

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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META PLATFORMS, INC.,  
Petitioner,

v.

EIGHT KHZ, LLC,  
Patent Owner.

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Case IPR2023-01003  
Patent 9,226,090

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**PATENT OWNER'S PRELIMINARY RESPONSE**  
*35 U.S.C. §313, and 37 C.F.R. §42.107(a)*

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## EXHIBIT LIST

| Ex.  | Description                                                                                                                                                                       |
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| 2001 | Defendants' Preliminary Invalidity Contentions                                                                                                                                    |
| 2002 | U.S. District Court Order in <i>Eight kHz, LLC v. Meta Platforms, Inc.</i> , No. 6:22-cv-00575-ADA-DTG (W.D. Tex. Aug. 30, 2023), Granting Joint Motion to Amend Scheduling Order |
| 2003 | U.S. District Court Order in <i>Eight kHz, LLC v. Meta Platforms, Inc.</i> , No. 6:22-cv-00575-ADA-DTG (W.D. Tex. Sep. 11, 2023), Resetting Markman Hearing Via Zoom              |
| 2004 | Memorandum from Katherine K. Vidal on Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (June 21, 2022)           |
| 2005 | Lex Machina, Patent Cases (All Judges) Time to Trial, U.S. District Court for the Western District of Texas, September 9, 2023                                                    |
| 2006 | Lex Machina, Patent Cases (Judge Alan D. Albright) Time to Trial, U.S. District Court for the Western District of Texas, September 9, 2023                                        |
| 2007 | U.S. District Court Minute Entry in <i>Eight kHz, LLC v. Meta Platforms, Inc.</i> , No. 6:22-cv-00575-ADA-DTG (W.D. Tex. Oct. 3, 2023), Denying Motion to Transfer Venue          |
| 2008 | U.S. Patent No. 6,961,439 to Ballas ("Ballas 439")                                                                                                                                |

Eight kHz, LLC (“8KHZ”) submits this Preliminary Response (“POPR”) to the Petition (Paper 2, “Pet.”) for *inter partes* review (“IPR”) of claims 1-3, 6, 8-10, 12, and 14-19 of U.S. Patent No. 9,226,090 (“’090 Patent”, Ex. 1001) filed by Meta Platforms, Inc. (“Petitioner”).

## **I. INTRODUCTION**

A trial should not be instituted because the Petition does not satisfy the threshold for instituting an IPR because it is procedurally defective, and it does not show that there is a reasonable likelihood that Petitioner would prevail with respect to any claim challenged in the Petition.

Institution of an IPR is authorized when “the information presented in the petition ... and any response ... shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition” (35 U.S.C. §314(a)) and meets all other statutory requirements for institution.

The Petition does not satisfy the threshold for institution of an IPR because it does not meet the procedural standard for institution due to a lack of clarity as to where each element of the challenged claims is found in the prior art, and a lack of detailed, concise, and organized arguments in support of the specific relief requested that 8KHZ and the Board can follow to understand that Petitioner has met their burden to warrant institution.

Further, the Petition fails to establish a reasonable likelihood of prevailing in establishing the unpatentability of at least one challenged claim. Petitioner fails to address the differences between the claimed subject matter and the prior art, and fails to provide a reasoned analysis of how and why a person of ordinary skill in the art (“POSITA”) would combine the prior art, and show they would have had a reasonable expectation of success. The multitude of internal cross-references to various parts of the Petition for some supporting analysis, and arguments impermissibly incorporated by reference, compound the deficient prior art analysis. Petitioner fails to show and explain how the prior art discloses or teaches all of the elements of the claim as arranged in the claims.

As discussed herein, the information in the Petition does not demonstrate a reasonable likelihood that Petitioner would prevail with respect to its assertions of unpatentability based on Grounds 1-8, and institution should be denied. Independently, the Board should exercise discretion under 35 U.S.C. §314(a) to deny institution under *Fintiv*.

## **II. PROCEDURAL DEFECTS**

The Petition, brimming at 13,970 words, lacks clarity, conciseness, and well-organized, easy-to-follow arguments, improperly shifting the burden of deciphering Petitioner’s arguments onto 8KHZ and the Board, warranting denial of institution of this IPR.

**A. The Petition Lacks Particularized Identification, Analysis, and Explanations**

To be considered for review, a petition for *inter partes* review must “identif[y], in writing and with particularity, each claim challenged, 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). The regulations governing *inter partes* review expound on the particularity requirement stating the petition “must specify where each element of the claim is found in the prior art patents or printed publications relied upon” (37 C.F.R. §42.104(b)(4)) and must “identify[] specific portions of the evidence that support the challenge” (37 C.F.R. §42.104(b)(5)). The regulations governing the content of the petition state there “must be a statement of the precise relief requested,” and the petition must include “[a] full statement of the reasons for the relief requested, including a detailed explanation of the significance of the evidence including material facts, and the governing law, rules, and precedent.” 37 C.F.R. §42.22(a)(1)-(2). In sum, “[a] brief must make all arguments accessible to the judges, rather than ask them to play archaeologist with the record.” *DeSilva v. DiLeonardi*, 181 F.3d 865, 866 (7th Cir. 1999).

Several grounds in the Petition rely extensively on internal cross-referencing as a short cut to fit a myriad of arguments for unpatentability in the Petition. The

condensed, convoluted, and conclusory analysis in the Petition results in an unclear analysis of the alleged evidence that fails to satisfy the explicit, fundamental requirements of a reviewable petition because it does not: (1) clearly specify where each element of the claim is found in the prior art, and (2) provide a detailed, concise, and reasonably-understandable explanation of the significance of the prior art and evidence in view of the elements of each challenged claim as arranged in the claim. This short-cut approach to presenting evidence and analysis is procedurally improper. *See Apple Inc. v. ContentGuard Holdings, Inc.*, IPR2015-00449, Paper 10 at 8-9 (PTAB July 15, 2015) (rejecting obviousness analysis as “two or three levels removed from the actual disclosures of [the prior art]” where argument relied upon cross-references to other sections of petition). These defects warrant denial of institution of at least Grounds 1, 4-5, and 8.

