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Paper 13
Entered: September 5, 2024

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AYLO FREESITES LTD,
Petitioner,

v.

WELLCOMEMAT, LLC,
Patent Owner.

IPR2024-00710
Patent 8,307,286 B2

Before KARL D. EASTHOM, KARA L. SZPONDOWSKI, and BRIAN P. MURPHY, *Administrative Patent Judges.*

MURPHY, *Administrative Patent Judge*.

DECISION
Granting Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

Aylo Freesites Ltd ("Petitioner") filed a Petition pursuant to 35 U.S.C. § 311 requesting institution of *inter partes* review of claims 13–15 and 18–20 of U.S. Patent No. 8,307,286 B2 (Ex. 1001; "the '286 patent"). Paper 2 ("Pet."). WellcomeMat, LLC ("Patent Owner") timely filed a Corrected Patent Owner Preliminary Response. Paper 7 ("Prelim. Resp."). Pursuant to authorization from the Board, Petitioner filed a Reply to Patent Owner's Preliminary Response addressing Patent Owner's argument for discretionary denial under 35 U.S.C. § 314(a)), and Patent Owner filed a Sur-Reply. Papers 11, 12.

We have jurisdiction under 35 U.S.C. § 314, which provides that an *inter partes* review may not be instituted "unless . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." Under § 314, the Board may not institute review on fewer than all claims challenged in the petition. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359–60 (2018). If the Board institutes a review, it will institute "on all of the challenged claims and on all grounds of unpatentability asserted for each claim." 37 C.F.R. § 42.108(a). Upon consideration of the Petition, the Preliminary Response, Reply, Sur-Reply, and the evidence of record, for the reasons set forth below, we conclude Petitioner has demonstrated a reasonable likelihood of prevailing with respect to at least one challenged claim in the '286 patent. Accordingly, we institute an *inter partes* review of claims 13–15 and 18–20 of the '286 patent on all grounds set forth in the Petition. *See* 37 C.F.R. § 42.108(a).

A. Real Parties in Interest and Related Matters

Petitioner identifies Aylo Freesites Ltd (f/k/a MG Freesites Ltd), Aylo Premium Ltd (f/k/a MG Premium Ltd), Aylo Holdings S.à r.l. (f/k/a MindGeek S.à

r.l.), and 9219-1568 Québec, Inc. as real parties-in-interest. Pet. xii. Patent Owner, WellcomeMat, LLC, identifies itself as a real party in interest. Paper 5, 1.

Petitioner and Patent Owner identify the following related matters:

> *WellcomeMat, LLC v. Aylo Holdings S.à r.l.*, No. 2:23-cv-00483-JRG (E.D. Tex.) (hereafter the "District Court Litigation"); and
>
> *Aylo Freesites Ltd v. WellcomeMat, LLC*, IPR2024-01101(U.S. Pat. No. 8,307,286).[1]

Paper 9, 1; Paper 10, 1.

B. The '286 Patent

The '286 patent, titled "Methods and Systems for Online Video-Based Property Commerce," is directed to a method and system for processing cue point information associated with video content, such as online real estate marketing videos. Ex. 1001, 2:48–65. "[C]ue points may refer to indexed time positions or tags anywhere within a video file … essentially providing chapter markers for the different sections of the video." *Id.* at 7:50–60. Cue point information is typically indexed to a time point or location in a video and may include the index information and other information, such as metadata describing the cue point (e.g., the title of the cue point, the author of the cue point, etc.). *Id.* at 2:48–65, 7:49–8:1, 8:14–24. Cue point information may also include text comments describing or explaining the associated video, "or any other useful information." *Id.* at 19:38–48, 26:12–14.

One embodiment of the claimed cue point processing system includes an application server (110) that interfaces with a video server (112) and cue point server (114), as depicted in Figure 1A reproduced below:

[1] The petition in IPR2024-01101 presents five unpatentability grounds challenging claim 17 of the '286 patent.

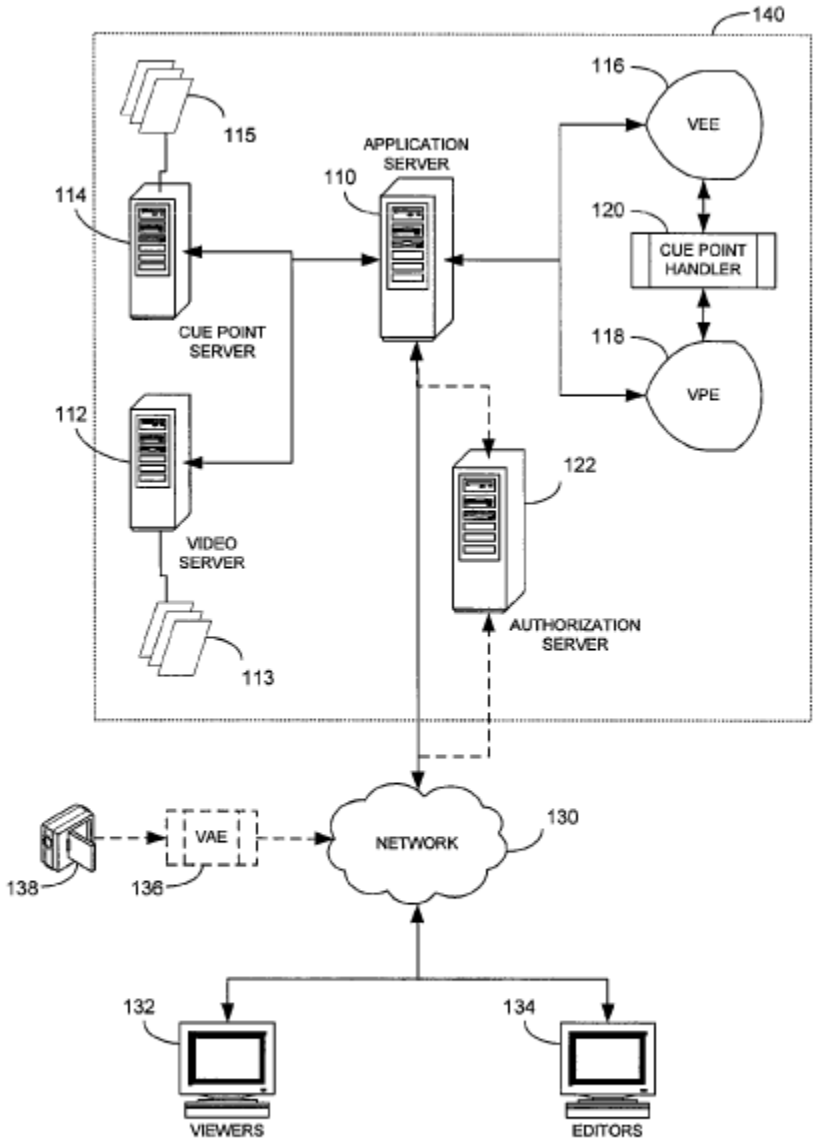


Fig. 1A

Id. at 6:61–7:14, 7:42–60, Fig. 1A. As shown in Figure 1A, the application server "may be configured to handle various applications, including a Video Editing Environment (VEE) 116 and/or a Video Playback Environment (VPE) 118."[2] *Id.* at 9:19-21, Fig. 1A. The VEE permits cue points to be created and edited for

[2] Quotations from patent documents may omit or de-emphasize bold numerals.

selected video information. *Id.* at 18:55-57 ("add or edit the cue point information associated with the video file"), 19:28-30 ("cue point editing types … include … adding, modifying, or deleting cue point information"), Figs. 3A, 3C. "The VEE 116 may also comprise a video player." *Id.* at 9:29; *see also id.* at 3:25–26 ("the video environment comprises at least one of a video player or a video editor").

The application server and cue point handler (120) are "configured to execute at least one of creating, modifying, deleting, or interpreting at least a portion of the set of cue point information" and to "transmit cue point information over the network." *Id.* at 2:60–65, 4:51–54. The cue point server (114) in Figure 1A stores and serves sets of cue point information corresponding to one or more sets of video data stored in the video server (112). *Id.* at 2:56–59, 7:42–48; *see also id.* at 7:15–21 ("video server . . . with the capability to store and index mass amounts of video data"), 7:22–28 ("video server may comprise a list . . . which matches video identifiers with the location of respective videos"). The '286 patent claims recite a "public network" (130), such as the Internet, through which the servers and client terminals (viewer 132 and editor 134) communicate. *Id.* at 10:4–11, 24:41–45.

Importantly, the VEE application server and cue point handler, video server, and cue point server are on the server side of the network, not the client side. *Id.* at 2:59–65, 3:32–47, 9:19–38. The '286 patent describes how the claimed system architecture—a VEE on the server side executes cue point creation and editing commands received over the network from the client side (e.g., via a graphical user interface or "GUI")—addresses "significant disadvantages to video marketing." *Id.* at 2:16–21. The stated disadvantages include home computers with "video editing software and hardware [that] is cumbersome, expensive, and difficult to learn." *Id.* at 2:19–21. During prosecution of the '286 patent application,

applicants emphasized the claimed improvement over prior art systems was to enable "remote editing of and/or interaction with cue points associated with a video file over a public client-server architecture." Prelim. Resp. 5, 9–10 (citing File History Ex. 1010, 111–113).

