

**UNITED STATES PATENT AND TRADEMARK OFFICE**

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**BEFORE THE PATENT TRIAL AND APPEAL BOARD**

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**COMCAST CABLE COMMUNICATIONS, LLC,**  
**Petitioner,**

**v.**

**PROMPTU SYSTEMS CORP.,**  
**Patent Owner**

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**Case No. IPR2018-00344**  
**U.S. Pat. No. 7,047,196**

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**PATENT OWNER'S RESPONSE**  
**TO PETITIONER'S MOTION TO SEAL**

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## **I. PRELIMINARY STATEMENT**

Comcast seeks to shield from the public record the amount it previously paid Promptu for a “limited license” to Promptu’s intellectual property, including the patent application that later matured into the ’196 Patent. Paper 41. Admittedly, the license was “limited,” but nonetheless, Comcast determined that a limited license was of significant value and warranted after it had evaluated the AgileTV system and studied Promptu’s then-pending patent applications.

Although Promptu indicated it does not oppose Comcast’s motion to seal, Promptu was ordered in related proceedings IPR2018-00340 and -341 concerning the same information at issue here that it “still should inform the Board whether the information sought to be sealed by Petitioner constitutes confidential information or if the information is in the public domain.” *See* IPR2018-00340, Paper 40 at 2. While a similar order was not entered in this case, to maintain a clear and consistent record, Promptu believes that responding to Comcast’s motion to seal in this proceeding is warranted based on the telephonic conference between the Board and parties prior to the issuance of that order. *See also* 37 C.F.R. § 42.25 (setting the default period for filing an opposition to a motion at one month after service of the motion). As explained below, the information does not constitute confidential information and the information is in the public domain.

## II. BACKGROUND

### A. Relationship Between Promptu and Comcast

The details of the relationship between Promptu and Comcast are publicly available and recited in Promptu's complaint in the co-pending district court litigation between the parties. Specifically, the following quoted allegations are contained in Promptu's publicly available amended complaint.

“Beginning in or about 2001, Comcast expressed an interest in Promptu's capability of implementing a voice recognition feature into Comcast's television cable network system.” *Promptu Sys. Corp. v. Comcast Corp.*, Case No. 2:16-CV-6516-JS (E.D. Pa.), ECF No. 30 ¶ 13.<sup>1</sup> “Comcast President, Steve Burke, told Promptu that he believed Promptu's technology was a true solution to the navigation problems Comcast subscribers were experiencing when accessing television content.” *Id.* ¶ 20. “At Promptu's request, Promptu disclosed each of its granted patents, each of its patent applications, the status of said patent applications before the United States Patent and Trademark Office and future intellectual property strategies.” *Id.* ¶ 27. “These disclosures, requested by Comcast and provided by Promptu, included the applications that matured into the Patents-in-Suit.” *Id.* ¶ 28. “To further encourage Promptu to continue to disclose its

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<sup>1</sup> Available at: [http://insight.rpxcorp.com/litigation\\_documents/12355911](http://insight.rpxcorp.com/litigation_documents/12355911).

proprietary voice recognition technology, Comcast represented it would invest \$2 million of capital into Promptu.” *Id.* ¶ 32. “Comcast’s Senior Vice President of Strategic Planning, Mark Coblitz, signed a Memorandum of Understanding (‘MOU’) with Promptu, [stating] ‘Comcast believes that [Promptu’s] speech recognition technology enabling the control and navigation of cable services on the television via voice commands has the potential to be an attractive service that could have a significant benefit to cable subscribers.’” *Id.* ¶¶ 33-34. “Shortly after voice recognition technology was deployed into the Comcast ‘Labs’ and ‘Living Room,’ and consistent with the above-referenced MOU, Comcast told Promptu it was committing to invest \$2 million into Promptu.” *Id.* ¶ 42.

In May 2005, the parties executed the License and Development Agreement (LDA). The LDA has been filed as Exhibit 2022 in this proceeding. Section 23 of the agreement, titled “Confidentiality,” states that “the terms and conditions of this Agreement . . . shall be considered proprietary and kept strictly confidential by each Party until the later of (a) one year after completion or earlier termination by Comcast . . . of the Project or (b) three years following the disclosure of such [information].” Exhibit 2022 at 36 § 23. Comcast elected not to proceed under the LDA in the mid-2000s, so confidentiality obligations attached to the terms and conditions of the LDA expired a decade ago.

