

IPR2021-00308
U.S. Patent No. 8,825,887
Patent Owner's Sur-Reply

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 SUR-REPLY IN RESPONSE TO PETITION FOR
INTER PARTES REVIEW OF UNITED STATES PATENT NO. 8,825,887**

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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, Dkt. No. 38 (W.D. Tex., Dec. 3, 2020)
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> , No. 6:20-cv-00108 (W.D. Tex., 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, Dkt. No. 64 (W.D. Tex., Feb. 25, 2021)
2008	Order Denying Defendant’s Motion to Transfer, <i>SITO Mobile R&D IP, LLC and SITO Mobile, LTD., v. Hulu, LLC</i> , No. 6:20-cv-00472-ADA (W.D. Tex., Mar. 24, 2021)
2009	Order Governing Procedures – Patent Case, Version 3.3, (W.D. Tex. Feb. 23, 2021) (Albright, J.)
2010	Claim Construction Order, <i>SITO Mobile R&D IP, LLC and SITO Mobile, LTD., v. Hulu, LLC</i> , No. 6:20-cv-00472-ADA, Dkt. No. 67 (W.D. Tex., Mar. 25, 2021)

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

The *Fintiv* factors weigh strongly in favor of denying institution of this duplicative proceeding. The undeniable truth, which is supported with the District Court's scheduling order as actual evidence, is that trial in the District Court litigation is scheduled for March 7, 2022, ***more than three months*** before this Board will issue a final written decision. Thus, a jury will have fully adjudicated the validity of the patent-in-suit before any final IPR decision. Cutting through the false narratives and speculation in Hulu's Reply, the record before the Board shows that the factors in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) weigh conclusively against institution. *See* 35 U.S.C. § 316(b).

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

Petitioner has failed to provide *any* actual evidence that a stay may be granted in this case.¹ Indeed, Hulu's sole argument is that an application for a stay has not

¹ Hulu filed a motion to transfer the district court case from WDTX to CDCA and a motion to stay the district court case pending a decision on the motion. The Court *denied* those motions. *See SITO Mobile R&D IP et al v. Hulu, LLC*, No. 6:20-cv-00472, Dkt. No. 66 (W.D. Texas March 24, 2021) (Alan D Albright) (Exhibit 2008).

been filed and the Board should not speculate about whether a stay will be granted or not. Hulu Reply at 2. But the record evidence shows that the Board need not speculate about this factor at all. As noted in Patent Owner's Preliminary Response, the presiding judge, District Judge Alan D Albright, has denied *all* contested motions to stay pending IPR. *See* POPR at 5-7. Moreover, Judge Albright has repeatedly stated in the public record that he will not stay a case pending an IPR. *See id.* (citing Ex. 2003). Hulu ignores this evidence and these facts altogether. In view of this silence, and again, given Judge Albright's prior rulings, it is firmly established that the Court would not grant a stay. Finding otherwise disregards the only actual evidence before the Board. For all of these reasons, factor 1 favors discretionary denial.

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

Hulu does not dispute that the District Court trial date *precedes* the Board's projected statutory deadline for a final written decision *by three months*. Instead, Hulu attempts to inject uncertainty into the trial schedule by asserting a "very real possibility for further changes in the district court case schedule" due to the COVID-19 pandemic. Hulu Reply at 3. But Hulu's assertion is false and misleading, and as with a stay, based on pure speculation. There is no indication whatsoever that the

district court trial date will be delayed because of COVID-19. To the contrary, Judge Albright recently granted an emergency motion to retransfer venue from Austin, where the courthouse remains closed, to Waco in order to proceed with a jury trial (which began on February 22, 2021), and which is where the Hulu case is pending. *VLSI Tech. LLC v. Intel Corp.*, 2020 U.S. DIST. LEXIS 248378 (W.D. Tex., Dec. 31, 2020). Judge Albright has also “conducted multiple in-person hearings since the pandemic began and continues to be prepared to conduct [trials] in Waco going forward.” *Id.* at *15. In fact, Judge Albright’s recent Standing Order explicitly states that “[a]fter the trial date is set, the Court will not move the trial date **except in extreme situations.**” Ex. 2009 at 5.

Here, Judge Albright has set a trial date for March 7, 2022 with full knowledge of Hulu’s IPR petitions. The only change to the Court’s schedule since the filing of Patent Owner’s Preliminary Response has been a two-week postponement of the *Markman* hearing from March 5, 2021 to March 22, 2021. No other case deadlines have changed. The District Court litigation will thus have already been tried *three months prior* to the Board’s projected statutory deadline for a final written decision. *See Fintiv* IPR2020-00019, Paper 15 at 13 (PTAB May 13, 2020) (“[The Board] generally take courts’ trial schedules at face value absent some strong evidence to the contrary.”). As such, factor 2 favors discretionary denial.