The '286 patent provides an example of a cue point editor screen (GUI) that displays three time-indexed cue points for a client user to view the Neighborhood, Foyer, and Living Room areas in a real estate marketing video. Ex. 1001, Fig. 6; *see also id.* at 13:48–51 (GUI "may comprise any graphical, textual, audio, or other data . . . for providing interface capabilities to a client"), 14:15–16 ("GUI may provide . . . controls, fields, etc. for editing a video file"). Figure 6 is reproduced below from the Petition in annotated form:

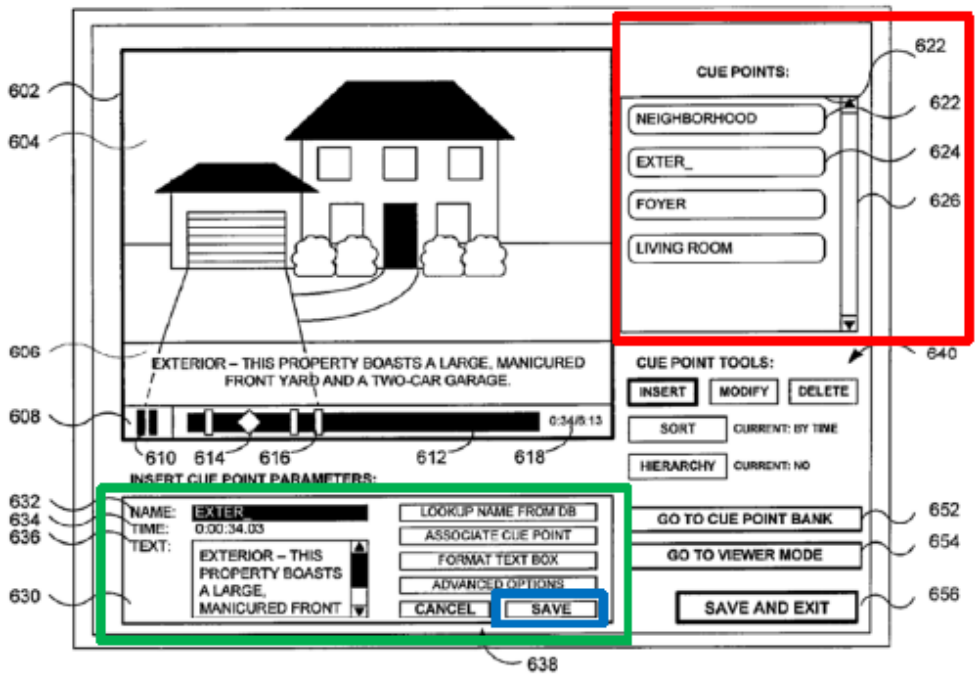


Fig. 6

Pet. 7; *see also* Ex. 1001, 25:64–26:11, 26:60–67, Fig. 6.

The cue point editor screen in annotated Figure 6, above, includes a cue point listing area (outlined in red) that lists three existing cue points (time-indexed video clips) of the "NEIGHBORHOOD," "FOYER," and "LIVING ROOM" in a six-minute video of the property being marketed. Ex. 1001, 27:21–26, 28:24–30. A remote editor on the client side is in the process of adding a new cue point for the home's exterior—"EXTER_"—in the cue point listing area. *Id.* at 26:52–62, 27:21–26, 28:31–57. Cue point parameters area 630 (outlined in green) allows the client-side editor to input cue point information, such as cue point "name," "time position," and "comment text." *Id.* at 27:32-40. The "Save" button (outlined in blue) "allow[s] a client to save the current cue point editing and possibly submit the cue point information." *Id.* at 27:55-59. The client is "required to submit the form over a network to the server computer before the cue point editor has the information it needs to generate the cue point." *Id.* at 23:18–23.

C. Illustrative Claim

Independent claim 13 and dependent claims 14–15 and 18–20 are the challenged claims. Claim 13, reproduced below, illustrates the claimed subject matter:

> [13.P][3] A method for handling video cue points, the method comprising:
>
> [13.1] providing a computer system having at least one computer-readable medium comprising a video editing environment, and being disposed at a server side of a public network;
>
> [13.2] receiving a set of video information at the video editing environment using the computer system;
>
> [13.3] receiving a set of cue point information at the video editing environment using the computer system;

[3] We adopt Petitioner's claim limitation numbering system for convenience.

> [13.4] receiving a cue point editing command over the network from a remote client terminal disposed at a client side of the public network using the computer system;
>
> [13.5] modifying a portion of the cue point information at the server side of the public network according to the cue point editing command received over the public network from the client terminal;
>
> [13.6] receiving a cue point selection over the network from the remote client terminal identifying one of the cue points corresponding to a portion of the video information of one of the video files; and
>
> [13.7] streaming the portion of the video information to the client terminal over the public network in response to receiving the cue point selection.

Ex. 1001, 54:66–55:22.

D. Asserted Grounds of Unpatentability

Petitioner asserts claims 13–15 and 18–20 are unpatentable on the following Grounds:

Claim(s) Challenged	35 U.S.C. §	Reference(s)/ Basis
13-15 and 18-20 (Ground 1)	102[4]	Gupta[5]
13-15 and 18-20 (Ground 2)	102	Fegan[6]
13-15 and 18-20 (Ground 3)	103	Kim[7]
13-15 and 18-20 (Ground 4)	103	Kim and Gupta
13-15 and 18-20 (Ground 5)	103	Vasilevsky[8] and Logan[9]

[4] The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("AIA") includes revisions to 35 U.S.C. §§ 102, 103 that became effective after the filing date of the application that led to issuance of the challenged patent. Hence, this *inter partes* review is governed by the pre-AIA provisions of 35 U.S.C. §§ 102, 103.
[5] US 2005/0081159 A1, Pub. Apr. 14, 2005 (Ex. 1004, "Gupta").
[6] US 2005/0144305 A1, Pub. June 30, 2005 (Ex. 1005, "Fegan").
[7] US 2005/0210145 A1, Pub. Sep. 22, 2005 (Ex. 1006, "Kim").
[8] WO 03/067594 A1, Pub. Aug. 14, 2003 (Ex. 1008, "Vasilevsky")
[9] US 2003/0093790 A1, Pub. May 15, 2003 (Ex. 1009, "Logan").

Pet. 1. Petitioner has filed a declaration of Henry Houh, Ph.D. in support of the Petition. Ex. 1002.

II. CLAIM CONSTRUCTION

A. Level of Ordinary Skill in the Art

Petitioner states that a person of ordinary skill in the art ("POSITA") "would have had a Bachelor's degree in Electrical Engineering, Computer Engineering, or Computer Science (or equivalent) plus approximately two years of work experience with technologies relating to video annotation/bookmarking and/or video navigation." Pet. 10 (citing Ex. 1002 ¶¶ 59–60). Petitioner further states that "more education can supplement work experience and vice versa." *Id.* Patent Owner submits that Petitioner's characterization of a POSITA is "incorrect," to the extent that the two years of work experience should relate to "producing digital video for online distribution." Prelim. Resp. 12.

In determining the level of ordinary skill in the art, various factors may be considered, including the "type of problems encountered in the art; prior art solutions to those problems; rapidity with which innovations are made; sophistication of the technology; and educational level of active workers in the field." *In re GPAC, Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995) (citing *Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 962 (Fed. Cir. 1986)). "These factors are not exhaustive but are merely a guide to determining the level of ordinary skill in the art." *Daiichi Sankyo Co. v. Apotex, Inc.*, 501 F.3d 1254, 1256 (Fed. Cir. 2007). There is uncontested evidence in the record before us that reflects the knowledge and experience of a POSITA.

We determine that no express finding is necessary, on the present record, and that the level of ordinary skill in the art is reflected by the prior art of record.

See Okajima v. Bourdeau, 261 F.3d 1350, 1355 (Fed. Cir. 2001); *In re GPAC Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995); *In re Oelrich*, 579 F.2d 86, 91 (CCPA 1978). The difference in how each party characterizes a POSITA's work experience does not change our analysis or conclusions based on the present record.

B. Claim Construction

For purposes of this proceeding, Petitioner and Patent Owner both advocate for the "plain and ordinary meaning" of the claim terms" without further analysis. Pet. 9–10 (citing Ex. 1002 ¶¶ 61–62); Prelim. Resp. 10–11. On the present record, we determine that no explicit construction of claim terms is necessary to determine whether to institute an *inter partes* review in this case. *See, e.g.*, *Wellman, Inc. v. Eastman Chem. Co.*, 642 F.3d 1355, 1361 (Fed. Cir. 2011) ("[C]laim terms need only be construed 'to the extent necessary to resolve the controversy.'") (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)).

