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Paper No. 42
Filed: May 17, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE INC.,
Petitioner,

v.

VEDANTI SYSTEMS LIMITED,
Patent Owner.

Case IPR2016-00212[1]
Patent 7,974,339 B2

Before MICHAEL R. ZECHER, JUSTIN T. ARBES, and JOHN A. HUDALLA, *Administrative Patent Judges*.

HUDALLA, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
Inter Partes Review
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

In Case IPR2016-00212 ("212 IPR"), Petitioner, Google Inc. ("Google"), filed a Petition (Paper 2[2], "212 Petition" or "212 Pet.")

[1] Case IPR2016-00215 has been consolidated with this proceeding.

[2] Unless otherwise indicated, citations to papers and exhibits are made to Case IPR2016-00212.

requesting an *inter partes* review of claims 1, 6, 7, 9, 10, 12, and 13 of U.S. Patent No. 7,974,339 B2 (Ex. 1001, "the '339 patent") pursuant to 35 U.S.C. §§ 311–319. Patent Owner, Vedanti Systems Limited ("Vedanti"), filed a Preliminary Response to the 212 Petition. Paper 6 ("212 Preliminary Response" or "212 Prelim. Resp."). Taking into account the arguments presented in Google's 212 Preliminary Response, we determined that the information presented in the 212 Petition established that there was a reasonable likelihood that Google would prevail in challenging claims 1, 6, 7, 9, 10, 12, and 13 of the '339 patent under 35 U.S.C. § 103(a). Pursuant to 35 U.S.C. § 314, we instituted this proceeding on May 20, 2016, as to these claims of the '339 patent. Paper 8 ("212 Institution Decision" or "212 Dec. on Inst.").

In related Case IPR2016-00215 ("215 IPR"), Google filed a second Petition (215 IPR, Paper 2, "215 Petition" or "215 Pet.") requesting an *inter partes* review of the same claims of the '339 patent. Vedanti filed a Preliminary Response to the 215 Petition. 215 IPR, Paper 6 ("215 Preliminary Response" or "215 Prelim. Resp."). Taking into account the arguments presented in Vedanti's 215 Preliminary Response, we also determined that the information presented in the 215 Petition established that there was a reasonable likelihood that Google would prevail in challenging claims 1, 6, 7, 9, 10, 12, and 13 of the '339 patent under 35 U.S.C. § 103(a). Pursuant to 35 U.S.C. § 314, we instituted this proceeding on May 20, 2016, as to these claims of the '339 patent. Paper 7[3] ("215 Institution Decision" or "215 Dec. on Inst."). In the 215 Institution Decision, we ordered the

[3] The 215 Institution Decision is included in the 212 IPR as Paper 7 because it includes a consolidation order.

consolidation of the 215 IPR with the 212 IPR for purposes of trial. *Id.* at 27–28.

During the course of trial, Vedanti filed a Patent Owner Response (Paper 15, "PO Resp."), and Google filed a Reply to the Patent Owner Response (Paper 22, "Pet. Reply"). Vedanti also filed a Sur-Reply (Paper 27, "PO Sur-Reply"), as was authorized by our Order of December 7, 2016 (Paper 26). Along with its Patent Owner Response, Vedanti filed a Contingent Motion to Amend (Paper 16, "Mot. to Amend"), proposing to substitute claim 14 and 15 for claims 7 and 9, respectively, if we determine claim 7 to be unpatentable; and to substitute claims 16 and 17 for claims 10 and 12, respectively, if we determine claim 10 to be unpatentable. Google filed an Opposition to the Motion to Amend (Paper 24, "Pet. Opp."), and Vedanti filed a Reply (Paper 30, "PO Reply").

An oral hearing was held on February 14, 2017, and a transcript of the hearing is included in the record. Paper 41 ("Tr.").

