

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NETFLIX, INC. AND HULU, LLC,

Petitioners,

v.

DIVX, LLC,

Patent Owner.

Case No. IPR2020-00558
U.S. Patent No. 10,225,588

PETITIONER NETFLIX'S BRIEF ON REMAND

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The Federal Circuit Decision leaves the Board with a simple path forward. The Board previously found a motivation to combine, and the Federal Circuit pushed the analysis even more in Petitioner’s favor regarding the issues of motivation to combine and reasonable expectation of success. On the other two remaining issues—construction of limitation [11] and the use of common keys—the Board was previously unpersuaded by DivX’s arguments, as explained in the Institution and Final Written Decisions. There is no reason for the Board to change its conclusion. Given the Federal Circuit Decision, the remaining arguments and evidence lean even more in Petitioner’s favor.

To find the challenged claims 1-24 unpatentable, the Board need only (1) decline to revisit its finding of ample motivation to combine, (2) find a reasonable expectation of success, now that the Federal Circuit has held DivX’s arguments to be improper, and (3) reject DivX’s remaining arguments for limitation [11] and common keys.

I. The Petition Established a Motivation to Combine (“MTC”)

The Final Written Decision found “ample” motivation to combine. Paper 50 (“FWD”), 17. As the Federal Circuit noted, “the Board ‘agree[d]’ with petitioners that ‘the Petition provides ample motivation to combine’ and stated that petitioners ‘sufficiently established . . . some motivation to combine the teachings of Chen, Lindahl, and Hurst.’” Paper 55 (“Fed. Cir. Dec.”), 11.

The Federal Circuit left to the Board whether to reconsider MTC on remand. Fed. Cir. Dec., 11. Since the Board correctly found a motivation in the first instance, there is no reason to revisit that finding. Even if the Board chooses to revisit MTC, the framework laid out by the Federal Circuit pushes the conclusion even more in Petitioner’s favor.

A. The Evidence Presents Clear Motivation for the Petition-Asserted Combination

If MTC is reconsidered, the Federal Circuit held that it must have “a specific focus on the petition-asserted combination with Chen disclosures (*not with the Chen ‘system’*).”¹ Fed. Cir. Dec., 11-12. The Petition explained the motivation “to combine (a) Chen’s adaptive streaming teachings with (b) Lindahl’s DRM teachings, including partial encryption and key management and (c) Hurst’s DRM teachings[,]” with over 6 pages detailing particular teachings and reasons they would be combined. Pet., 17-22. There was ample motivation.

The Federal Circuit’s instruction leaves no room for DivX’s MTC arguments, which were predicated on features of Chen’s “system.” For example, DivX argued that “Chen has a clear, fragment-level encryption *system* already” and “Petitioners do not identify any fault in Chen’s existing *system*[.]” POR, 8. DivX also argued that “scalability layers” and “Forward Error Correction”

¹ All emphasis added unless stated otherwise.

(“FEC”) are “integral parts of [Chen’s] *system*.” POR, 11; S-R, 10-11, 16-17.

DivX’s arguments are directed to “a fundamental legal error” (Fed. Cir. Dec., 10) and the Board should maintain its prior finding of ample MTC (FWD, 17).

B. Chen-924 Provides Independent, Unrebutted Motivation

The Federal Circuit further instructed that “the Board should address the Chen-924 reference, on which the petition relies to show the motivation to combine unless the reference is superfluous because petitioners independently established the required motivation[.]” Fed. Cir. Dec., 12.

Chen-924 independently establishes a MTC because it provides express teaching, suggestion, and motivation for the combination. *See, e.g., Bayer Healthcare v. Watson Pharmaceuticals, Inc.*, 713 F.3d 1369, 1375-1376 (Fed. Cir. 2013); Pet., 19-20; Reply, 16. Chen-924 teaches the Petition-asserted combination of adaptive bitrate streaming (“ABS,” which Chen teaches) and partial frame encryption (which Lindahl teaches). Pet., 19-20; Reply, 15. As the Federal Circuit held, Chen-924 “describes ABS with partial frame encryption using various container file formats....” Fed. Cir. Dec., 5-6 (citing Chen-924, 1:21-27, 2:66-3:6, 6:1-9, 14:61-65). Chen-924 stands *unrebutted*. DivX failed to even mention Chen-924 in its briefing. Reply, 16. Therefore, Chen-924 establishes a MTC.

