work to be done on the case, particularly as it relates to claim construction and invalidity. *See* Ex. 1007. We find this factor is neutral.

D. Overlap of Issues (Factor 4)

Patent Owner asserts there is overlap between the Petition and Petitioner's invalidity contentions in the district court litigation, which include Bossemeyer and Merenda. Prelim. Resp. 64 (citing Ex. 2008).

Anticipating this argument, Petitioner stipulates "that if the IPR is instituted, Petitioner will not pursue the same grounds in the district court litigation." Pet. 74 (citing *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC,* IPR2019-01393, Paper 24 at 7 (June 16, 2020) (informative)).

Patent Owner argues that Petitioner's proffered stipulation "is insufficient to overcome these concerns of duplicative efforts and conflicting outcomes based on the Board's own current guidance on the *Fintiv* factors." Prelim. Resp. 65 (citing *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A)).

Petitioner's stipulation is narrower than a *Sotera* stipulation, i.e., a stipulation "not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could have reasonably been raised in the petition." *See* Guidance Memo at 7, 9; *Sotera,* IPR2020-01019, Paper 12 at 13–14, 18. But Petitioner's stipulation does reduce the overlap relating to the challenge presented in the Petition and "mitigates to some degree the concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions." *See Sand Revolution*, IPR2019-01393, Paper 24 at 12. For these reasons, this factor

weighs marginally against discretionary denial. *See, e.g., Sand Revolution*, IPR2019-01393, Paper 24 at 12.

E. Identity of Parties (Factor 5)

Patent Owner asserts that denying institution is supported because the same parties are involved in both the present proceeding and the parallel district court litigation. Prelim. Resp. 65. Petitioner does not dispute this fact, but remarks that it "is true of most Petitioners in IPR proceedings" and should not be a basis for denying institution. Pet. 74.

We determine that this factor weighs in favor of a discretionary denial. *See Sotera*, IPR2020-01019, Paper 12 at 19 (citing *Fintiv*, IPR2020-00019, Paper 15 at 15; *Sand Revolution*, IPR2019-01393, Paper 24 at 12–13).

F. Other Circumstances, Including the Merits (Factor 6)

Under *CommScope*, if we determine that the other *Fintiv* factors favor discretionary denial, we must also consider whether the Petition presents compelling merits. IPR2022-01242, Paper 23 at 4–5.

We take "a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review" when evaluating these factors. *Fintiv*, Paper 11 at 6. We have considered the circumstances and facts before us in view of *Fintiv* factors 1–5. As discussed above, factors 1 and 3 are neutral, factors 2 and 5 weigh in favor of discretionary denial of institution, and factor 4 weighs marginally against discretionary denial. We, therefore, conclude that the evidence of record on factors 1–5 favors exercising our discretion to deny institution of an *inter partes* review.

Accordingly, following *CommScope*, where, as here, our analysis of the first five *Fintiv* factors favors denial of institution. we address the merits of the Petition to determine whether the merits are compelling.

IV. COMPELLING MERITS ANALYSIS

A. Legal Standard

As discussed *infra,* "[c]ompelling, meritorious challenges are those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence." Guidance Memo at 4. The Guidance Memo does not change the statutory standard for institution under 35 U.S.C. § 314(a). Instead, a determination of compelling merits will outweigh the other *Fintiv* factors, and such challenges will be allowed to proceed even if a district court litigation is proceeding in parallel. *Id.*

B. Claim Construction

We apply the claim construction standard articulated in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005). 37 C.F.R. § 42.100(b). Under *Phillips*, claim terms are afforded "their ordinary and customary meaning." *Phillips*, 415 F.3d at 1312. The "ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention." *Id.* at 1313. Only terms that are in controversy need to be construed, and then only to the extent necessary to resolve the controversy. *Realtime Data, LLC v. Iancu*, 912 F.3d 1368, 1375 (Fed. Cir. 2019) ("The Board is required to construe 'only those terms . . . that are in controversy, and only to the extent necessary to resolve the controversy.'" (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999))).

We have considered Petitioner's position that no claim terms require construction (Pet. 9) and Patent Owner's choice not to state its position on claim construction. We determine we need not expressly construe any claim term for purposes of this Decision. *See Realtime Data*, 912 F.3d at 1375.

