

IPR2021-00308
U.S. Patent No. 8,825,887
PO's Preliminary Response

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HULU, LLC,
Petitioner

v.

SITO MOBILE R&D IP, LLC and SITO MOBILE, LTD.,
Patent Owner

U.S. Patent No. 8,825,887
Issue Date: September 2, 2014
Title: SYSTEM AND METHOD FOR ROUTING MEDIA

Inter Partes Review No. IPR2021-00308

**PATENT OWNER'S PRELIMINARY RESPONSE TO PETITION FOR
INTER PARTES REVIEW OF UNITED STATES PATENT NO. 8,825,887**

TABLE OF CONTENTS

TABLE OF AUTHORITIES	ii
PATENT OWNER'S EXHIBIT LIST	iv
I. Introduction	1
II. The Board Should Exercise its Discretion and Deny Institution Under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(b)	2
A. Factor 1—The District Court Has Not Granted A Stay, And There Is No Evidence That The District Court Will Grant A Stay Even If A Proceeding Is Instituted.....	5
B. Factor 2—Because The District Court Litigation Will Be Tried Before The Board's Projected Statutory Deadline For A Final Written Decision, The Board Should Deny Institution	8
C. Factor 3—The Parties And The Court Have Invested Significant Resources In The District Court Litigation, Favoring Discretionary Denial	9
D. Factor 4—Significant Overlap Between Issues Raised In The Petition And In The District Court Litigation Supports Denial.....	13
E. Factor 5—The Petitioner And The Defendant In The Parallel Proceeding Are The Same Party, Supporting Denial.....	16
F. Factor 6—Other Circumstances That Impact The Board's Exercise Of Discretion Show That Denial Is Appropriate At This Time.....	17
III. Additional Grounds For Denying Institution	18
A. <i>Inter Partes</i> Review Should Not Be Instituted Because Of Constitutional Issues Under The Appointments Clause Of Article II	18
IV. Conclusion	20

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Apple Inc. v. Fintiv, Inc.</i> IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020).....	2, 3, 4, 12
<i>Apple Inc. v. Fintiv, Inc.</i> , IPR2020-00019, Paper 15 (P.T.A.B. May 13, 2020).....	12, 16
<i>Arthrex, Inc. v. Smith & Nephew, Inc.</i> , 941 F.3d 1320 (Fed. Cir. 2019), <i>cert. granted sub nom.</i> <i>United States v. Arthrex, Inc., et al.</i> , No. 19-1434, 2020 WL 6037206 (U.S. Oct. 13, 2020), <i>cert. granted sub nom.</i> <i>Smith & Nephew, Inc., et al. v. Arthrex, Inc., et al.</i> , No. 19-1452, 2020 WL 6037207 (U.S. Oct. 13, 2020), <i>cert. granted sub nom.</i> <i>Arthrex, Inc. v. Smith & Nephew, Inc., et al.</i> , No. 19-1458, 2020 WL 6037208 (U.S. Oct. 13, 2020).....	17, 18, 19
<i>E-One, Inc. v. Oshkosh Corp.</i> , IPR2019-00161, Paper 16 (P.T.A.B. May 15, 2019).....	9
<i>E-One, Inc. v. Oshkosh Corp.</i> , IPR2019-00162, Paper 16 (P.T.A.B. June 5, 2019).....	12
<i>Google v. Agis Software</i> , IPR2020-00871, Paper 26 (P.T.A.B. Nov. 25, 2020)	15
<i>Google LLC v. Personalized Media Commc'ns, LLC</i> , IPR2020-00720, Paper 16 (P.T.A.B. Aug. 31, 2020)	3
<i>Google LLC v. Uniloc 2017</i> , IPR2020-00115, Paper 8 (P.T.A.B. Mar. 27, 2020).....	5, 12
<i>Hulu Corp. v. VLSI Tech. LLC</i> , IPR2020-00106, Paper 17 (P.T.A.B. May 5, 2020).....	9

