Trials@uspto.gov
571-272-7822

Paper 16
Entered: November 14, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NETAPP, INC.
Petitioner,

v.

REALTIME DATA LLC,
Patent Owner.

Case IPR2017-01354
Patent 9,054,728 B2

Before JASON J. CHUNG, SCOTT C. MOORE, and KAMRAN JIVANI, Administrative Patent Judges.

JIVANI, Administrative Patent Judge.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314(a) and 37 C.F.R. § 42.108

I. INTRODUCTION

NetApp Inc. ("NetApp" or "Petitioner") requests an *inter partes* review of claims 1, 2, 9, 10, 15, 17, 20, and 24 (the "Challenged Claims") of U.S. Patent No. 9,054,728 B2 (Ex. 1001, the "'728 patent"). Paper 3 ("Petition" or "Pet.").[1] Realtime Data LLC ("Patent Owner") has filed a Preliminary Response. Paper 12 ("Prelim. Resp.").

Our authority to institute an *inter partes* review is derived ultimately from 35 U.S.C. § 314, which provides that an *inter partes* review may not be instituted unless the information presented in the Petition shows "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." As discussed below, institution of an *inter partes* review is discretionary.

Upon consideration of the Petition and Preliminary Response, we exercise our discretion under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a) and deny institution of *inter partes* review.

II. BACKGROUND

A. Proceedings in the USPTO

The '728 patent is the subject of six petitions for *inter partes* review, of which the instant Petition is the fourth.

[1] Petitioner identifies its wholly-owned subsidiary SolidFire LLC as well as Rackspace US, Inc. as real parties in interest. *Id.* at 3. This proceeding was terminated as to Rackspace US, Inc. on August 24, 2017. Paper 13.

Petition	Claims Challenged	Date Filed
Oracle America Inc. v. Realtime Data LLC, Case IPR2017-00108 (the "'108 IPR")	1, 17	Oct. 24, 2016
Dell Inc. et al v. Realtime Data LLC, Case IPR2017-00179 (the "'179 IPR")	1–10, 15, 20, 24	Nov. 14, 2016
Teradata Operations, Inc. v. Realtime Data LLC, Case IPR2017-00808 (the "'808 IPR")	1–3, 9, 10, 15, 20, 24	Jan. 30, 2017
NetApp, Inc. et al v. Realtime Data LLC, Case IPR2017-01354 (the "'1354 IPR")	1, 2, 9, 10, 15, 17, 20, 24	May 2, 2017
Veritas Technologies LLC v. Realtime Data LLC, Case IPR2017-01690 (the "'1690 IPR")	1–10, 15, 20, 24	Jun. 28, 2017
Commvault Systems, Inc. v. Realtime Data LLC, Case IPR2017-02178 (the "'2178 IPR")	1–25	Sept. 26, 2017

In the '108 IPR, Patent Owner filed a Preliminary Response on February 6, 2017. '108 IPR, Paper 11. The '108 IPR was then terminated due to a settlement agreement reached between the parties. *Id.*, Paper 17.

Patent Owner filed a Preliminary Response in the '179 IPR on March 1, 2017. '179 IPR, Paper 14. We instituted the '179 IPR on May 30, 2017. *Id.*, Paper 20. Patent Owner filed its Response to the

Petition on September 22, 2017 (*Id.*, Paper 31) and Petitioner's Reply thereto is due on November 30, 2017. *See id.*, Paper 21.

In the '808 IPR, Patent Owner filed a Preliminary Response on May 22, 2017. '808 IPR, Paper 13. We instituted the '808 IPR on August 14, 2017 (*Id.*, Paper 16) and coordinated the trial schedule of that matter with the '179 IPR (*Id.*, Paper 18) such that, like the '179 IPR, Patent Owner filed its Response to the Petition on September 22, 2017 (*Id.*, Paper 21) and Petitioner's Reply thereto is due on November 30, 2017. *See id.*, Paper 19.

NetApp filed the instant Petition on May 2, 2017 and Patent Owner filed its Preliminary Response on August 15, 2017. Pet. 60; Prelim. Resp. 61. Via an email to the Board on October 17, 2017, Patent Owner sought our authorization to file supplemental briefing addressing the Board's precedential decision *General Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357 (PTAB Sept. 6, 2017), Paper 19 (precedential), in which an expanded panel of the Board set forth a non-exclusive list of seven factors that bear on the issue of whether we should invoke our discretion to deny institution under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a). Patent Owner subsequently filed, with our authorization, a Supplemental Preliminary Response on October 20, 2017 addressing the *General Plastic* factors and Petitioner filed a Supplemental Reply thereto on October 25, 2017. Papers 14 and 15.

