

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTERNATIONAL BUSINESS MACHINES CORPORATION and
SOFTLAYER TECHNOLOGIES, INC.,
Petitioner,

v.

ZITOVault, LLC,
Patent Owner.

Case IPR2016-01851
Patent 6,484,257 B1

Before JAMESON LEE, MICHAEL W. KIM, and DANIEL N. FISHMAN,
Administrative Patent Judges.

FISHMAN, *Administrative Patent Judge.*

DECISION

Denying Institution of *Inter Partes* Review
35 U.S.C. § 314 and 37 C.F.R. §§ 42.108

I. INTRODUCTION

International Business Machines Corporation and SoftLayer Technologies (collectively “Petitioner”), filed a Petition (Paper 1, “Pet.”) for *inter partes* review of claims 1, 3–8, and 10 (the “challenged claims”) of U.S. Patent No. 6,484,257 B1 (“the ’257 patent”) (Ex. 1001) pursuant to 35 U.S.C. §§ 311–319. ZitoVault, LLC (“Patent Owner”) filed a Patent Owner Preliminary Response (Paper 7, “Prelim. Resp.”).

We have authority and discretion to determine whether to institute a trial. *See* 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a). Based on the facts of this case as discussed below, we exercise our discretion and decline to institute *inter partes* review of any the challenged claims on any of the asserted grounds.

A. *Related Matters*

Both parties identify the following related matters: *ZitoVault, LLC v. Amazon.com, Inc.*, Eastern District of Texas, 6:15-cv-00152-JRG (filed March 2, 2015; transferred to Western District of Washington 2:16-cv-00027) and *ZitoVault, LLC, v. International Business Machines Corp.*, Eastern District of Texas, 6:15-cv-00906 (filed October 16, 2015; transferred to the Northern District of Texas 3:16-cv-00962). Pet. 2; Paper 4, 2.

Both parties also identify *Amazon.com, Inc. v. ZitoVault, LLC*, IPR2016-00021 (the “Amazon IPR”), which was instituted as to claims 1, 3, 5–8, and 10 of the ’257 patent on April 15, 2016; and *International Business Machines Corp. v. ZitoVault, LLC*, IPR2016-01025 (the “IBM IPR”), which was instituted and joined with the Amazon IPR as to claims 1, 3, 5–8, and 10 of the ’257 patent on August 29, 2016. Pet. 2–3; Paper 4, 3.

B. Challenged Claims

Of the challenged claims, claims 1, 5–7, and 10 are independent. Challenged claims 3 and 4 each depend from independent claim 1, and challenged claim 8 depends from independent claim 7. Claim 1, reproduced below, is illustrative of the challenged claims.

1. A system for conducting a plurality of cryptographic sessions over a distributed network of computers, employing a distributed automaton running on the network comprising M agents for servicing N number of simultaneous cryptographic sessions wherein bandwidth and number of sessions are scalable by the M agents and latency is potentially reducible to zero comprising:

a main server;

one or more clients communicating over the distributed network with said main server and agents;

M agents communicating with the main server for enlisting additional agents to support incremental cryptographic sessions with the clients to maintain system performance at a desired level;

and for encrypting and decrypting communication traffic as it arrives from the clients via the main server,

the agents comprising a single-to-many connection (1 client, M agents) with respect to the clients, such that portions of the bandwidth are equally divided among the M agents for processing, and the agents combine the processing power of all computers connected to the system to service encryption and decryption and enable bandwidth to be scalable by the M agents and to reduce latency substantially to zero.

C. Asserted Grounds of Unpatentability

The Petitioner sets forth the following grounds of unpatentability:

| Reference(s) | Claims | Statutory Basis |
|--------------|--------|-----------------|
|--------------|--------|-----------------|

| | | |
|---|-----------------|----------|
| Adelman ¹ and Devine ² | 1, 3, 6, and 10 | § 103(a) |
| Adelman, Devine, and Bhaskaran ³ | 4 | § 103(a) |
| Adelman, Devine, and DeBettencourt ⁴ | 5, 7, and 8 | § 103(a) |

Petitioner also relies on Dr. Roberto Tamassia's Declaration (Ex. 1003) in support of its arguments.

II. ANALYSIS

A. *Discretionary Non-Institution*

Institution of *inter partes* review is discretionary. Title 35, section 314(a) of the United States Code provides:

The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 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.

Furthermore, 37 C.F.R. § 42.108(a) provides (emphasis added):

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.

Panels of the Board have considered a variety of factors when determining whether to exercise discretion not to institute review when a Petitioner files multiple petitions. Exemplary factors include:

¹ U.S. Patent No. 6,078,957; June 20, 2000 (Ex. 1004).

² U.S. Patent No. 6,606,708 B1; Aug. 12, 2003 (Ex. 1005).

³ U.S. Patent No. 6,266,355 B1; July 24, 2001 (Ex. 1006).

⁴ U.S. Patent No. 6,279,001 B1; Aug. 21, 2001 (Ex. 1007).

