

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PALO ALTO NETWORKS, INC.,
Petitioner

v.

BT AMERICAS INC.,
Patent Owner

Case No. IPR2023-00888
U.S. Patent No. 7,159,237

**PETITIONER'S REHEARING REQUEST
OF THE BOARD'S NON-INSTITUTION DECISION
UNDER 37 C.F.R. § 42.71(d)**

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I. INTRODUCTION

The Board misapprehends the law where the prior art does not expressly describe a limitation. The Board agrees that every limitation is present between the two prior-art references here except one: *dynamically modifying an analysis capability of said probe during operation thereof based on said received feedback*. Despite confirming that a person of ordinary skill in the art (“POSA”) would have been motivated to modify the prior-art combination to perform dynamic modification and despite finding that the prior art had the capability to perform dynamic modification, the Board denied institution because the Petitioner “fails to sufficiently demonstrate that the prior art provided such a solution.” Paper 9, 35.

But the law does not require the prior art to provide the solution. The Supreme Court made clear, “the [obviousness] analysis ***need not seek out precise teachings directed to the specific subject matter of the challenged claim***, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (emphasis added). By ending its inquiry at whether the prior-art reference disclosed the precise features of the “*dynamically modifying*” limitation, the Board runs afoul of *KSR*.

Furthermore, the Board seeks to distinguish its conclusions here and in a related IPR on the basis the claims in the related IPR are directed to “capability”

while the claims here recite “configured to.” The Board, however, misreads the decision in *ParkerVision, Inc. v. Qualcomm Inc.*, 903 F.3d 1354, 1361 (Fed. Cir. 2018). There, the Court declined to find obviousness because the Petitioner failed to argue “why a person of ordinary skill in the art would have been motivated to use the particular inputs that would result in such an output, choosing to broach that subject for the first time in its reply briefs.” *ParkerVision*, 903 F.3d at 1363. In contrast, here, Petitioner provided, and the Board confirmed, that a POSA would have been so motivated.

II. STANDARD OF REVIEW

A party requesting rehearing bears the burden of showing the decision should be modified. 37 C.F.R. § 42.71(d). The Board reviews a non-institution decision for an abuse of discretion. 37 C.F.R. § 42.71(c). “An abuse of discretion occurs when a decision is based on an erroneous interpretation of law or clearly erroneous factfinding, or if that ‘decision represents an unreasonable judgment in weighing relevant factors.’” *In re Gartside*, 203 F.3d 1305, 1315-16 (Fed. Cir. 2000) (cleaned up); *Huawei Device Co., Ltd. v. Optis Cellular Tech., LLC*, IPR2018-00816, Paper 19 at 3 (PTAB Jan. 8, 2019) (precedential).

The rehearing request “must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, [or] a reply.” 37

C.F.R. § 42.71(d). Misapprehending or overlooking a significant fact or argument is an abuse of discretion. *Merial Ltd. v. Virbac*, IPR2014-01279, Paper 18 at 7, 8, 14 (PTAB Apr. 15, 2015) (reversing non-institution and granting IPR when the Board overlooked “a significant fact” found in a prior-art reference); *Handi Quilter, Inc. v. Bernina Int’l AG*, IPR2014-00270, Paper 17 at 24 (PTAB Dec. 30, 2014) (reversing non-institution and granting IPR when the Board overlooked “the significance of [an] argument” in the petition).

III. ARGUMENT

A. The Board’s non-obviousness conclusion rests on a misapprehension of law that Duvall’s system must explicitly disclose the “*dynamically modifying*” functionality.

It is blackletter law that every claim limitation need not be disclosed in the prior art to find obviousness. A missing limitation may be obvious based on the “inferences and creative steps that a person of ordinary skill in the art would employ.” *KSR*, 550 U.S. at 418.

Nonetheless, the Board decided not to institute an IPR because one claim element was supposedly not taught by Duvall¹: “*dynamically modifying an analysis capability of said probe during operation thereof based on said received feedback.*” Paper 9, 31-36. In particular, the Board said:

Petitioner explains sufficiently that dynamic modification provides an

¹ U.S. Patent No. 5,884,003 to Duvall et al. (EX1004, “Duvall”).

advantage and why a skilled artisan would want to use it in solving a problem, but *fails to sufficiently demonstrate that the prior art provided such a solution.*

Id., 35 (emphasis added).

