UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HULU, LLC,
Petitioner,

v.

PIRANHA MEDIA DISTRIBUTION, LLC,
Patent Owner.

Case IPR2025-00082
Patent 10,986,403

PATENT OWNER'S PRELIMINARY SUR-REPLY

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STATUTES

35 U.S.C. § 325(d).....1, 2

EXHIBIT LIST	
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	*Reserved*
2003	US Patent Publication No. 2002/0144262 [Eldering-'262]
2004	US Patent No. 6,615,039 [Eldering-'039]
2005	*AviaGames, Inc. v. Skillz Platform Inc.*, IPR2022-00530, Paper 12 (Aug. 9, 2022)
2006	*AviaGames, Inc. v. Skillz Platform Inc.*, IPR2022-00530, Paper 14 (Dir. Rvw. Mar. 2, 2023)
2007	*AviaGames, Inc. v. Skillz Platform Inc.*, 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	*Piranha Media Distribution, LLC v. Hulu, LLC*, 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	*Piranha Media Distribution LLC v. Hulu, LLC,* 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 Prcdgs. With Parallel Dist. Ct. Litig. (June 21, 2022) [Interim Denial Memo]

2013	*Netflix, Inc. v. DivX, LLC*, 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)
2015	USPTO, *Notice Rescinding Memorandum Entitled "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation"* (Act. Dir. Stewart, Feb. 28, 2025) [Notice]
2016	USPTO, *Memorandum – Guidance On USPTO's Recission of "Interim Procedure for Discretionary Denials In AIA Post-Grant Proceedings With Parallel District Court Litigation"* (Chief APJ Boalick, Mar. 24, 2025) [Boalick Memo]
2017	USPTO, *Memorandum – Interim Processes For PTAB Workload Management* (Act. Dir. Stewart, Mar. 26, 2025) [Birfucation Memo]

Petitioner's 81/82 Replies recycle the same or similar arguments as those in its Replies in the related 1252/3 IPRs. The decisions instituting those IPRs are currently pending requests for Director Review. But the Replies also assert incorrectly that the "compelling merits" standard is still critical to *Fintiv*'s inquiry. The Replies, though authorized specifically to brief discretionary denial, fail to acknowledge, let alone brief, the Office's far-reaching, and countervailing, recent changes to *Fintiv* procedures and policy. These major changes strongly support a change of approach to *Fintiv*'s inquiry by this Panel. Institution should be denied.

I. Petitioner's Belated Assertions Of Examiner Error Should Be Rejected.

Petitioner addressed §325(d) in the 81 and 82 Petitions, arguing denial under it is "unwarranted," but identified no Examiner errors, alleging only that the raised art was not of record. 81/82 Pet., 76/73-74. Now, for the first time, it alleges Examiner "error." Reply, 1. This is both untimely and meritless.

The Office already considered the same or substantially the same art, as the 81/82 POPRs (at 7-21/6-20) explain in detail—details that the Reply labors to gloss over and ignore. The Reply asserts (at 1) "none of the Petitions' art was cited during prosecution" and "the Office has not considered … the combination of Eldering-I and Eldering-II." To the contrary, it considered Eldering-'262, which includes Eldering-I ***and*** the Eldering-II's functionality as to modifying insertion points and expressly found it "[t]he closest prior art" to the child '768 claims, even

expressly discussing Eldering-II's "fast forward" functionality on which Petitioner relies. 81/82 POPRs, 7-12/6-11. Petitioner asserts (at 3) the patents' claims "are different," but treats them as the same on this issue, and fails to meet its burden to show anything differentiating them. 1253 Pet., 69-70; 82 Pet., 73-74.

Instead of confronting this past presentation and consideration, Petitioner argues (at 2-3) that Eldering wasn't considered "in any Office Actions," and was one of several documents incorporated in Eldering-'262, and so somehow was not "considered" under §325(d). Wrong. It ***was*** presented, and discussed, in the Notice of Allowability of the '768 claims, which Petitioner fails to distinguish from these claims. And as the Federal Circuit emphasizes, even if these teachings had been "never considered," the question under §325(d) is whether they "were *presented*" to the Office. *In re Vivint, Inc.*, 14 F.4th 1342, 1350 (Fed. Cir. 2021). They were.

Petitioner argues that the Petition doesn't rely on showing an alternative advertisement, but on Eldering-II's user input (*e.g.*, fast forward) functionality. Reply, 3. Not so. The Petition relies only on Eldering's fast forward functionality —which is only for media content, not advertising (*see* 82-Ex. 1005 cls. 73-77 & ¶¶ 58, 165-66 & 173)—to meet this aspect of the claims: it points to the alternative ad teaching only for motivation to combine, not for changing an ad insertion point. 82 Pet., 28. The Examiner considered ***more*** teachings than the Petition, not ***less***— expressly considering Eldering's "inserting alternative ads during a fast forward

command." 81/82 POPRs, 9-10/8-9 (quoting Notice of Allowability). Thus, the Examiner considered ***both*** the alternative ad ***and*** the fast forward functionality.