C. Level of Ordinary Skill in the Art

Petitioner asserts that a person of ordinary skill in the art "would have had a bachelor's degree in computer science, computer engineering, electrical engineering, or equivalent, and approximately two years of experience working in the field of data storage systems and data security as of November 13, 2000." Pet. 9 (citing Zadok Decl. ¶¶ 113, 114). Petitioner adds that "[l]ess professional experience can be substituted by additional education, and vice versa." *Id.*

Patent Owner chooses not to state a position on this issue. Accordingly, for the purposes of this Decision, we adopt Petitioner's proposal regarding the level of ordinary skill in the art as it is consistent with the art before us.

D. Principles of Law

In an *inter partes* review, "the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable." *Harmonic*, 815 F.3d at 1363 (citing 35 U.S.C. § 312(a)(3) (requiring *inter partes* review petitions to identify "with particularity . . . the evidence that supports the grounds for the challenge to each claim")); *see also* 37 C.F.R. § 42.104(b) (requiring a petition for *inter partes* review to identify how the challenged claim is to be construed and where each element of the claim is found in the prior art patents or printed publications relied upon).

A patent claim is unpatentable under 35 U.S.C. § 103 if the differences between the claimed subject matter and the prior art are such that the subject matter, as a whole, would have been obvious to a person having ordinary skill in the art to which said subject matter pertains. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved based on underlying factual determinations

including: (1) the scope and content of the prior art; (2) differences between the claimed subject matter and the prior art; (3) the level of ordinary skill in the art; and (4) when presented, objective evidence of nonobviousness, i.e., secondary considerations.[3] *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966). Petitioner cannot satisfy its burden of proving obviousness by employing "mere conclusory statements," but "must instead articulate specific reasoning, based on evidence of record, to support the legal conclusion of obviousness." *In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364, 1380 (Fed. Cir. 2016). A reason to combine or modify the prior art may be found explicitly or implicitly in market forces; design incentives; the "interrelated teachings of multiple patents"; "any need or problem known in the field of endeavor at the time of invention and addressed by the patent"; and the background knowledge, creativity, and common sense of the person of ordinary skill. *Perfect Web Techs., Inc. v. InfoUSA, Inc.*, 587 F.3d 1324, 1329 (Fed. Cir. 2009) (quoting *KSR*, 550 U.S. at 418–421).

E. Overview of the Prior Art

1. Bossemeyer (Exhibit 1005)

Bossemeyer "describes a network arrangement which is readily accessible from different types of smart card terminals supporting various smart card applications." Ex. 1005, 1:44–47. "The network connections are facilitated by the present telephone network or an interconnected network of computers such as the Internet." *Id.* at 1:47–49. Bossemeyer's network arrangement also includes "a centralized server architecture, [where] data

[3] Patent Owner does not present any objective evidence of secondary considerations as to any of the challenged claims.

related to an individual can be accessed by an individual smart card, predefined groups of smart card users, or the general public." *Id.* at 1:49–52.

This arrangement is depicted in Figure 1 of Bossemeyer, which is reproduced below.

