

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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SAP AMERICA INC.  
Petitioner

v.

CLOUDING IP, LLC  
Patent Owner

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Case IPR2014-00306  
Patent 6,738,799

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Before JAMESON LEE, JUSTIN BUSCH, and  
KRISTINA M. KALAN, *Administrative Patent Judges*.

BUSCH, *Administrative Patent Judge*.

DECISION  
Institution of *Inter Partes* Review  
*37 C.F.R. § 42.108*

## I. INTRODUCTION

### A. Background

On January 22, 2013, SAP America Inc. (“SAP”) filed a corrected petition to institute an *inter partes* review of claims 1, 5-10, 12, 16-21, 23, 24, 30, 31, 37, and 42 (the “challenged claims”) of U.S. Patent No. 6,738,799 (Ex. 1001, “the ’799 Patent”) pursuant to 35 U.S.C. §§ 311-319. Paper 5 (“Pet.”). In response, Clouding IP, LLC (“Clouding”) filed a Patent Owner Preliminary Response. Paper 7 (“Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 314.

The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a), which provides as follows:

THRESHOLD – 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.

The information presented in the Petition sets forth SAP’s contentions of unpatentability of the challenged claims under 35 U.S.C. §§ 102 and 103 based on the following specific grounds (Pet. 17-57):

Reference[s]	Basis	Claims challenged
Williams <sup>1</sup>	§ 102(e)	1, 12, 23, 24, 30, 31, 37, and 42
Williams and Miller <sup>2</sup>	§ 103(a)	5-10 and 16-21

<sup>1</sup> U.S. Patent No. 5,990,810, issued Nov. 23, 1999 (Ex. 1006) (“Williams”).

<sup>2</sup> U.S. Patent No. 5,832,520, issued Nov. 3, 1998 (Ex. 1004) (“Miller”).

Reference[s]	Basis	Claims challenged
Balcha <sup>3</sup>	§ 102(e)	37 and 42
Balcha and Miller	§ 103(a)	1, 5, 9, 10, 12, 16, 20, 21, 23, 24, 30, and 31
Balcha, Miller, and Freivald <sup>4</sup>	§ 103(a)	6-8 and 17-19
Balcha and Freivald	§ 103(a)	1, 12, 23, 30, 37, and 42

Upon consideration of the Petition and Patent Owner Preliminary Response, for the reasons described below, we determine that SAP has demonstrated a reasonable likelihood of prevailing on at least one ground on each of the challenged claims. Accordingly, pursuant to 35 U.S.C. § 314, we grant the Petition and institute *inter partes* review as to claims 1, 5-10, 12, 16-21, 23, 24, 30, 31, 37, and 42 of the '799 Patent.

*B. Related Proceedings*

SAP indicates that the '799 Patent was the subject of the following terminated *inter partes* reviews before the Board: *Oracle Corp. v. Clouding IP, LLC*, IPR2013-00073<sup>5</sup> and *Oracle Corp. v. Clouding IP, LLC*, IPR2013-00261. Pet. 4. SAP indicates that the '799 Patent also is the subject of the pending *inter partes* review before the Board, *Unified Patents, Inc. v. Clouding IP, LLC*, IPR2013-00586. Pet. 4. SAP indicates that the '799 Patent is or was the subject of the following federal district court cases: *Clouding IP, LLC v. EMC Corp., et al.*, Case No. 1:13-cv-01455 (D. Del.); *Clouding IP, LLC v. Dropbox Inc.*, Case No. 1:13-cv-01454 (D. Del.);

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<sup>3</sup> U.S. Patent No. 6,233,589 B1, issued May 15, 2001 (Ex. 1003) ("Balcha").

<sup>4</sup> U.S. Patent No. 5,898,836, issued Apr. 27, 1999 (Ex. 1005) ("Freivald").

<sup>5</sup> SAP identifies IPR2012-00073 as a related matter. Pet. 4. However, IPR2013-00073 is the related *inter partes* review involving the '799 Patent.

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*Clouding IP, LLC v. SAP AG, et al.*, Case No. 1:13-cv-01456 (D. Del.);

*Clouding IP, LLC v. Verizon Inc.*, Case No. 1:13-cv-01458 (D. Del.);

*Clouding IP, LLC v. Rackspace, Hosting Inc.*, Case No. 1:12-cv-00675 (D.

Del.); *Clouding IP, LLC v. Amazon.com Inc.*, Case No. 1:12-cv-00641 (D.

Del.); *Clouding IP, LLC v. Oracle Corp.*, Case No. 1:12-cv-00642 (D. Del.)

(terminated); *Clouding IP, LLC v. Google Inc.*, Case No. 1:12-cv-00639 (D.

Del.); *Clouding IP, LLC v. Apple Inc.*, Case No. 1:12-cv-00638 (D. Del.)

(terminated); *Clouding IP, LLC v. Microsoft Corp.*, Case No. 1:12-cv-00640

(D. Del.) (terminated). Pet. 4-5.

### *C. The '799 Patent*

The '799 Patent is related to a method for file synchronization using a signature list. Ex. 1001, Title. In particular, the '799 Patent discloses a method for synchronizing the local copies of files on client computers to the current versions of the files on a network drive. Ex. 1001, 1:24-27.

According to the '799 Patent, an object of the method is to provide a mechanism by which a user can be provided automatically with a current version of a subscription file in an efficient manner. Ex. 1001, 3:36-41.

This is accomplished by having a server computer monitor network files for changes, and then send users email notifications and updates when there is a change to the files. Ex. 1001, 3:41-44.

Of the challenged claims, claims 1, 12, 23, 30, 37, and 42 are independent claims.

Claims 1 and 37 are illustrative of the claimed subject matter of the '799 Patent, and are reproduced as follows (emphasis added):

1. A method for a first computer to generate an update for transmission to a second computer that permits the second computer to generate a copy of a current version of a file comprised of a first plurality of file segments from a copy of an earlier version of the file comprised of a second plurality of file segments, such that each file segment corresponds to a portion of its respective file, the method comprising the steps of:

for each segment of the current version of the file,

(a) searching an earlier version of a signature list corresponding to an earlier version of the file for an old segment signature which matches a new segment signature corresponding to the segment;

(b) if step (a) results in a match, writing *a command* in the update for the second computer *to copy* an old segment of the second computer's copy of the earlier version of the file into the second computer's copy of the current version of the file, wherein the old segment corresponds to the segment for which a match was detected in step (a); and

(c) if step (a) results in no match, writing *a command* in the update for the second computer *to insert* a new segment of the current version of the file into the second computer's copy of the current version of the file;

wherein the new segment of the current version of the file is written into the update and the unchanged segment is excluded from the update; and

wherein steps (a) through (c) are performed by the first computer, without interaction with the second computer, in response to the first computer detecting a change between the current version of the file and the earlier version of the file.

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