

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BLUE COAT SYSTEMS, INC.,
Petitioner,

v.

FINJAN, INC.,
Patent Owner.

Case IPR2016-01441
Patent 8,225,408 B2

Before JAMES B. ARPIN, PATRICK M. BOUCHER, and
ZHENYU YANG, *Administrative Patent Judges*.

BOUCHER, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
37 C.F.R. § 42.108

On July 15, 2016, Blue Coat Systems, Inc. (“Petitioner”) filed a
Petition (Paper 2, “Pet.”) pursuant to 35 U.S.C. §§ 311–319 to institute an
inter partes review of claims 2, 8, 11, 24–28, and 30–33 of U.S. Patent No.

8,225,408 (Ex. 1001, “the ’408 patent”). Finjan, Inc. (“Patent Owner”) filed a Preliminary Response (Paper 6, “Prelim. Resp.”) on November 18, 2016. Pursuant to our authorization, Petitioner filed a Reply (Paper 12, “Reply”), and Patent Owner filed a Sur-reply (Paper 11, “Sur-reply”), limited to addressing certain issues identified below.

Based on the particular circumstances of this case, we exercise our discretion under 35 U.S.C. §§ 314(a) and 325(d) and do not institute an *inter partes* review of the challenged claims.

I. BACKGROUND

A. The ’408 Patent

The ’408 patent relates to network security, including scanning content that includes “mobile code” to produce a diagnostic analysis of potential exploits, such as viruses, within the code. Ex. 1001, col. 1, ll. 19–20, col. 1, ll. 59–64. Figure 2 of the ’408 patent is reproduced below.

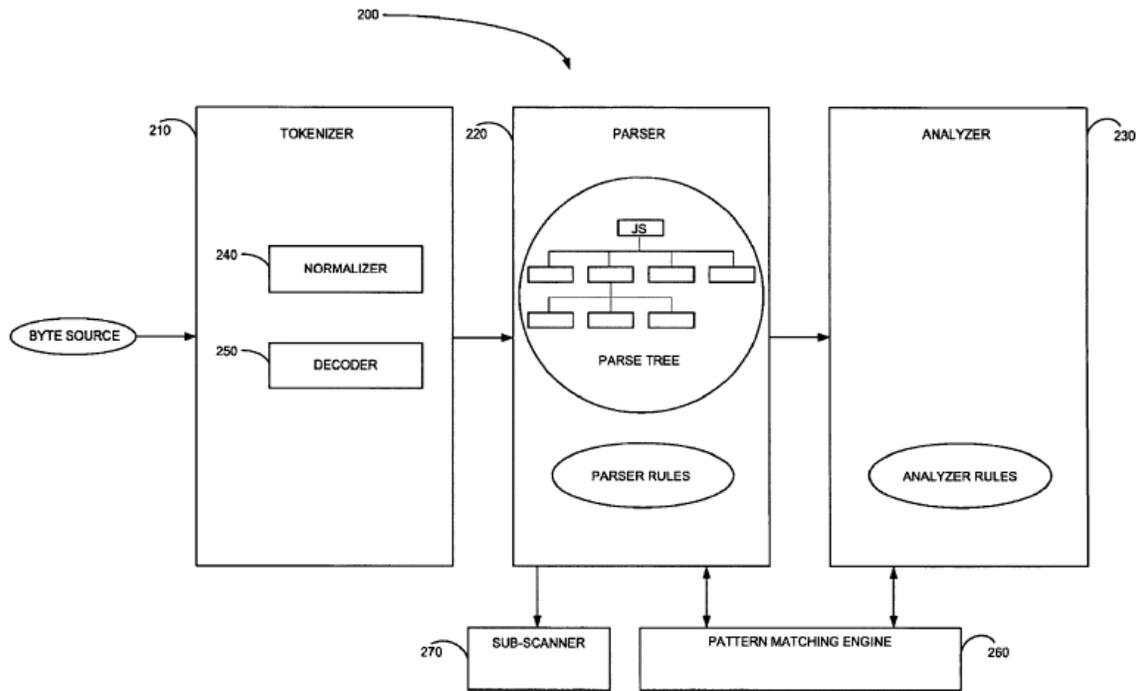


FIG. 2

Figure 2 provides a simplified block diagram of an adaptive rule-based content scanner system. *Id.* at col. 6, ll. 14–17.