The parties are invited to address claim construction in their briefs.

III. DISCRETIONARY DENIAL UNDER 35 U.S.C. § 314(a) - *FINTIV*

Institution of an *inter partes* review is discretionary. *See* 35 U.S.C. § 314(a) (authorizing institution of an *inter partes* review under particular circumstances, but not requiring institution under any circumstances); *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) ("[T]he agency's decision to deny a petition is a matter committed to the Patent Office's discretion."); *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) ("[Section] 314(a) invests the Director with discretion on the question whether to institute review . . . ." (emphasis omitted)); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) ("[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.").

Patent Owner contends the Board should deny institution under 35 U.S.C. § 314(a) "because institution would result in the investment of significant

resources in a duplicative proceeding with the EDTX litigation involving WellcomeMat and Aylo, which is set for trial months before the expected date for a final written decision here." Prelim. Resp. 3. In support of its arguments, Patent Owner cites the discretionary denial factors articulated in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential) (hereafter "*Fintiv*"). *Id.* at 44–48. Petitioner opposes, arguing the "Petition presents a compelling unpatentability challenge," and addresses the *Fintiv* factors in its Reply. Pet. 3; Reply 1–5. Patent Owner responds that the *Fintiv* factors weigh in favor of discretionary denial. Sur-Reply 1–5.

Under *Fintiv*, we consider the following factors to assess "whether efficiency, fairness, and the merits" favor discretionary denial in view of a parallel district court proceeding:

> 1) whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
> 2) proximity of the court's trial date to the Board's statutory deadline for a final written decision;
> 3) investment in the parallel proceeding by the court and the parties;
> 4) overlap between issues raised in the petition and in the parallel proceeding;
> 5) whether the petitioner and the defendant in the parallel proceeding are the same party; and
> 6) other circumstances that impact the Board's exercise of discretion, including the merits.

Fintiv, Paper 11 at 5–6. In evaluating these factors, we take "a holistic view of whether efficiency and integrity of the [patent] system are best served by denying or instituting review." *Id.* at 6. The USPTO Director also has issued mandatory guidance for application of the *Fintiv* factors. *See Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court*

Litigation, issued June 21, 2022 ("Guidance Memo").[10] We consider the *Fintiv* factors below.

A. Factor 1: whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted)

Patent Owner argues "it is well known that EDTX courts are reluctant to issue stays" and that a stay is unlikely given the currently scheduled trial date of July 7, 2025. Prelim. Resp. 45 (citing Ex. 2001, 1). Patent Owner further argues a District Court stay requires a showing that "PTAB is likely to invalidate every asserted claim," including claim 17 challenged by Petitioner in IPR2024-01101. Sur-Reply 1 (citing Ex. 1019, 6).[11] The District Court's docket sheet indicates Petitioner filed a motion to stay in the District Court Litigation on April 15, 2024. (Docket # 44). The docket sheet further indicates Patent Owner filed an opposition on April 29, 2024, Petitioner replied on May 6, 2024, and Patent Owner sur-replied on May 10, 2024. *Id.* (Docket #s 53, 57, 66). As of the date of this Institution Decision, the docket sheet indicates the District Court has not yet entered an Order ruling on Petitioner's motion to stay. *Id.*

Petitioner cites several recent decisions by the District Court (Judge Gilstrap and Magistrate Judge Payne) in other patent cases, where the District Court ordered a stay of proceedings because *inter partes* review was instituted against all asserted claims on multiple grounds, the proceedings were at an early stage, and

[10] Available at https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf.

[11] Petitioner filed IPR2024-01101 on June 28, 2024, 18 days after Patent Owner proposed to amend its District Court contentions to add an infringement allegation of claim 17 of the '286 patent. Reply 1; Ranking Statement Paper 8, 3–5; Ex. 1021, 1.

there was no undue prejudice to plaintiff. Reply 1–2 (citing *Resonant Sys., Inc. v. Samsung Elecs. Co.*, 2024 WL 1021023 at *4 (E.D. Tex. Mar. 8, 2024)—"parties had only conducted two depositions . . . [with] the bulk of depositions ahead of them," "plaintiff will not be ***unduly*** prejudiced by the stay"; *Broadphone LLC v. Samsung Elecs. Co.*, 2024 WL 3524022 at *2 (E.D. Tex. July 24, 2024)—"IPRs have been instituted on all claims . . . for multiple grounds," "[a] significant amount of discovery remains, the claim construction hearing has not occurred"); Ex. 1019 (stay granted after *Markman* hearing). The present record indicates the District Court Litigation is at an early stage, with the bulk of discovery remaining, claim construction not yet begun, and a *Markman* Hearing scheduled for January 17, 2025. Ex. 2001, 3–4.

We do not "attempt to predict how the district court in the related district court litigation will proceed." *Sand Revolution II LLC v. Cont'l Intermodal Grp. – Trucking LLC*, IPR2019-01393, Paper 24, 7 (PTAB June 16, 2020) (informative) ("*Sand Revolution*"). In the absence of a ruling by the District Court on Petitioner's motion to stay the District Court Litigation, we find *Fintiv* Factor 1 is neutral. *See Cisco Sys., Inc. v. Portsmouth Network Corp.*, IPR2024-00505, Paper 7, 11 (PTAB Aug. 6, 2024) (where no district court stay "this factor should be neutral") ("*Cisco*"). Moreover, even the denial of a stay would "weigh[] only marginally in favor of exercising our discretion to deny institution." *Google LLC v. Multimodal Media LLC*, IPR2024-00056, Paper 9, 8 (PTAB April 12, 2024).

B. Factor 2: proximity of the District Court's trial date to the Board's statutory deadline for a final written decision

Patent Owner argues the District Court's initial order setting jury selection to begin July 7, 2025 "strongly weighs against institution" because the trial date is "nearly three months ahead of the statutory deadline" for a final written decision in

this *inter partes* review proceeding. Prelim. Resp. 45 (citing Docket Control Order Ex. 2001, 1). Patent Owner cites median time-to-trial statistics for the 12-month period ending June 30, 2023 in the Eastern District of Texas, which is consistent with a July 2025 trial date. *Id.* at 45–46 (citing Ex. 2007, 35). Petitioner, on the other hand, argues "a trial will likely occur months later" due to "EDTX's 'longstanding practice . . . to set multiple cases to begin trial on the same day.'" Reply 2 (citing *Atlas Global Techs. LLC v. TP-Link Techs.*, 2023 WL 5512068 at *1 (E.D. Tex. Aug. 25, 2023)). Petitioner cites the most recent median time-to-trial statistics for the 12-month period ending June 2024, which would put the trial date in November 2025, some two months after the statutory due date for a final written decision in this IPR proceeding. *Id.* at 3 (citing Ex. 1020, 35—21.6 months median time-to-trial).

The Director's Guidance Memo makes clear that "scheduled trial dates are unreliable and often change." Guidance Memo, 8. The Director's guidance further provides that a scheduled district court trial date "is not by itself a good indicator of whether the district court trial will occur before the statutory deadline for a final written decision." *Id.*; *see also* Reply at 3 (citing same). The Director's Guidance Memo is consistent with experience that scheduled trial dates often change as district court patent litigation progresses, due to the broad scope of discovery in district court, discovery conflicts that must be resolved by the courts, scheduling conflicts of the parties, counsel, witnesses, and courts, the need for claim construction, extensive motion practice, settlement discussions, and other factors. *See, e.g.*, Fed. R. Civ. P. 26(b)(1) ("Parties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense").

Patent Owner and Petitioner, for example, already have engaged in substantial motion practice to resolve venue, discovery, and other disputes.

Ex. 3001 (Docket #s 16, 23, 24, 51, 61, 67, 69, 78, 109, 119, 120, 123–125). The parties recently filed a joint motion to amend production deadlines and the briefing schedule, which was granted by the District Court. *Id.* (Docket #s 126, 130). A claim construction hearing is currently scheduled for January 17, 2025, more than four months after the date of this Decision, and the parties have not yet exchanged proposed claim terms for construction. Ex. 2001, 3–4. We further note the statutory deadline for entering a final written decision in this proceeding is on or about September 5, 2025, two months later than the currently scheduled District Court Litigation trial date (July 7, 2025) and two months earlier than a November 2025 trial date based on the most recent median time-to-trial statistics. The Director's Guidance Memo informs us that "PTAB will weigh this factor against exercising discretion to deny institution under *Fintiv* if the median time-to-trial is around the same time or after the projected statutory deadline for the PTAB's final written decision." Guidance Memo, 9.

In sum, scheduling uncertainties and delays that typically arise in district court patent litigation are consistent with experience, as reflected in the Director's Guidance Memo. Consideration of such factors helps explain why the District Court's Docket Control Order contains a column titled "Original Deadline," with the next column titled "Amended Change" to provide for subsequent deadline changes, including the date for jury selection. Ex. 2001, 1. Therefore, consistent with the Guidance Memo and the most recent median time-to-trial statistics for the Eastern District of Texas, we find *Fintiv* Factor 2 weighs against exercising our discretion to deny institution.