**B. The Material at Issue**

Paul Cook was the founder and former CEO of Promptu. Exhibit 1024 at 14:17-15:5. Mr. Cook's deposition was taken as a non-party to the litigation, and was taken in connection with the co-pending district court litigation immediately before his deposition was taken in this proceeding (regarding a served, not-yet-filed, declaration he submitted authenticating Promptu's documents cited as Exhibits in Promptu's Patent Owner Response). Excerpts from Mr. Cook's district court deposition were filed by Comcast as Exhibit 1024 in this proceeding.

During the deposition, Mr. Cook testified to the specific dollar amount Comcast paid to Promptu pursuant to the LDA. Exhibit 1024 at 156:8-9. Mr. Cook also testified that the loan was repaid after Comcast expressed concern about whether Promptu could survive financially without Comcast's money. *Id.* at 160:20-161:3. As a sign that Promptu did not need Comcast's money to survive, Promptu paid back the amount in full. *Id.*

**III. NOTHING ABOUT THE AMOUNT COMCAST PAID TO PROMPTU FOR A LICENSE TO PROMPTU'S INTELLECTUAL PROPERTY WARRANTS SHIELDING THAT AMOUNT FROM THE PUBLIC**

**A. The amount Comcast paid Promptu for a license to Promptu's intellectual property is not covered by the Protective Order in this proceeding.**

Comcast is correct that the Trial Practice Guide and the Board's rules provide for sealing information pursuant to a protective order. Comcast is

mistaken, however, that the amount it paid Promptu for a “limited license” to Promptu’s intellectual property is covered by the Protective Order in this proceeding.

On October 4, 2018, the Board granted the parties’ joint motion for entry of a Protective Order. Paper 21. As stated by the parties in their motion for entry of a Protective Order, the Protective Order defines two levels of confidentiality: “PROTECTIVE ORDER MATERIAL” and “CONFIDENTIAL OUTSIDE COUNSEL ONLY.” Paper 17 at 1. “The ‘CONFIDENTIAL OUTSIDE COUNSEL ONLY’ designation is more stringent than ‘PROTECTIVE ORDER MATERIAL.’” *Id.*

**1. Comcast did not designate the material under either tier of the Protective Order**

Comcast’s motion contends that the material it seeks to seal is “Confidential.” Paper 41 at 2. But “Confidential” is not a tier or designation under the Protective Order in this case. The only tiers under the Protective Order are “PROTECTIVE ORDER MATERIAL” and “CONFIDENTIAL OUTSIDE COUNSEL ONLY.”

Thus, Comcast has not provided any justification for sealing this material pursuant to the Protective Order in this case. Comcast’s motion may be denied on

this basis alone due to Comcast's failure to show "good cause" to seal this information pursuant to the Protective Order Comcast itself proposed.

While this argument may seem to elevate form over substance, as explained below, the information actually does not meet any tier of the Protective Order—providing the only plausible explanation for Comcast's failure to properly designate the material pursuant to the Protective Order.

**2. The material does not meet the standard for  
"CONFIDENTIAL OUTSIDE COUNSEL ONLY"**

Under the Protective Order, the "CONFIDENTIAL OUTSIDE COUNSEL ONLY" designation "is reserved for confidential information that contains or reflects information that is extremely confidential and/or sensitive in nature and disclosure of which to another party or nonparty would create a substantial risk of serious and immediate harm *to the producing party* that could not be avoided by less restrictive means." Paper 17 Appendix A at 3 (emphasis added). An example given is "information obtained from a nonparty pursuant to a current Nondisclosure Agreement ('NDA')." *Id.*

Comcast may not designate the material it seeks to seal under this designation because the material did not come from Comcast—Comcast was not "the producing party." The entire point of a Protective Order is to assuage the party compelled to produce material in response to a subpoena that any information it is



compelled to turn over to an adversary will be used only in the course of a judicial proceeding. *In re Deutsche Bank Tr. Co. Ams.*, 605 F.3d 1373, 1378 (Fed. Cir. 2010). Here, the producing party was Mr. Paul Cook, Promptu's former CEO and a non-party, and he stated this amount freely during his deposition. Mr. Cook is no longer under any obligation of confidentiality with respect to this material and did not himself designate this material as "CONFIDENTIAL OUTSIDE COUNSEL ONLY" under the Protective Order. Promptu (his former employer), also, did not designate this material as "CONFIDENTIAL OUTSIDE COUNSEL ONLY."