The '408 patent explains that the adaptive rule-based scanner of Figure 2 “is preferably designed as a generic architecture that is language-independent, and is customized for a specific language through use of a set of language-specific rules.” *Id.* at col. 6, ll. 17–20. In addition, “security violations, referred to as exploits, are described using a generic syntax, which is also language-independent.” *Id.* at col. 6, ll. 28–30. Adaptive rule-based scanner 200 includes three main components: (1) tokenizer 210, which recognizes and identifies constructs (i.e., “tokens”) within a byte source code; (2) parser 220, which controls the process of scanning incoming content, such as with a parse tree data structure that represents the incoming content; and (3) analyzer 230, which checks for exploits by searching for specific patterns of content that indicate an exploit. *Id.* at

col. 6, ll. 50–54, col. 8, ll. 18–27, col. 9, ll. 19–22. Sub-scanner 270 is another adaptive rule-based scanner used to scan a subsection of input being processed by scanner 200. *Id.* at col. 9, ll. 7–8. Pattern matching engine 260 performs pattern matching for both parser 220 and analyzer 230, such as by accepting an input list of regular-expression elements describing a pattern of interest and an input list of nodes from the parse tree to be matched against the pattern of interest, and outputting a Boolean flag indicating whether a pattern is matched. *Id.* at col. 9, ll. 44–58.

Using a “scanner factory,” such adaptive rule-based scanners may be produced “on demand” for different types of content. *Id.* at col. 15, ll. 15–16. The scanner factory “instantiates” a scanner repository, which produces a single instance of multiple scanners, such as “a scanner for HTML content, a scanner for JavaScript content, and a scanner for URI content,” each “able to initialize itself and populate itself with the requisite data.” *Id.* at col. 15, ll. 34–41. When content is downloaded, a pool of thread objects is created and stores the scanner-factory instance as member data. *Id.* at col. 15, ll. 53–55. When a thread object has content to parse, it requests an appropriate scanner from its scanner-factory object; when the thread finishes scanning the content, it returns the scanner instance to its scanner factory, “to enable pooling the [adaptive rule-based] scanner for later re-use.” *Id.* at col. 15, ll. 56–63.

B. Illustrative Claim

All of the challenged claims are dependent claims. Independent claim 1, from which challenged claims 2 and 8 depend, is illustrative of the claims at issue and is reproduced below.

1. A computer processor-based multi-lingual method for scanning incoming program code, comprising:

receiving, by a computer, an incoming stream of program code;

determining, by the computer, any specific one of a plurality of programming languages in which the incoming stream is written;

instantiating, by the computer, a scanner for the specific programming language, in response to said determining, the scanner comprising parser rules and analyzer rules for the specific programming language, wherein the parser rules define certain patterns in terms of tokens, tokens being lexical constructs for the specific programming language, and wherein the analyzer rules identify certain combinations of tokens and patterns as being indicators of potential exploits, exploits being portions of program code that are malicious;

identifying, by the computer, individual tokens within the incoming stream;

dynamically building, by the computer while said receiving receives the incoming stream, a parse tree whose nodes represent tokens and patterns in accordance with the parser rules;

dynamically detecting, by the computer while said dynamically building builds the parse tree, combinations of nodes in the parse tree which are indicators of potential exploits, based on the analyzer rules; and

indicating, by the computer, the presence of potential exploits within the incoming stream, based on said dynamically detecting.

Id. at col. 19, l. 45–col. 20, l. 7.

