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 IPR2023-01004
Patent 9,282,196 B1

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

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## Federal Cases

*Asetek Danmark A/S v. Coolit Systems, Inc*.,
IPR2020-00825, Paper 12 ..... 2, 3, 4

## Federal Statutes

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## EXHIBIT LIST

| Ex. | Description |
|---|---|
| 2001 | Defendants' Preliminary Invalidity Contentions |
| 2002 | U.S. District Court Order in *Eight kHz, LLC v. Meta Platforms, Inc*., 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 *Eight kHz, LLC v. Meta Platforms, Inc*., 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 | Declaration of Durand R. Begault, Ph.D. in Support of the POPR |
| 2008 | C.V. of Durand R. Begault, Ph.D. |
| 2009 | April 26, 2023 Deposition Transcript of Kyla Alanna McMullen, Ph.D. from *Eight KHZ, LLC v. Meta Platforms, Inc. et al.*, 6:22-cv-575-ADA-DTG (W.D. Tex.) |
| 2010 | Petitioner's Petition for *Inter Partes* Review of U.S. Patent No. 9,226,090 (IPR2023-1003) |
| 2011 | V. Pulkki and M. Karjalainen, *Communication Acoustics: An Introduction to Speech, Audio and Psychoacoustics,* Chichester, U.K.: MIT Press, 2015. |
| 2012 | H. Dudley, H, *The carrier nature of speech*, Bell Systems Technical Journal, 19, 495-515 (1940) |
| 2013 | RESERVED |
| 2014 | RESERVED |
| 2015 | U.S. District Court Minute Entry in *Eight kHz, LLC v. Meta Platforms, Inc*., No. 6:22-cv-00575-ADA-DTG (W.D. Tex. Oct. 3, 2023), Denying Motion to Transfer Venue |
| 2016 | Defendant's Final Invalidity Contentions, October 18, 2023 |
| 2017 | Defendant's Final Invalidity Contentions, Ex. A-17, October 18, 2023 |

## I. META'S REPLY EXCEEDS THE BOARD'S AUTHORIZED SCOPE

Meta filed nine IPRs against patents asserted by 8KHZ in the Western District of Texas. Paper 1 at 2-3. Though all petitions were filed on June 8 or 9, 2023, the Notices of Filing Date Accorded for three petitions[1] issued nearly a month before the remaining six.[2] Meta's Reply (Paper 7) attempts to exploit these staggered filings and exceed the Board's permitted scope of reply.

In the first noticed cases, Meta was authorized to file a reply limited to only the district court's schedule and a *Sotera* stipulation. Here, again Meta was authorized to file a Reply "limited to only the issues of the district court's schedule and *Sotera* stipulation." Ex. 1045 at 1. Meta filed the same *Sotera*-like stipulations as in the first noticed cases, but the remaining content fails to address the district court's schedule, and instead directly responds to the *Sotera* arguments 8KHZ made in its Sur-Replies in the first noticed cases. Meta's arguments here exceed the scope authorized, fail to show good cause, and should be disregarded.

## II. META'S LATE-FILED *SOTERA*-LIKE STIPULATION FAILS TO ELIMINATE CONCERNS REGARDING OVERLAPPING ISSUES

Meta's stipulation (Paper 7 at 1-2, citing Ex. 1046) does not limit unnecessary and counterproductive litigation costs, and should be given little weight. Meta's

[1] IPR2023-01019, -01020, and -01024.

[2] IPR2023-01003, -01004, -01005, -01021, -01022, and -01023.

express reservation to raise §§102 and 103 invalidity challenges in the advanced district court proceeding based on materially identical system prior art renders this IPR an inefficient avenue to address patentability issues and leaves the door open to a duplication of efforts and the possibility of conflicting decisions:

> This stipulation is not intended, and should not be construed, to limit Meta's ability to assert invalidity of the asserted claims of the '179, '184, '836, '737, '316, '509, '090, '196, and '628 patents on any other ground (e.g., ***invalidity under 35 U.S.C. §§ 102 and 103 not available in IPR*** and under 35 U.S.C. §§ 101 and 112), ***regardless of whether IPRs are instituted***.

Ex. 1046 at 4 (emphasis added).[3]

The PTAB has held "excluding system art" from a *Sotera*-like stipulation "***does not eliminate***" "concerns regarding overlapping issues." *Asetek Danmark A/S*

[3] Petitioner argues that the Board should simply defer to Petitioner's judgment that its stipulation conforms to *Sotera*. Reply 2. But in the cited *Hunter's Mfg. Co*. case, the Board actually based its conclusion "upon Petitioner's representations ***and the language of the stipulation itself*** . . ." IPR2023-00407, Paper 13 at 9. That stipulation attempted no reservations: patent owner's concern was the petition did not address all claims asserted in the litigation. *Id.*, Paper 9 at 67. Here, Meta reserves overlapping art against the petitioned claims.

