

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HULU, LLC,
Petitioner,

v.

PIRANHA MEDIA DISTRIBUTION, LLC,
Patent Owner.

Case IPR2025-00081
Patent 10,986,403

PATENT OWNER'S PRELIMINARY RESPONSE

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2001	Declaration of Zachariah Higgins In Support Of Patent Owner’s Notice of Intent To Designate Provisionally Recognized PTAB Attorney Zachariah Higgins As Backup Counsel Under 37 C.F.R. § 42.10(c)(2)
2002	<i>Reserved</i>
2003	US Patent Publication No. 2002/0144262 [Eldering-’262]
2004	US Patent No. 6,615,039 [Eldering-’039]
2005	<i>AviaGames, Inc. v. Skillz Platform Inc.</i> , IPR2022-00530, Paper 12 (Aug. 9, 2022)
2006	<i>AviaGames, Inc. v. Skillz Platform Inc.</i> , IPR2022-00530, Paper 14 (Dir. Rvw. Mar. 2, 2023)
2007	<i>AviaGames, Inc. v. Skillz Platform Inc.</i> , IPR2022-00530, Paper 15 (Mar. 22, 2023)
2008	Excerpts from Prosecution History of USPTO Application No. 09/742,852, Decision on Appeal (Mar. 26, 2009)
2009	Request for Ex Parte Reexamination No. 90/019,699 of US Patent No. 11,463,768
2010	<i>Piranha Media Distribution, LLC v. Hulu, LLC</i> , 2:24-cv-00498-JLS-KS, Dkt. 23, “Order Granting Defendant’s Motion To Dismiss” (Sept. 11, 2024) [Sep. 11, 2024 final judgment of invalidity].
2011	<i>Piranha Media Distribution LLC v. Hulu, LLC</i> , Appeal No. 25-1038, Dkt. 5, “Hulu LLC Docketing Statement” (Oct. 22, 2024) [Petitioner’s Ct. App. dktg. stmt.]
2012	USPTO, Director Memo re Interim Procedure For Discretionary Denials In AIA Post-Grant Prdgs. With Parallel Dist. Ct. Litig. (June 21, 2022) [Interim Denial Memo]

2013	<i>Netflix, Inc. v. DivX, LLC</i> , IPR2020-00052, Paper 42 (May 14, 2020) (Public Version)
2014	Copy of IPR2024-01253 Exhibit 1002 (Prosecution History for US Patent No. 11,463,768)

I. Introduction

The Petition should be denied because it fails to demonstrate a reasonable likelihood of prevailing as to any challenged claim. Every independent claim requires modifying an ad insertion point to an alternate insertion point different from the initial insertion point, that is, moving the position of a predetermined ad insertion point to a different position in a timeline. *Infra* Section II. Petitioner relies on Wu for playing additional ads if a user skips or fast forwards a prerecorded ad. Playing additional ads does not change the position of an ad insertion point in the timeline, however. Petitioner relies on adding Doherty for creating a schedule, and asserts that Wu's fast forwarding can be combined with Doherty so that fast forwarding causes Doherty to perform additional scheduling. Doherty clears and invalidates the old schedule when creating a new schedule, however, so creating a new schedule does not change any element in the cleared or obliterated old schedule—let alone change an ad insertion point in the cleared schedule. For those and other reasons, Wu and Doherty, alone or in combination, are not shown to disclose or render obvious modifying an ad insertion point in the manner claimed. *Infra* Section V.

Even if the merits met the minimum threshold under 35 U.S.C. § 314(a), institution should still be denied. The Petition should be denied under 35 U.S.C. § 325(d), because the Office—including the Patent Trial and Appeal Board, the

same tribunal as in this case—has already fully considered similar references and similar claims presented in the almost two-decade prosecution of the Patent. *Infra* Sections II-III.

The Petition should also be denied under the *NHK/Fintiv* rule, because in the parallel challenge that Petitioner has chosen to maintain in the District Court, the Court has entered a final judgment that all of the challenged claims are invalid under 35 U.S.C. § 101. *Infra* Section IV.

Finally, even if the Board were to determine to institute, Petitioner has failed to justify instituting parallel petitions, as shown in the separate paper filed herewith.

Patent Owner presents only select arguments in this Preliminary Response, and reserves all rights to present additional arguments to the extent necessary.

II. Overview of the '403 Patent and the Challenged Claims

The '403 Patent is the result of an 18 year prosecution history before the Office. Ex. 1002 ['403-Prosecution-History].¹ Now, just 4 years after the conclusion of that two decade process, Petitioner asks the Board to reach conclusions contrary to those that the Board and the Examiner recently reached during that long prosecution, without identifying any error in that prosecution. While the prior art in the prosecution and this case are not exactly identical, it is significant for purposes of institution that Petitioner's arguments based on Wu and Doherty—that changing the ad content of an alleged ad insertion point or the

¹ The '768 patent, the child continuation of the '403 patent-at-issue here, is the subject of two earlier IPR petitions filed by Petitioner, IPR2024-01252 and IPR2024-01253, both filed on August 22, 2024. Petitioner presents almost the same art and arguments in its two petitions against the '403 patent as it does in the earlier two petitions against the '768 patent. Thus, Petitioner's grounds and arguments based on Wu and Doherty against the '403 patent in this 00081 case are essentially the same as its grounds and arguments based on Wu and Doherty against the '768 patent in its earlier-filed 01252 case. Accordingly, Patent Owner presents almost the same counterarguments in both cases.

sequence of content can be found to disclose changing a predetermined advertisement insertion point in digital media content to an adapted advertisement insertion point in that content, as claimed—are in material ways similar to arguments and art already previously presented. That previously presented subject matter was already considered at length, specifically in connection with ad insertion point claim limitations.

Patent Owner filed a provisional application in 2002 and a non-provisional application in 2003. Ex. 1002 ['403-Prosecution-History] 99. The PTO took no action for 5 years, despite requests to advance prosecution. *Id.*, 115-116. The Examiner responded in 2008 with a rejection. *Id.*, 115-126. Patent Owner replied. The Examiner withdrew the rejections and entered new rejections in 2009 using a different reference, Knepper, that was the Examiner's primary reference for the next 11 years, during which the Examiner issued no fewer than 7 rejections. *Id.*, 166-179, 221-237, 264-278, 335-350, 385-404, 565-574, 625-643. In 2020—some 17 years after the application's non-provisional benefit date—Patent Owner appealed, and the PTAB reversed the Examiner's obviousness rejection, although it ruled otherwise on other non-prior art-based rejections. *Id.*, 897. After one more non-prior art rejection, the '403 patent issued in 2021, with a term extension of approximately 5 years. Ex. 1001 ['403-patent].

Petitioner's two parallel Petitions against these '403 claims in the 00081 and 00082 cases pay no attention to the significance of this nearly two decade prosecution history. This fact is highlighted by the erroneous disregard in Petitioner's related parallel IPR2025-00082 petition (the "00082 Petition") of the references analyzed by Examiner during prosecution.

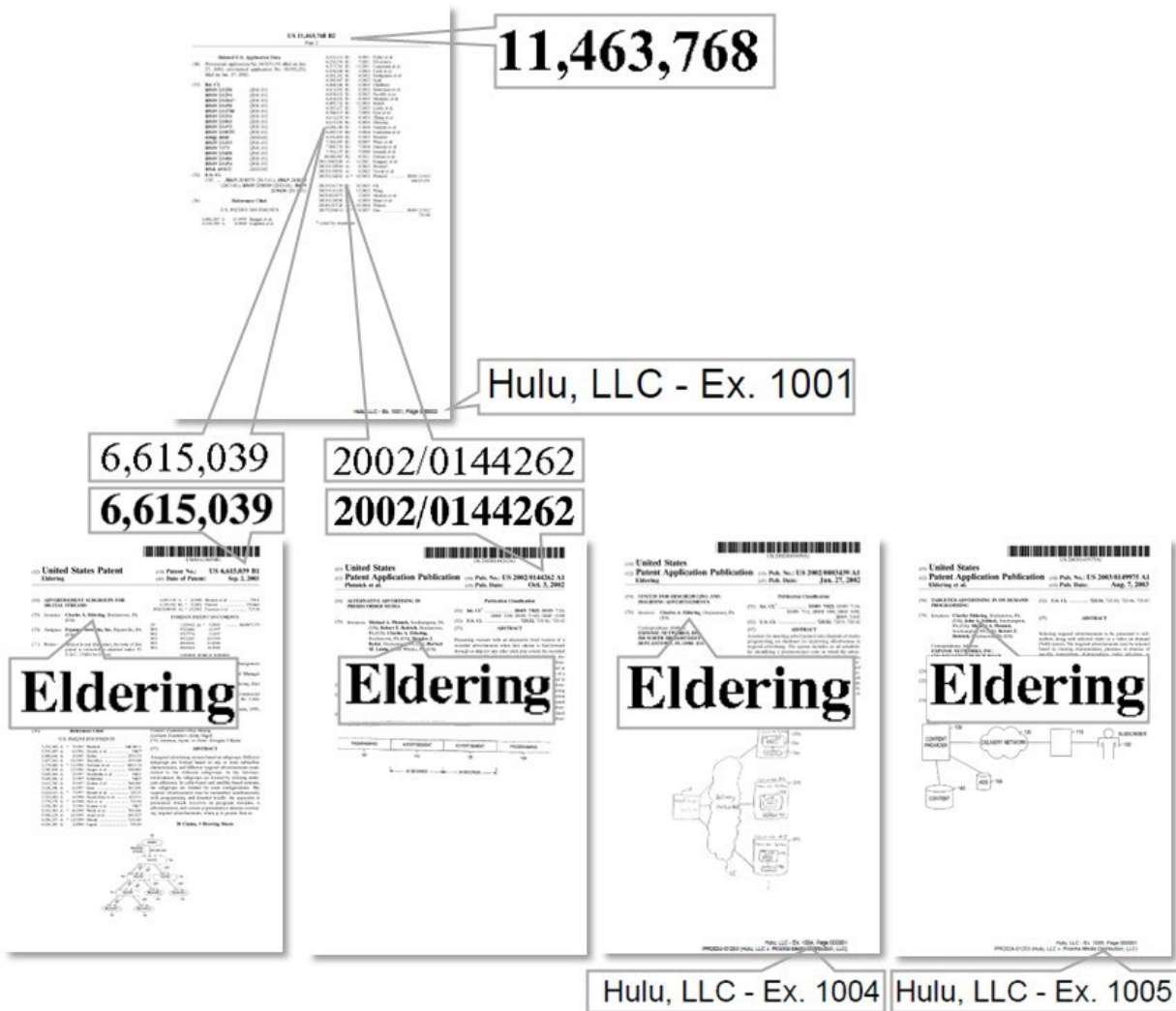
During the approximately two-decade prosecution, the Examiner analyzed art substantially similar and related to Petitioner's raised art. In an 11/3/2020 non-final rejection entered when these claims were in near-final form, the Examiner discussed art including Eldering '039, a reference sharing the first named inventor as Eldering-I and Eldering-II on which the grounds in Petitioner's related parallel 00082 petition are based. Ex. 1002 ['403-Prosecution-History] 955. The Examiner discussed Eldering-'039 and other art specifically in regard to the art's teachings of "the splicing of media and advertisement" in connection with these claims' limitations directed to, *inter alia*, "inserting advertisement in a sequence of media content" and "the media player and the intersplicer (or a splicer for combining the media file and the ad files by giving a signals to the media player) and transmit[ting] the streaming media to a media player[.]" This discussed art was not merely cited in an IDS: it was raised by the Examiner herself. *Id.*, 959 (List of References Cited by Examiner). And it is self-evidently related to the Wu and Doherty ad insertion teachings relied on in the 00081 Petition in this case.

The Office also considered the same or substantially the same art presented in this Petition on a subsequent, even more glaring occasion, when it passed to allowance the claims of the child '768 patent. During the '768 prosecution, the Examiner analyzed multiple Eldering references. In addition to again considering Eldering '039, the Examiner discussed Eldering-'262, which incorporates by reference the Eldering-I reference that is the primary reference in the 00082 Petition, and which, as shown below, include the functionality on which the 00082 Petition relies in both Eldering-I *and* Eldering-II. Ex. 2003 [Eldering-'262]; Ex. 2004 [Eldering-'039]; Ex. 1002 ['768-Prosecution-History] 349-353; 287, 304, 306, 360 (citing Eldering-'262, identified by the Examiner as "Plotnick," and Eldering-'039). The Examiner identified Eldering-'262, which expressly incorporates Eldering-I, as the "closest prior art," and found the '768 claims allowable over Eldering-'262 and Eldering-'039. Ex. 1002 ['768-Prosecution-History] 349-353, 377-378. In sum, as these examples illustrate, Petitioner's Petitions ignore the extensive prosecution history of advertising insertion point limitations related to those in the claims at issue, including a full Board appeal that reversed obviousness rejections in connection with just such limitations. These points are discussed in more detail below.

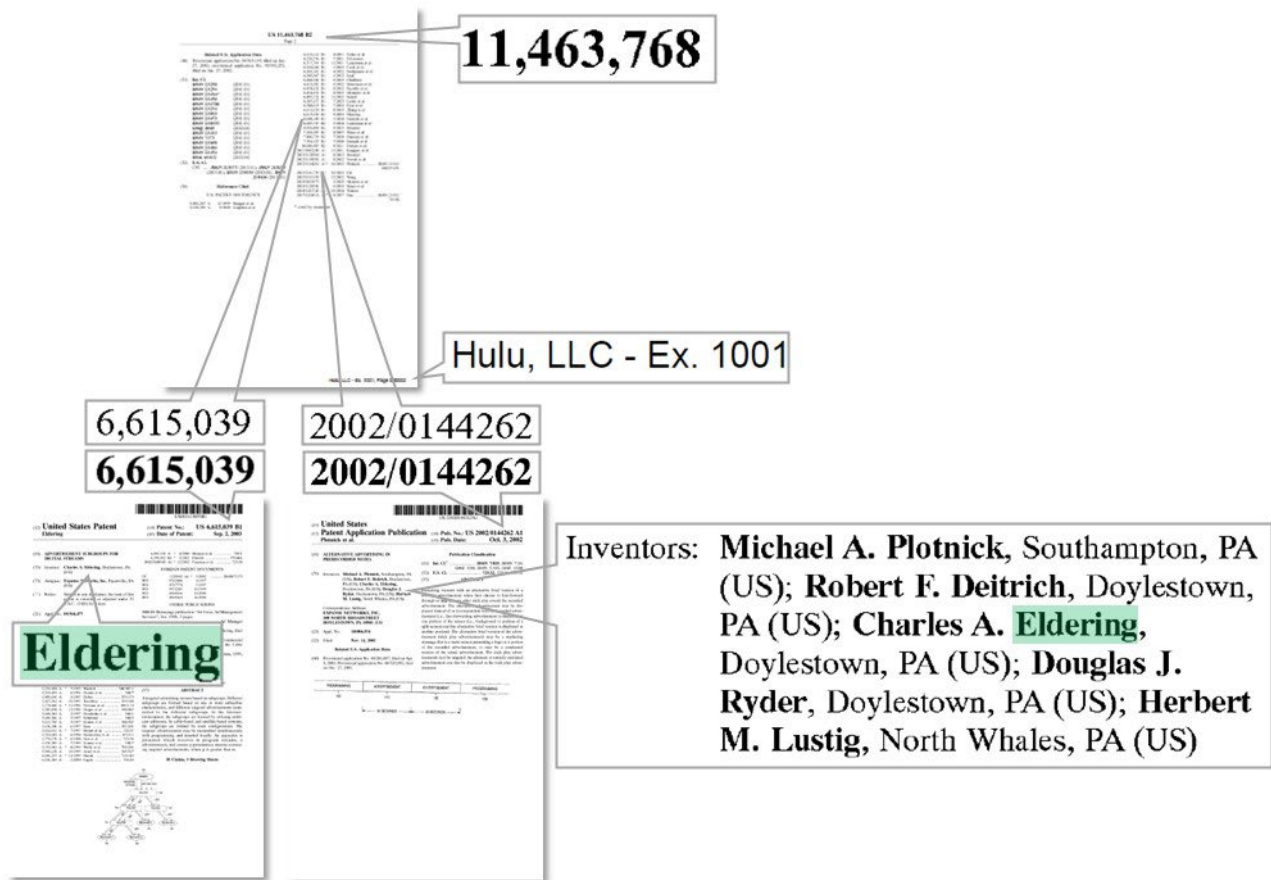
Now, shortly after decades of prosecution, Petitioner asks the PTAB to reconsider functionality that the Examiner—and the Board—have already considered in connection with these inventions.

