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13 UNITED STATES DISTRICT COURT
14 FOR THE CENTRAL DISTRICT OF CALIFORNIA

15 PIRANHA MEDIA DISTRIBUTION,
16 LLC,

17 Plaintiff,

18 v.

19 HULU, LLC,

20 Defendant.

Case No. 2:24-cv-00498-JLS (KLSx)

**PLAINTIFF'S OPPOSITION TO
DEFENDANT'S MOTION TO
DISMISS COMPLAINT FOR
FAILURE TO STATE A CLAIM
PURSUANT TO F.R.C.P. 12(B)(6)
AND 35 U.S.C. § 101**

21 Judge: Hon. Josephine L. Staton
22 Date: June 21, 2024
23 Time: 10:30 a.m.
24 Courtroom: 8A

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1 **I. INTRODUCTION**

2 Plaintiff Piranha Media Distribution, LLC (“Piranha”) opposes the Motion to
 3 Dismiss filed by Hulu, LLC (“Hulu”). Hulu fails to overcome the strong presumption
 4 that U.S. Pat. Nos. 10,986,403 (“the ’403 patent”) and 11,463,768 (“the ’768 patent”) (collectively “the Asserted Patents”) are valid. Dkt. 1, Exs. A, B. The record evidence
 5 in the Complaint and this Opposition demonstrates that the Asserted Patents satisfy
 6 35 U.S.C. § 101.

7
 8 Before the merits of Hulu’s argument can be addressed, the Court must resolve
 9 the claim construction of “intersplicer.” This term should be construed as “digital
 10 rights management software that enforces the conveyance of advertisements inserted
 11 into a digital media stream for presentation during the course of media playback to
 12 allow for free, unlimited viewing of requested digital media through a general
 13 licensing process that is transparent to the user.” If the Court adopts Piranha’s
 14 construction of “intersplicer,” it would represent a patent-eligible improvement over
 15 the prior art, precluding a finding of patent ineligibility at both steps of the *Alice*
 16 analysis.

17 Claims are not abstract under step one of the § 101 analysis where “the claims
 18 recite more than a mere result ... they recite specific steps ... that accomplish the
 19 desired result.” *Finjan, Inc. v. Blue Coat Sys., Inc.*, 879 F.3d 1299, 1305 (Fed. Cir.
 20 2018). Here, the claims of the asserted ’403 and ’768 patents (hereinafter “Asserted
 21 Claims”) do not simply claim the result of preventing users from skipping ads.
 22 Rather, they recite numerous specific steps detailing how and when initial and
 23 alternative advertising insertion points are dynamically sequenced within a media
 24 content stream based on user interaction with the media content to enforce DRM
 25 policies. ’403 patent, claim 1. Moreover, the Asserted Claims are similar to the claims
 26 in *Ancora Techs., Inc. v. HTC Am., Inc.*, 908 F.3d 1343 (Fed. Cir. 2018), as
 27 amended (Nov. 20, 2018) that were directed to improving security against
 28 unauthorized use of a program and found to be *not* abstract. Therefore, the Asserted

1 Claims are similarly not abstract and are directed to patentable subject matter.

2 Hulu's step one analysis is contrary to Federal Circuit precedent. As illustrated
 3 in its Exhibit C, Hulu's analysis focuses on whether each limitation in isolation is
 4 abstract rather than analyzing the claim "as a whole," which is an incorrect analysis.
 5 *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016). Hulu grossly
 6 overgeneralizes the claim language by grouping eight claim elements together, which
 7 comprise 524 words, into the purported abstract idea of "receiving, organizing,
 8 displaying, and storing data." Dkt. 23 at 9. This is improper. *TecSec, Inc. v. Adobe*
 9 *Inc.*, 978 F.3d 1278, 1295 (Fed. Cir. 2020) ("To disregard those express claim
 10 elements is to proceed at a high level of abstraction that is untethered from the claim
 11 language and that overgeneralizes the claim") (internal quotation marks omitted).

12 Regarding the step two analysis of an inventive concept, the Court must accept
 13 the factual allegations in the Complaint and patent specifications as true and draw all
 14 inferences in favor of plaintiff. *Weisner v. Google LLC*, 51 F.4th 1073, 1087-88 (Fed.
 15 Cir. 2022). The Complaint and specification state that the patents-in-suit claim a
 16 novel, unconventional method and apparatus for enforcing DRM policies using
 17 novel, unconventional "intersplicer" software thereby demonstrating an inventive
 18 concept over the prior art. Further, the Asserted Claims address a specific technical
 19 solution to an inherently technical problem of enforcing DRM rights on computers
 20 that access media over networks like the Internet. The Asserted Patents are thus valid
 21 and patentable under step two of the *Alice* test.

22 Piranha is not estopped from arguing that the Asserted Claims are patent
 23 eligible based on a Patent Trial and Appeal Board ("PTAB") decision concerning an
 24 appeal of a patent examiner rejection during initial prosecution. **First**, collateral
 25 estoppel applies "only if the scope of the asserted patent claims in the two suits **is**
 26 **essentially the same.**" *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1167 (Fed. Cir.
 27 2018). Here, claim 212 at issue in the PTAB appeal lacks the "intersplicer" limitations
 28 that comprise the majority of claim 1 of the '403 patent, which is Hulu's

1 representative claim. **Second**, an appeal of a decision in initial prosecution with the
 2 patent office legally cannot give rise to collateral estoppel because patent prosecution
 3 is an inquisitorial process and not a judicial proceeding between two adverse parties.
 4 *SynQor, Inc v. Vicor Corp.*, 988 F.3d 1341, 1350-52 (Fed. Cir. 2021).

5 Finally, Hulu’s attempt to compare the static placement of ads in newspapers,
 6 radio, and television with enforcing DRM on electronic media by using software to
 7 dynamically resequencing media content in response to the user’s navigation to
 8 different locations within the media is plainly without merit.

