

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

**PETITIONER'S AUTHORIZED RESPONSE TO
DIRECTOR REVIEW REQUEST**

I. INTRODUCTION

Patent Owner's Request for Director Review ("Request") fails to identify: (1) any important issue of law or policy, (2) any clear legal or factual error, or (3) any material issue that was misapprehended or overlooked. Instead, the Request merely repackages arguments the Board already rejected in its Final Written Decision ("FWD"), and asks for a do-over from the Director. Patent Owner's Request should be denied.

II. PATENT OWNER PRESENTS NO ARGUMENT AGAINST THE BOARD'S EXPRESS CONSTRUCTIONS

During the proceeding, Patent Owner presented 6 express claim construction disputes. Patent Owner's proposed constructions were:

- "Exhibition" as "a public showing"
- "Exhibitor" as "one in the exhibition business"
- "Broadcast Exhibitor" as "one in the business of over-the-air broadcasting"
- "Distribution" as "the business of marketing films and providing copies to venues"
- "Marketing" as "actions taken to interest individuals in seeing a film"
- "Storing" as "electronically saving on a non-volatile storage element"

Patent Owner Response, Paper 18 at 10.

Petitioner disputed Patent Owner's proposed constructions because they were untethered to the claims and intrinsic record. Petitioner Reply, Paper 27 at 2-11. The

Board then expressly rejected each of Patent Owner’s arguments and adopted Petitioner’s view of the claims. FWD at 16 (“The intrinsic evidence suggests that the proper construction of each disputed term is considerably broader than that which Patent Owner has proposed. Accordingly, we reject Patent Owner’s proposed constructions and instead interpret the challenged claims according to their plain and ordinary meaning.”).

Patent Owner does not present any *Phillips*-based claim construction arguments in its Request, and does not directly dispute any of the express constructions that the Board adopted in its FWD. The Board’s carefully-considered claim construction determinations are correct, and resolve nearly all of the arguments raised in this Request. For example, Patent Owner argues that “[o]nly Kosten discloses exhibitors or even relates to the distribution *business*.” Request at 10. However, the Board already decided that “‘exhibitor’ ... encompass[es] more than just a showing by ‘one in the exhibition business’ because the specification of the ’725 patent identifies certain ‘exhibitors’ that are *not* ‘in the exhibition *business*.’” FWD at 15. The Board also rejected Patent Owner’s interpretation of “distribution” as being limited to a particular business context. *See* FWD at 15 (“‘[D]istribution’ is not so narrow as to be limited to ‘the business of marketing *films*

and providing copies to venues,’ ... The claimed invention is a ‘method of marketing and distributing *multimedia*,’ which is not limited to films.”).¹

Patent Owner also continues to argue that the “asserted combination ... [has] no feedback of *marketing* data, i.e. the steps taken to market *the film*.” Request at 2; *see also id.* at 10. This argument is similarly resolved by the Board’s determination that the claim term “‘marketing’ should be construed—if at all—broad enough to encompass generally creating interest in a public showing or broadcast of some multimedia content.” FWD at 14.

The Board correctly declined to adopt Patent Owner’s overly-narrow constructions that are limited to a particular film business context. *See generally*, FWD at 12-15. Accordingly, this Request should be denied because the Board properly applied the prior art to the correctly construed claims, and Patent Owner raises nothing to question the correctness of the Board’s claim construction decisions.

¹ Similarly, Patent Owner’s arguments against Garfinkle, Allen, and Budow as, for example, having “nothing to do with the distribution business,” or not teaching “exhibitor[s]” (Request at 4-5) are all resolved by the Board’s constructions. Even if these arguments about the prior art were correct (they are not), they simply do not differentiate claims that are not so limited.

III. THE BOARD FULLY ADDRESSED, AND REJECTED, EACH OF PATENT OWNER’S ARGUMENTS ABOUT THE PRIOR ART

Moreover, the Board already addressed all of the Request’s arguments about the prior art² and claims in its Final Written Decision (“FWD”).