A. The Examiner Allowed Related Claims In the Continuation '768 Patent over Eldering References That Are The Same As Or That Are Substantially Similar To The Related 00082 Petition's Eldering References.

During prosecution of the '768 child patent, the Examiner passed to allowance similar claims over two references with the same co-inventor and materially similar disclosures as the Petitioner's Eldering-I and Eldering-II references relied on in the 00082 Petition, the parallel petition Petitioner has filed against this Patent. The Examiner, when he found the '768 continuation's claims allowable, expressly designated Eldering-'262 as "[t]he closest prior art." Ex. 2014 ['768-Prosecution-History], 351.



Eldering -'262 lists Mr. Eldering and others as inventors, and the Examiner referred to it by the name of the first named inventor, "Plotnick."



In finding the '768 claims allowable, the Examiner expressly distinguished them from Eldering's functionality of playing a substitute ad while the user fast forwards—the same functionality that Petitioner cites in its 00082 Petition. Compare, e.g., Ex. 2014 [Copy of 01253 Exhibit 1002 ('768-Prosecution-History)] at 351 (“inserting **alternative ads** during a **fast forward** command”), with 00082 Pet., 28 (“Eldering-II teaches displaying an **alternative advertisement** when a user **fast forwards** through or skips over an original advertisement.”) (emphasis added).

The closest prior art Plotnick teaches inserting alternative ads during a fast forward command.

None of these references disclose “change a predetermined ad insertion point in the digital media content to an adapted advertisement insertion point in the content, in response to receiving a user input to update a current play position in the content to a new play position in the content, the adapted advertisement insertion point determined by an adaptive preference rule based on an advertisement requirement that applies to the digital media system, modify the adapted insertion point based on the advertising requirement” Any comments considered necessary by applicant must be submitted no later



Ex. 2014 [’768-Prosecution-History] at 351 (Notice of Allowability, annotated).

Moreover, Petitioner’s Eldering-I reference is related to—and literally is “incorporated in its entirety” into—the “closest prior art” Eldering ’262 reference.

2002/0144262

SYSTEM FOR RESCHEDULING AND INSERTING ADVERTISEMENTS

(21) Appl. No.: **09/742,852**

[0036] U.S. patent application Ser. No. 09/742,852 filed on Dec. 21, 2000 entitled “System for Rescheduling and Inserting Advertisements” (Docket No. T721-19);

[0002] This application is related to all of the Applicants co-pending applications, patents and publications listed below. Each application listed below is herein incorporated in its entirety but is not admitted to be prior art:

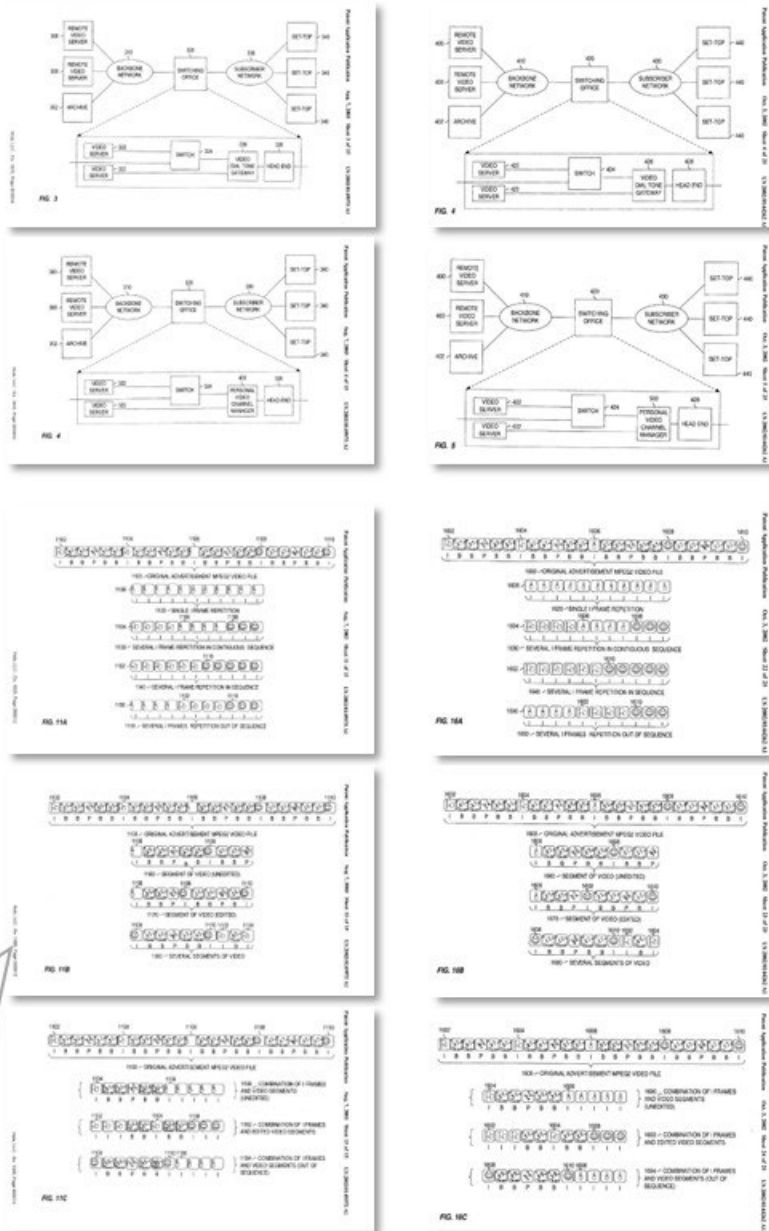


Hulu, LLC - Ex. 1004

Eldering ’262 in
Notice of Allowability

Eldering-I
in IPR Petition

The Eldering references—the two cited during the ’768 prosecution (one, Eldering-’039, also having been referenced in the ’403 prosecution, as seen above), and the two in the related 00082 Petition—are directed to the same or similar subject matter, and are so similar that they even include identical figures.



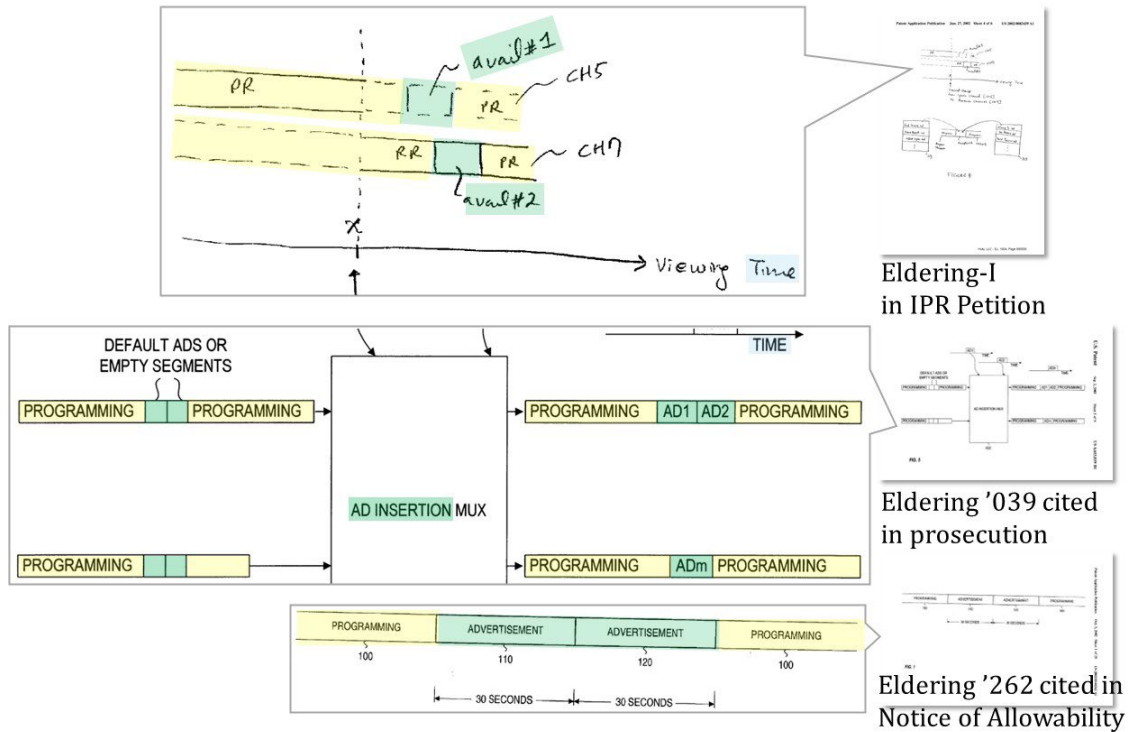
Hulu, LLC - Ex. 1005

Eldering-II
in IPR Petition

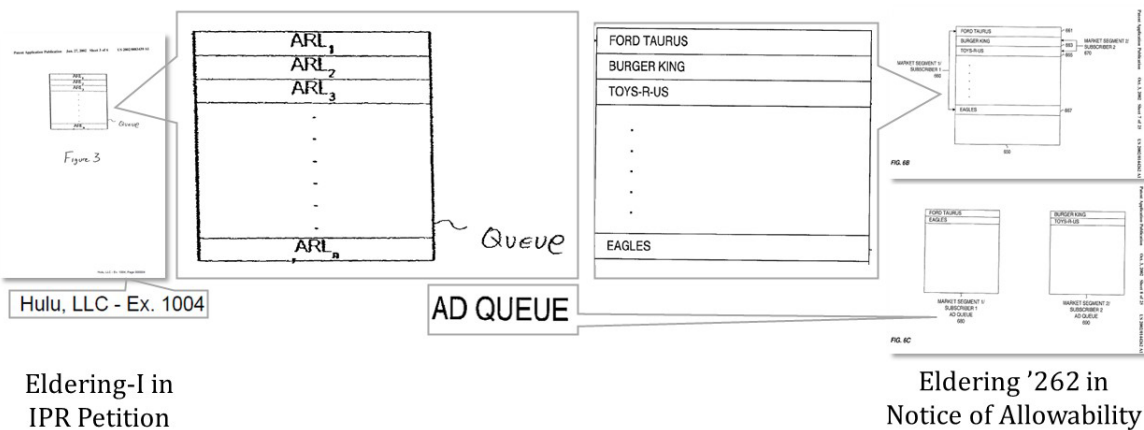
Eldering '262 in
Notice of Allowability

Even figures that are not identical include nearly identical relevant subject matter. For example, all four of the Eldering references are directed to ad

insertion, specifically, inserting ads into “ad avails” that are time slots within a programming stream’s timeline.



As an additional example, the Eldering references cited during prosecution and in the Petition, all use a queue of advertisements for inserting ads.

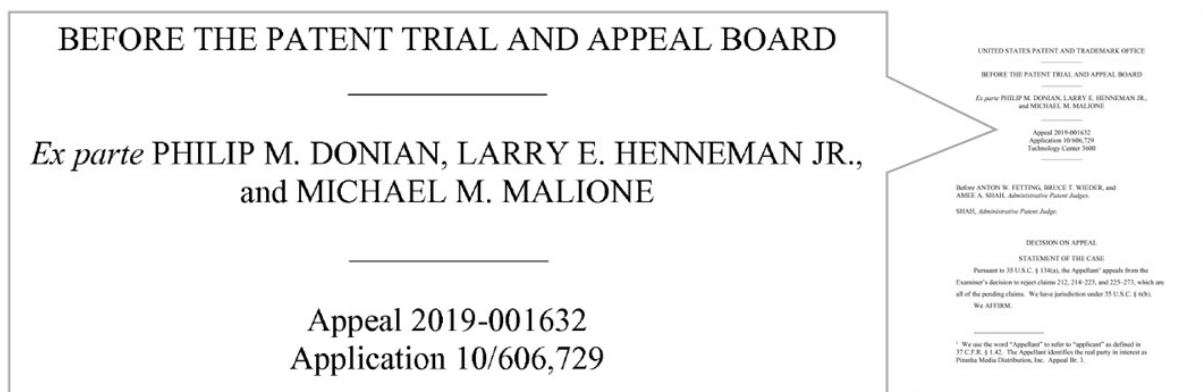


Ex. 1021 [Eldering-I] Fig. 3; Ex. 2003 [Eldering-'262] Figs 6B, 6C.

B. The PTAB Already Found Materially The Same Claims Nonobvious Over Art That Inserts Ad Files Into Ad Insertion Points, And Changes The Content—But Not The Position—Of Ad Insertion Points.

The Office already expressly analyzed and distinguished similar art to that cited in the 00082 Petition. Moreover, the Board itself already analyzed advertisement insertion limitations materially similar to those in the claims at issue in the present case, and reversed obviousness rejections over similar art to that in the present Petition, based on those limitations.

The Examiner rejected claims for 11 years based on the Knepper reference, until 2020 when the Board, in a detailed 42 page opinion, reversed the Examiner's prior art rejections and held that the art of record did not disclose modifying ad insertion points and therefore did not render obvious claim limitations that are materially the same as the limitations at issue here.



Ex. 1002 ['403-Prosecution-History] 856-897 (2020-08-12 Board decision);
compare, e.g., id., 166-179 (2009-05-20 rejection citing Knepper).