By stopping its inquiry here, the Board did not correctly apply *KSR* because it did not consider that the Petition sufficiently provided evidence that a POSA would have inferred and taken creative steps to reach the claim limitation. The Federal Circuit, in *C.R. Bard, Inc. v. Medline Indus., Inc.*, No. 2020-1900, 2021 WL 3574043 (Fed. Cir. Aug. 13, 2021), meticulously walked through different obviousness arguments where the prior art did not expressly describe a limitation, yet the Federal Circuit repeatedly found obviousness.² *See, e.g., id.* at *7 (“That Imai does not ‘expressly’ describe a stacking mechanism does not defeat Bard’s argument on obviousness.”); *id.* at *8 (“That Serany does not ‘expressly’ describe a fluid receptacle in the claimed arrangement does not defeat Bard’s argument on

² In only one instance did the Federal Circuit in *C.R. Bard* decline to find obviousness where there was a missing limitation. It did so because the prior-art references were unsuited to perform the limitation. *C.R. Bard*, 2021 WL 3574043, at *7-*9. In other words, the prior-art references lacked the capability to perform the limitation.

obviousness.”). Several other Federal Circuit cases similarly find obviousness despite a limitation not being present among the prior-art combinations. *See B/E Aerospace, Inc. v. C&D Zodiac, Inc.*, 962 F.3d 1373, 1379-81 (Fed. Cir. 2020); *Odom v. Microsoft Corp.*, 429 F. App’x 968, 972-74 (Fed. Cir. 2011); *Perfect Web Techs., Inc. v. InfoUSA, Inc.*, 587 F.3d 1324, 1329-30 (Fed. Cir. 2009).

What the Federal Court makes clear is that, “[i]n cases in which ‘common sense’ is used to supply a missing limitation, as distinct from a motivation to combine, moreover, our search for a reasoned basis for resort to common sense must be searching. And, this is particularly true where the missing limitation goes to the heart of an invention.” *Arendi S.A.R.L. v. Apple Inc.*, 832 F.3d 1355, 1363 (Fed. Cir. 2016). Petitioner provided a reasoned basis for finding the limitation obvious; further, this limitation is not the heart of the invention. The Petition describes how Duvall discloses filter entries stored in a database at a probe, that those filter entries are updated using an updating mechanism to keep filters current, that the system adapts to new sites and servers added to the Internet, and that updating the filters modifies the analysis capabilities of the system. Pet., 42-43.

And the Board agreed in IPR2023-00889 (“the ’641 IPR”)³ that the Petition

³ The “*dynamically modifying*” limitation at issue here is substantially identical to the one in the ’641 IPR. The limitation here recites:

made a sufficient showing that Duvall renders obvious the ability to dynamically modify the analysis capability of the probe. There, the Board wrote thirteen pages citing evidence and argument supporting that “Petitioner *sufficiently shows* that Duvall’s editing manager is reasonably capable of allowing dynamic modifications of an analysis capability as limitation 1.e requires, even if Duvall does not explicitly disclose such a capability.” *Palo Alto Networks, Inc. v. BT Americas Inc.*, IPR2023-00889, Paper 10 at 42 (P.T.A.B. Nov. 17, 2023) (emphasis added).

The Board in the ’641 IPR further explained:

Duvall discloses that “[t]he system periodically accesses the update server over the Internet, and downloads one of a number of new sets of filters from the server *to replace some or all of the existing filters.*” [EX1004] at 1:55-58 (emphasis added). Prior to this description, Duvall generally discloses that the “system . . . allows Internet users *to filter material transmitted over the Internet.*” *Id.* at 1:28-29 (emphasis added). On this preliminary record, this sufficiently shows

dynamically modifying an analysis capability of said probe during operation thereof based on said received feedback.

EX1001, 35:55-57 (limitation 1.e). And, in the ’641 IPR, the limitation recites:

a modification control system for dynamically modifying an analysis capability of the probe during operation thereof based on the received feedback.