9 For these reasons, Hulu’s motion to dismiss should be denied in its entirety.

10 **II. SUMMARY OF THE ASSERTED PATENTS**

11 The Asserted Patents’ specification describes the problems with existing media
 12 distribution systems. “The problem of widespread consumer-directed copying and
 13 redistribution of licensed material has in recent years become a critical concern for
 14 the motion picture, television, and recording industries.” ’403 patent, 1:27-30.
 15 “[C]onventional methods and apparatus [for media distribution and licensing] have
 16 inherent drawbacks that make it difficult for them to maintain their limitations to
 17 consumer access in the presence of modern digital technology and a consumer culture
 18 driven to defeat them in open defiance of the rights of copyright holders.” *Id.* at 1:51-
 19 58. For example, conventional approaches “share a common shortcoming, which is
 20 that none of them can prevent the consumer from replicating and redistributing
 21 copyrighted material to others.” *Id.* at 2:56-59. Further, the Internet has given rise to
 22 a “prevailing free atmosphere [that...] encouraged many consumers to redistribute
 23 licensed intellectual property...with open disregard for the use agreements binding
 24 upon them.” *Id.* at 5:4-9. The specification also discusses various implementations of
 25 Digital Rights Management and Portable Media Access Management (collectively,
 26 “DRM”), but notes that DRM “has yet to be implemented in a manner consistent with
 27 offering a general license option for free use and redistribution.” *Id.* at 5:58-63.

28 To address these problems, “[t]he player/viewer software [of the invention]

1 applies digital rights management techniques to control consumer use of media in a
2 novel way” by allowing “for a ‘general license’, whereby a consumer can obtain free
3 use of a media property, with strict controls enforced during media playback.” *Id.* at
4 6:50-55. The specification further explains:

5 Novelty arises in the player/viewer software's particular ability to
6 control use of media content while providing the means for unlimited
7 free viewing of requested media, through a general licensing process
8 that is transparent to the user. Unlike conventional digital rights
9 management enforcing software, which primarily offer the choices of
10 either granting or refusing access to particular material, the
player/viewer software of the present invention can allow for unlimited
free viewing of content, while still preserving the value of such use...

11 *Id.* at 14:29-38. The invention further “provides improved security by diminishing
12 incentive on the part of the consumer to breach the system, since the desired content
13 is already available free-of-charge from within it.” *Id.* at 7:14-18.

14 The specification also explains that the “***novel ‘intersplicer’ module*** providing
15 this functionality enforces the conveyance of required ads in their entirety at least
16 once, by disabling certain user playback controls while the ads are running” and
17 having “the power to adaptively select and re-sequence the ads to be shown in
18 response to the user’s navigational actions.” *Id.* at 7:39-47. The benefits of the
19 invention enforcing DRM policies extend both to consumers and copyright holders.

20 By coupling the long-standing broadcast media practice of commercial
21 advertisement sponsorship with the appeal of select, on-demand,
22 consumer-level redistribution over a digital network, the consumer gets
23 the conveniences of virtually unlimited free media selection, instant
24 access, and unrestricted sharing, while the copyright holder gains a
25 tangible value from the increased viewership that results, through an
apparatus that makes it possible to maintain explicit control over media
use throughout.

26 *Id.* at 8:28-37. An embodiment of the “intersplicer” is shown in Figure 7.
27
28

Figure 7A

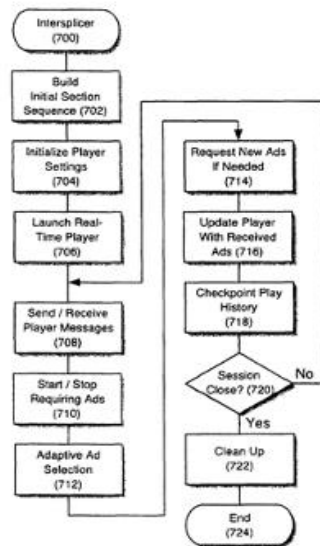
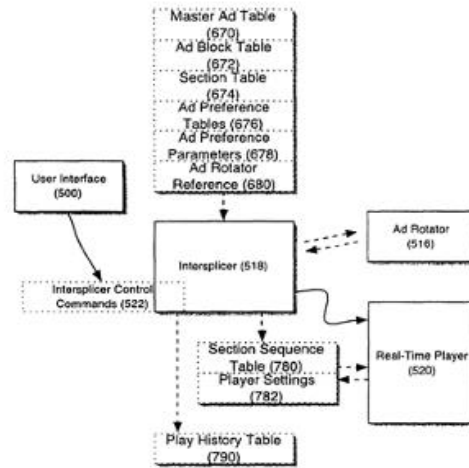


Figure 7B



Id. at Fig. 7.

III. LEGAL STANDARD

A complaint will survive a 12(b)(6) motion to dismiss if it contains “enough facts to state a claim to relief that is plausible on its face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570, 127 S. Ct. 1955, 167 L. Ed. 2d 929 (2007). Patent eligibility under § 101 is a question of law that may involve underlying questions of fact. *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1128 (Fed. Cir. 2018) (“Whether the claim elements or the claimed combination are well-understood, routine, conventional is a question of fact. And in this case, that question cannot be answered adversely to the patentee based on the sources properly considered on a motion to dismiss, such as the complaint, the patent, and materials subject to judicial notice.”); *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1369 (Fed. Cir. 2018) (“Whether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination. Whether a particular technology is well-understood, routine, and conventional goes beyond what was simply known in the prior art. The mere fact that something is disclosed in a piece of prior art, for example, does not mean it was well-understood, routine, and conventional.”).

