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Paper No. 9
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NETAPP INC.,
Petitioner,

v.

REALTIME DATA LLC,
Patent Owner.

Case IPR2017-01195
Patent 7,415,530 B2

Before GREGG I. ANDERSON, SCOTT C. MOORE, and AMANDA F. WIEKER, *Administrative Patent Judges.*

MOORE, *Administrative Patent Judge.*

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

I. INTRODUCTION

Petitioner NetApp Inc. ("NetApp") filed a Petition (Paper 2; "Pet.") to institute an *inter partes* review of claims 1–4, 12, and 18–20 of U.S. Patent No. 7,415,530 B2 (Ex. 1001, "the '530 patent"). Patent Owner Realtime Data LLC ("Realtime") filed a Preliminary Response (Paper 8; "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 an *inter partes* review.

II. BACKGROUND

A. Related Proceedings in the USPTO

The '530 patent was challenged in six prior *inter partes* review petitions:

(a) *Oracle Am., Inc. v. Realtime Data LLC*, case IPR2016-00375 (filed Dec. 28, 2015; institution denied July 1, 2016)[1];

(b) *Oracle Am., Inc. v. Realtime Data LLC*, case IPR2016-00376 (filed Dec. 28, 2015; institution denied July 1, 2016)[2];

[1] *See* IPR2016-00375 Papers 2, 8.

(c) *Dell, Inc., et al., v. Realtime Data LLC*, case IPR2016-00878 (filed Apr. 22, 2016; terminated June 21, 2016)[3];

(d) *Dell, Inc., et al., v. Realtime Data LLC*, case IPR2016-00972 (filed Apr. 29, 2016; instituted Nov. 1, 2016; oral hearing held July 25, 2017; final written decision pending)[4];

(e) *Oracle Am., Inc. v. Realtime Data LLC*, case IPR2016-01671 (filed Sept. 6, 2016; instituted and joined with IPR2016-00972 on Mar. 8, 2017)[5]; and

(f) *Veritas Techs. LLC v. Realtime Data LLC*, case IPR2017-00365 (filed Nov. 30, 2016; instituted and joined with IPR2016-00972 on June 2, 2017).[6]

The '530 patent also has been challenged in two subsequently filed *inter partes* review petitions:

(a) *Rackspace US, Inc. v. Realtime Data LLC*, case IPR2017-01627 (filed June 16, 2017; terminated Aug. 24, 2017)[7]; and

(b) *Commvault Sys., Inc. v. Realtime Data LLC*, case IPR2017-02006 (filed Aug. 28, 2017).[8]

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[2] *See* IPR2016-00376 Papers 2, 8.
[3] *See* IPR2016-00878 Papers 10, 17.
[4] *See* IPR2016-00972 Papers 10, 24, 68.
[5] *See* IPR2016-01671 Papers 5, 15.
[6] *See* IPR2017-00365 Papers 1, 6.
[7] *See* IPR2017-01627 Papers 1, 12.
[8] *See* IPR2017-02006 Paper 1.

B. Related Proceedings in District Court

The ’530 patent has been asserted in many district court litigations. The parties indicate that the ’530 patent has been asserted in the following cases in the U.S. District Court for the Eastern District of Texas: 6-17-cv-00118, 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, 6-16-cv-01037, 6-16-cv-01035, 6-16-cv-00961, 6-16-cv-00089, 6-16-cv-00086, 6-16-cv-00087, 6-17-cv-00071, 6-15-cv-00885, 6-15-cv-00463, 6-15-cv-00464, 6-15-cv-00465, 6-15-cv-00466, 6-15-cv-00467, 6-15-cv-00468, 6-15-cv-00469, 6-15-cv-00470, and 6-10-cv-00493. Pet. 2; Paper 5, 4–7. The parties indicate that the ’530 patent also has been asserted in case nos. 3-16-cv-02595 and 3-16-cv-01836 in the U.S. District Court for the Northern District of California; case no. 2-16-cv-02743 in the U.S. District Court for the Central District of California; and case no. 3-12-cv-01048 in the U.S. District Court for the Southern District of California. *Id*.

C. References Relied Upon

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

References	**Exhibit No.**
U.S. Patent No. 5,870,036, issued Feb. 9, 1999 (“Franaszek”)	1006
U.S. Patent No. 5,247,646, issued Sept. 21, 1993 (“Osterlund”)	1004
U.S. Patent No. 5,991,515, issued Nov. 23, 1999 (“Fall”)	1007

References	Exhibit No.
U.S. Patent No. 5,479,638, issued Dec. 26, 1995 ("Assar")	1008
U.S. Patent No. 5,771,354, issued June 23, 1998 ("Crawford")	1009
U.S. Patent No. 6,078,541, issued Jun 20, 2000 ("Kitagawa")	1010

Pet. 8–10.

