

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.,
Petitioner,

v.

INMUSIC BRANDS, INC.
Patent Owner.

IPR2023-00294
U.S. Patent 7,567,498

**PATENT OWNER'S SUR-REPLY
IN SUPPORT OF ITS PRELIMINARY RESPONSE**

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TABLE OF EXHIBITS

Exhibit No.	Description
2001	Order and Opinion Granting Defendant’s Motion to Dismiss, <i>inMusic Brands, Inc. v. Sony Corporation of America</i> , Case 1:22-cv-06602-AKH (S.D.N.Y. Mar. 13, 2023).
2002	Dan Bagatell, <i>Fed. Cir. Patent Decisions in 2022: An Empirical Review</i> , Law360 (Jan. 9, 2023), available at https://www.law360.com/articles/1562614/fed-circ-patent-decisions-in-2022-an-empirical-review (last accessed April 25, 2023).
2003	Docket Report for <i>Skillz Platform Inc. v. AviaGames Inc.</i> , Case No. 5:21-cv-02436-BLF (N.D. Cal.).

Patent Owner (“InMusic”) hereby files its Sur-Reply in support of its Preliminary Response, pursuant to the Board’s Order of May 24, 2023 (Paper 7).

A. As in *AviaGames*, Factors 1 to 5 of *Fintiv* Support Denial.

Patent Owner (“Sony”) filed its Reply ostensibly to address factors 1 to 5 of *Fintiv*. Sony, however, provides no reason to justify the Board reaching a different result here than it did in *AviaGames*, which denied institution after the challenged patent was similarly found ineligible by the district court. *See AviaGames, Inc. v. Skillz Platform Inc.*, IPR2022-00530, Paper 12 (PTAB Aug. 9, 2022) & Paper 15 (PTAB Mar. 22, 2023). In doing so, the Board found that all of factors 1 through 5 supported denying institution, just as they do here. *Id.*, Paper 12. And on Director Review, the Director did not disturb that finding. *Id.*, Paper 14. For the same reasons institution was denied in *AviaGames*, institution should be denied here.

B. The Case for Denial is Actually Stronger Here Than in *AviaGames*.

Sony’s only attempt at distinguishing *AviaGames* is to point out that “no appeal had been filed” there. *See* Paper 8 at 2. But this fact makes it *more* true—not less so—that institution should be denied. In the *AviaGames* district court action, two different patents were asserted—the ’602 Patent (also at issue in the IPR) and the ’564 Patent. *See Skillz Platform Inc. v. AviaGames Inc.*, 2022 WL 783338, at *1 (N.D. Cal. Mar. 14, 2022). On a motion to dismiss, the ’602 Patent was found ineligible, but the ’564 Patent was not. *See id.* at 11, 25. So the district

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court action is still ongoing even until present day. No final judgment has been entered yet, and thus no appeal can yet be filed. *See* Ex. 2003 (docket report for district court action).

Once the '564 Patent has been resolved in *AviaGames*, final judgment will be entered. Then, an appeal on the '602 Patent's ineligibility ruling can be filed, just like an appeal was filed with respect to the patent-at-issue here. Distinguishing *AviaGames* from the present situation though, the district court judge in *AviaGames* actually still can reverse or re-decide her § 101 decision. The eligibility decision in *AviaGames* is only an interlocutory decision, which can be reconsidered at any time by the judge. *See* Fed. R. Civ. P. 54(b) (“[A]ny order or other decision, however designated, that adjudicates fewer than all the claims ... does not end the action as to any of the claims ... and may be revised at any time before the entry of a judgment adjudicating all the claims....”).

The decision in *AviaGames*, therefore, can be reversed by either the district court judge or eventually the Federal Circuit. Despite this, institution was still denied under *Fintiv*. But with respect to the present patent, final judgment has already been entered, and thus only the Federal Circuit can reverse. Sony argues the § 101 ruling here could be reversed, but the same is true in *AviaGames*—indeed, it is doubly true there. Sony has provided no relevant distinction of the

AviaGames' analysis of the *Fintiv* factors, which the Director implicitly approved on Director Review. The Board, therefore, should deny institution here.

C. The Policy Considerations Under the *Fintiv* Factors Support Denial of Institution.

Sony argues that the Federal Circuit might reverse the district court here (which is also true in *AviaGames*). *See* Paper 8 at 3. But this is not relevant to the *Fintiv* factors. The same thing is true in every single case where the Board denies institution under *Fintiv*. In any given case, a district court might get it wrong. A district court might even get it right, but still reach a different conclusion than the Board would have—considering the burdens of proof are different. But this argument, at most, is one to eliminate *Fintiv* and change the Board's policy. *Fintiv*, however, is binding precedent, and under its factors 1 to 5, institution should be denied here.

Sony's argument also ignores the entire reason IPRs were created by Congress in the first place. IPRs were intended to be "an inexpensive substitute for district court litigation" that "reduce[d] litigation costs." *Merck & Cie v. Gnosis SPA*, 820 F.3d 432, 434 (Fed. Cir. 2016) (O'Malley, J., concurring) (quoting 157 Cong. Rec. S5319 (daily ed. Sept. 6, 2011)). Here, Sony is trying to multiply the proceedings, increase litigation expenses for the parties, and waste the Board's judicial resources—even though the district court litigation is already final and therefore cannot be substituted for, and the patent has been found invalid.

CONCLUSION

For the above-mentioned reasons and those in the Preliminary Response, the Board should reject Sony's Petition and deny institution.

Respectfully submitted,

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CERTIFICATE OF SERVICE

Under 37 C.F.R. §§ 42.6(e), the undersigned certifies that, on June 7, 2023, a complete and entire copy of this Sur-Reply was served via e-mail at:

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