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Paper 29
Entered: November 6, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MITEK SYSTEMS, INC.,
Petitioner,

v.

UNITED SERVICES AUTOMOBILE ASSOCIATION,
Patent Owner.

IPR2020-00882
Patent 9,818,090 B1

Before MICHAEL R. ZECHER, STACEY G. WHITE, and TERRENCE W. McMILLIN, *Administrative Patent Judges*.

ZECHER, *Administrative Patent Judge*.

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

I. INTRODUCTION

Mitek Systems, Inc. ("Mitek"), filed a Petition requesting an *inter partes* review ("IPR") of claims 1–19 of U.S. Patent No. 9,818,090 B1 (Ex. 1001, "the '090 patent"). Paper 1 ("Pet."). Patent Owner, United Services Automobile Association ("USAA"), filed redacted and un-redacted versions of a Preliminary Response (Papers 21 and 22 ("Prelim. Resp.")), along with a Joint Motion to Seal both Exhibit 2023 and certain portions of the Preliminary Response that reference this exhibit (Paper 20). With our authorization, Mitek filed redacted and un-redacted versions of a Reply (Papers 23 and 24) and USAA filed redacted and un-redacted versions of a Sur-reply (Papers 26 and 27), along with a Joint Motion to Seal certain portions of the Sur-reply that reference Exhibit 2023 (Paper 25).

Mitek's Reply and USAA's Sur-reply each were tailored narrowly to address the following two issues: (1) whether Wells Fargo Bank, N.A. ("Wells Fargo") should have been named as a real party in interest in Mitek's Petition and, if so, whether we should deny Mitek's Petition under 35 U.S.C. § 315(b) because Wells Fargo was served with a complaint alleging infringement of the '090 patent more than one year before Mitek filed its own Petition; and (2) whether there is a sufficient relationship between Mitek and Wells Fargo, such that the non-exclusive list of factors set forth in *General Plastic Industrial Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential only as to Section II.B.4.i) ("*General Plastic*"), and expanded upon in *Valve Corp. v. Electronic Scripting Products, Inc.*, IPR2019-00062, Paper 11 (PTAB Apr.

2, 2019) (precedential) ("*Valve*"), apply for purposes of discretionary denial under 35 U.S.C. § 314(a).

Taking into account the holding in *Valve*, we determine that there is a significant relationship between Mitek and Wells Fargo such that we should consider the *General Plastic* factors because, like two previous petitions filed by Wells Fargo challenging claims 1–19 of the '090 patent, Mitek's Petition challenges the same claims of the same patent. Based on our consideration of the *General Plastic* factors, we determine that these particular circumstances warrant us exercising our discretion under § 314(a) to *deny* Mitek's Petition.[1]

A. Related Matters

The parties indicate that the '090 patent and three other related patents are the subject of the following two district court cases: (1) *Mitek Systems, Inc. v. United Services Automobile Ass'n*, No. 2:20-cv-00115-JRG (E.D. Tex.); and (2) *United Services Automobile Ass'n v. Wells Fargo Bank, N.A.*, No. 2:18-cv-245-JRG (E.D. Tex.). Pet. 2–3; Paper 10, 2. In addition to Mitek's Petition, Wells Fargo filed the following two petitions challenging the '090 patent: (1) *Wells Fargo Bank, N.A. v. United Services Automobile Ass'n*, CBM2019-00002, Paper 2 (PTAB Nov. 8, 2018) (challenging claims

[1] Because we are exercising our discretion under § 314(a) to deny Mitek's Petition, we need not reach whether Wells Fargo should have been named as a real party in interest in Mitek's Petition and, if so, whether we should deny Mitek's Petition under § 315(b) because Wells Fargo was served with a complaint alleging infringement of the '090 patent more than one year before Mitek filed its own Petition.

1–20 of the ’090 patent); and (2) *Wells Fargo Bank, N.A. v. United Services Automobile Ass’n*, IPR2019-00815, Paper 2 (PTAB Mar. 20, 2019) (challenging claims 1–19 of the ’090 patent). Paper 10, 2–3. In CBM2019-00002, Wells Fargo’s Petition challenging claims 1–20 of the ’090 patent was dismissed prior to institution. CBM2019-00002, Paper 16. In IPR2019-00815, Wells Fargo’s Petition challenging claims 1–19 of the ’090 patent was denied on the merits. IPR2019-00815, Paper 17. Mitek’s Petition was filed in this case on April 30, 2020, which is roughly eight months after the Board entered a decision denying institution in IPR2019-00815 on August 26, 2019. *Compare id.*, *with* Paper 3, 1 (according Mitek’s Petition a filing date of April 30, 2020).

USAA also identifies the following two applications as claiming priority to the ’090 patent: (1) U.S. Patent Application No. 15,792,966—now U.S. Patent No. 10,235,660 B1; and (2) U.S. Patent Application No. 16/280,455—now abandoned. Paper 10, 3.

B. The ’090 Patent

The ’090 patent is titled “Systems and Methods for Image and Criterion Monitoring During Mobile Deposit.” Ex. 1001, code (54). The ’090 patent generally relates to improving remote deposit of checks by providing feedback about the image of a check to be deposited before the image is captured by a camera and sent to a financial institution. *See*, *e.g.*, *id.* at code (57) (“Feedback may be provided to the user of the camera regarding the image of the check in the field of view.”), 21:51–22:2 (independent claim 1 recites, in relevant part, “present[ing] feedback

information describing an instruction for satisfying the monitoring criterion").

As way of background, the '090 patent acknowledges that "depositing a check typically involves going to a local bank branch and physically presenting the check to a bank teller." Ex. 1001, 1:33–35. The '090 patent also acknowledges that remote deposit of a check—capturing and sending a digital image of a check to a financial institution for crediting to a payee's account—reduces that burden. *Id.* at 1:35–41. The '090 patent states, however, that "such a technique requires the efficient and accurate detection and extraction of the information pertaining to a check in the digital image," and "[c]apturing a digital image at a mobile device that allows for subsequent detection and extraction of the information from the digital image is difficult." *Id.* at 1:41–47.