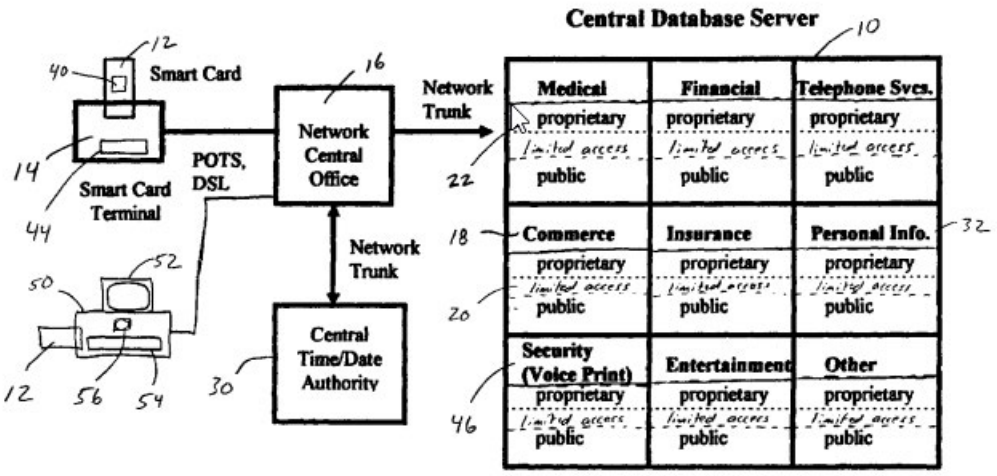

Figure 1

Figure 1 of Bossemeyer depicts smart card 12 and smart card terminal 14 connected to central database server 10 through telephone system central office 16. Ex. 1005, 2:9–12. Central database server 10 includes partitioned memory, as well as a microprocessor for processing data received from and transmitted to smart card terminal 14. *Id.* at 2:13–16. The information is stored in the partitioned memory by category (medical, financial, etc.) as well as level of security (unrestricted, or public limited access, restricted). *Id.* at 2:20–22. Private or proprietary information is partitioned such that the owner of the information has control over how the information is transferred and used. *Id.* at 2:28–30. This is illustrated in Figure 3, reproduced below.

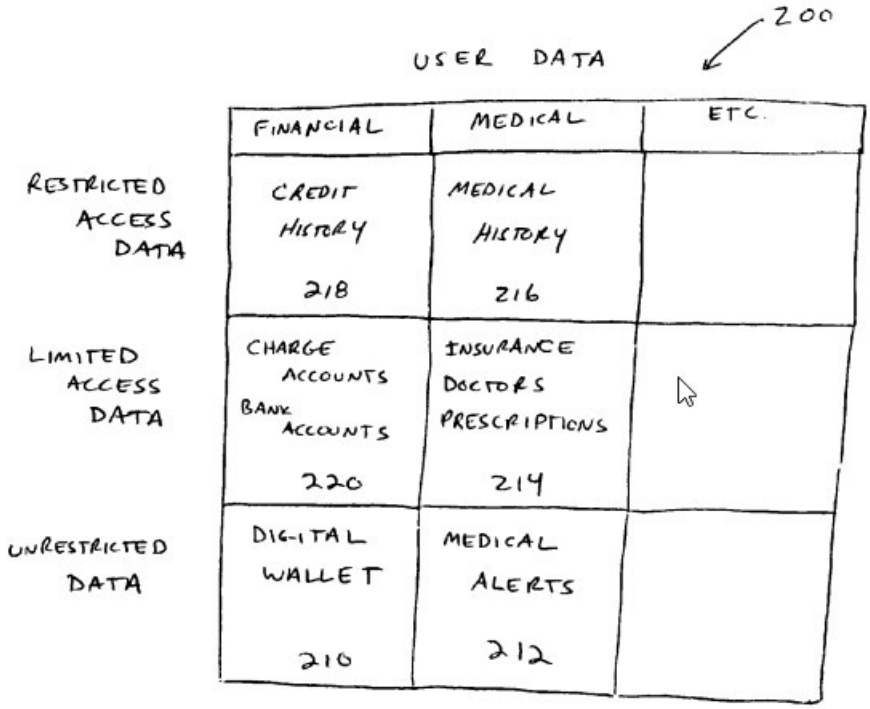

FIG. 3

Figure 3 shows a schematic diagram of partitioned server database 10 in Figure 1. *Id.* at 4:43–44. Each smart card 12 used with the system provides data pointers to the relevant partitions of central database server 10. *Id.* at 2:58–60. In operation, once the user's authorization has been verified, data pointers on smart card 12 provide access to the relevant partitioned memory portions of central database server 10. *Id.* at 3:63–66. Data from these various locations is supplied back to smart card terminal 14, and if appropriate, the data stored on smart card 12 is updated. *Id.* at 4:3–6.

2. Merenda (Exhibit 1006)

Merenda discloses "a method, system and program product for allowing the viewer of a public data set to access related records in a private data set based upon a link which may be selectively provided to the viewer to authorize such access." Ex. 1006, ¶ 2. Merenda discloses several

embodiments. In one embodiment, data entered by a consumer into a Web form is separated into related records in a public and private data set. *Id.* ¶ 7. In this embodiment, the public records would be available without restriction for read access by a population of merchants. *Id.* The private records would be available only per the indication of the consumer to the merchant in the population. *Id.* The records may be logically linked by the inclusion of a common key value into each of these records to indicate, for example, that these records emanated from a common source. *Id.*

