UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DELL INC.; EMC CORPORATION; HEWLETT-PACKARD
ENTERPRISE CO.; HP ENTERPRISE SERVICES, LLC; TERADATA
OPERATIONS, INC.; and VERITAS TECHNOLOGIES, LLC;

Petitioners,

v.

REALTIME DATA LLC,
Patent Owner.

Case IPR2017-00176[1]
Patent No. 7,161,506

PATENT OWNER'S OPPOSITION

RE: *EX PARTE SCHULHAUSER*

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[1] Case IPR2017-00806 has been consolidated with this proceeding. Case

IPR2017-01688 has been joined with this proceeding.

Ex Parte Schulhauser ("*Schulhauser*") does not support a finding of unpatentability as to any claim at issue in this proceeding for five reasons.[2]

First, Petitioner did not timely present any argument or theory based on *Schulhauser*, and has waived the ability to do so. The Board is legally foreclosed from now finding unpatentability based on *Schulhauser sua sponte*. *Intelligent Bio-Systems, Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1369 (Fed. Cir. 2016) ("[T]he expedited nature of IPRs bring with it an obligation for petitioners to make their case in their petition to institute."); *In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364, 1381 (Fed. Cir. 2016) (rejecting the Board's reliance on unpatentability arguments that "could have been included" in the petition but were not); *Wasica Finance GMBH v. Continental Auto. Systems*, 853 F.3d 1272, 1286 & n.9 (Fed. Cir. 2017) (holding that a petitioner cannot establish unpatentability based on new theories presented in its reply brief and that "[s]hifting arguments in this fashion is foreclosed by statute, our precedent, and Board guidelines.") (internal citations omitted); *Ariosa Diagnostics v. Verinata Health, Inc.*, 805

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[2] Patent Owner objects to the Board's requirement of simultaneous briefing. Petitioner bears the burden of proof, and Patent Owner is not fairly heard where it cannot know of arguments before being asked to rebut them.

F.3d 1359, 1367 (Fed. Cir. 2015) (because Petitioner bears the burden in IPR proceedings, "a challenge can fail even if different evidence and arguments might have led to success"); 5 U.S.C. § 554(b)(3); 77 Fed. Reg. 48,756, 48,768; 37 C.F.R. § 42.23(b). *Schulhauser*'s precedential designation pre-dates the Petition. Yet the Petition did not raise it, and Patent Owner did not have a full and fair opportunity to develop responsive evidence or argument.

Second, applying *Schulhauser* in the context of this proceeding would be arbitrary and capricious, and unconstitutional. The *Schulhauser* decision arose in the context of a pending prosecution. In that setting, a patentee can work around *Schulhauser* by simply amending claims to avoid limitations that will not be given patentable weight. By contrast, during prosecution Realtime had no notice from the PTO of *Schulhauser* or the prospect that certain limitations of its claims would be given no patentable weight. Rather, during reexamination of the '506 patent, the Office gave the limitations at issue patentable weight. *See* Ex. 1007 at 27-28, 32-33, 35; Ex. 1012 at 27-28 (agreeing with Realtime that LBX, Lafe, Reynar, and French failed to teach the same limitations at issue in this briefing). Realtime maintained the limitations on that basis, and made significant investments and expenditures to enforce and defend the claims. Moreover, whereas the PTO must undertake notice and comment rulemaking to apply the rule of *Schulhauser*

to IPRs, the PTO has not issued *any* rule, regulation, or policy complying with the requirements of the Administrative Procedure Act that extends *Schulhauser* to *issued* claims *later* challenged through IPR. *See Aqua Products v. Matal*, 872 F.3d 1290, 1319-1322, 1328 (Fed. Cir. 2017) (*en banc*) (requiring notice and comment rulemaking for substantive PTO positions that would impact final decisions on patentability). Notably, *Schulhauser* itself is entirely directed to prosecution, not IPR. Nor could the PTO apply the rule of *Schulhauser* retroactively to *issued* claims. There is no express Congressional grant to support such retroactive rulemaking, and it is thus foreclosed by the APA and Supreme Court precedent. *Bowen v. Georgetown Univ. Hospital*, 488 U.S. 204, 208-09 (1988). Applying *Schulhauser* here would also violate the Due Process Clause. For instance, *Schulhauser* only arose here after the time to bring a motion to amend had passed. Finally, depriving Patent Owner of the weight that the Office once afforded to its issued claim limitations would constitute an unlawful taking.

    Third, *Schulhauser* rests entirely on two non-precedential Federal Circuit decisions that do not support its holding, and it is legally incorrect. In *Applera v. Illumina*, the Federal Circuit held that *all* limitations of claim 1—including 1(c)—are met once the sequence of nucleotides is determined. 375 F. App'x. 12, 21 (Fed. Cir. 2010). *Applera* did not hold that claim 1 could be

met *without* determining the sequence of nucleotides, or by ignoring

limitation 1(c). To the contrary, it stated that the requirement of limitation

1(c) was "[t]he ***distinguishing feature*** of the invention. . . ." *Id. Applera* thus

held that all limitations of claim 1 *were* practiced, not that the claim could be

met even if some limitations were *never* practiced. In *Cybersettle v. Nat'l*

Arbitration Forum, the court expressly noted that the claim at issue

contained "no conditional language." 243 F. App'x. 603, 607 (Fed. Cir.

2007). So the language *Schulhauser* quotes from *Cybersettle* is merely

fleeting *dicta*. It is also not supported by any internal citations. By contrast,

Federal Circuit precedent holds that even the "broadest reasonable

interpretation" standard forbids a construction that reads out limitations

explicitly recited in a claim, or that causes the claim to read onto prior art

approaches expressly taught away from in the specification. *In re Suitco*

Surface, 603 F.3d 1255, 1260-1261 (Fed. Cir. 2010); *In re Smith*, 871 F.3d

1375, 1382-84 (Fed. Cir. 2017); *In re NTP, Inc.*, 654 F.3d 1279, 1287-88

(Fed. Cir. 2011). Here, the specification specifically teaches *against* using

only content dependent compression. Ex. 1001 at 2:54-3:45. Instead, the

specification teaches methods "for providing fast and efficient data

compression ***using a combination*** of content independent data compression

and content dependent data compression." Paper 19 at 2. Interpreting the

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