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Filed on behalf of

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTERNATIONAL BUSINESS MACHINES CORP.,

Petitioner

v.

INTELLECTUAL VENTURES II LLC

Patent Owner

Case No. IPR2014-01465

U.S. Patent 6,826,694

**PATENT OWNER INTELLECTUAL VENTURES'
MOTION TO TERMINATE**

TABLE OF CONTENTS

Page No.

I. IBM IS ESTOPPED FROM MAINTAINING THIS PROCEEDING.....1

II. THE BOARD SHOULD TERMINATE THIS PROCEEDING.....5

TABLE OF AUTHORITIES

Page No(s).

<i>Apotex Inc. v. Wyeth LLC</i> , IPR2015-00873, Paper 8 (Sept. 16, 2015).....	2, 3, 4
<i>Compass Bank v. Intellectual Ventures</i> , IPR2014-00786, Paper 46 (Sept. 23, 2015).....	7
<i>DealerSocket Inc. v. AutoAlert, LLC</i> , CBM2014-00132, Paper 32 (May 15, 2015), Paper 41 (May 28, 2015)	7
<i>IBM v. Intellectual Ventures</i> , IPR2014-00587, Paper 54 (Sept. 23, 2015).....	1, 2, 3, 4
<i>Progressive Casualty Insurance Co. v. Liberty Mutual Insurance Co.</i> , No. 2014-1466, 2015 WL 5004949 (Fed. Cir. Aug. 24, 2015).....	5, 6
<i>Sony Corp. v. Tessera, Inc.</i> , IPR2012-00033, Paper No. 39 (Nov. 15, 2013).....	7

OTHER AUTHORITIES

35 U.S.C. § 315	1, 5, 6, 7
35 U.S.C. § 317	6, 7
37 C.F.R. § 42.73(d)	1
157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011)	2
<i>Trial Practice Guide</i> , 77 Fed. Reg. 48756, 48768 (Aug. 14, 2012).....	7

35 U.S.C. § 315(e)(1) requires that IBM be dismissed from this IPR, and the statute's policy (as set forth in its legislative history) counsels the Board to terminate this proceeding. In particular, on September 23, 2015, when the Board issued a final written decision in *IBM v. Intellectual Ventures*, IPR2014-00587 (Paper 54), which was directed to the *same claim* of the *same patent* at issue in this case, estoppel attached to IBM as a matter of law. IBM reasonably could have raised the sole reference in this case, *viz.*, Estrin 1987 ("Estrin"), in IBM's earlier IPR petition because Estrin is a readily available IEEE publication and because IBM's expert was well aware of Estrin. *See* 35 U.S.C. § 315(e)(1). IBM is therefore estopped from maintaining this proceeding, and, at a minimum, should be dismissed from this case. Further, the statute's underlying policy counsels the Board to terminate this IPR now without proceeding to a final written decision.

I. IBM IS ESTOPPED FROM MAINTAINING THIS PROCEEDING

Petitioner IPR estoppel is set forth in the Patent Statute, which provides:

The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, *may not* request or *maintain a proceeding* before the Office with respect to that claim on any ground that the petitioner raised or *reasonably could have raised* during that inter partes review.

35 U.S.C. § 315(e)(1) (emphases added); *see also* 37 C.F.R. § 42.73(d).

On September 23, 2015, the Board issued a final written decision on Claim 1 of the '694 patent in *IBM v. Intellectual Ventures*, IPR2014-00587 (Paper 54). Accordingly, IBM "may not . . . maintain [this] proceeding" because IBM "reasonably could have raised" Estrin in the earlier '587 IPR petition. There can

be no legitimate dispute that IBM—a large and sophisticated technology-based company—was fully capable of searching and reviewing IEEE articles. Ex. 2023 at 1. Indeed, IBM relied on an IEEE article in its earlier '587 IPR petition. IPR2014-00587, Paper 1 at 4 & Ex. 1022 at 001. And the '694 patent cites to an IEEE article—one authored by IBM's expert, Dr. Bellovin. Ex. 1004, Front Cover. Dr. Bellovin has in fact written numerous IEEE articles, and he testified in the '587 IPR that he performed IBM's prior art search and was personally aware of Estrin since its publication. Ex. 1002 at 3-6, 9, 12-14; Ex. 1001 ¶ 56; Ex. 2013 at 73:24-74:5. Thus, not only *could* IBM have located and raised Estrin when IBM filed the earlier '587 IPR petition, but IBM's expert was also *actually* aware of it.

