

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

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

v.

LUMINATI NETWORKS LTD.,
Patent Owner.

IPR2020-01358
Patent 10,484,510 B2

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

McSHANE, *Administrative Patent Judge*.

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

I. INTRODUCTION

A. *Background and Summary*

Code200, UAB, Teso LT, UAB, Metacluster LT, UAB, and Oxysales, UAB (“Code200” or “Petitioner”)¹ filed a Petition requesting *inter partes* review of claims 1, 2, 6–11, 13, and 15–24 of U.S. Patent No. 10,484,510 B2 (Ex. 1001, “the ’510 patent”) pursuant to 35 U.S.C. §§ 311–319, along with the supporting Declaration of Michael Freedman, Ph. D. Paper 5 (“Pet.”); Ex. 1009. Luminati Networks Ltd. (“Luminati” or “Patent Owner”) filed a Preliminary Response to the Petition. Paper 9 (“Prelim. Resp.”).

We have authority under 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted “unless . . . the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”

For the reasons that follow, we exercise our discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review.

B. *Related Matters*

The parties identify the related litigations, *Luminati Networks Ltd. v. Teso LT, UAB et al.*, 2:19-cv-00395-JRG (E.D. Tex.) (“the 395 district court case”) and *Luminati Networks Ltd. v. Tefincom S.A. D/B/A NordVPN*, 2:19-cv-00414-JRG (E.D. Tex.). Pet. 2; Paper 6, 2.

The parties also note another petition has been filed in IPR2020-01266, which is directed to U.S. Patent No. 10,257,319, which claims the

¹ Petitioner additionally identifies coretech lt, UAB as a real party-in-interest. Pet. 2.

benefit of the same provisional application, and is a continuation of the same application, as the '510 patent. Pet. 2; Paper 6, 2.

C. *The '510 Patent*

The '510 patent is titled "System Providing Faster and More Efficient Data Communication" and issued on November 19, 2019, from an application filed on February 17, 2019. Ex. 1001, codes (22), (45), (54). The application for the '510 patent is a continuation of several applications, and other related applications include a divisional application and a provisional application. *See id.*, code (60). The '510 patent is subject to a terminal disclaimer. *Id.*, code (*).

The '510 patent is directed to a system and method for increasing network communication speed for users, while lowering network congestion for content owners and internet service providers (ISPs). Ex. 1001, code (57). The system employs network elements including an acceleration server, clients, agents, and peers, where communication requests generated by applications are intercepted by the client on the same machine. *Id.* The IP address of the server in the communication request is transmitted to the acceleration server, which provides a list of agents to use for this IP address. *Id.*

The communication request is sent to the agents. Ex. 1001, code (57). One or more of the agents respond with a list of peers that have previously seen some or all of the content which is the response to this request (after checking whether this data is still valid). *Id.* The client then downloads the data from these peers in parts and in parallel, thereby speeding up the Web transfer, releasing congestion from the Web by fetching the information

from multiple sources, and relieving traffic from Web servers by offloading the data transfers from them to nearby peers. *Id.*

Challenged claim 1 is the only independent claim. Claim 1 of the '510 patent is reproduced below.

1. A method for use with a web server that responds to Hypertext Transfer Protocol (HTTP) requests and stores a first content identified by a first content identifier, the method by a first client device comprising:

establishing a Transmission Control Protocol (TCP) connection with a second server;

sending, to the web server over an Internet, the first content identifier;

receiving, the first content from the web server over the Internet in response to the sending of the first content identifier; and

sending the received first content, to the second server over the established TCP connection, in response to the receiving of the first content identifier.

Ex. 1001, 19:18–31.

D. Asserted Grounds of Unpatentability

Petitioner challenges the patentability of claims of the '510 patent on the following grounds:

Claims Challenged	35 U.S.C. §	Reference(s)
1, 2, 6, 7, 15, 16, 18–23	102(b) ²	Crowds ³

² The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 287–88 (2011), amended 35 U.S.C. § 103, effective March 16, 2013. Because the '510 patent claims priority to a provisional application that was filed before this date, with Petitioner not contesting that priority, the pre-AIA versions of §§ 102, 103 apply. See Ex. 1001, code (60); Pet. 12.

³ Michael K. Reiter, *Crowds: Anonymity for Web Transactions*, ACM Transactions on Information and System Security, Vol. 1, No. 1, November 1998, at 66–92 (Ex. 1011).

