

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 IPR2014-01465
Patent No. 6,826,694 B1

Before JAMES T. MOORE, MEREDITH C. PETRAVICK, and
BENJAMIN D. M. WOOD, *Administrative Patent Judges*.

PETRAVICK, *Administrative Patent Judge*.

ORDER

Decision Terminating *Inter Partes* Review
37 C.F.R. § 42.73

I. BACKGROUND

On September 30, 2015, Patent Owner filed a motion to terminate this proceeding. Paper 29 (“Mot.”). Patent Owner seeks termination of this proceeding because on September 23, 2015, a final written decision, pursuant to 35 U.S.C. § 318(a), was issued in *International Business Machines Corp. v. Intellectual Ventures II, LLC*, IPR2014-00587 (“the

earlier proceeding”).¹ According to Patent Owner, Petitioner is estopped from maintaining this proceeding, pursuant to 35 U.S.C. § 315(e)(1), because Petitioner reasonably could have raised the sole ground of this proceeding during the earlier proceeding. *See* Mot. 1–5. As in this proceeding, Petitioner challenged claim 1, the sole claim, of U.S. Patent No. 6,826,694 B1 (“the ’694 patent”) in the earlier proceeding. Patent Owner, thus, argues that this proceeding should be terminated or, at a minimum, Petitioner should be precluded from any further participation. *Id.* at 5–6.

On October 6, 2015, Petitioner filed an opposition to the motion to terminate. Paper 31 (“Opp.”). Petitioner disputes that the sole ground of this proceeding could have been reasonably raised during the earlier proceeding (Opp. 1–4) and argues that, if Petitioner is determined to be estopped, this proceeding should not be terminated because “neither the statute nor the Board rules mandate the Board to terminate an IPR trial when no Petitioner remains as a result of estoppel” (*Id.* at 6).

The issues before us, thus, are whether Petitioner is estopped pursuant to 35 U.S.C. § 315(e)(1) because Petitioner reasonably could have raised Estrin 1987² during the earlier proceeding and, if so, whether this proceeding should be terminated.

¹ Claim 1 was also the subject of *Compass Bank v. Intellectual Ventures II LLC*, IPR2014-00786. A final written decision, pursuant to 35 U.S.C. § 318(a) and determining that claim 1 was unpatentable, was also entered in IPR2014-00786 on September 23, 2015.

² Deborah Estrin, et al., Visa Scheme for Inter-Organization Network Security, IEEE SYMPOSIUM ON SEC. AND PRIVACY (Apr. 27–28, 1987) (Ex. 1005, “Estrin 1987”).

II. ANALYSIS

i. Whether Petitioner Reasonably Could Have Raised Estrin 1987

a. Patent Owner's Argument

Inter partes review in this proceeding was instituted based on the ground that claim 1 of the '694 patent is anticipated by Estrin 1987. Patent Owner argues that Petitioner reasonably could have raised the ground based upon Estrin 1987 during the earlier proceeding because “Estrin [1987] is a publication that a skilled searcher reasonably could have discovered.” Mot. 2 (citing *Apotex Inc. v. Wyeth LLC*, IPR2015-00873, slip op. 6 (PTAB Sept. 16, 2015) (Paper 8)). According to Patent Owner, Estrin 1987 is a readily available Institute of Electrical and Electronics Engineers (“IEEE”) publication. Mot. 1–4. Patent Owner contends that a skilled searcher would have searched IEEE publications in the IEEE Xplore Digital Library, which is a “well-known tool used for patent searches related to engineering,” and that Estrin 1987 is easily found in a search of the terms “packet” and “filter.” *Id.* 2–3 (citing Ex. 2020 (a patent searching guide referring to IEEE Xplore); Ex. 2019 (IEEE Xplore search results for “packet AND filter”)). Patent Owner further contends that Petitioner’s declarant Dr. Bellovin testifies that he assisted Petitioner with prior art searching (Ex. 2022, 105:17–20) and that Dr. Estrin gave him a copy of Estrin 1987 in 1988 (Ex. 2013, 73:24–74:5). Mot. 3.

b. Petitioner's Argument

In contrast to Patent Owner’s argument, Petitioner argues that “[t]he relevant inquiry is not whether IBM reasonably could have found Estrin 1987; rather, it is whether IBM reasonably could have raised Estrin 1987

earlier.” Opp. at 1 (emphasis omitted). In that regard, Petitioner argues that it could not have reasonably raised Estrin 1987 during the earlier proceeding because Petitioner could not have anticipated that Patent Owner would make certain arguments in the Preliminary Response filed in the earlier proceeding. Opp. 1–4. In the Preliminary Response, Patent Owner argues for narrower construction of the claim term “contents of the packet” and presents evidence of prior invention to swear behind the asserted prior art by two-and-a-half years. *Id.* (citing Ex. 1009). According to Petitioner, these arguments “opened the door” to Petitioner asserting Estrin 1987 in this proceeding “even if Estrin 1987 could have been found earlier.” *Id.* at 1. Petitioner argues that it filed this proceeding based on Estrin 1987 to invalidate claim 1 under Patent Owner’s proposed construction and to take “any allegation of prior invention out of the equation.” *Id.* at 2.

