

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Dolby Laboratories, Inc.

Petitioner,

v.

Intertrust Technologies Corporation,

Patent Owner.

Case IPR2020-00660

Patent No. 6,785,815

**PATENT OWNER'S SUR-REPLY IN SUPPORT OF
PRELIMINARY RESPONSE
PURSUANT TO 35 U.S.C. § 313 AND 37 C.F.R. § 42.107**

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EXHIBIT TABLE

Exhibit #	Description
2001	[INTENTIONALLY LEFT BLANK]
2002	[INTENTIONALLY LEFT BLANK]
2003	<i>Dolby Laboratories, Inc. v. Intertrust Corporation</i> , Case No. 3:19-cv-03371-EMC, Dkt. No. 61-3 (N.D. Cal. Nov. 27, 2019): Second Amended Complaint (Public Version)
2004	<i>Intertrust Technologies Corporation v. Cinemark Holdings, Inc.</i> , Case No. 2:19-cv-00266-JRG (lead case), Dkt. No. 95 (E.D. Tex. May 5, 2020): First Amended Docket Control Order
2005	<i>Intertrust Technologies Corporation v. Cinemark Holdings, Inc.</i> , Case No. 2:19-cv-00266-JRG (lead case), Dkt. No. 8 (E.D. Tex. Oct. 21, 2019): Consolidation Order
2006	<i>Intertrust Technologies Corporation v. Cinemark Holdings, Inc.</i> , Case No. 2:19-cv-00266-JRG (lead case), Dkt. No. 22 (E.D. Tex. Nov. 7, 2019): Consolidation Order
2007	<i>Intertrust Technologies Corporation v. Cinemark Holdings, Inc.</i> , Case No. 2:19-cv-00266-JRG (lead case), Dkt. No. 112 (E.D. Tex. July 7, 2020): Claim Construction Order
2008	<i>Dolby Laboratories, Inc. v. Intertrust Corporation</i> , Case No. 3:19-cv-03371-EMC, Dkt. No. 73 (Feb. 13, 2020): Case Management and Pretrial Order For Claims Construction
2009	<i>Dolby Laboratories, Inc. v. Intertrust Corporation</i> , Case No. 3:19-cv-03371-EMC, Dkt. No. 71 (Feb. 6, 2020): Joint Case Management Conference Statement
2010	<i>Intertrust Technologies Corporation v. Cinemark Holdings, Inc.</i> , Case No. 2:19-cv-00266-JRG (lead case) (E.D. Tex. January 30, 2020): Defendants' Invalidity and Subject Matter Eligibility Contentions
2011	<i>Intertrust Technologies Corporation v. Cinemark Holdings, Inc.</i> , Case No. 2:19-cv-00266-JRG (lead case), Dkt. No. 78 (E.D. Tex. April 17, 2020): Order Appointing Technical Advisor
2012	<i>Dolby Laboratories, Inc. v. Intertrust Corporation</i> , Case No. 3:19-cv-03371-EMC (April 13, 2020): Dolby's Invalidity Contentions Pursuant to Patent Local Rule 3-3 and 3-4

