

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

META PLATFORMS, INC.,
Petitioner,

v.

EIGHT KHZ, LLC,
Patent Owner.

Case IPR2023-01024
Patent 11,290,836 B2

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

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Federal Cases

<i>Asetek Danmark A/S v. Coolit Systems, Inc.</i> , IPR2020-00825, Paper 12.....	1, 2, 3
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Federal Statutes

<u>35 U.S.C. §§ 102 and 103</u>	1
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EXHIBIT LIST

Ex.	Description
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. Jun. 3, 2022), Granting Motion to Extend Scheduling Order Deadlines
2003	Memorandum from Katherine K. Vidal on Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (June 21, 2022)
2004	Lex Machina, Patent Cases (All Judges) Time to Trial, U.S. District Court for the Western District of Texas, September 9, 2023
2005	Lex Machina, Patent Cases (Judge Alan D. Albright) Time to Trial, U.S. District Court for the Western District of Texas, September 9, 2023
2006	Declaration of Durand R. Begault, Ph.D. in Support of the POPR
2007	C.V. of Durand R. Begault, Ph.D.
2008	Declaration of John C. Hart, Ph.D. in Support of the POPR
2009	C.V. of John C. Hart, Ph.D.
2010	Y.H. Huang, R. Venkatakrisnan, R. Venkatakrisnan, S. V. Babu, and W.C. Lin., <i>Using audio reverberation to compensate distance compression in virtual reality</i> , ACM Symposium on Applied Perception 2021, pp. 1–10 (2021).
2011	J. M. Arend, A. Neidhardt, and C. Hristoph Porschmann, <i>Measurement and perceptual evaluation of a spherical near-field HRTF set</i> , Proceedings of the 29th Tonmeistertagung-Vdt International Convention, Cologne, Germany, 17–20 November 2016 (2016).
2012	RESERVED
2013	Douglas S. Brungart, <i>Near-Field Auditory Localization</i> , Ph.D. thesis, Massachusetts Institute of Technology (1998).
2014	<i>SoundScape Renderer Manual</i> , Release 0.6.1-6-g9710c96, SSR Team, 2023-09-02
2015	Asserted U.S. Patent No. 11,290,836 “Providing Binaural Sound Behind an Image Being Displayed with an Electronic Device, Plaintiff’s Amended Infringement Contentions Exhibit 27, Eight KHZ, LLC v. Meta Platforms, Inc., No. 6:22-cv-00575 (Quest 1).
2016	Asserted U.S. Patent No. 11,290,836 “Providing Binaural Sound Behind an Image Being Displayed with an Electronic Device, Plaintiff’s Amended Infringement Contentions Exhibit 27, Eight KHZ, LLC v. Meta Platforms, Inc., No. 6:22-cv-00575 (Quest 2).

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2017	Asserted U.S. Patent No. 11,290,836 “Providing Binaural Sound Behind an Image Being Displayed with an Electronic Device, Plaintiff’s Amended Infringement Contentions Exhibit 27, Eight KHZ, LLC v. Meta Platforms, Inc., No. 6:22-cv-00575 (Quest Pro).
2018	Defendant’s Final Invalidity Contentions, October 18, 2023
2019	Defendant’s Final Invalidity Contentions, Ex. I-12, October 18, 2023

I. PETITIONER’S LATE-FILED *SOTERA*-LIKE STIPULATION FAILS TO ELIMINATE CONCERNS REGARDING OVERLAPPING ISSUES

Petitioner’s *Sotera*-like stipulation (Paper 7 at 1-2, citing Ex. 1141) agreeing not to pursue in the parallel district court litigation the same grounds or any grounds that could have reasonably been raised before the PTAB does not limit unnecessary and counterproductive litigation costs, and should be given little weight. Petitioner’s express reservation to raise §§102 and 103 invalidity challenges in the advanced district court proceeding based on materially identical system prior art render 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. 1141 at 4 (emphasis added).

