

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NETNUT LTD.,

Petitioner,

v.

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

Patent Owner.

Cases IPR2021-00465

Patent No. 9,742,866

**PETITIONER'S PRE-INSTITUTION REPLY AS TO THE *GENERAL*
PLASTIC ANALYSIS IN THE PATENT OWNER'S PRELIMINARY
RESPONSE**

The stated intent of *General Plastic* “was to take undue inequities and prejudices to Patent Owner into account.” *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (Sep. 6, 2017, precedential), at 17. The inequities and prejudices considered as “undue” involved situations typified by “[m]ultiple, staggered petitions challenging the same patent and same claims,” in which petitioners could “strategically stage their prior art and arguments in multiple petitions, using our decisions as a roadmap, until a ground is found that results in the grant of review.” *Id.*

The prior PTAB matters involving the '044 and '866 patents were settled *before* any institution decision, and indeed even *before* any POPR was filed. Thus, the instant situation clearly negates any “roadmap” as addressed in *General Plastic*. This case therefore also differs substantially from *United Fire Protection Corp. v. Engineered Corrosion Solutions, LLC*, IPR2018-00991, Paper 10 (Nov. 15, 2018), relied upon by Patent Owner, where there were prior POPRs and non-institution rulings (*see id.* at 13).

Having an unpersuasive argument under *General Plastic* itself, Patent Owner seeks to rely on two *additional* factors, beyond those enumerated in *General Plastic*, which Patent Owner claims are merited by the underlying rationale of that decision. The proposed new factors would address the IPR challenger's motivations for instituting the IPR. Where the motivation seems to

include exerting defensive pressure for a settlement, Petitioner asks the Board to require a heightened showing of a direct interest in challenging the patent. There is no authority for such an approach. It does not follow from the fairness considerations noted in *General Plastic*, and is not warranted.

Although *General Plastic* is not categorically limited to successive petitions by the *same petitioner*, the Board's determination should nevertheless be based on the weight of the *combined* considerations that are relevant under that authority. As to a number of those factors (particularly factors 2, 3, 4, and 6), the Patent Owner is clearly stretching, glossing over factors that require predicates such as prior knowledge of arguments and additional references, which are missing.¹

Patent Owner thus proposes additional *new* factors for denial:

- Alleged “additional advantages” gained from handling an earlier IPR, such as the ability to hire counsel who were already up to speed on Patent

¹ As to Factor 5, Petitioner's counsel was first retained on August 31, 2020. The same counsel prepared *ex parte* reexamination requests on the '511 and '968 patents that Patent Owner had asserted in its litigation against Petitioner. The 4-5 months from such retention to the filing of the present IPRs is reasonable, given the other tasks that had to be completed in the meanwhile. In any case, the elapsed time in bringing the present IPRs had no linkage to any advantage to be gained by waiting to bring these Petitions.

Owner's portfolio.

- The potential for the Petitioner to use the IPR for settlement leverage in the Patent Owner's lawsuit against it on a different patent.

Neither of these suggested factors is helpful. Petitioner's hiring of knowledgeable counsel is hardly an unfair advantage. Patent Owner's counsel, having themselves brought half a dozen suits on this patent family, are also knowledgeable. As to Petitioner's counsel, merely knowing the patents in question and studying *one's own* prior work is not the type of roadmap contemplated by *General Plastic*, where one holds back an IPR in order to *refine* a prior approach based on input from the adversary and the presiding tribunal. Such input was unavailable here.² In any case, suing all of one's major competitors in an industry, as Patent Owner has done, increases the population of knowledgeable lawyers. Patent Owner created this situation and should not be using it as a basis to plead for relief from PTAB review. Prior art is public information, and Petitioner should not be subjected to a rule that limits its selection of counsel who would use such freely available information.

Similarly, it is not a valid complaint that this IPR puts additional pressure on

² The usual case concerns a second petition with *different* prior art. Here, Patent Owner complains that it is the *same* prior art. It is indeed the same prior art, which has never been responded to, or considered by an examiner or reviewing tribunal.

the Patent Owner. Any IPR threatens the exclusionary rights conferred by the challenged patent, just as any patent creates those exclusionary rights as against others in the field. Such rights come with the possibility that they will be duly challenged in accordance with law. In that regard, Petitioner is prepared to demonstrate, in this proceeding, that these patents are invalid.³

In any case, there is no standing requirement for challenging a questionable patent in an IPR, nor should there be. In contrast to the law concerning CBMs, the statute does not require that the petitioner “has been sued for infringement of the patent or has been charged with infringement under that patent.” *See* 37 C.F.R. § 43.202. Instead, the statute was intentionally written so that any “person who is not the owner of a patent may file with the Office a petition to institute an *inter partes* review of the patent.” 37 C.F.R. § 42.101. Requiring parties to state their motivations and legal strategy to the public in order to proceed with an IPR would not only be unduly burdensome but also invade attorney-client privilege.

The Patent Owner settled one of its earlier cases. In doing so, it joined in the termination of related IPRs, before the Patent Owner filed a POPR in either IPR.

³ As to the '511 and '968 patents, Patent Owner filed *ex parte* reexamination requests, which do not burden the Board.

The Patent Owner now wants these facts to immunize the patents it asserted in the prior, settled, case from *subsequent* PTAB attack by others it has sued. Such a ruling would have the perverse effect of providing a safe harbor to shelter questionable patents, which is of course against public policy.

CONCLUSION

The underlying fairness considerations expressed in *General Plastic* are premised on using knowledge achieved by deliberate delay as a roadmap. Absent such factors, there is no warrant for the Board fashion new discretionary rules to spare a patent owner from consequences that predictably result from its own aggressive serial patent assertion campaign.

Accordingly, the Board should judge the Petition on its merits, as to which Petitioner continues to have every confidence, and institute review.

Dated: June 11, 2021

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that on June 11, 2021, a complete and entire copy of this Petitioner's Pre-Institution Reply to Patent Owner's Preliminary Response was provided to the Patent Owner by filing through the PTAB E2E System and via email to Thomas Dunham <tom@dunham.cc> and Scott Kanalakas <scottk@ruyakcherian.com> as authorized in Patent Owner's mandatory notices.

Dated: June 11, 2021

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