**B. Ground 1: Claim 15 Relying on Bedingfield**

Ground 1 relies on the combination of Bedingfield-Andrea to disclose all of the elements of limitations 1[a]-[c]. Pet. 19-26. The Petition relies on the Bedingfield-Andrea combination teachings of limitations 1[a]-[c] to also teach limitations 15[d]-[d2]. Pet. 35-36. But, claims 1 and 15 include different elements, with the claims overall covering different subject matter. The only direct citation to Bedingfield for limitations 15[d]-[d2] is for limitation 15[d]; there is no direct citation to Andrea supporting the claim 15 analysis. The Petition avoids explicitly

addressing all of the elements of claim 15, and instead, substitutes the analysis of limitations 1[a]-[c] found elsewhere in the Petition. For example, limitation 15[d1] addresses adjusting the binaural voice “to position a sound localization point of the binaural voice to a location.” Pet. 92. Ground 1 divides limitation 15[d] into subparts, but nowhere does it explicitly address adjusting a binaural voice to position the binaural voice. Instead, the Petition refers to Bedingfield, which is directed to single and multi-channel audio, and then references numerous nested string citations to portions of the Petition which themselves address claims with different elements. *See, e.g.*, Pet. 36 (addressing limitation 15[d1] and citing “Section VIII.C.4 (Ground 1, 1[c]); EX1027, 39-40” and “See Sections VIII.C.3 and VIII.E.3 (Ground 1, 1[b] and 15[b]); EX1032, 148:22-149:14”, and addressing limitation 15[d2] and citing, in part, “See Sections VII.C.2, VIII.C.5, VIII.E.3, VII.E.6 (Ground 1, 1[a], 1[d], 15[b], and 15[d1]); EX1032, 148:22-149:14”). To understand the analysis of limitation 15[d1]-[d2] the reader must review the analysis of limitations 1[a]-[d], spanning 9 pages of internal sections of the Petition (also including almost 28 pages of the Kyriakakis declaration), involving different words arranged in a different manner than in limitation 15[d1]-[d2]. These nested citations, internal citations, and cross references obscure what Petitioner is relying on as disclosing or teaching the limitations of claim 15.

The use of citations to the Kyriakakis declaration is merely conclusory, and permitting such citations to shore-up the lack of necessary detailed analysis in the Petition operates as an end-run around the word count. *See Cisco Systems, Inc. v. C-Cation Techs., LLC*, IPR2014-00454, Paper 12 at 8 (PTAB Aug. 29, 2014) (informative) (citations to “large portions of another document, without sufficient explanation of those portions, amounts to incorporation by reference.”); 37 C.F.R. §42.6(a)(3) (“[a]rguments must not be incorporated by reference from one document into another document.”); and *see also DeSilva*, 181 F.3d at 867 (incorporation by reference “amounts to a self-help increase in the length of the [] brief.”).

As to Ground 1 addressing claim 15, the Petition fails to fairly meet the particularized identification, analysis, and explanations required by 35 U.S.C. §312(a)(3) and 37 C.F.R. §§42.22(a) and 104(b); institution of the asserted ground for obviousness over Bedingfield in view of Andrea should be denied.

**C. Ground 4: Claim 8 Relying on Bedingfield and Ballas**

The Ground 4 analysis of claim 8 suffers from the same lack of clarity as Ground 1 above, warranting denial of institution. Ground 4 relies on Bedingfield, and Ballas in the alternative, to disclose all of the elements of claim 8. Pet. 49-52. Although claims 1, 2, 17 and 18 include different elements, arranged overall to cover different subject matter from claim 8, the Ground 4 analysis relies on the Petition’s prior analysis of claims 1, 2, 17 and 18 of Bedingfield and Ballas in Grounds 1 and

2 to support invalidity of claim 8. The only direct reference to Bedingfield is to Fig. 1 for limitation 8[a]. Pet. 50. There is no direct citation to Ballas in the analysis of claim 8.

The understandability of the Ground 4 analysis of claim 8 is further frustrated by the Petition's use of Ballas in the alternative to Bedingfield as teaching limitations 8[c]-[d]. Pet. 51 ("Bedingfield alone or in view of Ballas teaches this limitation."). Instead of a clearly laid-out presentation of evidence, and readily understandable arguments, 8KHZ and the Board are required to speculate as to the exact prior art asserted, and jump around to various points in the Petition to search for and piece together evidence to understand Petitioner's case. The Patent Trial and Appeal Board, Consolidated Trial Practice Guide recommends parties "focus on concise, well-organized, easy-to-follow arguments supported by readily identified evidence of record." Consolidated Trial Practice Guide at 39 (Nov. 2019). This standard is not met.

For Ground 4 addressing claim 8, the Petition fails to fairly meet the particularized identification, analysis, and explanations required by 35 U.S.C. §312(a)(3) and 37 C.F.R. §§42.22(a) and 104(b); institution of the asserted ground for obviousness over Bedingfield in view of Ballas should be denied.

**D. Ground 5: Claim 1 Relying on Li and Andrea**

The Ground 5 analysis of claim 1 also lacks clarity due to the content and presentation of the arguments for unpatentability and should be denied institution. Ground 5 relies on Li and Andrea to disclose all of the elements of claim 1. Pet. 58-66. The only primary reference to Andrea is to provide a missing element of limitation 1[c] by referencing an analysis of limitation 1[a]. Pet. 65. The remaining uses of Andrea are in the alternative, seemingly if arguments that Li discloses some limitations fail. Pet. 59-60 ((regarding limitation 1[a], offering Andrea as alternatively disclosing the claimed electronic earphone), Pet. 60 (regarding limitation 1[a], offering Andrea as alternatively disclosing capturing binaural sound), and Pet. 63 (regarding limitation 1[b], offering Andrea as alternatively disclosing binaural sound)). By presenting Andrea in the alternative to a limitation Li may not disclose, it assumes paradoxically that a limitation is and is not disclosed by Li. Further, the Petition fails to specify the differences between Li and Andrea and the challenged claims. *See Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966) (requiring that the differences between the asserted art and the challenged claims be ascertained as part of an obviousness analysis). It is unclear from the evidence and arguments, as presented in this ground, what Petitioner's specific invalidity argument is, and where all the claim elements, as arranged in the claim, are found in the asserted prior art combination of Li-Andrea.

As to Ground 5 addressing claim 1, the Petition fails to fairly meet the particularized identification, analysis, and explanations required by 35 U.S.C. §312(a)(3) and 37 C.F.R. §§42.22(a) and 104(b); institution of the asserted ground for obviousness over Li in view of Andrea should be denied.

**E. Ground 5: Claim 15 Relying on Li and Andrea**

The Ground 5 analysis of claim 15 adopts a similar approach as the Ground 1 analysis of claim 15, warranting denial of institution. The Li-Andrea combination is alleged to teach and disclose all of the elements of claim 15. Pet. 68-70. The analysis only cites directly to Li for two limitations, and relies on the Ground 5 analysis of limitations 1[a]-[d] for limitations 15[c]-[d], as well as previous analysis of limitations of claim 15 in Ground 5 (see limitation 15[b] (Pet. 68) citing “Section XII.E.2 (Ground 5, 15[a]),” where the analysis of limitation 15[a] only citing “Kyriakakis ¶274” and “Section CII.C.2 (Ground 5, 1[a])” as direct support. Ground 5 fails to specify where each element of the claim is found in the prior art, and fails to provide a concise and reasonably-understandable explanation of the unpatentability argument.

