Paper 10
Filed: April 16, 2025

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

STINGRAY GROUP INC. AND STINGRAY MUSIC USA, INC.,
PETITIONERS,

v.

EDWIN A. HERNANDEZ-MONDRAGON,
PATENT OWNER.

CASE IPR2025-00349
PATENT 10,123,074

PETITIONERS' REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE[1]

[1] The Board authorized this reply via email on April 2, 2025.

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No.	Brief Description
1001	U.S. Patent No. 10,123,074
1002	Declaration of Mr. Stuart Lipoff
1003	U.S. Patent No. 8,954,600 to Avellan, et al. ("Avellan")
1004	U.S. Patent No. 8,819,043 to Durante, et al. ("Durante")
1005	U.S. Patent No. 9,635,075 to Ma, et al. ("Ma")
1006	U.S. Patent No. 6,463,445 to Suzuki, et al. ("Suzuki")
1007	U.S. Patent Application Publication No. 2004/0031052 to Wannamaker, et al. ("Wannamaker")
1008	U.S. Patent No. 7,778,279 to Heikens, et al. ("Heikens")
1009	U.S. Patent No. 9,264,750 to Matthews, et al. ("Matthews")
1010	U.S. Patent No. 9,240,966 to Wilsher, et al. ("Wilsher")
1011	File History of the '074 Patent
1012	Declaration of Michael D. McBride in Support of Petitioners' Notice of Intent to Designate Provisionally Recognized Attorney Michael D. McBride as Backup Counsel
1013	*Edwin A. Hernandez, et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 190 (February 12, 2025, Order Denying Motion to Stay Pending IPRs)
1014	*Edwin A. Hernandez, et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 202 (March 10, 2025, Order Denying Motion for Preliminary Injunction)
1015	April 9, 2025, correspondence from Plaintiffs' counsel serving Third Amended Complaint and dismissing Counts 8 and 9
1016	*Edwin A. Hernandez, et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 82 (July 15, 2024, Plaintiffs' Second Amended Complaint)
1017	*Edwin A. Hernandez, et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 207 (March 12, 2025, Order Denying Plaintiffs' Motion to Strike Reply Brief and *sua sponte* Order Cancelling Scheduled Markman Hearing)
1018	SDFL Trial Stats

No.	Brief Description
1019	*Edwin A. Hernandez, et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 214 (April 9, 2025, Plaintiffs' Third Amended Complaint)
1020	*Edwin A. Hernandez, et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 214 (April 9, 2025, Plaintiffs' Exhibit 24 to Third Amended Complaint)
1021	*Edwin A. Hernandez, et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 215 (April 11, 2025, Defendants Stingray Group, Inc.'s and Stingray Music USA, Inc.'s Stipulation Regarding the Defense of Patent Invalidity)
1022	April 11, 2025, correspondence from Defendants AT&T Enterprises, LLC, Blue Stream Communications, LLC, and Millicom International Service, LLC's counsel serving Plaintiffs' counsel with Stipulation Regarding the Defense of Patent Invalidity.
1023	*Edwin A. Hernandez, et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 13 (May 7, 2025, Plaintiffs Filing of Proof of Service on Defendant Stingray Music USA, Inc.)
2001	February 28, 2025, USPTO Announcement Rescinding June 2022 Memorandum regarding Discretionary Denials Procedures
2002	*Edwin A. Hernandez, et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 190 (February 12, 2025, Order Denying Motion to Stay Pending IPRs)
2003	*Edwin A. Hernandez et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 154 (September 9, 2024, Order Setting Jury Trial Schedule, Requiring Mediation, and Referring Certain Matters to Magistrate Judge)
2004	*Edwin A. Hernandez et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 197 (March 4, 2025, Report & Recommendation regarding Motion to Dismiss)
2005	*Edwin A. Hernandez et al. v. Stingray Group Inc., et al.,* Case No. 1:24-cv-21226, Dkt. 195 (February 27, 2025, Defendants' Responsive Claim Construction Brief)
2006	Declaration of Edwin A. Hernandez, Ph.D. in support of Patent Owner's Preliminary Response, Case No. IPR2025-00349

I. INTRODUCTION

Petitioners Stingray Group, Inc. ("Stingray Group") and Stingray Music USA, Inc. ("Stingray Music"), provide this Preliminary Reply to address Patent Owner's request for discretionary denial.

II. The *Fintiv* Factors Favor Institution

A. Factor 1: The Court is Likely to Stay the Litigation upon Institution.

On February 12, 2025, the trial court denied Petitioners' motion to stay without prejudice because: (1) Patent Owner had asserted six counts premised on trade secret misappropriation that were "unrelated to the patent claims"; (2) the trial court had set dates for claim construction and trial; and (3) the PTAB had not yet instituted *inter partes* review. Ex-1013. The facts have significantly changed.