IPR2021-00308 (Patent No. 8,825,887)
PO's Preliminary Response

<i>Intercollegiate Broad. Sys, Inc. v. Copyright Royalty Bd.</i> , 684 F.3d 1332 (D.C. Cir. 2012)	19
<i>Kerr Machine Co. d/b/a Kerr Pumps v. Vulcan Industrial Holdings,</i> <i>LLC</i> , 6-20-cv-00200 (W.D. Tex. Aug. 2, 2020)	7
<i>Multimedia Content Mgmt. LLC v. DISH Network L.L.C.</i> , No. 6:18-CV-00207-ADA, 2019 U.S. Dist. LEXIS 198875 (W.D. Tex. Jan. 10, 2019).....	6, 7
<i>NetApp, Inc. v. Realtime Data LLC</i> , IPR2017-01195, Paper 9 (P.T.A.B. Oct. 12, 2017)	8
<i>Next Caller, Inc. v. TrustID, Inc.</i> , IPR2019-00961, Paper 10 (P.T.A.B. Oct. 16, 2019)	9, 14
<i>NHK Spring Co. v. Intri-Plex Techs., Inc.</i> , IPR2018-00752, Paper 8 (P.T.A.B. Sept. 12, 2018)	4
<i>Polaris Innovations Ltd. v. Kingston Tech. Co.</i> , 729 F. App'x 820 (Fed. Cir. 2020)	18
<i>Tumey v. Ohio</i> , 273 U.S. 510 (1927).....	20
<i>Vizio, Inc. v. Polaris PowerLED Techs., LLC</i> , IPR2020-00043, Paper 30 (P.T.A.B. May 4, 2020).....	14

Statutes

35 U.S.C. § 313	1
35 U.S.C. § 314(a)	1, 2, 4
35 U.S.C. § 316(b).....	3

PATENT OWNER'S EXHIBIT LIST

Exhibit No.	Description
2001	Complaint, <i>SITO Mobile R&D IP, LLC and SITO Mobile, LTD., v. Hulu, LLC</i> , No. 6:20-cv-00472-ADA
2002	Second Amended Scheduling Order, <i>SITO Mobile R&D IP, LLC and SITO Mobile, LTD., v. Hulu, LLC</i> , No. 6:20-cv-00472-ADA
2003	Published Interview of Judge Albright, <i>IAM</i> (Apr. 7, 2020)
2004	Docket Order, <i>Kerr Machine Co. d/b/a Kerr Pumps v. Vulcan Industrial Holdings, LLC</i> , No. 6:20-cv-00200 (W.D. Tex. Aug. 2, 2020)
2005	Hulu's Preliminary Invalidity Contentions, filed in <i>SITO Mobile R&D IP, LLC and SITO Mobile, LTD. v. Hulu LLC</i> , No. 6:20-cv-00472-ADA
2006	Hearing transcript from <i>ParkerVision, Inc. v. Intel Corp.</i> , Case No. 6:20-cv-00108 (W.D. Texas, Sept. 2, 2020)
2007	Order Resetting Markman Hearing, <i>SITO Mobile R&D IP, LLC and SITO Mobile, LTD., v. Hulu, LLC</i> , No. 6:20-cv-00472-ADA

I. INTRODUCTION

Pursuant to 35 U.S.C. § 313 and 37 C.F.R. § 42.107, SITO Mobile R&D IP, LLC and SITO Mobile, Ltd. (collectively, “SITO”) hereby submit this Patent Owner Preliminary Response (“Response”) and respectfully requests the Board to deny the Petition for *Inter Partes* Review (“Petition”) filed by Hulu, LLC (“Hulu”) challenging claims 39-40, 45, 47, 52, 68, 98-101, 103, 105, 111, and 115-117 of U.S. Patent No. 8,825,887 (“the patent-in-suit”).