C. References

Petitioner relies on the following references. Pet. 3–9.

| | | | |
|-----------|--------------------|---------------|----------|
| Chandnani | US 2002/0073330 A1 | June 13, 2002 | Ex. 1007 |
| Kolawa | US 5,860,011 | Jan. 12, 1999 | Ex. 1008 |
| Huang | US 6,968,539 B1 | Nov. 22, 2005 | Ex. 1010 |
| Walls | US 7,284,274 B1 | Oct. 16, 2007 | Ex. 1011 |

Donald E. Knuth, *On the Translation of Languages from Left to Right*, 8 INFORMATION AND CONTROL 607 (1965) (“Knuth”) (Ex. 1009).

D. Asserted Grounds of Unpatentability

Petitioner challenges claims 2, 8, 11, 24–28, and 30–33 under 35 U.S.C. § 103(a) over the following combinations of references. Pet. 13.

| References | Claim(s) |
|-------------------------------------|-------------------------|
| Chandnani, Kolawa, and Knuth | 2, 11, 24–28, and 30–34 |
| Chandnani, Kolawa, and Huang | 8 |
| Chandnani, Kolawa, Knuth, and Walls | 2, 11, 24–28, and 30–34 |
| Chandnani, Kolawa, Huang, and Walls | 8 |

E. Related Proceedings

The parties identify the following district-court proceedings as involving the ’408 patent: *Finjan, Inc. v. Blue Coat Sys., Inc.*, No. 5-15-cv-03295 (N.D. Cal.); *Finjan, Inc. v. Palo Alto Networks, Inc.*, No. 3-14-cv-04908 (N.D. Cal.); *Finjan, Inc. v. FireEye, Inc.*, No. 4-13-cv-03113 (N.D. Cal.). Pet. 11; Paper 3, 1. Petitioner additionally identifies *Finjan, Inc. v. Proofpoint, Inc.*, No. 3-13-cv-05808 (N.D. Cal.) as involving the ’408 patent. Pet. 11.

Petitions for *inter partes* review of the ’408 patent were filed in IPR2016-00967 and IPR2016-00970. Both of those proceedings were terminated prior to institution in response to a joint request for termination by the parties involved. *Proofpoint, Inc., and Armorize Techs., Inc. v. Finjan, Inc.*, Case IPR2016-00967 (PTAB June 24, 2016) (Paper 11); Paper 3, 1.

In addition, a third party, Palo Alto Networks, Inc., filed petitions for *inter partes* review of the '408 patent in IPR2015-02001 and IPR2016-00157. Those proceedings were consolidated, and review was instituted with respect to claims 1, 3–7, 9, 12–16, 18, 19, 20–23, 29, and 35. *Palo Alto Networks, Inc. v. Finjan, Inc.*, Case IPR2015-02001, slip op. at 24 (PTAB Mar. 29, 2016) (Paper 7). Petitioner filed petitions for *inter partes* review of the '408 patent in IPR2016-00955 and IPR2016-00956 with respective joinder requests to IPR2015-02001 and IPR2016-00157. Those joinder requests were granted. *Blue Coat Sys., Inc. v. Finjan, Inc.*, Case IPR2016-00955, slip op. at 6–7 (PTAB Aug. 30, 2016) (Paper 12). We refer below to the proceeding that resulted from IPR2015-02001, IPR2016-00157, IPR2016-00955, and IPR2016-00956 as the “related proceeding.” Petitioner is a party to the related proceeding as a consequence of granting its motions for joinder in IPR2016-00955 and IPR2016-00956.

II. ANALYSIS

In its Preliminary Response, Patent Owner raises a number of procedural bases on which it contends we should deny institution: (1) mootness under 35 U.S.C. § 315(e)(1) because “Petitioner will be estopped from maintaining this proceeding upon the issuance of [a] Final Written Decision[] in [the related proceeding,] and to which Petitioner, Blue Coat, Inc., is a party” (Prelim. Resp. 8–10); (2) the Board’s discretion under 35 U.S.C. § 325(d) because “the Petition recycles substantially the same prior art and substantially the same arguments that were already presented to the Patent Office in [the related proceeding]” (*id.* at 10–15); (3) the Petition insufficiently identifies the claims challenged as required by 35 U.S.C.