Petitioner further argues that “there is no evidence that IBM even knew about Estrin 1987 when it filed IBM’s [e]arlier IPR” and that Dr. Bellovin’s familiarity with Estrin 1987 should not be imputed to it. Opp. 3. Petitioner, however, does not dispute Patent Owner’s contention that a skilled searcher conducting a diligent search reasonably could have been expected to discover Estrin 1987.

c. Analysis

We are persuaded that Petitioner reasonably could have raised Estrin 1987 in the earlier proceeding and is estopped from maintaining this proceeding. Section 315(e)(1) of the statute provides:

(e) Estoppel. —

(1) Proceedings before the office.—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) . . . 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); *see* 37 C.F.R. 42.73(d).

As in this proceeding, Petitioner challenged claim 1, the sole claim, of the '694 patent in the earlier proceeding. On September 23, 2015, the earlier proceeding resulted in a final written decision, pursuant to 35 U.S.C. § 318(a).

The legislative history of the America Invents Act broadly describes what “could have been raised” to include “prior art which a skilled searcher conducting a diligent search reasonably could have been expected to discover.” 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl); *see id.* at S1367 (statement of Sen. Kyl) (“This [estoppel] effectively bars such a party . . . from later using inter partes review . . . against the same patent, since the only issues that can be raised in an inter partes review . . . are those that could have been raised in [an] earlier post-grant or inter partes review.”); *see id.* at S951 (statement of Sen. Grassley) (“It also would include a strengthened estoppel standard to prevent petitioners from raising in a subsequent challenge the same patent issues that were raised or reasonably could have been raised in a prior challenge.”); *see Dell Inc. v. Elecs. and Telecomms. Research Inst.*, IPR2015-00549, slip. op. 4–6 (PTAB Mar. 26, 2015) (Paper 10) (representative).

We are persuaded that Petitioner reasonably could have raised Estrin 1987 in the earlier proceeding because Patent Owner’s evidence sufficiently establishes that a skilled searcher conducting a diligent search would have likely searched the IEEE Xplore and uncovered Estrin 1987. A patent

searching guide titled PATENT SEARCHING TOOLS & TECHNIQUES describes IEEE Xplore as an online system for providing full-text access to “the world’s highest-quality technical literature in . . . computer sciences, and electronics” and as containing full text documents of conference proceedings and Institution of Electrical Engineers publications. Ex. 2020, 4–5. Estrin 1987, a paper from an IEEE symposium, is found in a search of IEEE Xplore using the search terms “packet” and “filter”, which are found in claim 1. *See* Ex. 2019, 11; Ex. 1004, col. 6, ll. 35 (“[a] method for filtering a packet”). We, thus, are persuaded by this evidence that a skilled searcher conducting a diligent search reasonably could have been expected to discover Estrin 1987.

We are not persuaded that Petitioner could not have reasonably raised Estrin 1987 because there is no evidence that Petitioner was aware of Estrin 1987 in the earlier proceeding. As discussed above, the legislative history does not limit “what reasonably could have been raised” to art which Petitioner, itself, was aware, but describes what reasonably could have been raised as more broadly including “prior art which a skilled searcher conducting a diligent search reasonably could have been expected to discover.” 157 Cong. Rec. S1375.

We are also not persuaded that Petitioner could not have reasonably raised Estrin 1987 because Petitioner could not have anticipated that Patent Owner would make certain arguments in the earlier proceeding or that arguments in the earlier proceeding “opened the door” to Petitioner asserting Estrin 1987 in this proceeding “even if Estrin 1987 could have been found earlier” Opp. at 1. Petitioner cites to no authority to support its contentions, and, regardless, our focus is on what a skilled searcher conducting a diligent

search reasonably could have been expected to discover, not whether Petitioner could foresee that Patent Owner would make certain arguments in the earlier proceeding.

ii. Whether to Terminate this Proceeding

a. Patent Owner's Argument

According to Patent Owner, 35 U.S.C. § 315(e)(1) “should be interpreted to mean that once estoppel attaches, the proceeding should normally be terminated” because Congress intended to limit serial attacks on patents. Mot. 5–6. Patent Owner contends that continuing the proceeding when no petitioner remains would frustrate Congress’ intent. *Id.* at 6.

Patent Owner acknowledges that in *Progressive Casualty Insurance Co. v. Liberty Mutual Insurance Co.*, the Court of Appeals for the Federal Circuit stated that 35 U.S.C. § 325(e)(1), an analogous estoppel statute for covered business method patent reviews, “by its terms does not prohibit the Board from reaching decisions. It limits only certain (requesting or maintaining) actions by a petitioner.” *Id.* at 6–7 (citing *Progressive Cas. Ins. Co. v. Liberty Mut. Ins. Co.*, No. 2014-1466, slip op. 6 (Fed. Cir. Aug. 24, 2015) (nonprecedential)). Patent Owner, however, argues that *Progressive* does not mandate that the Board reach a final decision. *Id.* at 6.