IPR2023-00889, EX1001, 33:43-45 (limitation 1.e).

a form of dynamic modification of the filters during filtering by the “*system*,” while the “*system*” is operational and on the Internet (“on-line”).

Palo Alto Networks, IPR2023-00889, Paper 10 at 42-43. Thus, the Board in the ’641 IPR found that Petitioner showed that Duvall’s system is reasonably capable of performing the claimed “*dynamically modifying*” limitation.

Nor is *dynamically modifying* limitation the heart of the invention. The ’237 patent simply states that “[t]he software and filters of the probe/sentry system 2000, in a preferred embodiment, may be adaptive or, alternatively, may be manually updated offline or dynamically (that is, during actual operation).” EX1001, 5:26-29. The ’237 patent recites no problem solved by dynamic updating or even suggests any difficulty with dynamic updating. Accordingly, Petitioner is not resorting to the “inferences and creative steps that a person of ordinary skill in the art would employ” for a limitation that purports to be the leap over the prior art or would be difficult to implement. *KSR*, 550 U.S. at 418. Indeed, the Board dismissed the Patent Owner’s argument that Duvall would be incompatible with dynamic modification. *Palo Alto Networks*, IPR2023-00889, Paper 10 at 41.

Finally, the Board erred when it concluded that it did “not find dynamic modification of an analysis capability of a probe to be one of ‘a finite number of identified, predictable solutions’” because “the recited claim limitation is a technical feature that is not taught or even suggested by the combined teachings of

Duvall and Chu.” Paper 9, 34-35. The Board seemingly requires that the prior-art references must spell out the finite choices. Not so.

In *C.R. Bard*, the Federal Circuit considered a claim limitation requiring the storing of two syringes in a compartment. The prior art disclosed two syringes, but only one was stored in the compartment while the storage of the second syringe was unspecified. Despite none of the prior art disclosing two syringes stored in the same compartment, the Federal Circuit found the claim obvious because, “[a]lthough the prior art does not ‘expressly’ direct a skilled artisan to place two syringes in one compartment, it certainly was well within the possibilities available to him to do so. As the Board acknowledged, a person of ordinary skill had only two options for storing the irrigation syringe: either together with the inflation syringe or apart.” *C.R. Bard*, 2021 WL 3574043, at *4.

So too here. The Board confirmed with exhaustive reasoning that it was obvious that Duvall has the reasonable capability to provide updates while operating. *Palo Alto Networks*, IPR2023-00889, Paper 10 at 35-47. It is just a simple database update after all. EX1003, 82 (“Duvall explains that the ‘implementation and use of the editing manager are generally based on known database editing techniques.’”). Thus, if it was obvious to a POSA that Duvall had the reasonable capability to provide dynamic modification, “it certainly was well within the possibilities available to [the POSA]” to recognize the choice as

dynamic or non-dynamic modification. *C.R. Bard*, 2021 WL 3574043, at *4

(“When two equally viable options are available, as here, then, without more, either one would seem to have been obvious.”).

B. The Board’s non-obviousness conclusion rests on a misapprehension of *ParkerVision*.

“[O]bviousness concerns whether a skilled artisan not only *could have made* but *would have been motivated to make* the combinations or modifications of prior art to arrive at the claimed invention.” *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1073 (Fed. Cir. 2015) (emphasis in original). Here, the Petition established that a skilled artisan both *could* and *would* have performed the “*dynamically modifying*” functionality in Duvall’s system, and the Board agreed. That is all that is required under the law. *See ParkerVision*, 903 F.3d at 1363.

ParkerVision is instructive. That case involved obviousness issues with respect to both apparatus claims and method claims. For the apparatus claims, the Federal Circuit explained that “a prior art reference may anticipate or render obvious an apparatus claim—depending on the claim language—if the reference discloses an apparatus that is *reasonably capable of* operating so as to meet the claim limitations, even if it does not meet the claim limitations in all modes of operation.” *ParkerVision*, 903 F.3d at 1361 (emphasis added). But for method claims, something more is required—namely, a sufficiently articulated motivation to use the prior art in the manner required by the claims. *Id.* at 1363. The Federal

Circuit explained:

While [the defendant] was only required to identify a prior art reference that discloses an apparatus “capable of” performing the recited functions to prove that the apparatus claims would have been obvious, more was required with respect to the method claims. Specifically, [the defendant] needed to present evidence and argument that a person of ordinary skill would have been motivated to operate [the prior art] in a manner that satisfied the [claim] limitation.

