

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DURATION MEDIA LLC,
Petitioner,

v.

RICH MEDIA CLUB LLC,
Patent Owner.

IPR2023-00953

Patent 11,443,329 B2

**PATENT OWNER'S REQUEST FOR DIRECTOR
REVIEW OF FINAL WRITTEN DECISION PAPER 80**

TABLE OF CONTENTS

I. LEGAL STANDARDS.....	3
II. BACKGROUND.....	3
III. THE MAJORITY MADE AN ERRONEOUS FINDING OF MATERIAL FACT WHEN IT CONCLUDED THAT BADROS TEACHES REQUESTING ADVERTISEMENTS FROM A SERVER <i>IN RESPONSE TO</i> THE VIEWABILITY TEST	6
IV. THE MAJORITY AND PREVIOUS DIRECTOR ABUSED THEIR DISCRETION AND MADE ERRONEOUS FINDING OF MATERIAL FACT BY PUTTING PATENT OWNER IN AN “UNFAIR” AND “IMPOSSIBLE POSITION.”	8
V. ADDITIONAL ISSUES COMPELLING FINDING ALL CHALLENGED CLAIMS NOT UNPATENTABLE.....	11
A. Dismissing Evidence Elicited on Cross-Examination is an Abuse of Discretion and Resulted in an Erroneous Finding of Material Fact.	11
B. Improper Analysis of Objective Indicia of Non-Obviousness.	12
C. Failure to Meet Statutory Timeframe of 35 U.S.C. § 316(a)(11).....	13
VI. CONCLUSION.....	14

This IPR involved major procedural errors that resulting in a substantively incorrect determination on remand. The underlying problem with the Petition was exposed when the Petitioner's own expert, Smedley, admitted on cross-examination *five times* that he did not have an opinion that a reference (Badros) taught the "determination" element required by the claims. After admitting he had not "given an opinion" on whether Badros taught the element, Smedley testified:

Q. I want to know whether Badros teaches, in your opinion, to make a determination that the predefined area that is used to display the advertisement has been in view within the visible area of the browser window for a predefined period of time?

A. It's not something I'm able to do as I sit here right now.

Paper 80 at pp. 4-5, Final Written Decision on Remand ("FWD2"), Additional Views of APJ Fitzpatrick (quoting EX2050 (Smedley Cross, 50:22-52:29).

Smedley's admissions, combined with testimony from the Patent Owner's expert (Sherwood) was some of the evidence the Board used to conclude, in a 2-1 original decision, that the Petitioner had not met its burden of establishing unpatentability.

Paper 71 Original Final Written Decision ("FWD1"). In a process Judge Fitzpatrick describes as "unfair to Patent Owner," the previous Director substituted her own reading of the Badros reference for the evidence and testimony that was introduced at trial and remanded. The procedural unfairness is discussed in section IV below and on its own a reason to find all claims not unpatentable and restore

FWD1.

Even applying the former Director’s own reading of Badros (instead of the evidence at trial), there is a separate reason to conclude the Petitioner failed to demonstrate that the claims are not patentable. As explained correctly in the Dissent, the cited references did not teach the claimed element of starting the process of selecting a replacement ad *in response to* the viewability determination. The original Majority, of course, did not have to reach this issue because it determined, based on the trial evidence, that Badros did not teach the viewability test in the first place. As explained in the Dissent:

The Petition’s analysis does not sufficiently explain how Badros’s time-multiplexed display of previously selected advertisements discloses, teaches, or suggests requesting advertisements from a server *in response to* the viewability test. *See* Pet. 18–28 (Ground I), 31–40 (Ground II). In particular, claims 1 and 6 recite causing a communication to be sent *in response to* the viewability test. Ex. 1001, 68:59–64 (claim 1, step (b)); 70:7–11 (claim 6, limitation (b)(ii)). And the claimed dispatch server receives the communication and sends a replacement advertisement. *Id.* at 68:65–69:4 (claim 1); 70:11–16 (claim 6).