Figures 1 and 2 of the '090 patent are reproduced below.

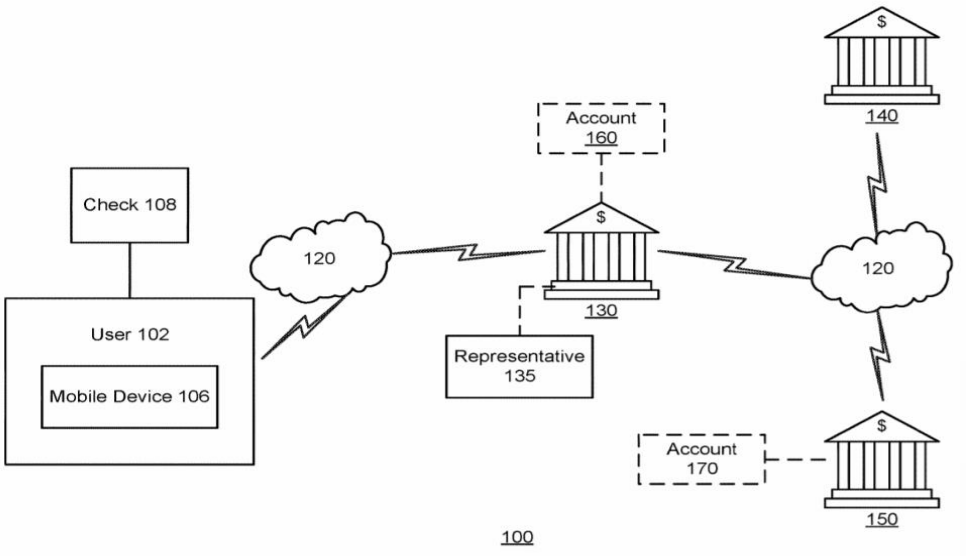

FIG. 1

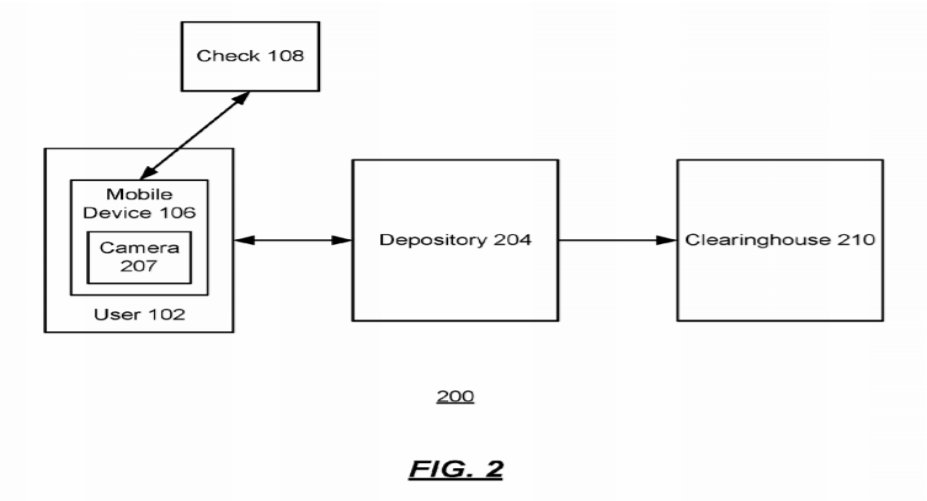

FIG. 2

Figures 1 and 2, reproduced above, illustrate implementations of systems that may be used for depositing a check. Ex. 1001, 2:21–26. "The user 102 may deposit the check 108 into account 160 by making a digital image of the check 108 and sending the image file containing the digital image to financial institution 130." *Id.* at 3:61–64, Fig. 1. Figure 2 illustrates mobile device 106 of user 102 as having camera 207. *Id.* at 6:16–21, Fig. 2. The '090 patent indicates camera 207 may be a digital camera and may be called a camera phone. *Id.* at 6:25–27.

"To increase the likelihood of capturing a digital image of the check 108 that may be readable and processed such that the check 108 can be cleared, the image is monitored for compliance with one or more monitoring criteria, prior to the image of the check 108 being captured." Ex. 1001, 4:6–10. The '090 patent states that "[t]he monitoring criteria may be directed to proper lighting and/or framing of the check 108 in an image of the check 108 that will be captured and presented for clearing of the check 108." *Id.* at 4:10–13. In other words, the '090 patent states that "[t]he

monitoring is performed with respect to the image as it appears in the field of view of the camera of the mobile device 106." *Id.* at 4:16–18. "The field of view is that part of the world that is visible through the camera at a particular position and orientation in space; objects outside the field of view when the image is captured are not recorded in the image." *Id.* at 4:18–22.

The '090 patent describes examples of monitoring criteria. Ex. 1001, 4:22–27. According to '090 patent, "[t]he monitoring criteria may be based on one or more of light contrast on the image, light brightness of the image, positioning of the image, dimensions, tolerances, character spacing, skewing, warping, corner detection, and MICR (magnetic ink character recognition) line detection, as described further" in the specification. *Id.* "By ensuring that the image of the check passes monitoring criteria during pre-image capture monitoring, the number of non-conforming images of checks is reduced during presentment of the images to a financial institution for processing and clearing." *Id.* at 4:37–42.

The '090 patent states that "feedback may be provided to the user 102 regarding the image of the check in the field of view" and, "[b]ased on the feedback, the user 102 may reposition the check 108 and/or the camera, for example, or may capture an image of the check 108." Ex. 1001, 4:42–46.

"When the image of the check 108 in the field of view passes the monitoring criteria, an image may be taken by the camera and provided from the mobile device 106 to a financial institution." Ex. 1001, 4:34–37. The '090 patent states that the image of the check may be captured "automatically . . . as soon as the image of the check 108 is determined to

pass the monitoring criteria" or may be captured manually when the user instructs the camera to perform the image capture. *Id.* at 4:47–55.