In another embodiment, upon designation by the consumer, the various logically linked records in public and private tables for that consumer may be collected and assembled into an output Web page. *Id.* ¶ 10. The Web page is provided at a uniform resource locator (URL) which has been coded with the common key value linking the related records or with another pass code. *Id.* The merchant for whom access has been indicated is provided, either via e-mail or otherwise, with a hyperlink to the coded URL thereby enabling the selected merchant to access both the public and private data. *Id.*

F. Asserted Obviousness in view of Bossemeyer and Bossemeyer with Merenda

Petitioner challenges independent claims 1, 15, 33, and 47, and their dependent claims 2, 10, 16, 19, 34, 42, 48, and 51, as obvious over Bossemeyer (Ground 1) and over Bossemeyer with Merenda (Ground 2). Pet. 10. Focusing first on the independent claims, Petitioner provides an element-by-element analysis of those references in relation to claims 1, 15, 33, and 47. *Id.* at 19–57. Petitioner also provides reasons a person of ordinary skill would have been motivated to combine the teachings of Bossemeyer and Merenda. *Id.* at 57–66.

Petitioner relies on Bossemeyer alone (Ground 1) or with Merenda (Ground 2) for the preambles of claims 1, 15, 33, and 47, if limiting.[4] Pet. 19. For example, in each independent claim, preamble element [i] recites "securing data based upon a plurality of security levels, each with a predetermined security clearance," and preamble element [iii] recites "said data having security sensitive content represented by one or more security sensitive words, data objects, characters, images, data elements or icons." *Id.* at 19, 28, 36. Petitioner asserts that Bossemeyer "discloses securing sensitive data by restricting access to the sensitive data, e.g., limited access data or restricted access data" and "[a person of ordinary skill] would have understood that the 'limited access information' and/or 'proprietary information' would include security sensitive content, such as, words, characters, data objects or icons, because Bossemeyer discloses restricting access to such content." *Id.* at 19, 36; *see also* at 19–24 (discussing Bossemeyer Figures 1 and 3). Similarly, Petitioner contends that "Merenda discloses a method for securing data by separating the data into public and private or sensitive data sets and allowing access to that data based on predetermined security clearances." *Id.* at 25 (citing Ex. 1006 ¶ 25).

Referring to the Guidance Memo, Patent Owner argues in response that the "compelling-merits question requires a higher standard of proof, 'highly likely to prevail,' than the statutory standard for institution, 'reasonably likely to prevail.'" Prelim. Resp. 61. Patent Owner asserts that the Petition is deficient because Bossemeyer is not analogous art to the '047 patent. *Id.* at 1, 16–24. Patent Owner contends also that Bossemeyer and

[4] We do not state an opinion on whether the preamble is limiting as it is not necessary for our Decision.

Merenda both fail to teach the recited extracting and permitting reconstruction steps. *Id.* at 2, 24–49. Finally, Patent Owner contends that Petitioner fails to provide a sufficient motivation to combine Bossemeyer and Merenda. *Id.* at 2, 49–60.

1. Extracting Limitation

As Patent Owner explains, "[e]very challenged claim of the '047 [patent] requires both 'extracting said security sensitive content from said data' and 'permitting reconstruction of some or all of said data.'" Prelim. Resp. 24 (emphasis omitted).[5] For example, claim element 1[a] recites "extracting said security sensitive content from said data to obtain (a) subsets of extracted data and (b) remainder data." *See* Section II.D, *supra*. Claim elements 15[a], 33[a], and 47[a] are the same, except the parenthetical designations "(a)" and "(b)" are omitted in claim 15. *See* Prelim. Resp. 25 (chart).

For this "extracting" step, Petitioner relies on Bossemeyer alone (in Ground 1) or with Merenda (in Ground 2). Pet. 38.

In its first ground, Petitioner contends that "Bossemeyer discloses partitioning or separating (e.g., extracting) data in terms of the data's level of security/accessibility." *Id.* at 39 (citing Ex. 1005, 2:17–27; Zadok Decl. ¶ 150) (emphasis omitted). According to Petitioner, the "proprietary" and "limited access" information in Bossemeyer's database corresponds to the recited "extracted data," and the "public" information corresponds to the recited "remainder data." *Id.* at 39–41 (color-coded versions of Bossemeyer's Figures 1 and 3).