B. Related Proceedings in District Court

The '728 patent has been asserted in many district court litigations. The parties indicate that the '728 patent has been asserted

in the following cases in the U.S. District Court for the Eastern District of Texas: 6-17-cv-00119, 6-17-cv-00120, 6-17-cv-00121, 6-17-cv-00122, 6-17-cv-00123, 6-17-cv-00124, 6-17-cv-00125, 6-17-cv-00126, 6-17-cv-00118, 6-17-cv-00084, 6-17-cv-00046, 6-16-cv-01037, 6-16-cv-01035, 6-16-cv-00961, 6-16-cv-00089, 6-16-cv-00086, 6-16-cv-00088, 6-16-cv-00087, and 6-17-cv-00071. Pet. 3; Paper 6, 4–6. The parties indicate that the '728 patent also has been asserted in case nos. 3-17-cv-02109 in the U.S. District Court for the Northern District of California and case no. 2-16-cv-02743 in the U.S. District Court for the Central District of California. *Id*.

C. References Relied Upon

NetApp relies on the following references in support of its unpatentability arguments:

References	**Exhibit No.**
Hsu and Zwarico, "Automatic Synthesis of Compression Techniques for Heterogeneous Files," *Software-Practice and Experience*, Vol. 25(10), 1097–1116 (October 1995) ("Hsu")	1002
U.S. Patent No. 6,253,264 B1, issued June 26, 2001 ("Sebastian")	1003
PCT Publication No. WO 00/46688 A1, pub. Aug. 10, 2000 ("Wang")	1011
U.S. Patent No. 5,870,036, issued Feb. 9, 1999 ("Franaszek")	1012
U.S. Patent No. 5,467,087, issued Nov. 14, 1995 ("Chu")	1013

Pet. 11.

D. Asserted Gap rounds of Unpatentability

NetApp asserts each of the Challenged Claims is obvious under the following alternative combinations of references: (i) Hsu and Sebastian, (ii) Hsu and Wang, (iii) Franaszek and Hsu, and (iv) Franaszek and Chu. *Id*.

III. ANALYSIS

A. Procedural History

Patent Owner asserted the '728 patent against NetApp on June 29, 2016 in the U.S. District Court for the Eastern District of Texas. *Realtime Data LLC v. Rackspace US, Inc. et al.*, 6-16-cv-00961 (EDTX, filed June 29, 2016) (the "EDTX Docket"), D.I. 1. Oracle America Inc. filed its petition in the '108 IPR four months later, on October 24, 2016. '108 IPR, Paper 3. Like NetApp, Oracle was a defendant to an assertion of the '728 patent in the U.S. District Court for the Eastern District of Texas. *Realtime Data LLC d/b/a IXO v. Oracle America, Inc.*, 6-16-cv-00088 (EDTX, filed February 26, 2016). In the instant Petition, NetApp challenges claims 1 and 17, both of which Oracle challenged in the '108 IPR. *Compare* '108 IPR, Paper 3 *with* Pet. 11. NetApp relies on two of the same combinations of references that Oracle relied upon, specifically, Hsu combined with Sebastian and Hsu combined with Wang. *Id.*

Less than three weeks later, NetApp moved for a stay of the proceedings against it in district court, citing Oracle's petition in the '108 IPR. EDTX Docket, DI 51. The petitioners in the '179 IPR[2] filed their

[2] The petitioners in the '179 IPR are Dell Inc., Hewlett-Packard Enterprise Co., HP Enterprise Services, LLC, and EMC Corporation. '179 IPR, Paper 1.

petition three days later, on November 14, 2016. '179 IPR, Paper 1. That petition challenged all of the claims at issue in this proceeding, except for claim 17. *Compare id*. at 1 *with* Pet. 11. In the instant Petition, NetApp challenges claims 1, 2, 9, 10, 15, 20, and 24 by relying on Franazek and Hsu, one of the same combinations of references asserted against these claims in the '179 IPR. *Id.*; Pet. 11.

On November 18, 2016, four days after the '179 IPR was filed and one week after NetApp moved to stay the infringement suit against it, Patent Owner served NetApp with infringement contentions asserting each of the Challenged Claims. Paper 15, 2. At this time, each of the Challenged Claims was the subject of either the '108 IPR or '179 IPR, with independent claim 1 subject to both.

NetApp served its invalidity contentions on January 24, 2017. Ex. 2004. All four of the grounds NetApp asserts in the Petition are included in its district court invalidity contentions. Ex. 2004, 11–12, 14, 27, 30. Six days later, Teradata Operations, Inc. filed its petition in the '808 IPR. '808 IPR, Paper 1. In that third challenge to the '728 patent, Teradata challenged all of the claims at issue in this proceeding, except for claim 17. *Compare id*. at 7 *with* Pet. 11. In the instant Petition, NetApp challenges claims 1, 2, 9, 10, 15, 20, and 24 by relying on Franazek and Hsu, one of the same combinations of references asserted against these claims in the '808 IPR. Pet. 11; '808 IPR, Paper 1, 7.