Paper 80 at p. 7, Dissent, Final Written Decision on Remand (“FWD2”) (emphasis added). This is the correct decision and should adopted as the Final Decision by the Director if FWD1 is not restored as the proper (and only timely) Final Written

Decision. The failure to show the “in response to” limitation is discussed in § III below.

I. LEGAL STANDARDS

Under the USPTO’s interim procedures, Director review of a Board decision may be warranted when the decision includes, among other things, “(a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law.” USPTO Website, Revised Interim Director Review Process. This request is timely. 37 C.F.R. § 42.71(d).

II. BACKGROUND

Part of this IPR concerns two questions about a reference, Badros (EX1003): (1) does Badros sufficiently teach a “viewability test”?; and (2) if it does, does Badros teach how to start the process of replacing ad space that is “in view” with a new ad “in response to” the viewability determination? There is extensive dispute about the first question, which by itself should call into question the second. As explained by the Dissent in FWD2 and Section III below, the Petitioner fails to carry its burden on the second.

The extent of the dispute over the first question — does Badros teach a viewability test in the first place — arose in part because the Petitioner’s own expert, Smedley, testified that he had not formed an opinion that Badros teaches the test. Papers 71 (Initial FWD) and 74 (Public Version of FWD) at p. 22

(“Petitioner’s own witness, Dr. Smedley, agreed that “Badros doesn’t teach how to do its viewability test.”); at p. 23 (“Perhaps the most troublesome evidence for Petitioner is that its own witness, Dr. Smedley, repeatedly testified on cross-examination that he did not know whether Badros teaches the ‘determination’ limitation of claim 1, despite having considered Badros and offering other opinions about Badros.”).¹

¹ After Petitioner’s expert repeatedly made the admissions at deposition, Petitioner tried to fix the problem in its Reply. Specifically, on Reply, Petitioner sought to backfill the hole in its Petition with *eight new references* purporting to disclose the “viewability test” and *two new expert declarations* presenting these new references, including a new declaration from Smedley stating that — contrary to his prior sworn admissions — Badros does teach a viewability test. Smedley’s Reply Declaration relied on these new references to opine that “Several prior art references I reviewed disclosed various viewability tests.” EX1027, ¶ 17; *see also* ¶ 15. There was no reason why Petitioner or Smedley could not have provided this at the time of the Petition. Patent Owner moved to exclude, Paper 60. The FWD excluded the second expert declaration because his new testimony that “Badros discloses Patent Owner’s ‘viewability test’” “is clearly evidence to make out a prima facie case of unpatentability” that Petitioner should have submitted with the

In contrast to Smedley’s repeated refusal to opine on Badros’ teachings, the Patent Owner’s expert, Sherwood, testified that Badros did not teach the viewability test. *See* EX2045 ¶ 62 (“I reach this opinion in part because there is no disclosure in Badros about how to actually run a viewability test.”), ¶ 68 (“Badros does not teach or claim a viewable impression and further Badros does not teach how to do a viewability test.”). Confronted with Smedley’s evasion and other evidence, the Panel’s original FWD found that the Petitioner had not carried its burden and determined all challenged claims to be not unpatentable. Paper 74. The Patent Owner also submitted extensive evidence concerning objective indicia of non-obviousness. FWD1 did not address this evidence because the Board determined Badros did not teach the required viewability determination.

Presented with the same evidence in the original Request for Director Review (Paper 73), the former Director determined she could ignore the expert testimony and rely on her own view of Badros. She wrote: “***Regardless of Dr. Smedley’s testimony***, I agree with the dissent that Patent Owner’s arguments fail to undermine the clear disclosure in Badros... The claim limitation at issue here, and Badros’s disclosure, are ***easily understandable without the need for expert explanatory testimony***.” Paper 78 at pp. 9-10; *see also id.* p. 11 (“expert testimony

Petition. Paper 74 at p. 26.

is not dispositive, *or even necessary*, to resolve whether Badros discloses the viewability test.”) (emphasis added). Nowhere did the former Director explain, however, that if Badros was so “easily understandable” (indeed so much so that expert testimony was not needed at all), why it was permissible for the Petitioner’s expert to repeatedly testify on cross-examination that he had not and could not opine on such an “easily understandable” teaching from Badros. After substituting her view of Badros for the evidence submitted at trial, the Director remanded the case to the Board for further consideration consistent with her Decision.

