UNITED STATES PATENT AND TRADEMARK OFFICE
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BEFORE THE PATENT TRIAL AND APPEAL BOARD
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ACRONIS, INC.,
Petitioner,

v.

REALTIME DATA LLC,
Patent Owner.

_____

Case IPR2018-00706
Patent 8,717,204

_____

Before JAMESON LEE, THOMAS L. GIANNETTI, and GARTH D. BAER,
Administrative Patent Judges.

BAER, *Administrative Patent Judge*.

DECISION
Institution of *Inter Partes* Review
35 U.S.C. § 314(a)

Acronis, Inc. ("Petitioner") filed a Petition (Paper 1, "Pet.") requesting *inter partes* review of claims 12–14, 20, and 21 of U.S. Patent No. 8,717,204 (Ex. 1001, "the '204 patent"). Realtime Data LLC ("Patent Owner") filed a Preliminary Response (Paper 9, "PO Prelim. Resp.").

Pursuant to 35 U.S.C. § 314(a), 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." Having considered the Petition and the Preliminary Response, we determine that there is a reasonable likelihood that Petitioner would prevail in establishing that claims 12–14, 20, and 21 of the '204 patent are unpatentable. Therefore, for the reasons set forth below, we institute an *inter partes* review of claims 12–14, 20, and 21.

I. BACKGROUND

A. RELATED PROCEEDINGS

The parties assert that the '204 patent is involved in *Realtime Data LLC v. Carbonite, Inc.*, Case No. 1:17-cv-12499 (D. Mass. 12/19/2017); *Realtime Data LLC v. Barracuda Networks Inc.*, Case No. 3:17-cv-06701 (N.D. Cal. 11/21/2017); *Realtime Data LLC v. Netgear Inc.*, Case No. 3:17-cv-06397 (N.D. Cal. 11/02/2017); *Realtime Data LLC v. Evault, Inc.*, Case No. 1:17-cv-00972 (D. Del. 07/18/2017); *Realtime Data LLC v. Acronis, Inc.*, Case No. 1:17-cv-11279 (D. Mass. 07/12/2017); *Realtime Data LLC v. CommVault Systems, Inc.*, Case No. 1:17-cv-00925 (D. Del. 07/10/2017); *Realtime Data LLC v. Barracuda Networks, Inc.*, Case No. 1:17-cv-00893 (D. Del. 07/05/2017); *Realtime Data LLC v. Array Networks, Inc.*, Case No. 1:17-cv-00800 (D. Del. 06/21/2017); *Riverbed Technology, Inc. v. Realtime Data LLC*, Case No. 3:17-cv-03182-EMC (N.D.CA 06/02/2017); *Realtime Data LLC v. Riverbed Technology, Inc.*, Case No. 6:17-cv-

00198 (E.D. Tex. 04/03/2017); *Realtime Data LLC v. Acronis, Inc.*, Case No. 6:17-cv-00118 (E.D. Tex. 02/27/2017); *Realtime Data LLC v. Array Networks, Inc.*, Case No. 6:17-cv-00119 (E.D. Tex. 02/27/2017); *Realtime Data LLC v. Barracuda Networks, Inc.*, Case No. 6:17-cv-00120 (E.D. Tex. 02/27/2017); *Realtime Data LLC v. Carbonite, Inc.*, Case No. 6:17-cv-00121 (E.D. Tex. 02/27/2017); *Realtime Data LLC v. Circadence Corp.*, Case No. 6:17-cv-00122 (E.D. Tex. 02/27/2017); *Realtime Data LLC v. CommVault Systems, Inc.*, Case No. 6:17 cv-00123 (E.D.TX 02/27/2017); *Realtime Data LLC v. Exinda Inc.*, Case No. 6:17-cv-00124 (E.D. Tex. 02/27/2017); *Realtime Data LLC v. NETGEAR, Inc.*, Case No. 6:17-cv-00125 (E.D. Tex. 02/27/2017); *Realtime Data LLC v. EchoStar Corp.*, Case No. 6:17-cv-00084 (E.D. Tex. 02/14/2017); *Realtime Data LLC v. Oracle America, Inc.*, Case No. 6:17-cv-00046 (E.D. Tex. 02/14/2017); *CommVault Systems, Inc. v. Realtime Data LLC*, IPR2017-01710 (PTAB 06/30/2017); *CommVault Systems, Inc. v. Realtime Data LLC*, CBM2017-00061 (PTAB 06/30/2017); *Unified Patents, Inc. v. Realtime Data*, LLC, IPR2017-02129 (PTAB 09/22/2017); *EchoStar v. Realtime Data*, LLC, IPR2018-00612 (PTAB 08/28/2018). Pet. 2–3; Paper 5, 1–8.

