

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NETFLIX INC.,
Petitioner,

v.

DIVX, LLC,
Patent Owner.

Case IPR2020-00558
Patent 10,225,588

**PATENT OWNER DIVX LLC'S
RESPONSE BRIEF ON REMAND**

TABLE OF CONTENTS

I.	THE PETITION’S COMBINATION FAILS.....	1
A.	Petitioner Ignores Its Reliance On Chen’s Scalable Blocks.....	1
B.	Petitioner Fails To Show A Reasonable Expectation Of Success.	2
C.	Patent Owner Has Not Raised “New” Or Improper Arguments.	2
D.	Petitioner’s Potential Arguments In Response Brief Lack Merit.	5
II.	PETITIONER’S GROUND FAILS EVEN IF, <i>ARGUEONDO</i> , IT DID NOT RELY ON CHEN’S SCALABLE BLOCKS.....	7
A.	Petitioner Fails To Show A Motivation To Combine.....	7
B.	Chen-924 Provides No Motivation.	8
C.	Petitioner Fails To Show A Reasonable Expectation Of Success To Modify Standard File Formats.....	9
III.	THE BOARD SHOULD DISREGARD PETITIONER’S BRIEF § III.....	10

TABLE OF AUTHORITIES

Page(s)

COURT DECISIONS

<i>Arctic Cat Inc. v. Bombardier Rec. Prods.</i> , 876 F.3d 1350 (Fed. Cir. 2017).....	8
<i>Atl. Thermoplastics Co. v. Faytex Corp.</i> , 970 F.2d 834 (Fed. Cir. 1992).....	5
<i>BCBSM, Inc. v. Walgreen Co.</i> , 512 F. Supp. 3d 837 (N.D. Ill. 2021)	5
<i>Eli Lilly & Co. v. Teva Pharms. Int’l GmbH</i> , 8 F.4th 1331 (Fed. Cir. 2021).....	10
<i>Ericsson Inc. v. Intellectual Ventures I LLC</i> , 901 F.3d 1374 (Fed. Cir. 2018).....	4
<i>Infineum USA L.P. v. Chevron Oronite Co. LLC</i> , No. 2020-1333, 2022 WL 3147683 (Fed. Cir. 2022) (nonprecedential)	5
<i>Schendel v. Curtis</i> , 83 F.3d 1399 (Fed. Cir. 1996).....	5

BOARD DECISIONS

<i>Alarm.com, Inc. v. Vivint, Inc.</i> , IPR2016-00116, Paper 48 (Mar. 1, 2019).....	4
<i>Apple Inc. v. MPH Techs. Oy</i> , IPR2019-00819, Paper 52 (Jan. 19, 2023)	4
<i>Google LLC v. ContentGuard Holdings, Inc.</i> , CBM2015-00040, Paper 41 (Oct. 1, 2018)	3
<i>Zodiac Pool Sys. LLC v. Aqua Prods., Inc.</i> , IPR2013-00159, Paper 83 (Dec. 13, 2018)	4

RULES, RULEMAKING, AND OTHER AGENCY AUTHORITIES

Standard Operating Procedure #9	3
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Petitioner's remand brief ignores the Petition's reliance on Chen's scalable blocks perhaps on the assumption that they are no longer at issue. Petitioner's assumption is erroneous (*see* § I) and, moreover, Petitioner's ground fails even in the absence of that reliance (*see* § II).