Id. The Federal Circuit ultimately affirmed the Board’s conclusion that the method claims were not obvious because the defendant’s petitions “did not speak to whether a person of ordinary skill in the art *would* have any reason to” operate the prior art to perform the claimed function. *Id.* (emphasis in original).

Unlike the petition in *ParkerVision*, the Petition here does explain why the prior art would have been used to perform the “*dynamically modifying*” claim limitation. Pet., 42-43 (emphasis added). And the Board agreed:

Petitioner explains sufficiently that dynamic modification provides an advantage and why a skilled artisan would want to use it in solving a problem

Paper 9, 35. The Petition also explains how Duvall was *reasonably capable of* performing the “*dynamically modifying*” claim limitation. Pet., 42-43. And the Board reviewing the ’641 IPR agreed:

[Duvall’s] system is reasonably capable of operating the probe while

periodically downloading uploads, because such downloads at least access the filter database, which the implementing software controls.

Palo Alto Networks, IPR2023-00889, Paper 10 at 43 (citing EX1004, 1:28-29, 55-58, 61-62). Based on the sufficiently stated reason to perform the “*dynamically modifying*” limitation and Duvall’s capability of performing that limitation, the Petition established a reasonable likelihood of obviousness as a matter of law in accordance with the rationale in *ParkerVision*.

The Board’s contrary conclusion is not supported by *ParkerVision*. The Board cites *ParkerVision* in support of its assertion that “claim 1 is a method claim, not an apparatus claim that recites the mere capability of performing dynamic modification.” Paper 9, 34 n.7. That’s true, but it misses the point. As explained above, *ParkerVision* illustrates that invalidating a method claim requires a showing that the prior art is “capable of” performing the claim functions, coupled with a showing that a skilled artisan would have been motivated to perform those functions. 903 F.3d at 1363. Petitioner made both of those showings here.

The Board also cites *ParkerVision* for the proposition that Federal Circuit cases distinguish between “configured to” and “capable of” claims in the context of *infringement*. The Board states:

[A]lthough claim 18 is an apparatus claim, it recites “said probe is *configured to* . . . dynamically modify an analysis capability of said probe during operation thereof based on said received feedback.” *See*

ParkerVision, 903 F.3d at 1362 (noting that previous Federal Circuit cases distinguish between claims with language that recites capability, and those that recite configuration, and where claim language recites capability, as opposed to actual operation, an apparatus that is reasonably capable of performing the claimed functions without significant alternations can *infringe* those claims.).

Paper 9, 34 n.7 (cleaned up) (emphasis added). But it is unclear how that *infringement*-related distinction applies to the *obviousness* issues here.

Because the Board's non-obviousness's determination rests on a misapprehension of law, that determination should be vacated and IPR instituted.

IV. CONCLUSION

The Board's non-institution decision was an abuse discretion. The Board ended its obviousness inquiry without taking account of the inferences and creative steps that a person of ordinary skill in the art would employ during the obviousness inquiry, as required by *KSR*. Critical to this analysis is that the Board found by sufficient evidence that a POSA would have found Duvall's system was *reasonably capable of* performing that claimed limitation. The Board further found that the Petition sufficiently explained a motivation to use Duvall's system to perform the claimed "*dynamically modifying*" limitation. The motivation to use Duvall's system to perform the claimed function, coupled with Duvall's reasonable capability of performing this function, leads to obviousness as a matter of law. The

Board's contrary decision was based on an erroneous interpretation of law. Thus, the Board's non-institution decision should be vacated and *inter partes* review should be instituted.

Respectfully submitted,

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CERTIFICATION OF SERVICE

The undersigned hereby certifies that the foregoing **PETITIONER'S REHEARING REQUEST OF THE BOARD'S NON-INSTITUTION DECISION UNDER 37 C.F.R. § 42.71(d)** was served electronically via e-mail on December 12, 2023 in its entirety on the following counsel for Patent Owner:

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