The Office also considered the same or substantially the same arguments re changing ad insertion points, as the POPRs (at 13-21/12-20) explain. In prosecution, the PTAB held that although prior art disclosed changing the ad content shown in an ad insertion point, it did not disclose ***changing*** a position of an ***existing*** insertion point ***relative to the media***. *Id.* The PTAB thus already rejected essentially the same argument as Petitioner's—directed to changing the ad content but not the position of the ad insertion point. *Id.* The Reply argues (at 2) that Wu and Doherty "materially differ from" this art that the PTAB already carefully distinguished from these limitations, but fails to show they are not substantially the same. Even if Wu "display[s] a sub-advertisement in response to a user input", Doherty "reschedul[es] advertisements and other items" from one existing insertion point to another, and Eldering-I/II "suggest rescheduling an ad to a different avail" as the Reply (at 2-3) argues, none of these actions ***changes the position*** of an existing insertion point as the PTAB held these limitations require.

II. *NHK/Fintiv* Overwhelmingly Supports Denial.

A. Factors 1-5: The Reply's Positions Contradict *AviaGames* At Every Turn.

Petitioner's and Patent Owner's 1252/3 briefing already fully debated whether *Fintiv* factors 1-5 favor denial. For those factors, Petitioner re-raises here

the exact same arguments as in those instituted cases, *verbatim*. There is therefore no need for Patent Owner to repeat itself for a third (and fourth) time. Petitioner's unchanged arguments as to Factors 1-5 are wrong in both cases, for the same unchanged reasons Patent Owner has already explained in the 1252/3 cases. The Board is fully aware of the parties' positions on Factors 1-5. *See also* 81/2 POPRs.

B. Factor 6: The "Compelling Merits" Test is Rescinded, And Also Not Met.

Petitioners' 81/82 Replies argue (at 6) that *Fintiv* "strongly weighs" against denial because its grounds have supposedly "compelling merits." Petitioner never mentions that the "compelling merits" test has been rescinded. It is also not met.

Petitioner fails to acknowledge, let alone brief, the fact that Office procedure and policy on *Fintiv* denial has changed greatly since discretionary denial was last briefed in these cases and the related 1252/3 cases. On February 28, 2025, the Acting Director "rescinded" the Office Memorandum that had established the *Fintiv* "compelling merits" standard. Ex. 2015, 1. What is more, the Acting Director declared, except for *Fintiv* itself and *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (Dec. 1, 2020), "to the extent any other PTAB or Director Review decisions rely on the Memorandum, the portions of those decisions relying on the Memorandum shall not be binding or persuasive." *Id.*

Ignoring and not even mentioning the Acting Director's Notice, Petitioner inexplicably asserts that the "compelling merits" standard still applies to the *Fintiv*

inquiry in the 81/82 cases, and what is more, precedentially mandates a finding that Factor 6 "strongly weighs against denial because Petitioner's grounds constitute compelling merits." Replies, 6 (citing *CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23, 4-5 (Feb. 7, 2023) (precedential). That ignores the Office's change in policy. *CommScope*'s compelling merits holding ***is*** one of the "other PTAB . . . decisions" that "rely on the Memorandum" that is now rescinded; and therefore, the Notice declares it "neither binding nor persuasive." Ex. 2015, 1. Merits may matter under Factor 6, but there is no "compelling merits" test.

Moreover, the grounds fail to meet the high "compelling merits" standard. The 81/82 Replies (at 6-8) repeat the very same "compelling merits" arguments already found in the 1252/3 Replies (at 6-8). It is therefore unnecessary to repeat Patent Owner's sur-reply (1252/3 Sur-Replies, 4-8) here for a third or fourth time. The flaws already identified in the 1252/3 grounds also afflict the 81/82 grounds; Petitioner fails to meet its burden to show any relevant distinction between them.

The Replies (at 4-5) also still rely on the Director's ruling in *AviaGames*—which, just like *CommScope*, relied on the Memorandum and is now unpersuasive. The persuasive *AviaGames* decision is now the Board decision denying institution.

