UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NETFLIX, INC.,
Petitioner,

v.

VIDEOLABS, INC.,
Patent Owner.

IPR2023-00628
Patent No. 7,233,790 B2

PETITIONER REPLY TO PATENT OWNER PRELIMINARY RESPONSE

Pursuant to the Board's Order (Paper 12), Petitioner submits this reply to address the Board's questions (as noted in the headings) in view of Patent Owner's Preliminary Response (Paper 6) ("POPR").

Nothing bars the Board from instituting the instant Petition. Patent Owner ("PO") does not even challenge the merits of the grounds Petitioner advances. Instead, PO's sole basis for denying institution is that a reexamination certificate ("RC") is expected to issue, amending claims 1 and 8. This, by itself, does not mandate denying institution. There is ample legal authority authorizing the Board to institute on both the amended claims and claims 2-7 and 9-14 (which would be the most just and efficient course of action), or all of the original claims, or at least claims 2-7 and 9-14.

I. The Board Should Institute on Amended Claims 1 and 8 (Q2)

The Petition asserts two grounds: (1) Mehta, under §102, against claims 1-4, 8-11, and (2) Mehta and "Mobile Applications with J2ME" to Schlapfer, under §103, against claims 1-14. After the Petition was filed, PO chose to amend claims 1 and 8 during the '063 reexam by adding limitations from claims 2 and 9 (the "Amended Claims"). *See* Ex. 2009; Ex. 2010; Ex. 2011. Because both grounds have analysis rendering claims 1, 2, 8, and 9 invalid, the Petition already includes

sufficient analysis and references to invalidate the Amended Claims. Thus, the Board should institute on the Amended Claims and claims 2-7 and 9-14.

A. The Board Has Legal Authority to Review the Amended Claims (Q2.A)

The Board has authority "to consider amendments to the challenged patent during the pendency of an *inter partes* review." *GEA Process Engineering, Inc. v. Steuben Foods, Inc.*, IPR2014-00051, at *11 (PTAB Mar. 10, 2014) (Paper 14). "[D]uring the pendency of an *inter partes* review, ***if another proceeding or matter involving the patent*** is before the Office, the Director may determine the manner in which the *inter partes* review or other proceeding or matter may proceed." 35 U.S.C. §315(d)(emphasis added). The '063 reexam is such another proceeding or matter. Thus, §315(d) expressly authorizes the Board to institute review of the Amended Claims based on arguments and evidence already presented in the Petition. Doing so would fulfill the Board's obligation to secure the "just, speedy, an inexpensive resolution" mandated by 37 C.F.R. §42.1(b).

PO would not be unduly burdened or prejudiced, as it chose to amend its claims knowing full well of the Petition. The Petition, as is, puts the PO on notice of how the prior art asserted in the grounds would anticipate or render obvious the limitations added to claims 1 and 8. If instituted, PO can depose Petitioner's expert as to the Amended Claims, and present its counterarguments in its Response.

GEA and *Eizo Corp. v. Barco N.V.*, IPR2014-00358 (PTAB July 23, 2014) (Paper 11) further confirm the Board's authority. In *GEA*, an RC issued one month after petition filing. The Board held Petitioner's challenges to the original claims were moot since the RC amended those claims. But in fulfilling its "mandate for the efficient and just resolution," the Board exercised its discretion under §315(d) to consider the challenges to the amended claims, even though the amendments were not entered into the patent until after the certificate issued. *Id*. at *11, *20. Although the petition in *GEA* already had analysis specifically addressing the amended claims, *GEA* establishes that the Board can still institute here.

In *Eizo*, after the petition was filed, an RC issued, cancelling some challenged claims, and amending others. *See* IPR2014-00358, *5. Like the Amended Claims here, claim 64, for example, was amended to include the limitations from cancelled claim 94. Although the petition did not specifically analyze addressing the amended claims, the Board nevertheless analyzed amended claim 64 in view of the arguments already presented in the petition.[1] Thus,

[1] The Board in *Eizo* ultimately decided not to institute claim 64 because the ground challenging the Kamata reference did not disclose the limitations from claim 94. IPR2014-00358, *8, *18.

consistent with *Eizo*, the Board here should consider the arguments already in the Petition when determining whether to institute the Amended Claims.