As to Ground 5 addressing claim 15, the Petition fails to fairly meet the particularized identification, analysis, and explanations required by 35 U.S.C. §312(a)(3) and 37 C.F.R. §§42.22(a) and 104(b); institution of the asserted ground for obviousness over Li in view of Andrea should be denied.

**F. Ground 8: Claim 8 Relying on Li and Ballas**

The lack of clarity and failure to directly cite to the prior art in the Ground 8 analysis of claim 1 warrants denial of institution. Ground 8 relies on Li and Ballas to disclose all of the elements of claim 8. Pet. 81-83. The analysis lacks any direct citation to Li or Ballas. Instead, the analysis cites different parts of prior analysis of Ground 1 for claims 2 and 17, Ground 2 for claim 18, Ground 5 for claims 1 and 15, Ground 6 for claim 18, and Ground 8 for claim 8.

For Ground 8 addressing claim 8, the Petition fails to fairly meet the particularized identification, analysis, and explanations required by 35 U.S.C. §312(a)(3) and 37 C.F.R. §§42.22(a) and 104(b); institution of the asserted ground for obviousness over Li in view of Ballas should be denied

The Petition's grounds challenging the validity of independent claims 1, 8, and 15 is unclear, confusing, and requires the reader "to play archeologist with the record." *Cisco Sys., Inc.*, IPR2014-00454, at 10. This approach was avoidable. Due to the thin analysis with mere supporting citations to a myriad of internal cross-references to the Petition to claims of differing language and scope, and conclusory references to the Kyriakakis declaration, the Petition fails to meet requirements for institution in view of 35 U.S.C. §312(a)(3) and 37 C.F.R. §§42.22(a) and 104(b). Institution of the Petition on Grounds 1, 4-5, and 8, and institution of the Petition as a whole, should be denied.

### **III. PETITIONER HAS FAILED TO ESTABLISH A REASONABLE LIKELIHOOD THAT ANY CHALLENGED CLAIM IS UNPATENTABLE**

#### **A. The '090 Patent**

The '090 Patent is titled Sound Localization for an Electronic Call. Ex. 1001, code 54. The subject matter of the '090 Patent discloses and claims a novel method, apparatus, and system of communication involving simulation of an origin of a voice in empty space relative to a listener during an electronic call. *Id.*, Abstract. Conventional communication solutions provided monophonic sound to users, and this lacked the quality of sound users hear in face-to-face communications. *Id.*, 1:6-15. The claims are directed to capturing a binaural sound or voice of a speaking person during an electronic/telephone call, and originating the audio from a point in space, and at times, maintaining the origin of the sound at the point in space as the listener moves with respect to the point.

#### **B. The Asserted Grounds**

Petitioner asserts the challenged claims are unpatentable under 35 U.S.C. §103 based on eight grounds. Pet. 5-6. Claims 1, 8, and 15 are independent. Ex. 1001. This POPR addresses the grounds challenging the independent claims, and their deficiencies:

| Ground | Claims         | References                                          |
|--------|----------------|-----------------------------------------------------|
| 1      | 1-3, 6, 15-17  | Bedingfield (Ex. 1005) in view of Andrea (Ex. 1007) |
| 4      | 8-10, 12, 14   | Bedingfield in view of Ballas (Ex. 1008)            |
| 5      | 1, 3, 6, 15-17 | Li (Ex. 1006) in view of Andrea                     |
| 8      | 8-10, 12, 14   | Li in view of Ballas                                |

**C. A Person of Ordinary Skill in the Art**

For purposes of this POPR, 8KHZ applies Petitioner’s characterization of a POSITA.

**D. Claim Construction**

The claim terms should be given their “ordinary and customary meaning” as understood by a POSITA in view of the patent claims, specification and prosecution history. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312-14 (Fed. Cir. 2005) (en banc); and 37 C.F.R. § 42.100(b). There is a “heavy presumption” that the ‘090 Patent’s disputed claim terms “are to be given their ordinary and customary meaning.” See *Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353, 1358 (Fed. Cir. 2017) (citation

omitted). The ordinary meaning may be readily apparent to a POSITA, and claim construction can involve merely accepting the meaning of commonly understood words. *Phillips*, 415 F.3d at 1314.

The Petitioner’s “any reasonable construction, including their plain meaning” harkens back to the broadest reasonable interpretation standard used by the Board before November 13, 2018 and conflicts with the expressed directive that the Board use the same claim construction standard as in a civil action. 37 C.F.R. § 42.100(b). Thus, Petitioner’s assertion that the claims should be construed to include “any reasonable construction” should be rejected. Pet. 15. Here, no express constructions of the claims are necessary. To the extent that any term needs construction, the plain and ordinary mean of the term should be adopted.

#### **E. Institution Standards**

Review cannot be instituted unless the Petition demonstrates a reasonable likelihood that at least one of the challenged claims is unpatentable. 35 U.S.C. §314(a); 37 C.F.R. §42.108(c). Under §314, the Board is required to make “a binary choice – either institute review or don’t.” *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348, 1355 (2018).

It is Petitioner’s burden to show why the challenged claims are unpatentable. *Harmonic Inc. v Avid Tech., Inc.*, 815 F.3d 1356, 1363 (Fed. Cir 2016). The Board “will not take on the role of advocate for a party, trying to make out a case the party

has not adequately stated.” Standing Order ¶121.5.2 (B.P.A.I. Mar. 8, 2011). Rather, it is Petitioner’s duty to provide sufficient grounds for the institution of a review “focus[ing] on concise, well organized, easy-to-follow arguments supported by readily identifiable evidence of record.” *Cisco Sys., Inc. v. C-Cation Tech, LLC*, IPR2014-00454, Paper No. 12 at 11 (PTAB Aug. 29, 2014).

