

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

KEYSIGHT TECHNOLOGIES, INC.,
Petitioner,

v.

CENTRIPETAL NETWORKS, LLC,
Patent Owner.

Case IPR2023-00445
Patent No. 10,785,266

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW

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I. INTRODUCTION

The current *General Plastic* framework does not adequately balance the public's interest in recalling wrongly issued patents against the innovator's interest in quiet title. While the decision in *Valve Corp. v. Elec. Scripting Prods., Inc.*, No. IPR2019-00062, Paper 11 (P.T.A.B. Apr. 2, 2019) (precedential) extended *General Plastic* to address serial petitions filed by different petitioners, it has all but confined its serial petition analysis to instances where the serial petitioners are in a "significant relationship." *Id.* at 10. But the problems with serial administrative attacks are not confined to such scenarios, and the Board's resources are better directed to initial petitions in most cases.

Many of the *General Plastic* factors are not relevant to determining whether a second petition filed by an unrelated petitioner advances the goals of the AIA. A different framework is needed to evaluate such cases. This framework should recognize that there are diminishing returns to the public with each successive administrative challenge. At the same time, each successive challenge places increasingly heavier burdens on patent owners, who already face significant hurdles when litigating against deep-pocketed defendants. In most cases, therefore, the USPTO should not expend its resources on petitions that challenge issued patents that have already survived an administrative challenge.

Congress carefully designed AIA trial proceedings to ensure that they not be used to prevent patent enforcement or market entry. Yet when entering a market requires a patent owner to enforce its intellectual property against multiple well-funded parties that have refused to take a license, serial administrative attacks frustrate the goals of the AIA and undermine faith in the Office. A new framework, therefore, is necessary to ensure that administrative proceedings do not provide parties with a way to indefinitely avoid patent enforcement once the PTAB has already reaffirmed patentability in a fairly-contested adversarial proceeding. *See* H. Rep. No. 112–98, pt. 1, at 48 (2011) *as reprinted in* 2011 U.S.C.C.A.N. 67 (“The Committee recognizes the importance of quiet title to patent owners to ensure continued investment resources.”).

II. ARGUMENT

A. The *General Plastic* Framework Does not Adequately Address Undesirable Incremental Petitions

The PTAB formulated the *General Plastic* factors “to take undue inequities and prejudices to Patent Owner into account.” *General Plastic Indus. Co. v. Canon Kabushiki Kaisha*, No. IPR2016-01357, Paper 19 (“*General Plastic*”) at 17 (P.T.A.B. Sept. 6, 2017) (precedential). As the framework currently stands, however, it does not adequately address the inequities and prejudices stemming from incremental petitions, problems that do not depend on whether the first and second petitioners are the same, closely related, or completely unrelated. *Id.* at 11 (reflecting

concerns about “sequential attacks against the same claims, with the opportunity to morph positions along the way”).

When no “significant relationship” exists between petitioners, most of the *General Plastic* factors are neutral or weigh toward instituting trial because they focus on the petitioner’s behavior instead of prejudices to the patent owner. See *Volkswagen Grp. of Am., Inc. v. Neo Wireless LLC*, No. IPR2022-01537, Paper 8 at 11 (P.T.A.B. May 5, 2023) (finding that factors 2, 4, and 5 have limited relevance in the context of a follow-on petition filed by an unrelated petitioner) (citing *Code200, UAB v. Bright Data Ltd.*, No. IPR2022-00861, Paper 18 at 6 (P.T.A.B. Aug. 23, 2022) (precedential) (finding that factors 2, 4, and 5 “have limited relevance”)). Accordingly, while the *General Plastic* factors help the Board identify abusive petitions, their myopic focus on abuse of process by a single petitioner does not adequately address the problem of “undesirable, incremental petitioning” more generally. *In re Vivint, Inc.*, 14 F.4th 1342, 1353-54 (Fed. Cir. 2021). The problem with using the Board’s “decisions as a roadmap, until a ground is found that results in the grant of review” exists whether or not the first and second petitioners are related. *General Plastic* at 17.