§ 312(a)(3) (*id.* at 17–20); (4) Petitioner failed to pay the full fees required under 35 U.S.C. § 312(a)(1) (*id.* at 20–22); and (5) the Petition fails to identify all real parties in interest as required by 35 U.S.C. § 312(a)(2) (*id.* at 22–23). We authorized the parties to address “the estoppel aspects” of Patent Owner’s arguments under 35 U.S.C. §§ 312, 315(e)(1), and 325(d) in the Reply and Sur-reply, as well as to address the impact of the fee deficiency in the event that an attempt to correct an apparent error by the Office in confirming the correct fees did not resolve that issue. Paper 7, 1, 2. Because we exercise our discretion under 35 U.S.C. § 325(d) to deny the Petition, we do not reach the remaining issues.

Institution of *inter partes* review is discretionary. *See* 35 U.S.C. § 314(a); 37 C.F.R. § 42.108. Panels of the Board have considered a variety of factors in deciding whether to exercise discretion not to institute review, including, *inter alia*:

- (1) the finite resources of the Board;
- (2) the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than one year after the date on which the Director notices institution of review;
- (3) whether the same petitioner previously filed a petition directed to the same claims of the same patent;

- (4) whether, at the time of filing the earlier petition, the petitioner knew of the prior art asserted in the later petition or should have known of it¹;
- (5) whether, at the time of filing the later petition, the petitioner already received the patent owner's preliminary response to the earlier petition or received the Board's decision on whether to institute review in the earlier petition²;
- (6) the length of time that elapsed between the time the petitioner learned of the prior art asserted in the later petition and the filing of the later petition;
- (7) whether the petitioner provides adequate explanation for the time elapsed between the filing dates of multiple petitions directed to the same claims of the same patent; and
- (8) whether the same or substantially the same prior art or arguments previously were presented to the Office.³

¹ See *Conopco, Inc. v. Proctor & Gamble Co.*, Case IPR2014-00506, slip op. at 4 (PTAB Dec. 10, 2014) (Paper 25) (informative) (“*Conopco*”); *Conopco, Inc. v. Proctor & Gamble Co.*, Case IPR2014-00506, slip op. at 6 (PTAB July 7, 2014) (Paper 17); *Toyota Motor Corp. v. Cellport Sys., Inc.*, Case IPR2015-01423, slip op. at 8 (PTAB Oct. 28, 2015) (Paper 7) (“*Toyota Motor Corp.*”).

² See *Conopco, Inc. v. Proctor & Gamble Co.*, Case IPR2014-00628, slip op. at 11 (PTAB Oct. 20, 2014) (Paper 21) (discouraging filing of a first petition that holds back prior art for use in later challenges against the same patent if the first petition is denied); *Toyota Motor Corp.*, slip op. at 8 (“[T]he opportunity to read Patent Owner’s Preliminary Response in IPR2015-00634, prior to filing the Petition here, is unjust.”).

³ See 35 U.S.C. § 325(d) (“In determining whether to institute or order a proceeding under . . . chapter 31 [providing for *inter partes* review], the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.”).

See LG Electronics Inc. v. Core Wireless Licensing S.A.R.L., Case IR2016-00986, slip op. at 6–7 (PTAB Aug. 22, 2016) (Paper 12) (“*LG Elecs.*”); *NVIDIA Corp. v. Samsung Elec. Co.*, Case IPR2016-00134, slip op. at 6–7 (PTAB May 4, 2016) (Paper 9); *Unified Patents, Inc. v. PersonalWeb Techs., LLC*, Case IPR2014-00702, slip op. at 7–9 (PTAB July 24, 2014) (Paper 13); *see also* Amendments to the Rules of Practice Before the Patent Trial and Appeal Board, 81 Fed. Reg. 18,750, 18,759 (Apr. 1, 2016) (“[T]he current rules provide sufficient flexibility to address the unique factual scenarios presented to handle efficiently and fairly related proceedings before the Office on a case-by-case basis, and that the Office will continue to take into account the interests of justice and fairness to both petitioners and patent owners where multiple proceedings involving the same patent claims are before the Office.”). These factors guide our decision to exercise discretion, but not all factors need be present, and we need not give equal weight to each factor in reaching our decision.