Figure 3 of the '090 patent is reproduced below.

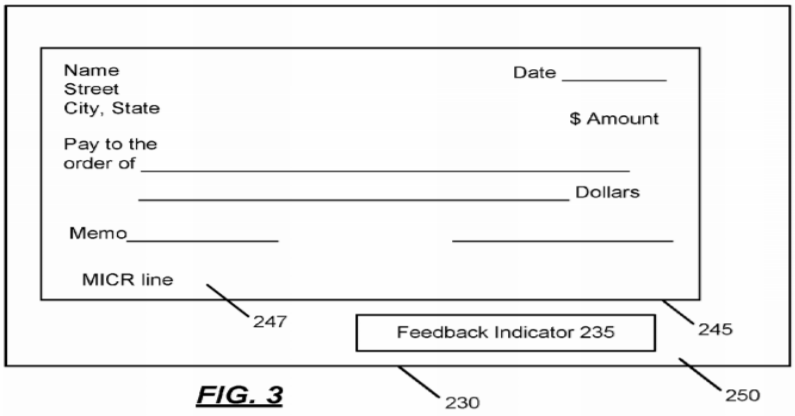

FIG. 3

Figure 3, reproduced above, illustrates an example image 230 generated by camera 207 in mobile device 106 of user 102. Ex. 1001, 7:19–23. As shown above, image 230 includes check image 247, background image 250, and "feedback indicator 235 providing feedback to the user 102." *Id.* at 7:19–21.

"Feedback regarding the image 230 in the field of view with respect to the monitoring criteria may be generated and provided to the user 102." Ex. 1001, 7:36–38. The '090 patent describes visual and aural examples of feedback that may be provided. *Id.* at 7:36–51. Visual feedback examples include text instructions: "go closer," "go farther," "move the check to the right," "put the check on a darker background," "tilt the camera down," and "take the picture now." *Id.* at 7:38–42. Other feedback examples include "arrows, or other visual indicators or cues (e.g., green lights, red lights, etc.) overlaid on the image 230." *Id.* at 7:42–43. Aural feedback provided to the

user 102 through a speaker associated with mobile device 106 "may advise the user 102 to move the camera 207 or the check 108 or adjust the lighting or the background." *Id.* at 7:44–49. "The feedback may also advise the user 102 when the image 230 passes the one or more monitoring criteria and to capture the image of the check 108." *Id.* at 7:49–51.

C. Challenged Claims

Of the challenged claims, claims 1 and 11 are independent. Independent claim 1 is directed to "[a] system," whereas independent claim 11 is directed to "[a] method for capturing an image of a target document by a mobile computing device." Ex. 1001, 21:51, 22:47–48. Claims 2–10 directly or indirectly depend from independent claim 1, and claims 12–19 directly or indirectly depend from independent claim 11. *Id.* at 22:3–46, 22:64–24:10. Independent claim 1 is illustrative of the challenged claims and is reproduced below.

> 1. A system comprising:
>
> an image capture device;
>
> a presentation device; and
>
> a processor in communication with the image capture device and the presentation device, the processor configured to:
>
> > monitor a target document in a field of view of the image capture device with respect to a monitoring criterion;
> >
> > control the presentation device to present feedback information describing an instruction for satisfying the monitoring criterion;

> determine whether the monitoring criterion is satisfied based on the target document in the field of view of the image capture device; and
>
> when the monitoring criterion is determined to be satisfied, control the image capture device to capture an image depicting the target document in the field of view of the image capture device.

Ex. 1001, 21:51–22:2.

D. Asserted Prior Art References

Mitek relies on the prior art references set forth in the tables below.

Name[2]	**Reference**	**Dates**	**Exhibit No.**
Backstrom	US 2007/0183652 A1	published Aug. 9, 2007; PCT filed June 17, 2005	1005
Takehara	JP 2004-23158 (with English translation)	published Jan. 22, 2004; filed June 12, 2002	1006
Miyata	JP 2006-174105 (with English translation)	published June 29, 2006; filed Dec. 16, 2004	1007
Dance	US 6,922,487 B2	issued July 26, 2005; filed Nov. 2, 2001	1008
Mekuria	US 6,931,255 B2	issued Aug. 16, 2005; filed Sept. 19, 2001	1009

Printed Publication	**Exhibit No.**
Andrew Adams, et al., "*Viewfinder Alignment*," Computer Graphics Forum (Eurographics 2008), vol. 27, no. 2, pp. 597–606 (Apr. 2008) ("Adams").	1010

[2] For clarity and ease of reference, we only list the first named inventor.

E. Asserted Grounds of Unpatentability

Mitek challenges claims 1–19 of the '090 patent based on the asserted grounds of unpatentability set forth in the table below. Pet. 5–6, 19–91.

Claim(s) Challenged	35 U.S.C. §	References
1, 4, 5, 7, 10, 11, 14, 15, 17	103(a)[3]	Backstrom, Dance
2, 3, 12, 13	103(a)	Backstrom, Dance, Takehara
6, 16	103(a)	Backstrom, Dance, Takehara, Mekuria
8, 9, 18, 19	103(a)	Backstrom, Dance, Adams
1–5, 7, 11–15, 17	103(a)	Takehara, Dance
6, 16	103(a)	Takehara, Dance, Mekuria
8, 9, 18, 19	103(a)	Takehara, Dance, Adams
10	103(a)	Takehara, Dance, Backstrom
1, 4, 5, 7, 10, 11, 14, 15, 17	103(a)	Miyata, Dance
2, 3, 12, 13	103(a)	Miyata, Dance, Takehara
6, 16	103(a)	Miyata, Dance, Takehara, Mekuria
8, 9, 18, 19	103(a)	Miyata, Dance, Adams