The PTAB has held that “excluding system art” from a *Sotera*-like stipulation “does not eliminate” “concerns regarding overlapping issues.” *Asetek Danmark A/S v. Coolit Systems, Inc.*, IPR2020-00825, Paper 12 at 13-14 (“*Asetek*”). Thus,

Petitioner's narrow stipulation should carry little to no weight in the *Fintiv* analysis. *Id.*, 14 (giving Petitioner's stipulation excluding system art minimal weight). Accordingly, and **at the very minimum**—given the similarity between Petitioner's stipulation in this case and that at issue in *Asetek*, and its carve-out for system art, the stipulation only marginally weighs in favor of institution, if at all.

For example, in the Petition, Petitioner relies on the combination of Finnegan alone or in view of Begault as a primary ground. Paper 2 at 2. In the district court proceeding, Petitioner relies on the Oculus Rift CV1 System ("Oculus Rift System") as system art against the '836 Patent. Ex. 2001 at 295-296 (first invalidity contentions); Ex. 2018 at 351-352 (final invalidity contentions); and Ex. 2019. It is clear from Petitioner's October 18th Final Invalidity Contentions, that it intends to rely on both Finnegan and Begault in combination with the Oculus Rift System:

Oculus Rift CV1 System, alone or in view of one or more of the prior art references and products identified in Sections IVJ 2, 6, 9 and/or 12, and/or Section IV.I, for example and without limitation (i) Oculus Rift System **in view of Finnegan** and/or Universal Audio DSP Cards, including in view of Romblom and/or Algazi 2001 and the application(s) covered in Section IV.I.12 such as Showdown and Job Simulator, (ii) Oculus Rift CV1 System ***and Begault 2000*** and/or Universal Audio DSP Cards, including **in view of Finnegan**, Romblom

and/or Algazi 2001 and the application(s) covered in Section IV.J.12 such as Showdown and Job Simulator, (iii) Oculus Rift CV1 System and Kim 417, including *in view of Finnegan*, Romblom and/or Algazi 2001 and the application(s) covered in Section IV.J.12 such as Showdown and Job Simulator, and (iv) Oculus Rift CV1 System and Flaks 968, including *in view of Finnegan*, Romblom and/or Algazi 2001 and the application(s) covered in Section IV.J.12 such as Showdown and Job Simulator.

Ex. 2018 at 334 (emphasis added). These combinations raise the same overlapping issue concerns the PTAB noted in *Asetek*.

Since Petitioner has carved out of its stipulation the right to assert overlapping system art in the parallel district court proceeding, institution of this IPR would not address the risk of “inconsistent outcomes between the PTAB and the district court” that a *Sotera* stipulation is normally expected to address. Ex. 2003 at 7. Petitioner chose to allocate its word count in the Petition to other issues, barely mentioning discretionary factors in a single perfunctory paragraph. Paper 2 at 64-65; Paper 6 at 53. Director Vidal’s memorandum addressing *Sotera* stipulations issued in 2022, well before the filing of this Petition, and Petitioner has not addressed why it could not have submitted the stipulation upon filing. Ex. 2003 at 1. Petitioner has failed to address good cause to entertain this late-filed *Sotera*-like stipulation. The Board

should disregard Petitioner's *Sotera*-like stipulation and deny institution of this IPR in view of the *Fintiv* factors as a whole.

II. DESPITE PATENT OWNER'S INADVERTENT CITATION TO A PRIOR SCHEDULING ORDER, ANALYSIS UNDER FACTOR 3 REMAINS THE SAME

As a result of several district court orders resetting the *Markman* hearing, fact discovery in the parallel district court proceeding was revised to open October 5, 2023 and close February 16, 2024. Ex. 1143. This revision moves the close of fact discovery two months from the date stated in the POPR, and the August 12, 2024 trial date remains unchanged. Paper 6 at 55, 59; and Ex. 1143 at 3.

III. CONCLUSION

Petitioner's *Sotera*-like stipulation does not fully commit Petitioner to the IPR process as an alternative to district court litigation to address the question of validity of the '836 Patent, and does not mitigate concerns of conflicting decisions and duplicative efforts between the district court and the PTAB. Eight kHz thus respectfully requests that the Board exercise its discretion and decline to institute review.

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Date: October 25, 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 October 25, 2023 at the following email correspondence addresses of record:

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