C. Factor 3 – The Parties And The Court Have Invested Significant Resources In The Texas Case, Favoring Discretionary Denial

The parties have made significant investments in the District Court litigation, and that will only continue as the Board considers institution. Notably, the parties have already briefed motions, fully completed *Markman* briefing, served lengthy preliminary infringement/invalidity contentions, and exchanged document production. Hulu says that “[b]y the institution deadline, no major orders will have been issued.” Hulu Reply at 4. But that is disingenuous. A *Markman* hearing was held on March 22, 2021 – *three months prior* to the Board’s institution deadline, and the Claim Construction Order issued March 25, 2021. *See* Ex. 2010. Moreover, the parties are in fact discovery and will have already exchanged their final infringement and invalidity contentions before any institution decision issues. *See* Ex. 2002. Thus, a significant portion of litigation has already, and will have already occurred. Hulu’s statements are merely a false narrative seeking to downplay the efforts that both sides have invested into this case. This Board need look no further than *Fintiv* to see that these types of investments favor discretionary denial. *See 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.”); *see also E-One, Inc. v. Oshkosh Corp.*, IPR2019-00161, Paper 16 at 13, 20 (PTAB May 15, 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”); *Nine Energy Service Inc. v. MCS Multistage Inc.*, IPR2020-01615, Paper 18 at 10-11 (PTAB Mar. 24 2021) (finding this factor weighed in favor of denying institution despite recognizing “discovery is in the early stages.”).

D. Factor 4 – Significant Overlap Between Issues Raised In The Petition And In The Texas Case Supports Denial

There is no denying that all of the same claims asserted in the District Court are being challenged here based on overlapping references that Hulu has relied on in the Texas case. *See* POPR at 13. Seeking to cure this issue, Hulu proffers a stipulation “that it will not pursue invalidity against the asserted claims in the District Court (claims 39, 45, 52, 68, 98-101, 103, 105, 111, 115, and 117) using the primary references in its petition—Eyal and Madison.” Hulu Reply at 5. But this stipulation fails to eliminate the substantial overlap of issues between the District Court litigation and the IPR. In fact, a closer examination of the stipulation shows that factor 4 actually favors dismissal.

Hulu’s stipulation ignores two critical facts. First, *nothing* prevents Hulu from pursuing in the District Court invalidity theories based on the *Angles*, *Wolfe*, and *Chang* references asserted in the Petition. Nor does the stipulation prevent Hulu from challenging validity based on other references cumulative to the primary references

at issue here. *See* POPR at 13, 15 (discussing U.S. Patent Pub. No. 2004/0015703 to *Madison et al.*). Yet the Board has noted stipulations should “address[] concerns of duplicative efforts and potentially conflicting decisions in a much more substantial way. . . . [and] ensure[] that an *inter partes* review is a ‘true alternative’ to the district court proceeding.” *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020). Second, Hulu’s stipulation does not apply to the other *six* patents at issue in the District Court. *See* Ex. 2005 (Defendant’s Preliminary Invalidity Contentions showing *Eyal* asserted against the ’673 patent, ’635 patent, ’636 patent, ’360 patent, ’637 patent, and ’846 patent). Because of the highly similar nature of the technology, Hulu will have multiple opportunities to argue the allegedly “disclaimed” primary references against the remaining six patents. This does not simplify the issues for the jury. If anything, it complicates matters by asking a jury to consider these arguments as to some patents, but put blinders on as to the patent at issue here. That would be a confusing and difficult task for a judge to parse through, let alone a jury. Because Hulu’s stipulation does *not* actually limit Hulu’s ability to rely on the prior art in the related district court proceeding in a meaningful way to avoid duplicative efforts, factor 4 favors denial.

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

Hulu relies on the same speculation about a hypothetical continuance of the

Court's so-ordered trial date to suggest this factor is neutral. It is not. Notably, this factor looks at "whether the petitioner and the defendant in the parallel proceeding are the same party." In this case, this factor clearly favors denial because it covers the exact same parties litigating the exact same patents. *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

SITO does *not* concede that Hulu's merits are strong. As noted in its Preliminary Response, SITO merely reserved the right to provide a more substantive reply if a proceeding were instituted. Finally, SITO acknowledges that *Arthrex* does not serve as an independent basis for denial. Rather, SITO raises the issue to preserve it for appeal and merely suggests that *Arthrex* serves as another circumstance under factor 6 favoring discretionary denial of institution.

II. CONCLUSION

In sum, because Hulu's Petition attempts to create a duplicative proceeding in which it can litigate issues identical to those it has raised with the District Court and because a Board decision will not issue for *more than three months after* the District Court's scheduled trial date, the *Fintiv* factors weigh strongly in favor of a discretionary denial in this matter.

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Respectfully submitted,

Dated: April 12, 2021

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing **PATENT OWNER'S SUR-REPLY IN 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 counsel of record for the Petitioner.

Dated: April 12, 2021

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