As the Board explained, Knepper discloses sequential media files with ad insertion points:

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Knepper further discloses that “[i]n one embodiment, the media files play together sequentially, similar to a television show with commercials inserted at various points,” whereby the entertainment media files are blended with the advertisement media files, and “[t]he entertainment media files include indications within the files, or possibly in an external file, pointing to where, if at all, the entertainment media files may have advertisement media files inserted therein.” *Id.* ¶ 41. “When a client-side

not been previously pre-cached at the client side.” *Id.* “The server also sends a text file containing a set of instructions indicating which advertisement media files from among the pre-cached advertisement media files to insert into the entertainment media file at run time, how many advertisement media files to insert, and where to insert them.” *Id.* The

Appeal 2019-001632
Application 10/606,729

Knepper further discloses that “[i]n one embodiment, the media files play together sequentially, similar to a television show with commercials inserted at various points,” whereby the entertainment media files are blended with the advertisement media files, and “[t]he entertainment media files include indications within the files, or possibly in an external file, pointing to where, if at all, the entertainment media files may have advertisement media files inserted therein.” *Id.* ¶ 41. “When a client-side user selects a particular entertainment file . . . the server sends the entertainment file to the user, or the portion of the entertainment file that had not been previously pre-cached at the client side.” *Id.* “The server also sends a text file containing a set of instructions indicating which advertisement media files from among the pre-cached advertisement media files to insert into the entertainment media file at run time, how many advertisement media files to insert, and where to insert them.” *Id.* The instruction file does not need to specify “exactly which advertisement media files to insert,” but can “allow the client application to make its own random or pseudo-random selection, subject to any positive and negative associations, for playing back with the entertainment media file.” *Id.*

Knepper uses “[t]wo new tags, not standard to HTML programming,” specifically <ADInsert> and <ADOverlay> tags, to “give the server complete control over the content and placement of the ads within a show, even though this is eventually carried out on the client side.” *Id.* ¶ 52. “Using these tags, the server can direct the client to place an ad before, during, or after a media file during playback of media files in the magazine page.” *Id.* “The placement of the <ADInsert> tags within the ClipTag section dictates the sequence of advertisement and entertainment media

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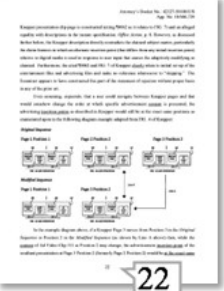
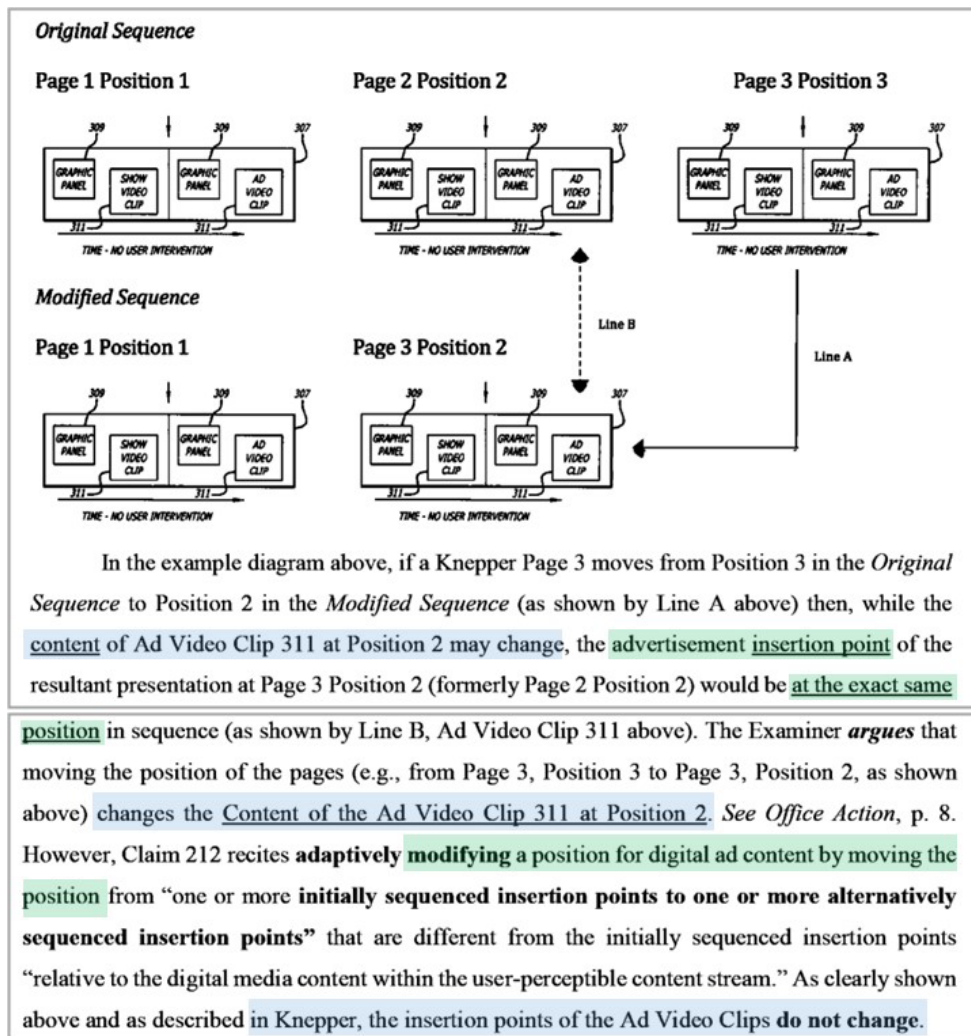
Id., 894. As the Board further found, Knepper discloses changing the content of an ad insertion point, specifically, changing the sequence of content, and therefore the ad content of a particular ad insertion point. Nevertheless, as the Board found, such prior art did not disclose modifying the ad insertion point as claimed, because changing the sequence of content blocks does not change the ad insertion point:

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changes within the playlist.” Ans. 5. Rather, we agree with the Appellant that “[e]ven assuming, *arguendo*, that a user could navigate between Knepper pages and that would somehow change the order at which specific advertisement content is presented, the advertising insertion points as described in Knepper would still be at the exact same positions,” whereas the claims require adaptively modifying or re-sequencing with an alternate insertion point different from the initial insertion point. Appeal Br. 22–23.

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changes within the playlist.” Ans. 5. Rather, we agree with the Appellant that “[e]ven assuming, *arguendo*, that a user could navigate between Knepper pages and that would somehow change the order at which specific advertisement content is presented, the advertising insertion points as described in Knepper would still be at the exact same positions,” whereas the claims require adaptively modifying or re-sequencing with an alternate insertion point different from the initial insertion point. Appeal Br. 22–23.
We further agree with the Appellant that Knepper does not teach adaptively modifying or re-sequencing the presentation position in response to user input, because Knepper’s server determines the order of the media, sends that order to the client-side device, and even if the user skips pages, the order as provided by the instruction set, remains the same. *Id.* at 23–24. Although Knepper provides that the instruction set can be modified to insert random ads and create a play list (see Knepper ¶ 33, Fig. 3 (black 294)), we do not see, and the Examiner does not explain, where Knepper teaches that the order of the presentation, as contained in the instruction set, changes in response to user input.
Thus, based on the record before us, we do not sustain the obviousness rejection of claims independent claims 212, 218, 243, 257, 268, and 271. We also do not sustain the rejection of dependent claims 214, 223, 225, 232, 234, 237, 239, 242, 244, 245, 251, 255, 257–260, 265, 276, 272, and 273 under the same ground of rejection. The rejections of dependent claims 226, 236, and 238 as further obvious over Official Notice or OR are also not sustained, as they fail to include additional findings and/or reasoning that cures the deficiency in the rejections of the independent claims, from which they depend.
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Ex. 1002 [’403-Prosecution-History] 896 (PTAB decision, p. 41, citing *id.*, 687–688 (Board Appeal Br., p. 22–23)). The Board expressly cited, *inter alia*, the Board Appeal Brief’s explanation that changing the sequence of media, and changing the content of an ad insertion point, does not disclose modifying the ad insertion point because the position of the ad insertion point does not change:

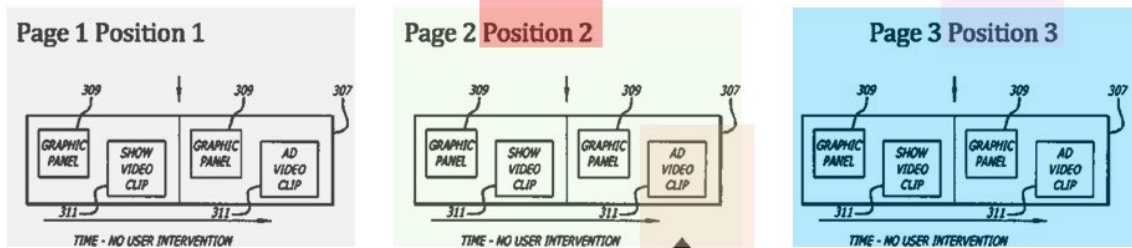


Id., 687-688 (Board Appeal Br. 22-23). Notably, much as the claim before the Board “recite[d] adaptively modifying a position for digital ad content by moving the position from ‘one or more initially sequenced insertion points to one or more alternatively sequenced insertion points’ that are different from the initially sequenced insertion points ‘relative to the digital media content within the user-perceptible content stream,’” *id.* (quoting then-pending claim 212), the issued claims of the ’403 patent challenged in the present case recite “adaptively

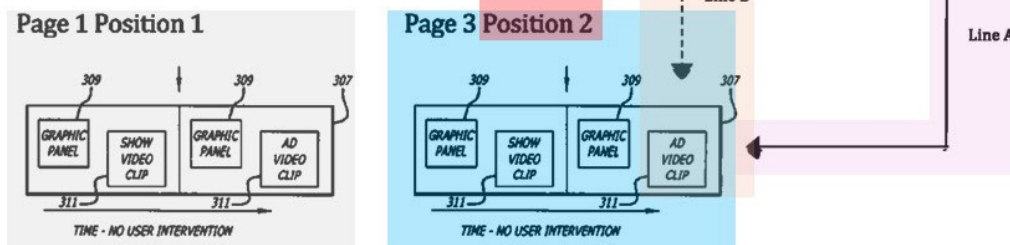
modify[ing] a presentation position of the digital advertising content from at least one of the one or more initially sequenced insertion points to one or more alternatively sequenced insertion points in the digital media content,” with “at least one of the one or more alternatively sequenced insertion points being different than the one or more initially sequenced insertion points relative to the digital media content within the content stream.” Ex. 1001 [’403 patent], *e.g.*, cl. 1. Therefore, the challenged claims are materially the same as the claims before the Board during the Board appeal, which, aside from amendments not directly relevant, are the very claims that are challenged here.

The Board determined, *inter alia*, that [1] changing the ad content of an ad insertion point and [2] changing the sequence of blocks of content do not disclose modifying the ad insertion point, because the position of the ad insertion point does not change.

Original Sequence

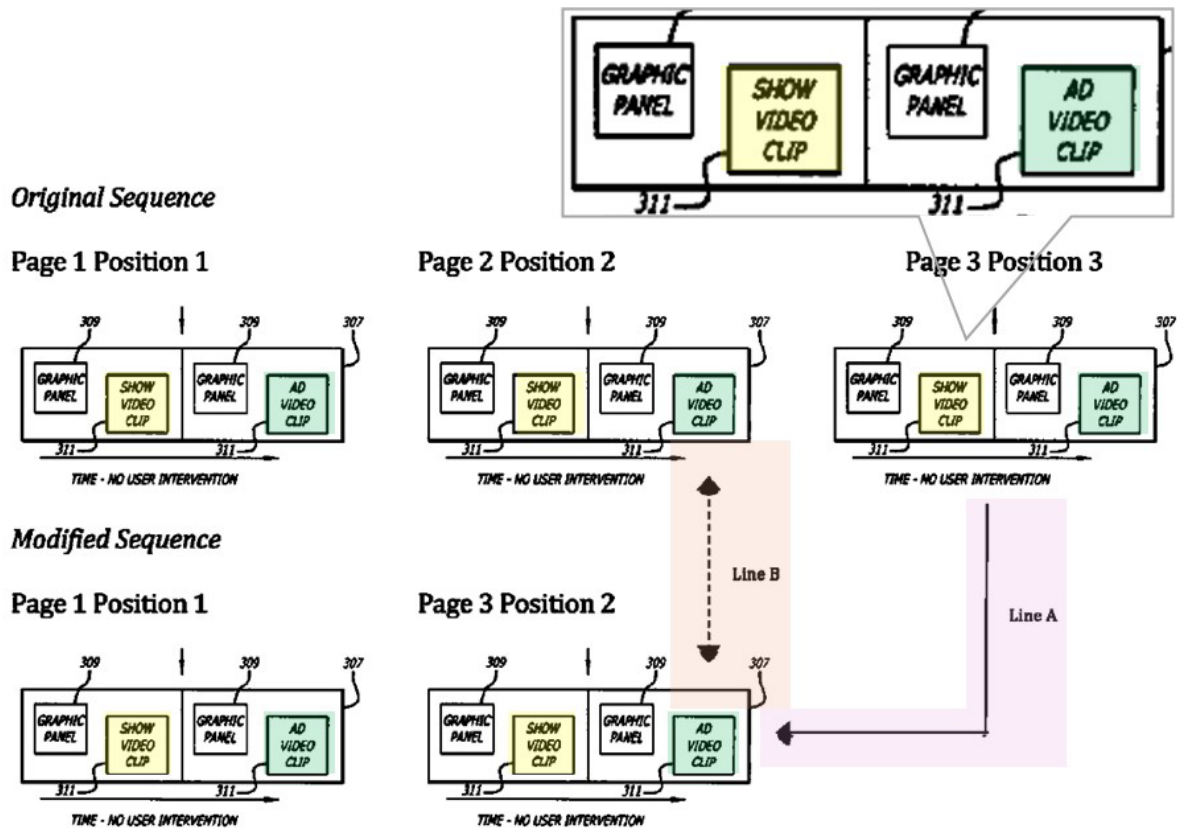


Modified Sequence



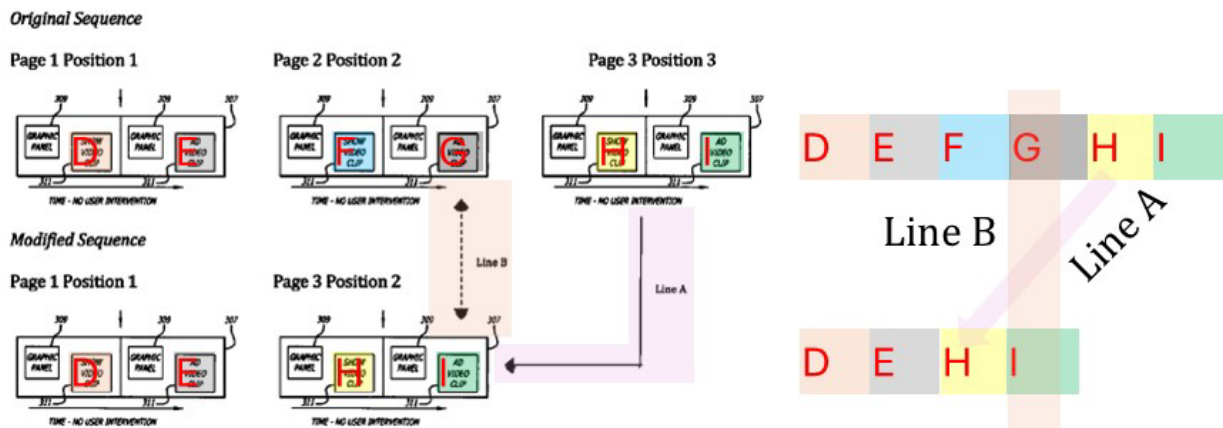
In the example diagram above, if a Knepper Page 3 moves from Position 3 in the *Original Sequence* to Position 2 in the *Modified Sequence* (as shown by Line A above) then, while the content of Ad Video Clip 311 at Position 2 may change, the advertisement insertion point of the resultant presentation at Page 3 Position 2 (formerly Page 2 Position 2) would be at the exact same position in sequence (as shown by Line B, Ad Video Clip 311 above). The Examiner argues that *Id.*, 687-688 (Board Appeal Br. 22-23).