II. ANALYSIS

In its Petition, Mitek contends that the *General Plastic* factors confirm its Petition "should be considered" because it "has not previously challenged

[3] The Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284, 287–88 (2011), amended 35 U.S.C. § 103, effective March 16, 2013. Because the '090 patent claims priority to an application that was filed before this date, the pre-AIA version of § 103 applies. Ex. 1001, code (63).

the '090 [p]atent and [it] was not involved with (and did not join)" the two previous petitions filed by Wells Fargo. Pet. 7. Mitek also argues that, "[a]lthough [USAA] did subpoena [Mitek] in prior litigation between Wells Fargo and [USAA]" in district court, "[Mitek] had separate counsel in that action, was never named as a co-defendant, and did not intervene." *Id.* In its Reply, Mitek further contends that instituting its Petition would be equitable because the *General Plastic* factors do not support us exercising our discretion to deny institution under § 314(a). Reply 5–7. In its Preliminary Response and Sur-reply, USAA contends that there is a significantly close relationship between Mitek and Wells Fargo that supports applying the *General Plastic* factors and, upon weighing those factors, we should exercise our discretion to deny institution under § 314(a). Prelim. Resp. 9–23; Sur-reply 4–7.

It is well-settled that institution of an *inter partes* review is discretionary. *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) ("[T]he [Office] is permitted, but never compelled, to institute an IPR proceeding."); *see also* 35 U.S.C. § 314(a) ("The Director *may not* authorize an inter partes review to 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." (emphasis added)). In *General Plastic*, the Board addressed concerns that arise when a petitioner files multiple, staggered petitions challenging the same claims of the same patent. *General Plastic* identifies a non-exclusive list of seven factors parties may consider addressing, particularly when the petition at issue may be

considered a follow-on petition and whether such a follow-on petition provides a basis for discretionary denial. *General Plastic* at 15–21. Those factors include the following:

> 1. whether the same petitioner previously filed a petition directed to the same claims of the same patent;
>
> 2. whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
>
> 3. whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition;
>
> 4. the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;
>
> 5. whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
>
> 6. the finite resources of the Board; and
>
> 7. the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.

General Plastic at 15–16.

We now consider these factors to determine whether we should exercise discretion to deny institution under § 314(a). In evaluating the factors, we also take into account the holding in *Valve* that "our application

of the *General Plastic* factors is not limited solely to instances when multiple[, staggered] petitions are filed by the same petitioner. Rather, when different petitioners challenge the same patent, we consider any relationship between those petitioners when weighing the *General Plastic* factors." *Valve* at 2.

Factor 1—Whether the same petitioner previously filed a petition directed to the same claims of the same patent

Under the first factor of *General Plastic*, we consider "whether the same petitioner previously filed a petition directed to the same claims of the same patent." *General Plastic* at 16. *Valve* expands upon this particular factor by requiring us to consider whether there is a "significant relationship" between different petitioners challenging the same claims of the same patent, which, in this particular case, requires us to consider the relationship between Mitek and Wells Fargo. *Valve* at 9–10.

In its Preliminary Response, USAA contends that the first factor favors discretionary denial because the '090 patent was the subject of two prior petitions filed by Wells Fargo. Prelim. Resp. 9 (citing Ex. 2013). USAA argues that, at the time Wells Fargo filed its two prior petitions, [redacted]'" *Id.* at 10 (citing Ex. 2023 ¶¶ C8, C9).

USAA further argues that the facts present here are even stronger than those that were presented in *Valve* for the following five reasons: (1) similar

to here, "the petitioner in *Valve* filed an IPR against the same patent and the same claims as that of an earlier[-filed] IPR petition"; (2) similar to Wells Fargo's earlier-filed IPR petition, "the Board in *Valve* denied the earlier petition on its merits"; (3) like Mitek has done here, "the second Petitioner in *Valve* filed its IPR [petition] only after the Board denied institution of the earlier IPR"; (4) the customer-vendor relationship between Mitek and Wells Fargo is similar to "the relationship between the first and second petitioners in *Valve*"; and (5) Mitek was aware of the infringement contentions against its customer—Wells Fargo—and was closely monitoring any developments, as evidenced by [redacted] Wells Fargo and Mitek's 10-Q filing with the Securities and Exchange Commission ("SEC") for the quarterly period ending March 31, 2019. Prelim. Resp. 10–12 (citing Ex. 2004 ¶¶ 9, 11; Ex. 2023 ¶ A1; Ex. 2014, 41[4]). Indeed, USAA argues that Mitek's involvement in Wells Fargo's litigation defense in district court "was deeper than that of the petitioner in *Valve*" because Mitek directly assisted Wells Fargo in its litigation defense by, for example, [redacted], voluntarily sending a corporate representative to testify as Wells Fargo's lead witness, and having Mitek's General Counsel attend the Wells

[4] All references to the page numbers in Mitek's 10-Q filing with the SEC for the quarterly period ending March 31, 2019, refer to the page numbers inserted by USAA in the bottom, right-hand corner of each page in Exhibit 2014.

Fargo/USAA trial. *Id.* at 13–15 & nn.5 & 7 (citing Ex. 2023 ¶¶ C8–C11; Ex. 2006, 5:3–6, 55:9–91:12; Ex. 2008, 97:13–98:10).

In its Reply, Mitek counters that, unlike the cases relied on by USAA in its Preliminary Response, "Mitek was not involved with, and did not join," the two prior petitions filed by Wells Fargo. Reply 5. Mitek also argues that, rather than intervene in Wells Fargo's litigation defense in district court, "Mitek filed its own [declaratory judgment] action, illustrating Mitek's and [Wells Fargo's] divergent interests—Mitek has many more customers than just [Wells Fargo]." *Id.* (citing Ex. 1048 ¶ 3). Mitek also contends that *Valve* "is inapposite" to the circumstances present here because "Valve and the prior petitioner were named as ***co-defendants*** in the infringement action" (i.e., "the patent owner actually accused Valve of infringement"). *Id.* at 5–6 (citing *Valve* at 2, 9). Mitek further argues that, unlike here, Valve did not file its own declaratory judgment action against the patent owner, which, according to Mitek, "shows that Mitek and [Wells Fargo] are operating independently with respect to USAA's assertion of the ['090] patent." *Id.* at 6.

