

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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RACKSPACE US, INC. and RACKSPACE HOSTING, INC.,  
Petitioners,

v.

PERSONALWEB TECHNOLOGIES, LLC and  
LEVEL 3 COMMUNICATIONS,  
Patent Owners.

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Case IPR2014-00062  
Patent 7,802,310 B2

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Before KEVIN F. TURNER, JONI Y. CHANG, and  
MICHAEL R. ZECHER, *Administrative Patent Judges*.

TURNER, *Administrative Patent Judge*

DECISION  
Request for Rehearing  
*37 C.F.R. §§ 42.71*

## I. INTRODUCTION

Rackspace US, Inc. and Rackspace Hosting, Inc. (collectively “Rackspace”) filed a request for rehearing (Paper 14, “Req. Reh’g”) of the decision on institution (Paper 9, “Dec.”), which instituted *inter partes* review of claims 1, 2, 5-8, 10-12, 14, 16-19, 24, 29, 32, 70, 81, 82, and 86 of U.S. Patent No. 7,802,310 B2 (“the ’310 Patent”). In its request, Rackspace essentially contends that the Board misapprehended the significance of Rackspace’s principal reasons for proposing multiple grounds, i.e., did not properly consider that patent owner may argue more specialized meanings for claim terms. Req. 1-2. The request for rehearing is *denied*.

## II. ANALYSIS

When rehearing a decision on institution, the Board will review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion may be determined if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors. *Star Fruits S.N.C. v. U.S.*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); and *In re Gartside*, 203 F.3d 1305, 1315-16 (Fed. Cir. 2000).

In determining whether to institute an *inter partes* review of a patent, the Board may “deny some or all grounds for unpatentability for some or all of the challenged claims.” 37 C.F.R. § 42.108(b). Rules for *inter partes* review proceedings were promulgated to take into account the “regulation on the economy,

the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings.” 35 U.S.C. § 316(b). In addition, as mandated by 35 U.S.C. § 316(a)(11), 37 C.F.R. § 42.100(c) was promulgated to require that the final written determination in an *inter partes* review to be issued one year after the date of institution, except that the review may be extended by not more than six months for good cause shown.

In the decision on institution for the instant proceeding, we instituted an *inter partes* review of challenged claims 1, 2, 5-8, 10-12, 14, 16-19, 24, 29, 32, 70, 81, 82, and 86 of the '310 Patent —specifically as unpatentable under 35 U.S.C. § 103(a) over Woodhill, Francisco, and Langer, in different combinations, based on Rackspace’s petition. Dec. 30. In rendering the decision on institution, we exercised our discretion in denying other asserted grounds as being redundant in light of the grounds for which review was instituted. Dec. 28-30. We also indicated that “even though Rackspace discusses the different methods and systems of Kinetech, Brunk, and Francisco, Rackspace does not explain adequately the relative strengths or weaknesses between these applied prior art references.” Dec. 29.

Rackspace argues that it provided such distinctions, “albeit succinctly” (Req. Reh’g 2), in its petition when it discussed how a published counterpart of the '310 patent invalidates all later claimed obvious variations. *Id.* From this, Rackspace argues that it demonstrated the strength of grounds #1 and #2, i.e., over Kinetech, Brunk, and Francisco, and contrasted those with the relative strengths of grounds #3 and #4, i.e., the instituted grounds. Req. Reh’g 2-3. We do not agree.

Although all of the grounds certainly were discussed in the petition, we do not discern any relative strength or weakness comparisons being made therein. In contrast, Rackspace also provides that “[t]hese additional grounds [grounds #3 and #4] apply patent references that antedate even the earliest priority date alleged,” (Pet. 10), such that a lack of any potential date problem could arguably suggest that the instituted grounds were preferable. The discussions of both sets of grounds indicate that “[t]rial should be instituted on at least these grounds,” (*id.*), and we can find no argument one set would be preferable over the other. The fact that Rackspace points out explicitly *now* the relative benefits of certain grounds over others does not mean that we misapprehended or overlooked such benefits. In other words, we could not have misapprehended or overlooked an argument that was not presented in the first instance in the petition.

Rackspace also argues that because the grounds in another, related instituted trial, specifically IPR2013-00058, include the Kinetech reference, the “institution of trial on Grounds #1 and #2 [in this trial] does not add any substantial burden on the PTAB or Patent Owners: the very same dispositive issues of priority and the disclosure and teachings of *Kinetech/Farber* will already be extensively analyzed, briefed, and argued to the Board in IPR2013-00058.” Req. Reh’g 5. However, we do not agree that doubling the number of grounds in the instant proceeding would not double the amount of work to complete this proceeding.

As discussed above, the Board’s rules for AIA post-grant proceedings, including those pertaining to institution, are “construed to secure the just, speedy, and inexpensive resolution of every proceeding.” 37 C.F.R. § 42.1(b); *see also* 35 U.S.C. § 316(b) (regulations for AIA post-grant proceedings take into account “the

efficient administration of the Office” and “the ability of the Office to timely complete [instituted] proceedings”). Therefore, we exercised our discretion and did not institute a review based on the other asserted grounds for reasons of administrative necessity to ensure timely completion of the instituted proceeding. *See* 37 C.F.R. § 42.108(a). Thus, we are not persuaded that the decision on institution should be altered to encompass additional grounds of unpatentability.

For the foregoing reasons, Rackspace has not shown that the Board abused its discretion in denying the additional grounds as the basis for the instant proceeding.

### III. CONCLUSION

Rackspace’s Request for Rehearing is *denied*.

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