SITO requests the Board to exercise its discretion under 35 U.S.C. § 314(a) and deny institution of the Petition because of the advanced state of parallel litigation pending in the Western District of Texas (No. 6:20-cv-00472-ADA (“the District Court Litigation”). This IPR is one of several petitions that Hulu has filed challenging the exact same seven patents-in-suit in the District Court Litigation. The patent-in-suit was asserted in a complaint that was served *nine months ago*. Ex. 2001. In that case, infringement and invalidity contentions have already been exchanged, initial claim construction briefs have been submitted, a *Markman* hearing is scheduled to occur on March 22, 2021, and a jury trial has been set for March 7, 2022 (Exs. 2002, 2007)—**more than three months** before a final written decision would be due if the Board were to institute. Notably, Hulu raises invalidity arguments that overlap with the asserted claims in the District Court Litigation. Ex. 2005.

Given the current posture and schedule of the underlying District Court Litigation, *all* of the factors set forth in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) weigh in favor of ***denying*** institution of an IPR. The Judge in the District Court Litigation, Judge Alan Albright, will not stay the case, even if the Petitions are instituted. The patents being challenged before the PTAB are the exact same patents that the Court is addressing, and the Court has already set a trial date despite being aware of the filing of Hulu's IPR petitions. Ex. 2002. Significantly, the March 7, 2022 trial date is more than ***three months before*** the statutory deadline for the Board to issue a final written decision should the instant case be instituted. The Court and parties have already invested significant resources in the District Court Litigation, and despite what efficiencies Hulu may urge, the Board's expenditure of resources will hardly make a dent in simplifying the parallel litigation.

Based on the Board's precedential decisions discussed below, and for the foregoing reasons, institution of the Petition should be denied.

II. THE BOARD SHOULD EXERCISE ITS DISCRETION AND DENY INSTITUTION UNDER 35 U.S.C. § 314(a) AND 37 C.F.R. § 42.108(b)

SITO sued Hulu for infringement of the patent-in-suit, and six related patents in the Western District of Texas more than **nine months ago** on June 2, 2020.

Ex. 2001. As such, the District Court Litigation is in an advanced stage and a jury trial will have concluded well before the Board issues a final written decision. By the June 17, 2022 deadline for the Board's Final Written decision, Judge Albright will have held a *Markman* Hearing, entered a Claim Construction Order covering terms from the patent-in-suit, ruled on dispositive motions, and conducted a jury trial. Ex. 2002. In fact, as of the filing of this Response, the parties have exchanged infringement and invalidity contentions, and have fully submitted their claim construction briefs. And by March 22, 2021, the Court will have held a *Markman* hearing and issued its final claim construction order at the conclusion of the hearing.

In the Board's precedential *Fintiv* decision, the Board set forth six factors for determining "whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5-6 (PTAB Mar. 20, 2020) (precedential). When evaluating these factors, the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.¹ *Google LLC v. Personalized Media Commc'ns, LLC*,

¹ Efficient administration of matters weighs *against* institution in this case. *See* 35 U.S.C. § 316(b). There is no question that the Board has the discretion to deny

IPR2021-00308 (Patent No. 8,825,887)
PO's Preliminary Response

IPR2020-00720, Paper 16 at 5 (PTAB Aug. 31, 2020) (citing *Fintiv*, IPR2020-00019, Paper 11 at 5-6). Here, ***all six*** *Fintiv* factors weigh in favor of *denying* institution. *See NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (precedential) (“Institution of an *inter partes* review under these circumstances would not be consistent with ‘an objective of the AIA . . . to provide an effective and efficient alternative to district court litigation.’” (citation omitted)). As such, the Board should exercise its discretion and deny institution here.

institution under 35 U.S.C. § 314(a) and that the facts here fit with denial under the Board’s *Fintiv* precedent and related line of decisions. Indeed, the Trial Practice Guide acknowledges the Board’s discretion to deny petitions. *See Consolidated Trial Practice Guide* (November 2019) at 58 (*available at* <https://www.uspto.gov/TrialPracticeGuideConsolidated>) (“This includes, for example, events in other proceedings related to the same patent, either at the Office, in district courts, or the ITC.”); *see also NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (precedential).