In the relevant art, each Knepper Page includes a non-ad video clip and an ad video clip, as illustrated in the graphic cited above (shown here with a different color coding to highlight the video clips):



Id. (annotated).

As shown above, the Board held, *inter alia*, that changing the ad content of the ad insertion point (labelled "I" below), and changing the sequence of the video clips (from D, E, F, G, H, I to D, E, H, I below), does not disclose changing an ad insertion point as claimed, because the position of the ad insertion point remains the same (4th video clip in the sequence of video clips, in the example below). *Id.*, 895-896.



Moreover, following the return of the case to the Examiner following the Board appeal, the Examiner analyzed art substantially similar and related to Petitioner's raised Eldering art in this case. In an 11/3/2020 non-final rejection entered when these claims were in near-final form, the Examiner discussed art including Eldering '039, a reference sharing the first named inventor as Eldering-I and Eldering-II. Ex. 1002 ['403-Prosecution-History] 955. The Examiner specifically discussed this Eldering-'039 and other art in regard to its alleged teachings of "the splicing of media and advertisement" in connection with the limitations directed to, *inter alia*, "inserting advertisement in a sequence of media content" and "the media player and the intersplicer (or a splicer for combining the media file and the ad files by giving a signals to the media player) and transmit[ting] the streaming media to a media player[.]" This discussed art was raised by the Examiner herself, not in an IDS. *Id.*, 959 (List of References Cited by Examiner).

Thus, the Office and the Board analyzed at length, in the almost two decade prosecution of this Patent, ad insertion point claim limitations in connection with ad insertion art. *See* Sections II.A., III.

III. The Petition Should Be Denied Under § 325(d) Because Similar Art And Arguments Were Previously Presented As To These Claims.

The Petition should be rejected under 35 U.S.C. § 325(d) because the Office has been previously presented, and analyzed, similar art and arguments in connection with these claims, including with regard to advertising insertion point limitations, during the decades-long prosecution, and Petitioner has neither alleged nor shown any errors in that fulsome prosecution. In the prosecution of the '403 parent patent-at-issue, the Office, including the Board itself, analyzed these claims and specifically their ad insertion limitations and found them allowable over similar art. As the Board has found, the presentation of the same art and arguments in a prosecution related by continuation is a proper basis for denial of review of substantially similar claims under § 325(d). The Office and Board, having previously been presented and considered such art and arguments, should decline this request to revisit this subject matter yet again.

A. The Board Previously Rejected Similar Art And Arguments Applicable To Ad Insertion Point Limitations.

Petitioner's grounds in the 00081 Petition depend on the Wu and Doherty art meeting, *inter alia*, the limitations concerning changing or replacing the advertisement insertion point. As explained above in Section II.B and below, the Office, including the Board, has already considered whether art with similar disclosures rendered obvious changing an ad insertion point, with respect to the very claim language of these claims regarding modifying ad insertion points, and rejected this proposition. The Examiner rejected claims for 11 years based on, *inter alia*, the Knepper reference, until the Board reversed the Examiner's prior art rejection in 2020 and held that such art did not disclose modifying ad insertion points as claimed. Wu and Doherty are essentially cumulative of Knepper's disclosures in this regard. *See supra* Section II.B.

B. The Board Should Not Revisit These Grounds Similar To Those Already Considered In The Course Of Decades Of Prosecution.

Under § 325(d), institution may be denied where “the same or substantially the same prior art or arguments previously were presented to the Office.” In *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6, 8 (Feb. 13, 2020) (designated precedential), the Board articulated a two-part test for applying § 325(d)—(1) whether the same or substantially the same art previously was presented to the Office or whether the same or

substantially the same arguments previously were presented to the Office; and (2) if either condition of first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.

As to the first prong of *Advanced Bionics*, during the almost two decades of prosecution of the this patent (which ended a mere 4 years ago), the Board considered ad insertion art similar to Wu and Doherty and reversed rejections based on that art, finding that it did not teach changing ad insertion points as recited in those claims.

Wu and Doherty were not of record in prosecution. However, it is relevant that the 00081 Petition relies on alleged disclosures in Wu and Doherty, involving changing the ad content of an alleged ad insertion point or the sequence of content, similar to those cited and found insufficient by the Board during prosecution.

As to the second *Advanced Bionics* factor, no error by the Board or Examiner in the two decades of prosecution of these and related claims has been shown, or even alleged. *See generally* 00081 Pet.

Accordingly, under § 325(d), the Board should not revisit essentially the same arguments and references again, and should exercise its discretion to deny institution.

IV. The Petition Should Be Denied Under *NHK*, *Fintiv* and *AviaGames* In View Of The District Court’s Judgment That The Claims Are Invalid.

Petitioner filed two parallel IPR petitions that each seek a PTAB determination that claims 1, 2, 4-11, 13-15, 17-19, and 21-23 of the ’403 Patent are unpatentable. 00081 Pet., 7; 00082 Pet., 7. Yet despite filing these parallel petitions, Petitioner chose to continue to adjudicate its challenge to these claims in the parallel District Court case between the parties. Petitioner’s choice to do so has resulted in a final judgment of invalidity of all claims by the District Court. Exs. 2010 [Sep. 11, 2024 final judgment of invalidity]; 2011 [Petitioner’s Ct. App. dktg. stmt.] 1.

Therefore, even if the Petition did not already warrant discretionary denial under 35 U.S.C. § 325(d), as shown in Section II *supra*, because the Petition’s merits are less than compelling, as shown in Section V *infra*, institution should be denied under *NHK/Fintiv*. The District Court’s final judgment under 35 U.S.C. § 101 of invalidity of all claims-at-issue means that “the interests of efficiency and integrity of the system would be best served by invoking 35 U.S.C. § 314(a) to deny institution.” *AviaGames, Inc., v. Skillz Platform Inc.*, IPR2022-00530, Paper 12 (Aug. 9, 2022) (denying institution because district court had found challenged claims invalid under § 101), *remanded*, Paper 14 (Dir. Mar. 2, 2023), *denial reinstated*, Paper 15 (Mar. 22, 2023); *see also, e.g., Snap Inc. v. BlackBerry Ltd.*,

IPR2020-00392, Paper 8, 9-12 (Jul. 13, 2020) (denying institution where district court had found challenged claims invalid under § 101).

A. Board And Director Caselaw Supports *Fintiv* Denial Based On District Court § 101 Invalidity Judgments When The “High Standard” Of “Compelling Merits” Is Not Satisfied.

Many IPR decisions have addressed whether review should be denied under *NHK/Fintiv* when, as in this case, a district court, after the petition for IPR is filed, enters a final judgment that the claims-at-issue are invalid under § 101. Although some decisions have reasoned that *Fintiv* does not support denial of institution in similar circumstances, those decisions misapprehend the Director’s guidance in this area and have generally caused months of inefficiency and waste of resources before eventually being dismissed, as detailed below. The well-reasoned decisions, and the only Director Review decision addressing the question, all strongly support denial of institution under *Fintiv* when such a judgment has been entered.

The binding *NHK/Fintiv* rule is intended to “minimize potential conflict between the Patent Trial and Appeal Board (PTAB) and district court proceedings” and avoid counterproductive “inefficiency and gamesmanship in AIA proceedings, given the existence of parallel proceedings between the Office and district courts.” USPTO, Director Memo re Interim Procedure For Discretionary Denials In AIA Post-Grant Proceedings. With Parallel District Court Litigation (June 21, 2022)

(Ex. 2012 [Interim Denial Memo]), 1. PTAB panels may deny *inter partes* review in light of advanced progression of parallel litigation regarding a patent-at-issue, *see NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8, 19-21 (Sep. 12, 2018) (precedential), as governed by the factors in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, 5-6 (Mar. 20, 2020) (precedential). Application of these factors “takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.*; *see also Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, 7-17 (May 13, 2020) (informative) (“*Fintiv IP*”); Ex. 2012 [Interim Denial Memo] 2.

The leading case addressing discretionary denial in the presence of a district court § 101 judgment, which includes the leading relevant Director Review decision, strongly supports *Fintiv* denial in the present case.² In *AviaGames*, IPR2022-00530, discussed *supra*, the Board found that the *Fintiv* factors uniformly supported denial, and upon Director Review, this determination was reaffirmed

² The other Director Review decision to address *Fintiv* when, as here, a district court has entered final judgment of invalidity, merely reaffirms that *Fintiv* should apply when such facts are present. *See Volvo Penta Of Ams., LLC v. Brunswick Corp.*, IPR2022-01366, Paper 15, 4-5 (Dir. Rvw. May 2, 2023) (vacating and remanding to apply *Fintiv* factors and analyze merits).

where the petition “d[id] not rise to th[e] high standard” of “compelling merits.”

AviaGames, *supra*, Paper 12 [Ex. 2005] 15; *id.*, Paper 14 [Ex. 2006] 3; *id.*, Paper 15 [Ex. 2007] 3. The facts of the present case are on all fours with *AviaGames*, and the few differences only further support denial in this case.

In *AviaGames*, like in this case, “before the Patent Owner filed its Preliminary Response, the United States District Court ... issued a decision determining that most of the challenged claims of the [challenged] patent were invalid as directed to patent-ineligible subject matter under 35 U.S.C. § 101.” *AviaGames*, Paper 14, 2. Unlike the facts here, where all claims-at-issue have been held invalid, in *AviaGames* only most of the claims-at-issue were held invalid by the district court. *Compare id.*, with Exs. 2010 [Sep. 11, 2024 judgment], and 2011 [Petitioner’s Ct. App. dktg. stmt.] 1. The Board conducted an analysis of the *Fintiv* factors in light of the district court judgment and determined that all factors favored denial of institution. *AviaGames*, Paper 12, 11-15. Weighing all the *Fintiv* factors, the panel held that, “because a district court determined that the challenged claims were invalid under § 101, ‘the interests of efficiency and integrity of the system would be best served by invoking 35 U.S.C. § 314(a) to deny institution.’” Paper 14, 2. The panel did not analyze whether the petition presented compelling merits. *Id.*, 3.

The Director granted review, vacated the decision denying institution, and remanded for the Board to analyze whether the petition “presented compelling merits.” *Id.*, 3, 5-6. The Director explained that the risk of inefficiency from instituting needed to be “balanced” with the possibility that the petition may “rise to th[e] high standard” of “compelling merits,” a question the Board had neglected to analyze in its *Fintiv* analysis. *Id.*, 5-6. The Director did not otherwise disturb the Board’s determination that the *Fintiv* factors uniformly favored institution, and ordered that “[i]f the Board finds the record does not rise to th[e] high standard” of compelling merits, the Board should “deny institution.” *Id.* On remand, the Board found that “the Petition does not meet the compelling merits standard,” and so denied institution as ordered. *Id.*, Paper 15, 27.

Other decisions have likewise found that *Fintiv* favors denial in view of § 101 invalidity judgments. In *Snap*, while petitions for IPR were being filed, a district court “entered final judgment” of invalidity “pursuant to 35 U.S.C. § 101” against “all but one of the [c]hallenged [c]laims” at issue. *Snap*, IPR2020-00392, Paper 8, 9-10. *Snap* found that in this situation, “[t]he *Fintiv* factors provide support for exercising discretion not to institute this Petition.” *Id.*, 11-12. While the Board “found the merits compelling enough to institute” absent the facts favoring discretionary denial, it made no finding that they met the high standard of “compelling merits,” because that standard would not be established until two

years later in the Director’s 2022 memorandum. *Id.*, 15; *see AviaGames*, Paper 14, 4 (2022 Director decision explaining that “[a]s the [2022] Guidance Memo and my [2022] precedential decision in *OpenSky* make clear, the compelling merits standard is a higher standard than the standard for institution set by statute”).

Balancing these facts and the merits appropriately, *Snap* denied institution, concluding that “Petitioner chose to adjudicate fully its case in district court and under the unique circumstances before us, we see no reason why an additional *inter partes* review is warranted.” *Snap*, Paper 8, 16. For a more recent example, in *BMW of N. Am. v. Mich. Motor Techs., LLC*, IPR2023-01031, Paper 12, 16-20 (Jan. 23, 2024), in which the patent “ha[d] been invalidated as ineligible under 35 U.S.C. § 101 by two district courts, in concurrent litigations,” the panel found *Fintiv* “factors one through five favor[ed] discretionary denial,” although it instituted review nevertheless in accordance with the Director’s memo, because “at least one challenged claim” met the high “compelling merits” standard thereby mooted factors 1-5.

In contrast to the above decisions, several other cases have found that the *Fintiv* factors do not collectively support discretionary denial despite a district court § 101 invalidity judgment. None of these decisions is binding, none has faced Director Review, and their analysis is facially inferior to and generally less detailed than the *Fintiv* analysis in the Director-reviewed *AviaGames* case, *supra*.

In *BMW of N. Amer. v. Mich. Motor Techs., LLC*, IPR2023-01224, Paper 12 (Feb. 15, 2024), a majority disagreed with the analysis in IPR2023-01031 (the other *BMW v. MMT* decision cited immediately above) and found that not all the *Fintiv* factors favored denial. Unlike the panel in *AviaGames*, the majority did not canvass the prior Board decisions that had declined to exercise discretion in these circumstances to see whether they had resulted in wasteful inefficiency or beneficial results. Compare *id.*, with *AviaGames*, Paper 12 [Ex. 2005], 9-10 & n.9) (noting that in such cases the Board has repeatedly been obliged to dismiss the instituted IPRs months later, mooted the work done in the IPRs, because the district court invalidity determination was affirmed). One APJ disagreed with the majority's *Fintiv* analysis, writing separately that factors 1-5 all favored denial but compelling merits required institution. *Id.* (Howard, APJ., concurring). Another pair of cases, *Google LLC, v. Geoscope Techs. Pte. Ltd.*, IPR2023-01213, Paper 14 (Feb. 20, 2024), and *Apple Inc. v. Geoscope Techs. Pte. Ltd.*, IPR2024-00255, Paper 14 (May 31, 2024), both by the same panel and writing judge, found—both applying mostly the same analysis as each other—that *Fintiv* favored institution, disagreeing with *AviaGames*'s analysis of almost all the *Fintiv* factors. The *Google/Apple* panel's analysis was less complete than that in *AviaGames*: for example, like the analysis in *BMW-01224, supra*, the *Google/Apple* panel conducted no canvass of the results of prior decisions applying *Fintiv* in such

situations. However, the *Google/Apple* panel deemed itself free to depart from the conclusions of the *Fintiv* analysis in *AviaGames*, for it interpreted the *AviaGames* Director Review decision as rendering the *AviaGames* *Fintiv* analysis obsolete. *Google*, 14-16 & n.6; *Apple*, 11-17 & n.9. This misapprehends *AviaGames*. In reality, as explained above, the Director Review in *AviaGames* left that case's *Fintiv* analysis undisturbed, and actually ordered **denial** of review unless the difficult standard of compelling merits was met. *AviaGames*, Paper 14, 2-6. Contrary to the *Google/Apple* panel's conclusion, the Director Review decision in *AviaGames* in fact supports, and does not undermine, the conclusion in that case that the *Fintiv* factors support denial on such facts. Moreover, *Google* and *Apple* are also distinguishable from the facts of *AviaGames* and this case, because in *Google* and *Apple* multiple claims-at-issue were not invalidated by the district court judgment. *Google*, 13-14; *Apple*, 2, 5.