As noted above, the Petition is the seventh petition filed against the ’408 patent, and Petitioner is a party to the related proceeding, which is in an advanced stage that includes having conducted an oral hearing on January 5, 2017. *See Palo Alto Networks, Inc. v. Finjan, Inc.*, Case IPR2015-02001, Paper 8 (Scheduling Order). Several of the factors summarized above are implicated by the relationship of this proceeding with the related proceeding.

With respect to the third factor, the claims challenged in the instant Petition (i.e., claims 2, 8, 11, 24–28, and 30–33) differ from those challenged in the related proceeding (i.e., claims 1, 3–7, 9, 12–16, 18, 19, 20–23, 29, and 35). This fact alone does not weigh compellingly in favor of institution. *Ford Motor Co. v. Paice LLC*, Case IPR2015-00767, slip op. at

7 (PTAB Aug. 18, 2015) (Paper 14) (“[T]he express language of 35 U.S.C. § 325(d) does not mention claims as being a factor in deciding whether to institute trial. Rather, 35 U.S.C. § 325(d) is concerned only with whether a petition presents ‘the same or substantially the same prior art *or arguments.*’”). Furthermore, because each of the claims challenged in the instant Petition depends from a claim challenged in the related proceeding, consideration of the Petition necessarily requires consideration of claims already challenged in the related proceeding. *See* Pet. 16–40 (analysis of unchallenged independent claims 1, 9, 23, and 29); *see generally* 37 C.F.R. § 42.15(a)(4) (fee for challenging dependent claims requires payment for “unchallenged claims from which a challenged claim depends”).

Consideration of the fourth, sixth, and eighth factors is impacted by the essential similarity of the prior art used for the challenges in the instant Petition and for the challenges in the related proceeding, particularly against the underlying independent claims. The challenges to underlying independent claims 1, 9, 23, and 29 in the related proceeding are made under 35 U.S.C. § 103(a) over U.S. Patent No. 7,636,945 B2 (Ex. 3001, “the ’945 patent”) and Kolawa, and over the ’945 patent, Kolawa, and Walls. *Palo Alto Networks, Inc. v. Finjan, Inc.*, Case IPR2015-02001, slip op. at 24 (PTAB Mar. 29, 2016) (Paper 7). The ’945 patent differs from Chandnani only in immaterial respects: Chandnani is the published version of U.S. Patent Appl. No. 09/905,343 (“the ’343 application”) and the ’945 patent is the patent that issued from the ’343 application. *Compare* Ex. 1007, [21] *with* Ex. 3001, [21]. The Petition’s underlying challenges to claims 1, 9, 23, and 29 under 35 U.S.C. § 103(a) over Chandnani and Kolawa, and over Chandnani, Kolawa, and Walls, thus, are essentially identical. *See* Pet. 16–

40. Indeed, Petitioner acknowledges that “[t]his Petition presents essentially the same disclosure and arguments for those independent claims.” *Id.* at 1.

Knuth is the only reference not applied in any challenge in the related proceeding. But Knuth is a journal article published more than forty years ago, and Petitioner articulates no reason why it was not or should not have been known to, or available to, Petitioner at the time of filing IPR2016-00955 and IPR2016-00956. *See Conopco* at 6 (denying a petition for *inter partes* review because the petitioner “present[ed] no argument or evidence that the several newly cited references were not known or available to it at the time of filing of the [earlier] Petition”).