A number of panels have even shifted the blame for repeated administrative attacks onto patent owners for their litigation activity. See, e.g., *Microsoft Corp. v. Iron Oak Techs., LLC*, No. IPR2019-00107, Paper 8 at 53-54 (P.T.A.B. May 15,

2019); *Samsung Elecs. Am., Inc. v. Uniloc Luxembourg S.A.*, No. IPR2017-01797, Paper 8 at 33-34 (P.T.A.B. Feb. 6, 2018) (finding patent owner's complaint about multiple petitions filed against the same patent unpersuasive "when the volume appears to be the *direct result of its own litigation activity*") (emphasis added). The Board's willingness to consider a new petition against a patent every time the patent is asserted in a district court action implies that patents are an expendable resource that can only be used in one district court action.

However, when multiple deep-pocketed parties refuse to license a patent that has already survived an administrative challenge, patent owners have no option but to engage in resource-intensive litigation just to break into the market. The question when determining whether a follow-on petition filed by an unrelated party serves the interest of the public and furthers the goals of the AIA should focus on whether the earlier petition was decided on the merits. *See Code200*, Paper 18 at 4-5. If the earlier decision was on the merits, the Board should only consider instituting trial in rare circumstances, such as if the prior art asserted in the follow-on petition legitimately could not have been located at the time of the earlier petition or when there is evidence that the original petitioner abused the process by attempting to blackmail the patent owner, as occurred in *OpenSky. OpenSky Indus., LLC, v. VLSI Tech. LLC*, No. IPR2021-01064, Paper 102 at 3-5 (P.T.A.B. Oct. 4, 2022).

Because the current *General Plastic* framework does not adequately address undesirable, incremental petitions when filed by different parties, the Office should establish a new framework that discourages follow-on petitions in most circumstances when the first petition was rejected on the merits.

B. In Most Cases, Follow-On Petitions Do not Serve the Goals of the AIA

The objective of the AIA is to provide a quick and efficient “alternative” to district court litigation, not an additional ongoing tool to keep high-quality, valuable patents in administrative jail. See H.R. Rep. No. 112–98, pt. 1, at 48. The true concern here is different deep-pocketed petitioners that violate a patent but lodge successive administrative challenges focused on curing deficiencies found in an earlier petition can tie up such patents for long periods of time, effectively nullifying a patent owner’s right to enforce its patents.

To align with the constitutional mandate of promoting the progress of the useful arts, the patent system was designed to incentivize inventors to publicly disclose innovations in exchange for the grant of a patent upon which an “exclusive enjoyment is guaranteed.” *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 186 (1933); see also *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480-81 (1974); *Patterson v. Kentucky*, 97 U.S. 501, 507 (1878) (“The sole operation of the statute is to enable him to prevent others from using the products of his labors except with his consent.”). That is, “when [the government] grants a patent the grantee is *entitled*

to it as a matter of right, and does not receive it . . . as a matter of grace and favor.”

James v. Campbell, 104 U.S. 356, 358 (1881) (emphasis added).

Recognizing that AIA post grant proceedings could be used as tools for harassment and means to delay district court actions, Congress attempted to incorporate protections to ensure that “constitutionally mandated patent rights were not abrogated without due process.” *Ethicon Endo–Surgery, Inc. v. Covidien LP*, 826 F.3d 1366, 1367 (Fed. Cir. 2016) (J. Newman, dissenting); H.R. Rep. No. 112–98, pt.1, at 48 (AIA post grant proceedings conducted under the AIA “are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent. Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation.”). For instance, Congress proposed a number of provisions that were designed to limit the use of AIA post grant proceedings as a delay tactic and to mitigate any negative impact on the enforcement of patent rights. *See* 154 Cong. Rec. S9987 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl) (discussing a number of “provisions that are designed to limit the use of post grant review proceedings as a delaying tactic and to mitigate these proceedings’ negative impact on efforts to enforce a patent.”).