Patent Owner filed a Preliminary Response in the '108 IPR on February 6, 2017. '108 IPR, Paper 11. The district court denied NetApp's motion to stay on February 28, 2016. EDTX Docket D.I. 105, 12. The next day, on March 1, 2017, Patent Owner filed a Preliminary Response in the

’179 IPR. ’179 IPR, Paper 14. Approximately one month later, on March 30, 2017, NetApp filed a petition against a related patent and, subsequently, renewed its motion to stay the district court litigation. EDTX Docket D.I. 130.

This Board terminated the ’108 IPR on April 11, 2017 after the parties reached a resolution of that matter. ’108 IPR, Paper 17. The district court denied NetApp’s renewed stay motion on April 24, 2017. EDTX Docket D.I. 151. Five days later, on May 2, 2017, NetApp filed the instant Petition. Pet. 60. NetApp then submitted a second renewed motion to stay the district court litigation on June 27, 2017, citing the instant Petition. ETDX Docket D.I. 196. The district court denied NetApp’s second renewed motion. *Id.*, D.I. 212.

The district court litigation is scheduled for trial two months from now, on January 22, 2018. *Id.*, D.I. 211. Oral hearing of the ’179 and ’808 IPRs, if requested by the parties, is scheduled for February 26, 2018. ’179 IPR, Paper 21; ’808 IPR, Paper 19.

B. Discretionary Denial of Institution

The Petition is before us pursuant to 35 U.S.C. § 314(a), which provides that the “Director[3] may not authorize an inter partes review to be instituted unless . . . the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” “Congress did not mandate that an *inter partes* review must be instituted under certain

3 “The Board institutes the trial on behalf of the Director.” 37 C.F.R. § 42.4(a).

conditions. Rather, by stating that the Director—and by extension, the Board—*may not* institute review *unless* certain conditions are met, Congress made institution discretionary." *Intelligent Bio-Syst., Inc. v. Illumina Cambridge Ltd.*, Case IPR2013-00324, slip op. 4 (PTAB Nov. 21, 2013) (Paper 19); *see also Cuozzo Speed Techs., LLC v. Lee*, 136 S.Ct. 2131, 2140 (2016) ("[T]he agency's decision to deny a petition is a matter committed to the Patent Office's discretion. *See* [5 U.S.C.] § 701(a)(2); 35 U.S.C. § 314(a) (no mandate to institute review).") (remainder of citation omitted); 37 C.F.R. § 42.108(a) ("When instituting *inter partes* review, the Board *may* authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.") (emphasis added).

In *General Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357 (PTAB Sept. 6, 2017), Paper 19 (precedential), an expanded panel of the Board set forth a non-exclusive list of seven factors that bear on the issue of whether we should invoke our discretion to deny institution under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a)[4]:

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

[4] *See also NVIDIA Corp. v. Samsung Elec. Co.*, Case IPR2016-00134, slip op. 7 (PTAB May 4, 2016) (Paper 9) (cited by *General Plastic*).

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.

IPR2016-01357 Paper 19, 16 (citations omitted). We recognize that these *General Plastic* factors typically have been used to analyze situations in which the same party files multiple petitions challenging the same patent. However, our discretion under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a) is not limited to situations where the same party files multiple petitions, and we find that the *General Plastic* factors provide a useful framework for analyzing the facts and circumstances present in this case, in which a different petitioner filed a petition challenging a patent that had been challenged already by previous petitions. Applying the *General Plastic* factors to the present Petition, we conclude that the circumstances present here warrant discretionary denial of institution.

Factor 1 weighs in favor of considering NetApp's petition on the merits because NetApp has not filed previously a petition challenging the '728 patent. NetApp contends that "if [a] party is challenging different claims from those challenged by prior IPRs, this factor should be dispositive of the *General Plastics* analysis." Paper 15, 1. NetApp cites no authority in

support of its position that the first factor is dispositive. *See id.* Moreover, NetApp's argument is contrary to the Board's precedent holding that each of the seven non-exclusive *General Plastic* factors is to be considered and weighed according the facts of the particular case. *See* IPR2016-01357 Paper 18. On this record, we are not persuaded by NetApp's argument and proceed with our analysis under the remaining six *General Plastics* factors.

Factor 2 is directed to situations in which the same petitioner files two separate petitions at different times. Thus, in light of factor 1, factor 2 is neutral here.