In its Sur-reply, USAA contends that Mitek's assertion that it did not coordinate with Wells Fargo prior to Wells Fargo filing its two prior petitions "does not contradict the existence of a significant and meaningful relationship between the parties." Sur-reply 4 (quoting *PayPal, Inc. v. IOENGINE, LLC*, IPR2019-00885, Paper 21 at 11 (PTAB Oct. 3, 2019) (Decision Denying Institution)). USAA argues that, similar to *Valve*, "[Mitek] admits that it was aware of the infringement allegations against

Wells Fargo on the '090 [p]atent at the time" Wells Fargo filed its two prior petitions. *Id.* at 5. USAA also argues that, "[e]ven more so than in *Valve*," the relationship between Mitek and Wells Fargo "is longstanding and deep" because [redacted] *Id.* (citing Ex. 2023 ¶¶ C8–C11).

As an initial matter, there is no dispute between Mitek and USAA that Mitek's Petition and the two previous petitions filed by Wells Fargo all challenge claims 1–19 of the '090 patent. *Compare* Pet., *with* CBM2019-00002, Paper 2, *and* IPR2019-00815, Paper 2. Based on the current record, we are persuaded by USAA's arguments that the relationship between Mitek and Wells Fargo with respect to USAA's assertion of the '090 patent falls within the purview of the type of "significant relationship" contemplated by *Valve*. *Valve* at 10. Indeed, in our view, the relationship between Mitek and Wells Fargo involving USAA's assertion of the '090 patent arguably is stronger than the relationship between the petitioners in *Valve*.

First, although Mitek and Wells Fargo were not co-defendants in the district court case where USAA asserted the '090 patent against Wells Fargo, there is sufficient evidence indicating that Mitek was aware of USAA's infringement allegations at the time Wells Fargo filed its two prior petitions. A quick timeline of relevant events is helpful in understanding Mitek's knowledge of USAA's infringement allegations against Wells Fargo. [redacted]

[redacted]. Ex. 2023 ¶¶ A1, C8–C10, Signature Pages. Shortly thereafter, in November 2018, Wells Fargo filed a covered business method review ("CBM") petition challenging claims 1–20 of the '090 patent. CBM2019-00002, Paper 2. In March 2019, just before Wells Fargo's CBM petition challenging claims 1–20 of the '090 patent was dismissed prior to institution (CBM2019-00002, Paper 16), Wells Fargo filed an IPR petition challenging claims 1–19 of the '090 patent (IPR2019-00815, Paper 2). In August 2019, Wells Fargo's IPR petition challenging claims 1–19 of the '090 patent was denied on the merits. IPR2019-00815, Paper 17. In April 2020, roughly eight months later, Mitek filed its own Petition challenging claims 1–19 of the '090 patent. Pet. 1, 5–6. This timeline clearly establishes that Mitek and Wells Fargo [redacted] Wells Fargo filed its CBM and IPR petitions. Mitek then waited more than thirteen months after Wells Fargo filed its IPR petition challenging claims 1–19 of the '090 patent to file its own Petition challenging the same claims of the same patent.

Second, although Mitek asserts that it was not involved in the preparation of, nor did it join, Wells Fargo's two prior petitions (*see* Reply 5; Ex. 1046 ¶ 7), there is sufficient evidence indicating that Mitek and Wells

Fargo actively shared information and that Mitek closely monitored the district court case between USAA and Wells Fargo because of the potential impact this litigation could have on Mitek's own products. Mitek's complaint for declaratory judgment establishes that the purported infringing products offered by Wells Fargo include software components licensed from Mitek (i.e., Mitek's MiSnap). Ex. 2004 ¶ 11 ("Mitek's software and technology is directly implicated in the alleged infringement."). This customer-supplier relationship appears to be at least one of the reasons Mitek and Wells Fargo [redacted] before Wells Fargo filed its IPR petition challenging claims 1–19 of the '090 patent. [redacted]. Ex. 2023 ¶¶ A3, C9, C10. Also, in Mitek's 10-Q filing with the SEC for the quarterly period ending March 31, 2019, Mitek states that it was "closely monitoring" the progress of the district court case between USAA and Wells Fargo. Ex. 2014, 41 ("[G]iven the potential impact such litigation could have on the use of our products by Wells Fargo, . . . we are closely monitoring" the district court case.).

Stated differently, several factors establish the existence of a significant and meaningful relationship between Mitek and Wells Fargo

involving the '090 patent, including: Mitek's customer-supplier relationship with Wells Fargo involving software directly implicated in the district court case between USAA and Wells Fargo; [redacted] and Mitek's admission that it was "closely monitoring" the district court case between USAA and Wells Fargo because of the potential impact on Mitek's own products. *See Valve* at 15 ("As a licensor of technology incorporated in the accused products, Valve's interests are aligned closely with HTC's interests, and Valve could have filed its Petition at or around the same time as HTC."); *see also PayPal, Inc. v. IOENGINE, LLC*, IPR2019-00885, Paper 21 at 11 (PTAB Oct. 3, 2019) (Decision Denying Institution) ("Although Petitioner states that the Petition was prepared 'without contribution from Ingenico,' that, by itself, does not contradict the existence of a significant and meaningful relationship between the parties." (citation omitted)).

Third, there is sufficient evidence indicating that, given the significant and meaningful relationship between Mitek and Wells Fargo involving the '090 patent, there is an ongoing effort between Mitek and Wells Fargo to coordinate Wells Fargo's defense against USAA's assertion of this patent. As one example, [redacted] *See generally* Ex. 2023. As we explained previously, [redacted]

[redacted]. Ex. 2023 ¶¶ C9, C10.

