

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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NETNUT LTD.,

Petitioner,

v.

BRIGHT DATA LTD. (f/k/a Luminati Networks Ltd.),

Patent Owner.

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Cases IPR2021-01492

Patent No. 10,257,319

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**PETITIONER'S PRE-INSTITUTION REPLY AS TO THE *APPLE V. FIN-TIV* ANALYSIS IN THE PATENT OWNER'S PRELIMINARY RESPONSE**

The Petition in this case was filed very early. Unable to rebut Petitioner's diligence in requesting this proceeding, Patent Owner's Preliminary Response instead pursues lengthy arguments on a host of irrelevant considerations in an effort to create a false impression of delay. The POPR has little to offer on the merits, other than previously discredited claim construction arguments. The following will recap the *Fintiv* factors as they stand and reply to Patent Owner's (Bright Data's) erroneous and misplaced arguments.

1. **Stays.** Patent Owner argues that the district court will *not* issue a stay, and that the Board should decline to act based on that prediction. But Patent Owner fails to account for the early stage of the district court litigation: *Markman* briefing has not begun and the district court has not issued any substantive orders. *See* Ex. 2003 (district court Docket Control Order). Patent Owner also fails to acknowledge that the district court has demonstrated a willingness to stay proceedings where an IPR has actually been instituted. *See, e.g., Uniloc USA, Inc. v. Ringcentral, Inc.*, No. 17-cv-0354 (JRG) (Feb. 12, 2018) (benefits of stay post-institution outweighed costs of postponing resolution of case, where claims had not yet been construed, discovery was not complete, and there was "a significant likelihood that the outcome of the IPR proceedings will streamline the scope of th[e] case"). The reality is that this factor is neutral. *See Google LLC v. RFCyber Corp.*, PGR2021-0029,

Paper 10 at 18-19 (PTAB July 23, 2021); *see also Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (PTAB May 13, 2020).

**2. Proximity of trial date.** Assuming matters proceed as currently scheduled, the trial would begin in in September 2022, six months before a final written decision is due in this case. *See* Ex. 2003. However, trial dates for this Patent Owner have previously slipped, as reflected in the docket sheet (Ex. 1101) for Patent Owner's recent trial (jury selection delayed from May 3 (*id.*, D.I. 65) to Nov. 1, 2021 (*id.*, D.I. 509)). Patent Owner has *already* sought two extensions in the related court proceeding, Ex. 1102 (D.I. 79, 80), including an extension that would push back its own source code review by nearly a month, potentially impacting other schedules, which was partially granted (for a week). Ex. 1103. In sum, this factor does not favor discretionary denial nearly as strongly as Patent Owner argues.

**3. Investment in parallel court proceedings; Petitioner's diligence.** The parties have completed only limited work in the district court proceeding, for example, only recently exchanging infringement and invalidity contentions and claim constructions. No depositions have been taken or noticed. The majority of work in fact discovery remains ahead—not to mention upcoming expert discovery, summary judgment proceedings, pretrial proceedings, and a jury trial. Patent Owner

dwells instead on what it says the parties “will have done” by March of 2023, which of course may be more than has been done to date, but is irrelevant.

Patent Owner’s suggestion of “delay” from when “NetNut started its invalidity campaign at the USPTO” is misguided and erroneous rhetoric and not part of the *Fintiv* delay analysis. The events against which Patent Owner seeks to measure alleged delay concern other patents, parties, and types of proceedings, as well as the results of its own litigiousness; they lack the necessary nexus to what can fairly be charged against the Petitioner.

In a case where court proceedings were in at least a comparable state, and where the petitioner filed its IPR eight months before its deadline to do so, the Board found that “Petitioner’s diligence in filing the Petition also weighs in favor of not exercising discretion to deny institution.” *PEAG LLC v. VARTA Microbattery GmbH*, IPR2020-01212, Paper 8 at 20 (Jan. 6, 2021). Here, the Petition was filed *ten months* before the corresponding deadline—an even stronger showing of diligence. This strongly weighs against exercising discretion to deny institution.

**4. Overlap of issues.** As the POPR acknowledges (at 29), there are four dependent claims in this proceeding and five in the related proceeding (IPR2021-01493), which are not at issue in the district court litigation. In addition, additional grounds of invalidity, as well as unenforceability for inequitable conduct, not remediable here, will be at issue in the district court case. *See* Ex. 1104. (NetNut’s

invalidity contentions). There is overlap, but the overlap is not nearly complete, given the separate invalidity arguments made on the additional dependent claims in this proceeding and the additional grounds asserted in the district court.

**5. Identity of parties.** The parties are the same.

**6. Other circumstances, including the merits.** Patent Owner's arguments about other USPTO proceedings challenging the '319 and '510 patents are irrelevant. If anything, those are reasons for the Board to institute (and then consolidate or stay those other proceedings). The two granted reexaminations involving these patents indicate the questionable patentability of the claims, which favors institution under *Fintiv* factor 6. Bright Data cites the fact that it won a jury verdict on one of the invalidity references in this case, a determination that has neither binding (as against a third party) nor precedential weight (*see Stevenson v. Sears, Roebuck & Co.*, 713 F.2d 705, 711 (Fed. Cir. 1983)), and no relevance to institution.

As to the merits, Bright Data continues to argue, using partial quotes that contradict applicable rulings (*see, e.g.*, POPR at 37-38), that clients and servers are mutually exclusive categories, and that a "communication device" must somehow do something more than communicate. In addition to being incoherent on their face, these arguments have repeatedly been rejected by the court, which found that the devices in question may be configured to operate in different roles and are characterized by the function they perform (*i.e.*, sending or receiving), not by any

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