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 No. IPR2025-00350
U.S. Patent No. 10,524,002

PATENT OWNER'S SUR-REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE[1]

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

TABLE OF CONTENTS

Page

I. INTRODUCTION 1

II. *FINTIV* FACTORS STRONGLY FAVOR DENYING INSTITUTION 1

A. Factor 1: The Court Did Not Grant Leave to Refile the Stay Motion 2

B. Factor 2: The Court Recently Affirmed Trial in October 2025 3

C. Factor 3: The Case Has Been Heavily Litigated Over the Past Year 4

D. Factor 4: Petitioners' Belated Stipulation is Unavailing 5

E. Factor 5: Asserted Distinctions between Petitioners are Immaterial 6

F. Factor 6: Petitioners Rebuttal on the Merits is Lacking 7

III. CONCLUSION 7

I. INTRODUCTION

Petitioners' case against discretionary denial collapses under scrutiny, built entirely on a foundation of improbable scenarios that would need to align perfectly—a legal fantasy rather than reasoned argument. Their position demands that the Board accept three wildly optimistic assumptions, each contradicted by established facts: First, that non-patent claims will somehow vanish within weeks, despite on-going fact discovery on those claims will continue past the institution date; second, that Judge Ruiz will reverse his clear position denying a stay after explicitly stating such action would jeopardize the October 2025 trial; and third, that the Board should dismiss the Court's firmly scheduled trial date as "speculative" even as the Court has recently reaffirmed its commitment to this timeline. Petitioners ask the Board to decide this issue based not on the record or reasonable expectations, but on their wishful thinking—a standard markedly at odds with the required *Fintiv* analysis.

II. *FINTIV* FACTORS STRONGLY FAVOR DENYING INSTITUTION

Petitioners incorrectly claim that "facts have significantly changed" since the Court's February 12, 2025 denial of their stay motion. This is not true. None of their cited "developments" undermines the strong case for discretionary denial. If anything, recent events have confirmed that discretionary denial should be applied.[2]

[2] On March 24, 2025, Chief Administrative Patent Judge issued a memo stating that a *Sotera* stipulation and compelling merits are no longer are dispositive of the *Fintiv* analysis. EX2011, 2-3. On March 26, the Acting Director of USPTO issued a memo

A. Factor 1: The Court Did Not Grant Leave to Refile the Stay Motion

First, Petitioners mischaracterize the Court's denial of the stay motion. The Court explicitly cited Petitioners' "three-year delay in seeking IPR" and the risk to "the current trial date of October 2025" as key reasons for denying the stay. The Court recognized that any IPR proceedings would not conclude until "July 2026" or potentially "December 2026" – 8 to 15 months ***after*** the ***October 2025 trial***. While Patent Owner ("PO") dropped its FDUTPA and fraud claims, the Court affirmed that the remaining the non-patent claims (*i.e.*, trade secret misappropriation, breach of contract and unjust enrichment) do not "depend on the validity of the patents that the PTAB will review" and "[t]he weight of authority does not support the suggestion that courts should grant stays pending inter partes review where there are non-patent claims unaffected by that proceeding." EX2002, 1. Against this clear record, Petitioners speculate that the trial court will entertain a "renewed" motion and reverse its prior denial. Paper 10, 1-2. In fact, not only did the Court ***not*** give Petitioners leave to renew their stay motion, but nothing has changed to alter the Court's basis for denying the stay, *i.e.*, there remain four non-patent claims in the case. Similarly, Petitioners offer no basis for saying that the non-patent claims will

---

bifurcating discretionary and merits considerations. EX2012, 1. Then, on March 28, the Director reversed grants of institution because the Board gave too much weight to the *Sotera* stipulation and not enough weight to the work completed in the parallel litigation. *Motorola Solutions, Inc. v. Stellar, LLC*, Case No. IPR2024-01205, 1206, 1207, 1208, Paper 19 (PTAB Mar. 28, 2025). EX2007, 2-4.