I. THE PETITION'S COMBINATION FAILS.

A. Petitioner Ignores Its Reliance On Chen's Scalable Blocks.

Petitioner's brief does not mention scalable blocks or the Petition's reliance on them. But the CAFC opinion ("Opinion") did not dispose of this issue. Citing the Petition's high-level description of its combination, the Opinion held that the Board should have analyzed a combination with Chen's "teachings," not its "system." (Paper 55, 9-10, citing Pet., 17-19).¹ The Opinion did not address the Chen teachings relied upon by the Petition for any limitation. The *only* Chen paragraphs it cited as "prior art" were ¶¶ 24, 26-27, 63-65. Paper 55, 10. But Petitioner did not rely on those paragraphs for limitation 1[k]. Petitioner, instead, relied on Chen's scalable blocks. Paper 62, 2-5; *see also* Pet., 67-68 (relying on 1[j]-1[k] for 7[d]), 73-74 (relying on Chen's segment indexing for claim 10), 80-82 (relying on Chen's hierarchical index for claim 23).

¹ The Opinion also cited the Petition's discussion of dependent claim 8 without any additional explanation. Paper 55, 10 (citing Pet., 69-70).

Moreover, Petitioner cannot rewrite the Petition now to pivot from Chen's blocks. The Petition mapped Chen's segment index to the claimed "container index," and Chen's fragments/blocks to the claimed "portions" because, *in Chen's specific context*, "request for fragments of a segment [file] are based on byte ranges provided by a segment index." Pet., 51; *see also* Paper 62, 1-5.

B. Petitioner Fails To Show A Reasonable Expectation Of Success.

Petitioner's brief also does not address the Board's finding that Petitioner failed to prove a reasonable expectation of success in implementing partial frame encryption in Chen's scalable blocks. FWD, 25. On appeal, Petitioner argued that the Board applied an incorrect legal framework because scalability is not a claim limitation. While scalability is not a claim limitation, "partially encrypted video frames" *is*, and it would not work if implemented in Chen's scalable blocks which are relied upon by Petitioner, *inter alia*, for limitation 1[k]. Ex. 2012, ¶¶ 64-65. Thus, Petitioner fails to prove a reasonable expectation of success in implementing a claim limitation, "partially encrypted video frames," in its combination.

C. Patent Owner Has Not Raised "New" Or Improper Arguments.

Petitioner criticizes Patent Owner's remand brief as raising a "new" "claim construction." This is incorrect. Patent Owner's arguments are neither "new" nor "claim construction." A cursory review of Patent Owner's brief confirms that it merely explains how the Petition mapped Chen to claim limitation 1[k], and not

how a term should be construed or if the construction is met. Paper 62, 3.

Nor is the showing that the Petition relied on Chen's scalable blocks for limitation 1[k] "new." Quite the contrary, Patent Owner has consistently argued that Petitioner relied on Chen's scalable blocks, which are incompatible with partial frame encryption. *See, e.g.*, Paper 17, 11-12 (explaining that Chen's fragments/blocks are made up of layers), 13-14 (explaining that partial encryption is incompatible with this "layer system"), 14-15 (no obvious solution to partially encrypting fragments that utilize layers); Paper 40, 11 (noting unrebutted testimony on lack of "a reasonable expectation of success in implementing scalable blocks with partial frame encryption"); Paper 49, 80:4-20 (discussing limitation 1[k]); Ex. 2029, slide 40. In response to the CAFC's mandate that the Board review the Chen "teachings" Petitioner relied upon, Patent Owner's brief explains that the "teachings" relied upon by Petitioner for limitation 1[k] include scalable blocks. Paper 62, 1-4. That is not a "new" argument. It is precisely the same argument Patent Owner made before in the framework mandated by the CAFC. It is also ***precisely*** what Patent Owner indicated to the Board "need[s] to be addressed in the additional briefing." Ex. 1036, 24:6-14 ("[w]hich portions of Chen are Petitioners relying on when they rely on Chen teachings; whether there is a reasonable expectation of success in combining those portions of Chen with Lindahl's partial frame encryption; and whether there is a motivation to make that combination.").