C. Factor 3: investment by the court and parties in the parallel proceeding

Patent Owner argues *Fintiv* Factor 3 weighs against institution because the parties have exchanged contentions and will exchange "their initial positions on

disputed claim terms" on or about September 13, 2024. Prelim. Resp. 46 (citing Ex. 2001, 4–5). Petitioner argues Factor 3 favors institution because "the bulk of discovery indisputably remains uncompleted" and the parties have not yet begun the claim construction process. Reply 4 (citing Ex. 2001, 4–5). The parties have begun discovery, with fact discovery scheduled to conclude by February 18, 2025 and expert discovery by March 24, 2025, more than six months from now. Ex. 2001, 3–5. The parties have exchanged infringement and invalidity contentions and are scheduled to *begin* the District Court claim construction process on September 13, 2024 with the exchange of proposed claim terms for construction. Ex. 2001, 4–5; Ex. 3001 (Docket #s 35, 60). Moreover, any impact the petition in IPR2024–01101 may have on the *Fintiv* analysis is speculative at the present time. *Cf.* Sur-Reply at 2 ("investment by the parties through the December 30, 2024 institution date in IPR2024-01101 should also be considered").

The present record shows the District Court and parties have not yet invested substantial time and effort to address claim construction and related invalidity issues in the District Court Litigation. The parties have not yet exchanged proposed claim terms for construction, and the *Markman* hearing will not take place until January 17, 2025, more than four months from now. Ex. 2001, 3–4. Petitioner's diligence in filing the Petition 18 days after Patent Owner served its infringement contentions in the District Court Litigation, and more than five weeks before filing its own invalidity contentions (Ex. 2001, 4–5; Ex. 3001, Docket #s 35, 60), also weighs strongly against exercising our discretion to deny institution in this case. *See Cisco*, IPR2024-00505, Paper 7, 13–14 (petition filed "about a month after receiving Patent Owner's infringement contentions, and only four months after the filing of the original complaint . . . weighs strongly against discretionary denial").

Therefore, we find *Fintiv* Factor 3 weighs strongly against exercising our discretion to deny institution.

D. Factor 4: overlap between issues raised in the petition and in the parallel proceeding

Patent Owner argues that *Fintiv* Factor 4 "strongly weighs against institution because Aylo has not submitted a *Sotera* stipulation." Prelim. Resp. 46 (citing *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01015, Paper 12 (PTAB Dec. 1, 2020) (precedential), 2020 WL 7049372 at *7). Patent Owner further notes Petitioner's invalidity contentions identify a number of overlapping references with those forming the Grounds of challenge in this IPR proceeding, and speculates that Petitioner has a "plan to reuse prior art from the Petition in cumulative or nominally different combinations in the litigation." *Id.* (citing Ex. 2011, 22–23, 30–31); Sur-Reply at 3. Petitioner counters with a *Sand Revolution* stipulation that "it will not pursue in the underlying litigation the same invalidity grounds advanced here." Reply 4 (citing *Sand Revolution*, Paper 24 at 12). The Board typically views a *Sand Revolution* stipulation as weighing slightly against discretionary denial, and we take the same view here. *See Sand Revolution*, Paper 24 at 12 (the stipulation "mitigates to some degree the concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions"); *Cisco*, Paper 7 at 14–15 ("the [*Sand Revolution*] stipulation is limited in nature . . . this factor weighs slightly against discretionary denial").

E. Factor 5: whether the petitioner and the defendant are the same in the parallel proceeding

Patent Owner states, and Petitioner does not contest, that "the same parties named in the IPR are named in the litigation." Prelim. Resp. 46; Sur-Reply 3.

Petitioner notes "the Board routinely institutes IPR under these circumstances." Reply 4–5 (citing IPR2021-01483, Paper 11 at 11–17). We make the unremarkable observation that an IPR petitioner and patent owner are very often named parties in parallel district court litigation regarding the same patent. In our view, this factor adds little if anything to the discretionary denial analysis unless the petitioner is not named as a defendant (or declaratory judgment plaintiff) in parallel district court patent litigation. *See Fintiv* at 13–14 (If the IPR petitioner "is unrelated to a defendant in an earlier court proceeding," this factor favors institution.). In other words, if the Petitioner and Patent Owner are both named parties in parallel litigation, it is the weight given to *Fintiv* Factors 1–4 and 6 that matters, and any weight to be given the identity of the parties is derived wholly from the Board's findings on those other *Fintiv* Factors. Accordingly, *Fintiv* Factor 5 is neutral in this case.

F. Factor 6: other circumstances that impact the Board's exercise of discretion, including the merits

Fintiv states that, "in evaluating the factors, the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review." *Fintiv* at 6. Patent Owner argues that it practices the invention claimed in the '286 patent, marks its website with the patent, and gave Petitioner notice of alleged infringement of the '286 patent in 2021, although the original complaint in the District Court Litigation was not filed until October 13, 2023. *See* Ex. 3001 (Docket #s 1–4). We view those additional factors raised by Patent Owner as part of the normal back-and-forth between patent owners and accused infringers to resolve their differences before engaging in patent infringement litigation. On the whole, the additional factors raised by Patent Owner do not move the needle here, and *Fintiv* Factors 1–5 collectively weigh against exercising

our discretion to deny institution.

Patent Owner and Petitioner also joust over whether Petitioner has demonstrated so-called "compelling merits" in its Grounds of challenge. Pet. 5; Prelim. Resp. 47; Reply 5; Sur-Reply 4–5. The Director has clarified her Guidance Memo, such that "in circumstances where the Board determines that the other *Fintiv* factors 1–5 do not favor discretionary denial, the Board shall decline to discretionarily deny under *Fintiv* without reaching the compelling merits analysis." *CommScope Techns. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23, 4–5 (PTAB Feb. 27, 2023) (precedential) ("*CommScope*"). Because we determine that *Fintiv* factors 1–5 collectively weigh against exercising our discretion to deny institution, we do not reach the question of whether Petitioner has demonstrated "compelling merits" in support of its unpatentability challenges.

Conclusion Regarding Discretionary Denial

On balance, we determine that *Fintiv* factors 1–5 collectively weigh against exercising our discretion to deny institution. Therefore, we decline to exercise our discretion to deny institution of *inter partes* review under Section 314(a).

IV. ANTICIPATION AND OBVIOUSNESS ANALYSIS

A. Asserted Anticipation of Claims 13–15 and 18–20 by Gupta (Ground 1)

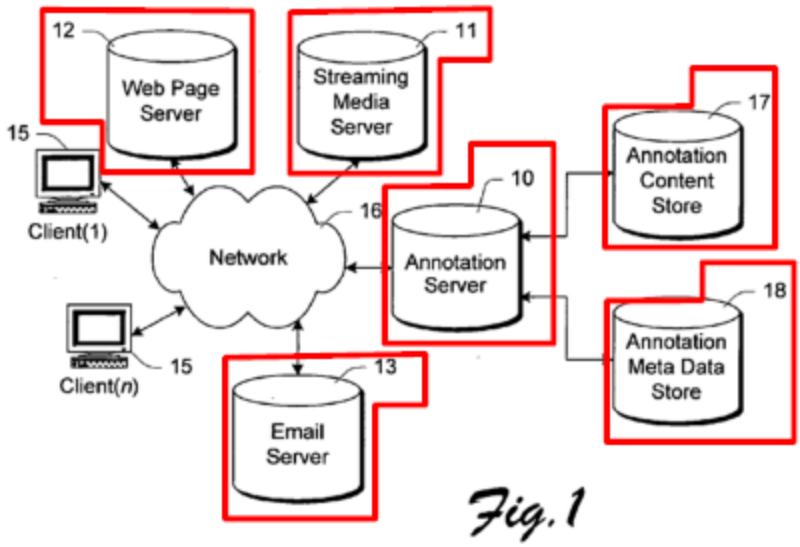
Petitioner argues that independent claim 13 and dependent claims 14–15 and 18–20 of the '286 patent are anticipated by Gupta (Ground 1) under 35 U.S.C. § 102. Pet. 14–32 (citing Ex. 1002 ¶¶ 65–140).

1. Gupta (Ex. 1004)

Gupta discloses a client-server architecture where "media content as well as annotations corresponding to the media content can be transmitted from a server(s) to a client." Gupta Ex. 1004, Abstract (code 57), ¶ 9. Gupta presents the client

with a user interface "to facilitate creating new annotations and viewing annotations." *Id.* A client may add new annotations or edit existing annotations. *Id.*; *see also id.* ¶¶ 127 ("the 'reply' feature allows the user to create a new annotation"), 128 ("the 'edit' feature … allow[s] the user to edit the content of the annotation"), 144 ("Fig. 21 illustrates an exemplary 'edit annotation' dialog box").