1 **IV. ARGUMENT**

2 **A. Claim Construction Issues Must Be Decided Prior to Ruling on**
 3 **§ 101**

4 The Asserted Claims, including Hulu’s representative claim 1 of the ’403
 5 patent, recite an “intersplicer” that plays a key role in implementing the claimed
 6 technological improvement. “Intersplicer” has no plain and ordinary meaning. Thus,
 7 “intersplicer” should be construed, or Piranha’s proposed construction should be
 8 adopted, in assessing whether the asserted claims are patent eligible. *Aatrix Software*,
 9 882 F.3d at 1125 (“[T]he court must proceed by adopting the non-moving party’s
 10 constructions, or the court must resolve the disputes to whatever extent is needed to
 11 conduct the § 101 analysis”) (internal citations omitted); *MyMail, Ltd. v. ooVoo, LLC*,
 12 934 F.3d 1373, 1380 (Fed. Cir. 2019) (“[T]he district court’s failure to address the
 13 parties’ claim construction dispute is error under *Aatrix*.”).

14 Courts in this District routinely deny section § 101 challenges at the motion to
 15 dismiss stage due to the presence of claim construction issues. *Playvuu, Inc. v. Snap*,
 16 *Inc.*, No. 22-cv-6019-GW (PDx), 2022 WL 18359097, at *6-7 (C.D. Cal. Nov. 15,
 17 2022) (“The Court finds that this presents a claim construction issue that cannot be
 18 decided at the motion to dismiss stage”); *Teradyne, Inc. v. Astronics Test Systems*,
 19 *Inc.*, No. 20-cv-2713-GW (SHKx), 2020 WL 13593156, at *5-7 (C.D. Cal. Aug. 7,
 20 2020) (“The Court agrees with [Plaintiff] that the § 101 inquiry in this case would be
 21 aided by further proceedings, including a technology tutorial and claim
 22 construction”); *DivX, LLC v. Netflix, Inc.*, No. 19-cv-1602-PSG (JCx), 2019 WL
 23 7937986, at *9 (C.D. Cal. Nov. 4, 2019) (“The parties’ dispute is best revisited after
 24 claim construction proceedings and when a factual record can be considered in
 25 connection with the issue”); *BlackBerry Ltd. v. Facebook, Inc.*, No. 18-cv-1844-GW
 26 (KSx), 2018 WL 4847053, at *8 (C.D. Cal. Aug. 21, 2018) (“For the same reasons
 27 related to the term ‘proxy content server,’ claim construction issues and factual
 28 questions preclude dismissal” at the motion to dismiss stage.); *Maxell, Ltd. v.*

1 *Fandango Media, LLC*, No. 17-cv-07534-AG (SSx), 2018 WL 5085141, at *4 (C.D.
 2 Cal. Mar. 21, 2018) (“The Court finds Defendant’s argument unpersuasive, and
 3 declines to make a patentability determination before construing this term and further
 4 considering at least this potential factual dispute”).

5 If construed, “intersplicer” should be construed as “digital rights management
 6 software that enforces the conveyance of advertisements inserted into a digital media
 7 stream for presentation during the course of media playback to allow for free,
 8 unlimited viewing of requested digital media through a general licensing process that
 9 is transparent to the user.” The Asserted Claims impose additional requirements on
 10 “intersplicer,” and those requirements are additive to the construction of
 11 “intersplicer.” Support for this proposed construction can be found in the
 12 specification:

- 13 • “digital rights management software” (’403 patent, 6:50-55, 7:11-18, 14:29-
 14 41, 14:57-62, 17:14-22, 17:62-18:2);
- 15 • “enforces the conveyance of advertisements inserted into a digital media
 16 stream for presentation during the course of media playback” (*id.* at 1:16-25,
 17 6:53-63, 7:19-26, 7:37-47, 14:29-41, 14:63-15:10, 15:11-16, 17:44-52, 33:1-
 18 36:49; 36:50-38:20); and
- 19 • “allow for free, unlimited viewing of requested digital media through a general
 20 licensing process that is transparent to the user” (*id.* at 1:16-25, 6:53-63, 7:11-
 18, 14:29-41, 14:42-47, 17:14-22, 17:44-52, 22:52-58).

21 If the Court adopts Piranha’s construction of “intersplicer,” this would
 22 represent a patent-eligible improvement over the prior art, precluding a finding of
 23 patent ineligibility at both steps of the *Alice* analysis. At step 1, this construction
 24 makes explicit that the claimed inventions are directed to improving security using a
 25 specific technique that departs from earlier approaches to solve a specific computer
 26 problem. At step 2, unlike conventional media distribution and DRM approaches, the
 27 “intersplicer” allows content to be viewed freely for the benefit of users, and uses a
 28 technological improvement to prevent advertisements from being avoided to the

1 detriment of copyright holders. *Id.* at 14:33-41. Piranha’s proposed construction thus
 2 sets forth a technological improvement over the prior art that precludes a finding
 3 patent ineligibility under both steps of the *Alice* analysis.

4 **B. *Alice* Step 1**

5 **1. The Asserted Claims Are Not Directed to Abstract Ideas, But**
 6 **Rather Specific Improvements to Digital Rights Management**
 7 **and Media Distribution Technologies**

8 It is well-settled that “[s]oftware can make non-abstract improvements to
 9 computer technology.” *Enfish*, 822 F.3d at 1335. The Asserted Claims are directed to
 10 software that makes non-abstract improvements to computer-based DRM
 11 technologies through the “intersplicer.” The “intersplicer” is “digital rights
 12 management software that enforces the conveyance of advertisements inserted into a
 13 media stream for presentation during the course of media playback in order to provide
 14 free, unlimited viewing of requested media through a general licensing process that
 15 is transparent to the user.” Preventing users from skipping over or otherwise avoiding
 16 advertisements inserted into a media stream ensures that copyright holders are not
 17 giving away their content for free, which was a problem associated with many, if not
 18 all, forms of pre-existing media distribution. For example, broadcast, cable, internet,
 19 and satellite broadcasts could be recorded and during playback, ads could be fast
 20 forwarded, and media that was purchased or rented could be copied and distributed
 21 without any recompense to the copyright holder.