Patent Owner’s briefing, moreover, is fully compliant with Board practice. SOP #9, 5-7 (a remand brief may address “specific issues raised on remand” without submitting new exhibits); *Google LLC v. ContentGuard Holdings, Inc.*, CBM2015-00040, Paper 41, 5-6 (Oct. 1, 2018) (authorizing post-remand briefing on whether the patent is a CBM patent under the correct standard); *Alarm.com, Inc. v. Vivint, Inc.*, IPR2016-00116, Paper 48, 4-5 (Mar. 1, 2019) (authorizing post-remand briefing on whether prior art teaches claim term under CAFC’s construction); *Apple Inc. v. MPH Techs. Oy*, IPR2019-00819, Paper 52, 4-6 (Jan. 19, 2023) (authorizing over a party’s objections post-remand briefing on issues that had “not been briefed fully by the parties”); *Zodiac Pool Sys. LLC v. Aqua Prods., Inc.*, IPR2013-00159, Paper 83, 2-3 (Dec. 13, 2018) (authorizing post-remand brief “discussing the implications of the Federal Circuit’s order based on the record developed during the [IPR].”).

Petitioner’s argument that “no new arguments are allowed by a Patent Owner after the Patent Owner Response” also fails because post-POR arguments do not raise “new” issues if they “expand[] the same argument” made in the POR. *Ericsson Inc. v. Intellectual Ventures I LLC*, 901 F.3d 1374, 1381 (Fed. Cir. 2018).

Petitioner also does not identify any statement in the Board’s Order (Paper 56) as being violated. In fact, the Order authorized responsive briefs, apparently to address Patent Owner’s concern on how to respond to potential new issues raised

in opening briefs. Ex. 1036, 13:14-20; *Infineum USA L.P. v. Chevron Oronite Co. LLC*, No. 2020-1333, 2022 WL 3147683, at *5 (Fed. Cir. 2022) (nonprecedential) (“the Board afforded Infineum the process it was due under the APA” because its sur-reply could respond to new arguments). Notably, Petitioner did not support Patent Owner’s proposal that the briefs do not “further develop or otherwise amend arguments,” which, in turn, was not adopted by the Board’s Order. Ex. 1036, 7:21-25. In fact, Petitioner’s brief itself contains many new assertions. *See, e.g.*, Paper 61, 6 (new assertion that “the combination does not require changes to file formats beyond what the references already teach.”); 3 (relying on new citations to Chen-924 for a motivation to combine); 6 (citing new case (*Corephotonics*)); 8 (citing new case (*Keynetik*)); 9 (discussing DivX argument on appeal); 11-12 (discussing CAFC remand opinion in connection with the “common keys” limitation).

Finally, “[a] disagreement over law between parties does not make a filing sanctionable.” *BCBSM, Inc. v. Walgreen Co.*, 512 F. Supp. 3d 837, 863 (N.D. Ill. 2021); *see also Schendel v. Curtis*, 83 F.3d 1399, 1406 (Fed. Cir. 1996) (quoting *Atl. Thermoplastics Co. v. Faytex Corp.*, 970 F.2d 834, 835 n.1 (Fed. Cir. 1992)) (“unfounded requests for sanctions are themselves frivolous and sanctionable.”)

D. Petitioner’s Potential Arguments In Response Brief Lack Merit.

The Board rejected Petitioner’s argument that scalability is “optional” to Chen’s blocks. Paper 50, 20-21. If Petitioner argues again that Chen discloses

non-scalable “blocks” that meet the claims, the Board should again reject it.

To argue that scalability is “optional” to Chen’s blocks, Petitioner claimed that Chen’s reference to its “simplest case” refers to alternative bitrate streams with no scalability. Paper 29, 9 (*citing* Ex. 1006, ¶70). But Petitioner’s counsel retracted this assertion at trial. Paper 49, 72:1-73:20; FWD, 20-21. Petitioner also cited Chen’s reference to “known techniques of a block request streaming system” ((Paper 29, 9 (*citing* Ex. 1006, ¶386)), but did not provide any explanation, including how and where Chen discloses a “known” “block request streaming system” that meets other claim limitations such as limitation 1[k]. Any attempt to present such an argument now should be rejected because it is untimely and wrong. As explained (Paper 62, 1-5), Chen does not disclose prior art non-scalable blocks that meet the claims. The mere use of the word “blocks” does not mean that they are blocks that disclose the claims (*e.g.*, limitation 1[k]), since blocks alone only connote “the smallest aggregation of data that is indexed.” Ex. 1006, ¶74.