We reproduce below Petitioner's annotated version of Gupta Figure 1:



Pet. 15. Gupta Figure 1 depicts a client-server architecture where "multiple network server computers 10, 11, 12, and 13" communicate with "multiple (n) network client computers 15" over "a public network 16 such as the Internet." Ex. 1004 ¶ 29. A user interface at client 15 allows a user to "add and select different annotations," including an edit feature allowing the user to "edit the content of the annotation." *Id.* ¶¶ 45, 128, Figs. 3, 15; *see also id.* ¶ 144, Fig. 21.

Client 15 runs an annotation back end module (ABE 151, Fig. 3), "which translates user actions into commands destined for [annotation] server 10." *Id.* ¶ 45. Gupta discloses that user "commands are formulated at client computer 15 and forwarded to annotation server 10 via HTTP requests." *Id.* ¶ 44; *see also id.*

¶ 100 (annotation back end at client 15 "sends the new annotation information to annotation server 10"). Gupta states:

> The client-based browser also submits requests to the media server 11 for streaming data, and the annotation server 10 for any annotations associated with the streaming data. When a user of a client computer 15 desires to add or retrieve annotations, the client computer 15 contacts the annotation server 10 to perform the desired addition/retrieval.

Id. ¶ 34. Gupta further discloses that "[e]ach annotation created by annotation server 10 is maintained as a single copy" in annotation content stores 17 and 18. *Id.* ¶ 49.

2. Anticipation analysis of Claim 13

Petitioner asserts that "Gupta's annotations are cue points, which the '286 patent describes as 'indexed time positions or tags anywhere within a video file.'" Pet. 14 (citing Ex. 1001, 7:50–52, 8:15–20; Houh Declaration Ex. 1002 ¶¶ 65–71). Petitioner asserts, in particular, that Gupta's "[a]nnotation server 10 executes software for editing annotations" and "[s]treaming media server 11 executes software for streaming video," which together comprise the recited *video editing environment* on the *server side of a public network* such as the Internet. *Id.* at 16–17 (citing Ex. 1002 ¶¶ 72–79; Ex. 1004 ¶¶ 29, 30, 34, 48, 99, 100, 144, Figs. 1, 2). Petitioner relies on Dr. Houh's Declaration testimony to support its argument that Gupta anticipates independent claim 13.

Patent Owner argues that Gupta discloses only "local editing of bookmarks using a client-side" user interface module, not remote bookmark editing via a "server-side *video editing environment*," as recited in claim limitation 13.1. Prelim. Resp. 18 (citing Ex. 1004 ¶¶ 81, 82, Fig. 3). Patent Owner specifically contests Petitioner's assertion that Gupta discloses executing the annotation editing

software on annotation server 10. *Id.* at 18–20 (citing Ex. 1004 ¶¶ 81, 82, 100, 144, Figs. 1, 3, 21). Patent Owner further argues that Gupta does not disclose claim limitation 13.2 ("*receiving a set of video information at the video editing environment*") or the limitation recited in claim 15 ("*receiving an edit mode entry signal*"). *Id.* at 21–25 (citing Ex. 1004 ¶¶ 82, 124, 127, 128, 144, 153, Figs. 15, 21, 23). At this stage, Patent Owner does not provide declaration testimony to support its assertions.

We analyze Petitioner's mapping of claim 13 to Gupta, below.

Limitation [13.P]: "*A method for handling video cue points, the method comprising:*"

Petitioner asserts that Gupta discloses the claim preamble, to the extent it may be limiting, because Gupta discloses a networked client-server system for handling video annotations or "*cue points*." Pet. 14 (citing Ex. 1001, 7:50–52, 8:15–20; Ex. 1002 ¶¶ 65–71; Ex. 1004 ¶¶ 3, 4, 6, 7, 10). Patent Owner does not address this limitation. Prelim. Resp. 14–22. On the present record, Gupta and the Houh Declaration support Petitioner's assertion.

Limitation [13.1]: "*providing a computer system having at least one computer-readable medium comprising a video editing environment, and being disposed at a server side of a public facing network*;"

Petitioner asserts that Gupta discloses a *computer system* comprised of servers and storage devices—the *server side of a public network*—that have a *computer-readable medium* such as a hard disk drive to provide "nonvolatile storage of computer readable instructions, data structures, program modules and other data." Pet. 15–16 (citing Ex. 1004 ¶¶ 32–34, 37–42, Fig. 2). Petitioner cites Gupta's annotation server and streaming media server as executing software "for editing annotations" and "for streaming video" as a disclosure of the recited *video*

editing environment. *Id.* at 16–17 (citing Ex. 1002 ¶¶ 72–79; Ex. 1004 ¶¶ 29, 30, 34, 48, 99–100, 144, Fig. 1). Petitioner specifically cites Gupta's disclosure of a client user entering new annotation information, including annotation edits, into an edit annotation dialog box such that the "annotation backend 151 sends the new annotation information to annotation server 10 [of FIG. 3]." *Id.* at 17 (citing Ex. 1004 ¶ 100). Petitioner also cites Gupta paragraph 34, which states that "the client computer 15 contacts the annotation server 10 to perform the desired [annotation] addition/retrieval." *Id.*

Patent Owner challenges Petitioner's assertion that Gupta discloses a "*computer system . . . comprising a video editing environment . . . disposed at a server side of a public network*." Prelim. Resp. 14–21. Patent Owner argues that Gupta, like the prior art considered by the Examiner during prosecution, does not disclose "a server-side video editing environment providing for remote cue point editing by the client." *Id.* at 16–17 (citing Ex. 1010, 111–113). Patent Owner particularly asserts that Gupta discloses, "at best," only "local editing of bookmarks using the client-side UIM program" [User Interface Module 152, Fig. 3], which is not a "*video editing environment* program executing on Gupta's annotation server 10 to meet Limitation 13.1 and provide for remote cue point editing as claimed." *Id.* at 18; *see also id.* at 19 ("Gupta [] makes no showing that annotation server 10 is executing a *video editing environment* program as claimed"), 20 ("nothing in Gupta indicat[es] that it is inherent that the annotation server runs the claimed *video editing environment* program").

First, though not entirely clear, Patent Owner may be reading some type of application program function into the recited claim language "*video editing environment*" to distinguish Gupta. Second, Patent Owner's Preliminary Response does not address the cited statement in Gupta paragraph 34: "the client computer

15 contacts the annotation server 10 to perform the desired [annotation] addition." Ex. 1004 ¶ 34. Third, Patent Owner's Preliminary Response does not address Dr. Houh's cited testimony that Gupta discloses servers executing software programs stored in computer readable media, such as "**program modules** . . . including . . . **one or more application programs 36**, other **program modules 37**, and **program data 38**" such that "Gupta describes . . . a video editing environment, such as software for both editing annotations and streaming video executed by servers 10–13 and stores 17–18." Ex. 1002 ¶¶ 75–76 ; *see also* Pet. 15–17 (citing Ex. 1002 ¶¶ 72–79; Ex. 1004 ¶¶ 29, 30, 32–34, 37–39, 40–42, 48, 100, 144, Figs. 1, 2). Dr. Houh further testifies that in Gupta "the annotation server 10 executes software for editing annotations." Ex. 1002 ¶ 76. At this stage of the proceeding, Dr. Houh's sworn declaration testimony in paragraphs 75–76 stands unrebutted.

Patent Owner also relies on attorney argument to challenge Mr. Houh's (and the Petition's) emphasis on Gupta paragraph 100, which states:

> Dialog box 280 also includes a cancel button 318, an OK button 320, and an advanced button 322. Selection of cancel button 318 causes interface 152 to close the dialog box 280, canceling out of the add new annotation process. **Selection of OK button 320 causes interface 152 to forward the information entered in dialog box 280 to annotation backend 151, which sends the new annotation information to annotation server 10** of FIG. 3. Interface 152 then closes dialog box 280, the new annotation being entered.

Ex. 1002 ¶ 76 (quoting Ex. 1004 ¶ 100); *see also* Pet. 17 (citing Ex. 1002 ¶ 76; Ex. 1004 ¶ 100). Patent Owner contends Gupta's User Interface Module (152 in Fig. 3) executes annotation software on the client side, not on the server side. Prelim. Resp. 18–19 (citing Ex. 1004 ¶¶ 81–82, Fig. 3). Gupta Figure 3, however, does not support Patent Owner's argument.

Gupta's User Interface (152) in Figure 3 is similar to the user interface described in the '286 patent, which "provid[es] a useful interface to the VEE" for the client user to input new annotations or annotation edits. Ex. 1001, 13:48–14:5 (GUI may include "a video frame for displaying video information …, video controls …, navigational buttons …, or informational text fields"). In Gupta Figure 3, the Annotation Back End (151) "translates user actions into commands destined for server 10," and those commands are "forwarded to annotation server 10 via HTTP requests" (HTTP Services 150) "to perform the desired addition/retrieval." Ex. 1004 ¶¶ 34, 44, 45. "Each annotation created by annotation server 10 is maintained as a single copy" in an Annotation Store. *Id.* ¶ 49. Patent Owner, moreover, relies on unsupported attorney argument to construe Gupta's statement in paragraph 100—"[i]nterface 152 then closes dialog box 280, the new annotation being entered"—to mean the "annotation (bookmark) … operation occurs exclusively within a client-side application program." Prelim. Resp. 20. Gupta Figure 3 is not consistent with Patent Owner's argument.

