

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PALO ALTO NETWORKS, INC. and
BLUE COAT SYSTEM LLC,
Petitioner,

v.

FINJAN, INC.,
Patent Owner.

Case IPR2016-00159¹
Patent No. 8,677,494

**PATENT OWNER'S REQUEST FOR REHEARING
PURSUANT TO 37 C.F.R. § 42.71**

¹ Case IPR2016-01174 has been joined with this proceeding.

I. INTRODUCTION

Petitioners failed to disclose an inconsistent opinion from their own expert that directly contradicts the positions they advanced in this matter, thereby misleading the Board and flouting their discovery obligations. As a result, the Board misapprehended the claim language and prior art while invalidating claims 1, 2, and 6 of the challenged patent. Specifically, Petitioners argued before this Board that the emulator disclosed in Swimmer saves a list of *all* operations attempted by a downloadable and therefore meets the definition of “a list of suspicious computer operations.” But just ten days after the Board issued its final written decision, Petitioners served an expert report that repeatedly and unequivocally states that a list of *all* operations attempted by a downloadable “cannot be a ‘list of suspicious computer operations.’” Indeed, Petitioners’ expert states that a list of operations – including the exact same types of operations that Petitioners argued the Swimmer reference disclosed – could not meet the same claim language. Thus, Petitioners now expressly renounce the very arguments they made before this Board, on which the Board relied to invalidate claims 1, 2, and 6.

Good cause exists to consider Petitioners’ conflicting expert report on rehearing. Despite Petitioners’ duty to disclose this evidence during routine discovery, they waited until after the Board issued its final written decision to do so. Consequently, Patent Owner could not have submitted this evidence as part of

its original response because it was unaware that Petitioners planned to reverse their position. But Petitioners knew all along that their expert would present a contrary opinion in the District Court. And they surely began drafting the highly technical, 217-page report long before the Board issued its final written decision – because they disclosed it just ten days later. In light of Petitioners' gamesmanship, which also violates their duty of candor when practicing before the U.S.P.T.O., the Board should rehear this matter and consider Petitioners' inconsistent positions.

II. STATEMENT OF REQUESTED RELIEF

Patent Owner requests that the Board reverse its original decision on claims 1, 2, and 6 (Paper 50) and hold that these claims are patentable.

III. BACKGROUND

On November 6, 2015, Palo Alto Networks, Inc. filed a petition (the "Petition") requesting *inter partes* review of claims 1-18 of U.S. Patent No. 8,677,494 (the "494 Patent"). On June 10, 2016, Blue Coat Systems, Inc. also filed a petition requesting *inter partes* review of claims 1-6 and 10-15 of the '494 Patent, along with a motion to join the petition previously filed by Palo Alto Networks, Inc. The arguments in both petitions filed by Blue Coat Systems, Inc. and Palo Alto Networks, Inc. are identical with regard to Swimmer and claims 1, 2, and 6. On August 12, 2016, Patent Owner Finjan, Inc. ("Patent Owner") filed a Response to the petition filed by Palo Alto Networks, Inc. On October 4, 2016, the

Patent Trial and Appeal Board (the “Board”) instituted a trial pursuant to 35 U.S.C. § 314(a) with respect to claims 1–6 and 10–15 of the ‘494 Patent, and joined the petitions of both Blue Coat Systems, Inc. and Palo Alto Networks, Inc. (collectively, “Petitioners”). Petitioners filed a Reply on November 16, 2016 (Paper 26, the “Reply”).

After oral argument on February 16, 2017, the Board issued a final written decision on April 11, 2017, invalidating claims 1, 2, and 6 of the ‘494 Patent, but upholding claims 3-5 and 10-15 as valid. Ten days later, on April 21, 2017, Petitioner Blue Coat Systems, Inc. served the Rebuttal Expert Report of Dr. Seth Nielson Regarding Noninfringement (the “Report”) in the underlying action between Patent Owner and Petitioner Blue Coat Systems, Inc. N.D. Cal. Case. No. 15-cv-03295-BLF-SVK. The Report directly contradicts Petitioners’ arguments before the Board regarding Swimmer and claims 1, 2, and 6.

IV. ARGUMENT

A. Good Cause Exists to Consider the Nielson Report

The Board may consider new evidence on a Request for Rehearing where there is good cause to do so. Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,768 (Aug. 14, 2012) (“Evidence not already of record at the time of the decision will not be admitted absent a showing of good cause.”). In *Google Inc. v. SimpleAir, Inc.*, CBM2014-00170, Paper 14 at 3 (P.T.A.B. Feb. 20, 2015), the

Board acknowledged that a petitioner may submit new evidence with a Request for Rehearing, but ultimately found no good cause to consider that evidence because the petitioner could have submitted it with its opening brief. “We cannot discern a persuasive reason why Petitioner’s declarant could not have offered this testimony in the original declaration.” *Id.* at 3.

By contrast, here Patent Owner was unable to cite these inconsistent statements in its Response because Petitioners hid them from Patent Owner (and the Board) until ten days after the Board issued its final written decision. Petitioners certainly knew beforehand that their expert would contradict their arguments, as the Report consists of 217 pages of detailed technical analysis and it is unlikely that Petitioners drafted it in those intervening ten days. Further, the Report was offered to rebut Patent Owner’s own expert report on infringement, which Patent Owner served on Petitioners on March 29, 2017, two weeks before the final written decision issued. The Federal Circuit has held that, in patent cases, a showing of “‘good cause’ requires a showing of diligence.” *02 Micro Int’l Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1366 (Fed. Cir. 2006). Here, Patent Owner was diligent in its discovery and presentation of the evidence. Notably, Patent Owner has always asserted consistent positions between its infringement arguments and its arguments before the Board. But Petitioners were not diligent; they knowingly failed to meet their duty to disclose evidence of an inconsistent

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