

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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HULU, LLC,  
Petitioner,

v.

PIRANHA MEDIA DISTRIBUTION, LLC,  
Patent Owner.

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IPR2024-01253  
Patent 11,463,768 B2

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Before KARL D. EASTHOM, AARON W. MOORE, and  
DANIEL KAZHDAN, *Administrative Patent Judges*.

EASTHOM, *Administrative Patent Judge*.

DECISION  
Granting Institution of *Inter Partes* Review  
35 U.S.C. § 314

## I. INTRODUCTION

Hulu, LLC, Petitioner, filed a Petition (Paper 1, “Pet.”) requesting an *inter partes* review of claims 1–3, 5–12, 14–21, 23–25, 27–29, and 31–33 (the “challenged claims”) of U.S. Patent No. 11,463,768 B2 (Ex. 1001, the “’768 patent”). Pet. 8. Piranha Media Distribution, LLC, Patent Owner, filed a Preliminary Response (Paper 6, “Prelim. Resp.”). The parties also filed briefing related to Petitioner’s filing of two concurrent petitions addressing the challenged claims. Paper 3; Paper 11. In addition, with the Board’s authorization, Petitioner filed a Preliminary Reply and Patent Owner a Preliminary Sur-Reply directed to discretionary denial issues. *See* Paper 12 (“Reply”); Paper 13 (“Sur-Reply”).

The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted unless the information presented in the Petition and any preliminary response shows that “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”

For the reasons explained below, we determine that Petitioner has established a reasonable likelihood that it would prevail with respect to at least one challenged claim. Accordingly, we institute an *inter partes* review as to the challenged claims and the grounds raised in the Petition.

## II. BACKGROUND

### A. *Real Parties in Interest*

Petitioner identifies Hulu, LLC and The Walt Disney Company as the real parties in interest. Pet. 70. Patent Owner identifies Piranha Media Distribution, LLC as the real party in interest. Paper 6, 1.

*B. Related Matters*

The parties identify *Piranha Media Distribution LLC v. Hulu LLC*, 2-24-cv-00498 (C.D. Cal.) (Sept. 11, 2024) (determining the challenged claims invalid under 35 U.S.C. § 101) as a related matter. Pet. 71; Prelim. Resp. 26 (contending that the parallel District Court litigation “resulted in a final judgment of invalidity of all claims” of the ’768 patent (citing Ex. 2010)).

The parties identify *Hulu, LLC v. Piranha Media Distribution, LLC*, IPR2024-01253 (PTAB) as a concurrent preliminary proceeding involving the same parties and the challenged claims of the ’768 patent. Papers 3, 11.

The parties raise issues based on the prosecution history (Ex. 1006) of a related patent, U.S. 10,986,403 B2 (the “’403 patent,” Ex. 2002). The ’768 patent is a child (continuation) of the ’403 parent patent. *See* Ex. 1001, code (63); *infra* §§ II.C.2 (Claim Construction), V (Discretionary Denial under 35 U.S.C. § 325(d)).

*C. The ’768 Patent*

The ’768 patent “relates generally to the distribution of audio, video, and print media content via digital replication and delivery channels.” Ex. 1001, 1:28–30. The ’768 patent discusses inserting and displaying advertisements within media content. *Id.* at 7:45–55.

The ’768 patent describes selecting and re-sequencing ads in response to user playback controls. *See* Ex. 1001, 7:45–55, 15:4–18, 28:62–29:7. The system inserts “ad blocks between individual tracks, or runs them just before resuming play upon a user-directed skip into the middle of a track.” *Id.* at 20:55–57. After a user skips an ad block or skips to a new video segment, the system selects an appropriate ad for insertion into the media after the user finishes watching a content segment. *See id.* at 20:18–24.

*D. Exemplary Claim 1*

Claims 1, 10, 19, and 27 are independent. Independent claim 1 is illustrative of the challenged claims, and follows (with bracketed nomenclature by Petitioner):

1. [1a] A digital media system comprising:

[1b] a user interface for receiving user input for controlling a course of presentation of digital media content;

[1c] an advertisement rotator for managing one or more requests for advertising content to be presented during the course of presentation of the digital media content either visually or audibly; and

[1d] an intersplicer in communication with the advertisement rotator, the intersplicer configured to:

[1e] change a predetermined advertisement insertion point in the digital media content to an adapted advertisement insertion point in the digital media content, in response to receiving a user input to update a current play position in the digital media content to a new play position in the digital media content,

[1f] the adapted advertisement insertion point determined by an adaptive preference rule based on an advertisement requirement that applies to the digital media system;

[1g] modify the adapted insertion point of digital advertising content based on the advertisement requirement; and

[1h] request, from the advertisement rotator, digital advertising content to be played at the adapted advertisement insertion point.