The ultimate determination of obviousness under 35 U.S.C. §103 is a question of law based on underlying factual findings. *In re Baxter Int’l, Inc.*, 678 F.3d 1357, 1362 (Fed. Cir. 2012) (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1996)). “To satisfy its burden of proving obviousness, a petitioner cannot employ merely conclusory statements. The petitioner must instead articulate specific reasoning, based on evidence of record, to support the legal conclusion of obviousness.” *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1380-81 (Fed. Cir. 2016). The “factual inquiry” into the reasons for “combin[ing] references must be thorough and searching, and the need for specificity pervades.” *In re NuVasive, Inc.*, 842 F.3d 1376, 1381-82 (Fed. Cir. 2016) (internal quotations and citations omitted). The specific reasoning must include some rational underpinning to combine the prior art elements as claimed to support the conclusion of obviousness. *See KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007). It is Petitioner’s burden to demonstrate a motivation to combine, and a reasonable expectation of success. *See In re Magnum*

*Oil Tools*, 829 F.3d at 1381. Mere conclusory statements are insufficient. *Id.*, at 1380.

Petitioner asserts eight obviousness grounds of unpatentability. Pet. 5-6. For the purpose of this POPR, the Board need only consider the validity of independent claims 1, 8, and 15 of Grounds 1, 4-5, and 8. As shown below, the Petition fails to establish a reasonable likelihood that Petitioner will prevail. A trial therefore should not be instituted.

**F. No Grounds Meet the Statutory Threshold for Institution**

**1. The Petition Should Not be Instituted on Ground 1 Because the Prior Art Fails to disclose or Teach the Invention as Claimed.**

Petitioner asserts the Ground 1 claims are obvious based on the combination of Bedingfield in view of Andrea. Pet. 5. The asserted prior art fails to disclose all of the claim limitations, as arranged in the claim, either expressly or inherently, and a POSITA would not have been motivated to start with or combine the asserted references to arrive at the claimed subject matter, nor have had a reasonable expectation of success in arriving at the claimed subject matter. The Petition fails to establish a reasonable likelihood that the references would have rendered the Ground 1 claims obvious.

**a. Bedingfield**

Bedingfield is titled Methods and Systems for Synthetic Audio Placement. Ex. 1005, code 54. Bedingfield proposes a solution for a problem that a participant in a conference call cannot determine which person is talking when the conference call has multiple participants. *Id.*, 1:32-39. To solve this problem, Bedingfield focuses on a communication system that “provide[s] [a] multi-channel sound to a listener by modifying a single channel signal provided by another participant’s system” and to enhance a listener’s experience by “assign[ing] each participant a virtual position within a virtual sound field.” *Id.*, 3:25-32. This is accomplished using the “stereo effect” to vary speaker volume, creating the perception of the position of a sound originating from the left or right of a listener, and using volume to simulate sound near or far from a listener. *Id.*, 3:35-49. The synthetic audio placement is accomplished by varying volume levels presented to a listener. *Id.*, 3:62-4:12 (discussing varying increased and decreased volume levels in audio channels to create synthetic audio placement of a speaker in a sound field).

Bedingfield provides the multi-channel sound to a listener using a multi-channel processing device 118 that either receives a single channel signal from a speaker and separates the single channel signal into a multi-channel signal, or receives a two or more channels and outputs the multi-channel signals directly to the multi-channel speaker system. *Id.*, 4:36-51.

In doing so, Bedingfield uses a “multi-channel speaker system 120” to create a sound field that is “substantially similar (or approximately similar) to an actual sound field where the listener 102 is present between all of [several] participants” resulting in the placement of one or more speakers in a sound field. *Id.*, 4:51-5:3. Thus “the listener may focus on a first speaker located at the 12 o’clock position relative to the listener and hear the speaker in stereo sound with both the right and left audio channels delivering substantially even volume levels.” *Id.*, 3:63-4:1. Or when there are multiple participants in the conference call, the listener may choose to hear the voice a first participant on the left side of the sound field and hears the voice of a second participant on the right side of the sound field. *Id.*, 5:28-34.

**b. Andrea**

Andrea is primarily concerned with providing a solution to using noise cancelling boom microphones on PC gaming headsets. Ex. 1007, 1:60-2:8 (discussing PC gaming headsets), 2:9-21 (discussing problems boom microphones pose to gamers). Andrea’s solution is to locate the noise cancelling microphones to the stereo headset, so the headset is “boom free”, and improves the player’s experience, such as by noise canceling. *Id.*, 2:36-46, 56-61.

**c. Ground 1: Andrea fails to disclose or teach binaural sound as claimed, and there is no explanation how a POSITA would combine Bedingfield-Andrea to arrive at the claimed subject matter as a whole.**

Ground 1 relies on Bedingfield as the primary reference in the asserted obviousness combination for claims 1 and 15. Pet. 5. For claim 1, Petitioner admits Bedingfield does not teach capturing binaural sound. Pet. 12, 21-22 (addressing limitation 1[a]). Petitioner alleges Andrea discloses *capture binaural sound* because Andrea states “create a binaural recording.” Pet. 22 (citing Ex. 1007, 14:55-58). This is the only location that the word binaural appears in Andrea. Petitioner’s additional citations to Andrea provide no additional explanation of what Andrea means by binaural. Petitioner’s statement that Andrea teaches the “capture binaural sound” aspect of claim 1 is conclusory, and rests solely on a citation to Kyriakakis that merely provides no additional understanding of the meaning of binaural in Andrea or how a “create a binaural recording” equates to “binaural sound” as used in the claim.

In part, because of these defects, Petitioner has failed to establish *prima facie* obviousness of claim 1. First, Petitioner merely pulls “binaural recording” from Andrea for incorporation into Bedingfield to satisfy the claimed “binaural sound”; this is impermissible hindsight reconstruction. *Metalcraft of Mayville, Inc. v. The*

*Toro Co.*, 848 F.3d 1358 (Fed. Cir. 2017) (“[W]e cannot allow hindsight bias to . . . stitch[] together prior art patches into something that is the claimed invention.”).

Second, although an object of Andrea’s invention is that it is not to be combined with previously known products or methods of using the product<sup>1</sup>, which would include Bedingfield<sup>2</sup>, Petitioner fails to provide an explanation how the

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<sup>1</sup> Andrea essentially states it is a closed system as described, and teaches away from using prior art products or methods with its disclosed system. Ex. 1005, 4:31-38 (“[I]t is an object of the invention to not encompass within the invention any previously known product, process of making the product, or method of using the product” and thereby “disclaim[] [] any previously known product, process or method.”). A POSITA reading Andrea would understand that Andrea explicitly states prior art products, or prior art methods of using a product should not be used with Andrea’s invention.

<sup>2</sup> Andrea claims priority to a provisional application filed on April 25, 2008. Ex. 1007, code 60. Bedingfield was filed April 4, 2007. Ex. 1005, code 22. Andrea’s filing date is a constructive reduction to practice, and what Andrea disclosed was known to the two named inventors, and AT&T at that time. Further, it is Petitioner’s position that Bedingfield discloses known wearable electronic devices and know techniques as of 2007. *See* Pet. 1-2 (citing Ex. 1005 (Bedingfield)).