History has shown with growing clarity that the cases that do not follow *AviaGames*'s view of how the *Fintiv* factors apply to such a district court judgment routinely cause months of waste and inefficiency because—as happens in the vast majority of appeals—the district court's judgment of invalidity is subsequently affirmed, mooting months of effort after institution. As the Director Review decision in *AviaGames* correctly pointed out, “should the district court's invalidity judgment be upheld on appeal, the parallel proceedings at the Board would impose

additional burdens and costs on the parties, including the Patent Owner, and this tribunal,” because such IPRs would need to “be terminated.” *AviaGames*, Paper 14, 5-6. As *AviaGames* expressly noted, that is exactly what has repeatedly happened: when institution has been granted in such cases notwithstanding *Fintiv*, the instituted IPR had to be dismissed when the district court’s judgment was affirmed, after the institutions of review caused wasted months of the parties’ and Board’s time and resources. *Id.*, 9-10 (citing *Wyze Labs, Inc. v. Sensormatic Elecs., LLC*, IPR2020-01486, Paper 14 (Apr. 6, 2021) and *Playtika Ltd. v. NexRF Corp.*, IPR2021-0095, Paper 14 (Dec. 6, 2021)). Such wasteful instituted cases have continued to accumulate. In *Snap, Inc. v. Sanderling Mgt. Ltd.*, IPR2021-00781, Paper 42, 2 (Dec. 28, 2022), which *AviaGames* cited as having a pending invalidity appeal, the appeal ended with the district court invalidity ruling intact. *See also Chegg, Inc. v. NetSoc, LLC*, IPR2019-01165, Paper 14, 11-13 (Dec. 5, 2019) (instituting IPR despite district court invalidity judgment); *id.*, Paper 37, 2 (Jan. 31, 2022) (dismissing IPR after affirmance of district court judgment).

The *Fintiv* factors favor denial of institution, as in *AviaGames*, as further described below.

B. *Fintiv* Factor 1: The District Court Case Ended Without A Stay.

In the District Court proceeding involving the same claims, same patent, and same challenger, the District Court never granted a stay pending this IPR and has

issued a Final Judgment. This factor plainly favors denial. *Accord, e.g., AviaGames*, Paper 12, 23 (“the district court case cannot be stayed because it has concluded”); *Snap-00392*, Paper 8, 12 (same); *BMW-01031*, Paper 12, 16.

C. *Fintiv* Factor 2: The District Court Already Completed Its Adjudication.

“If the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*.” *Fintiv* (precedential), 9. Here, “[a]s the District Court has completed its consideration of the [challenged] patent, we determine this factor weighs heavily in favor of denying institution.” *AviaGames*, Paper 12, 12-13; *see also, e.g., BMW-01031*, 17 (“As the District Court has completed its consideration of the [challenged] patent, we determine this factor weighs in favor of denying institution.”); *Snap-00392*, 12 (“The district court case... has concluded.”).

D. *Fintiv* Factor 3: The Court And Parties Already Invested In A Final Judgment.

Factor 3 relates to the “amount and type of work already completed in the parallel litigation by the court and the parties *at the time of the institution decision*.” *Fintiv* (precedential), 9. For example, “if, at the time of the institution decision, the District Court has issued substantive orders related to the patent at issue in the petition,” factor 3 favors denial. *Id.*, 9-10. “Likewise, district court claim construction orders may indicate that the court and parties have invested

sufficient time in the parallel proceeding to favor denial.” *Id.*, 10. Here, “[t]he District Court’s invalidity determination is a substantive order related to the ’[768] patent,” so the Board should “determine this factor weighs in favor of denying institution.” *AviaGames*, Paper 12, 13; *accord Snap-00392*, 12 (“The parties’ and district court’s investment in the district court case was sufficient to already reach a final adjudication.”); *BMW-01031*, 17 (“given that the District Court held the claims invalid under section 101, we find the District Courts’ investment to be substantial.”).

E. *Fintiv* Factor 4: The Judgment Applies To All Claims-At-Issue.

Factor 4 turns on, *inter alia*, “whether all or some of the claims challenged in the petition are also at issue in district court.” *Fintiv* (precedential), 12-13. Here, every claim challenged in the Petition is “also at issue in district court.” *Id.* Under *Fintiv*, this overlap weighs against institution. *See, e.g., AviaGames*, Paper 12, 14 (“in view of the circumstances presented here—the challenged patent has already been found to be invalid by another tribunal—...if weighed, we determine this factor favors discretionarily denying institution”); *BMW-1031*, 17 (same); *Vector Flow, Inc. v. HID Global Corp.*, IPR2023-00353, Paper 8, 22 (July 17, 2023)).

F. *Fintiv* Factor 5: Petitioner Was The Defendant In District Court.

“Because the petitioner and the defendant in the parallel proceeding are the same party, this factor weighs in favor of discretionary denial.” *Fintiv II* (informative), 15. See *AviaGames*, Paper 12, 14; *Snap-00392*, 12; *BMW-1031*, 18.

G. *Fintiv* Factor 6: Other Circumstances, Including The Petition’s Lack Of Compelling Merits, Further Support Denial.

This factor looks at “other circumstances that impact the Board’s exercise of discretion, including the merits.” *Fintiv* (precedential), 6. Here, the Petition’s merits are less than sufficiently “compelling” to compel institution, which is not surprising, given that this patent, and its parent, were examined for two decades, with over seven rejections and a Board appeal reversing obviousness rejections. *Supra* Section III; *infra* Section V.

“[T]he compelling merits standard is a higher standard than the standard for institution set by statute,” and it requires that it be “highly likely that the petitioner would prevail.” *AviaGames*, Paper 14, 4-5. Here, the Board should find that “the record does not rise to this high standard.” *Id.*, 5.

* * *

All of the claims-at-issue have already been found invalid under § 101 in a final judgment in the District Court case between the parties. Only a small percentage of appeals of invalidity judgments succeed, so any instituted IPR would

likely cause months or years of waste and inefficiency. Each of the *Fintiv* factors, and all of the factors collectively, weigh in favor of exercising discretion to deny institution, and the Petition fails to meet the high compelling merits standard. Under *NHK*, *Fintiv*, *AviaGames*, and like cases, the panel should exercise its discretion to deny institution.

V. The Petition Should Be Denied Because Wu And Doherty Are Not Shown To Change Any Advertisement Insertion Point as Claimed.

Put in summary fashion, every independent claim requires modifying an advertising insertion point (or position). '403 independent claims 1[d]-[f]/17[d]-[f] (“controlling one or more insertion points of [the] digital advertising content . . . updating a current play position in the content stream to a new play position in the content stream, . . . adaptively modify[ing] a presentation position of the digital advertising content from at least one of the one or more initially sequenced insertion points to one or more alternatively sequenced insertion points . . . , at least one of the one or more alternatively sequenced insertion points being different than the one or more initially sequenced insertion points”), independent claims 21[f]/22[f] (“controlling one or more insertion points of the digital advertising content . . . adaptively re-sequencing the content stream into a modified content stream . . . comprising updating a current play position to a new play

position . . . , the modified content stream comprising an alternate insertion position of the advertising block”); *see* Ex. 1002 [’403-Prosecution-History], e.g., 896 (PTAB decision, p. 41, citing *id.*, 687-688 (Board Appeal Br., p. 22-23)). Petitioner discusses all four independent claims simultaneously. 00081 Pet., 9–53.

Neither of the cited references, alone or in proposed combination, is shown to disclose modifying an ad insertion point to an alternate insertion point different from the initial insertion point as the claims require.

Petitioner relies on Wu for playing additional ads if a user skips or fast forwards a prerecorded ad. Playing additional ads does not change the position of an ad insertion point in the timeline. Petitioner relies on Doherty for creating a schedule, and asserts that Wu’s fast forwarding can be combined with Doherty so that fast forwarding causes Doherty to perform additional scheduling. Doherty clears and invalidates the old schedule when creating a new schedule, however, so creating a new schedule does not change any element in the cleared (obliterated) old schedule—let alone change an ad insertion point in the cleared schedule. For those and other reasons explained below, Wu and Doherty, alone or in combination, do not show modifying an ad insertion point to an alternate insertion point different from the initial insertion point.

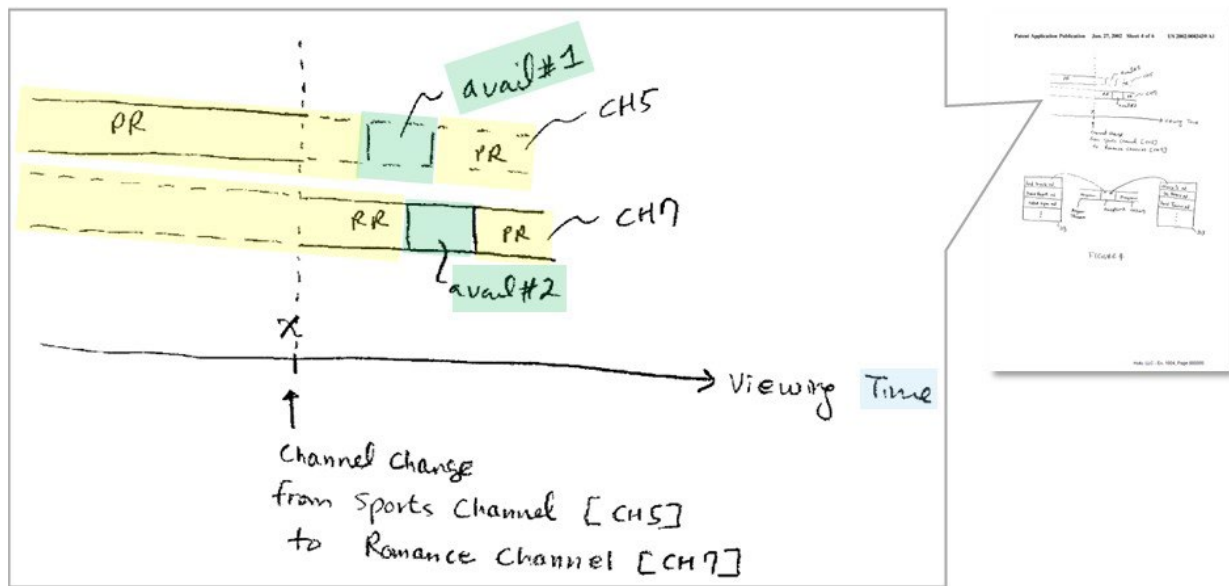
A. Modifying An Ad Insertion Point To An Alternate Ad Insertion Point Different From The Initial Insertion Point Requires Moving The Point In The Timeline

An advertisement insertion point is distinct from an ad file like those of Wu. An ad insertion point represents a designated location within a content timeline where an ad file can be inserted. The presence of an ad insertion point is independent of any specific ad file, because one or more of multiple ad files could potentially be inserted at that point. Conversely, an ad file is not equivalent to an ad insertion point. An ad file can be played at any one or more ad insertion points, and is not inherently tied to any particular point. Therefore, moving an ad file to a different ad insertion position does not equate to or disclose modifying an ad insertion point as claimed.

An advertising “insertion point” is just what it says: a point or position. More specifically, for example, a point on a timeline of content that designates where an ad can be inserted, such as 5 minutes after the start of a TV show. Ex. 1001 [’403 Patent] 32:62-64 (“The main purpose of segments in a media track or title is to indicate appropriate **points** for **commercial interruptions**.”) (emphasis added)

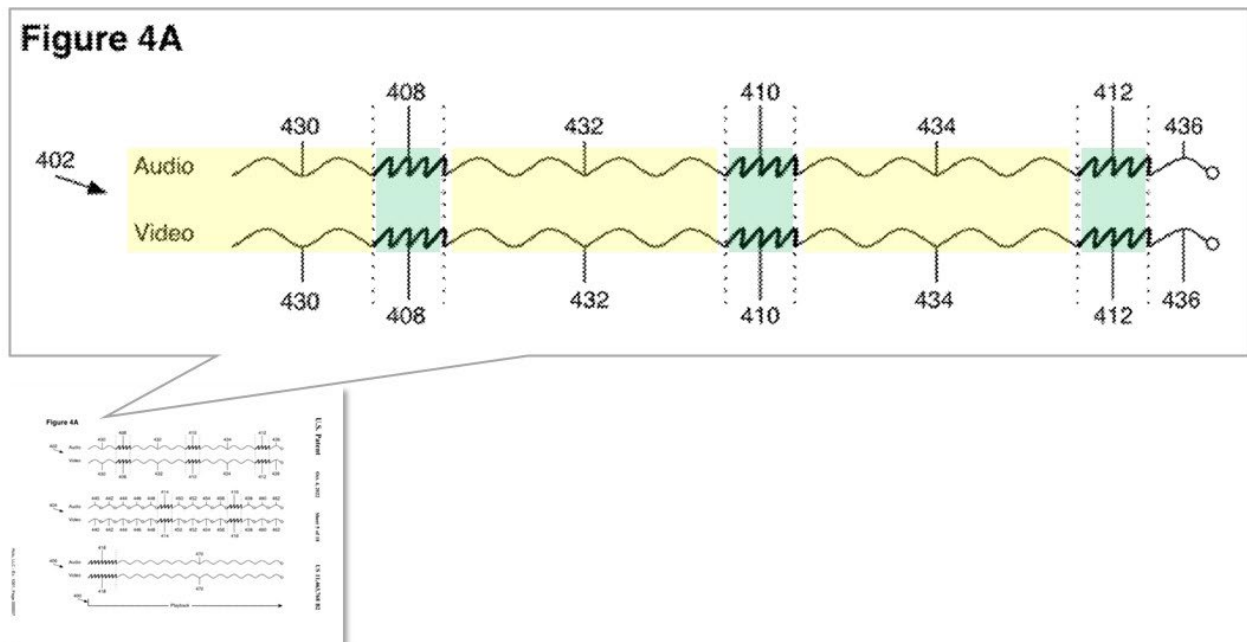
Notably, Petitioner itself explains this concept in the course of its effort to equate Eldering-I’s disclosure with the claimed invention in the parallel 00082 Petition, referring to an ad insertion point as a position (or, point) in the digital

media content that is appropriate for inserting an advertisement. The 00082 Petition argues: “**Avails** are intervals for inserting advertisements that **each corresponds to a position** or location within media content.” 00082 Pet., 19 (emphasis added). As Eldering-I visually shows in its Figure 4, an ad avail such as “avail #1” (on channel 5) or “avail #2” (on channel 7) is a position in a timeline of content, and Eldering-I’s avail denotes a position where ads can be inserted.



Ex. 1021 [Eldering-I] Fig. 4, 01253 Ex. 1004 [Eldering-I], Fig. 4.