*E. Asserted Grounds of Unpatentability*

Petitioner contends that the challenged claims are unpatentable as follows:<sup>1</sup>

<b>Claim(s) Challenged</b>	<b>35 U.S.C. §</b>	<b>Reference(s)/Basis</b>
1–3, 5–12, 14– 21, 23–25, 27– 29, 31–33	103(a)	Eldering-I, <sup>2</sup> Eldering-II <sup>3</sup>

Pet. 8. Petitioner supports its Petition with a Declaration of Dr. Houh. Ex. 1003.

*F. Multiple Briefs and Parallel Reexamination*

In accordance with the Patent Trial and Appeal Board, Consolidated Trial Practice Guide (“CTPG”), Petitioner filed a separate paper ranking its two petitions (filed in IPR2024-01252 and here in IPR2024-01253) explaining the differences between them.<sup>4</sup> Paper 3. Petitioner contends that “two petitions are necessary because of the large number of challenged claims (28),” and “[b]ecause . . . Patent Owner asserts all 28 challenged claims in its Infringement Contentions.” Paper 3, 1. According to Petitioner, “the Board has repeatedly found ‘that about twenty claims

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<sup>1</sup> The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”), amended 35 U.S.C. §§ 102, 103 effective March 16, 2013, which is after the ’768 patent’s effective filing date. *See* Ex. 1001, code (63). Therefore, the pre-AIA version of § 103 applies.

<sup>2</sup> Eldering, US 2002/0083439 A1, published June 27, 2002, filed Dec. 21, 2000. Ex. 1004.

<sup>3</sup> Eldering et al. U.S. 2003/0149975A1, published Aug. 7, 2003, filed Feb. 2, 2002. Ex. 1005.

<sup>4</sup> *Available* at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

constitutes the “large number” that the CTPG suggests may justify multiple petitions.”’ *Id.* at 1 (citing *Platform Sci., Inc. v. Omnitracs, LLC*, IPR2020-01518, Paper 14 at 17–18 (PTAB Apr. 15, 2021)).

Petitioner also maintains that there are material differences between the two IPR petitions that warrant granting both. Paper 13, 1–4. Petitioner contends that the two IPR petitions “use different prior art references . . . that present different material issues.” *Id.* at 2. Also, “the various prior art references disclose certain claim limitations in materially different ways.” *Id.*

Petitioner further asserts that it could not have adequately addressed the two petition’s two principal references in just one petition. *Id.* at 5. In particular, Petitioner contends that

the two petitions combine prior-art references in different manners. For [p]etition 1, [the other petition in IPR2024-001252,] Wu and Doherty are directed to different media display systems, where Wu focuses on media streaming and Doherty focuses on public media display. The combination applies Doherty’s teachings regarding the functionalities of its output compiler and scheduler as well as its priority-based advertisement selection and scheduling with Wu’s digital media system. For Petition 2, [the instant Petition], on the other hand, Eldering-I and Eldering-II have the same first-named inventor and Eldering-II incorporates Eldering-I by reference. The combination applies well known user control functionalities such as skipping and fast forwarding taught by Eldering-II to Eldering-I. The different combinations likely give rise to different issues regarding obviousness for the Board’s consideration.

Paper 13, 5. Petitioner also contends that “[t]he two petitions are not overly burdensome given that they each present one ground and share introductory sections regarding the ’768 patent and technical background.” *Id.*

Patent Owner contends that “the mere fact that parallel petitions challenge the same claims in different prior art combinations is not the ‘rare’ instance sufficient to justify two petitions.” Paper 11, 4 (citing *Freewheel Media, Inc. v. Intent IQ, LLC*, IPR2024-00423, Paper 9, 9 (PTAB Oct. 3, 2024) (finding that “the differences in how Petitioner applies the art to the challenged claims are not sufficient to justify filing two additional petitions”)); *Apple Inc. v. Resonant Sys., Inc.*, Paper 11 (PTAB Oct. 15, 2024) (denying parallel petition challenging same claims by different references)). Patent Owner also argues that “[m]any Board panels have rejected parallel petitions challenging 45–50 claims.” *Id.* at 3.