2013	<i>Intertrust Technologies Corporation v. Cinemark Holdings, Inc.</i> , Case No. 2:19-cv-00266-JRG (lead case) (E.D. Tex. January 30, 2020): Defendants’ Invalidity Claim Charts For The ’815 Patent - Appendices C-03 (Hanna), C-04 (Gennaro), C-07 (Stefik), and C-Combination (showing Section 103 combinations for the ’815 patent)
2014	<i>Dolby Laboratories, Inc. v. Intertrust Corporation</i> , Case No. 3:19-cv-03371-EMC (April 13, 2020): Exhibit C-03 - Dolby’s Invalidity Contentions For The ’815 Patent Based on Hanna
2015	<i>Dolby Laboratories, Inc. v. Intertrust Corporation</i> , Case No. 3:19-cv-03371-EMC (April 13, 2020): Exhibit C-04 - Dolby’s Invalidity Contentions For The ’815 Patent Based on Gennaro
2016	<i>Dolby Laboratories, Inc. v. Intertrust Corporation</i> , Case No. 3:19-cv-03371-EMC (April 13, 2020): Exhibit C-07 - Dolby’s Invalidity Contentions For The ’815 Patent Based on Stefik
2017	[INTENTIONALLY LEFT BLANK]
2018	<i>Intertrust Technologies Corporation v. Cinemark Holdings, Inc.</i> , Case No. 2:19-cv-00266-JRG (lead case) (E.D. Tex. November 6, 2019): Intertrust’s Patent Rule 3-1 Disclosures - Infringement Contentions For The ’815 Patent
2019	<i>Intertrust Technologies Corporation v. Cinemark Holdings, Inc.</i> , Case No. 2:19-cv-00266-JRG (lead case), Dkt. No. 28, (E.D. Tex. November 6, 2019): Defendants’ Motion to Transfer Venue to N.D. Cal.
2020	[INTENTIONALLY LEFT BLANK]
2021	[INTENTIONALLY LEFT BLANK]
2022	[INTENTIONALLY LEFT BLANK]
2023	<i>Dolby Laboratories, Inc. v. Intertrust Corporation</i> , Case No. 3:19-cv-03371-EMC, Dkt. No. 101 (August 12, 2020): Order on Joint Stipulation Regarding Claim Terms and Claim Construction Schedule

Although admitting it is a party to the pending California litigation involving the '815 patent, Petitioner argues the Board should completely ignore the three co-pending Texas cases because Petitioner is not a party to those cases. That is not the correct analysis under the Board's precedential decisions in *NHK Spring* and *Fintiv*. Only one of the six *Fintiv* factors—Factor 5—considers the relationship between the Petitioner and the parties in the parallel proceedings. Here, the Board should consider the other five *Fintiv* factors without regard to whether the Petitioner is or is not a party to a particular action.

Those five factors favor denial of institution. Petitioner does not dispute the three Texas cases are heading to January 2021 trials, or that it asked the California court to begin trial no later than October 2021. Petitioner also does not dispute the considerable investment already made in the Texas actions; cannot dispute the overlap between the Petition's invalidity grounds and the grounds currently being asserted in both the California and Texas actions; and admits that no party has moved the Texas or California courts for a stay. Petitioner has also failed to adequately respond to the Petition's merits deficiencies identified in the Preliminary Response.

Consideration of Factor 5 does not alter this conclusion. Petitioner does not deny that the three Texas defendants are customers being sued for their use of Petitioner's product, nor does Petitioner deny it has identified these Cinema customers as real parties-in-interest. Petitioner is also the *declaratory judgment*

plaintiff in California who, after deciding the district court was the best forum to adjudicate Patent Owner's patents, *voluntarily* filed the complaint against Patent Owner in June 2019. Petitioner should not now be permitted to backtrack on that decision to Patent Owner's detriment. Factor 5 also favors denial of institution.

A. Factor 1: Petitioner Acknowledges That No Court Has Granted A Stay Nor Has Any Party Sought One In Texas Or California

Petitioner does not dispute that no court has granted a stay and no party has sought a stay in any of the four cases pending in California or Texas. Petitioner states that it has "indicated its intent to seek a stay" (Reply at 4, citing to a non-Dolby petition IPR2020-00603), but Petitioner has *not* requested a stay from the California court, nor has the California court indicated how it might rule if Petitioner were to actually make such a stay request. On the current record, it is improper for the Board to speculate as to what the California court *might* do in the future. *See Fintiv*, IPR2020-00019, Paper 15, at 12 ("A judge determines whether to grant a stay based on the facts of each specific case as presented in the briefs by the parties. We decline to infer, based on actions taken in different cases with different facts, how the District Court would rule should a stay be requested by the parties in the parallel case here."); *Supercell Oy v. Gree*, IPR2020-00215, Paper 10 at 9 (PTAB June 10, 2020) (Board finds factor neutral where the record "is silent as to whether the district court has granted a stay, or has commented on the

possibility of a stay in this case.”).

