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Paper 19
Entered: October 19, 2022

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CODE200, UAB; TESO LT, UAB; METACLUSTER LT, UAB;
OXYSALES, UAB; AND CORETECH LT, UAB,
Petitioner,

v.

BRIGHT DATA LTD.,
Patent Owner.

IPR2022-00861
Patent 10,257,319 B2

Before THOMAS L. GIANNETTI, SHEILA F. McSHANE, and
RUSSELL E. CASS, *Administrative Patent Judges*

McSHANE, *Administrative Patent Judge*.

DECISION

Rehearing on Director Remand

Granting Institution of *Inter Partes* Review
35 U.S.C. § 314

Granting Motion for Joinder
35 U.S.C. § 315(c); 37 C.F.R. § 42.122

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I. INTRODUCTION

We address this case after a decision by the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office vacating our previous decision denying institution, remanding for further proceedings, and ordering us to reconsider joinder after reconsidering the decision denying institution. Paper 18 ("Remand Dec.").

II. BACKGROUND

A. Background of Proceeding

Code200, UAB, Teso LT, UAB, Metacluster LT, UAB, Oxysales, UAB, and Coretech LT, UAB ("Petitioner" or "Code200") filed a Petition for *inter partes* review of claims 1, 2, 12, 14, 15, 17–19, and 21–29 of U.S. Patent No. 10,257,319 B2 (Ex. 1001, "the '319 patent"). Paper 1 ("Pet."). Bright Data Ltd. ("Patent Owner") filed a Preliminary Response. Paper 15 ("Prelim. Resp."). With the Petition, Petitioner also filed a Motion for Joinder with *NetNut Ltd. v. Bright Data Ltd.*, IPR2021-01492 ("the 1492 IPR"). Paper 7 ("Mot."). Patent Owner filed an Opposition to the Motion for Joinder. Paper 11 ("Opp."). Petitioner filed a Reply to Patent Owner's Opposition. Paper 13 ("Reply").

The Petition in this proceeding asserts the same grounds of unpatentability as those upon which we instituted review in the 1492 IPR. *Compare* Pet. 11, *with NetNut Ltd. v. Bright Data Ltd.*, IPR2021-01492, Paper 12 at 7–8, 39 (PTAB Mar. 21, 2022) ("1492 Decision" or "1492 Dec."). Consistent with this, Petitioner contends that the Petition "is substantially identical to the petition in the NetNut IPR [1492 IPR] and contains the same grounds (based on the same prior art and supporting

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evidence) against the same claims, and differs only as necessary to reflect the fact that it is filed by a different petitioner." Pet. 2 (citing Ex. 1022).

On July 25, 2022, we issued a Decision in this case exercising discretion to deny institution based on an assessment of factors set forth in *General Plastic Industrial Co. Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i) (*General Plastic*). Paper 17 ("Dec."). The Board's Decision also denied joinder of this case with the 1492 IPR. *Id*. at 17. The Director reviewed our Decision *sua sponte*, vacated the Decision, and remanded the case to the panel, with orders that our Decision denying institution and joinder be reconsidered consistent with the Remand Decision. Remand Dec. 7.

B. Director Decision and Scope of Remand

The Director considered our discretionary denial of institution under *General Plastic*, and clarified *General Plastic* by stating that, "[w]here the first-filed petition . . . was discretionarily denied or otherwise was not evaluated on the merits," a finding favoring discretionary denial under *General Plastic's* factors 1–3 is limited to "when there are 'road-mapping' concerns under factor 3 or other concerns under factor 2." Remand Dec. 5. The Director noted that in this case, the Board had found "no evidence of road-mapping." *Id*. at 5 (citing Dec. 13). The Director added that "'road-mapping' concerns are minimized when, as in this case, a petitioner files a later petition that raises unpatentability challenges substantially overlapping with those in the previously-filed petition and the later petition is not refined based on lessons learned from later developments." *Id*. at 5. The Director agreed with the panel's finding that *General Plastic's* factors 2, 4, and 5 "have limited relevance." *Id*. at 6. The Director similarly found factor 7 to

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"have limited relevance" because the one-year statutory time period may be adjusted for a joined case under 35 U.S.C. § 316(a)(11). *Id*. (citing Dec. 16). Further, the Director disagreed with the panel's determination on factor 6 in view of potential inefficiencies, with the Director determining that "the Board's mission 'to improve patent quality and restore confidence in the presumption of validity that comes with issued patents' outweighs the impact on Board resources needed to evaluate the merits of a petition." *Id*. In accordance with the evaluation of the factors, the Director found that "the Patent Owner's concerns of fairness are outweighed by the benefits to the patent system of improving patent quality by reviewing the merits of the challenges raised in the petitions, which have not been addressed to date." *Id*.

The Director remanded the case to the panel for further proceedings, with direction to reconsider the institution decision and joinder. Remand Dec. 7. The Director directed that the panel "consider the Patent Owner's remaining arguments, including those for discretionary denial under *Fintiv* and against the merits of the Petitioner's patentability challenges." *Id*.

C. Related Proceedings

The '319 patent has been the subject of numerous proceedings in district court and the Board. We summarized several related proceedings in the previous decision denying institution in this case. Dec. 3–5. The proceedings of most interest are the 1492 IPR, IPR2020-01266 ("the previously-filed 1266 IPR"), and *Bright Data Ltd. v. Teso LT, UAB*, 2:19-cv-00395-JRG (E.D. Tex.) ("the *Teso* litigation").

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In the 1492 IPR, the case to which Petitioner is seeking joinder, we instituted an *inter partes* review of claims 1, 2, 12, 14, 15, 17–19, and 21–29 of the '319 patent on the following grounds:

Claim(s)	35 U.S.C. §	References/Basis
1, 19, 21–29[1]	102[2]	Crowds[3]
1, 2, 14, 15, 17–19, 21–29	103	Crowds, RFC 2616[4]
1, 12, 14, 21, 22, 24, 25, 27–29	102	Border[5]
1, 12, 14, 15, 17–19, 21, 22, 24, 25, 27–29[6]	103	Border, RFC 2616
1, 17, 19, 21–29	102	MorphMix[7]
1, 2, 14, 15, 17–19,	103	MorphMix, RFC 2616

[1] The Petition includes assertions for claim 23 under the Crowds anticipation ground. Pet. 36. Accordingly, we include this claim in the summary table, although not included in the Petition's summary table. *Id*. at 11.
[2] Because the application from which the '319 patent issued has an earliest effective filing date before March 16, 2013 (Ex. 1001, (60)), citations to 35 U.S.C. §§ 102 and 103 are to the pre-AIA versions. Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29.
[3] Michael Reiter & Aviel Rubin, *Crowds: Anonymity for Web Transactions*, ACM Transactions on Information and System Security, Vol. 1, No. 1 (Nov. 1998) (Ex. 1006, "Crowds").
[4] Hypertext Transfer Protocol–HTTP/1.1, Network Working Group, RFC 2616, The Internet Society, 1999 (Ex. 1013, "RFC 2616").
[5] U.S. Patent No. 6,795,848 B1 (Sep. 21, 2004) (Ex. 1012, "Border").
[6] Although Petitioner's listing of the asserted grounds does not identify claim 19 for this ground (*see* Pet. 11), Petitioner includes claim 19 in its analysis of obviousness based on Border (*see id.* at 57). Accordingly, we include claim 19 here.
[7] Marc Rennhard, *MorphMix – A Peer-to-Peer-based System for Anonymous Internet Access* (2004) (Ex. 1008, "MorphMix").

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