

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

KROY IP HOLDINGS, LLC,)
)
 Plaintiff,)
)
 v.) Civil Action No. 17-1405-MN-CJB
)
 GROUPON, INC.,)
)
 Defendant.)

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Steven J. Balick and Andrew C. Mayo, ASHBY & GEDDES, Wilmington, DE; Thomas L. Duston, Tiffany D. Gehrke, Ryan N. Phelan, Kwanwoo Lee, Raymond R. Ricordati III and Chelsea Murray, MARSHALL, GERSTEIN AND BORUN LLP, Chicago, IL, Attorneys for Defendant.

MEMORANDUM OPINION

December 2, 2022
Wilmington, Delaware

Christopher J. Burke
BURKE, United States Magistrate Judge

In this patent infringement action filed by Plaintiff Kroy IP Holdings, LLC (“Kroy” or “Plaintiff”) against Defendant Groupon, Inc. (“Groupon” or “Defendant”), presently before the Court is Defendant’s motion to dismiss, filed pursuant to Federal Rule of Civil Procedure 12(b)(6) (“Motion”). (D.I. 117) For the reasons that follow, the Court orders that the Motion is GRANTED.

I. BACKGROUND

Plaintiff filed suit against Defendant on October 6, 2017, alleging that Defendant infringed United States Patent No. 6,061,660 (the “’660 patent”), which claims a method and system for providing incentive programs over a computer network. (D.I. 1 at ¶¶ 9-10) More specifically, the ’660 patent discloses an incentive builder program with an award fulfillment system that permits multiple sponsors to customize and market incentive programs through a central market place using an interface. (*Id.*) In its original Complaint, Plaintiff asserted 13 “exemplary” claims of the ’660 patent against Defendant: claims 1, 10, 16-21, 25, and 27-30. (*Id.* at ¶¶ 43-44 & ex. 3)¹

In October 2018, Defendant timely filed two *inter partes* review petitions (the “IPRs”), challenging 21 total claims: claims 1, 7, 10, 12, 14, 16-21, 25, 27-30, 67-69, 87, and 101 of the ’660 patent (the “Invalidated Claims”) with the United States Patent and Trademark Office’s

¹ The original ’660 patent issued on May 9, 2000, with 15 claims. (’660 patent) The patent thereafter went through an *ex parte* reexamination, and a reexamination certificate was issued on February 6, 2015. In the reexamination, claims 1, 2, 4, 7 and 14 were determined to be patentable as amended, claims 3, 5, 6, 8-13 and 15 were not reexamined, and new claims 16-115 were added. (*Id.*) The ’660 patent is found on the docket in this case, (D.I. 1, ex. 1), and herein the Court will simply cite to the “’660 patent.” The non-reexamined claims are found at the end of the original ’660 patent, while the remaining relevant claims are found in the *Ex Parte* Reexamination Certificate for the ’660 patent. (Tr. at 10)

(“PTO”) Patent Trial and Appeal Board (“PTAB”). (IPR2019-00044, Paper 1 at 1 (P.T.A.B. Oct. 10, 2018); *id.*, Paper 10 at 1 (P.T.A.B. Jan. 3, 2019); IPR2019-00061, Paper 1 at 1 (P.T.A.B. Oct. 10, 2018)) This included all 13 of the “exemplary” claims identified by Plaintiff in its Complaint, plus eight additional claims of the patent.² In IPR2019-00044, Defendant relied on U.S. Patent No. 5,816,918 (“Kelly”) as its primary reference; according to Defendant, Kelly disclosed a “system deploying promotional games over a wide area network, like the internet[,]” in which “players us[e] game units to interact with a ‘host’ server that provides promotional games, including games that may be supplied by a plurality of sponsors.” (IPR2019-00044, Paper 10 at 4, 16-17) In that same IPR, Defendant also relied on Microsoft® FrontPage Unleashed (1st ed. 1996) (“Stanek”), U.S. Patent No. 5,890,175 (“Wong”), and U.S. Patent No. 5,905,895 (“Halter”) as secondary references. (*Id.* at 3-4) In IPR2019-00061, Defendant relied on U.S. Patent No. 5,710,887 (“Chelliah”) as its primary reference; according to Defendant, Chelliah disclosed an “electronic commerce system with an ‘Incentives Subsystem’ to create and host incentives programs on behalf of sponsors (i.e., stores).” (IPR2019-00061, Paper 1 at 4, 20) Defendant also relied on Halter and U.S. Patent No. 6,035,280 (“Christensen”) as secondary references. (*Id.* at 3-4)