B. THE '204 PATENT

The '204 patent is titled "Methods For Encoding And Decoding Data" and describes a method of accelerated data transmission over a communications channel using data compression and decompression to provide secure transmission and transparent multiplication of communication bandwidth as well as reduce latency. Ex. 1001, Abstract, 1:25–36. Figure 2 of the '204 patent is reproduced below.
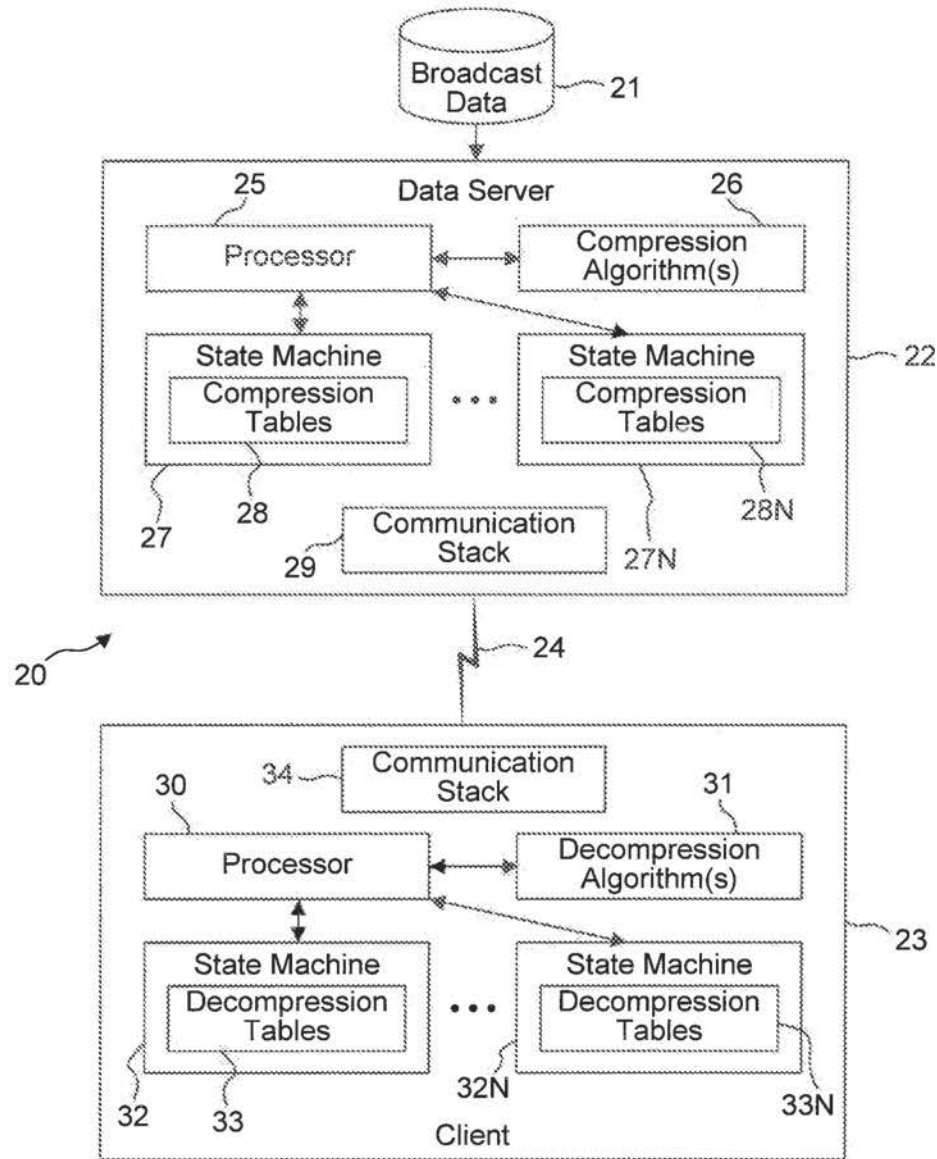
Figure 2 is a block diagram of a system and method for providing accelerated transmission of data over a communication channel according to the present invention. The '204 patent teaches that broadcast data 21 is processed by data server 22 before transmission to client 23 over communication channel 24. *Id.* at 8:65–67. Data server 22 uses processor 25 to execute one or more compression algorithms 26 to compress the data. *Id.* at 9:1–5. Similarly, client 23 has processor 30 to execute decompression algorithms 31. *Id.* at 9:30–31. According to the '204