With respect to the fifth and seventh factors, we observe that, at the time of filing the instant Petition on July 15, 2016, Patent Owner had filed its Preliminary Responses in both IPR2015-02001 and IPR2016-00157, and the Board had issued its Institution Decision some months previously. *See* IPR2015-02001, Paper 6 (Preliminary Response filed January 6, 2016), Paper 7 (Institution Decision entered March 29, 2016); IPR2016-00157, 9 (Preliminary Response filed February 17, 2016), Paper 10 (Institution Decision entered March 29, 2016). Indeed, even when Petitioner filed its petitions in IPR2016-00955 and IPR2016-00956 on April 27, 2016, the Board already had issued its Institution Decision in IPR2015-02001 and

IPR2016-00157. *See* IPR2016-00955, Paper 2; IPR2016-00956, Paper 2.⁴ Petitioner articulates insufficient reason why it did not or could not have included challenges to dependent claims 2, 8, 11, 24–28, and 30–33 in or with those petitions.

Petitioner contends that it “could not reasonably” have done so “because doing so would have raised issues not present in [IPR2015-02001 and IPR2016-00157] and jeopardized [Petitioner’s] joinder requests.” Pet. 14. We are not persuaded by this contention. Rather, we agree with Patent Owner that “Petitioner was not compelled to request joinder with either one of these proceedings.” Prelim. Resp. 14. Petitioner identifies no statutory or regulatory hurdle that would have prevented it from forgoing joinder with the other proceedings and instead seeking institution of *inter partes* review on the full claim set it wished to challenge. Further, on these facts, the lack of a joinder request would not have prevented the Board from consolidating related proceedings. *See* 35 U.S.C. § 315(d). Nor does Petitioner identify any basis (beyond the time limit for requesting joinder under 37 C.F.R. § 42.122(b)) that required early filing of its petitions in IPR2016-00955 and IPR2016-00956, rather than at the time it was prepared to present its full challenges, including those directed at the additional dependent claims.

⁴ The Motion for Joinder in IPR2016-00955 was filed concurrently with the respective petition, but the Motion for Joinder in IPR2016-00956 was filed untimely on August 1, 2016. *See* IPR2016-00955, Paper 3; IPR2016-00956, Paper 12. Because the record evidenced an intention by Petitioner to file the Motion for Joinder concurrently with its respective petition in IPR2016-00956, the Board excused the untimeliness of the filing. *Blue Coat Sys., Inc. v. Finjan, Inc.*, IPR2015-00955, slip op. at 4–5 (PTAB Aug. 30, 2016) (Paper 14).

Petitioner’s decision to limit the scope of its earlier challenges appears, instead, to have been a tactical one meant to improve its likelihood of success in joining IPR2015-02001 and IPR2016-00157. Thus, it is appropriate to consider the harassing impact that the resulting piecemeal challenges have on Patent Owner in defending its patent. *See ZTE Corp. v. ContentGuard Holdings, Inc.*, Case IPR2013-00454, slip op. at 5–6 (PTAB Sept. 25, 2013) (Paper 12) (“The Board is concerned about encouraging, unnecessarily, the filing of petitions which are partially inadequate.”); *Butamax Advanced Biofuels LLC v. Gevo, Inc.*, Case IPR2014-00581, slip op. at 12–13 (PTAB Oct. 14, 2014) (Paper 8) (“Allowing similar, serial challenges to the same patent, by the same petitioner, risks harassment of patent owners and frustration of Congress’s intent in enacting the Leahy-Smith America Invents Act.” (citing H.R. Rep. No. 112-98, pt. 1, at 48 (2011))).

These various considerations also inform our consideration of the first and second factors. “The Board’s resources would be more fairly expended on *initial petitions*, rather than on *follow-on petitions*, such as the Petition in this case.” *Alarm.com Inc. v. Vivint, Inc.*, Case IPR2016-01091, slip op. at 13 (PTAB Nov. 23, 2016) (Paper 11) (emphases added).

After weighing the factors identified above, we conclude that those factors weigh against instituting *inter partes* review based on the instant Petition.

III. ORDER

Accordingly, it is

ORDERED that the Petition is *denied* and no *inter partes* review is instituted.

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