The record justifies exercising discretion to entertain two petitions. The CTPG states that “the Board recognizes that there may be circumstances in which more than one petition may be necessary, including, for example, when the patent owner has asserted a large number of claims in litigation.” CTPG 59. Patent Owner does not “clearly proffer any necessary stipulations” as the CTPG stresses. *See id.* at 61 (“If stating that issues are not material or in dispute, the patent owner should clearly proffer any necessary stipulations. For example, the patent owner may seek to avoid additional petitions by proffering a stipulation that certain claim limitations are not disputed or that certain references qualify as prior art.”).

As Petitioner argues, the circumstances are similar to the facts and circumstances in the following cases: *Trend Micro Inc. v. CUPP Computing AS*, IPR2021-01237, Paper 16 at 11–12 (finding the petitioner’s approach of “using two different petitions to present substantively distinct challenges” against six claims reasonable); *Hanhwa Solutions Corp. and Hanhwa Q Cells USA, Inc., v. Rec Solar PTE. LTD.*, IPR2021-00989, Paper 12 at 9–12

(declining to exercise discretion to deny two petitions presenting different grounds for the same eight claims); *Medtronic, Inc. v. Teleflex Innovations S.A.R.L.*, IPR2020-00136, Paper 20 at 40 (instituting two petitions presenting different grounds against the same claims). Paper 3, 3.

Petitioner’s approach—using two different petitions to present substantively distinct challenges is reasonable. In particular, two petitions allow Petitioner to present two substantively distinct challenges based on only two different prior-art references in each petition, while not overly burdening the Board because there are overlaps and similarities, including claim construction and discretionary denial issues, for example. In addition, the different issues and prosecution history serve to create a full record and lend insight into claim construction.

Accordingly, we decline to exercise our discretion to deny the instant Petition under § 314(a).

Patent Owner also argues that

fairness and efficiency concerns associated with instituting the parallel Petitions here is only heightened by yet *another* related parallel challenge: the parallel request for ex parte reexamination No. 90/019,699 of the same patent [the “EPR”]—filed by Unified Patents LLC, of which Petitioner is a known member. Exs. 2009; 2013, 10. The EPR claims and references strongly overlap with the Petitions: they challenge the same independent claims, and the primary references in both Petitions, Wu and Eldering-I, are also raised in the EPR. The parallel EPR by an entity related to Petitioner is justification to deny both these parallel Petitions.

Paper 11, 5.

The Director has broad authority to exercise discretion to deny a petition under § 314. However, Patent Owner does not assert that Petitioner is a real party in interest with United Patents or allege that Petitioner is in a



special relationship with Unified Patents based on its membership status, with respect to the EPR. *See* Paper 11, 5; Ex. 2013, 8–12 (different IPR finding no special relationship between Hulu and Unified Patents); *Fintiv*, Paper 11 at 13–14 (“If a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion to deny institution under *NHK*.”). In addition, the EPR involves only independent claims 1, 10, 19, and 27 and a different combination of prior art. *See* Ex. 2009, 1, 6 (relying on Wu, Rosenberg, and Angel, or Wu Rosenberg, Eldering, and Engel). In general, “a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent.” 35 U.S.C. § 311. Accordingly, we determine that the circumstances outlined do not tilt toward exercising discretion on this record to deny the Petition.

### III. DISCRETIONARY DENIAL UNDER 35 U.S.C. § 314(a)

Patent Owner contends that the Board should exercise discretion to deny institution under 35 U.S.C. § 314(a) in light of “[t]he 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.” Prelim. Resp. 21 (citing *AviaGames, Inc., v. Skillz Platform Inc.*, IPR2022-00530, Paper 12 (Aug. 9, 2022) (denying institution because a district court determined challenged claims invalid under § 101), *remanded*, Paper 14 (Director Review Decision, Mar. 2, 2023) (“*AviaGames*”), *denial reinstated*, Paper 15 (Mar. 22, 2023); citing *Snap Inc. v. BlackBerry Ltd.*, IPR2020-00392, Paper 8, 9–12 (Jul. 13, 2020) (denying institution where district court determined challenged claims invalid under § 101)). Based on the § 101

invalidity judgement in the parallel District Court litigation (*supra* § II.B), Patent Owner contends that the factors identified in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”), weigh in favor of exercising discretion to deny institution. *Id.*