22 *Ancora v. HTC* is instructive. “Improving security—here, against a computer's
 23 unauthorized use of a program—can be a non-abstract computer-functionality
 24 improvement if done by a specific technique that departs from earlier approaches to
 25 solve a specific computer problem.” *Ancora*, 908 F.3d at 1348 (holding claims
 26 patentable under § 101). The claims in *Ancora* are directly analogous to the claims
 27 here. In *Ancora*, the non-abstract software improved security by preventing
 28 unauthorized use of a program. *Id.* Here, the claims of the patents-in-suit are directed
 to software, including the “intersplicer,” that improve security by preventing

1 unauthorized use of copyrighted digital media content. In both cases, the software
 2 preventing unauthorized access ran on general computer hardware with a processor
 3 and memory. *Id.* at 1348–49. Further, like in *Ancora*, the software uses a specific
 4 technique through the “intersplicer” that is different from conventional approaches.
 5 ’403 patent, claim 1, 7:11-18, 7:37-47, 8:28-50, 14:29-38. For example, claim 1 of
 6 the ’403 patent lays out numerous, specific steps performed by the “intersplicer” to
 7 enforce DRM policies. *Id.* at claim 1.

8 *Finjan* is similarly on point. The claims in *Finjan* relate to “a method of
 9 providing computer security by scanning a downloadable and attaching the results of
 10 that scan to the downloadable itself in the form of a security profile.” 879 F.3d at
 11 1303. The court held that the claims were “directed to a non-abstract improvement in
 12 computer functionality” because “the method of claim 1 employs a new kind of file
 13 that enables a computer security system to do things it could not do before.” *Id.* at
 14 1305. Like the claims in *Finjan* that were found valid under § 101, the Asserted
 15 Claims here enable a secure system that can do things prior systems could not do.
 16 Specifically, the Asserted Claims are directed to implementing a new DRM practice
 17 using an “intersplicer” to adaptively insert advertisements in a media stream, which
 18 DRM systems on computers could *not* do before when transmitting media. ’403
 19 patent, 6:46-63, 8:38-50; 7:11-15, 7:37-47, 14:63-15:10. This claimed approach
 20 allows viewers to freely access any portion of media content and maintain control
 21 over the play position, while preventing users from skipping over certain advertising
 22 required by DRM policies, which prior systems could not do.

23 In *Finjan*, the court also found “the claims recite more than a mere result ...
 24 they recite specific steps—generating a security profile that identifies suspicious
 25 code and linking it to a downloadable—that accomplish the desired result.” *Finjan*,
 26 879 F.3d at 1305. The same is true of the Asserted Claims, which as described above,
 27 do not simply claim the result of preventing users from skipping ads, but rather recite
 28 several specific steps regarding how and when initial and alternative advertising

1 insertion points are sequenced within a media content stream based on user
 2 interaction with the media content to allow a computer to accomplish the desired
 3 result. *See, e.g.*, '403 patent, claim 1 (representative claim). Like the claims in *Finjan*,
 4 the asserted independent claims are over a column long identifying numerous specific
 5 steps that must be performed to provide a secure DRM system. *Id.*

6 Therefore, the Asserted Claims, like those at issue in *Ancora* and *Finjan*, are
 7 not abstract, and thus directed to patent-eligible subject matter. Hulu's motion should
 8 thus be denied.

9 **2. Hulu Improperly Analyzes the Asserted Claims at Step 1**

10 "The 'directed to' inquiry ... cannot simply ask whether the claims involve a
 11 patent-ineligible concept ... all inventions at some level embody, use, reflect, rest
 12 upon, or apply laws of nature, natural phenomena, or abstract ideas." *Enfish*, 822 F.3d
 13 at 1335. "[T]he 'directed to' inquiry [of Step 1] applies a stage-one filter to claims,
 14 considered in light of the specification, based on whether 'their character *as a whole*
 15 is directed to excluded subject matter.'" *Id.* (emphasis added).

16 Hulu's analysis is fatally flawed because it fails to consider the claim as a
 17 whole. *Id.* Rather than considering the entire 539 words of representative claim 1 of
 18 the '403 patent as a whole as required by Federal Circuit precedent, Hulu's analysis
 19 looks at each limitation in isolation as shown in Exhibit C to its Motion, which
 20 includes a "summary of explanation of abstractness" for each element rather than
 21 analyzing the claim as a whole. This is the incorrect analysis. *Enfish*, 822 F.3d at
 22 1335. Further, when Hulu does discuss claim 1 as a whole, it superficially asserts that
 23 it is "directed to nothing more than the abstract idea of preventing ad skipping by
 24 receiving, organizing, displaying, and storing data." Dkt. 23 at 7-8. However, this
 25 dramatic and incorrect oversimplification of claim 1, which is more than a column
 26 long, is misleading and improper. Tellingly, nowhere in its motion does Hulu show
 27 the Court the actual language of claim 1 that it is trying to invalidate; and it certainly
 28 never addresses the language of claim 1 in its entirety.

1 Hulu's egregious oversimplification of claim 1 and its superficial analysis are
2 evident throughout its motion. To take one example, Hulu's brief characterizes
3 element [1k] of claim 1 as "storing a setting" or "ad skipping," Dkt. 23 at 8-9.
4 However, the actual text of element [1k] reads:

5 at least a first memory for storing a setting to indicate a first state of play,
6 the setting including a first value to indicate presentation of a required
7 part of the digital advertising content is in progress during presentation of
8 the content stream such that responsive to detecting the first value in the
9 first memory, the user interface input is disabled to prevent commands
10 comprising at least one of a user volume control or a user navigation
11 control from altering a course of presentation of the content stream while
12 presentation of the required part of the digital advertising content is in
13 progress.

14 '403 patent, 44:59-45:2. Element [1k] is one of many that show the specific steps
15 taken by the "intersplicer" software to enforce DRM policies rendering the claim
16 patentable under § 101. *Finjan*, 879 F.3d at 1305 (holding claims valid under § 101
17 where "the claims recite more than a mere result ... they recite specific steps ... that
18 accomplish the desired result.").