patent, "[t]he 'acceleration' of data transmission over the communication channel is achieved when the total time for compression, transmission, and decompression, is less than the total time for transmitting the data in uncompressed form." *Id.* at 6:60–64.

C. ILLUSTRATIVE CLAIM

Of the challenged claims, claim 12 is independent and representative. Claim 12 is reproduced below.

> 12. A method for processing data, the data residing in data fields, comprising:
>
> recognizing any characteristic, attribute, or parameter of the data;
>
> selecting an encoder associated with the recognized characteristic, attribute, or parameter of the data;
>
> compressing the data with the selected encoder utilizing at least one state machine to provide compressed data having a compression ratio of over 4:1; and
>
> point-to-point transmitting the compressed data to a client;
>
> wherein the compressing and the transmitting occur over a period of time which is less than a time to transmit the data in an uncompressed form.

Ex. 1001, 23:55–67.

D. ASSERTED GROUNDS OF UNPATENTABILITY

Petitioner asserts the following grounds of unpatentability:

References	Basis	Challenged Claim(s)
Dawson[1] and Gormish[2]	§ 103	12–14, 20, and 21

Pet. 4.

II. ANALYSIS

A. CLAIM CONSTRUCTION

Petitioner proposes that we construe the terms "recognizing" and "analyzing" of claims 12 and 21 as not requiring an active step of directly analyzing data within data blocks. Pet. 5. Patent Owner asserts that the terms do not require construction to resolve the parties' dispute. PO Prelim. Resp. 5. Based on the current record, we agree with Patent Owner that no express claim construction is necessary to determine whether to institute *inter partes* review of the challenged claims. *See Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) ("[O]nly those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy.").

B. ASSERTED PRIOR ART

1. *Dawson (Ex. 1003)*

Dawson is titled "Method and Apparatus for Dynamically Selecting an Image Compression Process Based on Image Size and Color Resolution," and discloses "dynamically selecting an image compression process" based on "size and color resolution" of each image. Ex. 1003, 4:12–23. Dawson's Figure 4 is reproduced below.