be dismissed by the June institution decision dates. To the contrary, discovery will continue on those claims for the next two months, Defendants have filed no motions and, even if they did, the Court already has stated that this issue is better decided after discovery (EX2004, 16). EX2003, 2. ***Second***, Petitioners' speculation about potential trial delays is utterly baseless. The Magistrate Judge's decision not to hold a *Markman* hearing does not indicate that the District Court Judge will move the trial date. To the contrary, in a hearing on April 24, the Magistrate Judge ruled that the claim construction would be decided on the papers without a hearing. ***Third***, by the June 2025 institution date the parties will have exchanged expert direct and rebuttal reports, and completed fact and expert discovery, reinforcing Judge Ruiz's basis for denying the stay motion. *See also* Paper 7, 20-21.

B. <u>Factor 2: The Court Recently Affirmed Trial in October 2025</u>

Petitioners' argument that the trial date is "speculative" and should be considered a "neutral factor" is directly contradicted by Judge Ruiz's order. The Court did not merely set a tentative or preliminary trial date. Rather, the Court issued a firm scheduling order on September 9, 2024, establishing the October 2025 trial date (EX2003) and, when specifically confronted with Petitioners' request to stay pending these IPR proceedings, the Court explicitly rejected that argument and reaffirmed the October 2025 trial date:

> "[A] trial date has already been set, and staying the case would hinder an efficacious resolution of this matter...[because] it risks delaying the

> current trial date of October 2025 to an indeterminate date, given that, if the PTAB hears the case, it will have until July 2026 to issue a final decision on the validity of the at-issue patents...” (EX2002, 1).

Magistrate Judge Torres’ decision to decide claim construction on the papers does not affect, let alone alter, Judge Ruiz’s stated intention to start trial in October 2025. Discovery remains on track with fact and expert discovery to be completed by June 23, 2025. EX2003, 2. Petitioners’ average time-to-verdict statistics is irrelevant when this specific Court has already (1) set a firm trial date; (2) denied a stay request specifically to preserve that trial date; and (3) maintained the overall case schedule. As set forth in the POPR, this factor favors denial. Paper 7, 22-23.

C. <u>Factor 3: The Case Has Been Heavily Litigated Over the Past Year</u>

Petitioners ignore that the litigation has been pending over a year and that the parties and Court have expended significant resources. Indeed, the record in this case already has nearly 230 separate entries, representing the parties and Court’s extensive investment of time and resources. EX2008 [litigation docket]. In addition, contrary to Petitioners description of discovery (*i.e.*, limited to PO’s first set of requests, Paper 10, 4), Petitioners and their customer defendants have served 28 sets of discovery, each set consisting of numerous document requests, interrogatories and requests for admission. In fact, Petitioners moved to compel additional discovery related to PO’s claims and the Court held a two-hour hearing. EX2008, Dkt. 228. This extensive record belies Petitioners’ claim that discovery is in its “early stages.”

In short, here, all critical pre-trial activities except for dispositive motions will be complete or nearly complete by the institution date. As the Court stated when denying the stay, Petitioners tactically delayed "three years after receiving notice of potentially infringing activity and nine months after Plaintiffs filed their suit" before seeking IPR, allowing this case to progress substantially, making parallel proceedings especially wasteful of judicial and party resources. Paper 7, 23-24.

D. <u>Factor 4: Petitioners' Belated Stipulation is Unavailing</u>

Petitioners' contentions regarding the purported lack of overlap in claim coverage and stipulations mischaracterize the legal standards and mis-states the factual record. Petitioners incorrectly state that PO now alleges infringement of "only a subset" of the patent claims. This is not true. PO did not change any asserted claims in its Third Amended Complaint. *Compare* EX2009, ¶162 *with* EX1024, ¶162 (same). Because *Fintiv* Factor 4 addresses whether "the petition includes the same or ***substantially the same claims***, …as presented in the parallel proceeding," the overlapping claims constitutes "substantially the same claims." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 12 (PTAB Mar. 20, 2020).