C. There Is Clear MTC under the Proper Legal Standard

If MTC is revisited, the Federal Circuit held that the analysis “should

address any properly raised argument about *the standards* for assessing whether a relevant artisan would, in the first place, have selected a particular disclosure in one reference (here, Chen, a patent application) for combination with another reference. *Those standards* are not limited to, but include, the principle that it is not necessary to show that a combination is the best option, *only that it be a suitable option.*” Fed. Cir. Dec., 12 (citations and quotations omitted).

DivX’s arguments violate this legal standard. Reply, 8-9. DivX argued that Petitioner must prove that Lindahl’s partial encryption was “better than Chen’s existing system” of fragment-level encryption. POR, 6, 8-9, 19 (argument requiring “better protection” than fragment encryption). These arguments are contrary to the proper legal standard. If the Board revisits MTC, it should reject DivX’s arguments and reach the same conclusion it reached before: that Petitioner established ample MTC for the combination of Ground 1. FWD, 17; I.D., 24-25.

II. A POSITA Would Have Had a Reasonable Expectation of Success (“RES”) for the Petition’s Combination

The Petition explained that a POSITA would have had a RES in combining teachings from Chen, Lindahl, and Hurst because those teachings “were widely known in the art and widely recognized as complementary and compatible techniques that were intended to be used together[.]” Pet., 21. For example, “[b]y 2011, video streaming systems commonly (and almost universally) used adaptive

bitrate streaming and DRM together.” *Id.* Each aspect would be used in a conventional manner according to its known purpose because the alleged invention recites aspects of video streaming that were already known and used together. Pet., 17, 21; Ex. 1003, ¶¶126-128. Therefore, a POSITA would have had a reasonable expectation of success. DivX’s arguments to the contrary are legally improper.

A. The Federal Circuit Held DivX’s Arguments to Be Improper

DivX predicated its arguments on “implementing partial frame encryption in Chen’s *system* which also utilizes FEC and independent scalable layers.” POR, 18. Regarding file formats, DivX argued against a reasonable expectation of success in “implement[ing] partial frame information within the file... in the context of Chen’s *system*.” S-R, 21; POR, 22-24. The FWD adopted DivX’s arguments.

The Federal Circuit held these arguments to be “fundamental legal error” because they were based on features of Chen’s “system,” rather than the teachings relied on in the Petition. Fed. Cir. Dec., 9-10. This legal error “infected” DivX’s arguments regarding the reasonable expectation of success and, by extension, the Final Written Decision. Fed. Cir. Dec., 10-11. Given the Federal Circuit Decision, DivX’s arguments should be rejected as legally improper on remand, lest they infect the analysis again. Therefore, Petitioner’s showing of a reasonable expectation of success stands un rebutted. *See* Pet., 21-22; Ex-1003, ¶¶126-128.

B. DivX’s File Format Arguments Are Legally Improper

DivX argued that implementing partial frame encryption in Chen would have required changing standard file formats “in the context of *Chen’s system*.” S-R, 21; POR, 22-24. The FWD credited DivX’s arguments and found a reasonable expectation of success had not been established. FWD, 27-28. The Federal Circuit held these arguments were improper because “[t]hat discussion is itself framed around the combination we have held to be legally incorrect.” Fed. Cir. Dec., 13. It would invite legal error to rely on DivX’s arguments again.

If DivX’s arguments are considered, they should be rejected for the additional reason that all evidence of record confirms a POSITA would have had a reasonable expectation of success in combining Chen’s ABS teachings with Lindahl’s partial encryption teachings using MP4. Reply, 15-19. *Chen and Lindahl both teach the same MP4 file format*. Pet., 43; Reply, 15-16; Ex-1006, ¶119; Ex-1007, ¶67. Therefore, the combination does not require changes to file formats beyond what the references already teach. Even if changes were needed, Chen and Lindahl already teach those changes for MP4. *Id.* As a prior art patent and patent application publication, Chen and Lindahl’s teachings—including for the MP4 file format—are presumed enabled. *Apple Inc. v. Corephotonics, Ltd.*, 861 F. App’x 443, 449 (Fed. Cir. 2021) (“It is well-established that prior art patents and printed publications ... are presumed enabling.”).