Nor is this material akin to information subject to "a **current** Nondisclosure Agreement." Paper 17 Appendix A at 3 (emphasis added). As Comcast readily admits, the amount it paid to Promptu was pursuant to the License and Development Agreement. Paper 31 at 4-5. This agreement contained a confidentiality provision. Even assuming that the amount Comcast paid Promptu pursuant to the License and Development Agreement was covered by that confidentiality provision, any obligation to keep that amount confidential terminated at least a decade ago when the agreement was terminated.

Deeming this material "CONFIDENTIAL OUTSIDE COUNSEL ONLY" would be nonsensical for several reasons. First, the amount Comcast previously paid to Promptu is known by both parties because Comcast knows how much it paid and Promptu knows how much it received (and how much it repaid). Thus, it

cannot meet the standard that “disclosure of which to *another party* . . . would create a substantial risk of serious and immediate harm.” Paper 17 Appendix A at 3 (emphasis added). Both parties know this material. Second, the amount Comcast previously paid to Promptu is known by and was freely disclosed by nonparty Paul Cook who is no longer under any obligation of confidentiality regarding this material. Thus, it cannot meet the standard that “disclosure of which to another . . . *nonparty* would create a substantial risk of serious and immediate harm.” *Id.* (emphasis added).

Moreover, if this information—well-known within Promptu—were afforded this level of protection under the Protective Order, Promptu’s counsel would be constrained in mentioning this figure to Promptu’s in-house counsel and to Promptu (*see id.* at 4 § 4)—even though this figure has been known by Promptu for over a decade.

Further, despite an obligation to “clearly mark” material Comcast contends to be “CONFIDENTIAL OUTSIDE COUNSEL ONLY” (*Id.* at 6 § 6(B)), Comcast did not file Exhibit 1024 with any clear markings that it considered the material to be “CONFIDENTIAL OUTSIDE COUNSEL ONLY” under the Protective Order.

**3. The material does not meet the standard for  
“PROTECTIVE ORDER MATERIAL”**

Under the Protective Order in this case, the “PROTECTIVE ORDER MATERIAL” designation is reserved for “information or material produced for or disclosed in connection with this proceeding *to a receiving party* that *a producing party*, including any party to this action and any non-party producing information or material voluntarily or pursuant to a subpoena or a court order in connection with this proceeding, *considers* to comprise confidential technical, sales, marketing, financial, or other commercially sensitive information, whether embodied in physical objects, documents, or the factual knowledge of persons, and which has been so designated by the producing party.” Paper 17 Appendix A at 1 (emphasis added).

Comcast may not designate the material it seeks to seal under this designation because the material did not come from Comcast—Comcast was not “the producing party.” The “producing party” here is Mr. Paul Cook, and he did not consider the information “confidential” and did not designate the material as such. Nor did Promptu, his former employer. Thus, the information does not meet the threshold requirements that it refer to “material produced . . . to a receiving party that a *producing party* . . . [1] considers to comprise . . . commercially

sensitive information . . . and [2] which has been *so designated by the producing party.*” *Id.* (emphasis added).

Further, despite an obligation to “clearly mark” material Comcast contends to be “PROTECTIVE ORDER MATERIAL” (*Id.* at 6 § 6(B)), Comcast did not file Exhibit 1024 with any clear markings that it considered the material to be “PROTECTIVE ORDER MATERIAL” under the Protective Order.

**B. Information in the Public Domain**

Although the above shows that the material is already publicly known, by virtue of the information having originated from the mouth of a non-party subject to no obligation of confidentiality, several details regarding Comcast’s valuation of Promptu’s technology are already in the public domain.

First, Promptu’s amended complaint in the co-pending litigation details the relationship between Promptu and Comcast, as explained above.

Similar information has already been publicly disclosed in exhibits in this proceeding. Exhibit 2002 states that “we currently have a commitment from Comcast Cable to invest \$2,000,000 into this round.” Exhibit 2002 at 6. Exhibit 2003 similarly provides that Promptu “[r]eceive[d] \$2 Million commitment from

Comcast.” Exhibit 2003 at 15.<sup>2</sup> These are contained in Promptu’s own documents and Comcast does not contend that this material belongs to Comcast.

**C. Comcast’s arguments regarding “good cause” misstate the record and undermine Comcast’s argument that the material is irrelevant.**

Putting aside the issues above (i.e., the material is not subject to the protective order, the information is available in the public domain, etc.), Comcast’s arguments in support of showing “good cause” exists to seal the material misstate the record.