Despite congressional efforts, there are insufficient safeguards currently in place that protect patent owners from repeated administrative attacks by different

deep-pocket petitioners who (after reviewing prior IPRs) lodge additional, expensive do-over IPRs to delay patent enforcement and market entry. Under the *General Plastic* framework, multiple, staggered petitions are welcomed so long as they are filed by a different party. See § II.A, *supra*. Worse yet, panels under *General Plastic* have shifted the blame to patent owners for filing multiple litigation actions. See, e.g., *Microsoft Corp.*, Paper 8 at 53-54; see also § II.A, *supra*.

In this regard, *General Plastic* signifies that do-over IPRs filed by different accused infringers are welcomed at the PTAB and can be used as an ongoing tool to delay or avoid district court litigation and patent enforcement given that district courts routinely stay cases when the PTAB grants review of the patent. See *Centripetal Networks, LLC v. Cisco Sys., Inc.*, No. 18-cv-00094-EWH, Dkt. No. 715, Order Granting Stay (E.D. Va. June 7, 2023). For instance, a prior petitioner (whose post grant petition was unsuccessful) can extend the stay of its district court trial pending the outcome of the subsequent AIA proceeding while the instant petitioner can request a stay pending resolution. As such, these do-over IPRs further delay district court action to prevent patent enforcement and market entry. That the review process acts to prevent market entry and patent enforcement is contrary to Congress's intent of having the post grant review process act as an "alternative[]" to litigation," not an additional ongoing tool. H.R. Rep. No. 112–98, pt. 1, at 48.

Congress afforded the Director substantial discretion to “address potential abuses and current inefficiencies under its expanded procedural authority.” *See id.* For instance, in its mandate, Congress instructed that the Director shall prescribe appropriate regulations and listed “the integrity of the patent system” as a factor that should be considered. 35 U.S.C. §§ 316(a)-(b). Therefore, to balance the desire to improve patent quality against the potential for abuse of the review process by serial attacks on a patent, the Director moving forward should prescribe regulations that deny a second petition if the Board substantively addressed the merits of the prior petition.¹

As the Director recognized in *Code200*, this approach “best balances the desires to improve patent quality and patent-system efficiency against the potential for abuse of the review process by repeated attacks on patents.” *Code200*, Paper 18 at 4-5. Such a framework would not prejudice follow-on petitioners, who still have the opportunity to challenge validity in district court. The Director should also prescribe regulations that evaluate the state of any co-pending district court action

¹ There are, of course, scenarios where a second petition filed by a different petitioner serves the purpose of the AIA, such as where the first petition was discretionarily denied under *Fintiv* or where there is a request for joinder.