First, Patent Owner argues that Claim 11 requires collecting sales and non-financial marketing data from a plurality of exhibitors and then providing that data back to a plurality of exhibitors. Request at 3, 6-7. According to PO, the Board allegedly overlooked this feature of the claims when discussing Allen, and thus “wr[ote] ‘marketing data’ out of Claim 11.” *Id.* at 8. Patent Owner argues that Allen only recites that studios may see their own “financial data, sales results[,] and promotion results from the retail level” (Request at 4) and involves a single consumer rather than exhibitors (Request at 1). As explained in Section II, above, this position relies on claim construction positions for Claim 11 that were expressly rejected in the FWD, and which are not challenged in Patent Owner’s Request.

² Patent Owner alleges throughout their Request that the Board rested on “hindsight” when accepting Petitioner’s grounds. Request at 1, 10, 12. Not so. The Board properly rested its decisions on Petitioner’s evidence of motivations to combine, which comes from the prior art itself. *See* FWD at 23 (“We find that these benefits would have provided a sufficient motivation to combine Garfinkle’s technical implementation of a distribution process for large multimedia files with Kosten’s proposed business application, ‘beaming’ films directly to theaters via satellite. Patent Owner’s arguments to the contrary are without merit.”); *see also id.* at 26 (“In the absence of any evidence to the contrary, we find that Petitioner has persuasively shown that there would have been a motivation to combine Allen with Garfinkle and Kosten”).

Regardless, Patent Owner’s view of Allen is wrong.³ The Board correctly explained that Allen discloses “collecting sales data,” “marketing data” and “providing to exhibitors at least the sales data ‘based upon information from said exhibitors.’” FWD at 42; *see also* Ex-1006, 11:17-20 (“[S]tudios can monitor their ... sales results *and promotion results* from the retail level ... [T]he retail outlets shall be able to monitor their own financials on a real time basis.”). Moreover, the Board’s decision was not based on Allen alone; the Board explained that Garfinkle and Kosten teach the remainder of Claim 11. FWD at 43 (“[A]ll the limitations of claim 11 are taught by the prior art and [] there is a rationale to combine Garfinkle, Kosten, and Allen.”); *see also* Ex-1007 at 54 (“Exhibitors could turn theatre lobbies into smart advertising networks, targeting digital trailers and *ad spots based on the demographic of their community* and the film itself”).

Patent Owner’s similar argument against Allen asserting a “Back-And-Forth” sharing scenario appears to be redundant of its argument about collecting information from “multiple movies” through “multiple exhibitors.” Request at 10-11. According to Patent Owner, Allen does not teach such a feature, but the Board

³ Patent Owner relies on an “[a]dmitted Allen [d]eficiency” allegedly discussed during the Oral Hearing, with a misleading quote taken out of context. Request at 9. In the cited transcript passage, Petitioner stated that “*in the combination*, we have an exhibitor that uses demographic information, and so one of skill in the art would have understood” Tr. 17:13-19. This hearing discussion was not an “admission” about Allen; it was an explanation about how the combination teaches the claims. The Board agreed with Petitioner in the FWD.

already addressed this when they refused to construe “exhibitor” in line with Patent Owner’s definition. FWD at 15 (“‘[E]xhibitor’ encompass[es] more than just a showing by ‘one in the exhibition business’ because the specification of the ’725 patent identifies certain ‘exhibitors’ that are *not* ‘in the exhibition business.’”). The Board also addressed this when it correctly explained that Allen discloses “collecting sales data,” “marketing data” and “*providing to exhibitors*”⁴ at least the sales data ‘*based upon information from said exhibitors.*’” FWD at 42 (emphases added); *see also* Ex-1006, 11:17-20 (“[S]tudios can monitor their ... sales results and promotion results from the retail level ... [T]he retail outlets shall be able to monitor their own financials on a real time basis.”). Again, the Board found that Kosten teaches the remainder of Claim 11. FWD at 43; *see also* Ex-1007 at 54.

Third, Patent Owner argues that Kosten only transmits advertising to standalone billboards (e.g., lobby displays). Patent Owner also argues that, as an alleged “one-tier” file-transport/billboard system, Kosten fails to disclose local storage of advertising or exhibitor control necessary to “locally market and sell” under Claim 1(f). Request at 4-5. Once again, this is the same argument Patent

⁴ Patent Owner also argues in the Request that Allen purportedly does not meet this limitation as its data “is never *provided* to *multiple* ‘exhibitors’ ... There is no teaching of the specific recitations of Claim 11 relating to marketing of a movie by *collecting information from multiple exhibitors*” Request at 3-4. However, there is no such requirement in the claims, Allen specifically discusses exhibitors (plural), and *the combination* teaches this in any event.