The '403 patent, for its part, depicts advertisement insertion points in a timeline of audio and video playback:

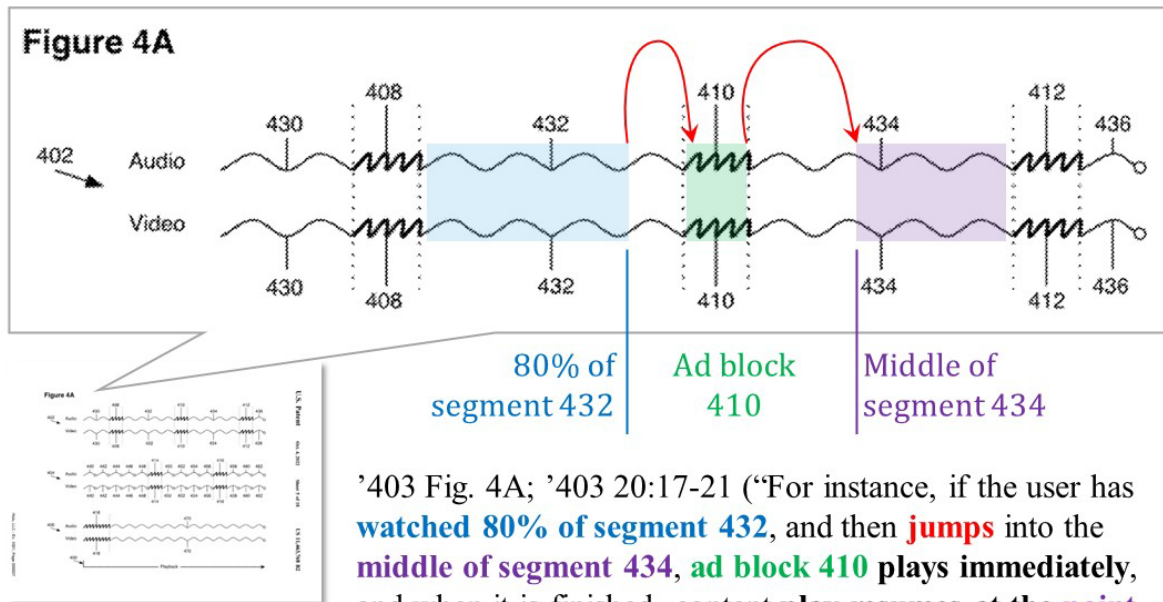


See Ex. 1001 [’403 Patent] Fig. 4A; 18:35-39 (“In FIG. 4A, the passage of **time over the course of playback** is represented as a horizontal **timeline 400**. There are shown three example sequences of audio or video media playback 402, 404, and 406, each of them conveying content interspersed with **advertisement blocks.**”) (emphasis added.)

Modifying an advertising insertion point as claimed means changing the location of that advertising insertion point on the timeline. This changing of a predetermined advertising insertion point’s position on the timeline is a novel improvement in the ’403 Patent that allows users to customize their presentations. For example, two users can have ad insertion points at a completely different position in a content’s timeline, based on each individual user’s interactions with the same content. Ex. 1001 [’403 Patent] 19:5-13 (“Applied to video and audio,

this advertising methodology is a **new use** of the advertising style familiar to audiences through ordinary television and radio broadcasts. However, in the present **invention**, these **advertisements** are sequenced together and **inserted** into the content stream extemporaneously (i.e. “**on the fly**”) by software running independently on each consumer's device, in **response** to the **consumer's particular media requests and interactions** with the specific content session running on each device.”) (emphases added).

Among its other differences from art such as the Eldering art, the '403 patent's novel invention moves ad insertion points in response to a user jumping around in the content.



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The Appellant contends that “the claim feature at issue in this rejection is well-supported at least by ¶0149-¶0150, and also at ¶0154-¶0156, referring to FIG. 4A.” Appeal Br. 19 (citing Spec. 28, 1. 27–29, 1. 4, 28, 1. 23–29, 1. 16). Specifically, the Appellant contends that

In the scenario described in ¶0150, ad block 410 is played at a point immediately preceding “the middle of segment 434,” which is an “alternate insertion point” that is clearly “different than the one or more initially sequenced insertion points relative to the digital media content within the user-perceptible content stream,” which would, in this example, be those insertion points originally scheduled to occur between the segments.

Id. The Appellant also contends that the Specification provides additional

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regular intervals within the sequenced media content ... the advancement sequencing that may occur in combination over a playback sequence of sequenced audio or video media content.” The Specification does not disclose at least one of the alternately sequenced insertion points being different than the initially sequenced insertion points relative to the content. *Id.*

Specifically, the Examiner finds that “the location point of the ads occurs in the same sequence, i.e. next to the media segment” and that “if/when a user skips from one segment to another, the ad location remains the same, which is other a pre-defined number of media segments.” *Id.* at 1.

The Appellant contends that “the claim feature at issue in this rejection is well supported at least by ¶0149-¶0150, and also at ¶0154-¶0156, referring to FIG. 4A.” Appeal Br. 19 (citing Spec. 28, 1. 27–29, 1. 4, 28, 1. 23–29, 1. 16). Specifically, the Appellant contends that

In the scenario described in ¶0150, ad block 410 is played at a point immediately preceding “the middle of segment 434,” which is an “alternate insertion point” that is clearly “different than the one or more initially sequenced insertion points relative to the digital media content within the user-perceptible content stream,” which would, in this example, be those insertion points originally scheduled to occur between the segments.

Id. The Appellant also contends that the Specification provides additional support to that.

¶¶ 410 and 411 are initially sequenced after tracks 402 and 404, respectively, but in response to user “skipping, pausing or other navigation,” ad block insertion would be at different positions relative to the tracks to comply with pre-defined placement rules (which in this example are track count rules).

Id. at 20. The Appellant argues that

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after the played track 458. *See* Reply Br. 5–6. And, we agree with the Appellant that the cited portions of the Specification adequately support the claim language “because the noted portions of the [Specification] particularly disclose that an ad block’s presentation position in sequences 402 and 404, for example, may be modified to a new point in the sequence, depending on user input (i.e., user interaction).” *Id.* at 8.

Therefore, based on the record before us, we do not sustain the written description rejection of claims 212, 214–223, and 225–273.

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after the played track 458. *See* Reply Br. 5–6. And, we agree with the Appellant that the cited portions of the Specification adequately support the claim language “because the noted portions of the [Specification] particularly disclose that an ad block’s presentation position in sequences 402 and 404, for example, may be modified to a new point in the sequence, depending on user input (i.e., user interaction).” *Id.* at 8.

Therefore, based on the record before us, we do not sustain the written description rejection of claims 212, 214–223, and 225–273.

35 U.S.C. § 101 – Objections

The Appellant contends that the Examiner’s objection to independent claims 212, 214, 215, 216, 218, and 271 is in error because “Knapper does not describe or suggest ‘at least one of the one or more alternately sequenced insertion points being different than the one or more initially sequenced insertion points relative to the digital media content of independent Claim 212 or the corresponding features of Claims 214, 215, 216, 218, and 271.’” Appeal Br. 21 (holding *contra*). After careful review of the record before us, we agree.

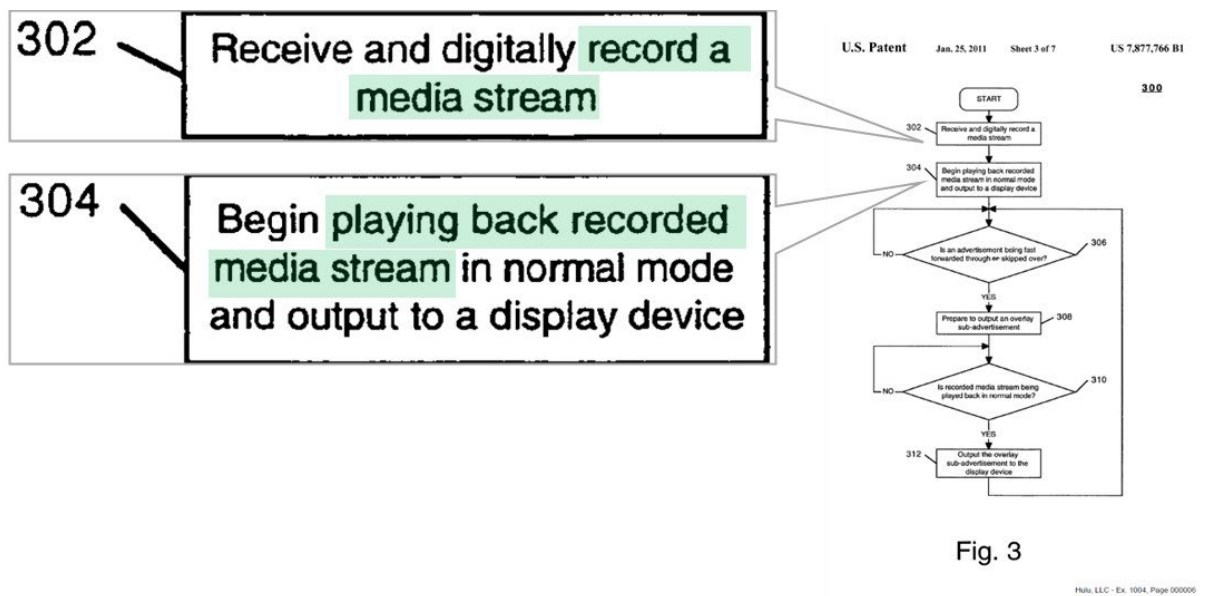
The Examiner relies on Knapper for teaching this limitation finding, in relevant part, that Knapper teaches “receiving, a user input representing one or more navigational choices associated with a presentation of the content stream (play forwarding, skipping, modifying (re-sequencing), [and] using a pre-defined rules presentation position of an advertisement from initial sequenced position to alternative sequenced insertion point(s).” Final Act. 7 (citing Knapper ¶¶ 34–42, 55). The Examiner further finds

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Ex. 1002 [’403-Prosecution-History] 760-761 (2020 Appeal Decision, pp. 34-35).
See also Ex. 1001 [’403 patent] Fig. 4A; 20:17-21; 20:25-30 (“Logic in the player/viewer ... **selects** the most appropriate of the predefined **blocks to insert** at that **point**.”), 15:6-10 (“The intersplicer also has the ability to adaptively re-group 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.”) (emphasis added).

B. Wu Plays Immutable, Pre-Recorded Ads and Never Alters Original Ad Insertion Points.

Wu, the lead reference of the 00081 Petition, plays pre-recorded television advertisements that cannot be changed. The recorded content, including the ads within it, are fixed and immutable, just like a DVR or VCR tape recording. “In this manner, the user is able to view on display device 112 the digitally **recorded television programming and advertisements** of media stream 204.” Ex. 1004 [Wu] 6:56-58 (emphasis added). As Wu’s Figure 3 emphasizes, the content is recorded, then the recorded content is played back:



Ex.1004 [Wu] Figure 3 (annotated).

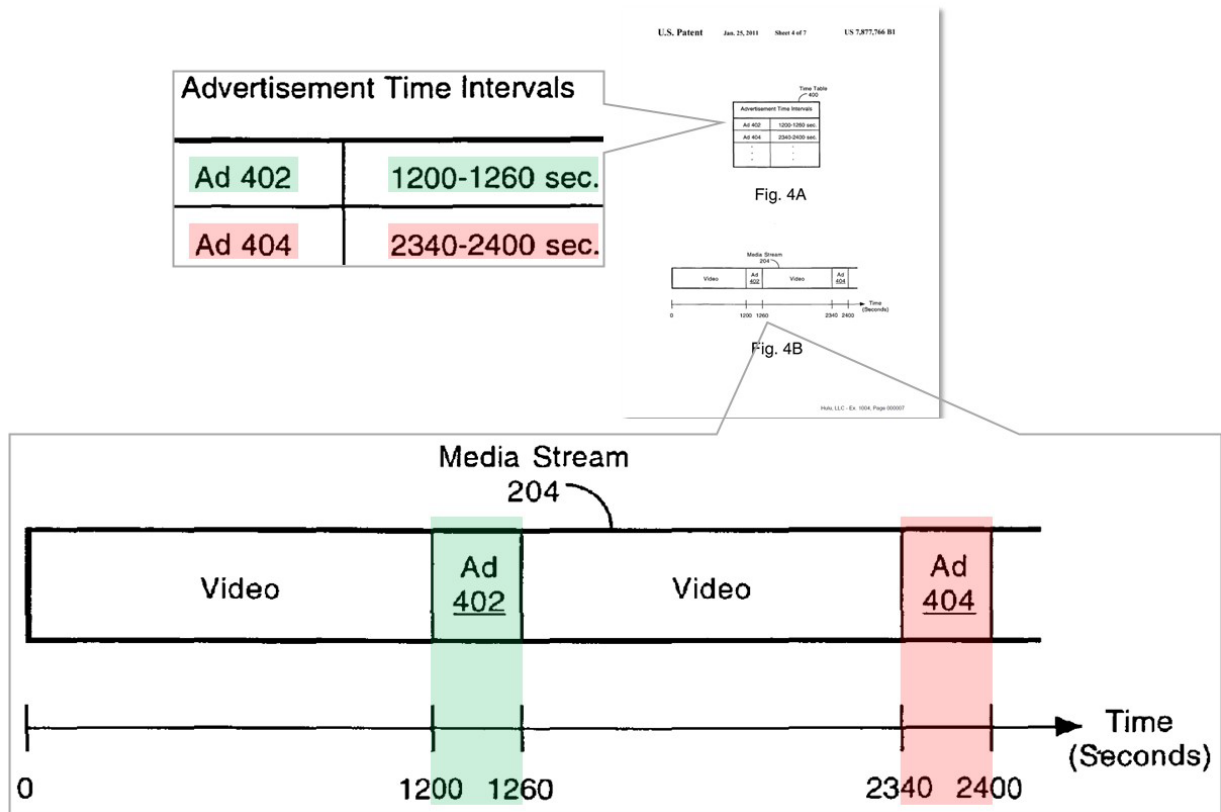
Wu does not teach or suggest changing or replacing ad insertion points. Instead, Wu merely detects whether any original, unchanged advertisement in the recorded content is being fast forwarded or skipped over. Wu detects—but never

alters—the recorded ad insertion points. As Wu explains: “In step 306, the present embodiment **determines whether an advertisement of recorded media stream 204 is being fast forwarded through** or skipped over during normal play back mode.” Ex. 1004 [Wu] 6:59-63 (emphasis added). The fact that Wu detects the recorded ads and whether the user is speeding through those pre-existing recorded ads does not suggest that the original ad insertion point is altered: rather, it only confirms that the original ad insertion point remains unaltered. Put another way, the predetermined ad insertion points are triggered as planned in the presentation timeline, and the only question is whether the playback of that original ad was normal or fast.

Wu tracks the original, predetermined ad insertion points, but merely to detect whether the user is speeding through them—not to alter those ad insertion points. Wu’s Fig. 4A and 4B, for example, show that the original, pre-recorded ad 402 is always fixed in the ad insertion point that lasts for 60 seconds, in the span from 1200-1260 seconds. Pre-recorded ad 404 is always fixed in the 60 second span from 2340-2400 seconds. Those ad insertion points are pre-recorded and never change from 1200-1260 or 2340-2400 seconds. “For instance, FIG. 4A illustrates one embodiment of a time table 400 in accordance with the present invention which may be created and utilized by software 208 to **determine** at step 306 **whether an advertisement of recorded media stream 204 is being fast**

forwarded through or skipped over during normal play back mode.” Ex. 1004

[Wu] 7:23-28 (emphasis added).



Ex. 1004 [Wu] Figs. 4A, 4B (annotated). “Specifically, time table 400 of FIG. 4A corresponds to FIG. 4B, which illustrates an incrementing time reference digitally recorded in conjunction with media stream 204 (which is one embodiment of step 302 in accordance with the present invention). As such, the specific time intervals of the advertisements (e.g., 402 and 404) are stored within time table 400 thereby enabling software 208 to **detect when an advertisement of recorded media stream 204 is being fast forwarded** through or skipped over during normal play back mode.” *Id.*, 7:28-37.

