

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CLOUDFLARE, INC.,
Petitioner,

v.

SABLE NETWORKS, INC.,
Patent Owner.

IPR2021-00969
Patent 6,977,932 B1

Before STACEY G. WHITE, SCOTT B. HOWARD, and
JULIET MITCHELL DIRBA, *Administrative Patent Judges*.

DIRBA, *Administrative Patent Judge*.

JUDGMENT
Adverse Judgment After Institution of Trial
37 C.F.R. § 42.73(b)

On May 21, 2021, Cloudflare, Inc. (“Petitioner”) and SonicWall Inc.¹ filed a petition requesting *inter partes* review of all claims of U.S. Patent No. 6,977,932 B1 (Ex. 1001, “the ’932 patent”). Paper 1. Sable Networks, Inc. (“Patent Owner”) timely filed a preliminary response (Paper 8), and the parties filed a pre-institution reply and sur-reply (Papers 10, 12). On November 23, 2021, after considering the parties’ pre-institution briefing and the evidence of record, we instituted an *inter partes* review of all claims of the ’932 patent. Paper 16.

On March 8, 2022, Patent Owner filed an updated mandatory notice stating that a statutory disclaimer of all claims of the ’932 patent “has been filed and recorded in compliance with 35 U.S.C. § 253(a) and 37 C.F.R. § 1.321(a).” Paper 24. Patent Owner also stated that “the Board should terminate the IPR” because “all claims at trial are disclaimed,” but Patent Owner “does not request judgment against itself.” *Id.* (citing *Raytheon Techs. Corp. v. Gen. Elec. Co.*, 993 F.3d 1374, 1379 n.4 (Fed. Cir. 2021)). Patent Owner filed the disclaimer as an exhibit (Ex. 2007), and Patent Owner did not file a patent owner response.

On March 10, 2022, we issued an order concluding that all claims of the ’932 patent had been disclaimed under 35 U.S.C. § 253(a) in compliance with 37 C.F.R. § 1.321(a), and ordering Patent Owner “to show cause why the Board should not enter adverse judgment against Patent Owner pursuant to 37 C.F.R. § 42.73(b) given its disclaimer of all challenged claims.” Paper 25, 2. Patent Owner filed a response arguing that we should not enter adverse judgment (Paper 27 (“OSC Resp.”)), and Petitioner filed an authorized reply arguing that we should (Paper 28 (“OSC Reply”)).

¹ SonicWall Inc. was later terminated due to settlement. Paper 15 (Order).

Having considered the parties' arguments, we determine that it is appropriate to enter adverse judgment against Patent Owner pursuant to 37 C.F.R. § 42.73(b) and terminate this proceeding.

Our rules state that “disclaimer of a claim such that a party has no remaining claim in the trial” is “construed to be a request for adverse judgment.” 37 C.F.R. § 42.73(b). Patent Owner disclaimed all of the claims of the '932 patent, and no claims remain in this proceeding. Therefore, adverse judgment is appropriate. *See id.*; *see also Arthrex, Inc. v. Smith & Nephew, Inc.*, 880 F.3d 1345, 1349 (Fed. Cir. 2018) (“[Rule 42.73(b)] gives the Board authority to construe a patent owner’s actions as a request for an adverse judgment.”).

Patent Owner agrees that we have the authority to construe its action as a request for adverse judgment, but argues that “nothing in the Rule and no precedent *requires* the Board” to do so. OSC Resp. 1. Patent Owner urges us to first consider the “circumstances,” including Patent Owner’s characterization of its request and Patent Owner’s withdrawal of '932 patent from the co-pending district court litigation between the parties. *Id.* at 1–2, 4–5. In addition, Patent Owner argues that adverse judgment is not merited because courts treat disclaimed claims as if they never existed, and a disclaimer does not constitute a legal concession of unpatentability. *Id.* at 2–3 (citing *Raytheon*, 993 F.3d at 1379 n.4; *Vectra Fitness, Inc. v. TWNK Corp.*, 162 F.3d 1379, 1383 (Fed. Cir. 1998)).

But, even if we assume that Patent Owner’s premise is correct (i.e., assuming that we are not required to enter adverse judgment under Rule 42.73(b)), we are not persuaded that we should terminate this trial without entering adverse judgment. Patent Owner identifies no decision in

which the Board terminated a trial without entering adverse judgment after the patent owner disclaimed all challenged claims. *See* OSC Reply 1–2, 3 n.1. However, as Petitioner notes (*see id.* at 3–4), the Board has entered adverse judgment over a patent owner’s objection in similar circumstances. *See, e.g., Advanced Micro Devices, Inc. v. Polaris Innovations Ltd.*, IPR2019-01514, Paper 19 at 2 (PTAB Aug. 3, 2020); *Favored Tech Corp. v. P2i Ltd.*, IPR2020-01198, Paper 15 (PTAB July 7, 2021); *CommScope Techs. LLC v. Dali Wireless Inc.*, IPR2020-01476, Paper 10 at 2–3 (PTAB June 30, 2021).

Moreover, we are not persuaded by the “circumstances” that Patent Owner asks us to consider. *See* OSC Resp. 1–2, 4–5. Patent Owner’s characterization of its request simply amounts to a request to avoid adverse judgment. *See Arthrex*, 880 F.3d at 1349 (suggesting that it would “make no sense” to have the application of Rule 42.73(b) turn on a patentee’s characterization of its own request). We are also not persuaded by Patent Owner’s withdrawal of the ’932 patent from district court litigation because that withdrawal is a natural consequence of Patent Owner’s disclaimer. *See also* OSC Reply 5 (arguing that Patent Owner was not required to file a disclaimer to withdraw the patent from litigation).

Finally, we also disagree with Patent Owner’s analogy to a party dropping its claim in a district court litigation. *See* OSC Resp. 3–4. Patent Owner offers no authority to show that one party can dismiss *another party’s* claim without prejudice. As a result, the analogy does not persuade us that Patent Owner’s action should result in dismissal without prejudice of an *inter partes* review proceeding instigated by Petitioner.

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Accordingly, it is:

ORDERED that adverse judgment is entered against Patent Owner;
and

FURTHER ORDERED that this proceeding is terminated and all
scheduled Due Dates (*see* Paper 17) are vacated.

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