First, on March 10, 2025, the trial court denied Patent Owner's request for an injunction, stating for all six non-patent claims that "Defendants have asserted a statute of limitations defense that seems to squarely apply here." Ex-1014 at 13-14. In particular, the court held that Plaintiffs discovered their non-patent allegations in 2014 and stated that "it is hard to see how Defendants will not prevail based on the record presented." *Id.* (holding that "the likelihood of any positive outcome in Plaintiffs' favor on these claims is in real doubt"). Therefore, to the extent the non-patent claims have not been affirmatively dismissed by the time the Board reaches its institution decision, the trial court will likely reject Patent Owner's reliance on

those time-barred claims when deciding a renewed motion to stay.

In fact, on April 9, 2025, Patent Owner served a Third Amended Complaint proactively dismissing two of those six claims: Count 8 (Fraud) and Count 9 (Unfair Trade Practices). Ex-1015. Given that all six non-patent claims were premised on the same alleged trade secret misappropriation, Petitioners anticipate similar dismissals of the remaining four non-patent counts in advance of the close of discovery. *See, e.g.*, Ex-1016 at ¶¶ 208-13 and 214-18 (previously asserting liability for Counts 8 and 9 based on alleged trade secret misappropriation).

Second, on March 12, 2025, the trial court *sua sponte* canceled the previously scheduled *Markman* hearing. Ex-1017. As of the filing of this Reply Brief on April 16, 2025, the Court has not rescheduled that hearing. Given that other dates—including the trial date—may need to be similarly extended, it is likely that the trial court will place less weight, if any, on its currently-scheduled dates when deciding a renewed motion to stay.

Third, the trial court's order explicitly stated that "no doubt the case for a stay is stronger after post-grant review has been instituted." Ex-1013. As a result, given the factual changes discussed above, it is highly likely the Court will grant a renewed motion to stay after institution by the Board.

Fourth, as discussed below in Factor 4, there are no longer any overlapping issues between this IPR and the district court litigation. All defendants accused of

infringing U.S. Patent No. 10,123,074 have made full *Sotera* stipulations, including Petitioner Stingray Group. Similarly, as detailed below in Factor 5, Petitioner Stingray Music is ***not accused of patent infringement*** by Patent Owner. Although Patent Owner previously served Petitioner Stingray Music with a complaint for patent infringement on April 11, 2024 (and thus started its § 315(b) clock), Patent Owner subsequently dismissed its claim for patent infringement. As a result, not only is Petitioner Stingray Music not asserting any invalidity arguments at trial, but Petitioner will be forever foreclosed from pursuing an IPR if the Board grants Patent Owner's request for discretionary denial. Thus, even if there is no stay, any concern for duplicative and inconsistent decisions is mooted. *See Ericsson Inc. v. Koninklijke KPN N.V.*, IPR2022-00068-13, at 8–9 (PTAB May 25, 2022). Accordingly, Factor 1 favors institution.

B. Factor 2: The Currently-Scheduled Trial Date is Speculative.

Given that the court has not ruled out a stay if institution is granted and has already cancelled the *Markman* hearing, any focus on the current schedule's trial date is speculative. Indeed, patent infringement cases in the Southern District of Florida have an average time-to-verdict of roughly 796 days, reflecting that the court's preliminary trial date—which would only be 552 days after Plaintiffs filed suit—will likely be extended. Ex-1018. Given this uncertainty, the trial court has found that a trial date set before an IPR final written decision was a "neutral factor

in the analysis" of whether to grant a stay. *KPR U.S., LLC v. Lifesync Corp.*, No. 22-60468, 2022 WL 4598640, at *4 (S.D. Fla. Sep. 30, 2022) (Ruiz, J.). Accordingly, *Fintiv* Factor 2 is too speculative to favor or disfavor institution and therefore the Board should consider it neutral.

C. Factor 3: The Parties Have Not Expended Significant Resources.

Although the trial court canceled the *Markman* hearing, Patent Owner nonetheless argues that the court is still expected to issue a claim construction order soon. But the trial court's order provides no estimation of when it will issue a claim construction ruling, and there is no such ruling as of the filing of this Reply Brief. Indeed, in rejecting Plaintiffs' Motion to Strike Defendants' Reply Claim Construction Brief, the court noted that Plaintiffs can offer "rebuttal arguments at a Markman hearing, if/when it is held." Ex-1017.

Likewise, contrary to Patent Owner's assertions, discovery is in its early stages. Plaintiffs only served their first set of discovery requests on February 19, 2025. The Board must statutorily issue its institution decision by June 20, 2025, which is still before the close of discovery and the deadline for summary judgement and other pre-trial motions. 35 U.S.C. § 314(b)(1); Ex-2003. Because a significant amount of work will remain as of the institution decision, Factor 3 favors institution.

D. Factor 4: There Are Different Grounds Raised in the Petition.

Notably, the Petition challenges every claim of U.S. Patent No. 10,123,074.

However, Patent Owner's Third Amended Complaint—served on April 9, 2025—alleges that Petitioner Stingray Group infringes only a subset of those claims. *See, e.g.*, Ex-1019 at ¶ 146 (identifying Claims 1-19) and Ex-1020 at 14 (conceding, for example, that there is "not sufficient evidence" for infringement of Claim 20, which requires the capability to provide recorded media streams in the event of network failure). Therefore, there are materially different grounds, arguments, and evidence raised in the Petition that are not raised in the litigation.