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[1] U.S. Patent No. 5,553,160 (Sept. 3, 1996) (Ex. 1003, "Dawson").
[2] U.S. Patent No. 5,912,636 (Sept. 26, 1996) (Ex. 1004, "Gormish").
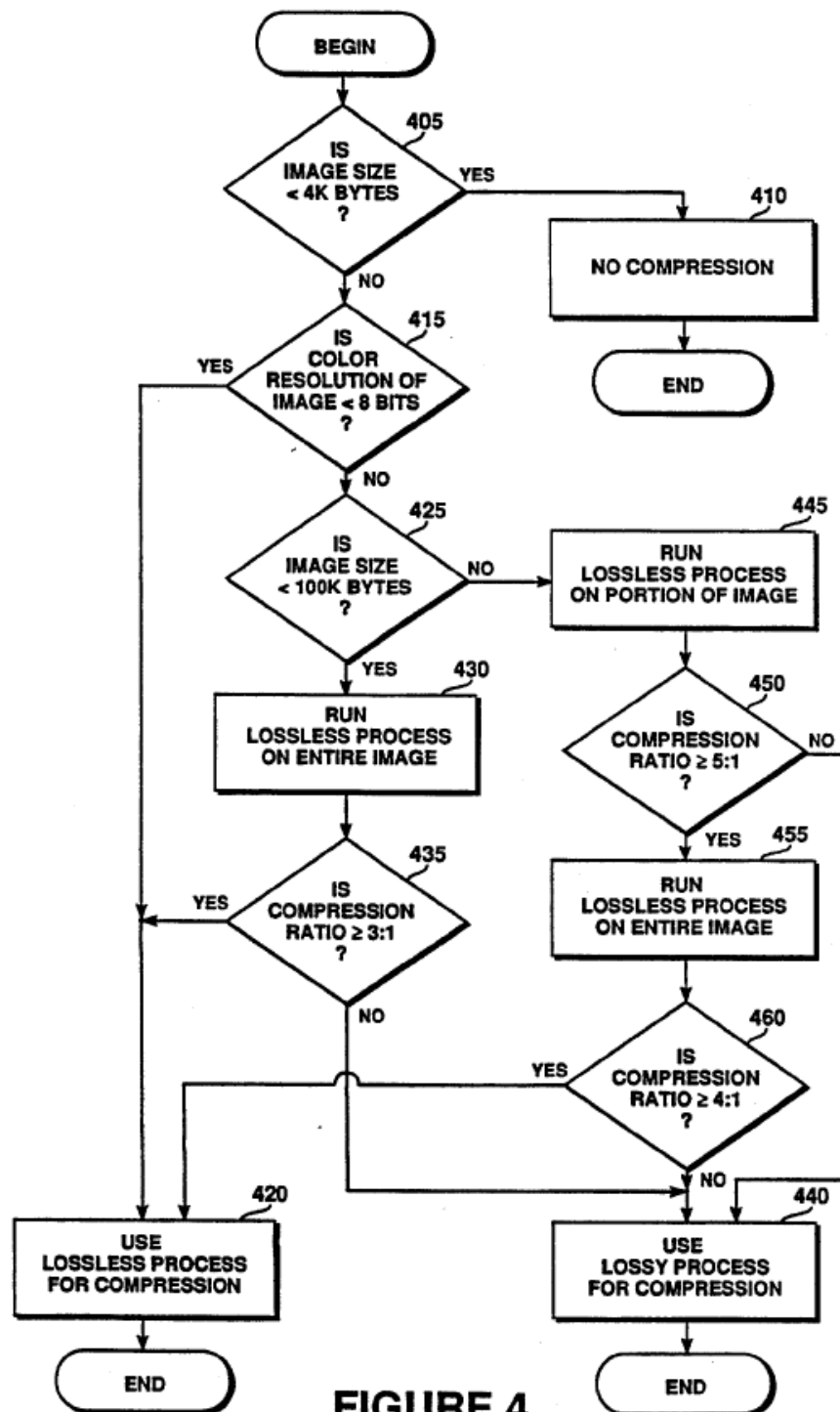
FIGURE 4

Figure 4 is a flowchart showing the steps followed in selecting an image compression process. *Id*. at 9:55–56. First, a determination is made as to whether the image size is less than a predetermined value (e.g., 4k bytes, as shown). *Id*. at

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9:57–59. If the image size is less than 4k bytes, the image is not compressed. *Id.*

at 10:3–4. According to Dawson,

> [t]he selection of this predetermined threshold (4k bytes) is based on the time required to compress the image, transfer it over the communication line and then decompress it at the target agent versus the time required to transfer the image in uncompressed format. No compression is performed if the image is small enough to be transferred quicker in uncompressed format than the combined time required to compress the image, transfer it over the communication line and then decompress it at the target agent.

Id. at 10:5–14.

Next, after identifying the size and color resolution of the image data block, Dawson's method determines "whether the color resolution of the image is less than a predetermined value." *Id.* at 10:15–19. "If the color resolution is less than eight bits, then a lossless process is used for compression." *Id.* at 10:23–24. However, if the color resolution is greater than eight bits and the lossless process on a portion of the image results in less than a 5:1 compression ratio, Dawson selects a lossy compressor. *See id*. at Fig. 4; 11:25–33. Thus, Dawson's system produces one of three possible outcomes: (1) the image remains uncompressed; (2) the image may be compressed using a lossless compression process; or (3) the image may be compressed using a lossy compression process. *Id*. at 4:25–32.

2. *Gormish (Ex. 1005)*

Relevant to this case, Gormish describes "encoding and/or decoding apparatus used for the compression and expansion of data" using "[a] finite state machine compris[ing] a number of tables, which collectively have a plurality of states." Ex. 1006, Abstract.