[5] The reconstruction limitation is addressed in subsection IV.F.2. below.

We do not see compelling evidence from Petitioner that the extracting limitation is taught or suggested by Bossemeyer. As discussed in Section II.C above, the '047 patent discloses extraction occurring as an initial step in which a filter removes or extracts security-sensitive data from a data object prior to storage. *See* Ex. 1001, 18:39–45, Fig. 1A. In contrast, Bossemeyer discloses a "partitioned" memory (*see* Fig. 3, reproduced in Section II.E.1 above), but does not disclose extracting, i.e., filtering or separating, security sensitive information from source data to obtain extracted data and remainder data. *See* Easttom Decl. ¶ 29 ("Bossemeyer is entirely silent as to where the information stored in the central server comes from, the form it takes before it gets to the central database server, or how the different pieces of information end up in the different partitioned areas of memory."). Petitioner points to no disclosure or suggestion that the "proprietary" and "limited access" information in Bossemeyer's database has been filtered or separated from the "public" information, so as to result in "extracted data" and "remainder data," as recited in the challenged claims.

Petitioner's analysis of this claim element in light of Bossemeyer repeatedly refers to Bossemeyer's "partitioned" database server and attempts to equate "partitioning" with "extraction." *See, e.g.*, Pet. 39 ("Bossemeyer partitions or separates (e.g., extracts), user data into subsets of extracted data, e.g., limited access information and/or proprietary information, and remainder data, e.g., public information.") (emphases and color highlighting omitted). We do not find this argument compelling. We agree with Patent Owner's expert, Dr. Easttom, who testifies, "a partitioned memory does not imply or suggest extraction or parsing of data." Easttom Decl. ¶ 30. As Dr. Easttom explains, a partitioned memory "merely refers to memory with different areas reserved for different types of information." *Id.*

Petitioner argues that, to the extent Bossemeyer does not explicitly disclose "extracting data," a person of ordinary skill would have understood that, when Bossemeyer's central data base server "partitions" user information in terms of accessibility, "Bossemeyer's method would filter and extract the secure sensitive information, (e.g., restricted- and/or limited-data), from the received user data, (e.g., from a user data file)." Pet 42 (citing Ex. 1005, 2:17–20). We find the reference in Bossemeyer to "partitions" is not a compelling disclosure of extracting, e.g., filtering or removing, security sensitive data from a data object prior to storage. We agree, instead, with Dr. Easttom, that this disclosure in Bossemeyer is "merely referring to the act by the memory partitions of keeping different pieces of information separate from each other, not removing some pieces of data from a larger whole." Easttom Decl. ¶ 32. He concludes that "[a person of ordinary skill] would have understood that the extracting process of the '047 Patent is vastly different than the act of 'partitioning' either as used in Bossemeyer or as used in the art at the time.'" *Id.* ¶ 34.

In its second ground, Petitioner contends that "Merenda discloses extracting security sensitive content, e.g., private elements, from user data to obtain subsets of extracted data, e.g., address, credit card or social security number and remainder data, e.g., non-private elements." Pet. 43–44 (emphasis and color coding omitted; citing Ex. 1006 ¶¶ 23, 24, 31, Figs. 1, 2, 3; Zadok Decl. ¶ 221).

We do not see compelling evidence from Petitioner that the extracting limitation is taught or suggested by Merenda. Merenda discloses two kinds of data parsing, one "simplistic" and the other "sophisticated":

> Fundamental to the implementation of the present invention is the notion that a set of data may be parsed into

> private and non-private elements. At the most *simplistic* level this might entail, for example, identifying input fields on a Web page as requiring sensitive data input such as an address, credit card or social security number, versus non-sensitive information such as the name of the item being purchased, the date, time etc. At a more *sophisticated* level this notion might entail the combination of otherwise non-sensitive data elements into a combined sensitive data construct.

Ex. 1006 ¶ 23 (emphases added). It does not appear that Petitioner is relying on Merenda's "sophisticated" notion of data parsing to teach or suggest the extracting limitation. *See* Pet. 44 (quoting from Merenda paragraph 23, describing only "simplistic" parsing). In any event, we agree with Patent Owner that "[t]his more sophisticated version of 'parsing' doesn't remove anything, it ***combines*** data fields." Prelim. Resp. 42; Easttom Decl. ¶ 70.