A. Factor 1—The District Court Has Not Granted A Stay, And There Is No Evidence That The District Court Will Grant A Stay Even If A Proceeding Is Instituted

Hulu has not asked for a stay pending *inter partes* review, and there is no evidence that Judge Albright would grant a stay even if an IPR were instituted.² To the contrary, Judge Albright's prior practice suggests that he will *deny* any request for a stay. *Google LLC v. Uniloc 2017*, IPR2020-00115, Paper 8 at 7 (PTAB Mar. 27, 2020) ("Factors 1...weigh[s] in favor of denying institution of the Petition. . . . There is no evidence that the district court has granted (or would grant) a stay pending *inter partes* review.").

First, the exact same patents are being litigated in the District Court Litigation.³ *See* Ex. 2001. *Second*, Judge Albright emphasized that he has never granted a stay pending an IPR. Tellingly, Hulu is silent on this factor because it favors dismissal. That the Court set a trial date with knowledge of Hulu's pending IPRs indicates that the Court will not grant a stay. In fact, Judge Albright has recently

² Hulu is silent on whether it intends to seek a stay in the District Court Litigation. Nevertheless, SITO would oppose any application for a stay.

³ As noted above, Hulu has filed IPR petitions for all of the patents being asserted in the Texas case.

stated that he has never granted a stay pending IPR. *See* Ex. 2003 (Published Interview of Judge Albright) (On tending not to stay cases: “I have done that because I think that people have a constitutional right to assert their patent. I mean, patents are in the Constitution, the right to a jury trial is in the Constitution.”); Ex. 2006 (Transcript of September 2, 2020 hearing in *ParkerVision, Inc. v. Intel Corp.*, 6:20-cv-00108) at 15-16 (Judge Albright noting that the number of cases he has stayed pending IPR in the Western District of Texas is zero).

Indeed, Judge Albright’s only decision on an *opposed* motion to stay pending IPR—*Multimedia Content Management LLC v. DISH Network L.L.C.*—indicates that a stay of the District Court Litigation would similarly be *denied*.

In *Multimedia*, Judge Albright denied a motion to stay with similar facts to the District Court Litigation. There, (1) the defendant filed IPR petitions ten months after filing of the complaint, (2) the court issued a claim construction ruling before the patent owner filed a Preliminary Response, and (3) a jury trial was set three months before the statutory deadline for the Board to issue a final written decision. *Multimedia Content Mgmt. LLC v. DISH Network L.L.C.*, 6:18-cv-00207-ADA, 2019 U.S. Dist. LEXIS 198875, at *2 (W.D. Tex. Jan. 10, 2019). In denying defendant’s motion to stay, Judge Albright found that a stay would prejudice the plaintiff, ignore the advanced state of the district court proceedings, and fail to

simplify the issues. *Id.* Likewise in *Kerr Machine Co. d/b/a Kerr Pumps v. Vulcan Industrial Holdings, LLC*, 6:20-cv-00200 (W.D. Tex. Aug. 2, 2020), Judge Albright recently denied a stay noting, “[e]ven if the PTAB institutes, the Court anticipates that the trial date will occur before the PGR’s final written decision.” Ex. 2004.

There is no reason to believe that Judge Albright would reach any different result here. To find otherwise is pure speculation. Indeed, the uncontroverted facts in the District Court Litigation demonstrate that a stay will not be granted. Here, Judge Albright set a claim construction hearing date, and has set a trial date with full knowledge of Hulu’s IPR petitions. Further, the Court has stated publicly that it will not stay cases pending IPRs and the Court’s written decisions highlighted above corroborate this. Contrary to the evidence showing that the Court will not stay this case, this is *no* evidence at all that a stay would be granted.

Hulu ignores these facts altogether in its Petition. Instead, Hulu suggests, without evidence that courts “commonly stay cases upon institution of IPRs.” Pet. at 73. But that statement is irrelevant and untethered to any factual bases here. Instead, Judge Albright has made it clear that he has never stayed a case even if an IPR is instituted, and, as mentioned above, any other finding would be *impermissible speculation*. In short, given Judge Albright’s decisions in *Multimedia* and *Kerr Machine*, and the advanced stage of the District Court Litigation, the evidence shows

that the District Court will not grant a stay. For all of these reasons, Factor 1 favors discretionary denial.