- (1) the finite resources of the Board;
- (2) the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than one year after the date on which the Director notices institution of review;
- (3) whether the same petitioner previously filed a petition directed to the same claims of the same patent;
- (4) whether, at the time of filing of the earlier petition, the petitioner knew of the prior art asserted in the later petition or should have known of it;⁵
- (5) whether, at the time of filing of the later petition, the petitioner already received the patent owner's preliminary response to the earlier petition or received the Board's decision on whether to institute review in the earlier petition;⁶
- (6) the length of time that elapsed between the time the petitioner learned of the prior art asserted in the later petition and the filing of the later petition; and
- (7) whether the petitioner provides adequate explanation for the time elapsed between the filing dates of multiple petitions directed to the same claims of the same patent.

See LG Elecs. Inc. v. Core Wireless Licensing S.A.R.L., Case

IPR2016-00986, slip op. at 6–7 (PTAB Aug. 22, 2016) (Paper 12) (“*LG Elecs.*”); *NVIDIA Corp. v. Samsung Elec. Co.*, Case IPR2016-00134, slip op.

⁵ *See Conopco, Inc. v. Proctor & Gamble Co.*, Case IPR2014-00506, slip op. at 4 (PTAB Dec. 10, 2014) (Paper 25) (informative), and slip op. at 6 (PTAB July 7, 2014) (Paper 17); *Toyota Motor Corp. v. Cellport Sys., Inc.*, Case IPR2015-01423, slip op. at 8 (PTAB Oct. 28, 2015) (Paper 7) (“*Toyota Motor Corp.*”).

⁶ *See Conopco, Inc. v. Proctor & Gamble Co.*, Case IPR2014-00628, slip op. at 11 (PTAB Oct. 20, 2014) (Paper 21) (discouraging filing of a first petition that holds back prior art for use in later challenges against the same patent if the first petition is denied); *Toyota Motor Corp.*, slip op. at 8 (“[T]he opportunity to read Patent Owner’s Preliminary Response in IPR2015-00634, prior to filing the Petition here, is unjust.”).

at 6–7 (PTAB May 4, 2016) (Paper 9); *Unified Patents, Inc. v. PersonalWeb Techs., LLC*, Case IPR2014-00702, slip op. at 7–9 (PTAB July 24, 2014) (Paper 13); *see also* Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 Fed. Reg. 18750–02, 18759 (Apr. 1, 2016) (“[T]he current rules provide sufficient flexibility to address the unique factual scenarios presented to handle efficiently and fairly related proceedings before the Office on a case-by-case basis, and that the Office will continue to take into account the interests of justice and fairness to both petitioners and patent owners where multiple proceedings involving the same patent claims are before the Office.”). The above factors guide our decision whether or not to exercise discretion to deny a petition. Not all factors need be present, and we need not give equal weight to each factor in reaching our decision.

Petitioner argues the Board should not exercise its discretion to deny review in this Petition. Pet. 4. Specifically, Petitioner contends this Petition presents “(1) different prior art combinations, different arguments regarding the prior art, and different expert declaration testimony that (2) Petitioner could not have reasonably raised in the initial IBM IPR, which sought joinder with the Amazon IPR (IPR2016-00021).” *Id.* More specifically, Petitioner argues the prior art references and arguments presented in this Petition are substantively different than those presented in the earlier filed petition, because the primary reference (Adelman) in this Petition, unlike the primary reference (Feinberg) in the earlier filed petition, uses the IPsec cryptographic protocols in accordance with “the main embodiment of the ’257 patent.” *Id.* at 5. Thus, Petitioner contends we should decline to exercise our discretion. *Id.* Furthermore, Petitioner argues the prior art and

arguments presented in this Petition could not have been presented in the earlier filed petition “because that filing sought joinder with an already-instituted Amazon IPR (IPR2016-00021)” and, therefore, was required to file substantively identical grounds. *Id.* at 6.

Patent Owner argues the Board should exercise its discretion to deny this Petition, under both section 314(a) and 325(d), because:

(1) the Petitioner failed to demonstrate that the newly cited references were unavailable at the time of filing of the initial petition, (2) the follow on petition utilizes a previous Board decision or a Patent Owner’s preliminary response as a roadmap to remedy deficiencies in the earlier petition, or (3) the follow-on petition presents substantially the same arguments or prior art as the initial petition.