19 Moreover, Hulu's arguments regarding the existence of broadcast radio and
20 TV ads are irrelevant. Traditional radio and TV broadcasting was fixed, both with
21 respect to the content and advertisements. The listener or viewer had no ability to
22 skip forward or back in a radio or TV broadcast. Rather, the issue of DRM that the
23 patents-in-suit address is an inherent technical problem related to enforcing DRM
24 policies on computers receiving media over a network such as the internet.

25 Hulu also argues that the Asserted Patents are directed to the "same concept
26 the Federal Circuit found ineligible in *Ultramercial*," which is plainly incorrect. Dkt.
27 23 at 8. Unlike in *Ultramercial*, the Asserted Claims are not simply directed to
28 "displaying an advertisement in exchange for access to copyrighted media."
Ultramercial, Inc. v. Hulu, LLC, 772 F.3d 709, 714 (Fed. Cir. 2014). They are directed
to using novel intersplicer software to adaptively and securely enforce DRM policies

1 with the ability to re-sequence the presentation of media content and advertising
2 based on user interaction with the media content.

3 Hulu then groups eight claim elements together, which comprise 524 words,
4 into the purported abstract idea of “receiving, organizing, displaying, and storing
5 data.” Dkt. 23 at 9. This egregious overgeneralization of the claim language is
6 improper and contrary to Federal Circuit precedent. *TecSec*, 978 F.3d at 1295 (“To
7 disregard those express claim elements is to proceed at a high level of abstraction
8 that is untethered from the claim language and that overgeneralizes the claim”) (internal quotations omitted). As discussed earlier, the “intersplicer” elements [1c]
9 through [1i] provide a specific mechanism and specific steps that enables DRM-
10 enforcement of the conveyance of advertisements, including resequencing
11 advertisements when the user changes the current play position, e.g., to skip over an
12 advertisement or rewatch a segment. *Finjan*, 879 F.3d at 1305 (holding claims valid
13 under § 101 where “the claims recite more than a mere result ... they recite specific
14 steps ... that accomplish the desired result.”).

16 Accordingly, it is improper to gloss over these claim elements as simple data
17 manipulation as Hulu attempts to do. This is the same type of argument that the
18 Federal Circuit rejected in *Packet Intel. LLC v. NetScout Sys., Inc.*, 965 F.3d 1299,
19 1308-09 (Fed. Cir. 2020) (rejecting characterization of claims as directed to abstract
20 idea of “collecting, comparing, and classifying packet information,” and instead
21 finding that “the claimed invention presented a technological solution to a
22 technological problem.”).

23 Further, Hulu alleges that claim 1 has “limitations directed to organizing ads
24 based on criteria, rules, conditions, and information from a user.” Dkt. 23 at 10. This
25 is a mischaracterization. Rather, claim 1 relates to the use of “intersplicer” software
26 that performs specific steps to enable DRM-enforcement of the conveyance of
27 advertisements, including resequencing advertisements when the user changes the
28 current play position (e.g., to skip over an advertisement). The cases cited by Hulu

1 all deal with targeted advertising to users relating to choosing advertisements
 2 particular to a user, which is not what claim 1 of the '403 patent is about. These cases
 3 involve targeted advertising by using persistent identifiers as in *Bridge & Post, Inc.*
 4 *v. Verizon Commc'ns, Inc.*, 778 F. App'x 882 (Fed. Cir. 2019); tailoring content based
 5 on navigation data as in *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792
 6 F.3d 1363 (Fed. Cir. 2015); displaying ads based on demographic information as in
 7 *Morsa v. Facebook, Inc.*, 77 F. Supp. 3d 1007 (C.D. Cal. 2014), *aff'd*, 622 F. App'x
 8 915 (Fed. Cir. 2015); organizing ads based on categories as in *BlackBerry Ltd. v.*
 9 *Facebook, Inc.*, 487 F. Supp. 3d 870 (C.D. Cal. 2019), *aff'd*, 831 F. App'x 502 (Fed.
 10 Cir. 2020); and inserting ads based on criteria like a user's selection of content as in
 11 *Quantum Stream Inc. v. Charter Commc'ns, Inc.*, 309 F. Supp. 3d 171 (S.D.N.Y.
 12 2018). The Asserted Claims are not directed to targeting advertisements to users
 13 based on a characteristic. Rather, they are directed to *inter alia* enforcing licensing
 14 terms using "intersplicer" software to allow the sequencing and resequencing of ads
 15 based on a user changing the current playback position.

16 As an afterthought, Hulu addresses the "intersplicer" and claims that "it simply
 17 manipulates data (e.g., organizing insertion points) based on criteria and rules using
 18 conventional computer equipment." Dkt. 23 at 11. First, a "specialized computer
 19 component" is not required at Step 1. *Enfish*, 822 F.3d at 1338 ("we are not persuaded
 20 that the invention's ability to run on a general-purpose computer dooms the claims").
 21 Second, the "intersplicer" is not "merely organizing data," it is enabling the
 22 enforcement of license terms by performing specific steps to sequence and
 23 resequencing advertisements inserted in a content stream upon a user's change to the
 24 playback position. This is an improvement to the way computers distribute media and
 25 implement DRM. As discussed above, this is analogous to *Ancora* and *Finjan*. In
 26 *Ancora*, the claims were found patentable under § 101 because software performed
 27 "a specific technique that departs from earlier approaches to solve a specific
 28 computer problem." 908 F.3d at 1348; *see, e.g.*, '403 patent, claim 1. Similarly, in

1 *Finjan*, the claims were found patentable because “the claims recite more than a mere
 2 result ... they recite specific steps ... that accomplish the desired result.” 879 F.3d at
 3 1305. Like *Ancora* and *Finjan*, the Asserted Claims similarly recite specific steps that
 4 are performed to solve a specific computer problem (i.e., the enforcement of DRM
 5 policies in providing copyrighted media). ’403 patent, claim 1.