On the present record, Petitioner's argument and supporting citations to Gupta and the Houh Declaration adequately support Petitioner's assertion that Gupta discloses limitation 13.1.

Limitation [13.2]: "*receiving a set of video information at the video editing environment using the computer system;*"

Petitioner relies on Gupta's streaming media server, which "has access to streaming media content," to argue the content is received at "*the video editing environment using the computer system*" because streaming video content "is received by the software executed by streaming media server 11." Pet. 18–19 (citing Ex. 1002 ¶¶ 80–85; Ex. 1004 ¶¶ 26, 30, 34, Figs. 22, 23). Dr. Houh testifies that Gupta Figures 22 and 23 depict GUI windows "which display both the media

stream and the corresponding annotations at the same time" to allow a client computer to add or retrieve annotations by contacting "annotation server 10 to perform the desired addition/retrieval." Ex. 1002 ¶¶ 84–85 (citing Ex. 1004 ¶¶ 26, 34, Figs. 21, 23). Patent Owner makes a similar argument to that raised regarding limitation 13.1, namely that limitation 13.2 "requires that video information is being received at the **server-side** *video editing environment*, which plainly is not taking place in Gupta, which has no server-side video editing mode." Prelim. Resp. 21–22 (emphasis in original). For the same reasons stated above in our analysis of Limitation 13.1, Patent Owner's argument is inconsistent with Gupta Figure 3.

On the present record, Petitioner's argument and supporting citations to Gupta and the Houh Declaration adequately support Petitioner's assertion that Gupta discloses limitation 13.2.

Limitation [13.3]: "*receiving a set of cue point information at the video editing environment using the computer system;*"

Petitioner argues that Gupta discloses this limitation in multiple ways, such as when the annotation server receives a set of annotations from the annotation content store or meta data store and provides the annotations to a client, or when a client provides a new annotation to the annotation server. Pet. 19–20 (citing Ex. 1002 ¶¶ 86–91; Ex. 1004 ¶¶ 32, 48, 100, Figs. 1, 3). Patent Owner does not address limitation 13.3. *See* Prelim. Resp. 14–22. On the present record, Petitioner's argument and supporting citations to Gupta and the Houh Declaration adequately support Petitioner's assertion that Gupta discloses limitation 13.3.

Limitation [13.4]: "*receiving a cue point editing command over the network from a remote client terminal disposed at a client side of the public network using the computer system;*"

Petitioner argues that Gupta's annotation server receives a "*cue point editing command over the network*" because, when a client user edits an annotation and selects "OK" in the user interface, an edit command is sent over the network and "received using the computer system's annotation server 10." Pet. 21–24 (citing Ex. 1002 ¶¶ 92–102; Ex. 1004 ¶¶ 29, 34, 46, 100, 124-128, 143, 144, Figs. 15, 21). Dr. Houh testifies that when a client user edits an annotation in Gupta's system and selects the "OK" button," this results in "the client's contacting of the annotation server 10 to perform a desired editing/adding of an annotation (as Gupta describes in ¶[0034])." Ex. 1002 ¶ 95. Patent Owner does not address limitation 13.4. *See* Prelim. Resp. 14–22. On the present record, Petitioner's argument and supporting citations to Gupta and the Houh Declaration adequately support Petitioner's assertion that Gupta discloses limitation 13.4.

Limitation [13.5]: "*modifying a portion of the cue point information at the server side of the public network according to the cue point editing command received over the public network from the client terminal;*"

Petitioner argues that when Gupta's client user edits an annotation and selects "OK" in the user interface, an edit command is sent over the network "to modify the annotation at annotation server 10." Pet. 25 (citing Ex. 1002 ¶¶ 103–106; Ex. 1004 ¶¶ 29, 34, 48, 100–102, 144, Figs. 15, 21). Dr. Houh testifies that "Gupta discloses the [annotation] modifications taking place at the annotation server 10, which is at the server side of the public network (Internet)." Ex. 1002 ¶ 106 (citing Ex. 1004 ¶¶ 29, 34). Patent Owner does not address limitation 13.5. *See* Prelim. Resp. 14–22. On the present record, Petitioner's argument and supporting citations to Gupta and the Houh Declaration adequately support Petitioner's assertion that Gupta discloses limitation 13.5.

Limitation [13.6]: "*receiving a cue point selection over the network from the remote client terminal identifying one of the cue points corresponding to a portion of the video information of one of the video files; and*"

Petitioner argues Gupta discloses limitation 13.6 because, when a client uses the "seek" option to edit a portion of a video file (Fig. 15), the client browser requests the identified media segment from the media server, which means "streaming media server 11 receives the cue point selection." Pet. 27–28 (citing Ex. 1002 ¶¶ 107–113; Ex. 1004 ¶¶ 7, 30, 46, 53, 99, 127, 135, Fig. 15). Dr. Houh testifies that selection of Gupta's "seek" option is analogous to operating the play button, which "involves the client browser sending a HTTP request identifying the user-specified annotation . . . to the media server 11 to play that media segment—therefore, the media server 11 receives a cue point section [*sic*, selection] with the identified annotation." Ex. 1002 ¶¶ 109–110 (citing Ex. 1004 ¶¶ 99, 127). Patent Owner does not address limitation 13.6. *See* Prelim. Resp. 14–22. On the present record, Petitioner's argument and citations to Gupta and the Houh Declaration adequately support Petitioner's assertion that Gupta discloses limitation 13.6.

Limitation [13.7]: "*streaming the portion of the video information to the client terminal over the public network in response to receiving the cue point selection.*"

Petitioner argues that in response to receiving the identified media segment request from a client, the media server "**<u>streams the media segment to the client 15</u>** for presentation to the user." Pet. 28–29 (citing Ex. 1002 ¶¶ 114–115; Ex. 1004 ¶¶ 6, 30, 33, 34, 99, 127, 135, 136, Fig. 15). Patent Owner does not address limitation 13.7. *See* Prelim. Resp. 14–22. On the present record, Petitioner's argument and citations to Gupta and the Houh Declaration adequately support Petitioner's assertion that Gupta discloses limitation 13.7.

On the present record, we determine Petitioner's argument and evidence show a reasonable likelihood it would prevail in showing the unpatentability of independent claim 13 as anticipated by Gupta.

3. *Anticipation Analysis of Dependent Claims 14–15 and 18–20*

Claims 14–15 and 18–20 depend from claim 13. Petitioner contends claims 14–15 and 18–20 are also anticipated by Gupta. Pet. 29–32 (citing Ex. 1002 ¶¶ 116–140). Patent Owner directly addresses claim 15, and relies on its arguments regarding claim 13 to distinguish Gupta from claims 14, 15, and 18–20. Prelim. Resp. 23–25.

Dependent claim 15 recites "*receiving an edit mode entry signal over the network from the client terminal representing entry into the cue point edit mode, and switching the video editing environment to the cue point editing mode in response to receiving the edit mode entry signal*."

Patent Owner contends claim 15 "requires that two separate commands are transmitted from the client terminal over the public network to the server-side *video editing environment* application to control editing operations," a cue point editing command (Limitation 13.4) and an edit mode entry signal (claim 15). Prelim. Resp. 23–24. Patent owner contests Petitioner's reliance on Gupta's "OK" button as a *cue point editing command* and Gupta's "edit" option in the user interface dialog box as an *edit mode entry signal*. *Id.* at 24–25 (citing Pet. 21–23, 30). Patent Owner, however, does not address Gupta paragraphs 34 or 44—"commands are formulated at client computer [] and forwarded to annotation server 10 **<u>via HTTP requests</u>**"—cited by Petitioner in support of Gupta's disclosure of *receiving an edit mode entry signal* (Pet. 30–31).

Patent Owner also does not address Mr. Houh's cited testimony, which follows:

> Gupta discloses receiving an edit mode entry signal (*e.g.*, signal for entry to the interface(s) to edit an annotation *after selecting "edit"* from the menu 466) over the network from the client terminal (client 15) representing entry into the cue point edit mode (e.g., *representing entry into the interface(s) for editing annotations*), and switching the video editing environment to the cue point editing mode by *switching the software executed by servers 10-13 and stores 17-18 to display the "Edit Annotation" dialog box* in response to receiving the edit mode entry signal. Ex. 1002 ¶ 122 (emphasis added);
>
> Web server interaction involves a client sending an HTTP request to the web server, and the web server responding to the request by sending HTML information to render a web page interface on the client's web browser. *Id.*, ¶¶[0044] ("commands are formulated at client computer 15 and forwarded to annotation server 10 **via HTTP requests**" (emphasis added)), [0034] (generally describing web page request operations). *See also* my discussion above of limitation [13.4] and claim 14. *Id.* ¶ 124;
>
> Therefore, in Gupta, when a user selects the "edit" option for a selected annotation, annotation server 10 receives an edit mode entry signal to enter a cue point edit mode and *provide HTML pages to display the "Edit Annotation" dialog box on the client computer 15's web browser*. *Id.* ¶ 125 (emphasis added); and
>
> A POSITA would have understood the plain meaning of "edit mode entry signal" to be a signal, sent from the remote client terminal and received by the computer system, to enter an edit mode. *Id.* ¶ 126.

