

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DISNEY MEDIA & ENTERTAINMENT DISTRIBUTION LLC,
Petitioner,

v.

DIGITAL MEDIA TECHNOLOGY HOLDINGS, LLC,
Patent Owner.

Case No. IPR2024-00736
U.S. Patent No. 7,574,725

**DECLARATION OF NICK STILIADIS
IN SUPPORT OF RESPONSE TO PETITION
FOR *INTER PARTES* REVIEW OF U.S. PATENT NO. 7,574,725**



LIST OF EXHIBITS

Ex.- 1001	The Patent
Ex.- 2101	Bill Townsend LinkedIn Photos
Ex.- 2102	Post master: Cyril Drabinsky
Ex.- 2103	Playback – Deluxe, Technicolor open new film labs
Ex.- 2104	Oscilloscope - 3D, Part 1: James Cameron and the Broken Promise of the Third Wave by Vadim Rizov
Ex.- 2105	Popular Mechanics: How James Cameron's Innovative New 3D Tech Created Avatar
Ex.- 2106	Hollywood Reporter
Ex. 2107	Box Office Mojo screenshot
Ex.- 2108	Faded Glory article

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1. My name is Nick Stiliadis and I make this declaration in support of the response of the Patent Owner to the Petition in the above-captioned matter pending before the Patent Trial and Appeal Board of the United States Patent and Trademark Office, and dealing with United States Patent No. 7,574,725 (the "Patent"), in which I am the named inventor. Exhibit 1001. I attach a certified copy of my provisional patent application whose priority date is claimed in the Patent as Exhibit 2005.

2. I am a filmmaker by training, and at the time of filing the patent in suit I was producing independent feature films and was working as CEO of a substantial company that distributed and continues to distribute feature films to buyers throughout the world.

3. In 2000, I made a provisional patent application filing which matured into the Patent. The following year in 2001, I filed a non-provisional version of that patent application.

4. I understand that certain questions have arisen with respect to the alleged obviousness of the claims of my patent. I believe that my personal experiences in attempting to implement the technology of my Patent shed light on this question, and I make this declaration to share the same with the Board.

5. As a longtime customer of Deluxe Entertainment Services, I had a personal relationship with Cyril Drabinsky (Exhibit 2102), then President, North America and key executives, including William Townsend (Exhibit 2101), Vice President of Laboratory Sales. In 2000, I had a conversation with Cyril Drabinsky and Bill



Townsend. Deluxe was at that time one of the two largest motion picture laboratories in the world. One of the services Deluxe offered was release printing, which involved making copies of films to be exhibited in theaters, often many thousands of copies of a single motion picture, and then physically delivering the copies to theaters around the country.

6. At that time, this was the way in which motion picture studios enabled films to be shown to the public, and Deluxe was responsible for manufacturing perhaps close to half the feature film prints being used in US movie theaters. Indeed, the Deluxe brand was a famous trademark which appeared on the credits of very many of Hollywood's feature films and was well known to consumers.

7. During this 2000 conversation, I told Townsend and Drabinsky about the technology in my pending patents, and suggested to them that Deluxe should transition from conventional film printing to working in the digital realm. I further told them the use of the technology in the Patent was going to completely eliminate the need to use film prints in theaters.

8. Townsend and Drabinsky disagreed, outright saying that due to technical challenges, digital was not practical and would not be practical for many, many years. This mirrored then current technological concerns respecting aesthetics and file transport.

9. At the time, I also learned that Deluxe was about to embark on building a high-speed printing plant in Toronto on Evans Avenue, in order to acquire more market share of the release printing business.



10. In followup discussions which I had with Townsend and Drabinsky, I discussed all aspects of this decision, including the economics involved, manpower issues, and, most importantly, the technology.

11. Townsend and Drabinsky said that they expected that they would be using this new high-speed printing plant for at least 25 years, if not longer. They made it clear that Deluxe was committed to continuing their business model centered around film release printing, which had remained a constant since the company started many years before. Exhibit 2102.

12. Townsend and Drabinsky informed me they were going to invest a substantial sum of money into high-speed release printing equipment for the Evans Avenue plant and expected that they would be able to grab market share from Technicolor, their only real competitor. (Exhibit 2103)

13. I told Townsend and Drabinsky that the project was a mistake, but they made it clear to me that as one of the two largest companies in the business, they had access to the best minds and the best advice on the technology, and were convinced of the impracticality of digital file transfer in the context of the feature film business, where reliability and high resolution were required.

14. Even though I presented to Townsend and Drabinsky the full details of my invention as laid out in the application which became the Patent, in 2002 Deluxe

went ahead with a \$30 million investment to construct their Evans Avenue manufacturing facility. Exhibit 2103.

15. In 2009, many years before the expiration of the expected 25 year functioning lifespan of the Evans Avenue facility, the film industry changed when Hollywood filmmaker James Cameron digitally "filmed" the movie Avatar, and which was released digitally in theatres by 20th. Century Fox. (Exhibit 2104)

16. Cameron filmed Avatar in digital (Exhibit 2105), and demanded that any movie theater which wanted to exhibit the film would have to do so with a digital projector. Exhibit 2106.

17. Avatar was a resounding success, grossing \$2.9 billion at the box office. Exhibit 2107.

18. Avatar's success led to the theater industry transitioning dramatically and suddenly to digital projection, leading to a substantial loss of Deluxe's expected 25 year lifespan for its investment. Exhibit 2106.

19. I think it is notable that Townsend and Drabinsky, at the helm of the company dominating the business of getting feature films from studios to movie theaters, rejected all digital options in favor of conventional release film printing.

20. Instead, the change in industry practice from release prints to the technology disclosed and claimed in the Patent was triggered just a few years later, which Townsend and Drabinsky at Deluxe failed to foresee. That change has redefined the industry. Exhibit 2108.



21. In signing this declaration, I understand that the declaration will be filed as evidence in a contested case before the Patent Trial and Appeal Board of the United States Patent and Trademark Office. I acknowledge that I may be subject to cross-examination in this case and that cross-examination will take place within the United States. If cross-examination is required of me, I will appear for cross-examination within the United States during the time allotted for cross-examination.

22. Exhibits 2101 through 2108 are true and complete copies of web pages which were obtained by me on the Internet in 2025.

23. I declare that all statements made herein of my knowledge are true, that all statements made on information and belief are believed to be true, and that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of title 18 of the United States Code.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Nick Stiliadis', is written over a horizontal line.

Nick Stiliadis