Comcast argues that the amount of money it paid pursuant to a *License* and Development Agreement bears no relation to the value of the patents subject to the license. Paper 41 at 4-5. But Comcast admits this amount was paid as consideration under the LDA. Paper 31 at 4-5 (stating that the amount is “the specific amount of consideration under the License and Development Agreement entered by the parties and additional confidential terms of that agreement.”). And Comcast does not dispute that the application that led to the ’196 Patent (U.S. Patent App. No.

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<sup>2</sup> In order to respect Comcast’s current position that the amount it actually paid pursuant to the LDA is “Confidential,” Promptu will avoid comparing that amount with the publicly-available \$2 million figure Comcast actually committed to paying Promptu.

09/785,375) is expressly identified in the LDA. Exhibit 2022 at 78 (“AGLE0001” in the table titled “AgileTV Patent Portfolio” of Exhibit E corresponds to U.S. Patent App. No. “09/785,375,” titled “System & Method of Voice Recognition Near a Wireline Node of a Network Supporting Cable Television and/or Video Delivery” that was “in progress.”). Nor does Comcast dispute that the LDA expressly granted a license to that and other AgileTV patents and pending patent applications. *Id.* at 8 § 1(c).

Comcast’s only argument appears to be that the agreement says no *additional* compensation was required for a license. Paper 41 at 4-5. But this ignores the fact that Comcast concedes consideration was already paid under the LDA entitling it to the “limited license” in the first place. Paper 31 at 4-5.

Comcast also seems to want it both ways. On the one hand, Comcast argues that the amount it paid pursuant to a License and Development Agreement bears no relation to its valuation of a license to Promptu’s intellectual property because it is specific to evaluating the AgileTV product. Paper 41 at 5. On the other hand, Comcast argues (without any factual support) that the terms from this decade-old agreement are so confidential and damaging that others, more than ten years later, will be able to hold Comcast to the terms of Comcast’s agreement with AgileTV in 2005 and that Comcast will be powerless to negotiate better terms. *Id.* at 6. Even if this latter argument (which Comcast asserts without a supporting declaration)

passes the straight face test, it conflicts with the former argument. Both cannot simultaneously be correct and, frankly, Promptu submits neither is correct.

Comcast, after evaluating Promptu's technology and patents, agreed to invest in Promptu and agreed to the terms of a License and Development Agreement which placed a dollar figure on a limited license to Promptu's intellectual property, including what is now the '196 Patent. After Comcast later elected to walk away from Promptu and the LDA, the terms of that agreement (by their very terms) lost the protection of confidentiality. Exhibit 2022 at 36 § 23. Comcast may now be embarrassed by its prior valuation now that Promptu has alleged Comcast infringes the very patents Comcast previously licensed and that it now must argue the patents are worthless, but as stated by the Ninth Circuit, "[t]he mere fact that the production of records may lead to a litigant's embarrassment . . . will not, without more, compel the court to seal its records." *Kamakana v. City & Cty. of Honolulu*, 447 F.3d 1172, 1179 (9th Cir. 2006).

**D. Promptu repaid the loan to signal that Promptu did not need Comcast's money to survive**

Comcast's argument seems to attach significance to the fact that the specific amount Comcast agreed to pay Promptu pursuant to the LDA was later repaid by Promptu. Some context is necessary. Mr. Cook testified that the loan was repaid after Comcast expressed concern about whether Promptu could survive financially without Comcast's money. Exhibit 1024 at 160:20-161:3. As a sign that Promptu

did not need Comcast's money to survive, Promptu paid back the amount in full.

*Id.* As Mr. Cook stated in an email at the time, “[o]ur stepping up to the plate by paying off their . . . note and not asking for the [license] payment enabled by our current investors putting in another substantial equity round should convince them that we have deep pocket investors strongly supportive of seeing [Promptu] become successful.” Exhibit 1024 at 161:7-20. According to Mr. Cook, Comcast was “really impressed that [Promptu] would take such steps.” *Id.*

#### **IV. CONCLUSION**

While Promptu does not oppose Comcast's request to seal, it submits this response to explain why the motion to seal may be unnecessary and against the public interest. There is nothing confidential about the dollar amount Comcast previously paid Promptu. The more Comcast argues that the amount is confidential, the more it undermines its argument that the amount was meaningless. To the contrary, the amount is highly relevant to the substantial value that Comcast attached to Promptu's intellectual property at the time of the license.

Respectfully submitted,

Dated: January 7, 2019

By: /Jacob A. Schroeder/  
Jacob A. Schroeder, Reg. No. 58,221



**CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing  
**PATENT OWNER'S RESPONSE TO PETITIONER'S MOTION TO SEAL**  
was served by email on January 7, 2019, on Petitioner's counsel of record at:

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