C. ANALYSIS

1. *Obviousness of Claims 12–14, 20, and 21 Based on Dawson and Gormish*

Petitioner asserts claims 12–14, 20, and 21 would have been obvious over Dawson and Gormish. Pet. 23–42. On the current record, we determine that Petitioner has set forth a reasonable likelihood of succeeding on this challenge, as outlined below.

a. *Rationale for Combining Dawson and Gormish*

Except for one limitation, Petitioner reads the '204 patent's claimed encoding method onto Dawson's method of dynamically selecting an image compression process—either lossless or lossy—based on the size and color resolution of each image. Petitioner relies on Gormish only to teach a single limitation requiring compressing the data using a state machine. *See* Pet. 31 (citing Ex. 1004, 2:35–39). According to Petitioner, "[t]he combination of Dawson with Gormish would apply a known technique (a finite state machine) to a known device (lossless and lossy compressors) for improvement to yield predictable results." Pet. 32. Petitioner further explains that a skilled artisan "would have been motivated to implement the finite state machine of Gormish with the teachings of Dawson because Gormish's finite state machine 'provides increased speed for entropy coding using a finite state machine coder that is capable of accommodating n-bit inputs.'" Pet. 32 (quoting Ex. 1004, 2:25–27).

Patent Owner argues that Petitioner's rationale for combining Dawson and Gormish is inadequate because Petitioner supports its rationale "only with statements indicating Gormish was faster than earlier finite state machines and achieved similar results to 'arithmetic codes.'" PO Prelim. Resp. 30–31. According to Patent Owner, "those statements are irrelevant to whether Gormish would improve *Dawson's* performance." *Id.*

We disagree with Patent Owner. Gormish does not merely teach that its method is faster than earlier finite state machines. It also teaches that its method is generally well-suited to compressing multi-symbol codes—i.e., it "provides both the speed of the multi-symbol codes and the compression performance typically possible only with arithmetic codes." Pet. 33 (quoting Ex. 1004, 4:17–19). We agree with Petitioner that one skilled in the art reading Dawson, which does not address what specific encoding algorithm it employs, would recognize that Gormish's benefits (i.e., speed and performance) would also apply to Dawson.

   b. *"the data"*

Several of claim 12's limitations recite "the data." As Patent Owner explains,

> The preamble recites "the data residing in data fields," and limitations 12[a], [b], and [c] recite steps operating on "the data." Limitation 12[e] then requires the "compressing and transmitting occur over a period of time which is less than a time to transmit **the data** in an uncompressed form." (emphasis added). . . . [W]hile "the data" *could* be many things, it must be *the same thing* for purposes of meeting the preamble and limitations [a], [b], [c], and [e] of Claim 12.

PO Prelim Resp. 36–37. Patent Owner argues that Petitioner fails to explain how the same "the data" that meets claim 12's preamble requirement ("residing in data fields") also meets the remainder of claim 12's limitations related to "the data." *See* PO Prelim. Resp. 39–44. We disagree with Patent Owner's argument.

Petitioner clearly reads claim 12's "the data" limitations onto Dawson's image data. *See, e.g.*, Pet. 25 (asserting that "Dawson discloses 'recognizing any characteristic, attribute, or parameter of the data' because Dawson discloses identifying the image size and resolution of the image, both of which are a 'characteristic' or 'attribute' of the image data"); *id*. at 26 (asserting that "Dawson discloses 'selecting an encoder associated with the recognized characteristic,

attribute, or parameter of the data' because Dawson selects between a lossless compressor or a lossy compressor based on the size and color resolution of the image data"); *id*. at 29 (reading the claimed "compressing the data" onto Dawson's teaching of "compressing the image data"). For purposes of this Decision, Petitioner makes a sufficient showing that in Dawson, the same image data it relies on for the various limitations also resides in data fields, as claim 12's preamble requires. Specifically, Petitioner explains, with support from its expert, that "it is understood by those of ordinary skill in the art that data is received, processed, and transmitted in data packets or data blocks" and "[t]he data packets or data blocks generally include data fields such as headers, descriptors, and routing information." Pet. 24–25; *see* Ex. 1002 ¶ 55. It does not undermine Petitioner's position that Petitioner also points to additional, *different* data in Dawson that likewise resides in data fields to support its argument regarding the image data. *See* Pet. 25.

    c. *"provid[ing] compressed data having a compression ratio of over 4:1" and "the compressing and the transmitting occur over a period of time which is less than a time to transmit the data in an uncompressed form"*