Moreover, there is no evidence that Petitioner’s three Cinema customers have requested a stay from the Texas court, nor any indication that the Texas court would grant such a request with trial set to begin in 4 ½ months. And, even if Petitioner were to one day decide to move to stay the California case, a stay of the California litigation would have *no effect* on the Texas litigation.

B. Factor 2: Petitioner Does Not Dispute That The Texas Trial Is Scheduled To Begin Nine Months Before The Deadline Here

Petitioner argues the January 4, 2021 trial dates in Texas should carry no weight because Petitioner is not a party. This reads Factor 2 too narrowly. Precedent requires the Board to consider the “proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision” in *all* parallel proceedings, even those where Petitioner is not a party (such as in Texas). Limiting the Factor 2 analysis to only proceedings where Petitioner is a party renders Factor 5 superfluous.

Thus, the Board should consider the advanced stage of the Texas litigations under Factor 2, including that the Texas district court will have adjudicated the same invalidity arguments presented in the Petition against claims 42 and 43 of the ’815 patent more than *nine months* before the Board issues its final written decision in this IPR proceeding (estimated at mid-October 2021).

Petitioner does not dispute that the parties submitted a proposed pretrial and trial schedule to the California court (Ex. 2009) requesting trial commence no later

than October 2021, and earlier if possible. Reply at 4. Petitioner argues the dates “were uncertain,” pointing to the parties’ inclusion of a “less than or equal” sign, but this *confirms* the parties’ preference that trial begin *no later than* October 2021.¹

Finally, Petitioner implies that the existence of separate litigations in California and Texas, all addressing claims 42 and 43 of the ’815 patent, somehow counsels in favor of instituting yet *another* proceeding addressing these same invalidity claims. They do not. Patent Owner is entitled to maintain its patent infringement cases against Petitioner’s Cinema customers on the ’815 patent in its preferred forum (Texas), just as Petitioner was entitled to pursue its declaratory judgment relief action on the ’815 patent in its preferred forum (California). But the *NHK Spring* and *Fintiv* precedential decisions do not support Petitioner’s present request to create a *fifth* duplicative proceeding in a *third* forum (the Patent Office).²

Petitioner does not dispute that the currently scheduled Texas trials are

¹ The California court recently reset the technology tutorial to October 20, 2020 and the claim construction hearing to November 3, 2020. Ex. 2023 at 5.

² Petitioner suggests institution is appropriate here because the Patent Owner purportedly “delay[ed] identification of claims...infringed by the petitioner.” Reply at 5. There was no delay by Patent Owner. Petitioner *twice* amended its complaint in California, the second time on November 27, 2019, and didn’t answer Patent Owner’s infringement counterclaims until January 8, 2020. Ex. 2003. The California court held its case management conference on February 13, 2020, and fourteen (14) days later, pursuant to the timing set forth in Patent Local Rules 3-1 and 3-2 of the Northern District of California, Patent Owner disclosed its asserted claims and infringement contentions. Ex. 2009 at 12.

scheduled to begin more than nine months before the Board's deadline to reach a final decision. Petitioner also does not dispute that the *Petitioner* has asked the California court to begin trial *no later than* the Board's deadline. For these reasons, this factor weighs strongly in favor of discretionary denial in this case.