As another example, Mitek and Wells Fargo worked together to prepare a Mitek employee to testify as Wells Fargo's lead witness in the district court case between USAA and Wells Fargo. During the cross-examination of the Mitek employee at the jury trial, counsel for USAA elicited from the Mitek employee that Wells Fargo's attorneys were involved in preparing his testimony. Ex. 2006, 92:5–18 ("Q: You and Wells Fargo's lawyers jointly prepared for your testimony, fair? A: Yeah, I'd say that's fair."). During the deposition of the same Mitek employee, this witness invoked privilege when counsel for USAA asked about his discussions with Wells Fargo's attorneys. Ex. 2007, 198:1–199:18. As yet another example, Mitek's General Counsel attended the jury trial in the district court case between USAA and Wells Fargo. Ex. 2008, 97:13–98:10. Together, these examples of coordination between Mitek and Wells Fargo lead us to believe that the filing of Mitek's Petition challenging claims 1–19 of the '090 patent is yet another example of an ongoing effort between Mitek and Wells Fargo to coordinate Wells Fargo's defense against USAA's assertion of the '090 patent.

In summary, based on these three reasons in combination, we conclude that the relationship between Mitek and Wells Fargo with respect

to USAA's assertion of the '090 patent falls within the purview of the type of "significant relationship" contemplated by *Valve*. Given the complete overlap in the challenged claims, together with the significant relationship between Mitek and Wells Fargo involving USAA's assertion of the '090 patent, this factor weighs in favor of discretionary denial.

Factor 2—Whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it

Under the second factor of *General Plastic*, we consider "whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it." *General Plastic* at 16. This factor includes considering whether the prior art relied on in the follow-on petition "could have been found with reasonable diligence." *Id.* at 20.

In its Preliminary Response, USAA contends that Mitek "does not attempt to show that it could not have located the [asserted prior art] references with reasonable diligence." Prelim. Resp. 17. Indeed, USAA argues that Adams "indisputably was known" because it was included in Wells Fargo's invalidity contentions filed in the district court case. *Id.* (citing Ex. 2015, 22). USAA also argues that four of the remaining asserted prior art references were public patents, three of which were filed by prominent companies in digital image processing. *Id.* USAA acknowledges that two of the remaining prior art references were found by a foreign searcher, but argues that "using a Japanese-language searcher to search

patents of prominent Japanese companies" was not uniquely challenging or otherwise beyond the exercise of reasonable diligence. *Id.* at 17–18.

In its Reply, Mitek contends that "[redacted]" Reply 6 (citing Ex. 1046 ¶ 9; Ex. 1048 ¶¶ 6–8). Mitek also argues that it did not attempt to find prior art in connection with Wells Fargo's two prior petitions "because Mitek did not assist with" those petitions. *Id.* (citing Ex. 1046 ¶ 7).

In its Sur-reply, USAA contends that Mitek's assertion that it did not attempt to find prior art for its own Petition until November 2019 is irrelevant because, under *Valve*, we need to examine whether Mitek was able to quickly locate the asserted prior art references at the time it began preparing its own Petition. Sur-reply 5–6. USAA argues that "Mitek presents no argument that it could not have timely located these [prior art] references" and, instead, "Mitek admits that, once it looked, the [prior art] references were quickly located." *Id.* at 6 (citing Ex. 1048 ¶ 6).

Based on the record before us, we are persuaded by USAA's arguments that the prior art references asserted in Mitek's Petition either were already known or could have been found by exercising reasonable diligence. There is no dispute that Adams was a known prior art reference because it was included in Wells Fargo's Invalidity Contentions that were filed in district court in October 2018 (Ex. 2015, 22), which is roughly one month before Wells Fargo filed its CBM petition in November 2018 (CBM2019-00002, Paper 2). Regarding the remaining five prior art

references (i.e., Backstrom, Dance, Takehara, Mekuria, and Miyata), [redacted] (Ex. 1048 ¶ 6), which is roughly three months after the Board denied Wells Fargo's IPR petition in August 2019 (IPR2019-00815, Paper 17). [redacted] Ex. 1048 ¶ 6. [redacted] *Id.* Stated differently, [redacted]

In summary, because Adams was a known prior art reference at the time Wells Fargo filed its two prior petitions, and because the remaining five prior art references appear to have been found by exercising reasonable diligence, this factor weighs in favor of discretionary denial.

Factor 3—Whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute the first petition

Under the third factor of *General Plastic*, we consider "whether at the time of filing of the second petition the petitioner already received the patent

owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition." *General Plastic* at 16. The Board panel in *General Plastic* explained that "[t]he absence of any restrictions on follow-on petitions would allow petitioners the opportunity to strategically stage their prior art and arguments in multiple petitions, using our decisions as a roadmap, until a ground is found that results in the grant of review." *Id.* at 17.

In its Preliminary Response, USAA contends that, following the CBM and IPR petitions filed by Wells Fargo, Mitek's "calculated delay in bringing this [P]etition . . . 'raises the potential for abuse because [Mitek] had ample opportunity to study the arguments raised by [USAA], and the Board's findings and conclusions of law' with respect to the" two prior petitions. Prelim. Resp. 19 (quoting *United Fire Prot. Corp. v. Engineered Corrosion Sols., LLC*, IPR2018-00991, Paper 10 at 14 (PTAB Nov. 15, 2018) (Decision Denying Institution)). USAA argues that Mitek used the Board's prior decision in Wells Fargo's earlier-filed IPR as a roadmap. *Id.* More specifically, USAA argues that, in the decision denying institution in Wells Fargo's earlier-filed IPR, the Board panel explained that the primary reference, Yoon, disclosed a brightness failure message and line coloring techniques, but these features did not teach an instruction for satisfying the monitoring criterion, as required by the challenged claims. *Id.* (citing Ex. 2013, 22–23). USAA argues that Mitek attempts to use the Board's reasoning in that prior decision as a roadmap by arguing that the primary references in the present Petition—namely, Backstrom, Takehara, and

Miyata—"are 'more probative to the obviousness inquiry' as compared to Yoon with respect to" an instruction for satisfying the monitoring criterion, as required by the challenged claims. *Id.* at 19–20 (quoting Pet. 9).