“binaural recording” in Andrea would be successfully combined and successfully work with the multi-channel technology volume-level modulation approach of Bedingfield to arrive not only at the claimed method involving the capture of “binaural sound” of claim 1, but also reflecting how the binaural sound is located and adjusted in empty space. For example, the Petition states Bedingfield-Andrea teaches limitation 1[b]. In limitation 1[b], a sound localization point is designated in empty space, and it simulates “an origin of the binaural sound.” In the analysis of limitation 1[b] there is no mention of Andrea, or how the stereo-based system of Bedingfield would simulate a binaural sound at an empty space. Pet. 22. The binaural sound of the ‘090 Patent is not the simple stereo sound Bedingfield deals with; it is more. Binaural sound is augmented stereo, formed by “recording stereo sound and processing it to imprint head-related transfer functions (HRTFs).” Ex. 1001, 3:38-32. Bedingfield is grounded in stereo technology. Ex. 1005, 13:34-37 (discussing use of “stereo headphones”).

The Petition fails to address this crucial distinction between stereo sound and binaural sound. There is no discussion in the Petition how the “binaural recording” of Andrea is the claimed “binaural sound,” how the “binaural recording” of Andrea is transformed into the claimed “binaural sound,” or how such a sound is processed by Bedingfield for simulating in empty space using the stereo technology of Bedingfield. Because Petitioner has failed at least to explain how a POSITA would

modify the references to work, and how they would actually work in view of the language of claim 1, Petitioner has failed to establish a *prima facie* case of obviousness for claim 1 in Ground 1. Petitioner has failed to establish *prima facie* obviousness of Ground 1, claim 1, and institution should be denied.

**d. Ground 1: Andrea fails to disclose or teach binaural voice as claimed, and there is no explanation how a POSITA would combine Bedingfield-Andrea to arrive at the claimed subject matter as a whole.**

For claim 15, Petitioner relies on the same analysis of limitation 1[a] as to “binaural sound” as evidence Andrea teaches “binaural voice” of limitation 15[b]. Pet. 33 (citing, in part, “Section VIII.C.2 (Ground 1, 1[a])”). This internal incorporation by reference is repeated again, as evidence Andrea discloses the “binaural voice” as used in limitation 15[d1]. Pet. 36 (incorporating the analysis of both Ground 1, limitation 1[b] and limitation 15[b]). 8KHZ explained above how this improper approach, using nested, internal cross-references to various parts of the Petition, fails to meet the statutory requirements for institution. See Section II.B, *supra*.

As discussed above regarding the “binaural sound” of claim 1, Petitioner has failed to establish *prima facie* obviousness of claim 1 due in part to not addressing the meaning of “binaural sound” as used by the ‘090 Patent and within claim 1 as a whole. Accepting Petitioner’s limitation 1[a] analysis infects the analysis of claim

15 as well. But the deficiency of the analysis is further compounded because the words used in claim 15 differ from the words used in claim 1. Thus, the Petition has failed to analyze the limitations of claim 15 in view of the asserted prior art in a clear and concise manner satisfying Petitioner's burden of proving obviousness. Institution on ground 1, claim 15 should be denied.

**2. All Remaining Ground 1 Claims and Grounds 2-3 Claims That Rely on Bedingfield and Andrea Fail for the Same Reasons.**

Ground 1 relies on Bedingfield in view of Andrea. Pet. 5. Claims 2-3 and 6 depend from independent claim 1 (Pet. 89-90), and claims 16-17 depend from independent claim 15 (Pet. 92), and all rely on Bedingfield and Andrea. *Id.* Ground 2 addresses claim 18 that depends from claim 15, and Ground 3 addresses claim 19 that depends from claim 15, and both grounds rely on Bedingfield and Andrea. *Id.* Because the combination of Bedingfield-Andrea does not render obvious independent claims 1 and 15 for the reasons above, it cannot render obvious claims 2-3, and 16-17, or the claims of Grounds 2-3, and institution based on Grounds 1-3 should be denied.

**3. The Petition Should Not be Instituted on Ground 4 Because Petitioner Fails to Explain Why a POSITA Would Consider Ballas to Arrive at Claim 8.**

Petitioner asserts the Ground 4 claims are obvious based on the combination of Bedingfield alone or in view of Ballas. Pet. 49-52. For claim 8, though, Petitioner

asserts Bedingfield alone teaches limitations 8[c]-[d], but in the alternative Ballas teaches the limitations. *Id.* 51-52. Petitioner’s motivation for combining Bedingfield solely with Ballas fails because of overlapping disclosure; Petitioner’s obviousness arguments should be rejected.

Petitioner has failed to establish *prima facie* obviousness of claim 8. Petitioner asserts Bedingfield and Ballas share the same goal of simulating and in-person conference setting. Pet. 40 (located after first finding the motivation to combine for Ground 4 at Pet. 48-49 referencing “Section IX.A (Ground 2, Motivation to Combine)” located at Pet. 39-40 (Bedingfield in view of Andrea and Ballas for claim 18). Petitioner also asserts a reasonable expectation of success in the combination because they allegedly “both track the listener’s movement and orientation and change the sound field accordingly.” Pet. 40. If Bedingfield satisfactorily teaches limitations 8[c]-[d], Petitioner has not resolved why the teachings of Bedingfield as to the limitations should be disregarded by a POSITA in favor of Ballas’s teachings, and a motivation or reason for a POSITA to combine the teachings in the way the claim does. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007).

Petitioner’s obviousness arguments for claim 8 should be rejected because Petitioner fails to provide a rational for a POSITA to look from Bedingfield to combine it with the teachings of Ballas because the goals of the prior art are the same, and the solution sought by Ballas was already satisfied by Bedingfield. *See Ex*

*Parte Patrick C. Tessier & Jeffrey S. Hartzler*, Appeal 2012-006616, 2014 WL 4925550, at \*6 (PTAB Sep. 30, 2014) (where the PTAB reversed an obviousness rejection when a proposed element in a prior art reference providing a motivation to combine is already present in a reference). Institution on Ground 4, claim 8 should be denied.

**4. All Remaining Ground 4 Claims That Rely on Bedingfield and Ballas Fail for the Same Reasons.**

Ground 4 relies on Bedingfield in view of Ballas. Pet. 5. Claims 9-10, 12, and 14 depend from independent claim 8 (Pet. 52-56), and all rely on Bedingfield and Ballas. *Id.* Because the combination of Bedingfield-Ballas does not render obvious independent claim 8 for the reasons above, it cannot render obvious claims 9-10, 12, and 14, and institution based on Ground 4 should be denied.