Factor 3 is directed to situations in which a petitioner delays filing a subsequent petition so that it can tailor its arguments to address issues identified by the patent owner and/or the Board during a prior proceeding. Applied to the facts of the matter before us, Factor 3 weighs in favor of invoking our discretion to deny institution. Patent Owner filed its Preliminary Response in the '108 IPR on February 6, 2017 and its Preliminary Response in the '179 IPR on March 1, 2017, but NetApp delayed filing the instant Petition for two more months thereafter, despite having served invalidity contentions on January 24, 2017 setting forth all grounds NetApp ultimately asserted in the Petition. The Preliminary Responses in the '108 and '179 IPRs together address all of the Challenged Claims and apply three of the four combinations of references asserted in the Petition. NetApp argues, "[T]here is no evidence that NetApp had 'received' the patent owner's response in the earlier filed petitions." Paper 15, 2. NetApp's argument is refuted by its second and third attempts to stay the district court litigation, both of which indicate NetApp was monitoring

the arguments in the ’108, ’179, and ’808 IPRs. ETDX Docket D.I. 130, 7; *id.*, D.I. 196, 2.

Factor 4 also weighs in favor of denying institution. When, on November 18, 2017, Patent Owner served NetApp with infringement contentions for the Challenged Claims, each of the Challenged Claims was already the subject of the petitions pending in the ’108 and’179 IPRs. NetApp’s original motion to stay indicates it was aware of the ’108 IPR even before receiving Patent Owner’s infringement contentions. EDTX Docket, D.I. 51. The petitions in the ’108 and ’179 IPRs rely on four of the five prior art references NetApp cites in the instant Petition and the record contains no evidence that NetApp could not have located the fourth reference, Chu (a U.S. patent), at this time. Accordingly, NetApp should have known of the prior art references it cites on or around when it received Patent Owner’s November 18, 2017 infringement contentions. At the latest, NetApp must have known of all five prior art references cited in the Petition well in advance of preparing its January 24, 2017 invalidity contentions that rely on all five references.

Regarding factor 5, NetApp provides no explanation for why it waited until May 2, 2017 to file the Petition. *See generally* Paper 15. Rather, NetApp merely points out that it relies on a different declarant than the prior petitioners. *Id.* at 1. NetApp fails to explain how its declarant’s theories differ from the testimony proffered with the earlier filed petitions and why these alleged differences might account for its delayed filing until two to three months after receiving Patent Owner’s Preliminary Responses in the’108 and ’179 IPRs. *See id.* Thus, factor 5 weighs in favor of invoking our discretion to deny institution.

Factors 6 and 7 also weigh against institution. NetApp had ample opportunity to file a petition for *inter partes* review during the fall of 2016 and spring of 2017. Indeed Teredata filed its substantially similar petition in the '808 IPR on January 30, 2017. '808 IPR, Paper 1. But instead, NetApp waited until May 2, 2017, after its attempts to stay the litigation in the Eastern District of Texas were twice denied.

Instituting now the *inter partes* review NetApp seeks would require the Board to conduct an entirely separate proceeding involving the same patent, all but one of the same claims, and three of the five same prior art references at issue in the coordinated '179 and '808 IPRs. This result would be a significant waste of the Board's resources. All of the grounds NetApp asserts in the Petition are included in the district court litigation set for trial two months from now. There clearly can be no offsetting conservation of the Eastern District of Texas' judicial resources because the January 2018 trial will occur almost a year ahead of any final written decision in this proceeding. Instituting a separate *inter partes* review now also would result in significant prejudice to Patent Owner, who already has spent more than a year defending the patentability of the '728 patent in earlier-filed proceedings. On balance, the still pending '179 and '808 IPRs are not so advanced that coordination with those proceedings would be impractical. NetApp, however, did not seek joinder to those proceedings and does not request consolidation or coordination. Paper 15, 1.

IV. CONCLUSION

Because the analysis is fact-driven, no single factor is determinative of whether we exercise our discretion and deny institution under 35 U.S.C.

§ 314(a) and 37 C.F.R. § 42.108(a). Nonetheless, five of the factors considered in this case weigh against institution, one is neutral, and one favors institution. On this record, we elect to invoke our discretion under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a) to deny institution of an *inter partes* review.

V. ORDER

Accordingly, it is ORDERED that the Petition is denied in its entirety.

For PETITIONER:

Diek O. Van Nort
Jonathan Bockman
MORRISON & FOERSTER LLP
dvannort@mofo.com
JBockman@mofo.com

For PATENT OWNER:

William P. Rothwell
Kayvan Noroozi
NOROOZI PC
william@noroozipc.com
kayvan@noroozipc.com