III. Recent Guidance Applies to Discretionary Denial In This Proceeding.

As noted above, major changes to the Office's application of *Fintiv* have taken place since the end of February 2025. Even to the extent that these major

changes have not modified Office procedure in this particular case, all the policy modifications reflected in these changes must fully apply to this case as in all other cases. Although these changes have transferred the discretionary denial decision from the assigned panels in many other cases, but not in this case, the Panel in this case is obliged to apply the same discretionary denial rules, in the same way in accordance with the same policies, as if it had been one of the reassigned cases.

As already noted, on February 28, 2025 the Acting Director gave Notice that all Office decisions relying on the 2022 Memorandum establishing, *inter alia*, the *Fintiv* "compelling merits" test are no longer binding or persuasive. *See supra* §II. As confirmed by Chief Judge Boalick's March 24, 2025 Guidance Memorandum setting forth additional guidance ("Boalick Memorandum"), that policy change applies in all pending cases not yet instituted, which includes this one. Ex. 2016, 2.

This policy change also fully applies to the March 4 institution decisions in the related 1252/3 cases—not just because they issued after the February 28 Notice, but also because they are still subject to Director Review. *Id.* (stating Board may still "revisit" such cases under Notice). Thus, it would be improper to issue a decision on discretionary denial in these 81/82 cases that is consistent with the March 4 institution decisions but ***not*** consistent with the Notice.

But then, on March 26, 2025, the Acting Director issued a Memorandum indefinitely birfucating decisions on institution ("Birfucation Memo"). This memo

modifies the present procedure for IPRs going forward: removing the decision on discretionary denial from the PTAB panel that will address "the merits and other non-discretionary statutory considerations," reassigning discretionary denial to "the Director, in consultation with" three other PTAB judges, and revamping the authorized briefing and briefing schedule in all such cases. Ex. 2017, 1-2.

The Bifurcation Memo states that the procedural "processes" it describes "will be implemented in IPR . . . proceedings where the deadline for the patent owner to file a preliminary response has not yet passed." *Id.*, 3. Since the POPRs have been filed in the present 81/82 cases, the new procedure therefore will not "be implemented" in these cases. Nevertheless, its statements on *Fintiv* still apply here.

Even though the ***procedure*** of how the Office handles discretionary denial decisions in these 81/82 cases will not change, all revisions to Office ***policy*** regarding *Fintiv* reflected in the recent guidance must be applied by the Panel in this case when it renders its decision on discretionary denial. "A fundamental norm of administrative procedure requires an agency to treat like cases alike." *Consol. Edison Co. of N.Y., Inc. v. FERC*, 45 F.4th 265, 279 (D.C. Cir. 2022) (cleaned up); *see also Univ. of Tex. M.D. Anderson Cancer Ctr. v. U. S. HHS*, 985 F.3d 472, 479 (5th Cir. 2021) (restating same "bedrock principle of administrative law"). This "fundamental norm" requires the Panel in these cases to "treat" these cases the same way the Director and Board would treat them under all current guidance,

absent a "relevant distinction" that would render it proper for the Panel to depart from how that tribunal would have decided an identical case. *Id.* Thus, "[i]f the agency makes an exception in one case, then it must either make an exception in a similar case or point to a relevant distinction between the two cases." *Id.* The Panel therefore should render a decision consistent with what it concludes the Director, under the latest procedures, policy guidance, and any other changes, would decide.

For example, the Bifurcation Memo lists "relevant considerations" that the Director may address in considering discretionary denial "consistent with the discretionary considerations enumerated in existing Board precedent (including *Fintiv*, *General Plastic*, and *Advanced Bionics*)." Ex. 2017, 2 (footnote omitted). The ***very first*** "consideration" on the list is: "***Whether the PTAB or another forum has already adjudicated the validity or patentability of the challenged patent claims.***" *Id.* (emphasis added). This consideration at the very top of the Director's list has immediately evident salience here. Here, "another forum" (*i.e.*, the district court) "has already adjudicated the validity" of ***all*** the challenged patent claims, a fact Patent Owner has emphasized throughout its *Fintiv* arguments. 81/82 POPR, 24-35/33-44. The Panel should apply that consideration, like others, to discretionary denial the same way the Director would.

IV. Conclusion

The Reply confirms that both § 325(d) and *Fintiv* support denial of review.

Respectfully submitted,

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Date: April 7, 2025

CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that the foregoing **PATENT OWNER'S PRELIMINARY SUR-REPLY**, exclusive of the exempted portions as provided in 37 C.F.R. § 42.24(a), contains no more than 8 pages and therefore complies with the Board's order granting briefing by e-mail on March 10, 2025.

Respectfully submitted,

/ Abigael Neufeld/

Date: April 7, 2025

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the following documents were served by electronic service, by agreement between the parties, on the date below:

PATENT OWNER'S PRELIMINARY SUR-REPLY
EXHBITS 2015-2017

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