B. Factor 2—Because The District Court Litigation Will Be Tried *Before* The Board's Projected Statutory Deadline For A Final Written Decision, The Board Should Deny Institution

Judge Albright has set trial in the District Court Litigation for *March 7, 2022*. Ex. 2002. Given that the Board will issue an institution decision by June 17, 2021 (three months after the filing of this Preliminary Response), any final written decision, if instituted, would be entered on or about June 17, 2022. As such, the District Court Litigation will have already been tried *three months before* the Board's projected statutory deadline for a final written decision.

In fact, Hulu is absolutely silent on the trial date, and merely suggests that the trial date may be moved. *See* Pet. at 73. But as with a stay, this too is pure speculation. The only actual evidence before the Board is the District Court's scheduling order, which clearly sets a trial date for March 7, 2022. Based on this fact, Factor 2 favors discretionary denial. *See NetApp, Inc. v. Realtime Data LLC*, IPR2017-01195, Paper 9 at 12-13 (PTAB Oct. 12, 2017) (denying institution) ("The result would be a significant waste of the Board's resources. There would be no offsetting conservation of the [district court's] judicial resources because any final written decision in this proceeding would not issue until well after the scheduled trial

date in the [district court] [l]itigation.”); *see also Next Caller, Inc. v. TrustID, Inc.*, IPR2019-00961, Paper 10 at 14-15 (PTAB Oct. 16, 2019) (denying institution where trial was scheduled to start about *three months* before expected final written decision); *E-One, Inc. v. Oshkosh Corp.*, IPR2019-00161, Paper 16 at 6 (PTAB May 15, 2019) (denying institution where trial was scheduled to start *one month* before expected final written decision); *Hulu Corp. v. VLSI Tech. LLC*, IPR2020-00106, Paper 17 at 8 (PTAB May 5, 2020) (denying institution where trial was scheduled to start *four to five months* before expected final written decision).

C. Factor 3—The Parties And The Court Have Invested Significant Resources In The District Court Litigation, Favoring Discretionary Denial

On June 8, 2020, Hulu was served with the complaint in the District Court Litigation. But Hulu then waited more than *six months*—until December 10, 2020—to file its IPR Petition. Because Hulu did not file its Petition expeditiously, the Court and the parties will have reached a verdict well before the time the Board issues its final written decision:

Event	Date
Service of the Complaint	June 8, 2020
SITO's service of its preliminary infringement contentions	September 11, 2020
Case management conference	September 18, 2020
Motion to transfer briefing deadline	October 2, 2020

IPR2021-00308 (Patent No. 8,825,887)
PO's Preliminary Response

Event	Date
Hulu's service of its preliminary invalidity contentions	November 6, 2020
Hulu's preliminary production of technical and financial information	November 6, 2020
Exchange of claim terms for construction	November 13, 2020
Exchange of preliminary claim constructions	November 24, 2020
Exchange of extrinsic evidence	December 4, 2020
Petition filed ⁴	December 10, 2020
Meet and confers to narrow claim construction issues	December 11, 2020
Opening claim construction brief	December 18, 2020
Responsive claim construction brief	January 20, 2021
Reply claim construction brief	February 4, 2021
Sur-Reply claim construction brief	February 18, 2021
Joint claim construction statement	February 23, 2021
Fact discovery opens	March 8, 2021
Patent Owner's Response Filed	March 17, 2021
<i>Markman</i> hearing	March 22, 2021
Final invalidity and infringement contentions	April 30, 2021

⁴ Green cells reflect deadlines before the PTAB.

