

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NETFLIX, INC.,
Petitioner,

v.

DIVX, LLC,
Patent Owner.

IPR2020-00558
Patent 10,225,588 B2

PETITIONER NETFLIX'S RESPONSE BRIEF ON REMAND

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The Federal Circuit (“CAFC”) identified a framework and legal standard to follow on remand, which as explained in Petitioner’s Remand Brief leads to a clear finding of a motivation to combine (“MTC”) and reasonable expectation of success (“RES”). Paper 61, 1-8. Left with no remaining arguments, DivX’s Remand Brief resorts to new claim constructions and new arguments that were never briefed in the IPR in an attempt to circumvent the CAFC. Not only is this improper, it is also legally erroneous because DivX asks the Board to adopt the same findings, based on scalability and FEC, that the CAFC already vacated.

The CAFC Decision included two holdings: (1) the Petition-asserted combination did not rely on scalability or FEC, and (2) the proper legal standard for MTC does not require a combination to be the best option, only that it be a suitable option. DivX violates both holdings. Pages 1-7 of DivX’s Remand Brief violate the first holding, while pages 7-12 violate the second.

I. The CAFC Held That the Petition-Asserted Combination Does Not Include Scalability or FEC.

In pages 1-7 of its brief, DivX attempts to relitigate what the CAFC already decided. The CAFC held that the Petition relied on “Chen’s ‘teachings,’” including “the portions in Chen describing pre-Chen art, without scalability or FEC features that were part of what Chen describes as aspects of its own inventive system.”¹

¹ All emphasis added unless stated otherwise.

Paper 55 (“Dec.”), 9-10. The CAFC vacated the Board’s finding of no RES because that analysis focused on scalability and FEC features. *Id.*, 8-10.

Deceptively, DivX omits the underlined text and argues, contrary to the CAFC Decision, that “the CAFC did **not** address, and in any event did not decide, **which** teachings in Chen Petitioner relies on for each claim limitation.” Paper 62 (“Br.”), 1 (emphasis in original). Ignoring the CAFC holding on scalability and FEC, DivX asks the Board to once again focus on those prohibited features and to find a lack of RES and MTC. Br., 1-7. DivX assures the Board that it is safe to reach the same conclusion as the first FWD because “[t]he Board’s finding was not disturbed by the CAFC.” Br., 6; *see also, id.*, 2, 5.

This is false. The Board’s finding on RES was disturbed—it contained the legal error that the CAFC identified and was the reason why the FWD was vacated. Dec., 8-11. DivX asks the Board to disregard the CAFC Decision and reach the same conclusion—based on the same scalability and FEC features—that the CAFC already found to be legally erroneous.²

A. DivX Disguises the Same Legal Error with Different Words.

The CAFC held it was improper to include scalability and FEC in the

² Director Vidal previously admonished DivX’s counsel for misrepresenting Federal Circuit decisions. IPR2021-01064, Paper 121, at 3.

combination by focusing on Chen’s “system.” Dec., 9-10. DivX presents the same arguments as before—that scalability and FEC are integral to Chen—disguised with a new coat of paint that replaces Chen’s “system” with references to Chen’s “fragments/blocks.” Br., 1-7.

DivX does not simply morph its own arguments—it replaces the FWD’s references to Chen’s “system” with purported references to Chen’s “blocks.” DivX repeatedly represents that “the Board found ... scalability is ‘integral’ to Chen’s **blocks**[.]” Br., 2, 5 (citing FWD, 20-21). Not so. The FWD found that “scalability layers are an integral part of Chen’s **system**[.]” FWD, 21. Maintaining these findings as DivX advocates would contradict the CAFC.

It is improper to base the obviousness analysis on scalability and FEC when those features are not part of the Petition’s combination (*see* Dec., 9-10) and are not mentioned in the ’588 patent claims or specification. *Smith & Nephew, Inc. v. Rea*, 721 F.3d 1371, 1381 (Fed. Cir. 2013) (“[A]n unclaimed and undisclosed feature ... cannot be the basis for finding [a] patent to be non-obvious over the prior art.”); Reply, 7. DivX’s focus on prior art features that are not part of the combination or challenged claims is a sign of textbook bodily incorporation and is therefore irrelevant to obviousness analysis. *In re Mouttet*, 686 F.3d 1322, 1332 (Fed. Cir. 2012); *Allied Erecting and Dismantling Co, Inc. v. Genesis Attachments, LLC.*, 825 F.3d 1373, 1381. (Fed. Cir. 2016); Reply at 3, 6. DivX misses the point

by arguing about which of Chen’s teachings discuss the background art versus Chen’s inventive system. At bottom, all of DivX’s arguments attempt to bodily incorporate irrelevant scalability/FEC features into the combination, which is improper. *See id.*