Prelim. Resp. 4–5. Regarding the first reason identified above (newly cited references unavailable earlier), Patent Owner contends the references applied here (Adelman, Devine, and DeBettencourt) were available to Petitioner at least one month prior to filing its Petition in the IBM IPR, as evidenced by Petitioner’s filing of litigation invalidity contentions in related litigation. *Id.* at 7 (citing Ex. 2001). Regarding its second reason to deny institution, Patent Owner argues this Petition is an improper “serial attack” on the ’257 patent using Patent Owner’s response in the earlier IBM IPR as a roadmap to prepare this Petition. *Id.* at 8–11. Regarding its third reason to deny institution, Patent Owner asserts the arguments presented in this Petition are not “substantively and meaningfully different” from those presented in the earlier IBM IPR, even if the references applied differ between the two petitions. *Id.* at 11–13. Patent Owner further argues Petitioner’s strategic decision to file a petition intended to join the Amazon IPR (i.e., by filing the petition in the IBM IPR) does not justify Petitioner’s

delay in filing this Petition. *Id.* at 13–15. Patent Owner speculates that Petitioner intentionally delayed filing this Petition awaiting “an opportunity to review Patent Owner’s response in [the first] proceeding, and then decided to file a second petition.” *Id.* at 14.

Section 314(a) Discretionary Non-Institution

We agree with Patent Owner that the facts here support exercising our discretion to deny this Petition under 35 U.S.C. § 314(a). We turn to the above-identified factors to consider whether to exercise our discretion to deny this Petition based on the facts presented here.

Relating to factor 3 above, Petitioner’s earlier petition in the IBM IPR challenged the same claims as this Petition (excluding only claim 4 because we had not instituted review of claim 4 in the initial Amazon IPR proceeding Petitioner wished to join). Case IPR2016-01025, Paper 2, 4. This fact weighs against instituting review in this Petition. Although claim 4 was excluded from Petitioner’s earlier filing (IBM IPR), Petitioner has already challenged all other claims challenged in this Petition (i.e., 1, 3, 5–8, and 10). Relating to the above factor 4, Petitioner was aware of the three new references applied in this Petition (Adelman, Devine, and DeBettencourt) at least as early as April 4, 2016—the date of Petitioner’s service on Patent Owner of DEFENDANT’S INVALIDITY CONTENTIONS in the related litigation. *See* Ex. 2001, 8, 10. Petitioner filed its first petition (the IBM IPR) on May 10, 2016—more a month after April 4, 2016. Thus, Petitioner was aware of the new references used in this Petition at the time of filing its first petition. Nothing in the record before us indicates Petitioner’s was unable to file this petition at or near the April 4, 2016 date at which the

evidence shows Petitioner was aware of the new references. Petitioner could have filed this Petition at the same time as the earlier petition, applying the new references, instead of, or in addition to, those used in the earlier petition.

Considering factors 5, 6, and 7, Petitioner filed this Petition on Sept. 19, 2016—after Patent Owner filed its Preliminary Response (Jan. 19, 2016) and its Response (Aug. 8, 2016) in the earlier filed IBM IPR. There were substantial delays in filing this Petition. Before filing this Petition on September 19, 2016, Petitioner waited more than five months after knowing of the new references (Apr. 4, 2016, *see* Ex. 2001)); waited more than five months after our Decision on Institution in the Amazon IPR (Case IPR2016-00021, Paper 8, April 15, 2016 (“Dec.”)); waited more than four months after filing its petition in the IBM IPR (May 10, 2016) to join in the Amazon IPR; and waited more than a month after Patent Owner’s Response was filed in the Amazon IPR (Aug. 8, 2016). Petitioner’s explanation for this delay is merely that the challenges in this Petition “could not have been presented in the initial IBM IPR because that filing sought joinder with an already-instituted Amazon IPR (IPR2016-00021).” Pet. 6. We are unpersuaded by this argument. There was no requirement that Petitioner join the Amazon IPR (by filing an identical petition) to the exclusion of also, or instead, filing this Petition. Petitioner could have decided to file only this Petition—foregoing joining the Amazon IPR proceeding—or could have filed both the earlier petition to join the Amazon IPR proceeding as well as this Petition to further challenge the ’257 patent based on different references (according to Petitioner, better references).

Furthermore, Petitioner's assertion that the new references are more closely aligned with the IPsec protocol use of the main embodiment of the '257 patent (Pet. 5) suggests Petitioner benefitted from review of Patent Owner's Responses and our Decision on Institution in the earlier filed Amazon IPR in which Petitioner joined. In the earlier filed matter, the interpretation of "session" and "cryptographic session" was a point of contention between the parties that we preliminarily resolved in our Decision on Institution. Dec. 12–13. Thus, Petitioner had the benefit of waiting to file this Petition and addressing that dispute with the new references it had knowledge of months earlier.

Factors 3–7, therefore, weigh in favor of exercising our discretion to deny this petition to conserve finite resources of the Board (factor 1) and to meet our statutory deadlines for our decision processes (factor 2).

For the above reasons, we exercise our discretion under 35 U.S.C. § 314(a) to deny this Petition.

B. Conclusion

For the reasons discussed above, and especially given the limited resources of the Board, we exercise our discretion not to institute review in this proceeding. *See* 35 U.S.C. § 314(a); 37 C.F.R. § 42.108.

III. ORDERS

After due consideration of the record before us, and for the foregoing reasons, it is:

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ORDERED that the Petition is *denied*, and no trial or *inter partes* review is instituted for claims 1, 3–8, and 10 of the '257 patent on any asserted ground.

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