“What a petitioner ‘could have raised’ was broadly described in the legislative history of the America Invents Act (‘AIA’) to include ‘prior art which a skilled searcher conducting a diligent search reasonably could have been expected to discover.’” *Apotex Inc. v. Wyeth LLC*, IPR2015-00873, Paper 8 at 6 (Sept. 16, 2015) (quoting 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011)). Estrin is an IEEE publication that a skilled searcher reasonably could have discovered. Ex. 1005 at 174. Estrin was published as part of the “1987 IEEE Symposium on Security and Privacy.” Ex. 1006 at 005. Estrin is easily found by searching the IEEE Xplore Digital Library, a public search engine available on the Internet at <http://ieeexplore.ieee.org/Xplore/home.jsp>. Estrin is found in an IEEE Xplore search of the terms “packet” and “filter” (“filtering a packet” is in the preamble of Claim 1). Ex. 2019 at 11 (search conducted September 25, 2015).

A skilled searcher would have searched the IEEE Xplore database, a well-

known tool used for patent searches related to engineering. *See* Ex. 2020 (DAVID HUNT ET AL., PATENT SEARCHING TOOLS & TECHNIQUES at 4-5 (2007) (ebook) (“IEEE Xplore . . . is well worth the subscription fee if your searches focus on engineering.”)). The ’694 patent undisputedly relates to engineering. Ex. 2014 ¶ 19 (“[A] person having ordinary skill in the art . . . is a person with a Bachelor of Science degree in Electrical Engineering, Computer Engineering, or Computer Science[.]”). A skilled searcher would have searched IEEE publications. Indeed, IBM actually did consult IEEE sources in the earlier ’587 IPR petition because IBM cited an IEEE article. IPR2014-00587, Paper 1 at 4 & Ex. 1022 at 001 (paper from 1997 IEEE Symposium on Network and Distributed Systems Security).

In any event, the Board “do[es] not need to determine what such a searcher may have uncovered, because the record demonstrates that Petitioner was aware of” the Estrin reference when IBM filed the ’587 IPR petition. *See Apotex*, IPR2015-00873, Paper 8 at 6. Dr. Bellovin testified in the ’587 IPR that “***I did the prior art search*** and checked dates and saw what references they had found and checked dates ***and dug up references of my own***[.]” Ex. 2022 at 105:17-20 (emphases added). Dr. Bellovin’s declaration in this case states that “I have personally met Dr. Estrin in 1988 when she came to visit Bell Labs. Dr. Estrin and I discussed the Estrin 1987 paper and various firewall concepts.” Ex. 1001 ¶ 56. Dr. Bellovin also testified that Dr. Estrin gave him a copy of Estrin in 1988. Ex. 2013 at 73:24-74:5. These facts demonstrate that Dr. Bellovin has been aware of Estrin for nearly two decades. Dr. Bellovin’s close association as an expert for IBM, who assisted IBM with prior art searching here, further compels the

conclusion that IBM reasonably could have raised Estrin in the '587 IPR petition.

IBM's argument that it could not have anticipated the need to file a second IPR because IBM did not expect that IV would swear behind the art is belied by the record. *See* Ex. 2018 at 13:23-14:7. In the earlier '587 IPR petition, IBM explicitly recognized the possibility that IV might swear behind the art: "Though Coss, Hughes, and Abraham would remain prior art under § 102(e) . . . , each would be prior art by an extra year, ***making it even more unlikely that IV will be able to 'swear behind'*** any of the references." IPR2014-00587, Paper 1 at 19 (emphasis added). Further, in March 2014, before the filing of the earlier '587 IPR petition, attorneys for IBM who represent defendants in concurrent litigation of the '694 patent issued subpoenas to the inventors relating to conception and reduction to practice. *See* Exs. 2024 at 9; 2025 at 9; 2026 at 9.

The Board rejected a similar argument in *Apotex*. In that case, the Petitioner argued that it could not have raised a ground in an earlier petition because it did not know that, upon institution, the Board would find some grounds redundant. *Apotex*, IPR2015-00873, Paper 8 at 7. The Board correctly noted that the inquiry is made "at the time [petitioner] filed the . . . IPR Petition." *Id.* Likewise, IBM cannot tenably argue here that it could not have anticipated the need to raise Estrin because the Board found IBM's first grounds to not be prior art, which was long ***after*** IBM chose not to raise Estrin at the time it filed the earlier '587 IPR petition.

IBM's argument illustrates why the "reasonably could have raised" language restricts estoppel from being a subjective or "state of mind" test. If it were a subjective inquiry, every petitioner would attempt to dodge estoppel by simply

arguing that it did not foresee the need to raise a reference in its earlier petition. By requiring an assessment of reasonability, Congress prescribed an objective inquiry, rather than peering into the petitioner's state of mind.

II. THE BOARD SHOULD TERMINATE THIS PROCEEDING

The estoppel statute mandates that IBM, as an estopped petitioner, may not “maintain [this] proceeding.” *See* 35 U.S.C. § 315(e)(1). At a minimum, this means that IBM cannot participate further in this IPR, including submitting any demonstratives, objecting to IV's demonstratives, and arguing at the oral hearing.