**5. The Petition Should Not be Instituted on Ground 5 Because the Prior Art Fails to Disclose or Teach the Invention as Claimed.**

Petitioner asserts the Ground 5 claims are obvious based on the combination of Li in view of Andrea. Pet. 6. The asserted prior art fails to disclose all of the claim limitations, as arranged in the claim, either expressly or inherently, and a POSITA would not have been motivated to start with or combine the asserted references to arrive at the claimed subject matter. The Petition fails to establish a reasonable likelihood that the references would have rendered the Ground 5 claims obvious.

- a. The Petition should not be instituted on Ground 5 because petitioner fails to explain why a POSITA would consider Andrea to arrive at claim 1, and the Petition fails to address all claim limitations.**

Ground 5 relies on Li as the primary reference in the asserted obviousness combination for claims 1 and 15. Pet. 6. For all independent claims, Petitioner confusingly admits Li does not teach capturing binaural sound (Pet. 13), but for claim 1 Petitioner also states it is also implicitly discloses binaural sound, but if not, Andrea provides the potentially missing disclosure (Pet. 60 (stating for limitation 1[a] “To the extent Li does not expressly disclose capturing *binaural sound*”, and Pet. 63 (stating for limitation 1[b] “To the extent Li does not expressly disclose *binaural sound*” (emphasis in originals)). As with Ground 4 (claim 8) above, Petitioner again alleges claim limitations are met in the alternative. Petitioner’s obviousness argument for Ground 5, claim 1 should also be disregarded for the same reasons as Ground 4, claim 8 because there is no motivation for a POSITA to look beyond Li because it provides the same solution as taught by Andrea, and thus there is no motivation to combine.

Further, Petitioner has failed to establish *prima facie* obviousness of claim 1 because the Petition fails to consider all of the limitations of claim 1. "All words in a claim must be considered in judging the patentability of that claim against the prior art." *In re Wilson*, 424 F.2d 1382, 1385 (CCPA 1970). Limitation 1[c] states:

adjusting, with the computer system, the binaural sound captured *at the earphone of the talking person so the binaural sound originates during the telephone call from the sound localization point in empty space that is away from and proximate to* the listening person

Ex. 1001, 42:45-49 (emphasis added).

Petitioner alleges Li-Andreas teaches this limitation. Pet. 63. Petitioner has failed to show Li-Andrea teaches all of the elements of limitation 1[c]. Petitioner's analysis of limitation 1[c] only generally cites to Li for support of the claimed elements "computer system", "adjusting the binaural sound", and "listening person". Pet. 63-64. But, the limitation also requires the binaural sound to be captured "at the earphone of the talking person so the binaural sound originates during the telephone call from the sound localization point in empty space that is away from and proximate to" the listening person. Petitioner elected to discuss some of the un-mapped claim elements elsewhere, but Footnote 16 still does not address all of the un-mapped claim elements. The Petition provides no explicit analysis of the prior art as to these un-mapped elements of limitation 1[c].

The failure to address all elements of all limitations of the claims is further compounded by the analysis of limitation 1[d]. Limitation 1[d] states:

*providing, with an electronic earphone located at a head of the listening person, the binaural sound to the listening person during the*

*telephone call such that the origin of the binaural sound for the listening person occurs at the sound localization point in empty space that is away from and proximate to the listening person.*

Ex. 1001, 42:50-55 (emphasis added).

Petitioner alleges Li teaches this limitation. Pet. 65. Petitioner has failed to show Li teaches each element of limitation 1[d]. Petitioner's analysis of limitation 1[d] only generally cites to Li for support of the claimed elements "listening person", and "electronic earphone located at a head of the listening person." Pet. 66. But, the limitation also requires "providing ... the binaural sound to the listening person during the telephone call such that the origin of the binaural sound for the listening person occurs at the sound localization point in empty space that is away from and proximate to the listening person." The Petition provides no explicit analysis of the prior art as to these elements of limitation 1[d]. Petitioner has failed to establish *prima facie* obviousness of Ground 5, claim 1, and institution should be denied.

**6. The Petition Should Not be Instituted on Ground 5 Because Petitioner Fails to Establish a *Prima Facie* Case of Obviousness for Claim 15.**

As explained above, Petitioner's analysis of Ground 5, claim 15 fails to present a clear articulation of the reasons why claim 15 is obvious as required by 35 U.S.C. §312(a)(3) and 37 C.F.R. §§42.22(a) and 104(b). The reader is sent all throughout the Petition in search of clues to piece together a *prima facie* case of

obviousness for Petitioner. Because the obviousness analysis is not made explicit, Petitioner has failed to establish unpatentability of Ground 5, claim 15, and institution should be denied.

**7. All Remaining Ground 5 Claims and Grounds 6-7 Claims That Rely on Li and Andrea Fail for the Same Reasons.**

Ground 5 relies on Li in view of Andrea. Claims 3 and 6 depend from independent claim 1, and claims 16-17 depend from independent claim 15, and all rely on Li and Andrea. Ground 6 addressed claim 2 that depends from claim 1, and claim 18 that depends from claim 15, and relies on Li, Andrea, and Ballas, and Ground 7 addressed claim 19 that depends from claim 15, and relies on Li, Andrea, and Sandgren. Because Petitioner failed to provide a motivation to look to Andrea in view of Li, and failed to address all elements of claim 1, as arranged in the claim, Petitioner has failed to render obvious independent claim 1, and therefore it cannot render obvious claims 2-3 and 6. Because Petitioner fails to establish a prima facie case of obvious for claim 15, claims 16-19 fail as well, institution based on Grounds 5-7 should be denied.

**8. The Petition Should Not Be Instituted on Ground 8 Because the Prior Art Fails to Disclose or Teach the Invention As Claimed.**

Petitioner asserts the Ground 8 claims are obvious based on the combination of Li in view of Ballas. Pet. 6. The asserted prior art fails to disclose all of the claim

limitations, as arranged in the claim, either expressly or inherently, and a POSITA would not have been motivated to start with or combine the asserted references to arrive at the claimed subject matter, nor have had a reasonable expectation of success in arriving at the claimed subject matter. The Petition fails to establish a reasonable likelihood that the references would have rendered the Ground 8 claims obvious.

**a. Li-Ballas fails to teach all limitations of claim 8.**

Petitioner has failed to establish prima facie obviousness of claim 8 because the Petition fails to consider all of the limitations of claim 8, as arranged in the claim.

