

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CROWDSTRIKE, INC.
Petitioner

v.

OPEN TEXT INC.
Patent Owner

Case IPR2023-00126
Patent No. 10,257,224

PATENT OWNER'S REQUEST FOR REHEARING

Mail Stop PATENT BOARD
Patent Trial and Appeal Board
U.S. Patent & Trademark Office
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IPR2023-01011
Open Text Inc. EX-2001

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Patent Owner requests rehearing of the panel's Decision of May 5, 2023, Granting Institution of *Inter Partes* Review ("Order"). *CrowdStrike, Inc. v. Open Text, Inc.*, IPR2023-00126, Paper 9 (PTAB May 3, 2022.). The decision to institute was based on legal, factual, and weighing errors that are each a basis for rehearing. On May 5, 2023, Patent Owner submitted a Request for Rehearing in *CrowdStrike, Inc. v. Open Text Inc.*, IPR2022-01522, on substantially the same grounds presented in this request. As of the filing of this Paper, the Request for Rehearing in IPR2022-01522 remains pending.

I. Introduction

"Congress designed the America Invents Act (AIA) post-grant proceedings to ... limit unnecessary and counterproductive litigation costs." Director's Memo, *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* ("Guidance") at 1 (June 21, 2022). Consequently, Director Vidal has instructed the Board not to institute IPR trials that, in view of parallel litigation, would "increase, rather than limit, litigation costs." *Id.*

Here, it is undisputed that the proceedings Petitioner seeks would increase, rather than limit, litigation costs. Indeed, neither Patent Owner nor the panel has suggested otherwise.

The reasons are easy to see: a district court stay is out of the question, and the district court will consider the very same arguments presented in the petition.

Accordingly, for the next year, the Board and the district court will labor to decide the very same issues. Even if the PTAB does manage to push its nose across the finish line first, the year-long race between the two adjudicatory bodies will nevertheless “increase, rather than limit, litigation costs,” create “potential conflict between the ... (PTAB) and district court proceedings,” and generally increase “the potential for inefficiency and gamesmanship.” Guidance at 1. This is exactly the situation that Director Vidal has instructed the Board to avoid.

Because institution will impede rather than advance the purpose of the AIA, institution should have been denied. To reach a different conclusion, the panel made a series of legal, factual, and weighing errors, as outlined below. Each of these errors is a separate basis for rehearing. In view of those errors, Director Vidal’s guidance, and *Fintiv*’s instruction to take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review,” we ask that the panel reconsider its decision to institute. *Apple, Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, 6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”).

II. Legal Standard

“A party dissatisfied with a decision may file a single request for rehearing without prior authorization from the Board.” 37 C.F.R. § 42.71(d). On a motion for rehearing, the Board reviews its decision for an abuse of discretion. 37 C.F.R. § 42.71(c). Abuse of discretion occurs if a panel action is “[1] based on an erroneous

interpretation of law, [2] if a factual finding is not supported by substantial evidence, or [3] if the decision represents an unreasonable judgment in weighing the relevant factors.” *Huawei Device Co. v. Optis Cellular Tech., LLC*, IPR2018-00816, Paper 19, 3 (PTAB Jan. 8, 2019) (precedential) (“Huawei”).

III. Argument

Where institution would not advance the purpose of the AIA, the Board should exercise its discretion to deny institution. As shown below, the panel declined to do so based on errors of law, fact, and weighing. Each error was an abuse of discretion that warrants rehearing.

A. Factor 1: Possibility of Stay

The panel’s analysis of Factor 1 is based on an erroneous interpretation of law because the analysis expressly ignores pertinent evidence that the panel itself agrees demonstrates that “a stay appears unlikely.” Order at 9.

The first *Fintiv* factor asks “whether [1] the court granted a stay or [2] evidence exists that one may be granted if a proceeding is instituted.” *Fintiv* at 6. The underlying policy is that a stay “allays concerns about inefficiency and duplication of efforts.” *Id.*

Here, the undisputed answer to both questions posed by Factor 1 is a resounding “no”: (1) the court has not “granted a stay,” and (2) neither the panel nor Petitioner has identified any “evidence [] that one may be granted if a proceeding is

instituted.” *Id.* To the contrary, when the panel analyzed the full circumstances of this petition, it **agreed** that “a stay appears unlikely.” Order at 9.

