

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SONY GROUP CORPORATION, SONY CORPORATION, SONY
CORPORATION OF AMERICA AND SONY ELECTRONICS, INC.

Petitioners

v.

INMUSIC BRANDS, INC.

(record) Patent Owner

IPR2023-00294
Patent No. 7,567,498

**PETITIONERS' REPLY TO
PATENT OWNER PRELIMINARY RESPONSE**

TABLE OF EXHIBITS

Exhibit No.	Description
1001	U.S. Patent No. 7,567,498 (“ the ’498 patent ”).
1002	Declaration of Dr. Todd K. Moon.
1003	C.V. of Dr. Todd K. Moon.
1004	European Pat. App. Pub. EP 0999553 A1 (“ Cortellesi ”).
1005	U.S. Pat. Pub. No. 2004/0089795 A1 (“ Spencer ”).
1006	U.S. Pat. App. Pub. US 2003/0206506 A1 (“ Cohen ”).
1007	Furchgott, “BASICS; from Vinyl to Digital, Hold the Crackle”, <i>The New York Times</i> , January 1, 2004.
1008	File History of U.S. App. Ser. No. 10/862,942.
1009	U.S. Pat. No. 5,740,146 (“ Webster ”).
1010	U.S. Pat. No. 4,587,646 (“ Graham ”).
1011	U.S. Pat. No. 4,918,678 (“ Dolby ”).
1012	Excerpt from <i>Collins Dictionary of Electronics</i> , HarperCollinsPublishers, 2004, p. 433.
1013	U.S. Pat. App. Pub. 2003/0131715 A1 (“ Georges ”).
1014	U.S. Pat. No. 7,376,191 (“ Melick ”).
1015	U.S. Pat. No. 4,369,361 (“ Swartz ”).
1016	U.S. Pat. No. 5,051,799 (“ Paul ”).
1017	U.S. Pat. No. 6,007,228 (“ Agarwal ”).
1018	U.S. Pat. No. 7,072,249 (“ Huang ”).
1019	U.S. Pat. No. 7,191,193 (“ Ben-Yaacov ”).

1020	U.S. Pat. No. 6,801,971 (“ Devine ”).
1021	United States District Courts — National Judicial Caseload Profile, March 31, 2022, available at https://www.uscourts.gov/statistics/table/na/federal-court-management-statistics/2022/03/31-1 .
1022	Excerpt from Docket Navigator “Judge Time To Milestones” Report, August 15, 2022.
1023	Excerpt from Universal Serial Bus Specification, Revision 1.1, September 23, 1998.
1024	Order and Opinion Granting Defendant’s Motion to Dismiss in <i>inMusic Brands, Inc. v. Sony Corporation of America</i> , Case No. 22 Civ. 6602 (AKH) (S.D.N.Y. March 13, 2023).
1025	<i>AviaGames Games, Inc. v. Skillz Platfom Inc.</i> , IPR2022-00530, Decision Denying Institution, Paper 12 (PTAB August 9, 2022).
1026	<i>Volvo Penta of the Americas v. Brunswick Corp.</i> , IPR2022-01368, Paper 15, (PTAB May 2, 2023) (Vidal, Director)
1027	Notice of Appeal by inMusic Brands, Inc., in <i>inMusic Brands, Inc. v. Sony Corporation of America</i> , Case No. 22 Civ. 6602 (AKH) (filed April 10, 2023).

Petitioners (collectively “Sony”) hereby file their Reply to the Patent Owner Preliminary Response, pursuant to the Board’s order of May 24, 2023.

After the filing of the petition, the district court in a co-pending litigation held all claims of the ’498 patent invalid under 35 U.S.C. §101. (Ex. 1024). Because the claims have been held (at least provisionally) invalid by the district court, Patent Owner (“inMusic”) argues that the Board should apply *Apple v. Fintiv*¹ to deny the petition. Specifically, citing *AviaGames v. Skillz Platform*, IPR2022-00530, Paper 14 (PTAB Mar. 2, 2023) (Vidal, Director) and *Volvo Penta of the Americas v. Brunswick Corp.*, IPR2022-01368, Paper 12, (Feb. 8, 2023), inMusic appears to argue that the *Fintiv* analysis in this case should turn principally on whether the Board finds that the petition raises a compelling, meritorious challenge.