Merenda's "simplistic" version of parsing fares no better. Prelim. Resp. 41–42. We agree with Patent Owner that Merenda's "parsing" does not disclose extracting, i.e., filtering or separating, security sensitive information from source data to obtain extracted data and remainder data. *Id.* at 42. Instead, Merenda discloses storing data entered in empty fields pre-designated as "private" separately from data entered in fields pre-designated "public." Ex. 1006 ¶¶ 23, 24, 26, 31, Figs. 1–3. No extracting takes place because the customer has already separated the private data from the public data in filling out the web form and entering data in separate fields that were previously designated either private or public. *See* Easttom Decl. ¶¶ 58–64 (discussing Merenda). We agree with Dr. Easttom's analogy to an airport security process:

> Merenda works a bit like standard versus pre-check security at the airport. Before the security lines form, the official is trained to recognize that boarding passes with the green "pre-check" icon may enter the pre-check security line, and that those with

> boarding passes missing that icon should go to the regular security line. *This step is analogous to what Merenda describes as its "parsed" step, meaning parsing in advance what kinds of information/boarding passes will qualify for different treatment.* As people (like individual items of information) arrive, depending on what's on their boarding pass, they go directly to either the pre-check security line (like the private data set) or the standard security line (like the public data set).

Id. ¶ 64 (emphasis added). Petitioner presents no compelling argument that Merenda's disclosure of storing data entered in fields pre-designated as "private" separately from data entered in fields pre-designated "public" discloses or suggests the extracting limitation.

2. Reconstruction Limitation

Claim elements 1[c], 15[c], 33[c], and 47[c] each recites "permitting reconstruction of some or all of said data via one or more of said subsets of extracted data from respective extract stores and remainder data." Pet. 47 (heading); Prelim. Resp. 25 (chart). For this "reconstruction" limitation, Petitioner relies on Bossemeyer alone (in Ground 1) or with Merenda (in Ground 2). Pet. 47. Petitioner contends that Bossemeyer discloses "permitting the reconstruction of the partitioned data, e.g., allowing access to the partitioned data, using 'user identification codes,'" specifically, retrieving data "from the different partitioned memory portions of the central database server 10" and presenting the data "e.g., at a terminal, based on a particular user's authorization." *Id.* at 47–48.

We do not find this argument compelling for several reasons. First, Petitioner's argument equates "reconstructing" with "allowing access" to the user data. *Id.* We do not agree. As Dr. Easttom testifies, "[p]roviding access to data, or allowing someone to view it, is not reconstruction." Easttom Decl. ¶ 46. Dr. Easttom continues, "[n]othing in Bossemeyer

suggests that the piece of data targeted by the pointer and then provided to the merchant is in any way reconstructed or combined with any other data, let alone a body of data that it was originally a part of." *Id.*

Second, we are not persuaded that Dr. Zadok's testimony provides compelling evidence that the reconstruction limitation is disclosed or suggested by Bossemeyer. *See* Zadok Decl. ¶¶ 164–174. We agree with Patent Owner that much of Dr. Zadok's testimony is based on assumptions that he does not support with facts. Prelim. Resp. 33–37. For example, he testifies, without factual support, that "[t]he system of Bossemeyer retrieves remainder data (e.g., public information such as a customer's name), retrieve [sic] extracted data (*e.g.*, proprietary or limited access information such as credit card numbers and account PIN/numbers), and then logically merges these pieces of information (*i.e.*, reconstruct the original information to appear as before it was split into different security categories)." Zadok Decl. ¶ 170 (emphases and color coding omitted). Dr. Zadok provides no citation to Bossemeyer, and we see no disclosure that Bossemeyer's system "logically merges" public information, such as a customer's name, with proprietary or limited access information, such as credit card numbers and account PIN/numbers. *Id.* Dr. Zadok even admits that "Bossemeyer does not explicitly state that the information, once reaching the terminal, is merged/reconstructed." *Id.* ¶ 171. Nevertheless, he speculates (without support) that "a [person of ordinary skill in the art] would have understood that such logical merging would have been obvious to take place for the (secure) transaction to succeed." *Id.* We find that Dr. Zadok's testimony is speculative, hindsight-biased, and unsupported by Bossemeyer, which does not disclose or suggest any such logical merging of data. *See, e.g., Plantronics, Inc. v. Aliph, Inc.*, 724 F.3d 1343, 1354 (Fed. Cir. 2013)

(holding that an articulated reasoning "is especially important to guard against the dangers of hindsight bias"). *See* Easttom Decl. ¶¶ 47–56 (challenging Dr. Zadok's assumption of merging data in Bossemeyer).