In its Reply, Mitek counters that there is "no unfair advantage" in this particular situation because it "hired and used its own prior art firm and references," so the Patent Owner's Preliminary Response and the prior decision denying institution in Wells Fargo's earlier-filed IPR "were not helpful to Mitek." Reply 6–7 (citing Ex. 1048 ¶¶ 6–8). Mitek also argues that it only distinguished the Yoon reference used in Wells Fargo's earlier-filed IPR petition "because that is required under [35 U.S.C.] § 325(d)." *Id.* at 7.

In its Sur-reply, USAA contends that Mitek's argument that the Patent Owner's Preliminary Response and the prior decision denying institution from Wells Fargo's earlier-filed IPR "were not helpful" because it used a different prior art firm and references is "nonsensical." Sur-reply 6. According to USAA, "[t]he fact that [Mitek] is now presenting different grounds in an attempt to circumvent the Board's prior denial of Wells Fargo's [IPR] petition is strong evidence that Mitek did indeed use the prior decision as a roadmap." *Id.* USAA asserts that "[t]his delayed, follow-on petition is precisely the behavior that *General Plastic* was designed to protect against." *Id.*

Based on the record before us, we are persuaded by USAA's arguments that Mitek's Petition appears to have used the Board's prior decision denying institution in Wells Fargo's earlier-filed IPR as a roadmap.

There is no dispute that both the Patent Owner's Preliminary Response and the prior decision denying institution in Wells Fargo's earlier-filed IPR were filed prior to Mitek's Petition. *Compare* IPR2019-00815, Papers 10 (filed June 27, 2019), *and* 17 (entered August 26, 2019), *with* Paper 3, 1 (according Mitek's Petition a filing date of April 30, 2020). As USAA correctly notes in its Preliminary Response, in the decision denying institution in Wells Fargo's earlier-filed IPR, the Board panel explained that the primary reference, Yoon, disclosed a brightness failure message and line coloring techniques, but these features did not teach an instruction for satisfying the monitoring criterion, as required by the challenged claims. Prelim. Resp. 19 (citing Ex. 2013, 22–23). Mitek had access to the Board's prior decision in Wells Fargo's earlier-filed IPR and appears to have used this prior decision as a guide to address certain deficiencies regarding pivotal limitations required by the challenged claims. As one example, when discussing the primary references at issue in its own Petition (i.e., Backstrom, Takehara, and Miyata), Mitek states that "each primary reference is more probative to the obviousness inquiry than any reference previously considered by the Office, including *Yoon*—the primary reference used in IPR2019-00815." Pet. 8–9. As yet another example, Mitek's declarant, Immanuel Freedman, Ph.D., admits that he was "asked to consider" Yoon, and then he proceeds to testify how Yoon differs materially from Backstrom, Takehara, and Miyata because each of these three prior art references purportedly teaches feedback in the form of an instruction. Ex. 1003 ¶¶ 368, 376–378.

In summary, because Mitek's Petition appears to have used the Board's prior decision denying institution in Wells Fargo's earlier-filed IPR as a roadmap, this implicates the fairness concerns discussed in *General Plastic* and, therefore, this factor weighs in favor of discretionary denial.

Factors 4 and 5—The length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition; Whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent

Under the fourth and fifth factors of *General Plastic*, we consider "the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition," and "whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent." *General Plastic* at 16.

In its Preliminary Response, USAA contends that Mitek's Petition was filed roughly eighteen months after Wells Fargo filed its CBM petition on November 2018, roughly eight months after the Board entered the decision denying institution of Wells Fargo's IPR petition on August 2019, and in the wake of USAA's infringement verdict against Wells Fargo and Mitek's public vow to defend its customer—Wells Fargo. Prelim. Resp. 20–

21 (citing Ex. 2011, 44[5]). USAA further argues that Mitek waited to search for prior art asserted in its own Petition until recently, "but offers no explanation of why it did not search earlier." *Id.* at 21. Lastly, USAA argues that at the time Wells Fargo filed its two prior petitions, "[Mitek] was already in a Common Interest Agreement with Wells Fargo with respect to the '090 [p]atent, and [Mitek] was 'closely monitoring'" the district court case between USAA and Wells Fargo. *Id.* at 21–22.

In its Reply, Mitek counters that "[t]here is nothing unreasonable about the time it took . . . to conduct its prior art search and file its [P]etition[]" because, notably, USAA consistently has taken the position that Mitek's software alone does not infringe. Reply 7 (citing Ex. 1048 ¶¶ 6–8). According to Mitek, because it did not assist Wells Fargo in its prior art search and the filing of its two prior petitions, Mitek had no reason to search for prior art until "the conclusion of USAA's trial presentation in the" district court case between USAA and Wells Fargo. *Id.* (citing Ex. 1048 ¶ 6).

In its Sur-reply, USAA contends that it disagrees with Mitek's argument that it had no reason to search for prior art and file its own petition until the conclusion of USAA's trial presentation in the district court case between USAA and Wells Fargo because "[Mitek] was undisputedly aware

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[5] All references to the page numbers in Mitek's 10-Q filing with the SEC for the quarterly period ending March 31, 2020, refer to the page numbers inserted by USAA in the bottom, right-hand corner of each page in Exhibit 2011.

of the [district court] case, and was closely involved leading up to and throughout the trial." Sur-reply 6–7. USAA argues that, at the time Wells Fargo filed its two prior petitions, "[Mitek] already had [redacted] with respect to the '090 [p]atent," and "[Mitek] publicly announced that it was 'closely monitoring'" the district court case between USAA and Wells Fargo. *Id.* at 7 (quoting Ex. 2014, 41).

