

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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NETFLIX, INC.,  
Petitioner,

v.

VL COLLECTIVE IP, LLC.,  
Patent Owner.

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Case IPR2023-00891  
Patent No. 8,605,794

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**PETITIONER'S OPPOSITION TO  
PATENT OWNER'S MOTION TO TERMINATE**

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**EXHIBIT LIST**

| <b>Exhibit<br/>Number</b> | <b>Description</b>                                                                                            |
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| 1022                      | <i>VideoLabs, et al. v. Netflix, Inc.</i> , Civ. A. No. 22-cv-229-CFC, Compl. (D. Del. Feb. 23, 2022)         |
| 1023                      | <i>VideoLabs, et al. v. Netflix, Inc.</i> , Civ. A. No. 22-cv-229-CFC, First Am. Compl. (D. Del. May 6, 2022) |

## I. INTRODUCTION

The Board should deny Patent Owner's ("PO's") motion to terminate because PO has not established, and cannot establish, that Netflix was a real party in interest ("RPI") or privy to Unified Patents, LLC's ("Unified") IPR petition challenging U.S. Patent No. 8,605,794 ("the '794 patent"), in *Unified Patents, LLC v. VL IP Collective LLC*, No. IPR2022-01086 ("the '086 IPR").

At bottom, PO's motion rests on painting Netflix as an RPI simply because it is a Unified subscriber. PO's argument is hardly one of first impression, as the Board has ruled repeatedly that the same precise relationship is insufficient to confer RPI status. In fact, the Board in *Samsung Electronics Co., Ltd. v. MemoryWeb LLC* recently conducted a thorough analysis of Unified's Membership Agreement, and determined that Unified's terms, obligations, and business model did not make Samsung, a Unified member, an RPI in a related IPR filed by Unified. IPR2022-00222, Ex. 2121 at 20-54 (P.T.A.B. Dec. 8, 2023). *Samsung* is but one of many cases where the Board has consistently held that Unified's members are not RPIs in its petitions, and vice versa. PO offers no reason for the Board to depart from those past holdings, because there is none.

Even if the Board were inclined to redo the work of deciding this issue, PO's argument would still fail. None of PO's evidence demonstrates that the '086 IPR was filed at the behest of Netflix, a foundational requirement in determining

whether an RPI relationship exists. Nor is there any evidence that Netflix funded, controlled, or otherwise directed Unified's IPR of the '794 patent. In fact, the record is devoid of even a single communication between Unified and Netflix regarding Unified's IPR, PO's lawsuit or allegations, or any attendant issues (e.g., prior art). Without control, Netflix cannot be an RPI.

Despite the clear guidance from prior Board decisions and the wholesale lack of supporting evidence, PO persisted in filing its motion, relying on the Membership Agreement to conjure RPI status. Yet, according to PO, that Agreement obligated Unified "to deter 'NPE patent litigation' and to 'reduce assertion[s]' against members." Mot. at 4. Here, Unified achieved neither, as PO's active lawsuit in Delaware federal court amply demonstrates. Netflix received no "benefit," even under PO's strained argument. Unified filed its IPR *after* PO sued Netflix, thus neither deterring nor reducing litigation against Netflix.

PO has not shown that Netflix is an RPI, and the motion should be denied. Should the Board determine that argument on this motion would be helpful, Netflix respectfully requests a separate argument prior to the October 10, 2024 hearing.

## **II. NETFLIX'S UNIFIED MEMBERSHIP DOES NOT MAKE IT AN RPI**

PO's reliance on Unified's Membership Agreement as the source of the alleged RPI relationship is unavailing. Mot. at 4-5, 7. The obligation PO refers to

in the Membership Agreement (Mot. at 2) is one of several activities that Unified may take “to reduce NPE patent litigation” (*see* Ex. 2021 § 3.1) and is no different from what Unified does for its other members or the public in general.

Furthermore, the Board has consistently found that Unified’s members are not RPIs in its IPRs, and vice versa. *See, e.g.*, Paper 22 at 3 (collecting cases); *Samsung*, Ex. 2121 at 20-54; *Unified Patents Inc. v. Bradium Techs. LLC*, No. IPR2018-00952, Paper 31 at 8-13 (P.T.A.B. Dec. 20, 2018). Indeed, the Board meticulously analyzed Unified’s Membership Agreement in *Samsung* and held “Unified structured its business model to avoid its members being named [RPIs] in Unified’s [IPR] proceedings.” *Samsung*, Ex. 2121 at 46; *see also* Paper 22 at 6-7. Ultimately, the Board found that Samsung was *not* an RPI in Unified’s IPR. *Samsung*, Ex. 2121 at 20-54. This case is no different. Moreover, because Samsung was not an RPI, PO’s suggestion that Unified has stopped filing IPR petitions due to the earlier *MemoryWeb* decision (Mot. at 3) is nothing but speculation.