The text of the estoppel statute and sound policy further counsel the Board to terminate this proceeding now. The statute should be interpreted to mean that once estoppel attaches, the proceeding should normally be terminated. This interpretation comports with Congress' intent to limit serial attacks on patents, properly manages the Board's limited resources, and is consistent with equity.

IV is cognizant of the recent Federal Circuit opinion addressing the estoppel issue. *Progressive Cas. Ins. Co. v. Liberty Mut. Ins. Co.*, No. 2014-1466, 2015 WL 5004949, at *2 (Fed. Cir. Aug. 24, 2015) (nonprecedential). The *Progressive* decision considered the unusual factual scenario where the Board issued a second final written decision just over an hour after issuing a first final written decision. *Id.* The Federal Circuit rejected the petitioner's argument that estoppel attached in these circumstances. *Id.* The Federal Circuit opined that § 325(e)(1) (the analogous CBM estoppel statute) “by its terms does not prohibit the Board from reaching decisions. It limits only certain (requesting or maintaining) actions by a petitioner.” *Id.*

The *Progressive* decision, however, did not address the meaning of the term “maintain,” which means “to keep in existence or continuance.” Ex. 2021 at 3. Thus, even if the estoppel statute only limits a *petitioner’s* activities, if a petitioner cannot keep a proceeding in existence, the proceeding should normally end. In addition, *Progressive* does not **mandate** that the Board reach a final decision; it simply “does not prohibit the Board from” doing so. *Progressive*, No. 2014-1466, slip op. at 6. Accordingly, the Board certainly may terminate this case under its authority to manage proceedings under 35 U.S.C. § 315(d).

Contrary to IBM’s assertion, the unrelated settlement provisions of 35 U.S.C. § 317(a) should not be interpreted to authorize the Board to continue an IPR when no petitioner remains due to estoppel. *See* Ex. 2018 at 15:7-21. In the settlement context, Section 317(a) explicitly permits the Board to terminate the IPR *or* proceed to a final written decision if no petitioner remains. Importantly, though, Section 317(a) refers specifically to settlement and **not** estoppel. Congress included no such alternative provision in the estoppel statute, and its omission indicates that Congress did not intend the two provisions to operate the same.

The policy reasons to terminate an IPR when no petitioner remains due to estoppel are at least as strong, if not stronger, than the policy reasons that counsel the Board to generally terminate upon settlement. Congress intended estoppel to prevent serial attacks against patents. *See* Ex. 2005 at 47-48. Interpreting § 315(e)(1) to allow the Board to continue an IPR when no petitioner remains would frustrate Congressional intent and encourage petitioners to game the system. For example, a petitioner could file serial petitions with the expectation that even if

it could not fully participate in the later-filed proceedings to their conclusion, the Board would nonetheless carry the petitioner's case(s) the rest of the way. Such practices would increase the Board's workload and administrative burden and could create perceived inequities. In that vein, IBM's remark that "everything has already been done" ignores the significant work that the Board must yet do in order to decide the merits of this case and issue a final written decision. *See* Ex. 2018 at 16:17. Moreover, the Board has already found the challenged claim to be unpatentable. *Compass Bank v. Intellectual Ventures*, IPR2014-00786, Paper 46, (Sept. 23, 2015). So, continuing this IPR post-estoppel may be unnecessary.

Even if the Board interprets § 315(e)(1) to authorize the Board to continue an IPR when no petitioner remains due to estoppel, the Board should terminate this IPR under its normal practice for settlements under § 317(a). The Board expects to terminate the proceeding when the Board has not already decided the merits. *Trial Practice Guide*, 77 Fed. Reg. 48756, 48768 (Aug. 14, 2012). Here, the oral hearing has not occurred, and the Board has not decided the merits.

Indeed, the Board often terminates the case when settlement occurs before oral hearing. *E.g.*, *Sony Corp. v. Tessera, Inc.*, IPR2012-00033, Paper No. 39, at 2 (Nov. 15, 2013) (settled 10 days before hearing); *DealerSocket Inc. v. AutoAlert, LLC*, CBM2014-00132, Paper 32 (May 15, 2015), Paper 41 (May 28, 2015) (Board notified of settlement 7 days before hearing). Akin to the *Sony* and *DealerSocket* cases, IV notified the Board of the estoppel 9 days before the hearing, the same day that estoppel attached (Sept. 23, 2015). IV also advised the Board of potential estoppel in IV's Patent Owner's Preliminary Response. Paper 8 at 11, n.2.

IPR2014-01465
IBM v. Intellectual Ventures

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify a true and correct copy of **PATENT OWNER INTELLECTUAL VENTURES' MOTION TO TERMINATE** is being served on September 30, 2015, via email under 37 C.F.R. § 42.6(e) per agreement of the parties, to counsel for Petitioner, at the addresses below:

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