Limitation 8[b] states:

designate, for the first individual, a sound localization point that simulates a location in empty space from where an origin of a voice of the second individual occurs for the first individual through the electronic earphone *such that the sound localization point in empty space is located away from and proximate to the first individual*

Ex. 1001, 43:45-50 (emphasis added).

Petitioner alleges Li discloses limitation 8[b]. Pet. 82. Petitioner has failed to show Li teaches all of the elements of the limitation. Petitioner's analysis does not explicitly address the elements "such that the sound localization point in empty space is located away from and proximate to the first individual". Petitioner's incomplete analysis fails to give consideration to all of elements of the claim in view of Li.

Petitioner has failed to establish *prima facie* obviousness of Ground 5, claim 15, and institution should be denied.

**9. All Remaining Ground 8 Claims That Rely on Li and Ballas Fail for the Same Reasons**

Ground 8 relies on Li in view of Ballas. Claims 9-10, 12, and 14 depend from independent claim 8 and rely on Li and Ballas. Because Li and Ballas do not render obvious independent claim 8, it cannot render obvious dependent claims 9-10, 12, and 14, and institution based on Ground 8 in total, should be denied.

**IV. THE BOARD SHOULD EXERCISE DISCRETION UNDER 35 U.S.C. §314 TO DENY INSTITUTION**

Institution of *inter partes* review is always discretionary. 35 U.S.C. §314(a). The Board should exercise its discretion under §314(a) to deny institution here.

**A. The Board should exercise its discretion to deny institution of this Petition.**

The Board should deny institution under §314(a) in view of its precedential decisions in *NHK Spring*<sup>3</sup> and *Fintiv*<sup>4</sup> because the district court and parties have

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<sup>3</sup> *NHK Spring Co., Ltd., v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sep. 12, 2018) (precedential).

<sup>4</sup> *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (“*Fintiv*”) (precedential).

already expended substantial time and resources, a stay is unlikely, and a final written decision (“FWD”) in this proceeding is expected no earlier than January 2025, at least five months after the jury trial begins in August 2024. The ’090 Patent is involved in the related matter, (Pet. 2-3), that involves the same issues, arguments, and evidence that Petitioner has presented in the Petition. Petitioner gives little attention to the discretionary issues in the Petition and provides no *Sotera* stipulation resulting in an overlap of invalidity issues. Pet. 86-87. Duplicating the district court’s efforts would not be an efficient use of the Board’s resources and would not serve to fulfill the primary purpose of AIA proceedings: to provide a practical and efficient alternative to district court litigation.

In *NHK Spring* the Board denied institution primarily because the related district court case was nearing its final stages and would resolve all the issues before the Board. *NHK Spring*, Paper 8 at 20; *see also id.*, 11-18 (applying discretion under 35 U.S.C. §325(d)). Other cases—relying on *NHK Spring*—have also denied institution. For example, in *E-One, Inc. v. Oshkosh Corp.*, the Board applied *NHK Spring*’s analysis under 35 U.S.C. §314(a) to deny institution. IPR2019-00161, Paper 16 (PTAB May 15, 2019). In *E-One*, the Board reasoned:

[i]n the § 314(a) portion of its analysis, [*NHK Spring*] noted that a district court proceeding involving the same patent was scheduled to go to trial before a final decision would have been due in the Board

proceeding, and the Board proceeding would involve the same claim construction standard, the same prior art references, and the same arguments as in the district court.

*Id.*, 6. In both *NHK Spring* and *E-One*, factors warranting a denial of institution included: the district court investing considerable time and resources to handle the same issues presented in the IPR, and trials that were scheduled to be completed prior to a Board’s FWD. The facts here warrant denial just as decided in *NHK Spring* and *E-One*. Further, the Petition will not serve as an “effective and efficient alternative” to litigation, frustrating a primary objective of the AIA. *Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16–17 (PTAB Sept. 6, 2017) (precedential).

In *Fintiv*, the Board emphasized six factors to consider under *NHK Spring* which are discussed below. See *Fintiv*, Paper 11 at 5-16. The Board stated that “[t]hese factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.” *Id.*, 6. Here, each of these factors favors denial of institution of this Petition. Because the overall balance of factors favors denial of institution, the Board should apply its discretion under 35 U.S.C. §314(a) to deny institution of the requested proceeding.

**1. Factor 1 weighs against institution, because no court has granted a stay and no evidence exists that a stay may be granted.**

The parallel district court proceeding has not been stayed. That proceeding includes a total of nine patents-in-suit, and Petitioner has filed Petitions against all patents-in-suit. The motion for inter-district transfer noted in the Petition (Pet. 87) was recently denied. Ex. 2007.

The district court has not indicated whether it would grant a stay if *inter partes* review is instituted, and the Board should decline to speculate whether the district court would grant a stay in this proceeding. *See, eClinicalWorks, LLC v. Decapolis LLC*, IPR2022-00229, Paper 10 at 8 (April 13, 2022) (“We will not attempt to predict, based on the facts in allegedly similar prior situations, how the Texas District Court would rule should a stay be requested in the WDTX Cases.”).

There is no evidence a stay may be granted if trial is instituted. This factor is at least neutral or weighs in favor of discretionary denial of institution.

**2. Factor 2 weighs against institution, because trial in the district court is scheduled to begin months before the final written decision deadline.**

Trial is set to begin in the parallel district court proceeding in August 2024. Ex. 2002 at 3. This date has remained unchanged. This trial date is currently at least five (5) months before an expected January 2025 FWD would issue in this IPR. Proceedings with similar substantial gaps between trial and FWD have found Factor

2 weighs in favor of denying institution. *See GlobalFoundries Inc. v. UNM Rainforest Innovations*, IPR2020-00984, Paper 11 at 11-16 (PTAB Dec. 9, 2020) (finding that a scheduled trial date four months before the statutory deadline for a final written decision was a factor weighing in favor of discretionary denial); *NanoCelect Biomedical, Inc. v. Cytonome/ST, LLC*, IPR2020-00551, Paper 19 at 16 (PTAB Aug. 27, 2020) (same); *U.S. Venture, Inc. v. Sunoco Partners Marketing & Terminals, L.P.*, IPR2020-00728 Paper 10 at 9 (PTAB October 1, 2020) (three or four months before issuance of final written decision). Here, just as in *NHK Spring*, “[i]nstitution of an inter partes review under these circumstances would not be consistent with ‘an objective of the AIA ... to provide an effective and efficient alternative to district court litigation.’” *NHK Spring*, Paper 8 at 20. As the Board recognized in *Fintiv*, “[i]f the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*.” *Fintiv*, IPR2020-00019, Paper 11 at 9.