### **III. PO HAS NOT ESTABLISHED THAT NETFLIX WAS AN RPI IN THE ’086 IPR**

Netflix is not an RPI or privy to Unified in the ’086 IPR because there is no evidence demonstrating that the ’086 IPR was filed at the behest of Netflix, or that

Netflix had any control whatsoever over the '086 IPR.<sup>1</sup> *See Unified Patents, Inc. v. Uniloc 2017 LLC*, IPR2017-02148, Paper 82 at 18 (P.T.A.B. Apr. 26, 2019).

**First**, Netflix had no involvement in the '086 IPR. Netflix did not instruct Unified to file its petition, did not direct or control prior art selection, and did not participate in the selection of claims to challenge in the petition. There is no evidence suggesting otherwise. Even Unified's CEO, Kevin Jakel, confirmed in the '086 IPR, that "no [Unified] Member had any involvement in" the preparation, filing, and prosecution of the '086 IPR. *See* '086 IPR, Ex. 1010 ¶¶13-14.

PO places great weight on a single Unified LinkedIn post to contend Netflix is an RPI. That post, however, has no mention of Netflix but instead expressly identifies Amazon and Starz Entertainment, two other defendants whom PO had accused of infringing the '794 patent. Ex. 2007; *see also* Paper 22 at 4. Further, contrary to PO's representations, the '794 patent was not asserted against Netflix on February 23, 2022. Mot. at 2; Ex 1022. It was only in May 2022—approximately one month prior to Unified's filing of the '086 IPR petition—when

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<sup>1</sup> Patent Owner suggests in its motion that Netflix was a "privity" of Unified in the '086 IPR, but its case law and evidence are directed solely to the RPI inquiry. *See* Mot. at 1, 4, 6–8. Nonetheless, Netflix was not Unified's privity for the same reasons that Netflix was not an RPI in the '086 IPR.

PO asserted the '794 patent against Netflix in an amended complaint. Ex. 1023. That timing, along with the LinkedIn post, implies that the '086 IPR was not filed at Netflix's behest or to specifically and exclusively benefit Netflix.

Moreover, Unified's petition did not cover all the claims that could be potentially asserted against Netflix. If Netflix and Unified actually coordinated on the '086 IPR (they did not), then Netflix assuredly would have demanded that Unified's petition challenged all claims. Instead, Netflix had to file its own petition, involving completely different prior art, against all claims of the '794 patent. *See Unified Patents, Inc. v. Barkan Wireless IP Holdings, L.P.*, No. IPR2018-01186, Paper 56 at 8 (P.T.A.B. Dec. 4, 2019).

**Second**, there is no direct evidence that the "'794 patent is in [Unified's] Video Codec Zone." *See* Mot. at 8. The LinkedIn post PO relies on does not confirm whether the '794 patent was part of Unified's Video Codec Zone prior to the filing of its IPR. Regardless, the Board has repeatedly found that Unified's members are not RPIs even where the challenged patent was in one of Unified's subscription zones. *See, e.g., Samsung*, Ex. 2121 at 30 (challenged patent was in Unified's "Content Zone"); *Unified Patents, Inc. v. Realtime Adaptive Streaming, LLC*, No. IPR2018-00883, Paper 29 at 12, 19 (P.T.A.B. Oct. 11, 2018) (petition fell within the "Content Zone"); *Netflix Inc. v. DivX, LLC*, No. IPR2020-00052, Paper 10 at 6-8 (P.T.A.B. Jan. 14, 2020) (challenged patent was in Unified's

“Video Codec Zone”). PO’s assertion that the Board in *DivX* “found that there was no evidence that the patent was in the Zones Netflix subscribed to” (Mot. at 8) ignores the fact that when the Board decided the RPI issue, the Board understood that the challenged patent was in the Video Codec Zone. *DivX*, Paper 10 at 6-8.