On remand and constrained by the former Director’s Decision, the Panel’s second FWD determined all challenged claims unpatentable, which included both the dissent and the “additional views” as discussed above. Paper 80. On remand, the Board failed did not apply the “totality of the evidence” test required by *Volvo Penta* with regard to objective indicia of non-obviousness.

III. THE MAJORITY MADE AN ERRONEOUS FINDING OF MATERIAL FACT WHEN IT CONCLUDED THAT BADROS TEACHES REQUESTING ADVERTISEMENTS FROM A SERVER *IN RESPONSE TO THE VIEWABILITY TEST*

The claims of the ’329 invention do not require only that the system determines whether an ad space is “in view”; they require that the system initiates a process of selecting a replacement ad for the viewable ad space *in response to* the determination that the ad space is viewable. As explained in the Dissent, even assuming the former Director’s view of Badros is correct, the Petitioner failed to

explain how Badros and the other references relied upon in the Petition showed how the placement of an ad “in response to” a viewability determination was taught.

As explained by the Dissent with regard to Ground I, “Petitioner argues that ‘[i]t would have been obvious that Badros makes a request to the server for additional ads.’” FWD2 Dissent at p. 7 (citing Pet. 25 (citing Ex. 1009 ¶¶ 57, 69)). The Dissent explains, however, that *none* of the cited evidence supports the Petitioner’s assertion. There are no specific teachings from Badros. The citations to Dr. Smedley’s testimony “are not clearly relevant to this rationale.” *Id.* p. 8. Nor is his discussion of the Harkins reference. *Id.* “Dr. Smedley’s summary of Badros’s time-multiplexing display . . . does not describe where advertisements come from.” *Id.* “At bottom, Petitioner has not fully explained its reasoning.” *Id.* The Dissent is correct with regard to Ground I.

The Dissent explains that “Petitioner’s explanation in Ground II is equally sparse”:

Badros’s discussion of the impression module, Petitioner quotes Badros’s description of a request for advertisements. *Id.* at 36 (citing Ex. 1003, 5:13–21). The quoted paragraph states, in part, “*In response to the request*, the server 2 may cause a plurality of documents to be displayed on a time-multiplexed basis.” Ex. 1003, 5:13–21 (emphasis added). As discussed above, the time-multiplexed display uses the viewability test. *See id.* at 6:20–24, 11:22–24, 12:37:40; Tr. 13:20–22,

19:21–22:13. By contrast, the claimed communication requests do not trigger a viewability test but are made “in response to” one. See Ex. 1001, 68:59–64 (claim 1, step (b)); 70:7–11 (claim 6, limitation (b)(ii)). Thus, Petitioner’s bare citation to Badros in Ground II is insufficient. Pet. 36; *see also id.* at 37 (citing Ex. 1003, 5:11–18, 2:9–21 (describing the same feature)).

FWD2 Dissent 8-9. The Dissent continues, explaining that each of the other arguments the Petitioner put forth to find the missing “in response to” element are unpersuasive. FWD2 Dissent 10-14. The Dissent is correct, and the Director should adopt the Dissent as the correct Final Written Decision if the original Final Written Decision is not reinstated.

IV. THE MAJORITY AND PREVIOUS DIRECTOR ABUSED THEIR DISCRETION AND MADE ERRONEOUS FINDING OF MATERIAL FACT BY PUTTING PATENT OWNER IN AN “UNFAIR” AND “IMPOSSIBLE POSITION.”