Importantly, there is no evidence that the parties’ trial will be extended, let alone delay of trial would extend past the statutory deadline for the FWD. *See Cisco Systems, Inc. v. Oyster Optics, LLC*, IPR2021-00319, Paper 9 at 10-12 (PTAB Jun. 8, 2021) (weighing *Fintiv* factor 2 in favor of exercising discretion to deny Petition).

In sum, there is no reason to believe the August 2024 trial will be postponed. *See Fintiv*, Paper 11 at 13 (“We generally take courts’ trial schedules at face value

absent some strong evidence to the contrary.”); *see also*, *Cisco Systems, Inc. v. Monarch Networking Solutions, LLC*, IPR2020-01227, Paper 11 at 9-11 (PTAB Mar. 4, 2021) (declining to speculate whether the district court will grant the pending motion to transfer and weighing *Fintiv* factor 2 in favor of denial of institution).<sup>5</sup> Without a stay pending IPR, litigation continues, and there will be a continued expenditure of court resources. This factor weighs in favor of discretionary denial of institution.

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<sup>5</sup> This timing continues to hold under the guidance in the Director’s June 21, 2022, memo titled “Interim Procedures for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation” (“*Fintiv Memo*,” Ex. 2004). The *Fintiv Memo* directs the Board to “consider the median time from filing to disposition” in the district court (Ex. 2004 at 3), which for patent cases in the Western District of Texas is 25.4 months (Ex. 2005), and for patent cases before Judge Albright is 24.7 months (Ex. 2006). Counting from the June 3, 2022, filing of the parallel district court case results in an average time to trial before the end of August 2024, precisely in line with the scheduled August 2024 trial and roughly five months before any expected FWD here.

**3. Factor 3 weighs against institution, because the court and parties have and will continue to invest significant time and resources in the parallel proceeding.**

The district court action was filed June 3, 2022, and served June 13, 2022. A scheduling order has been in place since November 14, 2022. The Petition was filed on June 9, 2023. Pet. 87. Since then, the district court and parties have invested significant time and resources. In *Fintiv*, the Board stated, “if, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition, this fact favors denial. Likewise, district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial” of institution. *Fintiv*, Paper 11 at 9-10. Further, “[t]his investment factor is related to the trial date factor, in that more work completed by the parties and court in the parallel proceeding tends to support the arguments that the parallel proceeding is more advanced, a stay may be less likely, and instituting would lead to duplicative costs.” *Id.*, 10.

The investment by the parties and the court will be significant by the time either an institution decision or a FWD is issued. Petitioner waited nearly a full year—literally at the last minute—to file this Petition. **Prior** to filing this POPR, the parties have (1) completed Claim Construction briefing after depositions, (2) received the Court’s ruling on Petitioner’s motion to transfer after related discovery and depositions, (3) conducted the Markman hearing, and (4) received claim

constructions (the Court's procedure is to provide preliminary construction shortly in advance of the Markman hearing and then provide final constructions at the hearing). Ex. 2003 (setting Markman hearing for October 3, 2023).

By the time an institution decision is rendered in January 2024, the parties will have (1) exchanged Final Infringement and Invalidity Contentions, and (2) engaged in a substantial portion of fact discovery, which opened October 5, 2023 and closes within four months thereafter. Ex. 2003; Ex. 2002 at 2. Further, the fact that the parallel district court proceeding opens fact discovery just weeks after claim construction does not change this analysis. *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1031-32 (C.D. Cal. 2013) ("That the schedule in this case set discovery to occur after claim construction does not mean that the case remains in its procedural infancy until discovery is well underway."). The district court action has and will proceed with significant costs to 8KHZ by the time an institution decision is rendered. This factor weighs in favor of discretionary denial of institution.

**4. Factors 4-6 weigh against institution, because there is significant overlap between this IPR and district court proceedings, the parties involved are the same, and the asserted grounds fail.**

The dispute in this proceeding and the district court case involves the same parties and overlapping issues. (Factors 4 and 5). Petitioner and 8KHZ are parties in

the parallel district court litigation. Petitioner has presented substantially the same art and grounds of unpatentability in this Petition that it is asserting in the district court case – that the claims of the '090 Patent are allegedly obvious over at least the prior art Bedingfield, Andrea, Li, and Ballas. Ex. 2001 at 111-134; and Ex. 2008 (The “Ballas 439” (US 6,961,439) in the invalidity contentions (Ex. 2008 at 114-115) is the patent grant of the Ballas patent application publication asserted in this IPR. *Id.*, code 65). Thus, the claims and prior art addressed by PTAB will not materially differ from what is being addressed in the parallel district court litigation. Further, as discussed above, there are blatant contradictions between the present Petition and Defendants’ Invalidity Contentions in district court. Conducting proceedings in both the PTAB and district court with differing claim constructions and substantially similar prior art creates the potential of two different outcomes, leading to inconsistent results.

Petitioner has also not stipulated or withdrawn any invalidity positions raised at the district court that are also brought before the Board. Importantly, Petitioner has failed to make a stipulation in the Petition in full accordance with *Sotera* and has not filed such a stipulation in the district court.

Because the district court will address substantially the same issues, arguments, and evidence months before the Board’s FWD would be due, instituting

review here would not efficiently use the Board's resources, nor would it be an effective and efficient alternative to district court litigation.

The Board noted in *Fintiv* with respect to Factor 6 that:

[I]f the merits of a ground raised in the petition seem particularly strong on the preliminary record, this fact has favored institution.... [I]f the merits of the grounds raised in the petition are a closer call, then *that fact has favored denying institution* when other factors favoring denial are present.

*Fintiv*, IPR2020-00019, Paper 11 at 14-15. As shown above, the Petition fails on the merits for numerous reasons. These weaknesses, and the Factors addressed above, weigh in favor of discretionary denial of institution.

## **V. CONCLUSION**

For the foregoing reasons, institution of this IPR should be denied.

Date: October 11, 2023

Respectfully submitted,

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**CERTIFICATE OF WORD COUNT**

Pursuant to 37 C.F.R. §42.24(d), the undersigned hereby certifies that the foregoing Patent Owner's Preliminary Response contains 8,914 words using the word count feature of Microsoft Word.

Dated: October 11, 2023

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### CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §42.6(e), the undersigned hereby certifies that the above-captioned Eight KHZ LLC's Patent Owner Preliminary Response, and its cited exhibits, were served via electronic mail, as authorized by Petitioner's Mandatory Notices, on June 9, 2023 at the following email correspondence addresses of record:

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