On appeal, Petitioner cited Ex. 1006, ¶386 to argue that Chen’s scalability “replaces” alternative streams and, thus, Chen’s disclosed alternative streaming system is not scalable. But while replacing alternative streams is an *additional* use of Chen’s scalability, Chen makes clear that its blocks are scalable even in the alternative streams. For example, when a user has to switch between alternative streams, scalability allows the receiver to continue the presentation without

interruption by not having to “discard the data already received.” *Id.*, ¶¶375-376. Chen also explains that scalability with alternative streams permits “a single data file [to] be used as the source for multiple different representations” *Id.*, ¶376. Chen’s Fig. 12 also shows three scalable layers 1, 2 and 3 as corresponding to different “time ranges,” but if scalability replaced alternative streams, the three layers would correspond to the same time range. Ex. 1006, Fig. 12, ¶378.

II. PETITIONER’S GROUND FAILS EVEN IF, *ARGUEONDO*, IT DID NOT RELY ON CHEN’S SCALABLE BLOCKS.

A. Petitioner Fails To Show A Motivation To Combine.

As explained (Paper 62, 7-11), even if Chen disclosed non-scalable blocks that met, for example, limitation 1[k], Petitioner still failed to show why a POSITA “would have selected these components for combination in the manner claimed.” *In re Kotzab*, 217 F.3d 1365, 1371 (Fed. Cir. 2000). Petitioner’s assertion (Paper 61, 2) that the Opinion “leaves no room for DivX’s MTC arguments, which were predicated on features of Chen’s ‘system’” misses the point. Whether Petitioner relied on Chen’s “system” or “teachings,” it failed to prove why a POSITA would choose “disparate features of Chen and Lindahl” to arrive at the claimed invention. Paper 17, 22; *see also* Paper 62, 7-11; Paper 17, 19-22; Paper 40, 18, 22.

Moreover, contrary to Petitioner’s assertion (Paper 61, 4), Patent Owner does not argue that the combination fails because it is not “the best option.” Rather, it fails because Petitioner did not prove its proffered motivation of “address[ing]

piracy concerns and improv[ing] efficiency” (Pet., 18), and because the combination requires a POSITA to disregard “everything that Chen is saying as desirable” (Paper 49, 67:20-68:4), as well as “the potential problems” with the combination and “an alternative approach [that] might reduce those same problems.” *Arctic Cat Inc. v. Bombardier Rec. Prods.*, 876 F.3d 1350, 1363 (Fed. Cir. 2017); *see also* Sur-Reply, 17-18; Paper 62, 8-11. Petitioner urging the Board to reverse its finding that a POSITA would not be motivated to disregard Chen’s scalability and other teachings (Paper 62, 8-9) invites the error of considering “[e]vidence suggesting reasons to combine . . . in a vacuum apart from evidence suggesting reasons not to combine.” *Arctic Cat*, 876 F.3d at 1363 (Fed. Cir. 2017).

B. Chen-924 Provides No Motivation.

Petitioner argues that Chen-924 “independently” establishes a motivation to combine. Not so. Chen-924 is not in the combination. There is no analysis of how Chen-924 relates to a combination that would meet the claims and has, for example, a “top level index file,” “a container index,” and portions that can be requested “based on the provided byte ranges” in the container index. It has no relevance to motivation to implement partial frame encryption in a combination that meets the claims. Paper 49, 80:21-81:2, 83:15-85:15; Paper 40, 21-22.