Since scalability/FEC are not part of the claims, they are not part of the RES analysis. *Teva Pharms. USA, Inc. v. Corcept Therapeutics, Inc.*, 18 F.4th 1377, 1381 (Fed. Cir. 2021) (“The reasonable-expectation-of-success analysis must be tied to the scope of the claimed invention.”); *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1367 (Fed. Cir. 2016) (“[O]ne must have ... a reasonable expectation of ***achieving what is claimed in the patent-at-issue.***”); *Allergan, Inc. v. Apotex Inc.*, 754 F.3d 952, 966 (Fed. Cir. 2014). Even if scalability/FEC were purportedly better, “a reasonable expectation of success ***does not mean achieving the best of all possible results.***” *Trustees of Columbia Univ. in City of New York v. Illumina, Inc.*, 842 F. App’x 619, 625 (Fed. Cir. 2021).

B. DivX’s [1j] and [1k] Arguments Are Unsupported and Waived/Forfeited.

DivX’s MTC and RES arguments (Br., 1-7) are waived/forfeited because they rely on new claim construction arguments for limitations [1j] and [1k] that were never briefed in the IPR. This includes, for example, its argument that “limitation 1[k] requires portions of a file that are separately requestable based on

the byte ranges provided in a file index.” Br., 2. DivX uses this claim construction for various arguments regarding Chen’s fragments/blocks. Br., 2-6.

DivX’s new claim construction arguments were raised for the first time on remand. *First*, in the underlying IPR, neither party proposed a construction for limitation [1k]. *Second*, DivX does not cite the POR or Sur-Reply because they **do not mention limitations [1j] or [1k] at all**. See Br. 2-5. *Third*, DivX’s only citation is to the hearing transcript (Paper 49, 79:14-80:20), a tacit admission that its arguments were not raised in briefing. But even this citation does not support DivX’s new construction for [1k]—it does not mention fragments or blocks, and in any case, is infected with the legal error identified by the CAFC. *Id.* (arguing Chen’s “**system** has features that add the scalability”); see Dec., 9-10.

DivX’s new arguments should not be considered. The Scheduling Order cautions the Patent Owner on the need for arguments to be included in the POR. Paper 11, 8. The Remand Briefing Order requested briefing to identify where “issues were addressed in previous briefings by the parties.” Paper 56, 2. It is incredible that DivX presents a brief full of new arguments when, on a call with the Board to discuss remand briefing, DivX stated that “new arguments should not be permitted” (Ex-1036, 13:14-23) and that its primary concern was “all the new issues that may come in” during remand briefing (*id.*, 9:19-10:2).

C. Scalability and FEC are Not Integral to Chen, and the Petition Did Not Rely on Those Features.

DivX relies on raw attorney argument that is not only wrong, but unsupported by evidence or expert testimony. For example, DivX represents that “Chen’s fragments/blocks ... are only disclosed as scalable.” Br., 5. This is not true. Chen teaches “[a]*lternative* [r]epresentation[s]” of video, where one of the *alternative* streams is chosen based on bandwidth (see, e.g., Ex-1006, ¶¶70, ¶¶80-81, Fig. 5; Pet., 26-27, 40-41), rather than scalable layers which are used together. Reply, 9; POR, 11. DivX argued that scalable layers are used together, where “the more layers that are received the higher the quality of the streamed video.” Ex-2012, ¶¶60, ¶¶64; POR, 13-14; Paper 49, 72:8-73:5.

Chen includes many teachings of alternative representations before reaching its section on scalability in ¶¶375-384 (see POR, 11). Even then, it is introduced as an optional feature that modifies known adaptive bitrate streaming. Ex-1006, ¶376; Reply, 9-12; Ex-1035, 37. Scalable layers are only used “[i]n some embodiments” (Ex-1006, ¶27) and Chen teaches that “a viable system *need not include all of the features described herein*[.]” Ex-1006, ¶62; Reply, 11.

The Petition relied on Chen’s teachings of alternative streams rather than scalability layers. *E.g.*, Pet., 22-23, 26-35, 40-41. During the IPR, DivX never disputed that Chen teaches alternative streams or that the petition relied on

alternative streams for the limitations that require it. The POR and S-R do not mention those limitations, and DivX cannot attempt to argue them for the first time on remand with nothing more than erroneous attorney argument.

Scalability is not integral to Chen. FEC is not integral either. Chen includes “many variations of the **No-FEC** method and the FEC method[.]” Ex-1006, ¶534; Reply, 9-10. The Petition did not rely on FEC features.

DivX argues that “Remand should maintain the result” of no RES “in implementing partial frame encryption in Chen’s blocks (limitation 1[k]).” Br., 6. But DivX distorts the FWD. There is nothing to “maintain” because the FWD never addressed [1k], and moreover, the RES holding was vacated by the CAFC. DivX asks the Board to adopt the same findings that the CAFC vacated.

