

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TERADATA OPERATIONS, INC.,
Petitioner,

v.

REALTIME DATA LLC,
Patent Owner.

Case IPR2017-00557
Patent 7,358,867 B2

Before GREGG I. ANDERSON, CHARLES J. BOUDREAU, and
JASON J. CHUNG, *Administrative Patent Judges*.

ANDERSON, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(A) AND 37 C.F.R. § 42.73

I. INTRODUCTION

Teradata Operations, Inc. (“Petitioner”) filed a Petition (Paper 1 (“Pet.”)) pursuant to 35 U.S.C. §§ 311–319 to institute an *inter partes* review of claims 16–19, 32, 34, and 35 (“the challenged claims”) of U.S. Patent No. 7,358,867 B2¹ (“the ’867 patent,” Ex. 1001). Pet. 2. The Petition was supported by the Declaration of Charles D. Creusere, Ph.D. (“Creusere Declaration,” Ex. 1002). Realtime Data LLC (“Patent Owner”) filed a Preliminary Response (“Prelim. Resp.,” Paper 10). We instituted an *inter partes* review of the challenged claims (“Institution Decision” or “Inst. Dec.,” Paper 14). We issued an Institution Correction Order in which we instituted on additional grounds asserted in the Petition but not instituted in the Institution Decision (“Inst. Cor. Order,” Paper 29). *See SAS Inst., Inc. v. Iancu*, 2018 WL 1914661, at *10 (Apr. 24, 2018) (“SAS”).

Patent Owner filed a Response (“PO Resp.,” Paper 19), and Petitioner filed a Reply (“Pet. Reply,” Paper 21). Patent Owner’s Response is supported by the Declaration of Kenneth A. Zeger, Ph.D. (“Zeger Declaration,” Ex. 2003). Dr. Creusere was deposed by Patent Owner. (“Creusere Deposition,” Ex. 2002). Dr. Zeger was deposed by Petitioner (“Zeger Deposition,” Ex. 1033). An oral hearing was held on February 20, 2018, and a transcript thereof has been entered into the record (“Tr.,” Paper 28).

Subsequent to the hearing and pursuant to our Order (Paper 25), both parties submitted additional briefing pertaining to whether *Ex Parte*

¹ The ’867 Patent issued on an application filed on April 8, 2006. Ex. 1001, 22. The earliest claimed priority date for the ’867 patent is December 11, 1998. Pet. 9 (citing Ex. 1001 (63)).

Schulhauser, 2016 WL 6277792, No. 2013-007847 (PTAB 2016) (precedential) (“*Schulhauser*”) applies to conditional limitations recited in independent method claim 16 of the ’867 patent. Paper 26 (Patent Owner), Paper 27 (Petitioner). Subsequent to our Institution Correction Order, we authorized additional briefing on the additional grounds added by the Institution Correction Order, specifically stating that *Schulhauser* should be addressed as it relates to the additional grounds. Paper 30, 4. Patent Owner filed a Supplemental Brief (“Supp. Br.,” Paper 32), and Petitioner filed a Reply to the Supplemental Brief of Patent Owner (Paper 33).

The Board has jurisdiction under 35 U.S.C. § 6. This Final Written Decision issues pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73. For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 16–19, 32, 34, and 35 are unpatentable.

II. BACKGROUND

A. *Related Proceedings*

Petitioner advises us that the ’867 patent has been asserted against Petitioner in the United States District Court for the Central District of California in civil action No. 2:16-cv-02743. Pet. 1 (citing Exs. 1013, 1014). Patent Owner advises us that the ’867 patent has been asserted in six cases filed in the United States District Court for the Eastern District of Texas. Paper 9, 4. Patent Owner also advises that thirty-one *inter partes* review petitions have been filed against a total of eleven patents owned by Patent Owner, including this proceeding. *Id.* at 1.

B. Background Technology and the '867 Patent (Ex. 1001)

The '867 patent relates generally to data compression and decompression systems, including content independent and content dependent systems. Ex. 1001, 1:22–26.

1. '867 Patent Description of Technical Background

Digital data has several advantages in the representation of information like speech, music, audio, images and video that appears naturally in analog form. Ex. 1001, 1:34–46. For example, “digital data is more readily processed, stored, and transmitted due to its inherently high noise immunity.” *Id.* at 1:46–48. “Data compression is widely used to reduce the amount of data required to process, transmit, or store a given quantity of information.” *Id.* at 1:58–60.

Data compression may be lossy or lossless. Ex. 1001, 1:60–63. Lossy data compression techniques provide for “an inexact representation of the original uncompressed data” that “differs from the original unencoded/uncompressed data.” *Id.* at 1:64–67. Lossless data compression techniques provide “an exact representation of the original uncompressed data” that reproduces identically the original unencoded/uncompressed data. *Id.* at 2:12–16.

Lossless compression has associated problems dependent on factors like “compression ratio, encoding and decoding processing requirements, encoding and decoding time delays, compatibility with existing standards, and implementation complexity and cost, along with the adaptability and robustness to variations in input data.” Ex. 1001, 2:20–49. “A direct relationship exists in the current art between compression ratio and the amount and complexity of processing required.” *Id.* at 2:49–51.

Existing methods for dealing with the above-described issues include content dependent techniques where file type descriptors “describe the application programs that normally act upon the data contained within the file” so that “data types, data structures, and formats within a given file may be ascertained.” Ex. 1001, 2:59–66. This method has limitations including inability to act on application programs “which do not possess published or documented file formats, data structures, or data type descriptors.” *Id.* at 3:1–3.

Another technique includes a pre-compression phase where a data stream is accepted and the data type identified. Ex. 1001, 3:11–23. Then a data compression method is selected for compression “with the intention of producing the best available compression ratio for that particular data type.” *Id.* at 3:24–28. The limitations of this method include “the need to unambiguously identify various data types” including common data types like ASCII, binary, or Unicode. *Id.* at 3:30–32. However, there are data types that fall outside these three most common data types. *Id.* at 3:32–34.

2. *The '867 Patent's Disclosure*

The '867 patent seeks to address the limitations of “conventional data compression techniques as described above.” Ex. 1001, 3:45–47; *see* Section I.B.1 above. Accordingly, the '867 patent describes “systems and methods for providing fast and efficient data compression using a combination of content independent data compression and content dependent data compression.” Ex. 1001, 3:53–54. Whatever the content received by the compression system, “the system processes the input data stream in data blocks that may range in size from individual bits through complete files or collections of multiple files.” *Id.* at 6:56–59.

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