The prior art is replete with evidence demonstrating a more-than-reasonable expectation of success in modifying standard file formats: Shamoon modifies the MP4 file format by adding a “box” to the video file with keys/rules for partial encryption (Ex-1018, 22:7-45, 2:5-9, Ex-1031, ¶6); Butt adds partial encryption information into the AVI file format (Ex-1016, ¶¶169-0171; Ex-1029, 225:4-24, 226:19-25); Frojdh adds new information “boxes” to the 3GP file format² (Ex-1020, 5:32-45, FIGS. 8, 9). Reply, 17-18; Ex-1031, ¶¶6-7.

DivX and its expert did not dispute the widespread modification of file formats or use of partial frame encryption with MP4. Nor did they cite any evidence to the contrary. Reply, 19. Instead, they quibbled with the wording of Dr. McDaniel’s opening declaration—which cited the “use” of file formats as an exemplary skill—and argued that the word “modify” did not appear in this example. *Id.*; POR, 23-24, Ex-2012, ¶80. This purported omission was the sole basis for DivX’s file format argument. *Id.*

However, when DivX questioned Dr. McDaniel at his deposition, he explained that students would have been able to modify file formats. Reply, 19; Ex-2013, 27:2-20 (listing “graduate or undergraduate level course[s]” that “would

² 3GP is related to the MP4 file format that Chen teaches. Pet., 43; Ex-1006, ¶119; Reply, 17-18; Ex-1031, ¶¶6-7.

enable a student to modify a Matroska container file format” and explaining how “if they wanted to modify it for some purpose, they can certainly do it”); Ex-1031, ¶9 (modifying file formats was a common activity performed by students in his lab). As Dr. McDaniel explained, including partial encryption parameters in a file format was as simple as writing data to a file and reading it back. Ex-1031, ¶9; Reply, 19. And the use of file formats includes extending those formats because their architectures were extensible by design. Ex-1031, ¶5; Ex-1006, ¶119, ¶70; Reply 16-17. *See Keynetik, Inc. v. Samsung Elecs. Co.*, No. 2022-1127, 2023 WL 2003932, at *2 (Fed. Cir. Feb. 15, 2023) (finding the expert’s testimony detailing how software modifications would be “simple” and “straightforward” for a skilled artisan was sufficient to establish a reasonable expectation of success and noting that “[w]hile [the expert’s] testimony is brief, in the absence of any contradictory evidence, it constitutes substantial evidence to support the Board’s finding”).

DivX failed to introduce any rebuttal evidence. Therefore, Petitioner’s evidence remains un rebutted and confirms the reasonable expectation of success in applying Chen and Lindahl’s teachings to MP4. Reply, 16-19.

C. Chen-924 Provides Explicit Evidence for Finding a RES

Chen-924 establishes a RES—it provides explicit evidence that basic ABS and partial frame encryption were, in fact, combined in the art using MP4 and 3GPP file formats. Reply, 15-16; Pet., 43, 17, 19-20; Ex-1010, Abstract, 3:2-6,

4:14-15, 5:63-6:9, 14:41-15:60; Ex-1006, ¶¶0119; Ex-1007, ¶¶0067. As a prior art patent, Chen-924 is presumed enabled. *Apple*, 861 F. App'x at 449.

On appeal, DivX argued that Netflix forfeited its arguments for Chen-924. Fed. Cir. Dec., 12n1. But it is DivX who forfeited its argument. Netflix cited Chen-924 throughout the underlying IPR proceedings, including in the Petition and Reply. Pet., 5-6, 15, 17, 19-20; Reply, 15-16. In contrast, DivX made *no reference* to Chen-924 in any of its briefing and did not argue waiver or forfeiture during the IPR. Thus, it is DivX who forfeited any argument against Chen-924, and it would be improper to allow DivX to introduce new arguments on remand.

III. DivX's Arguments for the Remaining Issues Should Be Rejected Again

On the two remaining issues—claim construction for limitation [11] and the use of common keys—the Board was unpersuaded by DivX's arguments previously. FWD, 8; I.D., 19-23, 27-31. Nothing has changed for limitation [11], and DivX's arguments regarding common keys suffer from the same legal errors that the Federal Circuit has already found improper. Therefore, DivX's arguments should be rejected once again.