On February 6, 2019, a few months after Defendant filed its IPR petitions, Plaintiff filed an Amended Complaint in this case. (D.I. 76) In the Amended Complaint, Plaintiff now asserted not only the same 13 claims as it did in its original Complaint, but it also added an

² Defendant’s counsel stated that at the time Defendant filed these IPR petitions, the 13 claims referenced in the original Complaint were the only claims that Plaintiff had indicated it would assert against Defendant in this case. (Tr. at 13-14) Since the ‘660 patent had 115 claims after reexamination, and since it is “not practical to pursue that many claims in the [PTO, Defendant]” took the 13 “exemplary” claims asserted against it in the original Complaint, added the eight above-referenced “additional [claims,]” and then filed the IPR petitions as to 21 claims in total. (*Id.*; *see also id.* at 108)

additional 22 newly-asserted claims: claims 12, 75-76, 87-89, 91-93, 95-97, 100-04, and 107-11. (D.I. 76 at ¶¶ 49, 63-64) Because they were first raised after Defendant’s IPR filing deadline had passed, nearly all of these 22 newly-asserted claims were not included in Defendant’s IPR petitions.

In April 2019, the PTAB instituted IPR as to both IPR petitions and on all 21 challenged claims of the '660 patent. (D.I. 93 at 1) And in May 2019, the parties jointly stipulated that the instant case should be stayed, pending the issuance of Final Written Decisions by the PTAB in both IPR proceedings. (*Id.*)

On April 16, 2020, the PTAB issued Final Written Decisions in both IPRs, determining that all of the Invalidated Claims were invalid. *See Groupon, Inc. v. Kroy IP Holdings, LLC*, IPR2019-00061, 2020 WL 1900402 (P.T.A.B. Apr. 16, 2020) (hereinafter “*Groupon I*” or “IPR2019-00061”); *Groupon, Inc. v. Kroy IP Holdings, LLC*, IPR2019-00044, 2020 WL 1900398 (P.T.A.B. Apr. 16, 2020) (hereinafter “*Groupon II*” or “IPR2019-00044”). Plaintiff appealed, but it did not seek to lift the stay of the instant case at that time. (D.I. 96) And on June 14, 2021, the United States Court of Appeals for the Federal Circuit summarily affirmed the PTAB’s decisions, pursuant to Federal Circuit Rule 36 (“Rule 36”). *Kroy IP Holdings, LLC v. Groupon, Inc.*, 849 F. App’x 930 (Fed. Cir. 2021).

In IPR2019-00061, the PTAB and Federal Circuit invalidated all of the Invalidated Claims with the exception of claims 10 and 12, on the grounds that either Chelliah anticipated these claims or that Chelliah in combination with Christensen rendered the claims obvious. *Groupon I*, 2020 WL 1900402, at *1, *25. And in IPR2019-00044, the PTAB and Federal Circuit invalidated all of the Invalidated Claims as obvious in light of Kelly and one or more of

the relevant secondary references (i.e., Stanek, Halter and/or Wong). *Groupon II*, 2020 WL 1900398, at *1, *27.

Following the Federal Circuit’s affirmance, the instant case remained stayed. Plaintiff informed this Court that it was determining whether to proceed on the asserted claims that had not been at issue in the IPR (the “Additional Claims”). (D.I. 99) After Plaintiff obtained new outside counsel in the case, (D.I. 101), the parties asked this Court for additional time to address the case’s status, (D.I. 102). In November 2021, Plaintiff informed Defendant that it intended to pursue the Additional Claims; both sides agreed that discovery should remain stayed, pending a decision on whether Plaintiff was collaterally estopped from litigating the Additional Claims here. (D.I. 104 at 2-3)

In December 2021, Plaintiff next sought leave to file a Second Amended Complaint (the “Operative Complaint”). (D.I. 107) United States District Judge Maryellen Noreika, to whom this case is otherwise assigned, granted-in-part and denied-in-part the motion to amend on March 2, 2022. The Operative Complaint, which was filed on March 10, 2022, now limited the present action to only 14 asserted claims: claims 91-93, 95-97, 100, 103-04, and 107-11 (the “Newly Asserted Claims”). (D.I. 111 at ¶¶ 48-80) Plaintiff asserted both direct infringement (Count I) and indirect infringement (Count II) of the Newly Asserted Claims. (*Id.*)

Defendant then filed the instant Motion, seeking dismissal of the Operative Complaint, on April 7, 2022. (D.I. 117) On April 12, 2022, the parties consented to the Court’s jurisdiction to conduct all proceedings on and enter a final order on the Motion. (D.I. 119) Briefing on the Motion was completed on April 28, 2022, (D.I. 121), and the Court heard oral argument on the Motion on October 12, 2022.

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