Claims Challenged	35 U.S.C. §	Reference(s)
1, 2, 6–11, 13, 15, 16, 18–23	103(a)	Crowds, RFC 2616 ⁴
1, 6, 10, 15–20, 23, 24	102(b)	Border ⁵
1, 6, 8–11, 13, 15–20, 22–24	103(a)	Border, RFC 2616
1, 2, 6–8, 13, 15, 16, 18–23	102(b)	MorphMix ⁶
1, 2, 6–11, 13, 15, 16, 18–23	103(a)	MorphMix, RFC 2616

Pet. 15–16.

II. DISCRETIONARY DENIAL UNDER § 314(a)

A. Overview

Patent Owner requests that we exercise our discretion under 35 U.S.C. § 314(a) to deny the Petition under *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“Fintiv”). Prelim. Resp. 4–16.

In assessing whether to exercise such discretion, the Board weighs the following factors:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;

⁴ Hypertext Transfer Protocol—HTTP/1.1, Network Working Group, RFC 2616, The Internet Society, 1999 (Ex. 1018).

⁵ U. S. Patent No. 6,795,848, issued September 21, 2004 (Ex. 1017).

⁶ Marc Rennhard, MorphMix—A Peer-to-Peer-based System for Anonymous Internet Access (2004) (Ph.D. dissertation, Swiss Federal Institute of Technology) (Ex. 1013).

4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits.

Fintiv at 6. Recognizing that “there is some overlap among these factors” and that “[s]ome facts may be relevant to more than one factor,” the Board “takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.*

As identified above, the 395 district court case, which involves the ’510 patent, is pending in the Eastern District of Texas. *See* Pet. 2; Paper 6, 2; Prelim. Resp. 4–5. The 395 district court case has a Docket Control Order entered that set December 14, 2020, as the deadline for completing fact discovery, January 21, 2021, as the deadline for completing expert discovery, and May 3, 2021, for jury selection and trial. Ex. 1004, 1, 3. The parties have advised us that the date for jury selection has been moved to May 10, 2021. The Court has conducted a claim construction hearing, and on December 7, 2020, issued a Claim Construction Opinion and Order. Paper 10; Ex. 2017.

Petitioner advised us that the presiding judge in the 395 district court case, Judge Gilstrap, has continued jury trial dates in other cases scheduled for trial from December 2020 through February 2021, due to the COVID-19 pandemic. *See* Ex. 3001. We have not, however, been informed of any change in the May 10, 2021 jury selection date in the 395 district court case.

We address each *Fintiv* factor below.

B. Factor 1 – Stay of Related Litigation Proceeding

Petitioner filed a motion to stay the 395 district court case, which was denied without prejudice as premature because it was filed in advance of the Board’s decision to institute *inter partes* reviews on any of the asserted patents in the litigation.⁷ Ex. 2015, 3. Although the district court denied the motion without prejudice, with refiling permitted within 24 days of the Board’s institution decisions for the asserted patents, Patent Owner argues that the District Court has not indicated one way or the other whether a stay is likely to be granted at that time. Prelim. Resp. 6–7.

Because the Board has previously “decline[d] to infer” how a District Court would decide a stay motion, Petitioner asserts that this factor is neutral. Pet. 7 (quoting *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (PTAB May 13, 2020) (informative)). Patent Owner argues that because the District Court has not granted a stay and “would not likely grant a stay given the lateness of the Petition, this factor favors denial of institution.” Prelim Resp. 7.

We decline to speculate on the likelihood of how the District Court may rule on a future motion to stay. Accordingly, we find that this factor is neutral.

C. Factor 2 — Proximity of Court’s Trial Date

Patent Owner argues that the Petition should be denied because jury selection in the 395 district court case is scheduled approximately nine months before a final determination would issue in this case. Prelim. Resp. 4, 7–10.

⁷ Three patents, the ’510 patent as well as U.S. Patent Nos. 10,469,614 and 10,257,319, are asserted in the 395 district court case. Ex. 2015, 1.

Petitioner alleges that Patent Owner has previously sought to delay trials as the set trial date approaches. Pet. 7 (referring to *Luminati Networks Ltd. v. UAB Tesonet*, No. 2:18-cv-00299-JRG (E.D. Tex.)). Petitioner argues that in light of Patent Owner’s history and the potential for COVID-related delays, Factor 2 is neutral. *Id.* at 8. Patent Owner responds that the previous litigation has been misrepresented by Petitioner, and instead Patent Owner filed a motion to consolidate the referenced case with another case to accelerate the date by which the ’510 patent infringement claims could be tried. Prelim. Resp. 7.

