

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

F5 NETWORKS, INC.,
Petitioner,

v.

WSOU INVESTMENTS, LLC
d/b/a BRAZOS LICENSING AND DEVELOPMENT,
Patent Owner.

IPR2022-00238
Patent 7,548,945 B2

Before THU A. DANG, ROBERT J. WEINSCHENK, and
JOHN A. HUDALLA, *Administrative Patent Judges*.

HUDALLA, *Administrative Patent Judge*.

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

F5 Networks, Inc. (“Petitioner”) filed a Petition (Paper 4, “Pet.”) requesting an *inter partes* review (IPR) of claims 1–17 (“the challenged claims”) of U.S. Patent No. 7,548,945 B2 (Ex. 1001, “the ’945 patent”). Petitioner filed a Declaration of Sandeep Chatterjee, Ph.D. (Ex. 1006) with

its Petition. WSOU Investments, LLC d/b/a/ Brazos Licensing and Development (“Patent Owner”) filed a Preliminary Response (Paper 8, “Prelim. Resp.”). With our authorization, Petitioner also filed a Reply (Paper 9, “Pet. Reply”) and Patent Owner filed a Sur-reply (Paper 10, “PO Sur-reply”) addressing whether we should exercise our discretion to deny institution under 35 U.S.C. § 314(a).

We have authority to determine whether to institute an *inter partes* review. *See* 35 U.S.C. § 314; 37 C.F.R. § 42.4(a). Under 35 U.S.C. § 314(a), we may not authorize an *inter partes* review unless the information in the petition and the preliminary response “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 to deny institution of an *inter partes* review under 35 U.S.C. § 314(a).

I. BACKGROUND

A. *Real Parties-in-Interest*

Petitioner identifies F5 Networks, Inc., as the real party-in-interest. Pet. 80. Patent Owner identifies WSOU Investments, LLC d/b/a Brazos Licensing and Development as the real party-in-interest. Paper 1, 1.

B. *Related Proceedings*

The parties identify the following proceeding related to the ’945 patent (Pet. 80–81; Paper 1, 2):

WSOU Investments, LLC v. F5 Networks, Inc., No. 2-21-cv-00126 (W.D. Wash. filed Jan. 29, 2021) (“the underlying litigation”).

Petitioner also indicates that Patent Owner previously filed a patent infringement action against Petitioner in *WSOU Investments, LLC v. F5 Networks, Inc.*, No. 3:20-cv-00719 (E.D. Va. filed Sept. 15, 2020). Pet. 80–81; *see infra* § II.C.

We additionally note that Petitioner has challenged other patents owned by Patent Owner in IPR2022-00107 and IPR2022-00239.

C. The '945 patent

The '945 patent is directed to using clustered nodes as authoritative domain name servers. Ex. 1001, 1:21–24.

D. Illustrative Claim

Of the challenged claims, claims 1, 6, and 12 are independent. Claims 2–5 depend from claim 1; claims 7–11 depend from claim 6; and claims 13–17 depend from claim 12. Claim 1 is illustrative of the challenged claims and recites:

1. A system comprising:

a plurality of network devices grouped in a cluster, wherein each network device has a different respective device internet protocol (IP) address; wherein one of the network devices is designated as a master device;

wherein the master device is assigned an IP address corresponding to an IP address of an authoritative domain name server; wherein each network device is configured to communicate status information to at least the master device in the cluster;

wherein the master device is configured to receive a domain name service (DNS) query based upon a client request, select one of the network devices to communicate with the client based on the status information of each of the network

devices, and return a device IP address of the selected one of the network devices in response to the DNS query.

Ex. 1001, 8:64–9:12.

E. Prior Art

Petitioner relies on the following prior art:

Gourley, D. & Totty, B., *HTTP: The Definitive Guide*, O'Reilly Media (2002) (Ex. 1009, “Gourley”); and

U.S. Patent No. 6,665,702 B1, filed Dec. 20, 1999, issued Dec. 16, 2003 (Ex. 1010, “Zisapel”).

F. The Asserted Grounds

Petitioner challenges claims 1–17 of the '945 patent on the following grounds (Pet. 3):¹

Claims Challenged	35 U.S.C. §	References
1–17	102(b) ²	Gourley
1–17	103(a)	Gourley
1–17	102(b)	Zisapel

¹ Although Petitioner purports to put forth three grounds of unpatentability, Petitioner twice uses a single alleged ground to contend the challenged claims are “anticipated and/or obvious.” Pet. 3. Petitioner likewise combines its anticipation and obviousness analysis in the same sections of the Petition. *See id.* at 19–44 (mixed anticipation and obviousness contentions for Gourley), 44–71 (mixed anticipation and obviousness contentions for Zisapel). We list the anticipation and obviousness grounds separately.