The panel nonetheless found that this factor was “neutral.” This finding appears to be based on a misunderstanding of *Fintiv* as considering only district court orders on a stay request to be relevant “evidence” on whether a stay is likely. Order at 8–9. Specifically, the panel’s analysis of this factor turned **solely** on the observation that “there has been no actual denial of a stay as contemplated by *Fintiv* to weigh this factor against exercising discretion.” *Id.* at 9.

That analysis is contrary to law because an “actual denial of a stay” is not the only type of evidence “contemplated by *Fintiv*.” To the contrary, *Fintiv* contemplates that any type evidence may be relevant. For example, *Fintiv* holds that one way to “support the arguments that ... a stay may be less likely, and instituting would lead to duplicative costs,” is to show the “work completed by the parties and court in the parallel proceeding.” *Fintiv* at 10.

Pursuant to this precedent, other panels have considered evidence about the proceeding to find that Factor 1 favored denial, even where (as here) the petitioner never requested a stay. *See, e.g., Luxshare Precision Industry v. Amphenol Corp.*, IPR2022-00132, Paper 10, at 9 (PTAB May 3, 2022) (Factor 1 favored denial where “Petitioner present[ed] no evidence that it has requested a stay [] or that a stay is likely.”); *Nintendo Co. v. Gamevice, Inc.*, IPR2020-01197, Paper 13, at 11-12

(PTAB Jan. 12, 2021) (Factor 1 favored denial where the “record does not indicate that Petitioner has requested a stay,” but other evidence shows “a stay ... is unlikely.”).

The panel should have done likewise here. As the panel agreed, Patent Owner identified evidence showing that the complexity of the district court case makes a stay exceedingly unlikely. Order at 8–9; *see also* Paper 6, at 5-8 (“POPR”). That evidence showed that (1) the parallel litigation is a consolidated action involving 39 patents and *five* defendants, (2) the case against Petitioner alone involves fourteen patents (twelve asserted by Patent Owner; two by Petitioner) with all but one unrelated to the ’224 patent, and (3) the consolidated cases are before Judge Albright, who Petitioner showed has a track record demonstrating he “is unlikely to stay the entire consolidated case due to the large number of claims and counterclaims that are unrelated to the ’224 patent.” POPR 5–8. Thus, there is much evidence that the district court will not grant a stay following institution.

On the other side of the scale is ***no evidence***. Neither Petitioner (Paper 1 at 70) (“Petition”) nor the panel (Order at 8–9) identified anything to counterbalance Patent Owner’s evidence that the district court will not stay the parallel litigation. To the contrary, the Petitioner “acknowledge[d]” the complexity of the case, and the panel agreed expressly that “a stay appears unlikely.” Order at 9.

The answer to “whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted” is therefore “no.” *Fintiv* at 6. The panel therefore should have weighed Factor 1 in favor of discretionary denial. The panel’s refusal to do so on the basis that “there has been no actual denial of a stay as contemplated by *Fintiv*” (Order at 9) is contrary to controlling precedent, and therefore an independent basis for rehearing. *See Huawei* at 3.

B. Factor 2: Schedules

The panel’s error respecting Factor 1 infected its analysis regarding Factor 2, which weighs the implications of the district court and IPR schedules. Because no stay will be granted, the district court and IPR trials will proceed in parallel for a year, resulting in precisely the “duplicative costs” that *Fintiv* and the AIA sought to avoid. *Fintiv* at 10; *see also* Guidance at 1 (The congressional purpose of IPR is to “limit unnecessary and counterproductive litigation costs.”).

Controlling Board precedent suggests that this factor should have been neutral at best, as PO argued. POPR 8–9. For instance, the Board held in *Sotera* that, where “the trial is scheduled to begin *around the same time* as our deadline to reach a final decision,” “this factor does not weigh for or against denying institution in this case.” *Sotera Wireless, Inc. v Masimo Corp.*, IPR2020-01019, Paper 12, 15 (Dec. 1, 2020) (precedential) (emphasis added). The same is true in this case because the district court will not stay the parallel proceedings, and consequently, parallel litigation

before the Board will cause the “duplicative costs” that *Fintiv* seeks to avoid. *Fintiv* at 10.

Fintiv encourages that analysis by advising that, “[i]f the court’s trial date is *at or around* the same time as the projected deadline or even *significantly after*, the projected statutory deadline,” the analysis “will likely implicate other factors ... such as the resources that have been invested.” *Fintiv* at 9 (emphasis added). Consequently, it is not sufficient to consider projected trial dates in isolation, without appreciating the implications of those dates.