D. Asserted Grounds of Unpatentability

NetApp asserts the following grounds of unpatentability:

Asserted Ground	Challenged Claim(s)	Statutory Basis	References
1	1 and 18	35 U.S.C. § 103	Franaszek in view of Osterlund
2	2–4	35 U.S.C. § 103	Franaszek in view of Osterlund and Fall
3	12	35 U.S.C. § 103	Franaszek in view of Osterlund and Assar
4	19 and 20	35 U.S.C. § 103	Franaszek in view of Osterlund and Crawford
5	1 and 18–20	35 U.S.C. § 103	Osterlund in view of Franaszek
6	2–4	35 U.S.C. § 103	Osterlund in view of Franaszek and Fall
7	12	35 U.S.C. § 103	Osterlund in view of Franaszek and Kitagawa

Pet. 8–10.

III. ANALYSIS

A. Procedural History

As discussed above, six *inter partes* review petitions challenging the '530 patent were filed before NetApp filed its present petition. The petition in *Dell, Inc. v. Realtime Data LLC*, case IPR2016-00972 ("the '972 IPR") was filed on April 29, 2016. *See* '972 IPR Paper 10. The petitioners in the '972 IPR[9] challenged all of the claims at issue in this proceeding, except for claim 20. *See id*. at 1; Pet. 1. The allegedly invalidating prior art references in the '972 IPR included Franaszek, Osterlund, Assar, Crawford, and Fall—five of the six references cited in this proceeding. *See* '972 IPR Paper 10, 7; Pet. 9–10. The '972 IPR was instituted on November 1, 2016. *See id*., Paper 24.

Like NetApp, the petitioners in the '972 IPR are or were defendants in patent infringement litigation in the U.S. District Court for the Eastern District of Texas. For example, '972 IPR petitioner Riverbed Technology, Inc. ("Riverbed") was sued for infringement of the '530 patent on May 8, 2015. *See* CM/ECF Docket of Case No. 6:15-cv-00468-RWS-JDL (E.D. Tex.) D.I. 1 (consolidated into Case 6:15-cv-00463-RWS-JDL (E.D. Tex.) on July 24, 2015). On May 19, 2016, shortly after filing the '972 IPR, Riverbed and the other '972 IPR petitioners filed a motion to stay district court litigation in view of the '972 IPR petition and several other IPR

[9] The petitioners in the '972 IPR were Dell Inc., Riverbed Technology, Inc., SAP America, Inc., Sybase, Inc., Hewlett-Packard Enterprise Co., HP Enterprise Services, LLC, Teradata Operations, Inc., EchoStar Corporation, and Hughes Network Systems, LLC. '972 IPR Paper 10.

petitions. CM/ECF Docket of Case 6:15-cv-00463-RWS-JDL (E.D. Tex.) D.I. 303.

On June 29, 2016, Realtime sued NetApp in the U.S. District Court for the Eastern District of Texas for infringing the ’530 patent. CM/ECF Docket (the “NetApp Docket”) of Case No. 6:16-cv-00961-RWS-JDL (E.D. Tex.) (the “NetApp Litigation”) D.I. 1. NetApp was served with a copy of the complaint on July 1, 2016. *Id*., D.I. 16.

On September 6, 2016, approximately two months after NetApp was sued by Realtime, Eastern District of Texas co-defendant Oracle America, Inc. filed its petition in IPR2016-01671 (“the ’1671 IPR”). ’1671 IPR Paper 5. This petition asserted the same grounds of unpatentability based on the same references (including Franaszek, Osterlund, Assar, Crawford, and Fall) as the ’972 IPR, and was accompanied by a motion for joinder. *Id*., Paper 15, 1, 4. The Board subsequently instituted the ’1671 IPR and joined that proceeding with the ’972 IPR. *Id*., Paper 15, 8–9.

On November 11, 2016, NetApp filed a motion to stay litigation in view of the ’972 and ’1671 IPRs, as well as several additional *inter partes* reviews. NetApp Docket D.I. 51, 3–4. One week later, on November 18, 2016, NetApp was served with infringement contentions accusing it of infringing claims 1–4, 12, and 18—20 of the ’530 patent—the same claims NetApp challenges in its present Petition. *Id*., D.I. 117-3, 2.

On November 30, 2016, Veritas Technologies LLC, also a co-defendant in the Eastern District of Texas, filed its petition in IPR2017-00365 (“the ’365 IPR”). ’365 IPR Paper 1. This petition also asserted the same grounds of unpatentability based on the same references as the ’972 IPR, and was accompanied by a motion for joinder. *Id*., Paper 6, 1, 3. The

Board subsequently instituted the '365 IPR and joined that proceeding with the '972 IPR. *Id*., Paper 6, 8–9.

On February 28, 2017, the district court denied NetApp's motion to stay. NetApp Docket D.I. 105, 12. Approximately one month later, on March 30, 2017, NetApp filed its present Petition. Paper 10. NetApp then filed a renewed motion to stay district court litigation based, in part, on its newly filed petition. NetApp Docket D.I. 130. NetApp's renewed stay motion was denied. *Id*., D.I. 151.