If the original ads are not played at normal speed play mode, Wu can present additional ads using overlay sub-advertisement stream 206. Ex. 1004 [Wu] 7:44-62. Even in that situation, however, Wu does not and cannot change the pre-recorded ads that are fixed in the predetermined ad insertion positions. “The **general idea** of the present embodiment is that when a user of electronic digital recording/play back system 100 causes it to fast forward through or skip over a **recorded television advertisement** of media stream 204, an **overlay sub-advertisement stream** 206 corresponding to the skipped advertisement is displayed on a portion of the screen of display device 112 once the user resumes watching the recorded television show in normal play back mode.” Ex. 1004 [Wu] 5:43-50 (emphasis added)

The Petition appears to allege that Wu plays the original, unmodified ads, even when fast forwarding through those original ads. 00081 Pet., 28 (“**Skipping over content updates the play position from a position preceding the skipped over portion to a position subsequent to the skipped over portion.**”) (emphasis added). Further, the Petition does not assert that Wu alters or changes those original ad insertion points. 01252 Pet., 27-391. Instead, the Petition asserts that Wu discloses, after the user resumes normal play back mode, playing a substitute ad from the completely distinct sub-advertisement stream 206, by pausing the

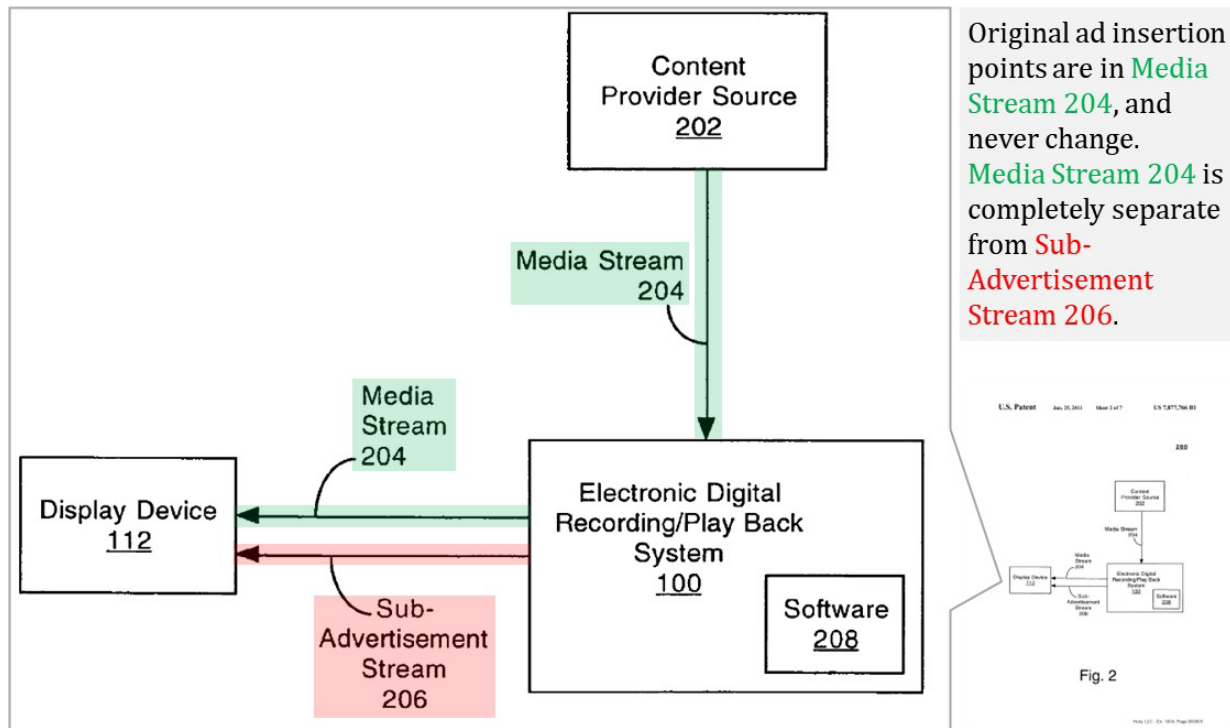
original content from media stream 204 and resuming play of the original media stream 204 after the sub-advertisement has been played:

Wu teaches displaying a “sub-advertisement” in response to a user input skipping over or fast forwarding through an advertisement. Ex-1004, 2:24-35, 5:40-55 (“[W]hen a user of electronic digital recording/play back system 100 causes it to fast forward through or skip over a recorded television advertisement of media stream 204, an overlay sub-advertisement stream 206 corresponding to the skipped advertisement is displayed ...”), Fig. 2. The sub-advertisement can be inserted by pausing the digital media stream. Ex-1004, 8:36-45 (“For example, the output of the recorded media stream 204 to display device 112 may be stopped or paused while the present embodiment outputs sub-advertisement stream 206 as a full screen display to display device 112.”); Ex-1003, ¶76.

00081 Pet., 29 (alteration marks in original).

Significantly, Wu’s pausing and displaying the sub-advertisement occurs only after the original, unmodified ad insertion point has already been reached. If the user reaches the unmodified original ads but plays them quickly, *see* 00081 Pet., 29, Wu may show more ads in addition to the original ads. The original ads, however, are not modified. Petitioner does not assert that Wu alters the pre-recorded ads. 00081 Pet., 27-30. The Petition merely points to playing additional ads using “sub-advertisement stream 206,” which is distinct from pre-recorded media stream 204. 00081 Pet., 29. Playing content from stream 206 does nothing

to alter the original ad insertion points, which remain untouched in pre-recorded media stream 204.



Ex. 1004 [Wu] Fig. 2 (annotated).

Thus, Wu does not modify ad insertion points. It plays, but does not modify, pre-recorded ads, and can present additional ads—but presenting more ads does not modify any predetermined ad insertion point as claimed.

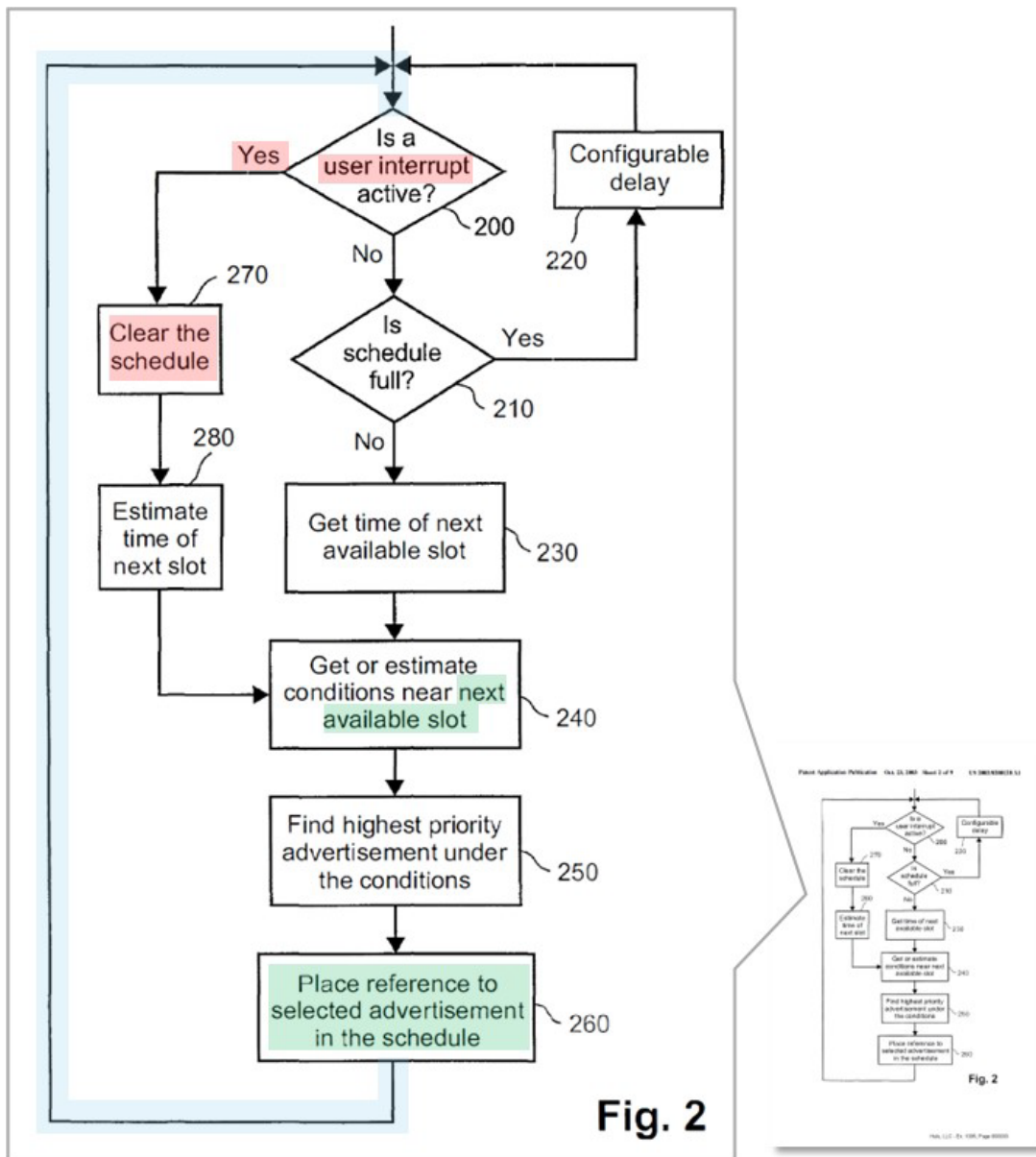
C. Doherty Obliterates—but Never Modifies—Scheduled Ad Insertion Points

Doherty is the secondary obviousness reference cited in the 00081 Petition. Doherty does not change ad insertion points or any other scheduled items in a previously-created schedule. Doherty simply schedules items sequentially. Once

Doherty schedules an item, it never changes that item or the timeslot for that item.

Doherty teaches “clear[ing]” and “invalidating”—obliterating—the entire schedule because the schedule is invalidated (e.g., when a user interacts with the system), then starting the scheduling process again from scratch. In that situation as well, Doherty starts over completely fresh, building the schedule without referring to the previously constructed (and now junked) schedule in any manner, and never changes a scheduled item or time slot in that previously existing schedule.

As Figure 2 illustrates, Doherty repeats a cycle (see arrow on left from bottom to top of figure, highlighted in blue) where it periodically addresses the “next available slot” and places a “selected advertisement in the schedule.”

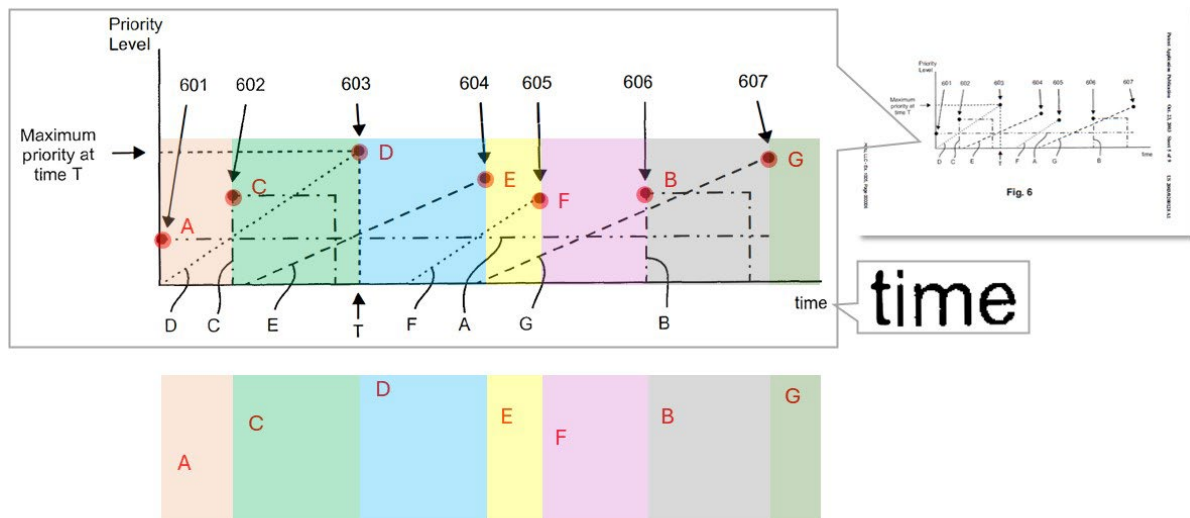


Ex. 1005 [Doherty] Fig. 2 (annotated). Doherty identifies the next available time slot, then chooses an item for that time slot. Doherty does not change any time slot, because it simply uses the end time of the previously scheduled slot. Ex. 1005 [Doherty] ¶ 38 (“Step 230 gets the **next available time slot**, which **starts after the last scheduled advertisement.**”) (emphasis added).

Doherty also does not modify previous time slots. Instead, when there is a user interrupt, Doherty “clear[s] the schedule,” thereby obliterating all previously scheduled data, and only then gets the “next available slot” for the first item in an entirely new, empty schedule. Said another way, Doherty clears all existing time slots, rather than modifying any existing scheduled time slot, because—as Doherty expressly states—the user interaction “invalidates” the previous schedule. “The **schedule 120 is cleared** by step 270 **because** the time that the **user interacts** with the apparatus **invalidates the existing schedule 120.**” Ex 1005 [Doherty] ¶ 39. Thus, Doherty never modifies any predetermined ad insertion point. Rather, it always invalidates and clears all schedule data at a stroke, and builds a new schedule without reference to any of the data in the old schedule.

Doherty’s Figure 6, annotated below, illustrates how Doherty schedules items sequentially in time. The x axis shows time moving from left to right. When Doherty builds a schedule, Doherty first schedules item A (more precisely, an item associated with priority profile A) to play starting at time 601. Next, Doherty schedules item C to play starting at time 602. Doherty does not set time 602, but rather, accepts without change whatever happens to be the end time of item A. Ex. 1005 [Doherty] ¶ 52 (“... the **next available time**, which is **available after the completion of the advertisement A.**”) The y axis shows the priority of an item. Significantly, Doherty’s use of priority does not allow editing time slots that have

already been assigned. Item C has a higher priority than item A, so is depicted higher on the y axis. Nevertheless, item C is scheduled to play after item A, and item A is not rescheduled to play at a different time nor otherwise modified, despite the fact that item A is lower priority. Because item A has already been scheduled at the time slot that starts at time 601, item A remains at that time slot, and nothing else takes that slot. In fact, in Figure 6, every item that is scheduled after A has a higher priority than A, yet item A and the timeslot starting at 601 is never changed.



Ex. 1005 [Doherty] Fig. 6 (annotated, including by tracing the lines from the letters below the x axis to the relevant time slots in order to label each time slot with the relevant letter A-G that is assigned to that time slot).

As Doherty further explains, this aspect of its disclosure works as follows:

FIG. 6 shows an example of the scheduling of items of information and their associated priorities. ... The scheduling process at the **next available time slot** determines the maximum priority amongst all the seven priority profiles. Initially, the maximum priority is that of profile A. Consequently, the **advertisement** associated with profile A is **scheduled to play at 601**. The scheduling process will then schedule the next advertisement for the **next available time**, which is **available after the completion** of the **advertisement A**. In this particular example, the scheduling process determines for the **next available time (602)** that the maximum priority is that of **profile C**. Consequently, the advertisement associated with profile C is **scheduled to play at 602**. Similarly, the scheduling process schedules the advertisements associated with **D, E, F, B, and G** to play at **times 603, 604, 605, 606 and 607** respectively.