² The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 287–88 (2011), amended 35 U.S.C. §§ 102 and 103. Because the '945 patent was filed before March 16, 2013 (the effective date of the relevant amendments), the pre-AIA versions of §§ 102 and 103 apply.

Claims Challenged	35 U.S.C. §	References
1–17	103(a)	Zisapel
1–17	103(a)	Gourley, Zisapel

II. ANALYSIS

Our disposition of this case turns on the issue of discretionary denial. Patent Owner contends we should exercise our discretion to deny institution under 35 U.S.C. § 314(a) “because institution would be an inefficient duplication of multiple pending litigations.” Prelim. Resp. 5–11; *see also* PO Sur-reply 1–3. Petitioner contends that we should not deny institution based on discretionary factors. Pet. 77–80; *see also* Pet. Reply 1–3.

Institution of *inter partes* review is discretionary. *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review” (emphasis omitted)); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he [Office] is permitted, but never compelled, to institute an [*inter partes* review] proceeding.”).

In *Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”), the Board discussed potential applications of *NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential) (“*NHK*”), as well as a number of other cases dealing with discretionary denial under § 314(a). *Fintiv* identifies a non-exclusive list of factors parties may consider addressing, particularly where there is a related, parallel district court action and whether such action

provides any basis for discretionary denial. *Fintiv*, Paper 11 at 5–16. Those factors include:

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. 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.

Id. at 5–6.

We now consider these factors to determine whether we should use our discretion to deny institution under 35 U.S.C. § 314(a). In evaluating the factors, we take a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review. *Fintiv*, Paper 11 at 6.

A. Stay in the Underlying Litigation

Under the first *Fintiv* factor, we consider “whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted.” *Id.* at 6. Patent Owner notes that the court in the underlying litigation recently denied Petitioner’s motion to stay that case pending this and another *inter partes* review proceeding. PO Sur-reply 1 (citing Ex. 2001). Patent Owner highlights the court’s findings that “a stay is not only unwarranted, but also prejudicial to [Patent Owner]” and that Petitioner’s filing of *inter*

partes review petitions “appears to be little more than a dilatory tactic.” *Id.* (quoting Ex. 2001, 2–3).

Petitioner accuses Patent Owner of gamesmanship with respect to Patent Owner’s arguments against the motion to stay in the underlying litigation. Pet. Reply 1. In particular, Petitioner argues that Patent Owner sought to extend the schedule in the underlying litigation just days after the court denied the motion to stay, which Petitioner says is “inconsistent with the arguments [Patent Owner] made in opposing the stay motion and in seeking discretionary denial.” *Id.* Petitioner contends these facts weigh against exercising discretion to deny institution. *Id.*

We find that the court’s denial of the motion to stay weighs in favor of exercising authority to deny institution. *See Fintiv*, Paper 11 at 6–7. Given that the court has not acted upon Patent Owner’s request to modify the schedule in the underlying litigation, and that further case development milestones have passed since the time of the court’s ruling on the motion to stay, we do not ascribe any significance to Patent Owner’s subsequent request to modify the schedule.

B. The Trial Date in the Underlying Litigation

Under the second *Fintiv* factor, we consider the “proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision.” *Fintiv*, Paper 11 at 6. Trial in the underlying litigation is set to start on November 7, 2022. Pet. Reply 1 (citing Ex. 1023, 2); PO Sur-reply 2 (citing Ex. 2001, 2). As mentioned above, Patent Owner has sought, but has not yet been granted, extensions of the schedule leading to a

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trial on January 23, 2023. Pet. Reply 1–2 (citing Ex. 1025³, 1); PO Sur-reply 2. Petitioner opposes Patent Owner’s proposed extensions. PO Sur-reply 2 (citing Ex. 2002, 3).

Patent Owner argues that this factor favors discretionary denial because the current trial date is “more than *six months* before a[n expected] FWD [Final Written Decision] here (June 2023)” and that, even if its requested extension were granted, the “trial would still occur nearly *five months* before a FWD.” PO Sur-reply 2.