Petitioners' attempt to introduce *Sotera* stipulations at this late stage is unavailing. As the Director recently explained in reversing the institution grant, "the [*Sotera*] stipulation does not outweigh the substantial investment in the district court proceeding or *Fintiv* factors 1, 2, and 5, which the Board found weighed in favor of

denial." *Motorola Solutions*, Paper 19 at 2-4. The same is true here. Petitioners' stipulation leaves open that they can pursue the same invalidity grounds if the IPRs are not instituted. EX2010, 2-3 ("Stingray incorporates each of the grounds of invalidity raised in each of those three [IPR] petitions."). Paper 7, 25-26.

E. <u>Factor 5: Asserted Distinctions between Petitioners are Immaterial</u>

Petitioners' attempt to differentiate Stingray Music USA, Inc. from Stingray Group, Inc. for purposes of the *Fintiv* analysis is legally irrelevant and factually misleading. They and co-petitioner Stingray Group are represented by the same counsel, and Stingray Group already has stated that the invalidity grounds in the IPR will be raised at trial should the IPRs not be instituted, so Stingray Music's invalidity challenge will be heard. Petitioners' portrayal of Stingray Music and Stingray Group as independent entities with "different products" and "different regions" also is misleading. Stingray Music is wholly owned by Stingray Group. And, the infringement claims initially asserted against both were in relation to the same accused product. Indeed, Petitioners suggest that they will raise *res judicata* to bar PO from asserting the same infringement claims against Stingray Music. Paper 10, 6. Finally, Petitioners' argument that Stingray Music's one-year IPR filing window has expired is immaterial because, as the Court noted, it delayed three years in seeking IPR after being put on notice of PO's infringement allegations. Paper 7, 26-27.

F. Factor 6: Petitioners Rebuttal on the Merits is Lacking

Petitioners' characterization of the primary reference's (Avellan) disclosure regarding the "content provider" limitation fundamentally misrepresents both the claimed invention and the prior art. In the POPR, PO explained that Avellan's gateway platform 130 is the entity receiving the requests ***from*** the claimed content provider (cable or satellite television operator) and providing the multimedia stream to it. For example, Avellan explicitly describes that "[i]n the broadcast mode, the gateway server 134 *retrieves* the desired [*i.e.*, requested] data from the networks 150, 152, *captures* the data (including audio) to a video (or image) frame format, *compresses* that video data and *stores* the compressed video data to the gateway 130 at the cache 136." EX1003, 8:42-46.[3] Petitioners also did not dispute the Wannamaker prior art deficiencies as asserted against claims 7-12. Paper 7, 30-43.

III. CONCLUSION

On the record presented in this case (as opposed to Petitioners' wishful thinking) the *Fintiv* Factors weigh strongly in favor of discretionary denial. For these reasons, the Board should deny institution under 35 U.S.C. § 314.

[3] In the -349, -351 Petitions, Petitioners did not identify the "gateway server" as the claimed content provider. Paper 7, 39 (identifying the "broadcast device 102" as the content provider). This inconsistency shows Petitioners' strained reading of Avellan.

DATED: April 28, 2025

Respectfully submitted,

/s/ Gregory S. Cordrey
Gregory S. Cordrey
Reg. No. 44,089
Jeffer Mangels Butler & Mitchell LLP
3 Park Plaza, Suite 1100
Irvine, CA 92614
Tel: (949) 623-7236
Email: gcordrey@jmbm.com

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was served electronically via electronic mail on April 28, 2025 on the following counsel of record for Petitioners:

Masood Anjom
Reg. No. 62,167
Joshua S. Wyde
Reg. No. 57, 698
Michael D. McBride
Alavi & Anaipakos PLLC
609 Main Street, Suite 3200
Houston, Texas 77002
Phone: (713) 751-2367
Fax: (713) 751-2341
Email: manjom@aatriallaw.com
Email: ipr2025-00350@aatriallaw.com
Email: twestmoreland@aatriallaw.com
Email: jwyde@aatriallaw.com
Email: mmcbride@aatriallaw.com

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