Patent Owner makes a further argument that boils down to the same dispute governing limitations 13.1 and 13.2: "the 'edit annotation' dialog box of Figure 21 [in Gupta] is not the claimed *cue point editing mode* because it is client-side, not server-side as claimed." *Id.* at 25 (citing Ex. 1004 ¶ 82, Fig. 3). Our analysis of Patent Owner's argument is the same as for limitations 13.1 and 13.2, above.

On the present record, we determine Petitioner's argument and evidence demonstrate a reasonable likelihood it would prevail in showing the unpatentability of dependent claims 14–15 and 18–20 as anticipated by Gupta.

B. Asserted Anticipation of Claims 13–15 and 18–20 By Fegan (Ground 2)

Petitioner argues claims 13–15 and 18–20 are anticipated by Fegan. Pet. 33–52 (citing Ex. 1002 ¶¶ 143–209).

Petitioner emphasizes that Fegan discloses "a comprehensive server-side system for editing, annotating, managing and presenting multimedia events," where "the systems and methods are hosted in an entirely server-side environment," and "the system is maintained entirely on the server-side." Pet. 33–35 (citing Fegan Ex. 1005 Abstract (code 57), ¶¶ 7, 8, 10, 85). Patent Owner raises the same argument relied on in contesting Ground 1, namely that Fegan discloses a system for annotating and editing multimedia (video) presentations using a client-side editor, not a server-side *video editing environment*. Prelim. Resp. 25–30 (citing Ex. 1005 ¶¶ 71, 73–76, 78, 80, 83, Figs. 3, 4; Ex. 2012). Patent Owner argues that the disclosed embodiments in Fegan execute video editing entirely at the client-side using a browser-based multimedia player with editing controls. *Id.* at 27–28 (citing Ex. 1005 ¶¶ 73–76, 78, 80, Figs. 3, 4).

We note Fegan discloses the use of a browser-based multimedia player application that has editor controls available for use on the client side to annotate and edit video files:

> After a desired multimedia file has been selected, software directs the browser to *load the file into a browser based multimedia player* that is compatible with the file type of the selected multimedia file.

> Examples of browser-based multimedia players that may be used with the present invention include *RealPlayer (Real Networks), Windows Media Player (Microsoft), and QuickTime Player (Apple*) . . . .
> Ex. 1005 ¶ 74 (emphasis added);

> The selected multimedia file and compatible multimedia player are then displayed in a browser window. *FIG. 4 shows a browser window in which a user-selected multimedia file and a compatible multimedia player are displayed. The window is configured to provide user access to the playback controls of the multimedia player*. In preferred embodiments, the playback controls include the functions typical to most multimedia players, including, but not limited to, the ability to Start, Stop, and pause playback in real time, move in forward and reverse at Speeds faster and slower than real time (e.g., fast-forward, rewind, slow motion, etc.), and adjust playback conditions (e.g., audio volume, image brightness and contrast, etc.). *Id.* ¶ 76 (emphasis added);

> As shown in FIG. 4, a user-selected multimedia file and compatible multimedia player are directed by software to be displayed in a browser window. In preferred embodiments, *the browser window contains additional tools for segmenting multimedia files. In particularly preferred embodiments, the segmenting tools allow a user to generate time-based index points for a multimedia file* (e.g., spatial parameters for image files). The use of time-based/spatial based index points provides a means for the virtual segmentation of a multimedia file, allowing a user to create "clips" of specified portions. *Id.* ¶ 78 (emphasis added); and

> The systems and methods of the present invention provide a means for a user to add annotative information to a multimedia file. In preferred embodiments, *such user created annotative information includes a title, annotative notes, and a designated location for storage and retrieval of the annotative information*. FIG. 4 shows a browser window for editing of multimedia content that includes *a multimedia file loaded into a compatible multimedia player*, *controls for generating time-based index points for virtual segmentation of the*

> *multimedia file*, and a means of entering annotative information. *Id.* ¶ 80 (emphasis added).

Petitioner does not address the above-quoted paragraphs of Fegan in detail. *See* Pet. 34–49.

Patent Owner also argues that in Fegan, "after a segment or annotation has been **locally created** at the client using the 'editor' in the client browser, the segment can be uploaded to a remote server" where the annotation data may be saved and stored. Prelim. Resp. 28–29 (citing Ex. 1005 ¶¶ 78, 80, 83 ("software that is stored on a remote server allows a user to save and store segment and annotative information")). Patent Owner reasons that Fegan's remote servers are used for storage and retrieval of video segments and annotations, not for segmenting, annotating, or editing a video file as Petitioner contends. *Id.* at 29–30.

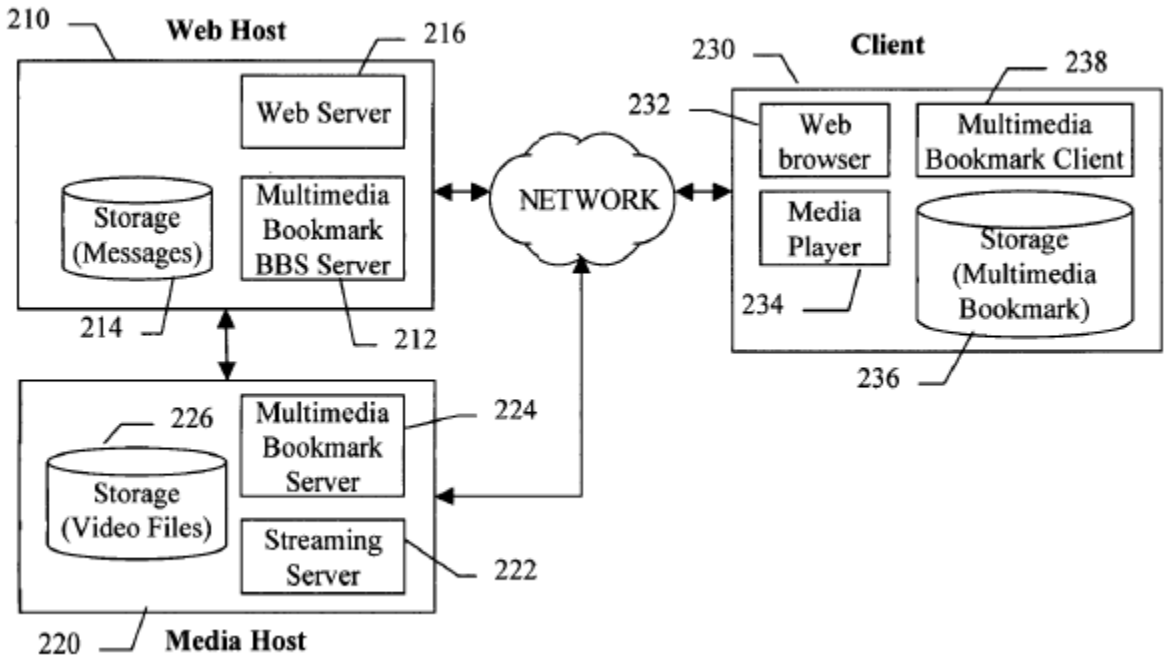
On the present record, we need not make a determination on the merits of Ground 2. The parties are invited to address Fegan's annotation and editing system, particularly the browser-based media player described in the above-quoted disclosures, in their briefs. The parties should address at least the questions of whether the segmenting and annotation tools of the browser-based media player are executed on the client side or server side of the network, and whether Fegan discloses Limitations 13.1, 13.4, 13.5, and claim 15.

C. Asserted Obviousness of Claims 13–15 and 18–20 Over Kim (Ground 3) or Kim-Gupta (Ground 4)

Petitioner argues the challenged claims are obvious over the disclosures of Kim alone or Kim in view of Gupta. Pet. 52–72 (citing Ex. 1002 ¶¶ 212–303).

Kim is directed to a "multimedia bookmark" system for generating, sharing, and editing multimedia bookmarks ("*cue points*") in a client-server architecture.

Pet. 53 (citing Ex. 1002 ¶¶ 212–219; Kim Ex.1006, Abstract (code 57), ¶¶ 12, 112, 207). We reproduce Figure 2 of Kim below:



Kim's system, as depicted in Figure 2, comprises:

> a web host comprising storage for messages, a web server, and a VMark BBS server; a media host comprising storage for audiovisual (AV) files, and a streaming server; *a client comprising storage for VMark, a web browser, a media player and a VMark client*; and a VMark server located at the media host or at the client; a communication network connecting the web host, the media host and the client. Ex. 1006 ¶ 211 (emphasis added).