In *AviaGames*, the Director noted that the Board considered the factors set forth in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”) and exercised its discretion to deny institution under § 314(a) “largely because the claims of the challenged patent have been determined to be invalid [by the district court].” *AviaGames*, Paper 14 at 2 (alteration in original) (quoting *AviaGames*, Paper 12 at 15–16). Under circumstances similar to those here, the Director stated that “the Board shall not deny institution of an IPR in view of a district court judgment of invalidity if the record prior to institution meets the compelling merits standard.” *Id.* at 4 (citing the USPTO Memorandum, Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (“*Guidance Memo*”) at 4–5 (June 21, 2022)).<sup>5</sup> In another case that cites *AviaGames*, the Director outlined the conditions for the Board to address if the merits are compelling, holding that “[o]n remand, *if the Board determines that Fintiv factors 1–5 favor exercise of discretion to deny institution*, the Board shall consider whether the record prior to institution demonstrates that the merits are compelling.” *Volvo Penta Of Ams., LLC v. Brunswick Corp.*, IPR2022-01366, Paper 15 (Director Review Decision, May 2, 2023), at 4–5 (vacating

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<sup>5</sup> Available at [http://www.uspto.gov/sites/default/files/documents/interim\\_proc\\_discretionary\\_denials\\_aia\\_parallel\\_district\\_court\\_litigation\\_memo\\_20220621\\_.pdf](http://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf)

and remanding to apply *Fintiv* factors and analyze merits) (citing *AviaGames*, Paper 14) (emphasis added).

According to the Patent Trial and Appeal Board, Consolidated Trial Practice Guide (Nov. 2019) (“CTPG”),<sup>6</sup> in the precedential *NHK* case, “[t]he Board . . . found that the advanced state of a parallel district court proceeding was an additional factor weighing in favor of denying institution under § 314(a).” CTPG 58, n.2 (citing *NHK Spring Co. v. Intrix-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (precedential)). In *Fintiv*, the Board also explained that “cases addressing earlier trial dates as a basis for denial under *NHK* have sought to balance considerations such as system efficiency, fairness, and patent quality.” *Fintiv*, Paper 11 at 5.

*Fintiv* sets forth six non-exclusive factors for determining “whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.” *Fintiv*, Paper 11 at 6. As noted above, the Director issued interim guidance to the Board on applying these factors. *See Guidance Memo*.

An advanced state of a parallel district court proceeding is a “factor that weighs in favor of denying the Petition under § 314(a).” *NHK*, Paper 8 at 20. But an early trial date is merely part of a “balanced assessment of all relevant circumstances in the case, including the merits.” CTPG 58.

The following factors under *Fintiv* apply in our consideration of a discretionary denial as outlined below: 1. whether the court granted a stay or evidence exists that one may be granted if this proceeding is instituted; 2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision; 3. investment in the parallel proceeding by the

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<sup>6</sup> Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

court and the parties; 4. overlap between issues raised in the petition and in the parallel proceeding; 5. whether the petitioner and the defendant in the parallel proceeding are the same party; and 6. other circumstances that impact the Board's exercise of discretion, including the merits. *Fintiv*, Paper 11 at 5–6.

*A. Factor 1: whether the court granted a stay or evidence exists that one may be granted if this proceeding is institute*

Petitioner contends that “Judge Staton, who is presiding over the [D]istrict [C]ourt case, routinely grants stays pending post-grant proceedings.” Pet. 73. Patent Owner argues that because the District Court entered a § 101 judgment, there is finality under *Fintiv* and this factor favors denial. Prelim. Resp. 29.

As indicated above, in a similar instance, where a patent owner appealed a district court's § 101 determination to the Federal Circuit, the Director remanded to the Board to perform a *Fintiv* analysis. *See Volvo Penta*, Paper 15 at 8 (“The claims remain subject to further judicial review during the appeal of the district court's invalidity determination. Accordingly, I vacate the Board's § 314(a) analysis and remand for the Board to determine whether to exercise discretion to deny institution based on the parallel proceeding under *Fintiv*.”). Also under similar circumstances to those here, the Director explained that where “the district court's judgment of invalidity under 35 U.S.C. § 101, i.e., a statutory ground that could not have been raised before the Board, does not raise concerns of inefficient duplication of efforts or potentially inconsistent results between the Board and the district court.” *AviaGames*, Paper 14 at 3. Further, the Director reasoned that “the challenged claims have not yet been cancelled

and remain in force *until the opportunity to appeal has been exhausted*,” and noted that “[b]y the time an appeal will have concluded, Petitioner will be barred under 35 U.S.C. § 315(b) from bringing a new challenge in an IPR petition.” *Id.* at 3–4 (emphasis added).

