

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NETAPP INC.,
Petitioner,

v.

REALTIME DATA LLC,
Patent Owner.

Case IPR2017-01660
Patent 7,161,506 C2

Before JASON J. CHUNG, SCOTT C. MOORE, and
SHEILA F. McSHANE, *Administrative Patent Judges*.

CHUNG, *Administrative Patent Judge*.

DECISION

Denying Institution of *Inter Partes* Review
35 U.S.C. § 314(a); 37 C.F.R. § 42.108(a)

I. INTRODUCTION

Petitioner NetApp Inc. (“NetApp”) filed a Petition (Paper 3; “Pet.”) to institute an *inter partes* review of claim 105 (the “Challenged Claim”) of U.S. Patent No. 7,161,506 C2 (Ex. 1001, “the ’506 patent”). Patent Owner Realtime Data LLC (“Realtime”) filed a Preliminary Response (Paper 13; “Prelim. Resp.”).

Our authority to institute an *inter partes* review is derived ultimately from 35 U.S.C. § 314, which provides that an *inter partes* review may not be instituted unless the information presented in the Petition shows “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” As discussed below, institution of an *inter partes* review is discretionary.

Upon consideration of the Petition and Preliminary Response, we exercise our discretion under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a) and deny institution of an *inter partes* review.

II. BACKGROUND

A. *Related Proceedings in the USPTO*

The ’506 patent was challenged in four *inter partes* review petitions, of which the instant Petition is the third:

- (a) *Dell, Inc., et al., v. Realtime Data LLC*, case IPR2017-00176 (the “’176 IPR”) (filed Nov. 14, 2016, challenging claims 104 and 105; instituted grounds on claims 104 and 105 on May 30, 2017; consolidated with IPR2017-00806 on Sept. 8, 2017)¹;

¹ See IPR2017-00176 Papers 1, 20, 28.

- (b) *Teradata Operations, Inc., et al., v. Realtime Data LLC*, case IPR2017-00806 (the “’806 IPR”) (filed Jan. 30, 2017, challenging claims 104 and 105; instituted grounds on claims 104 and 105 on Aug. 14, 2017; consolidated with IPR2017-00176 on Sept. 8, 2017)²;
- (c) *NetApp, Inc. v. Realtime Data LLC*, case IPR2017-01660 (filed June 22, 2017, challenging claim 105).³
- (d) *Veritas Techs. LLC v. Realtime Data LLC*, case IPR2017-01688 (the “’1688 IPR”) (filed June 28, 2017, challenging claims 104 and 105; instituted grounds on claims 104 and 105 and joined with IPR2017-00176 on Nov. 21, 2017).⁴

B. Related Proceedings in District Court

The parties indicate that ’506 patent has been asserted in numerous district court litigations. Pet. 3; Paper 5, 5–8.

² See IPR2017-00806 Papers 1, 17, 19.

³ See Pet. 13–14.

⁴ See IPR2017-01688 Papers 1, 11.

C. *Asserted Grounds of Unpatentability*

NetApp asserts the following grounds of unpatentability:

References ⁵	Basis	Challenged Claim
Hsu ⁶ in view of Franaszek ⁷	§ 103(a) ⁸	105
Hsu in view of Sebastian ⁹	§ 103(a)	105
Franaszek in view of Hsu	§ 103(a)	105
Franaszek in view of Chu ¹⁰	§ 103(a)	105

Pet. 13–14.

III. ANALYSIS

A. *Procedural History*

Patent Owner asserted the '506 patent against NetApp on June 29, 2016, in the U.S. District Court for the Eastern District of Texas. *Realtime Data LLC v. Rackspace US, Inc.*, 6-16-cv-00961 (EDTX, filed June 29, 2016) Docket (the “EDTX Docket”), D.I. 1. On November 11, 2016, NetApp moved for a stay of the proceedings against it in district court, citing IPR petitions in related matters. EDTX Docket, D.I. 51.

⁵ Petitioner also relies upon the Declaration of Dr. Daniel Hirschberg, Ph.D. Ex. 1005.

⁶ Hsu and Zwarico, “Automatic Synthesis of Compression Techniques for Heterogeneous Files,” *Software-Practice and Experience*, Vol. 25(10), 1097–1116 (October 1995) (Ex. 1002, “Hsu”).

⁷ U.S. Patent No. 5,870,036, issued Feb. 9, 1999 (Ex. 1003, “Franaszek”).

⁸ The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 287–88 (2011), revised 35 U.S.C. § 103, effective March 16, 2013. The '506 patent was issued prior to the effective date of the AIA. Thus, we apply the pre-AIA version of § 103.

⁹ U.S. Patent No. 6,253,264 B1, issued June 26, 2001 (Ex. 1012, “Sebastian”).

¹⁰ U.S. Patent No. 5,467,087, issued Nov. 14, 1995 (Ex. 1013, “Chu”).

On November 14, 2016 (i.e., three days later and approximately seven months prior to NetApp filing the instant Petition), Dell, Inc., et al. (“Dell”), filed the petition in the ’176 IPR. ’176 IPR, Paper 1. Like NetApp, Dell was a defendant to an assertion of the ’506 patent in the U.S. District Court for the Eastern District of Texas. *Realtime Data LLC d/b/a IXO v. Dell, Inc.*, 6-16-cv-00089 (EDTX, filed February 26, 2016). In the instant Petition, NetApp challenges claim 105, which Dell challenged in the ’176 IPR along with claim 104. *Compare* ’176 IPR, Paper 1, 7 *with* Pet. 13–14. NetApp relies on one of the same combinations of references that Dell relied upon, specifically, Franaszek in view of Hsu. *Compare* ’176 IPR, Paper 1, 7 *with* Pet. 13–14. Furthermore, the allegedly invalidating prior art references in the ’176 IPR included Franaszek, Hsu, and Sebastian—three of the four references cited by NetApp in this proceeding. *Compare* ’176 IPR, Paper 1, 7 *with* Pet. 13–14.

On November 18, 2016, four days after the ’176 IPR was filed and one week after NetApp moved to stay the infringement suit against it, Patent Owner served NetApp with infringement contentions asserting the Challenged Claim in addition to claim 104 of the ’506 patent. Paper 14, 3 n.3; EDTX Docket, D.I. 117-3, 1. At this time, the Challenged Claim was the subject of the ’176 IPR.

NetApp served its invalidity contentions on January 24, 2017. Ex. 2006. All four of the prior art references NetApp asserts in the Petition are included in its district court invalidity contentions. Ex. 2006, 11–12, 14, 27, 30. Six days later (i.e., January 30, 2017) and approximately five months prior to NetApp filing the instant Petition, Teradata Operations, Inc. (“Teradata”) filed its petition in the ’806 IPR. ’806 IPR, Paper 1. In that

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