IPR2021-00308 (Patent No. 8,825,887)
PO's Preliminary Response

Event	Date
Deadline for institution decision	June 17, 2021
Close of fact discovery	October 1, 2021
Close of expert discovery	November 23, 2021
Dispositive motion deadline	December 10, 2021
Final pretrial conference	February 11, 2022
Trial	March 7, 2022
Deadline for final written decision	June 17, 2022

And, as the chart above makes clear, the parties will be in fact discovery and will have already exchanged their final infringement and invalidity contentions before any institution decision issues. Thereafter, the parties will proceed with fact depositions, followed by the exchange of expert reports and expert depositions. Specifically, fact discovery will conclude by October 1, 2021. *See* Ex. 2002 at 3. Opening expert reports on validity are due October 8, 2021, and expert discovery will end on November 23, 2021—*i.e.* more than *six months* before any final written decision here. *Id.* Dispositive motions, such as any summary-judgment motions regarding the purported invalidity of the patent-in-suit or *Daubert* motions will be filed by December 10, 2021 and decided by the end of 2021 or the beginning of 2022. And, trial will occur on March 7, 2022. In sum, the totality of the District

Court Litigation will be completed *three months* before this Board issues its final written decision.

These facts are like those in *Fintiv*, where the Board specifically considered “the level of investment and effort already expended on claim construction and invalidity contentions in the District Court” in finding Factor 3 weighed in favor of discretionary denial. *See Apple, Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 14 (PTAB May 13, 2020). As in *Uniloc*, both the Court and the parties here have invested, and will continue to invest significant time and resources on the District Court Litigation, which weighs in favor of denial. *See Uniloc 2017*, IPR2020-00115, Paper 8 at 7.

For the foregoing reasons, Factor 3 further favors discretionary denial. *See, e.g., Fintiv*, IPR2020-00019, Paper 11 at 10 (“district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.”); *E-One, Inc. v. Oshkosh Corp.*, IPR2019-00162, Paper 16 at 13, 20 (PTAB June 5, 2019) (denying institution where “district court ha[d] already expended substantial resources” by, among other things, “receiv[ing] briefing and hear[ing] oral argument on claim construction, and issu[ing] a claim construction ruling”).

**D. Factor 4—Significant Overlap Between Issues Raised
In The Petition And In The District Court Litigation Supports
Denial**

The overlap between the issues raised in Hulu's IPR Petition and in the parallel District Court Litigation is substantial. The Petition alleges invalidity of all claims asserted in the District Court Litigation based on overlapping references that it has relied on in the Texas case. *Compare* Pet. at 10 *with* Ex. 2005 at 5, 66-67.

Three of the five references cited in this Petition have been cited in the co-pending District Court Litigation. *See* Ex. 2005 at 5, 66-67 (Defendant's Preliminary Invalidity Contentions identifying *Eyal*, *Angles*, and *Wolfe*). *Madison* (U.S. Patent Publication No. 2004/0083273) (hereinafter "*Madison* '273"), the only primary reference that was not raised in the District Court Litigation, is cumulative of at least *Eyal*, which Hulu alleges in this Petition, as well as in the co-pending District Court Litigation. *Id.* *Madison* '273 thus adds nothing new to the references Hulu asserts here, and the District Court has substantially the same obviousness allegations pending before it. In fact, as noted below, Hulu has identified related U.S. Patent Publication No. 2004/0015703 to *Madison et al.* in its Preliminary Invalidity Contentions. Ex. 2005 at 5, 40. Likewise, *Chang* is cumulative of at least *Madison* '273, which Hulu alleges in this Petition discloses "rules specifying a bit rate, a sequence, and a format." Pet. at 69. Again, *Chang* adds nothing new to the references

Hulu asserts here, and the District Court has substantially the same obviousness allegations pending before it. Moreover, Hulu fails to “explain how its arguments based on [*Madison* '273 and *Chang*] address any potential weakness in its ... invalidity arguments.” *Edwards Lifesciences Corp. v. Evalve, Inc.*, IPR2019-01479, Paper 7 at 11 (PTAB Feb. 26, 2020) (denying institution under § 314(a) because the Board did not “perceive the addition of [the two references] to meaningfully differentiate the arguments presented in the Petition from the arguments made in the district court”).