Independent claim 12 recites a separate performance constraint ("compressing the data with the selected encoder utilizing at least one state machine to provide compressed data having a compression ratio of over 4:1") and time constraint ("wherein the compressing and the transmitting occur over a period of time which is less than a time to transmit the data in an uncompressed form"). Petitioner explains that the combined teachings of Dawson and Gormish teach the performance and time constraint limitations. Pet. 29–34, 36–37. Specifically, Petitioner explains that Dawson's algorithm (as disclosed in Dawson's Figure 4), includes steps for ensuring that 1) the achieved "compression ratio is greater than or equal to 4:1" and 2) "[n]o compression is performed if the image is small enough to be transferred quicker in uncompressed format than the combined time

required to compress the image, transfer it over the communication line and then decompress it at the target agent." *Id*. at 29–30 (quoting Ex. 1003, 11:35–41); *id*. at 37 (quoting Ex. 1003, 10:10–14). Petitioner further explains that Gormish discloses using a finite state machine coder for data compression and, as outlined above, one skilled in the art would have been motivated to include Gormish's state machine encoding in Dawson's compression method for increased speed and compression performance. Pet. 31–34. Based on the current record and for purposes of this decision, we agree with Petitioner that the combined disclosures of Dawson and Gormish teach "compressing the data with the selected encoder utilizing at least one state machine to provide compressed data having a compression ratio of over 4:1" and "wherein the compressing and the transmitting occur over a period of time which is less than a time to transmit the data in an uncompressed form."

Patent Owner asserts the Petition is deficient because it "only seeks to show how each reference in isolation would meet individual limitations." PO Prelim. Resp. 26. According to Patent Owner,

> If the Petition were to show how the combined system could achieve the 4:1 compression ratio of limitation 12[c] or the speed limitations 12[e] based on allegations that Dawson alone can meet the limitations, Petitioner would need to show support for two additional premises: (1) that the combined system— incorporating a state machine—would compress as fast or faster than Dawson alone; and (2) that it would achieve compression ratios as high or higher than Dawson alone. Petitioner makes neither showing.

Id.

We disagree with Patent Owner's argument. As Petitioner explains, Dawson's algorithm ensures at least a 4:1 compression ratio by "compressing a portion of the image data and determining 'whether the compression ratio for the predetermined portion using the lossless process is greater than or equal to 5:1.'"

Pet. 29 (quoting Ex. 1003, 11:25–29). Dawson teaches "if the compression ratio is greater than or equal to 5:1, then the lossless process is run for the entire image," whereas "if the compression ratio is less than 5:1, Dawson determines whether the compression ratio resulting from the lossless process is at least 4:1, and selects an encoder 'if the compression ratio is greater than or equal to 4:1.'" *Id*. (quoting Ex. 1003, 11:31–33, 35–41). In short, Dawson's algorithm for achieving at least a 4:1 compression ratio looks only to post compression results and would not be affected by whether it employed a state machine to achieve those results. Thus, combining Gormish's state machine teaching would not impact Dawson's compression ratio comparison method.

Likewise, state machine compression does not impact Dawson's method achieving the claimed time constraint (i.e., "wherein the compressing and the transmitting occur over a period of time which is less than a time to transmit the data in an uncompressed form"). Dawson teaches "[n]o compression is performed if the image is small enough to be transferred quicker in uncompressed format than the combined time required to compress the image, transfer it over the communication line and then decompress it at the target agent." Pet. 37 (quoting Ex. 1003, 10:10–14); *see* Ex. 1003, 10:3–10 (teaching that no compression is performed if the image size is less than 4k bytes). Thus, Dawson's method for achieving the claimed time constraint depends only on pre-compression image size, but not any particular data compression method. Combining Gormish's state machine teaching therefore would not impact Dawson's method for achieving the claimed timing constraint.

We note that in *Unified Patents v. Realtime,* IPR2017-02129, Paper 11 (March 27, 2018) we denied institution on an obviousness challenge to the same claims based on Gormish and different primary references. *See id*. at 12, 16. We

did so because "Petitioner does not point to evidence of, or even describe, what the combined system's performance—the claimed compression ratio—would be," and instead "points solely to the performance results of [the asserted primary reference] alone"). *Id.* That case is distinguishable, however, because here, Dawson's method for achieving the claimed time constraint and compression ratio clearly would not be affected by whether it employed a state machine to compress the data, as explained above.

d. *Unchallenged Limitations in Claims 12–14, 20, and 21*

We have reviewed Petitioner's assertions, unchallenged by Patent Owner in its Preliminary Response, regarding the remaining limitations in claims 12–14, 20, and 21 and are satisfied that they show a reasonable likelihood Petitioner will prevail with respect to those claims.