For example, a client may generate a bookmark in an audiovisual file as follows:

> The *multimedia player* provides various buttons for normal VCR controls such as play, pause, stop, fast forward and rewind. In addition, it *provides an add-bookmark control button for making a multimedia bookmark*. If a user selects this button while playing a multimedia content, a new multimedia bookmark having both

> positional and content information is saved in a persistent storage. *Id.* ¶ 275, Fig. 1 (emphasis added);
>
> While a user in client 230 is watching a video streamed from media host 220, the user can conveniently bookmark any position of the video and save the multimedia bookmark into the user's local storage 236 by *clicking add-bookmark control button 108 in the player* shown in FIG. 1. *Id.* ¶ 285, Fig. 1 (emphasis added).

A client user also can edit a bookmark. *Id.* ¶ 335 ("administrator can edit video title or allowable playing duration"). Petitioner argues that Kim discloses the recited *video editing environment ... disposed at a server side of a public network* because Kim's web host and media host execute "software for both editing bookmarks and streaming video," including a Multimedia Bookmark BBS Server that "executes software for editing bookmarks." Pet. 54–56 (citing Ex. 1002 ¶¶ 220–228; Ex. 1006 ¶¶ 111, 264, 283–284, 286, 288–289, 297, 335, 349, Fig. 2).

Patent Owner raises a similar issue with Kim as it raises with Fegan—"Kim provides for local bookmark editing, not remote bookmark editing supported by a server-side *video editing environment* program as per Limitation 13.1." Prelim. Resp. 34. Patent Owner emphasizes "the bookmarks are created and edited locally using the multimedia bookmark client, and they are stored locally in client bookmark storage" in Kim's system. *Id.* (citing Ex. 1006 ¶ 288, Fig. 2, 20A). Patent Owner further argues the Petition cites only to "various portions of Kim relating to locally-created bookmarks being uploaded (after creation) to the bookmark BBS server," which do not "disclose or suggest a server-side *video editing environment* program as claimed." *Id.* (citing Ex. 1006 ¶¶ 286, 288).

Patent Owner raises the same argument in opposition to Ground 4 (Kim-Gupta), where Petitioner "applies Gupta to Kim only to address Limitation 13.4

and Limitation 13.5" and "does not apply Gupta to Limitation 13.1." *Id.* at 37–38 (citing Pet. 71–72).

On the present record, we need not make a determination on the merits of Grounds 3 and 4. The parties are invited to address Kim's annotation and editing system in their briefs, particularly the multimedia player and Multimedia Bookmark BBS Server referenced in the above-quoted disclosures, and at least the question of whether Kim discloses Limitations 13.1, 13.4, 13.5, and claim 15.

D. Asserted Obviousness of Claims 13–15 and 18–20 Over Vasilevsky and Logan (Ground 5)

Petitioner argues claims 13–15 and 18–20 are obvious over Vasilevsky in view of Logan (Ground 5) under 35 U.S.C. § 103. Pet. 73–89 (citing Ex. 1002 ¶¶ 308–376).

1. Vasilevsky (Ex. 1008) and Logan (Ex. 1009)

Vasilevsky discloses a "centralized Digital Video Recording (DVR) and reproduction system" with a "centralized media server [that] allows system users . . . to pause and resume the same programs from the same marker points ('bookmarks') established by any system user." Vasilevsky Ex. 1008, Abstract, claim 4. Vasilevsky's DVR system is administered by a Home Area Network ("HAN"), a "typically small-scale electronic cable or wire based communication network[] used to interconnect a variety of small to moderate sized appliances, computers, and consumer electronic devices . . . especially suitable for typical homes or smaller buildings." *Id.* at 4:11–15. "The media server acts as a centralized Digital Video Recorder and Playback device for all of the receivers connected to the HAN." *Id.* at 11:1–2. The media server is "coupled to the network . . . [and] is further adapted to allow a user to, from one reproduction device, place a program bookmark in a program." *Id.* at 7:9–15. Vasilevsky's

bookmarks are "electronic marker[s] . . . placed in memory indicating exactly where the program was paused, along with other particulars such as the identity of the user, and that date and time of the bookmark." *Id.* at 19:13-16.

Logan discloses an Internet-based, client-server architecture in which a client user can create and edit metadata for television programming, including tags and bookmarks for television program segments, which may be sent to a remote location to be shared with others. Logan Ex. 1009, ¶¶ 48–57, 65, 112, 124, 134, 177–178, 221–229, 308, Figs. 1-2. Users can create video bookmarks to save a video segment for later viewing. *Id.* ¶¶ 177–179; Ex. 1002 ¶¶ 309–10. Logan expressly discloses use of the Internet, a public network, to transmit metadata and/or content from a client user to a remote server for access by others. Ex. 1009 ¶¶ 50–51, 62–63, 112, 229.

2. Analysis

Petitioner contends "Vasilevsky's bookmarks are *cue points*," the centralized media server "executes software for editing bookmarks and streaming video" (*a video editing environment*), and the centralized media server is "accessible by, and readily and contemporaneously controlled by multiple local client devices via a HAN" (media server is *disposed at the server side of a public network*). Pet. 73–76 (citing Ex. 1002 ¶¶ 308–314). To the extent Vasilevsky "does not explicitly disclose its network (HAN) is a 'public' network," Petitioner argues that "implementing Vasilevsky's system on a public network, as taught by Logan would have beneficially allowed more users in a broader public network to participate in the system to add, modify, and playback video bookmarks." *Id.* at 77–78 (citing Ex. 1002 ¶¶ 315–326; Ex. 1009 ¶¶ 50, 308). Petitioner further contends that Vasilevsky (and Logan) disclose Limitations 13.2–13.7 and the

limitations recited in claims 14, 15, and 18–20. Pet. 78–89 (citing Ex. 1002 ¶¶ 327–376).

Patent Owner argues that Vasilevsky: i) provides only "localized bookmark editing based [on] a user's local input to a local application unit 134 located in the home with the bookmark data base," ii) fails to disclose "any program operating in the 'media server'," and iii) has a "media server [] disposed on a home area network, not a public network." Prelim. Resp. 39–41 (citing Pet. 75; Ex. 1008, 10:14–11:10, 11:9–13, 16:8–12, 19:12–20, Fig. 1 (annotated)).

On the present record, Patent Owner's arguments do not address Dr. Houh's detailed testimony or Petitioner's proposed substitution of the Internet as taught by Logan, in place of the HAN in Vasilevsky's system. For example, the substitution of the Internet for the HAN in Vasilevsky would appear to provide the centralized media server as a server-side "*video editing environment*" recited in claim Limitation 13.1. *See* Ex. 1002 ¶¶ 318 ("processor and memory [] at the server-side such that the centralized media server executes software for serving clients"), 319 ("computer-readable media of Vasilevsky comprises a video editing environment in the form of software for both editing bookmarks and streaming video, executed by the centralized media server and storages"), 321 ("Logan . . . teaches implementing a television program bookmarking system using a public network, *i.e.*, the Internet"), 322 ("Logan discloses the desirability of implementing its bookmarking system over a public network such as the Internet"), 323 (proposed "modification would have beneficially allowed more users access via a wider public network to participate in the system to add, modify and playback video bookmarks"). On the present record, Dr. Houh's declaration testimony stands unrebutted and provides a motivation for a POSITA to combine references with a reasonable likelihood of success.

Patent Owner's argument regarding Limitations 13.4 and 13.5 and claim 15 are unpersuasive on the present record for reasons similar to those given above. *See* Prelim. Resp. 42–43 (Vasilevsky "does not teach or suggest a cue point/bookmark editing **command** received from the client **over the network** at the server-side"), 44 ("[a]t most Vasilevsky suggests that a client can locally edit bookmark information").

On the present record, we determine Petitioner's argument and evidence demonstrate a reasonable likelihood it would prevail in showing the unpatentability of claims 13–15 and 18–20 as obvious over Vasilevsky in view of Logan.

V. CONCLUSION

For the foregoing reasons, we determine Petitioner has established a reasonable likelihood of prevailing in its challenge to the patentability of at least one claim in the '286 patent. Therefore, we institute *inter partes* review of all challenged claims on all grounds.

At this stage of the proceeding, the Board has not made a final determination as to the patentability of any challenged claims or any underlying factual or legal issues. A final determination will be made based on the record as developed during the *inter partes* review.

VI. ORDER

In consideration of the foregoing, it is hereby

ORDERED that, pursuant to 35 U.S.C. § 314(a), an *inter partes* review of claims 13–15 and 18–20 of the '286 patent is instituted with respect to all grounds set forth in the Petition; and

FURTHER ORDERED that, pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4(b), *inter partes* review of the '286 patent shall commence on the entry date of this Order, and pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial.

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