During the July 26, 2023 teleconference, PO incorrectly contended that the Board did not have discretion to consider the Amended Claims at this stage citing *Koninklijke Philips N.V. v. Google LLC, et al.*, 948 F.3d 1330 (Fed. Cir. 2020). In *Koninklijke Philips*, the Federal Circuit found that the Board abused its discretion by instituting review on a new, third ground that it conjured up and was not advanced in the petition. *Koninklijke Philips*, 948 F.3d at 1336. Thus, *Koninklijke Philips* is inapposite here where neither Petitioner (nor Board) is proposing the addition of a new ground to be applied to the Amended Claims.

1. The "Substantially Identical" Analysis in *SHFL Entertainment* Is Relevant (Q2.A.1)

Although the Federal Circuit's decision in *SHFL Entertainment, Inc. v. DigiDeal Corp.*, 729 Fed. Appx. 931, 935 (2018), was made within the context of district court infringement proceedings, this same logic regarding "substantially identical" claims should equally apply to IPR proceedings. Thus, to the extent the Amended Claims are substantially identical (and PO has made no showing to date that they are not), that would provide another basis for the Board to consider the Amended Claims in view of the Petition. Put another way, if the PO can maintain its accusation of infringement after reexam based on substantially identical claims,

then the Petitioner should reap the same benefit of maintaining its original challenge against patentability.[2]

2. Considering Arguments Already Presented in the Petition Would Not Constitute an Amendment (Q2.A.2)

As explained *supra*, it is within the Board's authority to apply analysis from claims 2 and 9 in the Petition to the Amended Claims. This would be not be an amendment to the Petition since the grounds would remain the same. *See Eizo Corp.*, IPR2014-00358, *18(applying arguments already presented in the petition to the amended claims).

B. Petitioner Could Supplement, Should the Board So Desire (Q2.B.1, Q2.B.2)

To the extent the Board wishes to rule on express grounds on the Amended Claims, Petitioner can file a motion to submit supplemental information "[o]nce a trial has been instituted," pursuant to 37 C.F.R. §42.123. If necessary, Petitioner could submit evidence confirming that the analysis for claims 2 and 9, combined

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[2] Determining whether the claims are substantially identical would be an appropriate analysis to undergo if PO makes a showing the claims are not substantially identical, and the Board determines that it does not have authority to apply the arguments already presented in the Petition against the Amended Claims.

with the analysis for claims 1 and 8, fully address the Amended Claims. *See Hani Quilter, Inc. v. Bernina Int'l AG*, IPR2013-00364 (PTAB June 12, 2014) (Paper 30). Such supplementation would be consistent with the holding in *SAS Institute, Inc. v. Iancu* that "the petitioner's petition, not the Director's discretion, should guide the life of the litigation." 138 S. Ct. 1348, 1351 (2018). The supplementation would afford the Petitioner the opportunity to confirm that the Petition included evidence and arguments needed to address the Amended Claims. If needed, this would clarify the record that it was the Petitioner's position—not a conclusion reached by the Board—that would render the challenged claims unpatentable.

In addition, the Board's procedures in 37 C.F.R. §42.121 for amending claims during an IPR confirm that the Board has the authority to address amended claims, even when express grounds on the amended claims were not (could not have been) in the original petition. This too is consistent with *SAS* because, to the extent the petitioner challenges an amendment, the Board must address it.

II. The Board Can Institute Review of the Original Claims (Q1)

The Board has discretion under §315(d) to determine the manner in which to proceed and instituting only the original claims is within its authority. The Petition presents strong grounds challenging all of the original claims of the '790 patent, and PO's silence on the merits is telling. While the RC will issue either prior to an

institution decision or shortly thereafter, the timing should not be a reason for the Board to deny institution. To the extent the Board institutes on only the original claims, the Board is still within its authority to issue a Final Written Decision ("FWD") finding all of the original claims unpatentable even after the RC issues. *See* IPR-2016-01399, *4 (PTAB)(finding the original version of seven claims, which were amended during a reexam prior to the FWD, were unpatentable).

The cases PO cites to contend that it would be an inefficient use of the Board's resources to institute on original claims 1 and 8 are distinguishable. In those cases, either all or the vast majority of the challenged claims did not have a reasonable likelihood of prevailing. Here, only two of the fourteen claims will be amended once the RC issues. Thus, at least twelve of the fourteen challenged original claims will have a reasonable likelihood of prevailing.

A. It Would Not Be Appropriate to Stay Issuance of the RC (Q1.A)

Even if warranted under the factors in *Weatherford Int'l v. Operations*, IPR2019-00768, 2020 WL 28300017 (PTAB May 29, 2020), staying the RC would not be appropriate given the facts of this proceeding—it would not fulfill the Board's obligation to secure a just and efficient resolution. Because the RC is expected to issue imminently, the more just and efficient outcome would be for the

Board to allow the RC to issue and exercise its authority to consider the Amended Claims. *See GEA*, IPR2014-00051, at *11.