C. Factor 3: Petitioner Cannot Deny The Texas Court's And Parties' Substantial Investment In The Parallel Proceedings

Again, Petitioner discounts the considerable investment that the Texas parties and the Texas court have made in the parallel proceedings. Petitioner argues that its IPR Petition is timely (Reply at 5), but there can still be substantial investment in parallel proceedings even if the petitioner has not unreasonably delayed in filing an IPR petition. And Petitioner does not dispute that by October 13, 2020, *before* the Board's *institution* decision deadline here, fact discovery will have closed in Texas, and opening expert reports served (including on the alleged invalidity of the '815 patent). The substantiality of the investments in the Texas litigation cannot be disputed; indeed, the Texas *trial* will be *over* in January 2021, ***nine months*** before the Final Written Decision would be due in the present proceeding

Petitioner's California arguments fare no better. Petitioner does not dispute fact discovery is currently proceeding in the California case, with the parties investing time and money with respect to the *same* invalidity theories against the '815 patent that are raised in Petitioner's IPR Petition. Petitioner references "the court's likely stay of the litigation" as curtailing future investment in the California

case, even though (1) Petitioner has not requested a stay, and (2) the California court has not commented on whether it would agree to stay the California declaratory judgment litigation if Petitioner actually sought one.³

That the parties and the court will invest *more* in the future does not reduce the significance of the considerable investment already incurred. As explained in the *Fintiv* Order, “[t]his investment factor is related to the trial date factor, in that more work completed by the parties and the court in the parallel proceeding tends to support the arguments that the parallel proceeding is more advanced, a stay may be less likely, and instituting would lead to duplicative costs.” *Fintiv*, IPR2020-00019, Paper 11 at 10. Here, the work already completed by the Texas and California parties and the Texas and California courts in the parallel proceedings are “facts underlying this factor that collectively weigh strongly in favor of denying institution.” *See Supercell*, IPR2020-00513, Paper 11, at 12.

³ There is no evidence that the Court would grant such a stay. Petitioner has cited selected decisions of the California judge in *other* cases, but none of these decisions presage how the Court will rule in *this* case. Reply at 3-4. A court’s decision to grant or deny a stay will be made on the particular facts presented. Not only does the Petitioner fail to identify any grounds that it might one day present to the California court in some future stay motion (should it ever actually file one), but Petitioner also does not explain why the Court would agree to stay Petitioner’s declaratory judgment relief action, that Petitioner voluntarily filed in the Northern District of California, in favor of Petitioner’s *second* action filed in the Patent Office, where Petitioner is seeking the *same* relief with respect to the validity of the ’815 patent.

D. Factor 4: Petitioner Does Not Dispute The Complete Overlap Of Prior Art And Invalidity Arguments Raised In These Proceedings

Petitioner cannot dispute the Petition “includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel [district court] proceeding[s].” *Fintiv*, IPR2020-00019, Paper 11, at 12. Instead, Petitioner attempts to turn the *Fintiv* Section 314(a) analysis on its head, arguing that the Board should institute here because there are already multiple parallel proceedings moving forward on this same issue. Reply at 6. But avoiding duplicative proceedings is a primary goal. *Intel Corp. v. VLSI Tech. LLC*, IPR2019-01192, Paper 15 at 11 (PTAB Jan. 9, 2020) (“When considering the impact of parallel litigation in a decision to institute, the Board seeks, among other things, to minimize the duplication of work by two tribunals to resolve the same issue.”). Petitioner also argues that “the California case will continue...regardless of the outcome in Texas” (Reply at 6), but this is incorrect: if the Texas court or jury determines that the claims of the ’815 patent are invalid, and the Federal Circuit affirms that outcome, Petitioner would not need to litigate the ’815 patent a second time in California.

Petitioner does not dispute that the Texas defendants are also challenging the same claims of the ’815 patent on the same invalidity grounds presented here. *Id.* Petitioner instead argues that it is “premature to compare” the asserted grounds in the Texas cases to those presented in the Petition because expert reports have not yet been served, trial has not yet commenced, and the actual issues addressed at trial

may be different. This is not the correct analysis. Petitioner effectively argues that the Board cannot assess this factor until *after completion* of the trial in Texas. No prior decision of the Board has ever so held. The invalidity contentions and prior art claim charts that Patent Owner identified in its Preliminary Response are a sufficient basis on which to determine that a complete overlap exists here favoring denial.