Owner presented during the proceeding, which the Board correctly rejected. The Board explained that Kosten discloses theater-side storage on a local video server and the use of ads and trailers on lobby displays and screens. FWD at 20; *see also* Ex-1007 at 54 (“A digital film file is simply transferred to and stored in the secure server system of a satellite distribution company, which then ‘beams’ the film to theatres across the U.S. or around the world, who then store it on their servers for later digital projection.”); *id.* (“Improved feature film distribution is only one of the many benefits ushered in by this distribution process. Exhibitors could turn theatre lobbies into smart advertising networks, targeting digital trailers and ad spots based on the demographic of their community and the film itself.”). Thus, Patent Owner’s argument against Kosten’s teachings is simply a regurgitation of its prior rejected position. Patent Owner does not present any facts about Kosten that were overlooked; it merely continues to disagree with the Board. But disagreement with the Board is not a basis for Director review.

IV. PATENT OWNER’S NEW AND REPACKAGED ARGUMENTS ALSO FAIL TO SUPPORT DIRECTOR REVIEW

Patent Owner introduces a new argument that the Board did not address all of the “method” limitations.⁵ Request at 12. Of course, the Board could not have

⁵ Patent Owner also argues that because the Board invalidated “the inventive method with a hardware diagram,” this led to “the absence of the Board’s treatment of certain claim limitations.” Request at 1. Patent Owner appears to be suggesting that prior

overlooked an argument that is presented for the first time in a Director Review Request. In any event, Patent Owner's argument is simply untrue. Patent Owner does not state exactly which "method" steps it believes were not addressed. *See id.* ("[I]nstead of the proper focus on the method recited in the claims, the Board did not reach all the method limitations"). Instead, Patent Owner's argument points to two brand new, unexplained figures with various arrows strewn about between a "Server" and "Exhibitors." *Id.* at 2. Whatever these new figures are intending to represent, the Board did address each and every one of the method steps recited in the claims. For example, with regard to independent Claim 1:

- 1(pre): "Kosten discloses a method of distributing multimedia from studio via satellite to exhibitors, and also 'discloses the marketing of multimedia content by explaining that "[e]xhibitors could turn theatre lobbies into smart advertising networks.'"" FWD at 26; Ex-1007 at 54.
- 1(a): "Both Garfinkle and Kosten describe transferring multimedia material and correlated audiovisual advertising material 'by a server.'" FWD at 27; *see also* Ex-1005, 2:39-44 ("Referring now to FIG. 1, a video-on-demand system in accordance with the teachings of this

art hardware descriptions cannot teach method claims. This is not the law. *See LNP Eng'g Plastics, Inc. v. Miller Waste Mills, Inc.*, 275 F.3d 1347, 1359 (Fed. Cir. 2001) ("[P]rior art describing a product is highly relevant to patentability determinations for a process that may be performed using the product.").

invention has a central station indicated by the general reference numeral 10 which includes an inventory of video products stored, preferably although not necessarily, in compressed digital data form, in a product store memory 12.”); Ex-1007 at 54 (Kosten CyberStar Network Operations Center).

- 1(b): “Garfinkle discloses that ‘the catalog store and product store may physically reside in a single digital memory that is functionally addressable as catalog memory space and product store memory space.’” FWD at 28; Ex-1005, 3:15-19.
- 1(c): “Garfinkle discloses a communication network, shown as dash line 16 of Garfinkle Figure 1 ... ‘The link 16 may be copper wire of the type used by the telephone company, a radio frequency wireless communications link of the type used in satellite-to-earth communications, a coaxial cable, a fiber optic cable, cellular wireless or other suitable link.’ ... The link connects the central station 10 to a plurality of user sites 18, thereby allowing a user to ‘order video products from the central station interactively with displayed catalog material.’” FWD at 29; Ex-1005, Fig. 1, 2:58-64, 2:11-12.
- 1(d): “Garfinkle teaches that ‘[a] user input device 28 interacts with the catalog data ... to allow the user to use the catalog data stored in catalog

store 22 to, in some cases, preview video products available from the central station 10, and to order any available video product in the catalog store.’ ... The preview content includes trailers and lead-ins, which are ‘an initial segment of the video product’ that is ‘on the order of two minutes long.’” FWD at 30; Ex-1005, 3:26-31, 4:17-22.