6 **C. *Alice* Step 2**

7 **1. The Asserted Claims Include Inventive Concepts that Are**
 8 **Plausibly Alleged to Improve Upon the Prior Art in**
 9 **Unconventional and Non-Generic Ways**

10 In *Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341,
 11 1348 (Fed. Cir. 2016), the Federal Circuit recognized that “there may be close calls
 12 about how to characterize what the claims are directed to ... In such cases, ... an
 13 analysis of whether there are arguably concrete improvements in the recited computer
 14 technology could take place under step two.” If the Court finds that the Asserted
 15 Claims are directed to an abstract idea, the “concrete improvements” identified above
 16 in connection with Step 1 also give rise to inventive concepts. In addition, Step 2
 17 involves questions of fact, i.e., “[w]hether the claim elements or the claimed
 18 combination are well-understood, routine, conventional.” *Aatrix Software*, 882 F.3d
 19 at 1128.

20 The Court must accept the factual allegations in the Complaint and patent
 21 specifications as true at this stage and draw all inferences in favor of plaintiff.
 22 *Weisner*, 51 F.4th at 1087-88 (“***Accepting these factual allegations in the SAC and***
 23 ***specification as true, together with all reasonable inferences, as we must at this***
 24 ***stage*** . . . we conclude that the claims of the ’905 patent include an inventive concept
 25 that suffices to defeat Google’s motion to dismiss . . . These ***inventive concepts are***
 26 ***supported by allegations in the SAC as well as portions of the specification, which***
 27 ***we must accept as true at the pleadings stage.***”) (emphasis added).

28 Therefore, the Court must accept as true at this stage the following allegations
 in the Complaint and specification making it clear that the patents-in-suit claim a

novel, unconventional method and apparatus for enforcing DRM policies using novel, unconventional “intersplicer” software demonstrating an inventive concept.¹

Id.

- The intersplicer directly improves the functionality and processing of the digital media player system . . . ***The claimed invention allows computer performance of a function not previously performable by a computer*** (e.g., disabling user interface commands at a digital media player system during a resequenced play period).
- The ***claims of the ’403 patent do not merely recite the performance of a preexisting method*** of displaying digital media files with compulsory advertisements, but ***rather are directed to specific technological improvements to allow for the wide digital distribution of media content in a way that allows the free use of media properties, on demand, while at the same time offering equitable return to the copyright holder, and providing for a strict level of control over the enforcement of license agreements on the part of the distributor.*** The claim elements describe a ***technical solution*** to the problem of users attempting to skip over ad segments. The ***claim limitations transform the computers and other devices on which the invention is implemented into special-function devices that provide a technical solution to problems with conventional digital media player systems.***
- The ***patented technology discloses an inventive feature*** that solves the problem associated with a user bypassing sponsored content using the playback controls, while giving the user some level of control to fast forward or reverse or rearrange playback without completely circumventing the sponsored media.
- The invention offers a technology-based solution by addressing the technical problems to “adaptively regroup and re-sequence the insertion of ad blocks extemporaneously (i.e. “on the fly”), in response to the consumer’s arbitrary direction of the playback within the requested content, by means of playback controls.” ’403 patent, col. 15:6-10. ***This was not technologically achievable for media presentation in the past.***
- ***The claim language captures this inventive concept***, for example, through reciting: “the alternate insertion position being adaptively

¹ The citations to the Complaint relate to the ’403 patent because Hulu’s chosen representative claim is from that patent. Similar allegations are made with regard to the ’768 patent. Dkt. 1, ¶¶ 38-46.

1 selectable by the intersplicer according to selection criteria defined by
 2 the one or more adaptive preference placement rules taking into account
 3 the new play position and at least one of a length of time associated with
 4 playing the digital media content, a number of digital media data blocks
 5 of the digital media content to be played, and a point in time the digital
 6 media content is to be played.”

7 Dkt. 1, ¶¶ 29-30, 33, 34, 35, 36 (emphases added).

8 Further, the specification explains that, prior to the patents-in-suit, DRM “has
 9 yet to be implemented in a manner consistent with offering a general license option
 10 for free use and redistribution.” ’403 patent, 5:58-63. To solve this problem, “[t]he
 11 **player/viewer software [i.e., the intersplicer] applies digital rights management**
 12 **techniques to control consumer use of media in a novel way**” by allowing “for a
 13 ‘general license’, whereby a consumer can obtain free use of a media property, with
 14 strict controls enforced during media playback.” *Id.* at 6:50-55 (emphasis added).
 15 **The invention is directed to a “new use of digital rights management practices”**
 16 that “provides for unlimited redistribution and free use under general license,
 17 enforced by the player/viewer software,” rather than the conventional method of
 18 “strictly granting or denying access to secured content.” *Id.* at 7:11-15 (emphasis
 19 added). The specification explains that the “**novel ‘intersplicer’ module** providing
 20 this functionality enforces the conveyance of required ads in their entirety at least
 21 once, by disabling certain user playback controls while the ads are running” and
 22 having “the power to adaptively select and re-sequence the ads to be shown in
 23 response to the user’s navigational actions.” *Id.* at 7:39-47 (emphasis added). “The
 24 **content use restrictions resulting from this distribution method and apparatus are**
 25 **an improvement over currently practiced methods**, in that they benefit both
 26 consumers and copyright holders” *Id.* at 8:47-50 (emphasis added). “**Novelty arises**
 27 **in the player/viewer software’s particular ability to control use of media content**
 28 **while providing the means for unlimited free viewing of requested media, through**
 29 **a general licensing process that is transparent to the user.**” *Id.* at 14:29-33

(emphasis added). “***The system is an improvement over conventional digital rights management systems*** because it offers benefits to both the copyright holders and the consumers.” *Id.* at 17:62-64 (emphasis added).

Accepting these allegations in the Complaint and specification as true and drawing all inferences in favor of Piranha, there are concrete allegations that the Asserted Claims are directed to an inventive concept that utilizes new, unconventional techniques including novel “intersplicer” software to enforce DRM in distributing media content that allows content to be viewed freely to the benefit of users, and prevents advertisements from being skipped to the detriment of copyright holders. The Court should thus deny Hulu’s motion as inventive concepts are supported by the Complaint and specification, which are accepted as true at this stage.