The other judge in the original majority, based on the previous Director’s remand he felt compelled to follow, changed his opinion to declare the claims unpatentable. He also, however, wrote separately to express why the former Director’s Decision was, in his words “*unfair to Patent Owner.*” The issue had its genesis in remarkable and repeated testimony by the Petitioner’s own witness (Smedley) that, prior to his deposition, he had not formed an opinion that Badros taught a viewability test and he was unable to form that opinion at the deposition. Smedley testified:

Q. That's exactly my question. Is it your testimony that you do not know whether Badros teaches to make a determination that the predefined area that is used to display the advertisement has been in view within the visible area of the browser window for a predefined period of time?

A. That's not something that I have given an opinion on.

Q. My question is, as you sit here today, is it your opinion that Badros teaches that or not?

A. That's not something I've given an opinion on here, and I can't formulate that sort of opinion as we sit here. I'd have to – it's something I haven't done, so I'd have to sit down and analyze what he's proposed carefully and it would take longer than we have to sit here today.

Q. I want to know whether Badros teaches, in your opinion, to make a determination that the predefined area that is used to display the advertisement has been in view within the visible area of the browser window for a predefined period of time?

A. It's not something I'm able to do as I sit here right now.

Q. How long is it going to take you?

A. I don't know.

* * *

Q. The question is, you do not have an opinion about whether Badros teaches to make a determination that the predefined area that is used to display the advertisement has been in view within the visible area of the browser window for a predefined period of time?

A. That's not something I've given an opinion on and it's not something I'm able to give an opinion on as we sit here today.

FWD2 at pp. 4-5, Additional Views (quoting EX2050, 50:22–52:19).

As Judge Fitzgerald explains, by testifying he had not formed an opinion about a claim element, “Dr. Smedley effectively thwarted any substantive cross examination of his opinion that Badros discloses the viewability test. He did so by denying during his deposition that he had such an opinion and then subsequently submitting a reply declaration stating that he did. ***This is unfair to Patent Owner.***” FWD2 at p. 5, Additional Views (emphasis added). As his opinion note, “In my view, the Director’s Decision to vacate the Previous FWD, notwithstanding the cross examination of Dr. Smedley, ***upends the adversarial process here and puts Patent Owner in an impossible position.*** *Id.* at p. 2 (emphasis added). The Additional Views conclude: “The Director assigns “no weight” to Mr. Sherwood’s declaration testimony regarding the meaning of the disputed Badros statements yet excuses Dr. Smedley’s inability on cross-examination to defend his own contrary position regarding the same statements. Director Dec. 9. ***In my view, this puts Patent Owner in an impossible position.***” *Id.* at p. 7 (emphasis added).

Putting a party in an “impossible position” should not be the way IPRs are conducted. But that is exactly what the former Director, by sanctioning the litigation conduct of the Petitioner and substituting her own opinions from the evidence at trial, did. This alone is sufficient reason to vacate the second FWD and restore the initial one.

**V. ADDITIONAL ISSUES COMPELLING FINDING ALL
CHALLENGED CLAIMS NOT UNPATENTABLE**

**A. Dismissing Evidence Elicited on Cross-Examination is an Abuse
of Discretion and Resulted in an Erroneous Finding of Material Fact.**

By dismissing record evidence developed on cross-examination as irrelevant, allowing new evidence and arguments in reply, and substituting her own reading of Badros for that of the party's experts, the former Director abused her discretion and made erroneous findings of material facts. On remand, the Panel followed the Director's factfinding and legal decisions because other views were "foreclosed by the Director's finding[s]." Paper 80 at p. 22, *see id.* at pp. 19, 24, 30 ("The Director found..." and "the Director determined..." and "the Director has found..." and "much of what Patent Owner [] argues...the Director rejected.")