**Third**, there is no evidence that Netflix made direct payments to fund the ’086 IPR. Consistent with Membership Agreement’s terms, Netflix paid Unified only for subscription fees to two zones. Ex. 2021 § 3.3; Ex. 2022. There is no evidence that those fees were used to specifically fund the ’086 IPR, and the payment of subscription fees alone is insufficient to confer RPI status. *See, e.g., Uniloc 2017*, Paper 82 at 18-21; *Samsung*, Ex. 2121 at 43-46; *Unified Patents Inc. v. Uniloc USA, Inc.*, IPR2018-00199, Paper 33 at 8-10 (P.T.A.B. May 31, 2019).

#### **IV. NETFLIX IS NOT A CLEAR BENEFICIARY**

PO contends that under *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336 (Fed. Cir. 2018), Netflix is a clear beneficiary and therefore an RPI to the ’086 IPR. But in *AIT*, there were communications between RPX (the petitioner) and Salesforce (the RPI) discussing the challenged patents and associated litigation, Salesforce was time-barred from filing its own IPR, and there were overlapping directors on the boards of RPX and Salesforce. *Id.* at 1339-40. Accordingly, the court found that Salesforce was an RPI, holding that a non-party may be an RPI if, unlike here, it “is a clear beneficiary that has a preexisting,

established relationship with the petitioner.” *AIT*, 897 F.3d at 1351. In any event, Netflix did not benefit from Unified’s filing of the ’086 IPR, because Netflix had already been sued on the ’794 patent prior to the filing of Unified’s petition—so the petition did nothing to reduce litigation against Netflix.

Moreover, regarding Unified’s membership structure, the Board has since held that Unified’s members are not “clear beneficiar[ies]” under *AIT* but are instead “general non-specific beneficiar[ies]” whose interests “would apply to any entity seeking review of the [] patent.” *Bradium*, Paper 31 at 10; *see also Unified Patents, Inc. v. American Patents, LLC*, No. IPR2019-00482, Paper 36 at 14-15. Thus, Netflix is not a clear beneficiary, and therefore cannot be Unified’s RPI.

**V. UNIFIED’S ATTEMPT TO TERMINATE THE ’086 IPR DOES NOT ESTABLISH THAT NETFLIX IS AN RPI**

PO speculates that Netflix somehow played a role in Unified’s decision to seek termination of the ’086 IPR. Mot. at 6. But there is no evidence that Netflix ever communicated or coordinated with Unified about the ’794 patent, or about termination of Unified’s ’086 IPR. Unified represented to the Board that it sought termination due to budget constraints. ’086 IPR, Ex. 3001. As PO acknowledges, that fact is not unique to the ’086 IPR, since Unified sought to terminate at least nine other unrelated proceedings for the same reason. Mot. at 3.

PO also suggests that Unified elected not to seek termination after it

“became clear that estoppel might apply.” Mot. at 6. But at that time, there was no live RPI issue in that IPR. ’086 IPR, Paper 30 at 2. PO’s suggestion that Unified modified its conduct on that basis is pure speculation. Thus, Unified’s attempt to terminate the ’086 IPR has no bearing on whether Netflix is an RPI.

## **VI. THERE IS NO BASIS TO TERMINATE THIS PROCEEDING**

Even if Netflix is found to be an RPI (it is not), this proceeding may not be terminated in its entirety. As Netflix previously explained, estoppel under 35 U.S.C. § 315(e) applies on a claim-by-claim basis, and there are numerous claims challenged here that were not challenged in the ’086 IPR. *See* Paper 22 at 7-9.

In the event estoppel somehow applies to some of the challenged claims, the Board has discretion to reach a Final Written Decision on *all* claims. *See, e.g., Apple Inc. v. MemoryWeb, LLC*, IPR2022-00031, Paper 85 at 31-32 (P.T.A.B. Dec. 8, 2023); *Intuitive Surgical, Inc. v. Ethicon LLC*, IPR2018-01248, Paper 34 at 17 (P.T.A.B. Feb. 6, 2020). Given that the record is almost completely developed, as in *Apple* and *Intuitive*, the overlap in limitations with the claims not subject to estoppel, and the strength of Netflix’s petition, the public interest in the integrity of the patent system demands that all claims of the ’794 patent are closely examined and reach a FWD.

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Respectfully submitted,

Dated: June 11, 2024

By: // Aliza George Carrano //  
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**CERTIFICATE OF SERVICE**

Pursuant to 37 C.F.R. § 42.6, the undersigned certifies that on June 11, 2024, a copy of the foregoing document was served by email directed to the following counsel of record and distribution list:

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