*v. Coolit Systems, Inc*., IPR2020-00825, Paper 12 at 13-14 ("*Asetek*"). Thus, Meta's narrow stipulation should carry little to no weight in the *Fintiv* analysis. *Id.* 14 (giving a stipulation excluding system art minimal weight). Accordingly, and ***at the very minimum***—given the similarity between Meta's stipulation in this case and that in *Asetek*, and its carve-out for system art, this stipulation only marginally weighs in favor of institution, if at all.[4]

Compared to *Asetek*, this IPR presents a more compelling reason for the Board to invoke its discretionary power to deny institution. In *Asetek*, the system art did not overlap with the prior art patents and/or printed publications in the petition. There, "[i]n the district court case" the petitioner "asserts invalidity arguments based on the combination" of system art and prior art patents and publications. *Id.* 13. Here, Meta goes further, by also advancing invalidity grounds in the district court that rely

[4] Meta does not address *Asetek*, or identify any cases where the Board found a stipulation reserving the right to assert overlapping system art to be a proper *Sotera* stipulation. Meta merely points to *Cisco Sys*. alleging the Board "expressly authorized" a *Sotera* stipulation with "similar" language to Meta's. Reply 3. Contrary to Meta's implication, the Board merely authorized petitioner to file a *Sotera* stipulation; there was no other briefing or other discussion of the carve-out language afterward.

entirely on system art that fully overlaps with prior art used in the Petition. For example, for its two sets of grounds Meta relies on Li and Bedingfield alone and in combination with other references. Paper 1 at 5-6. In district court, Meta relies on the Oculus DK1 System as system art against the '196 Patent. Ex. 2016 at 116-118 (final invalidity contentions); and Ex. 2017. It is clear from Meta's October 18th Final Invalidity Contentions that it intends to rely on the same primary references that it represents to the Board is sufficient to invalidate the claims, under the guise of somehow "combining" them with system art such as the Oculus DK1 System:

> ***Oculus DK1 System*** alone or in view of one or more of the prior art references and products identified in Sections IV.J.2 and/or 3, and/or Section IV.A, including in view of application(s) covered in Section IV.J.12, for example and without limitation . . . (iv) Oculus DK1 System ***and Li 305*** and/or Jarvinen, including in view of VRChat and/or SecondLife and/or Couch Knights . . . (viii) Oculus DK1 System ***and Bedingfield***, including in view of VRChat and/or SecondLife and/or Couch Knights, (viii) Oculus DK1 System ***and Li 305***, including in view of VRChat and/or SecondLife and/or Couch Knights . . .

Ex. 2016 at 82 (emphasis added). These combinations raise the same overlapping issue concerns the PTAB noted in *Asetek*.

Since Meta carved out of its stipulation a right to assert overlapping system art in the district court, institution of this IPR increases the risk of "inconsistent outcomes between the PTAB and the district court" that a *Sotera* stipulation is

expected to address. Ex. 2004 at 7.[5] Meta chose to address discretionary factors in a single perfunctory paragraph in the Petition. Paper 1 at 79; Paper 6 at 51. The Interim Procedures issued in 2022, well before the filing of the Petition. Meta did not address good cause why it could not submit a stipulation upon filing of the Petition or why the Board should entertain this late-filed stipulation now. The Board should disregard Meta's stipulation and deny institution of this IPR in view of the *Fintiv* factors as a whole.

## III. CONCLUSION

Meta's late-filed stipulation with an express reservation does not fully commit Meta to the IPR process as an alternative to district court litigation to address the question of validity of the '196 Patent, and does not mitigate concerns of conflicting decisions and duplicative efforts between the district court and PTAB. 8KHZ respectfully requests the Board exercise its discretion and decline to institute review.

[5] Meta argues the Board should disregard the reservation in its stipulation and leave its interpretation to the district court. Reply 3. This simply reinforces that Meta seeks to use the same art in both proceedings and why this stipulation falls outside the ambit of the Director's Interim Procedures.

Date: November 8, 2023

Respectfully submitted,

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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 Sur-Reply in Support of its Preliminary Response, and its cited exhibits, were served via electronic mail, as authorized by Petitioner's Mandatory Notices, on November 8, 2023 at the following email correspondence addresses of record:

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