III. CONCLUSION

For the foregoing reasons, we determine that the information presented in the Petition establishes a reasonable likelihood that Petitioner would prevail in showing claims 12–14, 20, and 21 are unpatentable. Any discussion of facts in this Decision is made only for the purposes of institution of *inter partes* review and is not dispositive of any issue related to any ground on which we institute review. At this stage of the trial, we have not made a final determination with respect to the patentability of the challenged claims or the construction of any claim term. The Board's final determination will be based on the record as fully developed during trial.

IV. DISCRETION TO DECLINE TO INSTITUTE UNDER 35 U.S.C. § 325(d)

Section 325(d) provides that "[i]n determining whether to institute or order a proceeding . . . 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." Patent Owner asserts that we should exercise our § 325(d) discretion and decline institution because the Petition's primary reference—Dawson—was listed on an IDS and acknowledged by an examiner during prosecution. PO Prelim. Resp. 7. In addition, Patent Owner faults Petitioner for failing to distinguish its arguments from those raised in two previous Petitions (one granted and one denied) that rely on different primary references. PO Prelim. Resp. 8–10.

We decline to exercise our discretion to deny the Petition under § 325(d). Although the '204 patent's applicants identified Dawson in an IDS, they did so in a list of some 1400 other references. We do not view including one of the two asserted references in such an extensive list of references, without any substantive discussion of those references by the applicants or the examiner, as sufficient to convince us to exercise our discretion to decline to institute an *inter partes* review. In addition, we decline to impose upon Petitioner a duty to explicitly distinguish its Petition from others brought by different parties that rely on different prior art, particularly when, as here, the only overlap between this Petition and those other petitions is their reliance on Gormish to teach a single limitation. Given these circumstances and the discretionary nature of § 325(d), we decline to deny the petition on that basis.

V. DISCRETION TO DECLINE TO INSTITUTE UNDER 35 U.S.C. § 314

Patent Owner asserts that we should deny the Petition under 35 U.S.C. § 314(a) per our decision in *General Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (Sept. 6, 2017) (precedential) because the Petition is the sixth filed against the same claims of the same patent. Moreover, Patent Owner argues, Petitioner knew or should have known about the asserted

prior art after Patent Owner sued Petitioner in February 2017, yet Petitioner waited almost an additional year to file its Petition. PO Prelim. Resp. 12–21.

We decline to exercise our discretion to deny the Petition under § 314(a). We recognize that the Petition in this case brings a sixth round of challenges to the '204 patent. None of the previous challenges, however, involves the same Petitioner or same primary reference at issue in this case. In addition, Patent Owner's complaint about multiple petitions filed against its patent is not persuasive when the number of challenges appears to be a direct result of its own litigation activity. Thus, we find the circumstances in this case do not warrant denying the Petition under § 314(a). *See Alcatel-Lucent USA Inc. v. Oyster Optics, LLC*, Case IPR2017-02146, slip op. at 12 (Paper 12) (PTAB Feb. 28, 2018) ("Once resolution of factor 1 indicates that Petitioner had not previously filed a petition against the same patent, factors 2–5 bear little relevance unless there is evidence in the record of extenuating circumstances.").

VI. PATENT OWNER'S REQUESTED STAY

Patent Owner asserts that even if we find the Petition warrants institution of *inter partes* review, we should stay this proceeding until IPR2017-01710, which involves the same claims, has been fully resolved because the motion to amend in that proceeding may fundamentally alter the claims at issue in this Petition, and render this Petition entirely moot. PO Prelim. Resp. 44–45. This argument is unconvincing. It would be premature and speculative to delay this proceeding based on Patent Owner's undecided motion to amend in IPR2017-01710. We decline to stay this proceeding.

VII. ORDER

Accordingly, it is:

ORDERED that pursuant to 35 U.S.C. § 314(a), an *inter partes* review of claims 12–14, 20, and 21 of the '204 patent is instituted, commencing on the entry date of this Decision;

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial; and

FURTHER ORDERED that the trial is limited to the following grounds of unpatentability: claims 12–14, 20, and 21 under 35 U.S.C. § 103 as obvious over Dawson and Gormish; and

FURTHER ORDERED that no other grounds are authorized for *inter partes* review.

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