Additionally, Petitioner Stingray Group—who is the only petitioner accused of infringing the '074 Patent—provided Patent Owner a full *Sotera* stipulation, completely obviating any overlap. Ex-1021. Following that stipulation, what Patent Owner refers to as Stingray's "Customer Defendants"—*i.e.*, AT&T, Blue Stream, and Millicom—served equivalent stipulations on Patent Owner. Ex-1022. As a result, upon institution, none of the patent defendants will be asserting any invalidity grounds that could have been raised in the IPR process.[2] This stipulation alone tends to be dispositive, even before the now rescinded Interim Memorandum. *See Ericsson*, IPR2022-00068-13, at 8–10. Accordingly, Factor 4 favors institution.

[2] And as noted below, the other Petitioner, Stingray Music, is time barred from bringing an IPR so there is no worry of duplicative proceedings from this party in the future.

E. Factor 5: The Petitioners and Patent Defendants Are Not the Same.

Petitioner Stingray Music is ***not*** accused of patent infringement in the underlying litigation. *See, e.g.*, Ex-1019 at pp. 40 (Count 3), 43 (Count 4), and 46 (Count 5). While Patent Owner originally accused and ***served*** Stingray Music a complaint alleging Stingray Music infringed the '074 Patent on April 11, 2024, Patent Owner subsequently dismissed those patent claims. Ex-1023. Given that Stingray Music's one-year clock for filing an IPR petition ***expired*** on April 11, 2025, *see* 35 U.S.C. § 315(b), Patent Owner's request for discretionary denial is the very definition of prejudicial because if institution is discretionarily denied, Stingray Music will be forever foreclosed from challenging the '074 Patent before this Board.

This is even more prejudicial given that Stingray Music offers different products than Stingray Group and markets to different regions. As its name suggests, Stingray Music USA, Inc. markets products to multimedia providers in the United States while Stingray Group, Inc.—which is a Canadian Company headquartered in Montreal—markets products to Canada. Given that they are different companies, there is also no guarantee that Patent Owner will be barred under *res judicata* or similar doctrines from suing Stingray Music for patent infringement in a future lawsuit. Whereas Petitioners have willingly provided a *Sotera* stipulation to eliminate the risk of duplicative efforts, Patent Owner has not provided any covenant-not-to-sue with respect to Stingray Music. As a result, given

that there is an ongoing threat that Patent Owner will re-assert claims for patent infringement against Stingray Music, the Board should reject any argument from Patent Owner that Stingray Music is the same entity as Stingray Group and that there is no prejudice to Stingray Music as incorrect. Factor 5, therefore, weighs heavily in favor of institution.

F. Factor 6: The Merits Are Compelling.

Patent Owner argues that *Avellan's* broadcast device 102 does not "request" or "receive" a media stream because any request instead ***originates*** from user computers 104 and any stream is ***ultimately*** received by those user computers. *See* POPR at 31-32. But the claims do not require that the content provider originates the request; they only require that the system or method includes "receiving, from a content provider, a request for at least one media stream for playback on a broadcast media channel." Petition at 16-19. *Avellan* states that "[t]he system 100 communicates data, such as websites, from the networks 150, 152 to the user computers 104, ***via the gateway platforms 130 and the broadcast device 102***." Ex-1003 at 3:24-27 (emphasis added). As a result, *Avellan's* gateway server 134 "receives, from [broadcast device 102] a request for at least one media stream for playback on a broadcast channel" and similarly provides the requested media stream "to [broadcast device 102] for broadcast on the broadcast media channel." Petition at 24. Thus, the merits of the Petition strongly weigh in favor of institution.

Dated: April 16, 2025

Respectfully submitted,

/s/ Masood Anjom

Masood Anjom (Reg. No. 62,167)

ALAVI & ANAIPAKOS PLLC
609 Main Street, Suite 3200
Houston, TX 77027
Tel: (713) 751–2365
Fax: (713) 751–2341
manjom@aatriallaw.com

Counsel for Petitioners,
STINGRAY GROUP INC. and STINGRAY MUSIC USA, INC.

CERTIFICATE OF SERVICE

The undersigned certifies that on the sixteenth day of April , 2025, a complete and entire copy of the foregoing "PETITIONERS' REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE" including exhibits, if any, was served on the date below on the following counsel of record via email per Patent Owner's consent to electronic service.

Gregory S. Cordrey
Reg. No. 44,089

Jeffer Mangels Butler & Mitchell LLP
3 Park Plaza, Suite 1100
Irvine, CA 92614
gcordrey@jmbm.com
(949) 623-7236 (direct)
(949) 623-7202 (facsimile)

Stanley M. Gibson

Jeffer Mangels Butler & Mitchell LLP
1900 Avenue of the Stars, 7th Floor
Los Angeles, CA 90067-4308
SGibson@jmbm.com
(310) 201-3548 (direct)
(310) 203-0567 (facsimile)

Dated: April 16, 2025

/s/ Masood Anjom

Masood Anjom (Reg. No. 62,167)

Counsel for Petitioners,
STINGRAY GROUP INC. and STINGRAY MUSIC USA, INC.