II. The Correct Legal Standard Only Requires a Combination to Be a Suitable Option.

The Board already found ample MTC and needs only to maintain that finding on remand. If the Board chooses to revisit its finding, pages 7-12 of DivX’s Remand Brief violate the legal standard identified by the CAFC.

A. DivX’s MTC Arguments Violate the Exact Legal Standard the CAFC Instructed the Board to Follow.

The CAFC highlighted a specific legal standard for analyzing MTC:

[T]he Board also 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 ... include, the principle that it is not necessary to show that a combination is the *best* option, only that it be a *suitable* option.**

Dec., 12 (citations and quotations omitted) (italics in original). DivX misrepresents this holding by omitting the second sentence, bolded above, where the CAFC explained the proper legal standard, before making precisely the same type of erroneous arguments that the CAFC sought to prevent. Br., 7.

Specifically, the CAFC held that a combination does not have to be the *best* option, only a *suitable* one. Dec., 12. After omitting this holding, DivX offers five pages of argument that boil down to whether Chen would be better with scalability or FEC, than without. This attempt to bypass the CAFC should be rejected.

DivX also conflates the motivation to combine with “a motivation to **remove** Chen’s scalability/FEC to implement partial encryption.” Br., 6-7. The CAFC already held that Chen’s teachings—“without scalability or FEC features”—were “fully available as teachings for petitioners’ obviousness challenge.” Dec., 9-10.

B. DivX Fails to Address the Proper Legal Standard and Mischaracterizes the FWD.

The CAFC held that a combination need only be a “suitable option.” Dec. 12. The Petition explained several motivations for the combination, including how Lindahl’s teachings improve “computational efficiency” by “reduc[ing]

computational load while ... providing a balanced level of security that was **well-suited** for video streaming applications.” Pet., 18. Moreover, Petitioner explained how scalability and FEC were optional features, and Chen teaches that “some applications might provide a **suitably** satisfying experience with less than all of the features described herein.” Ex-1006, ¶62; Reply, 11. There was ample motivation to combine Lindahl and Chen’s teachings without scalability or FEC.

DivX never disputed that partial encryption reduces computational load. Instead, DivX recycles generic efficiency arguments that are legally erroneous, and which the Board already considered when finding ample MTC. FWD, 16-17.

DivX misrepresents the FWD and asks the Board to adopt a finding that the CAFC vacated. DivX argues that “[w]ith regards to ‘improv[ing]’ efficiency,” the Board found that Petitioner failed to show a motivation. Br., 8. However, the quoted portion (FWD, 22-23) does not mention anything about improving efficiency. Regardless, DivX’s efficiency arguments are legally erroneous—as the Board noted, they are based on “***Chen’s system***.” See FWD, 26.

III. The Board Should Find a RES and MTC.

DivX’s entire Remand Brief is infected with the same legal error that the CAFC found to be improper. DivX fails to address the Petition-asserted combination identified by the CAFC and fails to apply the legal standards and analytical framework mandated by the CAFC. Therefore, DivX presents no

arguments from the IPR proceeding that the Board need consider on remand.

In contrast, Petitioner's Remand Brief explains how the CAFC Decision leads to a clear finding of a RES and MTC, including based on Chen-924. Paper 61, 3, 8-9. Petitioner explained Chen-924 for MTC and RES. Pet., 19-20; Reply, 15-16. Chen-924 is therefore not waived; it was raised in the Petition and reiterated on Reply. At the very least, it is proper rebuttal. *See Apple Inc. v. Andrea Elecs. Corp.*, 949 F.3d 697, 706 (Fed. Cir. 2020); *Anacor Pharm., Inc. v. Iancu*, 889 F.3d 1372, 1380-81 (Fed. Cir. 2018). DivX failed to address Chen-924 and did not argue waiver during the IPR or on remand.

All evidence of record supports a RES in using the MP4 file format taught by Chen, Lindahl, and Chen-924. Paper 61, 4-9. DivX's only argument quibbles with the wording of an exemplary, non-limiting skill that Dr. McDaniel noted in his opening declaration, and when asked at his deposition, Dr. McDaniel explained why DivX is wrong. *Id.*, 7-8. Neither expert provided a single reason why a POSITA would not have been able to modify standard file formats. Petitioner's evidence stands unrebutted.

IV. Conclusion

DivX's Remand Brief relies on new arguments and legal error. The correct legal standard is explained in Petitioner's Remand Brief. Under the correct standard, the Board should find claims 1-24 unpatentable.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that June 2, 2023, a complete copy of the foregoing documents were served via email to all parties to this proceeding at the address indicated:

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