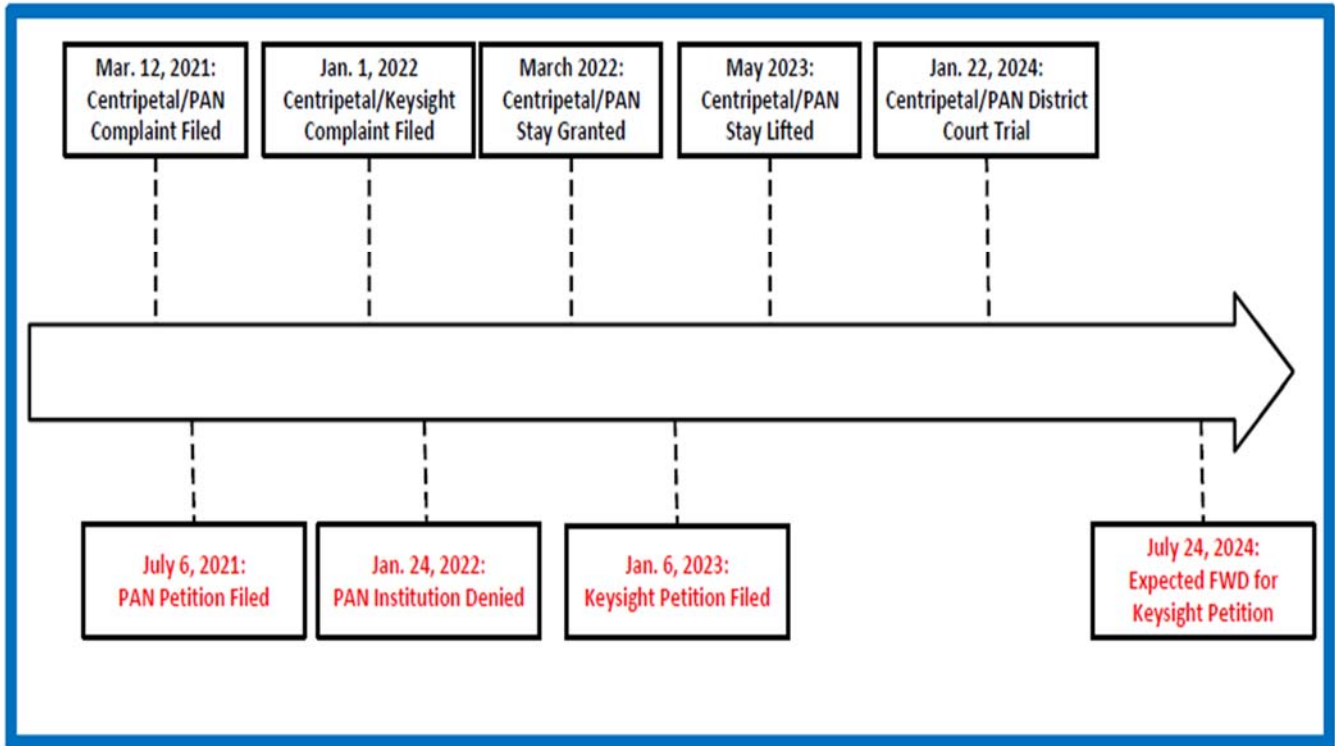
and whether instituting review of a do-over IPR would negatively impact patent owners' efforts to enforce their patent rights.

C. The Director Should Reverse the Institution Decision

Here, such prescribed regulations would curb any inequities and prejudices faced by Centripetal. In the first IPR petition,² the Board addressed the merits and denied institution. See Ex. 2004 at 11-19 (finding that the asserted art did not teach or suggest several limitations, including the “entire boundary” and “all network traffic traversing the boundary” limitations). This decision should have been sufficient to assuage the public's concern over litigation with poor-quality patents.

Instead, the '266 Patent is now tied up in administrative proceedings once again, after the co-pending district court litigation between Centripetal and prior-petitioner, Palo Alto Networks, Inc., was stayed for roughly 14 months, as the timeline below shows:

² The first petition was filed by prior petitioner Palo Alto Networks, Inc. (“PAN”).



That stay was only recently lifted, and this follow-on petition will only delay Centripetal's ability to enforce the patent even further.

III. CONCLUSION

For all of these reasons, Centripetal respectfully requests that the Director grants its request for Director Review.

Patent Owner's Request for Director Review
IPR2023-00445 (U.S. Patent No. 10,785,266)

Respectfully submitted,

Dated: August 7, 2023

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CERTIFICATE OF SERVICE

The undersigned certifies, in accordance with 37 C.F.R. § 42.6(e), and pursuant to agreement by the parties that filing with the Board through the Patent Trial and Appeal Case Tracking System (P-TACTS) constitutes electronic service, that service was made on Petitioner as detailed below.

<i>Date of service</i>	August 7, 2023
<i>Manner of service</i>	Electronic Filing with the Board
<i>Documents served</i>	PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW
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