E. Factor 5: Petitioner Does Not Dispute Its Customers Are The Texas Defendants

Petitioner *filed* the California action. That Petitioner is not a *party* to the Texas actions is irrelevant to the Factor 5 analysis, as its customers are parties in those actions. Petitioner attempts to now distance itself from the Cinema defendants, but does not deny that these Texas defendants are Petitioner's customers, or that it named all three of those customers as real parties-in-interest in its Petition. Petitioner also does not dispute that the Board may still exercise its authority to deny institution, even where the petitioner is *unrelated* to a district court defendant (which is not the case here), "if the issues are the same as, or substantially similar to, those already or about to be litigated, or other circumstances weigh against redoing the work of another tribunal...." *Fintiv*, IPR2020-00019, Paper 11, at 14. The overlap of issues between the Petition and those about to be litigated in the January 2021 Texas trial weigh strongly against instituting a duplicative proceeding here. Petitioner's pre-existing customer relationship with the three Texas Cinema

defendants, along with Petitioner being a defendant in the California litigation, supports a finding here that Factor 5 weighs in favor of discretionary denial.

F. Factor 6: Equities Favor Denial Of Institution

Petitioner argues this IPR provides “an efficient alternative to Dolby having to litigate the same grounds in district court,” without acknowledging that it was *Dolby who filed the California district court action* in the first place. The “equities” do not favor allowing Dolby to add a third, duplicative challenge of the ’815 patent.

Additionally, Petitioner Dolby fails to adequately respond to the Petition’s deficiencies identified in Patent Owner’s Preliminary Response. Patent Owner demonstrated that Hanna is not prior art to the ’815 patent because the ’171 provisional application contains written description support for limitations 42[b] and 42[c]. POPR, 33-44. Petitioner’s Reply reiterates its Petition argument (that relies on Figs. 13 and 14) and does not respond to Patent Owner’s explanation that the ’171 Application’s Figs. 2A-2D, 3, and 6, along with the accompanying text, provide written description support for the limitations of claim 42. Petitioner introduces (without any citation to the record) a purported distinction between “calculated” and “retrieved” check values, a distinction neither raised in the Petition nor explained in Petitioner’s Reply. Hanna is not prior art to the ’815 patent.

Next, Petitioner’s Reply now acknowledges *for the first time* that Hanna is missing two limitations. Reply at 9 (admitting Hanna lacks a “teaching of receiving

and granting a request to use a file”); *Cf.* Petition at 31, 38 (only combining with Stefik for limitations 42[a] and 42[e] “to the extent not disclosed” in Hanna). Petitioner does not address Patent Owner’s evidence-based explanation of why Hanna and Stefik are non-analogous art that a POSITA would not consider combining (POPR, 50-51), nor does Petitioner address the Petition’s failure to provide a tangible explanation of how and why a POSITA would be motivated to modify Hanna’s request-free, data corruption detection scheme that uses hierarchical hashing with Stefik’s digital works usage rights system to achieve the claimed invention, especially where Hanna already provides for timely detection of corrupt data. (POPR, 52-53).

On the second ground, Petitioner does not dispute that Gennaro fails to explicitly disclose limitations 42[a] and 42[e] concerning receiving a “request” and “granting” of that request (POPR, 54-59), and Petitioner fails to counter Patent Owner’s argument that the Petition does not provide a clear, evidence-supported account of why a POSITA would have been motivated to modify Gennaro to perform its authentication scheme in response to receiving a request to use a file in a predefined way, as the claims require. The Petition’s assertion that a POSITA *could* configure Gennaro’s system to perform its authentication scheme in response to receiving a request to use a file in a predefined way is insufficient to show that a POSITA *would have been motivated* to actually make this modification.

Date: August 13, 2020

Respectfully submitted,

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), the undersigned hereby certify that PATENT OWNER'S SUR-REPLY IN SUPPORT OF ITS PRELIMINARY RESPONSE were served on August 13, 2020 by e-mailing copies to:

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