That is the mistake the panel made here. It concluded that Factor 2 weighs for institution simply because the statutory deadline precedes the district court trial date by a few months. The panel failed to apply controlling precedent and thus appreciate that the largely concurrent trial schedules before the district court and the Board would result in precisely the “duplicative costs” that the AIA sought to avoid. *Fintiv* at 10. The panel’s decision is therefore contrary to controlling precedent and fails to make appropriate factual inferences about the impact of the competing trial schedules in this case. *Fintiv* at 10. Both errors are grounds for rehearing. *See Huawei* at 3.

C. Factor 3: Party and Court Investment

The third *Fintiv* factor turns on the “[3] investment in the parallel proceedings by the court and the parties.” *Fintiv* at 6. It favors denial “if, at the time of the

institution decision, the district court has issued substantive orders related to the patent.” *Fintiv* at 9-10; *see also id.* at 10 n.16 (collecting cases). *Fintiv* instructs that “claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.” *Id.* at 10.

Here, the POPR informed the panel that the court and parties had invested heavily in the district court proceedings—including exchanging infringement contentions, invalidity contentions, and *Markman* briefing—and that a *Markman* hearing would be held on March 7, 2023, with a “final [claim construction] order [expected] two months before the Board’s institution deadline on May 9, 2023.” POPR 9–10. As predicted, the district court *did* issue its final claim construction order soon after the *Markman* hearing (on March 16, 2023)—over a month before the panel instituted review on May 5, 2023. EX-2021.¹

Thus, at the time of institution, the district court *had* issued its claim construction order construing the ’224 patent, and under *Fintiv*, “claim construction

¹ Patent Owner requests that, under 37 C.F.R. § 42.62 and Fed. R. Evid. 201(b)(2), the Board take judicial notice of the district court’s claim construction order, found at Dkt. 236 of *Webroot Inc. v. AO Kaspersky Lab*, 6:22-cv-00243-ADA-DTG (W.D. Tex.) (Mar. 16, 2023), filed herewith as EX. 2021. There is good cause for the Board to consider this exhibit because the claim construction order (issued on March 16, 2023) was unavailable to submit with Patent Owner’s Preliminary Response (submitted February 9, 2023), and the Board’s consideration of the claim construction order would serve the interest of justice, would not impede the efficient administration of the Office and of this proceeding, and would not prejudice Petitioner, as Petitioner already has the supplemental information.

orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.” *Fintiv* at 10. The panel’s conclusion that the parties and court had invested little in the litigation does not account for the full scope of *Markman* proceedings in the district court and therefore is grounds for rehearing. *Huawei* at 3.

D. Factor 4: Issue Overlap

The panel erred twice in concluding that the overlap of issues weighs against discretionary denial: the panel (1) gave undue weight to a stipulation that is practically identical to a *Sand Revolution* stipulation, which controlling precedent holds carries only “marginal” weight, and (2) the panel failed to appreciate that the stipulation fails to mitigate *any* concern of duplicative costs or of conflicting decisions because the stipulation does not bar the three *other* defendants against whom the ’224 patent is asserted in the parallel litigation from raising in that litigation exactly those grounds advanced in the petition.

Regarding the fourth factor, *Fintiv* explains that “concerns of inefficiency and the possibility of conflicting decisions [are] particularly strong” where “the Board [is] presented with substantially identical prior art arguments ... at issue in district court.” *Fintiv* at 12. “Accordingly, if the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial.” *Id.*

In making this evaluation, the Board has considered whether a petitioner’s stipulation not to pursue certain defenses in the district court may “mitigate[] any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decision.” *Sotera* at 19. The Board has held that, at least where a petitioner is the only defendant in the district court, a stipulation not to pursue at the district court “any ground raised or that could have been reasonably raised” in the petition is effective (*id.*), whereas a limited stipulation not to pursue only the same “grounds” “weigh[s] ***only marginally***, if at all, in favor of exercising discretion to deny institution” because that stipulation fails to “ensure that an IPR functions as a true alternative to litigation.” *Sand Revolution II, LLC v. Cont’l Intermodal Group-Trucking LLC*, IPR2019-01393, Paper 24 at 11-12 (PTAB June 16, 2020) (emphasis added) (“*Sand Revolution IP*”).