In addition, all but three claims challenged here (dependent claims 40, 47, 116) will be addressed in the District Court Litigation. Tellingly, Hulu has not offered any explanation as to why it is necessary for this Board to consider these unasserted additional claims. Indeed, the Board has found that Factor 4 favors denial of institution where, as here, a petitioner fails to establish why resolution of additional claims is necessary. *See Next Caller*, IPR2019-00961, Paper 10 at 14 (“exercising discretion to deny institution in view of a district court proceeding even though the Petition addressed more claims because ‘Next Caller does not argue that the nonoverlapping claims differ significantly in some way, nor does Next Caller argue whether it would be harmed if we do not institute on the nonoverlapping claims.’”); *Vizio, Inc. v. Polaris PowerLED Techs., LLC*, IPR2020-00043, Paper 30

at 11 (PTAB May 4, 2020) (finding that the presence of additional claims does not weigh against discretionary denial where there is no evidence of harm to petitioner).

Hulu offers a stipulation to support its position that Factor 4 does not favor denial, but this stipulation fails to cure any potential overlap. Indeed, the stipulation merely prevents it from pursuing “any grounds based on the primary references.” — Eyal and Madison ’273. Pet. at 72. But this caveat means that Hulu is free to assert *Angles*, *Wolfe*, and *Chang* as bases for invalidity before the District Court because it does not identify those references as “primary references.” Nor does the stipulation prevent Hulu from challenging validity of the asserted claims based on other references cumulative to the primary references at issue here. Hulu would not be barred, for example, from asserting in District Court U.S. Patent Publication No. 2004/0015703 to *Madison et al.* (an application with the same assignee, and overlapping inventors and subject matter as *Madison* ’273), which is identified as a primary reference in Hulu’s Preliminary Invalidation Contentions. *See* Ex. 2005 at 5, 40. As a result, Hulu’s stipulation is insufficient to tip this factor towards favoring institution. *See Google LLC v. AGIS Software Development, LLC*, IPR2020-00871, Paper 16 at 15-16 (PTAB Nov. 25, 2020) (finding factor 4 favors denial and noting “that the stipulation does not appear to limit Petitioner from relying on the prior art asserted in the Petition, but instead limits the waiver to the specific *grounds* asserted

in the Petition. It is thus unclear whether the scope of stipulation would actually limit Petitioner's ability to rely on the prior art in the related district court proceedings in a meaningful way to avoid duplicative efforts and potentially conflicting decisions.").

For the foregoing reasons, Factor 4 also supports denial of the Petition.

E. Factor 5—The Petitioner And The Defendant In The Parallel Proceeding Are The Same Party, Supporting Denial

Hulu is both the petitioner here and the defendant in the District Court Litigation. As such, Hulu must concede that this factor favors *denial* of institution of the IPR proceeding. Accordingly, Factor 5 further supports discretionary denial. In this case, this factor clearly favors denial because it covers the exact same parties litigating the exact same patents. *See Fintiv*, IPR2020-00019, Paper 15 at 15 ("Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.").

**F. Factor 6—Other Circumstances That
Impact The Board's Exercise Of Discretion
Show That Denial Is Appropriate At This Time**

There are additional weaknesses with the Petition that favor discretionary denial.⁵

First, institution of the present proceedings will also give rise to substantial duplication of efforts. As noted above, it will not prevent fact discovery, expert discovery, and other disputes that occur in the District Court Litigation, nor obviate dispositive motions, pre-trial motions, or a trial. Additionally, the March 7, 2022 trial would moot the Board's need to draft a final written decision.

Second, as set forth in Part III below, with the United States Supreme Court taking up the issue of the Appointments Clause set forth in the *Arthrex* cases, institution of further IPRs is ill advised at this time.

⁵ While this Preliminary Response addresses only the discretionary bases as to why the Board should deny institution, SITO submits that on the merits, Hulu has not shown that it is likely to prevail as to any of the challenged claims. SITO reserves the right to address, in a Patent Owner Response if required, issues of claim construction not addressed by Hulu and the failures of the cited art to teach or render obvious the challenged claims.

Third, Hulu tacitly concedes the weakness of its case because it fails to even put through an argument on the strength of its case during its discussion of the *Fintiv* factors.

For these additional reasons, Factor 6 further supports discretionary denial.