The oral hearing in the joined '972, '1671, and '365 IPRs took place on July 25, 2017, and a final written decision in those proceedings is pending. *See* '972 IPR Paper 68. The NetApp Litigation in the Eastern District of Texas is scheduled for trial on January 22, 2018. NetApp Docket D.I. 211.

B. Discretionary Denial of Institution

The Petition is before us pursuant to 35 U.S.C. § 314(a), which provides that the "Director[10] 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 conditions. Rather, by stating that the Director—and by extension, the Board—*may not* institute review *unless* certain conditions are met, Congress

[10] "The Board institutes the trial on behalf of the Director." 37 C.F.R. § 42.4(a).

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 (informative), 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)[11]:

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 first petition or received the Board's decision on whether to institute review in the first petition;

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

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, 9–10 (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 previously filed a petition challenging the '530 patent.

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.

Regarding factor 3, Realtime filed its Preliminary Response in the '972 IPR on August 3, 2016, and we instituted the '972 IPR on November 1, 2016. '972 IPR Papers 18, 24. Realtime filed its Patent Owner Response in the '972 IPR on February 8, 2017.[12] *See id*., Paper 37. As discussed below, NetApp knew or should have known of at least five of the six references cited in its Petition by no later than about September 6, 2016. This is well before the date the Board instituted the '972 IPR and the date Realtime filed its Patent Owner Response in the '972 IPR.[13] Factor 3 weighs in favor of invoking our discretion to deny institution because NetApp did not file its Petition until well after we instituted the '972 IPR and Realtime filed its Patent Owner Response in the '972 IPR.

Factor 4 also weighs in favor of denying institution. As discussed above, the '972 IPR (which challenges the '530 patent based on Franaszek, Osterlund, Assar, Crawford, and Fall) was the subject of a stay motion filed on May 19, 2016, which is listed on the Eastern District of Texas' public

[12] 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. Although the formulation of factor 3 in *General Plastic* only refers to the patent owner's preliminary response and the Board's institution decision in the earlier proceeding, we find that the filing date of the patent owner's response in the earlier proceeding is equally relevant to this factor.

[13] Because the Patent Owner's Preliminary Response in the '972 IPR was filed on August 3, 2016 (*see* '972 IPR Paper 18), a little more than a month after NetApp was sued for patent infringement, it is not clear that NetApp had a fair opportunity to file a petition for *inter partes* review before the date Realtime filed its Preliminary Response in the '972 IPR. Accordingly, we do not consider the filing date of '972 IPR Preliminary Response in our analysis of this factor.

court docket. Thus, NetApp knew or should have known of Franaszek, Osterlund, Assar, Crawford, and Fall, by shortly after July 1, 2016, when it was sued for infringing the ’530 patent. NetApp certainly knew, or should have known, of these five references by on or about September 6, 2016, when Oracle America, Inc. (also a defendant in the Eastern District of Texas) cited these references in the’1671 IPR petition. The record also contains no evidence that NetApp could not have located Kitagawa (a U.S. patent) at an earlier date.

Regarding factor 5, all of the claims that NetApp seeks to challenge, except for claim 20, also were challenged in the ’972, ’1671, and ’365 IPRs. And NetApp’s present challenges to claim 20 are based on Franaszek, Osterlund, and Crawford, all references that were cited in these earlier-filed proceedings. NetApp has provided no explanation regarding why it waited until March 30, 2017, to file its Petition in this case. Thus, factor 5 weighs in favor of invoking our discretion to deny institution.

Factors 6 and 7 also weigh against institution. As discussed above, two of NetApp’s Eastern District of Texas co-defendants filed petitions for *inter partes* review during the fall of 2016. We instituted those proceedings and joined them with the ’972 IPR. NetApp also had ample opportunity to file a petition for *inter partes* review during the fall of 2016. But instead, NetApp waited until March 30, 2017, after its motion for a stay in the Eastern District of Texas was denied.

Due to NetApp’s delay in filing its Petition and the time limit for issuance of a final written decision under 35 U.S.C. § 316(a)(11), the Board is unable to join, consolidate, or coordinate this proceeding with the three earlier-filed proceedings involving the same patent, all but one of the same

claims, and five of the six same prior art references. Instituting an *inter partes* review at this time would require the Board to conduct an entirely separate proceeding involving numerous issues that have been considered already, and likely will be resolved, in the joined ’972, ’1671, and ’365 IPRs. The result would be a significant waste of the Board’s resources. There would be no offsetting conservation of the Eastern District of Texas’ judicial resources because any final written decision in this proceeding would not issue until well after the scheduled trial date in the NetApp Litigation.

In addition, instituting *inter partes* review here would result in significant prejudice to Realtime, which already has spent more than a year defending the patentability of the ’530 patent in several earlier-filed proceedings. NetApp offers no reason why Realtime should be forced to spend an additional year re-arguing issues that substantially overlap with issues in the joined ’972, ’1671, and ’365 proceedings, when NetApp provides no compelling explanation for its tardy filing and could have minimized the burden on the Board and Realtime by raising its present arguments at a much earlier date.

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 as to all challenged claims of the ’530 patent.

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