The unfairness visited upon the Patent Owner by dismissing evidence elicited on cross-examination was so extensive that Judge Fitzgerald felt compelled to offer his "Additional Views" that the former Director's Decision "upends the adversarial process here and puts Patent Owner in an impossible position." FWD2 at p. 2, Additional Views. The only way to avoid the unfairness to the Patent Owner (and the Petitioner for that matter) is to restore the original FWD which properly considered both party's evidence and arguments, including the evidence developed on cross-examination.

Allowing extensive new evidence and argument on reply was also an abuse

of discretion. The “petitioner’s petition...is supposed to guide the life of the litigation [in an IPR proceeding].” *SAS Inst. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (emphasizing “focus on the petitioner’s contentions”). The statute requires a petition to identify “in writing and with particularity ... the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim.” 35 U.S.C. § 312(a)(3); accord *Intelligent Bio-Sys. v. Illumina Cambridge*, 821 F.3d 1359, 1369 (Fed. Cir. 2016). Petitioner “may not submit new evidence or argument in reply that it could have presented earlier [in the petition], e.g., to make out a prima facie case of unpatentability.” Trial Practice Guide 73 (Nov. 2019). The Director Decision’s contradicted this, stating that “it was proper for Petitioner to submit new evidence with its Reply” and requiring the Board to consider the new declarations on remand. But the Director’s Decision nowhere addressed or acknowledged the serious legal problem identified by 2 out of 3 judges on remand. The Director’s Decision simply pretends as though the second declaration is not new by ignoring the sworn deposition testimony.

B. Improper Analysis of Objective Indicia of Non-Obviousness.

At trial, the patent owner introduced extensive evidence of non-obviousness and argued that the “totality of the evidence” test set forth in *Volvo Penta* was controlling. *Volvo Penta of the Am's. v. Brunswick Corp.* No. 2022-1765, at *20 (Fed. Cir. Aug. 24, 2023) (reversing PTAB obviousness determination for failing

to properly consider the objective indicia; obviousness test requires properly

“considering the totality of the evidence of obviousness, including the teachings of the combined references in relation to secondary considerations.”). This evidence included overwhelming evidence demonstrating that the Patent Owner played a critical role in facilitating changing the Internet advertising industry from charging for served impressions to charging for viewable impressions. *See, e.g.*, Paper 35, POR 17-36 and exhibits EX2010, EX2017, EX2024-25, EX2027-33, EX2038-2042. In addition, the Petitioner had a been a customer of the Patent Owner, but then opted to copy, rather than license, the Patent Owner’s technology. POR 36-39 and cited exhibits including EX2009, EX2013-2014, EX2025-2027, EX2047-2049. The technology was commercially successful. EX2026, EX2055. The Petitioner not only copied the technology it had been buying from the Patent Owner, it even copied the Petitioner’s patent, claiming for itself to have invented the very technology it copied from the Patent Owner. EX2025, ¶¶ 18-22; EX2005; EX2007-2008; EX2022-2023. FWD2, however, dismisses most of this evidence because of the Director’s interpretation of *Badros* and nowhere applies the *Volvo Penta* test. This too was error.

C. Failure to Meet Statutory Timeframe of 35 U.S.C. § 316(a)(11).

This IPR was instituted on August 30, 2023. Paper 9. The original FWD was timely issued within the one-year statutory time limit of 35 U.S.C. § 316(a)(11).

There has been no required showing or finding of “good cause” to extend the one-year deadline by a maximum of 6 months, but even “good cause” did exist, the second FWD itself issued *after* the additional six-month time limit, which expired on February 29, 2025. The only FWD issued that issued within the statutory limits was the first FWD. The Director should reinstate the first FWD.

VI. CONCLUSION

The second FWD, Paper 80, must be vacated. The original FWD, Paper 71 (sealed) or Paper 74 (public version), should be reinstated.

Dated: April 7, 2025

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on April 7, 2025, a complete and correct copy of the foregoing **Patent Owner's Request for Director Review of Final Written Decision Paper 80** was served via electronic mail on the following counsel of record for Petitioner and Director:

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