Moreover, the *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014) is instructive. There, the claims were directed to a “solution [that] is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *Id.* at 1257. In particular, “the patent claims call for ... a web server which directs the visitor to an automatically-generated hybrid web page that combines visual ‘look and feel’ elements from the host website and product information from the third-party merchant’s website related to the clicked advertisement.” *Id.* “Although the claims address a business challenge (retaining website visitors), it is a challenge particular to the Internet.” *Id.*

The claims here are analogous. As in *DDR Holdings*, the claimed inventions here, which relate to DRM enforcement using “intersplicer” software, are necessarily “rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *Id.* at 1257; ’403 patent, claim 1. Enforcement of DRM policies for streaming media content is a “challenge particular to the Internet” and similar open networks.

Coop. Ent., Inc. v. Kollektive Tech., Inc., 50 F.4th 127 (Fed. Cir. 2022) is

1 similarly instructive. There, the claims contained “several alleged inventive concepts
 2 which the specification touts as specific improvements in the distribution of data
 3 compared to the prior art.” *Id.* at 131. First, the claim “recites a particular arrangement
 4 of peer nodes for distributing content outside controlled networks and/or CDNs, ...
 5 which did not exist in the prior art.” *Id.* at 133. Second, the claim also recites
 6 functional requirements, where “distribution of the content in the system must occur
 7 through content segmentation ... based on ... trace route to CDN and P2P server
 8 manager among other segmentation techniques.” *Id.* at 134. Kollektive’s amended
 9 complaint and specification alleged that portions of the claims were “not well-
 10 understood, routine, or conventional.” *Id.* at 133, 135.

11 The Asserted Claims are similarly directed to the distribution of data (i.e.,
 12 media) using computers. Rather than being focused on the distribution mechanism
 13 (e.g., to peer nodes using trace routes), the Asserted Claims focus on implementing
 14 DRM approaches to ensure media is distributed and presented in compliance with
 15 licensing terms (i.e., the conveyance of ads along with media using an “intersplicer”).
 16 Additionally, as in *Cooperative Entertainment*, the specification and Complaint
 17 explain how the claimed inventions are novel and not routine or conventional as
 18 explained above. *Id.* at 134-35.

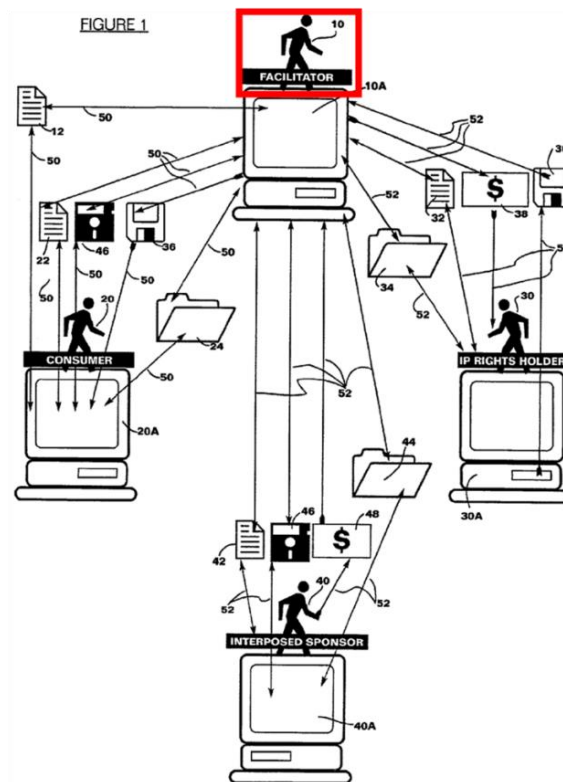
19 The Court should thus find that the patents-in-suit disclose an inventive
 20 concept and deny Hulu’s motion.

21 **2. Hulu Improperly Analyzes the Asserted Claims at Step 2**

22 Hulu presents attorney argument that “[t]he claim recites only generic and
 23 conventional computer components and software.” Dkt. 23 at 12. In contrast, the
 24 Complaint and specification, whose allegations the Court must accept as true, explain
 25 that the “intersplicer” is novel and not conventional software. *Weisner*, 51 F.4th at
 26 1087-88; Dkt. 1, ¶¶ 29-30, 33-36; ’403 patent, 5:58-63, 6:50-55, 7:11-15, 7:39-47,
 27 8:47-50, 14:29-33, 17:62-64. The law is clear that an inventive concept can exist even
 28 when conventional and generic components are used. *Bascom*, 827 F.3d at 1350 (“an

inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces”). However, as explained in regard to step one, Hulu’s analysis, as shown in its Exhibit C, analyzes each limitation in isolation and never considers the novelty of the combination of elements in the claim as a whole.

Hulu claims the “intersplicer” is described generically – without any explanation – and compares it to the “facilitator” in *Ultramercial*. Dkt. 23 13. This comparison has no merit. For example, in the patent in *Ultramercial*, “the specification makes clear that the facilitator can be a person and not a machine.” 772 F.3d at 717.



In contrast, the '403 patent describes the structure and operation of the DRM “intersplicer” software in detail in both the specification and claims, as discussed above in connection with the proposed claim construction. Thus, any comparison between the “intersplicer” and *Ultramercial*’s “facilitator” is meritless.

Hulu then cites a litany of cases to support its attorney argument that “[t]he

1 claim’s recitation of manipulating data ... fails to introduce any inventive concept.”
 2 Dkt. 23 at 13. Hulu again ignores the allegations in the Complaint and specification
 3 that these steps are performed as part of a novel improvement to media distribution
 4 and DRM technologies. That alone provides an inventive concept and renders Hulu’s
 5 cases moot.