Here, Petitioner has offered only the limited stipulation that it will not use in the district court “the prior art references relied upon in the grounds of the instant petition.” Order at 11. The panel held that this limited stipulation “mitigate[s] concern about overlapping issues with the related litigation,” and on that basis, concluded that the fourth factor weighs against discretionary denial. *Id.*

The first error in the panel’s analysis was to give more weight to Petitioner’s limited stipulation than controlling precedent permits. That Petitioner’s stipulation is a hair broader than a *Sand Revolution II* stipulation does no more to “ensure that

[the] IPR functions as a true alternative to litigation.” *Sand Revolution II* at 12 n.5.

It simply compounds litigation costs by allowing the Petitioner to pursue separate invalidity theories in parallel at two different tribunals. Thus, the best that Petitioner’s stipulation can do is “weigh[] only marginally in favor of [institution].” *Sand Revolution II* at 11-12. The panel assigning the stipulation more weight is contrary to law and therefore a basis for rehearing. *Huawei* at 3.

The second error in the panel’s analysis was to ignore Patent Owner’s argument (POPR 15–16) that Petitioner’s stipulation should carry *no weight* because the stipulation does not bar other defendants in the parallel litigation from placing the very same invalidity challenges before the district court. Patent Owner has shown in the POPR that other defendants *are* relying on some or all of the prior art references cited in the petition, and none of those defendants have offered any type of stipulation that they will not litigate the same prior art and grounds contained in the petition. POPR 15. Consequently, Petitioner’s stipulation does not “mitigate[] any concerns of duplicative efforts between the district court and the Board,” or “of potentially conflicting decisions.” *Sotera* at 19. The panel abused its discretion by overlooking Petitioner’s argument. Order at 11–12.

E. Factor 5: Party Overlap

Finally, the panel erred by (1) holding that, even though Petitioner is a defendant in the parallel litigation, that factor weighs *against* discretionary denial and (2) ignoring that other parties are also defendants in the parallel litigation.

Fintiv holds that, “[i]f a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion to deny institution.” *Fintiv* 13-14. But *Fintiv* goes on to hold that, “[e]ven when a petitioner is unrelated to a defendant, . . . if the issues are the same as, or substantially similar to, those already or about to be litigated, or other circumstances weigh against redoing the work of another tribunal, the Board may, nonetheless, exercise the authority to deny institution.” *Id.* at 14.

Here, this factor weighs strongly for discretionary denial because (1) Petitioner *is* a defendant in the parallel court proceeding and (2) “the issues are the same as, or substantially similar to, those already or about to be litigated” by the *other* defendants. *Id.* Any way one slices it, this factor favors discretionary denial.

The panel’s first error was holding that, because the IPR trial would conclude before the district court’s, Petitioner’s role as a defendant in the district court weighs for institution. Order at 12. The panel cited no controlling authority or reasoning supporting that rule. *Id.* Neither of the opinions it cited did either. *Id.* The panel’s adoption of this arbitrary rule, without explanation, is an abuse of discretion.

The panel's second error was to ignore the fact that Petitioner's grounds are the same as or substantially similar to those about to be litigated by the district court (because the other defendants have placed those issues before the district court). *See* Order at 12; POPR 14–16. *Fintiv* is express that this situation favors discretionary denial. *Fintiv* at 14. That Patent Owner made this argument (POPR 14–16) and the panel ignored it (Order at 12) was an abuse of discretion.

IV. Conclusion

When viewed holistically, the circumstances of this petition call for discretionary denial. Indeed, not a single *Fintiv* factor favors institution. Factor 1 weighs for denial because the district court will not stay the parallel proceeding. Without a stay, Factor 2 weighs for denial (or is neutral at best) because the overlapping schedules of the IPR and district court litigation will cause significant duplicative litigation costs and the possibility of conflicting decisions. Factor 3 weighs for denial because the district court has already issued substantive orders, including claim construction. Factor 4 weighs for denial because the district court will consider the very same grounds raised in the petition. Factor 5 weighs for denial because Petitioner is a defendant in the district court. And Factor 6 permits discretionary denial because the panel has found expressly that the merits are not so compelling as to demand institution. Order at 12. The panel should therefore grant rehearing and deny institution.

Case No. IPR2023-00126

U.S. Patent No. 10,257,224

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing **PATENT OWNER'S REQUEST FOR REHEARING** was served by filing these documents through the Patent Trial and Appeal Case Tracking System (P-TACTS) as well as by delivering a copy via electronic mail on May 19, 2023, in the entirety on the following:

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