B. The Board Can Decide to Review Only Claims 2-7 and 9-14 (Q1.B)

There is no barrier to the Board addressing claims 2-7 and 9-14 on the merits and treating original claims 1 and 8 as disclaimed if the RC issues pre-institution. [3]

In IPR2014-00051, the Board determined that the issuance of the RC mooted the petitioner's challenge against the original claims of the at-issue patent. *GEA*, IPR2014-00051, at *10; *see also* POPR 1-2. IPR2014-00317 instituted review on two categories of claims: (1) claims that were confirmed by a reexamination and (2) claims that were not subject to reexamination. *Toshiba Corp. v. Intellectual Ventures*, IPR2014-00317, at *2-3 (PTAB Jun. 17, 2014) (Paper 11). Based on these decisions on institution, precedent dictates that there is no barrier to the Board reviewing only claims 2-7 and 9-14 because: (1)

[3] If the RC does not issue before a decision instituting IPR, the Board should follow the guidance in IPR2014-00051 that concludes the AIA "authorizes the Board to consider amendments to the challenged patent during the pendency of an *inter partes* review." *GEA*, IPR2014-00051, at *11.

Petitioner's challenge against original claims 1 and 8 is mooted by the issuance of the certificate of reexamination, and (2) there is no issue with reviewing claims of a reexamined patent that either survived reexam or were not reexamined.

Under 37 C.F.R. §42.107(e) and 35 U.S.C. §253(a), a patent owner may file a disclaimer in its POPR, and "[n]o *inter partes* review will be instituted based on disclaimed claims." 37 C.F.R. §42.107(e). The result of such disclaimer is that the claim effectively never existed. *Guinn v. Kopf*, 96 F.3d 1419, 1422 (Fed. Cir. 1996) ("A statutory disclaimer under [section 253] has the effect of cancelling the claims from the patent and the patent is viewed as though the disclaimed claims had never existed in the patent."). The Board has previously instituted on all other claims after a PO disclaimed claims. *See, e.g.*, *DynaEnergetics Europe GmbH et al v. SWM International, LLC*, IPR2022-01372, at *2-3 (PTAB Feb. 15, 2023) (Paper 7)(instituting review of a subset of claims that were "the challenged claims remaining…after patent owner's statutory disclaimer.")

Yet, PO incorrectly argues that *SAS* requires the Board not institute review because the Petition "defined the contours of the proceeding to include version of claims 1 and 8 that no longer exist." POPR, 1. First, PO's logic is inconsistent with the institution outcome in *DynaEnergetics*. Second, taking PO's logic to the extreme would mean that *any* PO could defeat institution by disclaiming a *single*

claim because the "contours" defined by the Petition would include claims that "no longer exist." That cannot be the proper interpretation of *SAS*.

Thus, if the Board determines not to institute review of amended claims 1 and 8, there is no barrier to instituting review of claims 2-7 and 9-14.

III. Petitioner May Be Time Barred from Filing a New Petition Challenging Amended Claims (Q2.B.3)

The Federal Circuit held that reexamination does not result in the issuance of a new patent for purposes of §315(b). *See Click-to-Call Tech., LP v. Igenenio Inc.*, 899 F.3d 1321, 1336 (Fed. Cir. 2018) (en banc); *see also Apple Inc. v. IXI IP, LLC*, IPR2019-00124, at *7 (PTAB Jun. 3, 2019)(Paper 13). Thus, Petitioner may be timed barred from challenging the Amended Claims in *any* IPR proceeding, even though these claims were amended in a reexam after the Petition was filed and the §315(b) deadline. Thus, the interests of justice demand that the Board exercise its discretion under §315(d) (as explained in Section I.A) to institute trial. Doing so would be just particularly since Petitioner's primary reference—Mehta—was not cited in any office actions during the original prosecution or reexamination. *See, e.g.*, EX. 1001, Code (56); *see also* EX.2009, 4.

For these reasons, the goals of the AIA support instituting review of the Amended Claims and claims 2-7 and 9-14.

Respectfully submitted,

Dated: August 4, 2023

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on August 4, 2023 a complete and entire copy of the foregoing Petitioner's Reply to Patent Owner's Preliminary Response was served via email directed to the following counsel of record and distribution list:

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