Google proffered Declarations of John R. Grindon, D.Sc. (Exs. 1003, 1029) with its Petitions and a Supplemental Declaration of Dr. Grindon (Ex. 1030) with its Reply. Vedanti proffered a Declaration of Omid Kia, Ph.D. (Ex. 2001) with its Response. The parties also filed transcripts of the depositions of Dr. Grindon (Exs. 2003, 2025) and Dr. Kia (Ex. 1034). Vedanti filed a Motion for Observations regarding Dr. Grindon's cross-examination (Paper 31, "Obs."), and Google filed a Response (Paper 37, "Obs. Resp.").

We have jurisdiction under 35 U.S.C. § 6. This decision is a Final Written Decision under 35 U.S.C. § 318(a) as to the patentability of claims 1, 6, 7, 9, 10, 12, and 13 of the '339 patent. For the reasons discussed

below, Google has demonstrated by a preponderance of the evidence that these claims are unpatentable under § 103(a). We also *deny* Vedanti's Contingent Motion to Amend.

I. BACKGROUND

A. Related Proceedings

Both parties identify the following proceeding related to the '339 patent (212 Pet. 3, 59; 215 Pet. 3, 59; Paper 5, 2): *Max Sound Corp. v. Google, Inc.*, No. 5:14-cv-04412 (N.D. Cal. filed Oct. 1, 2014).[4] Google was served with this complaint on November 20, 2014. *See* 212 Pet. 3 (citing Ex. 1021).

Google also identifies a second action that was dismissed without prejudice voluntarily: *Vedanti Sys. Ltd. v. Google, Inc.*, No. 1:14-cv-01029 (D. Del. filed Aug. 9, 2014). *See* 212 Pet. 3 n.1 (citing Exs. 1009, 1010), 59 (citing Ex. 1010); 215 Pet. 3 n.1, 59. We agree with Google (*see* 212 Pet.

[4] In *Max Sound*, plaintiff Max Sound Corporation ("Max Sound") sued Google and others for infringement of the '339 patent. Ex. 1011, 1–2. Although Max Sound listed Vedanti as a co-plaintiff at the outset of the case, Max Sound later alleged Vedanti was a defendant. *See id.* at 1; Order, *Max Sound Corp. v. Google, Inc.*, No. 3:14-cv-04412 (N.D. Cal. Nov. 24, 2015), ECF No. 139, 3–4. The court dismissed the action for lack of subject matter jurisdiction after determining Max Sound did "not demonstrate[e] that it had standing to enforce the '339 patent at the time it initiated th[e] action, with or without Vedanti as a party." *See id.* at 9. Subsequently, the U.S. Court of Appeals for the Federal Circuit affirmed the district court's dismissal. *Max Sound Corp. v. Google, Inc.*, No. 2016-1620, 2017 WL 192717, at *1 (Fed. Cir. Jan. 18, 2017). In its mandatory notices pursuant to 37 C.F.R. § 42.8, Vedanti states that it owns the '339 patent and that the *Max Sound* case was "filed without authorization" by Max Sound. Paper 5, 2.

3 n.1; 215 Pet. 3 n.1) that, as a result of the voluntary dismissal without prejudice, this Delaware action is not relevant to the bar date for *inter partes* review under 35 U.S.C. § 315(b). *See Oracle Corp. v. Click-to-Call Techs., LP*, Case IPR2013-00312, slip op. at 15–18 (PTAB Oct. 30, 2013) (Paper 26) (precedential in part) (holding that a dismissal without prejudice nullifies the effect of service of the complaint and leaves the parties as though the action had never been brought).

B. The '339 patent

The '339 patent is directed to "us[ing] data optimization instead of compression, so as to provide a mixed lossless and lossy data transmission technique." Ex. 1001, 1:36–39. Although the embodiments in the '339 patent are described primarily with reference to transmitting frames of video data, the Specification states that the described optimization technique is applicable to any type of data. *See* Ex. 1001, 1:50–52, 4:44–46, 4:60–62, 7:42–45, 9:54–56. Figure 1 of the '339 patent is reproduced below.

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