Based on the record before us, we are persuaded by USAA's arguments that Mitek's delay in filing its own Petition was unreasonable. As we explain previously, Mitek and Wells Fargo have a customer-supplier relationship, whereby Mitek provides Wells Fargo with software components used in the purported infringing products offered by Wells Fargo (i.e., Mitek's MiSnap). *See* Ex. 2004 ¶ 11. As a licensor of software products incorporated into the purported infringing products offered by Wells Fargo, Mitek's interests are aligned closely with those of Wells Fargo. [redacted], Mitek's cooperation with Wells Fargo in the district court case between USAA and Wells Fargo, and Mitek's acknowledgement that it was "closely monitoring" this district court case only serve to further reinforce that the interests between Wells Fargo and Mitek align closely. Despite these closely aligned interests, Mitek waited roughly thirteen months after Wells Fargo's IPR petition challenging claims 1–19 of the '090 patent to file its own Petition challenging the same claims of the same patent. Based on the particular circumstances of this case, this thirteen month delay was unreasonable.

Even if we were to accept Mitek's argument that it did not have a vested interest in conducting a prior art search and filing its own Petition until the conclusion of USAA's trial presentation in the district court case between USAA and Wells Fargo in November 2019, Mitek still waited more than five months to file its Petition in April 2020. *Compare* Ex. 1048 ¶ 4 (testifying that "[redacted] *with* Paper 3, 1 (according Mitek's Petition a filing date of April 30, 2020). Whether we consider Mitek's delay to be thirteen or five months is not dispositive with respect to the fourth and fifth factors of *General Plastic* because, as the Board panel in *Valve* explained, a second petitioner (who has a significant and meaningful relationship with a first petitioner) waiting five months to file its own petition still, by itself, is unreasonable and weighs in favor of discretionary denial. *See Valve* at 14 ("The fact that Valve waited five months after HTC's petition to file the Petition in this case favors denying institution.").

In summary, the facts of this case are sufficient to show that Mitek's delay in filing its own Petition was unreasonable and, therefore, this factor weighs in favor of discretionary denial.

Factor 6 and 7—The finite resources of the Board; The requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review

Under the sixth and seventh factors of *General Plastic*, we consider "the finite resources of the Board," and "the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review." *General Plastic* at 16.

Factors six and seven of *General Plastic* invoke efficiency considerations. *Id.* at 16–17; *see also* Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019)[6] at 56 (explaining that the Director's discretion is informed by 35 U.S.C. § 316, which requires the Director to consider, among other things, "the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter").

In its Preliminary Response, USAA contends that, to date, "three petitions have now been filed against the '090 patent" and "those three challenges have been spread out over a nearly 18-month time period." Prelim. Resp. 22 (emphasis omitted). According to USAA, "[t]hese serial and repetitive attacks implicate the efficiency concerns underpinning *General Plastic*, and, thus, favor denying institution." *Id.* (quoting *Valve* at 15).

In its Reply, Mitek contends that USAA misleadingly suggests that three petitions have now been filed against the '090 patent. Reply 7 (citing Prelim. Resp. 22). Mitek argues that two prior petitions were filed by Wells Fargo, one of which was withdrawn before USAA had the opportunity to file a preliminary response and the other was denied on the merits. *Id.* Mitek asserts that this Petition is its first and only petition challenging the '090 patent. *Id.*

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[6] *Available at* http://www.uspto.gov/TrialPracticeGuideConsolidated

In its Sur-reply, USAA contends that, contrary to Mitek's assertion, it was not misleading to suggest that three petitions have now been filed against the '090 patent. Sur-reply 7. USAA maintains that "Wells Fargo indisputably filed two prior petitions [challenging] the same claims of the same patent, which implicates precisely the efficiency concerns underpinning *General Plastic*." *Id.* (citing *Valve* at 15).

Based on the record before us, we are persuaded by USAA's argument that Mitek's Petition challenges the same claims of the same patent that were challenged in two previous petitions filed by Wells Fargo and, therefore, implicates the efficiency concerns underpinning *General Plastic*. There is no dispute that Mitek's Petition amounts to the third petition challenging claims 1–19 of the '090 patent and that the two prior petitions were both filed by Wells Fargo. The evidence of record also establishes that Mitek waited roughly thirteen months after Wells Fargo filed its IPR petition challenging claims 1–19 of the '090 patent, and roughly eight months after Wells Fargo's IPR petition was denied on the merits, to file its own Petition. When, as here, there are serial and repetitive attacks challenging the same claims of the same patent, these attacks implicate the efficiency concerns underpinning *General Plastic* because they may result in inefficiencies and tend to waste resources. Stated differently, because Mitek's Petition is now the third petition challenging the same claims of the same patent, and Mitek's Petition was not filed at or around the same time as the two previous petitions filed by Wells Fargo, this factor weighs in favor of discretionary denial.

Summary

For the reasons we identify above, all the factors in *General Plastic* weigh in favor of discretionary denial, including: the complete overlap of challenged claims between Mitek's Petition and the two prior petitions filed by Wells Fargo; Mitek's significant relationship with Wells Fargo with respect to USAA's assertion of the '090 patent; the prior art references asserted in Mitek's Petition either were already known or could have been found by exercising reasonable diligence; Mitek's Petition appears to have used the Board's prior decision denying institution in Wells Fargo's earlier-filed IPR as a roadmap; Mitek's delay in filing its own Petition was unreasonable; and the efficiency concerns implicated by having multiple, staggered petitions challenging the same claims of the same patent. Based on these particular circumstances, we determine that it is appropriate to exercise our discretion under § 314(a) to deny institution.

III. CONCLUSION

For the foregoing reasons, we exercise our discretion under § 314(a) to deny institution of an *inter partes* review.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is *denied* and no trial is instituted; and

FURTHER ORDERED that the parties agree upon and file, as a Paper, a redacted public version of this Decision within ten business days of the entry date of this Decision.

IPR2020-00882
Patent 9,818,090 B1

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