While Sony agrees that the Board should evaluate whether the petition raises a compelling, meritorious challenge—and Sony is content to rest on the petition for that showing—Sony respectfully disagrees that the Director’s decision in *AviaGames* limits the inquiry *solely* to this test. Specifically, the Director’s decision in *AviaGames* came *after* an Institution Decision exercising discretion to deny the petition under *Fintiv*, in which the panel had *already* found that *Fintiv* factors 1-5

¹ See *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential).

weighed against institution. Far from indicating that *Fintiv* factors 1-5 were irrelevant, the Director's review simply accepted the panel's findings concerning these factors as a premise. Indeed, a similar reversal by the Director of a decision to deny institution in *Volvo Penta*, issued after the Preliminary Response in this proceeding was filed, indicates that all factors in the *Fintiv* analysis continue to be relevant. See *Volvo Penta of the Americas v. Brunswick Corp.*, IPR2022-01368, Paper 15, p. 4 (PTAB May 2, 2023) (Vidal, Director) (attached as Exhibit 1025).

The fact that all *Fintiv* factors remain relevant is important, because the panel in *AviaGames* evaluated the *Fintiv* factors based on the Patent Owner's argument that ***no appeal had been filed***. To quote the panel in *AviaGames*:

“[T]he parallel proceeding in the district court has concluded with regard to the '602 patent and, as the Patent Owner points out, ‘there is no pending appeal here.’ Sur-reply 3. Thus, there is, in effect, no ongoing parallel proceeding and this factor also appears to be inapposite.”

AviaGames, IPR2022-00530, Decision Denying Institution, Paper 12, pp. 13-14 (PTAB August 9, 2022)(attached as Ex. 1026).

Here, in contrast, inMusic filed a Notice of Appeal (attached as Ex. 1027) in the district court on April 10, 2023. The implications of this for the timing-related *Fintiv* factors (principally: factors 1 - 3) will be obvious to the Board, and they need not be belabored. In brief, either the appeal will affirm the district court's finding of

invalidity, or it will not. If it does, the claims will be unenforceable and this proceeding is not needed. If it does not—if the finding is reversed or vacated with remand—then the district court litigation will begin anew, but on a delayed schedule. The filing of the appeal thus has an effect on the schedule similar to that of a stay, meaning that even if the petition is granted, the parties are unlikely to be forced to simultaneously undertake both the IPR and an expensive trial. In contrast, if the petition is denied, Sony would be deprived (by effect of the one-year bar) of its Congressionally-appointed right to have certain patentability issues resolved by a highly-qualified panel of the Board, should the district court's finding be reversed or vacated. This should weigh in favor of institution.

The other factors remain unchanged since the filing of the petition, although Sony notes that the *only* arguments made by inMusic regarding investment in the related proceedings (factor 3) and the extent of overlap (factor 4) relate to the court's §101 decision. This decision resulted from a motion to dismiss on the pleadings (Ex. 1024, p. 1), thus indicating that the district court proceeding is still in its infancy. InMusic further points to no overlap (factor 4) that actually exists, as opposed to overlap that *could* exist at some point in the future. However, because the now-pending appeal concerns an issue that cannot be raised in an *inter partes* review, any theoretical overlap between this proceeding and the district court proceedings could only occur in a relatively distant future, well after this proceeding, should it be

instituted, would reach a Final Written Decision. Because the Final Written Decision would trigger the estoppel of 35 U.S.C. §315(e)(2), the actual chance of any overlap in issues is exceedingly remote.

CONCLUSION

Sony thus respectfully requests that the petition be instituted.

Date: <u>May 31, 2023</u>	<u>/Matthew A. Smith/ (RN 49,003)</u> Matthew A. Smith SMITH BALUCH LLP 700 Pennsylvania Ave. SE, 2nd Floor Washington, DC 20003 (202) 669-6207 smith@smithbaluch.com <i>Counsel for Petitioners</i>
---------------------------	---

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing reply, together with all exhibits and other documents filed therewith, was served by electronic mail on May 31, 2023, on the Patent Owner's counsel of record at the United States Patent & Trademark Office having the following address:

Alan H. Norman, Reg. No. 32,285
Anthony F. Blum, Reg. No. 64,703
David B. Jinkins, Reg. No. 46,805
One US Bank Plaza
St. Louis, Missouri 63101
314-552-6000
FAX 314-552-7000
anorman@thompsoncoburn.com
ablum@thompsoncoburn.com
djinkins@thompsoncoburn.com

Date: <u>May 31, 2023</u>	<u>/Matthew A. Smith/ (RN 49,003)</u> Matthew A. Smith SMITH BALUCH LLP 700 Pennsylvania Ave. SE, 2nd Floor Washington, DC 20003 (202) 669-6207 smith@smithbaluch.com <i>Counsel for Petitioners</i>
---------------------------	---