Petitioner argues that “there is uncertainty concerning the trial date,” so this factor weighs against exercising discretion to deny institution. Pet. Reply 2. And, considering the possibility of a January 23, 2023, trial date, Petitioner argues that this date is “in such relatively close proximity” to the expected date of a final written decision such that it “only ‘somewhat’ favors discretionary denial.” *Id.* at 2–3 (citing *Apple Inc. v. Koss Corp.*, IPR2021-00600, Paper 9 (PTAB Sept. 1, 2021)).

As mentioned above, the court in the underlying litigation has not acted upon Patent Owner’s request to modify the schedule. As such, we consider this factor with the trial being set for November 7, 2022. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 13 (May 13, 2020) (informative) (“We generally take courts’ trial schedules at face value absent some strong evidence to the contrary.”). This is over six months before the expected date of our final written decision. Thus, we find that the second *Fintiv* factor favors exercising authority to deny institution.

³ Petitioner mistakenly cites to Exhibit 1041, but the context makes clear that Petitioner intended to cite to Exhibit 1025.

C. Investment by the Court and the Parties in the Underlying Litigation

Under the third *Fintiv* factor, we consider the “investment in the parallel proceeding by the court and the parties.” *Fintiv*, Paper 11 at 6. Patent Owner argues that “the district court ha[s] already held a two-day *Markman* hearing, and by the time of the institution decision here, expert reports and rebuttal expert reports (including reports regarding validity) will have been exchanged.” Prelim. Resp. 9; *see also* Ex. 3001 (Underlying Litigation, ECF No. 68 (Revised Scheduling Order)). Indeed, Patent Owner confirms that Petitioner served its opening expert report on invalidity on April 4, 2022. PO Sur-reply 2–3 (citing Pet. Reply 3)). Thus, according to Patent Owner, this investment favors denying institution. Prelim. Resp. 10.

Petitioner cites Patent Owner’s arguments from its motion to modify the schedule in the underlying litigation, which allegedly “lays out an extensive list of additional work that it believes must be done.” Pet. Reply 3 (citing Ex. 1025, 6). Petitioner also contends that the claim construction order does not bear on the issues raised in the Petition. Pet. 79. Thus, Petitioner argues that this factor “weighs against denial or, at the very least, is neutral.” Pet. Reply 3.

Although the court in the underlying litigation has issued a claim construction order, we note that neither party contends that the merits of the Petition turn on any claim constructions here. Pet. 19; Prelim. Resp. 13. Thus, the court’s issuance of the claim construction order does not bear on the unpatentability issues in this case. Notwithstanding, we find the fact that Petitioner has already served its opening expert report on invalidity, and that the deadline has passed for Patent Owner to serve its rebuttal expert report on invalidity (*see* Ex. 3001, 3), indicates the underlying litigation “is more

advanced . . . and instituting would lead to duplicative costs” with respect to invalidity/unpatentability. *Fintiv*, Paper 11 at 10. Accordingly, we find that the advanced state of expert discovery regarding invalidity favors exercising discretion to deny institution.

As part of this factor, we additionally consider whether Petitioner unreasonably delayed in filing the Petition in this case. *See Fintiv*, Paper 11 at 11–12. Patent Owner highlights the court’s findings in its recent denial of Petitioner’s motion to stay that Petitioner “did not file the IPR petitions on the ’940 and ’945 patents until nearly a year” after the underlying litigation was “transferred” to the U.S. District Court for the Western District of Washington.⁴ PO Sur-reply 1 (quoting Ex. 2001, 2) (emphasis added by Patent Owner). Patent Owner further highlights the court’s comment that Petitioner’s “filing of the IPR petitions appears to be little more than a dilatory tactic.” *Id.* (quoting Ex. 2001, 3). Petitioner does not attempt to justify the time frame in which it chose to file the Petition.

Accordingly, on the whole, this factor weighs in favor of discretionary denial.

⁴ Technically, the district court litigation between the parties was not transferred between courts. Rather, Patent Owner originally filed suit in the U.S. District Court for the Eastern District of Virginia. *See supra* § I.B. Patent Owner later filed a notice of voluntary dismissal without prejudice under Fed. R. Civ. P. 41(a)(1)(A)(i), which resulted in the dismissal of the case in Virginia. Shortly thereafter, Patent Owner filed the underlying litigation in Washington.