Patent Owner further argues that, even if section 315(e)(1) is interpreted to allow the *inter partes* review to continue when no petitioner remains due to estoppel, this proceeding should be terminated. *Id.* at 7. Patent Owner contends that, like the Board’s “normal practice” when parties to a proceeding request termination due to settlement (35 U.S.C. § 317), the Board should terminate this proceeding, where oral hearing has not yet

occurred and the merits have not yet been decided. *Id.* (citing Trial Practice Guide, 77 Fed. Reg. 48,756, 48,768 (Aug. 14, 2012); *Sony Corp. v. Tessera, Inc.* IPR2012-00033 (PTAB Nov. 15, 2013) (Paper 39); *DealerSocket Inv. v. AutoAlert, LLC*, CBM2014-00132 (PTAB May 15, 2015) (Paper 32)).

Patent Owner argues that “significant work” remains in order to reach a decision on the merits in this proceeding and that continuing this proceeding requires the Board to “carry the petitioner’s case(s) the rest of the way.” *Id.* Patent Owner asserts that such is an administrative burden and creates perceived inequities. *Id.*

b. Petitioner’s Argument

Petitioner argues that, if Petitioner is determined to be estopped, this proceeding should not be terminated because “neither the statute nor the Board rules mandate the Board to terminate an IPR trial when no Petitioner remains as a result of estoppel.” Opp. 6. According to Petitioner, the record in this proceeding is complete and economy favors reaching the merits and issuing a final written decision. *Id.* at 5. Petitioner argues that the Board has issued some final written decisions in cases in which no petitioner remained as a result of settlement under 35 U.S.C. § 317. *Id.* at 6 (citing *BlackBerry Corp. v. MobileMedia Ideas, LLC*, IPR2013-00016, (PTAB Dec. 11, 2013) (Paper 31); *InterThinx Inc. v. CoreLogic Solutions, LLC*, CBM2012-00007, (PTAB Nov. 12, 2013) (Paper 47)).

Petitioner, further, argues that the oral hearing should be canceled if the proceeding continues to a final written decision. *Id.* 6–7. Petitioner contends that Patent Owner should not be permitted to appear unopposed at

the oral hearing because Petitioner would not be allowed to object on the record if new arguments or inconsistent positions were presented. *Id.*

c. Analysis

We determined above that the Petitioner is estopped from maintaining the proceeding. Petitioner cannot participate in the remainder of the trial and thus, effectively, no Petitioner remains in this proceeding.

As both parties acknowledge, in *Progressive*, the Court of Appeals for the Federal Circuit determined that 35 U.S.C. § 325(e)(1), an analogous estoppel statute for covered business method patent reviews, “by its terms does not prohibit the Board from reaching decisions. It limits only certain (requesting or maintaining) actions by a petitioner.” *Progressive*, No. 2014-1466, slip op. at 6; *see* Mot. 4–5; Opp. 5–6. Likewise § 315(e)(1) by its terms does not prohibit the Board from reaching a final written decision. On the other hand, § 315(e)(1) does not mandate that the Board reach a final written decision either.

The Board rules provide that “[t]he Board may terminate a trial without rendering a final written decision, where appropriate, including . . . pursuant to a joint request under 35 U.S.C. 317(a).” 37 C.F.R. § 42.72. The rules are construed to “secure the just, speedy, and inexpensive resolution of every proceeding.” 37 C.F.R. § 42.1(b); *see* 36 U.S.C. § 316(b).

Upon consideration of the totality of the circumstances, we determine that the best means of securing the just, speedy, and inexpensive resolution of this proceeding is to terminate this proceeding. Petitioner is estopped under 35 U.S.C. § 315(e)(1) from maintaining this proceeding with respect to the sole claim of the ’694 patent. At this stage of the proceeding, an oral

hearing, which was requested by Patent Owner (*see* Paper 26, 27; 35 U.S.C. § 316(a)(10)(“providing either party with the right to an oral hearing as part of the proceeding”)), has not yet been held and a decision on the merits has not yet been reached. Given the totality of the circumstances, we determine that it is appropriate to terminate this proceeding.

d. Cancellation of Oral Argument

Oral argument was set for October 21, 2015. Paper 27, 3. However, no oral argument was held because in light of the circumstances, the Board canceled the oral argument via email on October 16, 2015. *See* Ex. 3001.

III. CONCLUSION

We determine that Petitioner is estopped pursuant to 35 U.S.C. § 315(e)(1) from maintaining this proceeding because Petitioner reasonably could have raised Estrin 1987 in the earlier proceeding. Under the totality of the circumstances, we determine that it is appropriate to terminate this proceeding as to both the Petitioner and the Patent Owner.

IV. ORDER

It is hereby,

ORDERED that this proceeding is *terminated*.

IPR2014-01465
Patent 6,826,694 B1

PETITIONER:

Kenneth R. Adamo
Eugene Goryunov
Kirkland & Ellis LLP
Kenneth.adamo@kirkland.com
Eugene.goryunov@kirkland.com

PATENT OWNER:

Brenton B. Babcock
Ted M. Cannon
2brb@knobbe.com
2tmc@knobbe.com

Donald J. Coulman
dcoulman@intven.com