6 Hulu then argues that the claim “is merely directed to an alleged ‘new use of a
 7 traditional business model,’” and again makes a comparison to *Ultramercial*. Dkt. 23
 8 at 14. In *DDR Holdings*, the Federal Circuit recognized that “[a]lthough the claims
 9 address a business challenge (retaining website visitors), it is a challenge particular
 10 to the Internet.” 773 F.3d at 1257. Likewise, the Asserted Claims address a business
 11 challenge of enforcing DRM policies, which is a challenge that is particular to using
 12 computers to distribute media over networks like the Internet. ’403 patent, claim 1.

13 3. The Jury Should Ultimately Decide Factual Disputes Under 14 *Berkheimer*

15 Whether plaintiff’s patented approach was “well-understood, routine, and
 16 conventional” “is a factual determination” ultimately for the jury to decide, not the
 17 Court at the 12(b)(6) stage given the disputes presented herein. *Berkheimer*, 881 F.3d
 18 at 1369.

19 D. Piranha Is Not Collaterally Estopped from Arguing the Asserted 20 Claims Are Patent Eligible

21 Piranha is not estopped from arguing that the Asserted Claims are patent
 22 eligible based on a PTAB decision concerning an appeal of a patent examiner
 23 rejection during initial prosecution. *First*, claim 212 at issue in the appeal and the
 24 Asserted Claims have substantially different scopes. “[W]here different patents are
 25 asserted in a first and second suit, a judgment in the first suit will trigger claim
 26 preclusion *only if the scope of the asserted patent claims* in the two suits *is*
 27 *essentially the same.*” *VideoShare, LLC v. Google LLC*, No. 6:19-cv-00663-ADA,
 28 2020 WL 6365543, at *4 (W.D. Tex. May 4, 2020) (quoting *SimpleAir*, 884 F.3d at

1 1167). (emphasis added). Importantly, pending claim 212 at issue in the appeal did
 2 not recite the “intersplicer” term, which encompasses the majority (i.e., 340 of the
 3 539 words) of claim 1 of the ’403 patent, which Hulu alleges is representative.
 4 Because claim 212 at issue in the appeal lacked the “intersplicer” clause that
 5 comprises the majority of claim 1, the scopes of the patent claims are not “essentially
 6 the same” and thus there can be no collateral estoppel. *VideoShare*, 2020 WL
 7 6365543 at *4; *SimpleAir*, 884 F.3d at 1167.

8 ***Second***, an appeal of a decision in initial prosecution with the patent office
 9 legally cannot give rise to collateral estoppel. The Supreme Court has held that
 10 administrative decisions have preclusive effect “[w]hen an administrative agency is
 11 ***acting in a judicial capacity and resolves disputed issues of fact properly before it***
 12 ***which the parties have had an adequate opportunity to litigate.***” *B & B Hardware,*
 13 *Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 148 (2015) (emphasis added). However,
 14 when the PTAB is examining a patent in the context of initial examination or an *ex*
 15 *parte* appeal, it is not “acting in a judicial capacity,” but rather in an “examinational”
 16 or “inquisitorial” capacity. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1353, 200 L. Ed.
 17 2d 695 (2018) (“an *ex parte* reexamination follows essentially the same ***inquisitorial***
 18 ***process*** between patent owner and examiner ***as the initial Patent Office***
 19 ***examination***”) (emphasis added). During patent prosecution between the applicant
 20 and the patent office, there are no “parties” and no “opportunity to litigate.” *B & B*
 21 *Hardware*, 575 U.S. at 148.

22 The Federal Circuit has distinguished adjudicatory proceedings involving an
 23 adverse party that can present evidence and argument to a neutral fact finder, like an
 24 *inter partes* reexamination or *inter partes* review, where collateral estoppel can apply
 25 from examinational proceedings, like patent prosecution or *ex parte* reexamination,
 26 where collateral estoppel does not apply. *SynQor*, 988 F.3d at 1350 (“This
 27 participation of the requester [i.e., adverse party] to provide both argument and
 28 evidence distinguishes the ‘examinational’ nature of *inter partes* reexamination from

1 the initial examination process or *ex parte* reexamination . . . it provides adequate
 2 adversarial participation for both the patent owner and requester, facilitating a
 3 reasoned judgment on the issue before a neutral factfinder.”). The panel unanimously
 4 treated initial examination as a baseline having no preclusive effect due to the
 5 examinational, non-adversarial nature of the patent application process. *See Id.* at
 6 1350, 1357. Because the appeal regarding claim 212 was an appeal from an
 7 examiner’s rejection in an office action, the appeal did not involve an adverse party
 8 and was not a judicial proceeding so collateral estoppel cannot legally apply. *B & B*
 9 *Hardware*, 575 U.S. at 148; *SynQor*, 988 F.3d at 1350-52.

10 Accordingly, Hulu does **not** cite a single case where a court has ever held that
 11 collateral estoppel applies to an appeal of an examiner’s rejection during patent
 12 prosecution. *MaxLinear, Inc. v. CF CRESPE LLC*, 880 F.3d 1373, 1376 (Fed. Cir.
 13 2018) and *Reversible Connections LLC v. Razer USA Ltd.*, No. 8:17-cv-01254-JVS
 14 (JCGx), 2022 WL 2203682, at *2 (C.D. Cal. Jan. 26, 2022) relate to *inter partes*
 15 reviews and are inapposite. Similarly, *Soverain Software LLC v. Victoria’s Secret*
 16 *Direct Brand Mgmt., LLC*, 778 F.3d 1311 (Fed. Cir. 2015) is inapposite as it involved
 17 collateral estoppel arising from a prior decision by the Federal Circuit.

18 **V. CONCLUSION**

19 In view of the foregoing, Piranha respectfully requests that the Court deny
 20 Hulu’s motion in its entirety.

21
 22 Dated: April 26, 2024

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CERTIFICATE OF COMPLIANCE

The undersigned, counsel of record for Piranha Media Distribution, LLC certifies that this brief contains 6986 words, which complies with the word limit of L.R. 11-6.1.

Dated: April 26, 2024

/s/ Robert F. Kramer