III. ADDITIONAL GROUNDS FOR DENYING INSTITUTION

A. *Inter Partes* Review Should Not Be Instituted Because Of Constitutional Issues

SITO objects to the use of *inter partes* review to analyze the validity of existing patents as being unconstitutional for at least the reasons presented in the petitions for certiorari granted in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), *cert. granted sub nom. United States v. Arthrex, Inc., et al.*, No. 19-1434, 2020 WL 6037206 (U.S. Oct. 13, 2020), and *cert. granted sub nom. Smith & Nephew, Inc., et al. v. Arthrex, Inc., et al.*, No. 19-1452, 2020 WL 6037207 (U.S. Oct. 13, 2020), and *cert. granted sub nom. Arthrex, Inc. v. Smith & Nephew, Inc., et al.*, No. 19-1458, 2020 WL 6037208 (U.S. Oct. 13, 2020), and *Polaris Innovations Ltd. v. Kingston Tech. Co.*, 729 F. App'x 820 (Fed. Cir. 2020) (*certiorari* granted). Specifically, SITO objects to the use of *inter partes* review because it is carried out by a final order issued by Administrative Patent Judges who have not been nominated by the President and confirmed by the Senate. Members of the Board likewise qualify as Officers of the United States. And they are not merely

“inferior Officers,” but “principal Officer[s]” under the Clause, because Administrative Patent Judges exercise significant independent discretion, are not removable at will, are not subject to substantial supervision and oversight within the Executive Branch, and issue final decisions on behalf of the United States that are conclusive upon the rights of patent owners. *See Intercollegiate Broad. Sys, Inc. v. Copyright Royalty Bd.*, 684 F.3d 1332, 1336-40 (D.C. Cir. 2012). Although the Federal Circuit in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019) purported to sever a statute to address those problems, the purported severance was ineffective and, in any event, inapplicable to the present panel or proceeding. Accordingly, the members of the Board are principal Officers, *see id.*, and to constitutionally exercise their authority they must be appointed by the President and confirmed by the Senate. Additionally, this IPR proceeding is also unconstitutional under *Tumey v. Ohio*, 273 U.S. 510, 532 (1927).

In sum, this proceeding is unconstitutional and should be dismissed under *Arthrex, Inc. v. Smith and Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019) *cert. granted sub nom. United States v. Arthrex, Inc., et al.*, No. 19-1434, 2020 WL 6037206 (U.S. Oct. 13, 2020), and *cert. granted sub nom. Smith & Nephew, Inc., et al. v. Arthrex, Inc., et al.*, No. 19-1452, 2020 WL 6037207 (U.S. Oct. 13, 2020), and *cert. granted sub nom. Arthrex, Inc. v. Smith & Nephew, Inc., et al.*, No. 19-1458, 2020 WL

IPR2021-00308 (Patent No. 8,825,887)
PO's Preliminary Response

6037208 (U.S. Oct. 13, 2020) and *Tumey v. Ohio*, 273 U.S. 510, 532 (1927).

IV. CONCLUSION

For all of the foregoing reasons, SITO respectfully requests the Board to deny the Petition.

Respectfully submitted,

Dated: March 17, 2021

By: /s/ Jason S. Charkow

Jason S. Charkow USPTO Reg. No. 46,418 jcharkow@daignaultiyer.com DAIGNAULT IYER LLP 8200 Greensboro Drive, Suite 900 McLean, VA 22102	Chandran B. Iyer USPTO Reg. No. 48,434 cbiyer@daignaultiyer.com DAIGNAULT IYER LLP 8200 Greensboro Drive, Suite 900 McLean, VA 22102
---	---

IPR2021-00308 (Patent No. 8,825,887)
PO's Preliminary Response

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing **PATENT OWNER'S PRELIMINARY RESPONSE TO PETITION FOR *INTER PARTES* REVIEW OF UNITED STATES PATENT NO. 8,825,887**, together with all exhibits filed therewith was served in its entirety by filing these documents through the PTAB E2E System, as well as by email on the following counsel of record for the Petitioner:

Dated: March 17, 2021

By: /s/ Jason S. Charkow
Jason S. Charkow
Registration No. 46,418