Petitioner’s new citations to Chen-924 do not remedy this deficiency. Paper 61 (citing Ex. 1010, 1:21-27, 2:66-3:6, 6:1-9, 14:61-65). Nor could it. Chen-924

addresses the problem that data may be exposed after decrypting data but before playback at the receiver. Ex. 1010, 1:60-2:3. To address this problem, Chen-924 uses two different containers and protocols. *Id.*, 3:34-40. This is not shown to have any relevance to any motivation to arrive at the claimed invention.

C. Petitioner Fails To Show A Reasonable Expectation Of Success To Modify Standard File Formats.

Petitioner failed to show a reasonable expectation of success to make the necessary file formats modifications. Paper 62, 12. Petitioner questions whether the file formats must be modified (Paper 61, 6), but Petitioner's expert acknowledged that "the combination" would require modifying the standard file formats. Ex. 2013, 35:25-36:12. This acknowledgement also refutes Petitioner's insinuation (Paper 61, 6) that the need for file format modifications only existed because the combination was analyzed as Chen's "system" instead of its "teachings."

Petitioner also claims that "the combination does not require changes to file formats beyond what the references already teach." Paper 61, 6. But its expert never testified on the extent of the modifications necessary for the combination, or how they would compare to any alleged modification in Lindahl or any other reference. Furthermore, in Lindahl, an entire file is downloaded for later playback, and it has nothing to do with streaming, or requesting portions of a file based on a file index. Paper 17, 35-36, 40-43. Thus, it is not clear Lindahl even requires file format modifications—let alone how that compares to the combination's demands.

Petitioner’s reliance on Chen-924 (and other exhibits) to show a reasonable expectation of success is untimely, notwithstanding Petitioner’s incorrect assertion (Paper 61, 9) that timeliness was not raised. Paper 40, 21 (“Petitioner’s new evidence in support of a reasonable expectation of success should be rejected as untimely.”). But those exhibits also do not prove that whatever modifications may have been required in the context of those different systems would be the same as, and could be transferred to, Petitioner’s combination. *Id.*, 22.

Petitioner also claims that “DivX failed to introduce any rebuttal evidence” to Petitioner’s reply evidence. Paper 61, 8. But Patent Owner had no right to submit sur-reply evidence, which highlights the prejudice from the untimely reply analysis. Nonetheless, Patent Owner did establish Petitioner’s failure to meet its burden. Paper 62, 12; *Eli Lilly & Co. v. Teva Pharms. Int’l GmbH*, 8 F.4th 1331, 1349 (Fed. Cir. 2021) (Petitioner “failed to demonstrate enough certainty [...] to give a skilled artisan a reasonable expectation of success.”).

III. THE BOARD SHOULD DISREGARD PETITIONER’S BRIEF § III.

“Additional briefing ... will normally be limited to the specific issues raised by the remand.” SOP #9, 6. Petitioner’s brief discusses independent and separate patentability arguments that were not adjudicated by the FWD, nor addressed or affected by the CAFC Opinion. Therefore, Petitioner’s discussion of these issues should be disregarded. Paper 61, 9-12; *see also* Ex. 1036, 23:18-24:5, 26:8-18.

Date: June 2, 2023

Respectfully submitted,

/ Kenneth J. Weatherwax /

Kenneth J. Weatherwax, Reg. No. 54,528
Nathan Lowenstein (*admitted pro hac vice*)
Parham Hendifar, Reg. No. 71,470

Lowenstein & Weatherwax LLP

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the following documents were served by electronic service, by consent between the parties (Pet. at 85), on the date signed below:

PATENT OWNER DIVX LLC'S RESPONSE BRIEF ON REMAND

The names and address of the parties being served are as follows:

HBatts@sheppardmullin.com,
CPonder@sheppardmullin.com,
JLiang@sheppardmullin.com,
LegalTm-DivX-IPR@sheppardmullin.com

Respectfully submitted,

/ Parham Hendifar /

Date: June 2, 2023