A. The Board Correctly Found DivX's Construction of Limitation [11] to Be Incorrect

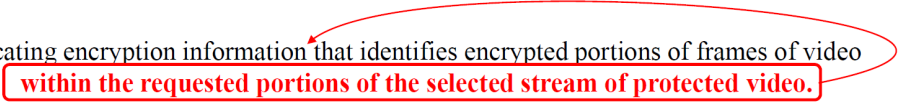
DivX's claim construction for [11] has been twice rejected by the Board. At institution, the Board found that DivX's construction was “not supported in view

of the disclosure of the '588 Patent.” I.D., 28. The FWD “continue[d] to find Patent Owner’s arguments about limitation [1] to be unpersuasive[.]” FWD, 8.

When discussing remand procedures with the Board, DivX argued that the appeal did not touch claim construction and nothing has changed on remand. Ex-1036, 17:2-5 (“So, for example, the issue of common keys or claim construction. So we do not believe any additional briefing are required on those.”), 23:18-24:5, 25:8-16. Therefore, there is no reason for the Board to change its conclusions. DivX’s construction for [11] remains unpersuasive and should be rejected again.

Nonetheless, a short summary is included here for the Board’s convenience. At institution, the Board agreed with Netflix that the “more natural” reading is the claim language, read in the order it is written: “locating encryption information that identifies encrypted portions of frames of video within the requested portions of the selected stream of protected video[.]” I.D., 30-31; Reply, 20. DivX’s construction rewrote the claim:

[11] locating encryption information that identifies encrypted portions of frames of video
within the requested portions of the selected stream of protected video.



POR, 35; Reply, 21-23; Ex-1035, 55. Even when attempting to characterize its construction as plain meaning, DivX added new verbs and changed the sentence structure of the claim:

[11] locating encryption information that identifies encrypted portions of frames of video within the requested portions of the selected stream of protected video.


and is

POR, 35; Reply, 21-23; Ex-1035, 56. To support its construction, DivX cited non-existent patent language (Ex-1035, 57) while contradicting the parent of the '588 patent and its own expert (*id.*, 59-62). Reply 20-23. Though DivX cited some embodiments, the Board noted—and DivX did not dispute—that “the same embodiments also support the more grammatically correct construction as well.”

I.D., 30; Reply, 20. Therefore, the natural reading of the claim language, as applied by the Petition, is supported by the intrinsic record, and the '588 patent does not limit its scope as would be required by DivX's construction. Reply, 20-23.

B. The Petition's Combination Teaches a Set of Common Keys

DivX admitted that Hurst teaches using “a set of common keys.” POR, 52; Reply, 24; I.D., 23-24. The Petition cited and relied on this teaching to explain how the same set of keys is used for all representations of a video during adaptive streaming. *E.g.*, Pet., 32-35. *See also id.*, 13, 19, 21, 38-39, 55-56. DivX offered a single counterargument: that Hurst also teaches an option of using different keys for alternative streams, which, according to DivX, would have been better because it allowed a publisher to support “standard” users at lower resolution and “premium” users at higher resolution. POR, 53.

This, however, is the same legal error that infected DivX's MTC and RES

arguments. The Federal Circuit held that the Petition “define[s] the scope of the litigation” (Fed. Cir. Dec., 9), and the analysis on remand must “focus on the petition-asserted combination” (*id.*, 11). Here, the Petition specifically stated that, “[w]hile Hurst discloses other embodiments, e.g., services with standard and premium streams, ***those are not relied upon here***[.]” Pet., 20; Reply, 25 n. 8.

Furthermore, the Federal Circuit emphasized that “it is not necessary to show that a combination is the best option, only that it be a suitable option.” Fed. Cir. Dec., 12 (citations and quotations omitted). *See also Bayer Pharma AG v. Watson Laboratories, Inc.*, 874 F.3d 1316, 1327 (Fed. Cir. 2017); Reply, 25; Ex-1035, 72. DivX’s arguments are legally erroneous because they hinge on whether it would have been better to use common or different keys. Reply, 25-26.

Lindahl provides an additional independent basis for using common keys by teaching a global key, which would have been convenient for less-sensitive promotional and non-profit content. Pet., 31; Reply, 27; Ex-1007, ¶0066. DivX argued that it would have been more secure to use different keys, but this, yet again, violates Federal Circuit precedent. Fed. Cir. Dec., 12.

IV. Conclusion

For the reasons explained above, the Board should find a motivation to combine and reasonable expectation of success, and that the Petition-asserted combination renders claims 1-24 unpatentable.

Date: May 12, 2023

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the following documents were served by electronic service, by consent between the parties, on the date signed below:

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