- 1(e): “Garfinkle provides that ‘[v]ideo products are downloaded by the central station from the product store 12 to a selected user site 18 in response to a download request from that particular user site.” FWD at 30-31; Ex-1005, 3:11-14.
- 1(f): “We find that Garfinkle discloses that advertising materials correlated with a particular film are downloaded and stored ... [T]he [implied disclosures] element is disclosed in Kosten and therefore is present in the asserted combination of Garfinkle and Kosten.” FWD at 33; Ex-1007 at 54.
- 1(g): “Kosten also meets the [] requirement that the advertising material must be shown to the public at a different time or place than the associated multimedia material.” FWD at 37; Ex-1007 at 54 (“Exhibitors could turn theatre lobbies into smart advertising networks ... no longer will they be stuck with standard trailers attached to each celluloid print.”).

Dependent Claims 4-7, 9, and 11 were similarly addressed element-by-element by the Board, with specific citations to the underlying prior art. *See* FWD at 38-42. Therefore, Patent Owner has no viable argument that the Board did not reach each and every one of the method steps.

Patent Owner also attempts to use different verbiage to repeat previously made arguments, but these positions merely place new gloss over what has already been addressed by the Board and/or addressed above in Sections II-III. For example, Patent Owner refers to “general community demographics,” on which Kosten purportedly relies, as being distinct from the “marketing data” element of Claim 11. Request at 8-9. But this argument fails for reasons already discussed; the Board refused to give merit to Patent Owner’s construction of “marketing” as being limited to particular business uses or classes of exhibitors. FWD at 15 (“‘[D]istribution’ is not so narrow as to be limited to ‘the business of marketing *films* and providing copies to venues,’ ... The claimed invention is a ‘method of marketing and distributing *multimedia*,’ which is not limited to films.”). Additionally, whether or not Kosten teaches this element is immaterial because the Board found that Allen does. *Id.* at 25-26 (“We consider financial data about ‘promotion results’ to be marketing data. Allen thus discloses tracking both sales and marketing information.”); Allen at 11:17-20 (“[S]tudios can monitor their ... sales results and

promotion results from the retail level ... [T]he retail outlets shall be able to monitor their own financials on a real time basis.”).

Patent Owner’s reliance on newly drafted figures (Request at 2) and snippets from the hearing transcript devoid of any context or explanation (*Id.* at 9) changes nothing. Director Review is not a vehicle for re-argument, raising new issues, or strained recasting of unsuccessful arguments.

Patent Owner’s Request for Director Review should be denied.

Dated: October 17, 2025

Respectfully submitted,

/s/ Benjamin M. Haber
Benjamin M. Haber (Reg. No. 67,129)
O’Melveny & Myers LLP
400 South Hope Street, 19th Floor
Los Angeles, CA 90071
Telephone: (213) 430-6000
Fax: (213) 430-6407
Email: bhaber@omm.com
Attorney for Petitioner

CERTIFICATE OF SERVICE (37 C.F.R. § 42.6(e)(1))

The undersigned certifies pursuant to 37 C.F.R. § 42.6(e)(1) that on October 17, 2025, a true and correct copy of PETITIONER’S AUTHORIZED RESPONSE TO DIRECTOR REVIEW REQUEST, together with all exhibits filed therewith was served in its entirety by filing this document through the PTAB P-TACTS system, as well as by email, on the counsel of record for the Patent Owner:

Anthony H. Handal
Monami Roy
HANDAL & MOROFSKY LLC
docket@handalglobal.com
handal@handalglobal.com
mroy@handalglobal.com

Jared Doster
CAREY RODRIGUEZ LLP
jdoster@careyrodriguez.com

Dated: October 17, 2025

Respectfully submitted,

/s/ Benjamin Haber

Benjamin Haber (Reg. No. 67,129)
O’Melveny & Myers LLP
400 South Hope Street, 19th Floor
Los Angeles, CA 90071
Telephone: (213) 430-6000
Fax: (213) 430-6407
Email: bhaber@omm.com
Attorney for Petitioner