Ex. 1005 [Doherty] ¶ 52 (emphasis added). Petitioner does not point to anything in Doherty that modifies an ad insertion point, as every independent claim requires.

Despite the above, Petitioner turns to Doherty's process for invalidating and clearing the previous schedule, and asserts incorrectly that clearing the schedule and restarting the scheduling process "changes" ad insertion points as claimed, because by this clearing process an advertisement can be "moved." 00081 Pet., 31 ("Doherty's rescheduling modifies the presentation position of the advertisements **by changing the advertisement insertion points.**") Petitioner's assertion that a prescheduled ad can be "moved" or that clearing the old schedule

and building a completely new schedule somehow changes any ad insertion point in the previous, now-“invalidated” and cleared schedule is unsupported. Doherty never moves anything that was previously scheduled, even if later items have higher priority—as Figure 6, annotated above, demonstrates. Doherty does not move nor otherwise change any particular item in a schedule. Even when Doherty clears the existing schedule, it does not change any particular item in the old, now-cleared schedule. Instead, the entire schedule is invalidated, and an entirely new scheduling process starts. Ex. 1005 [Doherty] Fig. 2; ¶ 39 (“The **schedule** 120 is **cleared** by step 270 **because** the time that the **user interacts** with the apparatus **invalidates the existing schedule** 120.”)

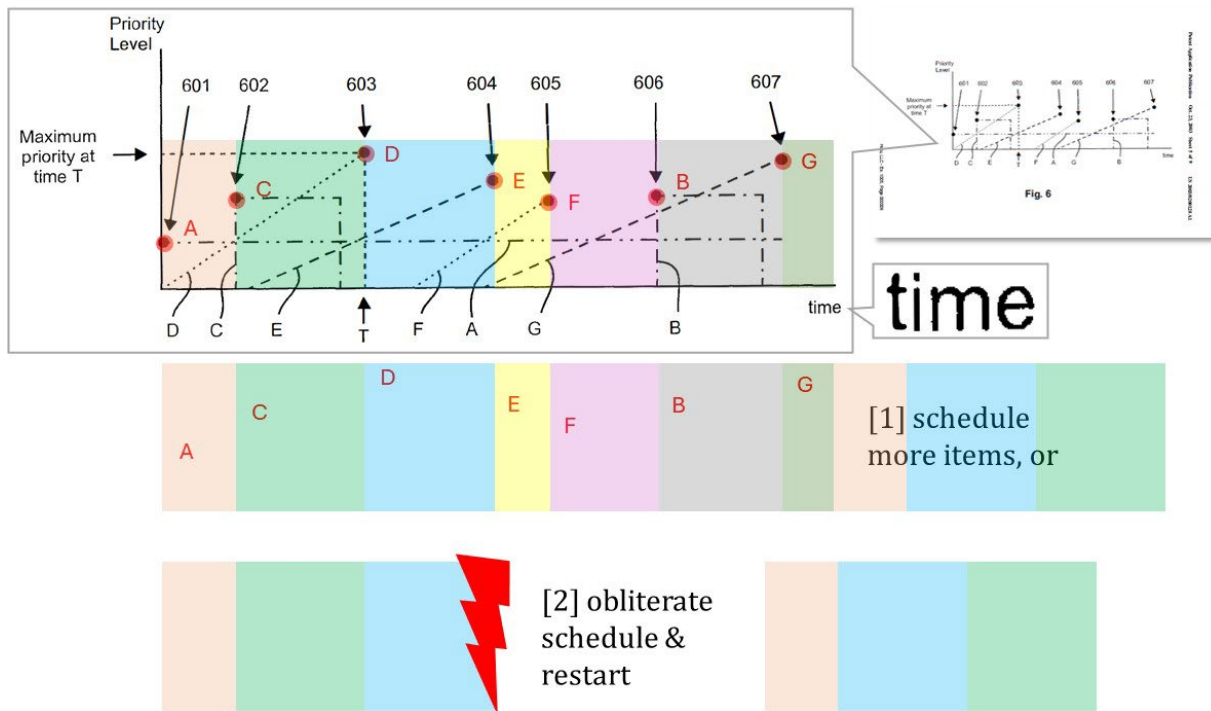
Petitioner asserts incorrectly that a schedule could be “replaced with an updated schedule.” 00081 Pet., 31. Petitioner cites nothing in Doherty teaching any such “updated schedule.” On the contrary, there is no disclosure or suggestion in Doherty that the new schedule is based in any way on the previous, invalidated schedule. Petitioner cites only its 00081 technical declaration, Ex. 1003, at ¶ 80, which in turn does not cite anything—in Doherty or elsewhere—supporting this assertion. *See* 00081 Pet., 31. The reason Petitioner and its technical declarant cite nothing is because Doherty does not teach any such concept. Doherty does not “update” schedules: as discussed above, it only clears them as invalid and builds a new schedule from scratch.

Petitioner posits hypotheticals that do not show modifying an ad insertion point as claimed. Instead, Petitioner merely supposes that [1] certain items could be scheduled once, then [2] later, after Doherty clears the schedule as invalid and starts over, the same items could, by coincidence, be scheduled a second time, in a sequence that is similar to that of the cleared schedule, but with a different time slot. 00081 Pet., 29-33. But even if Doherty did just happen, by chance, to create a schedule that looks similar to the previous invalidated and cleared schedule, that would merely be by coincidence—not by changing any previously-scheduled item or time slot. If chance sometimes “happen[s] to result in” the prior art meeting the requirements of the claim, that happenstance cannot be found to teach the claim limitations. *In re Facebook, Inc.*, 713 Fed. Appx. 998, 1002-1003 (Fed. Cir. 2018) (determining that prior art did not teach limitation “requiring [claimed] image elements to be contiguous” because, even if chance sometimes “happened to result in contiguity” in the prior art reference, “[n]othing about [the prior art’s] algorithm required contiguity. . . . [T]hat cannot represent a general rule that would demand

contiguity for all images, as required by the claims here.”).³ Doherty can schedule items in one of two ways: [1] schedule more items after the items that have already been scheduled, or [2] clear the schedule as invalid, and start scheduling again.

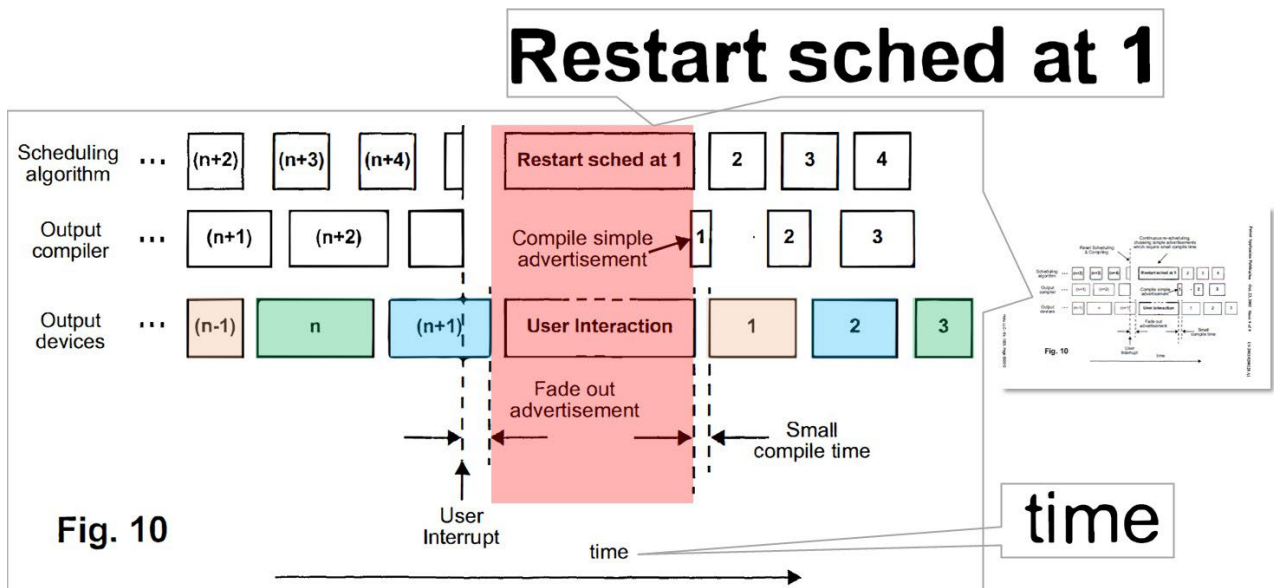
The following annotated version of Doherty’s Figure 6 illustrates these two options:

³ See also, e.g., *Bettcher Indus. v. Bunzl USA, Inc.*, 661 F.3d 629, 640 (Fed. Cir. 2011) (“The speculative notion that by happenstance the [reference] might, under hypothetical circumstances, be capable of operating [similar to the claim] is an insufficient basis to mandate overturning the jury’s verdict.”); *Wahpeton Canvas Co. v. Frontier, Inc.*, 870 F.2d 1546, 1550 (Fed. Cir. 1989) (finding prior apparatus could not invalidate claim to “operating [an apparatus] in a [particular] manner” “in the absence of proof that it was ever so operated in the prior art”) (citing *Eibel Process Co. v. Minn. & Ontario Paper Co.*, 261 U.S. 45, 66 (1923)).



Ex. 1005 [Doherty] Fig. 6 (annotated).

Doherty's Figure 10 depicts the second option shown above, that is, clearing the schedule and restarting the scheduling process.



Ex. 1005 [Doherty] Fig. 10 (annotated).

Restarting the scheduling process does not change any previously scheduled item or time slot. Instead, as Doherty's Figure 10 expressly states, the cleared schedule's items—depicted in Figure 10 as having arbitrary index numbers $n-1$, n , and $n+1$ —are cleared, and Doherty "Restart[s] sched[ule] at 1" to create a new schedule that starts over from scratch with index numbers 1, 2, and 3. Items $n-1$, n , and $n+1$ are not in the new schedule after the existing schedule is cleared and the scheduling process restarts. Thus, even Petitioner's hypotheticals (posited at 00081 Pet., 30-33 and discussed immediately above) do not demonstrate modifying any ad insertion point as claimed. Applying Petitioner's hypotheticals to Figure 10, even if a given news item had index $n-1$ in the old schedule, and is given index 1 in the new schedule, there is no editing of the time slot having index $n-1$. Similarly, even if an ad had index n in the old schedule, and is given index 3 in the new schedule, the time slot having index n is not edited. Instead, the scheduling process restarts with a completely new schedule that is created without regard to the cleared, invalidated old schedule. Any similarity to the schedule that was cleared is purely coincidental, because the new schedule is started from scratch, not by modifying any previously existing scheduled item or time slot. That "cannot represent a general rule that would demand" what the limitation

requires, so the limitation is not met. *See Facebook, Inc.*, 713 Fed. Appx. at 1002-1003.

Petitioner notes that Doherty's fluctuating priorities affect scheduling. 00081 Pet., 32-39-41. Even assuming for the sake of argument that is true, it is irrelevant. The changing priority only affects time slots that are open and have nothing scheduled in them. Ex. 1005 [Doherty] ¶¶ 37-38, 52. Priority never leads to changing an existing time slot. *Id.* The previously scheduled items are never changed in Doherty, which is why in Doherty's Figure 6, for example, the lowest-priority item A is never changed even though every subsequently scheduled item has a higher priority (as discussed above). Even if priority could change the ad content, that would not disclose modifying an ad insertion point as claimed because, just as the Board explained in its 2020 Appeal Decision during prosecution reversing the then-pending obviousness rejection, changing the content of an ad insertion point does not change the position of that point:

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changes within the playlist.” Ans. 5. Rather, we agree with the Appellant that “[e]ven assuming, *arguendo*, that a user could navigate between Knepper pages and that would somehow change the order at which specific advertisement content is presented, the advertising insertion points as described in Knepper would still be at the exact same positions,” whereas the claims require adaptively modifying or re-sequencing with an alternate insertion point different from the initial insertion point. Appeal Br. 22–23.

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We further agree with the Appellant that Knepper does not teach adaptively modifying or re-sequencing the presentation position in response to user input, because Knepper’s server determines the order of the media, sends that order to the client-side device, and even if the user skips pages, the order as provided by the instructions set, remains the same. *See id.* at 23–24. Although Knepper provides that the instruction set can be modified to insert random ads and create a play list (see Knepper § 57, Fig. 3 (block 294)), we do not see, and the Examiner does not explain, where Knepper teaches that the order of the presentation, as contained in the instruction set, changes in response to user input.

Thus, based on the record before us, we do not sustain the obviousness rejection of claims independent claims 212, 218, 243, 247, 248, and 271. We also do not sustain the rejection of dependent claims 213, 223, 225, 232, 234, 237, 239, 242, 244, 245, 251, 255, 257, 266, 268, 276, 272, and 273 under the same ground of rejection. The rejections of dependent claims 223, 226, and 256 as *obvious over Official Notice or OR* are also not sustained, as they fail to include additional findings and/or reasoning that cures the deficiency in the rejections of the independent claims, from which they depend.

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Ex. 1002 ['403-Prosecution-History] 896 (PTAB decision, p. 41, citing *id.*, 748-749 (Board Appeal Br., p. 22-23)); see section II *supra*.

Thus, Doherty does not modify ad insertion points. Once Doherty schedules an item, it does not change that item. Doherty can clear the entire schedule as invalidated, and start scheduling again from scratch, but doing so does not use any of the items from the invalidated schedule.

For these reasons, the Wu and Doherty grounds fail to show that the prior art teaches or renders obvious the challenged claims.

VI. Conclusion

Petitioner fails to demonstrate a reasonable likelihood of success as to any of the challenged claims. In the literally decades of prosecution, including closely related claims, substantially the same art or arguments previously were presented to the Office. And all the claims-at-issue have been declared invalid in a District Court final judgment between the parties. For all of the above reasons, the Petition should be denied.

Respectfully submitted,

/ David Alberti /

David Alberti (Reg. No. 43,465)
KRAMER ALBERTI LIM & TONKOVICH LLP
Kenneth J. Weatherwax (Reg. No. 54,528)
LOWENSTEIN & WEATHERWAX LLP

Date: February 25, 2025

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITS

This Patent Owner Preliminary Response (the “POPR”) consists of 10,465 words, excluding table of contents, table of authorities, certificate of service, this certificate, or table of exhibits. The POPR complies with the type-volume limitation of 14,000 words as mandated in 37 C.F.R. § 42.24. In preparing this certificate, counsel has relied on the word count of the word-processing system used to prepare the paper (Microsoft Word).

Respectfully submitted,

/ Abigael Neufeld /

Date: February 25, 2025

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the following documents were served
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EXHIBITS 2003-2014

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Harper Batts	HBatts@sheppardmullin.com
Chris Ponder	CPonder@sheppardmullin.com
Jeffrey Liang	JLiang@sheppardmullin.com
Fangzhou Qiu	FQiu@sheppardmullin.com
	LegalTM-Piranha-CDCA@sheppardmullin.com

Respectfully submitted,

/ Abigael Neufeld/

Date: February 25, 2025