As mentioned above, Petitioner additionally brings to our attention Judge Gilstrap’s Order to continue jury trials from December 2020 through February of 2021, but the communication notes that Petitioner does not know what impact the continuances may have on the trial date in this case. See Ex. 3001. Patent Owner asserts that the Judge Gilstrap’s Order does not impact the schedule for trial in the case, and “no other facts can be inferred from the Order.” *Id.*

As Patent Owner asserts, the related jury trial in the 395 district court case is currently scheduled to occur approximately nine months before a final determination would issue in this case. Although there may be a delay in the trial date, presuming that there would be delay would be conjecture at this time. Accordingly, this factor favors discretionary denial of *inter partes* review.

D. Factor 3 — Investment in the Parallel Proceeding

Petitioner notes that this Petition was filed less than three months after the asserted claims were disclosed in the 395 district court case. Pet. 8. However, it is undisputed that at this time that claim construction briefing

has been completed, a *Markman* hearing was conducted, and a claim construction order issued in the 395 district court case, which includes interpretation of claim terms associated with the '510 patent. *See Ex. 2016.* Under the Docket Control Order, fact discovery in that case was completed on December 14, 2020, and expert discovery was completed on January 21, 2021. *See Ex. 1004, 1, 3.* The parties have not advised us of any changes to those dates as scheduled.

Accordingly, in view of the status of the progress of the 395 district court case, we agree with Patent Owner that this factor favors denial of institution of *inter partes* review. *See Prelim. Resp. 12.*

E. Factor 4 — Overlap With Issues Raised in Parallel Proceeding

Petitioner asserts that because claims 1, 2, 8–11, 13, 15, 16, 18–20, 22, and 23 are asserted in the 395 district court case, but the Petition also challenges claims 6, 7, 17, 21, and 24 of the '510 patent, this factor weighs in favor of institution. Pet. 8.

Patent Owner argues that the overlap of the issues raised in Petition and the 395 district court case are substantial. Prelim Resp. 12. More specifically, Patent Owner contends that the Crowds, MorphMix, Border, and RFC 2616 prior art asserted in the challenges in this proceeding are all identified in the invalidity contentions in the 395 district court case. *Id.* (citing Ex. 2006, ¶¶ 3–4). Patent Owner also asserts that only claim 1 of the '510 patent is independent, and the additional claims challenged in the Petition are all dependent. *Id.* at 12–13. As such, Patent Owner argues that there is no other independent claim at issue here that is not asserted in the district court case, and the resolution of the patentability of independent

claim 1 in the district court is also likely to have an impact on the additional dependent claims challenged here. *Id.* at 13.

In light of the common prior art asserted here and in the 395 district court case, as well as the common challenge to the sole independent claim of the '510 patent, we agree with the Patent Owner that the overlap in issues between the two proceedings is substantial. Accordingly, we determine that this factor favors denial of institution of *inter partes* review.

F. Factor 5 — Commonality of Parties in Parallel Proceedings

Petitioner asserts that Code200 is a named petitioner here, but is not a defendant in the 395 district court case. Pet. 9. Patent Owner argues that three of the four named petitioners are also defendants in the 395 district court case. PO Resp. 13. Patent Owner also asserts that there is a close corporate relationship between Code200 and the other petitioners because they share a common parent company. *Id.* at 14 (citing Ex. 2013, Ex. 2014). Petitioner does not challenge this contention.

Given the commonality of most of the parties in this proceeding and 395 district court case, we find that this factor favors denial of institution.

G. Factor 6 — Other Circumstances

Petitioner contends that the challenged patent is “extraordinarily weak,” and policy favors instituting review under these circumstances. Pet. 9. Patent Owner disagrees, arguing that Petitioner’s reading of the claims is unreasonable and the asserted prior art is weak. Prelim. Rep. 15–16.

We have reviewed Petitioner’s unpatentability arguments and Patent Owner’s preliminary responses, and based on the limited record before us, we do not find that the merits outweigh the other *Fintiv* factors favoring denial of institution.

H. Conclusion

The majority of the *Fintiv* factors, and particularly factor 2, the proximity of the trial date in the 395 district court case, favor the denial of institution. Thus, based on our assessment of the *Fintiv* factors, we exercise our discretion under 35 U.S.C. § 314(a) to deny *inter partes* review.

III. ORDER

Accordingly, it is:

ORDERED that the Petition is *denied* as to all grounds and all challenged claims of the '510 patent.

For PETITIONER:

Craig Tolliver
George Scott
CHARHON, CALLAHAN, ROBSON & GARZA, PLLC
ctolliver@tolliverlawfirm.com
jscott@ccrglaw.com

For PATENT OWNER:

Thomas Dunham
Don Livornese
RUYAKCHERIAN LLP
tomd@dunham.cc
donl@ruyakcherian.com