D. Overlap of the Issues

Under the fourth *Fintiv* factor, we consider the “overlap between issues raised in the petition and in the parallel proceeding.” *Fintiv*, Paper 11 at 6. Neither party squarely addresses the extent of overlap in the grounds of unpatentability in the two proceedings.⁵ We can glean from the record that, at the very least, the two references asserted in this case are asserted in the underlying litigation. Specifically, Petitioner states that, “[i]f the Board institutes, Petitioner stipulates that it shall not rely upon Gourley or Zisapel in the [underlying litigation].” Pet. 79. Petitioner also states that it has “raised in its invalidity contentions [in the underlying litigation] multiple alternative invalidity grounds separate from those raised [in the Petition].” *Id.*

Patent Owner contends that there is complete overlap of the claims between this proceeding and the underlying litigation. Prelim. Resp. 10; PO Sur-reply 3. Petitioner disagrees with Patent Owner about the overlap in claims in the two proceedings and notes that “the petition . . . challenges 6 additional claims.” Pet. Reply 6.

We find Petitioner’s proposed stipulation to be broader than the stipulation in *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 12 (PTAB June 16, 2020) (informative), because Petitioner’s stipulation includes any grounds involving Gourley and Zisapel, and not just the grounds asserted in the

⁵ Petitioner addresses the overlap in the grounds *ex post facto* of the stipulation it offers (*see* Pet. Reply 9 (“*none* of the grounds asserted in the petition are at issue in the district court”)), while Patent Owner focuses only on the overlap of the *claims* (*see* Prelim. Resp. 10; PO Sur-reply 3).

Petition. Thus, the stipulation would mitigate concerns regarding duplicative efforts and potentially conflicting decisions. Moreover, this proceeding involves six additional claims, though it is unclear from the record how similar the additional claims are to others at issue in the underlying litigation. *See Fintiv*, Paper 11 at 13 (“The existence of non-overlapping claim challenges will weigh for or against exercising discretion to deny institution . . . depending on the similarity of the claims challenged in the petition to those at issue in the district court.”). Accordingly, we find that this factor as a whole weighs against exercising discretion to deny institution.

E. Whether Petitioner is Unrelated to the Defendant in the Underlying Litigation

Under the fifth *Fintiv* factor, we consider “whether the petitioner and the defendant in the parallel proceeding are the same party.” *Fintiv*, Paper 11 at 6. We determine that the fifth *Fintiv* factor favors exercising our discretion to deny institution because Petitioner, F5 Networks, Inc., is a defendant in the underlying litigation. *See Prelim. Resp. 11; Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020) (precedential).

F. Other Considerations

Under the sixth *Fintiv* factor, we consider “other circumstances that impact the Board’s exercise of discretion, including the merits.” *Fintiv*, Paper 11 at 6. As discussed above, Petitioner accuses Patent Owner of “gamesmanship” insofar as Patent Owner’s recent bid to extend the schedule in the underlying litigation is allegedly inconsistent with Patent Owner’s

arguments opposing Petitioner’s motion to stay and Patent Owner’s arguments in favor of discretionary denial. Pet. Reply 1–3. Petitioner contends we should weigh this against discretionary denial. *Id.* at 3. Patent Owner counters that Petitioner has engaged in gamesmanship based on the court’s statement in the underlying litigation that Petitioner’s filing of the Petition “appears to be little more than a dilatory tactic.” PO Sur-reply 3 (quoting Ex. 2001, 3) (emphasis omitted). Patent Owner contends we should weigh this in favor of discretionary denial. We decline to weigh these issues for or against discretionary denial with respect to the sixth *Fintiv* factor and note that, to the extent the issues are relevant, we have already considered them above with respect to other factors.

Petitioner also argues that it has presented “three strong grounds demonstrating that the challenged claims are invalid.” Pet. 80; *see also* Pet. Reply 3 (similar argument). Patent Owner argues that the Petition is deficient based on its arguments against the merits of the Petition. Prelim. Resp. 11. Based on the preliminary record, the merits of Petitioner’s asserted grounds seem to meet the “reasonable likelihood” standard for institution. Thus, we determine that the sixth *Fintiv* factor is neutral.

G. Conclusion

Petitioner’s proposed stipulation is the only circumstance that weighs against discretionary denial. We find that the advanced posture of the underlying litigation outweighs any countervailing factors against discretionary denial. In particular, the court in the underlying litigation has already denied Petitioner’s bid for a stay in that case. Moreover, trial is set to start over six months before the expected date of our final written

decision. The parties also have completed relevant case development in the underlying litigation insofar as both parties appear to have served expert reports on invalidity. Thus, based on our holistic view of the *Fintiv* factors, we exercise our discretion under 35 U.S.C. § 314(a) to deny the Petition.

III. CONCLUSION

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

IV. ORDER

Accordingly, it is
ORDERED that the Petition is denied as to all challenged claims, and no *inter partes* review is instituted.

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