Referring to its second ground, Petitioner contends "to the extent that Patent Owner contends that Bossemeyer does not teach this limitation, Merenda also discloses providing partial access to data . . . and/or providing complete access to the data." Pet. 51 (citing Ex. 1006 ¶ 7). Petitioner continues, "Merenda also discloses providing access to fully reconstructed data by combining the public and private data when the requester has a certain predetermined security clearance." *Id.* We do not find these arguments compelling. As Dr. Easttom testifies, in Merenda's first embodiment, "[g]etting access for viewing items of information is not 'reconstruction.'" Easttom Decl. ¶ 76. Dr. Easttom explains that Merenda "describes merely providing access to single items of information, one at a time, not anything that is even analogous to reconstruction." *Id.* ¶ 77 (quoting Merenda ¶ 29, stating that "access to the data elements . . . may be made on an element-by-element basis").

Dr. Zadok testifies that "Merenda describes how the split but logically linked data can be assembled (reconstructed) later on and presented into an output Web page." Zadok Decl. ¶ 233 (citing Ex. 1006 ¶ 10). Dr. Zadok's testimony is not compelling. We agree with Patent Owner and Dr. Easttom that the language of the challenged claims requires reconstruction of data objects as they existed before any extraction has occurred. Prelim. Resp. 38, 44; Easttom Decl. ¶ 82. For example, claim element 1[c] requires "permitting reconstruction of some or all of said data." Ex. 1001, 57:19. We agree with Patent Owner's argument that the antecedent for "said data"

in the reconstruction limitation is the same "data" processed in the extracting step. Prelim. Resp. 38; Easttom Decl. ¶ 82.

Petitioner does not provide compelling evidence that the various pieces of information in Bossemeyer's partitioned data base or Merenda's "customized Web page" were ever originally together, as part of a whole, before the alleged extraction and storage, making it impossible to "reconstruct" that which never existed previously. Prelim. Resp. 39, 44–46; Easttom Decl. ¶ 53 ("Bossemeyer is entirely silent on the nature of the data before it is found in the portioned database server."). As to Merenda, Dr. Easttom explains, even accepting Petitioner's view that the user's filled-out Web form constitutes the original "data," there is no reconstruction of "said data," i.e., the web form initially submitted by the customer. Easttom Decl. ¶¶ 80–85. He testifies that "Merenda's . . . description of that 'customized Web page' with public and private data aggregated for the merchant is different from the customer's original data-entry web form." Easttom Decl. ¶ 85. He continues, "[i]t is an entirely new construct, with an entirely different data structure." *Id.* He concludes that "while some of the items of information may have been the same as those provided on the original customer web form, the entire data structure is different. This customized Web page is something entirely new, not a reconstruction." *Id.*

3. Summary and Conclusion – Compelling Merits

As discussed above, "[c]ompelling, meritorious challenges are those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence." Guidance Memo, 4. For the reasons given, Petitioner's arguments and evidence do not present a "compelling, meritorious challenge." In view of this determination, we do not need to address Patent

Owner's additional arguments that Bossemeyer is not analogous art to the '047 patent or that there is insufficient motivation to combine Bossemeyer and Merenda.

G. Balancing the Fintiv Factors

We have considered the circumstances and facts before us in view of the *Fintiv* factors. As discussed above, we have determined that factors 1–5 weigh in favor of discretionary denial of institution. Moreover, we have further determined that the Petition does not show compelling evidence of unpatentability under factor 6. We therefore conclude that the evidence of record favors exercising our discretion to deny institution of an *inter partes* review.

V. CONCLUSION

Upon consideration of the Petition, the Preliminary Response, and the accompanying evidence, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of an *inter partes* review challenging claims 1, 2, 10, 15, 16, 19, 33, 34, 42, 47, 48, and 51 of the '047 patent.

VI. ORDER

For the foregoing reasons, it is hereby:

ORDERED that the Petition is *denied*, and no trial is instituted.

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