The Director’s concern of a statutory bar in *AviaGames* is in play here because 35 U.S.C. § 315(b) bars Petitioner from filing a new petition. *See* Ex. 2010, 1–2, 15, 16 (granting Hulu’s motion to dismiss on Sept. 11, 2024 after determining that the claims are invalid under § 101 and indicating that Patent Owner filed its complaint against Hulu on January 19, 2024).

The § 101 issues addressed in the Federal Circuit appeal will not duplicate the obviousness issues addressed here. Accordingly, given the limited § 101 issues on appeal, there are little or no concerns about duplication of efforts. Moreover, because of the uncertainty of the timing of any remand from the Federal Circuit to the district court to address any obviousness issues, the present circumstances with a pending appeal effectively act as a stay on the assessment of invalidity issues. *See Apple Inc. v. Geoscope Tech’s Pte. Ltd.*, IPR2024-00255, Paper 14 at 9–18 (PTAB May 31, 2024) (similar *Fintiv* analysis and reasoning involving § 101).

Accordingly, this factor favors exercising discretion not to deny institution.

*B. Factor 2: proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision*

Petitioner argues there is no trial date set. Pet. 73. Relying on the District Court’s § 101 invalidity judgment, Patent Owner argues that the District Court action is complete. *See* Prelim. Resp. 29–30. Patent Owner’s argument is not consistent with the Director’s direction in *AviaGames* and

*Volvo Penta* because the argument essentially eviscerates the requirement to address *Fintiv* factors when there is an appealable § 101 invalidity judgment and downplays the impact of a potential remand and trial to address obviousness issues.

Accordingly, this factor favors exercising discretion not to deny institution.

*C. Factor 3: investment in the parallel proceeding by the court and the parties*

Petitioner contends that the “[D]istrict [C]ourt [case] remains in its early stages,” “[f]act discovery is not complete; claim construction and expert discovery have not begun,” and “[t]he parties have only exchanged initial contentions.” Reply 4. Patent Owner relies on its line of arguments centered on the fact that “the [D]istrict [C]ourt reached a final judgment” with respect to the § 101 decision. Sur-reply 4.

Patent Owner’s arguments do not address Petitioner’s argument regarding the minimal investment in issues of discovery and claim construction under *Fintiv*, and the record supports Petitioner as to these issues.

Accordingly, this factor favors exercising discretion not to deny institution.

*D. Factor 4: overlap between issues raised in the petition and in the parallel proceeding*

Patent Owner asserts Petitioner and the defendant in the parallel litigation are the same. Prelim. Resp. 31. Petitioner contends that “there is no overlap of issues in the IPR proceedings and the parallel litigation that is limited to §101.” Reply 5. Patent Owner relies on its line of arguments

centered on the fact that “the [D]istrict [C]ourt reached a final judgment” with respect to the § 101 decision. Sur-reply 4.

Patent Owner’s arguments do not address Petitioner’s argument concerning the lack of overlap of issues already addressed by the District Court, and the record supports Petitioner as to this line of argument. The District Court may at some point in the distant future relative to the due date of the final written decision here address issues of obviousness if the Federal Circuit reverses and remands the § 101 judgment. However, in similar circumstances as indicated above, the Director explained that “the district court’s judgment of invalidity under 35 U.S.C. § 101 . . . does not raise concerns of inefficient duplication of efforts or potentially inconsistent results between the Board and the district court.” *AviaGames*, Paper 14 at 3.

Accordingly, this factor favors exercising discretion not to deny institution.

*E. Factor 5: whether the petitioner and the defendant in the parallel proceeding are the same party*

Petitioner contends that this factor “weighs against denial because any trial will come well after a [final written decision], since a remand of the appeal after oral argument must first occur and appeal briefing has yet to begin.” Reply 5. Patent Owner contends that “[t]he Reply ignores the focus of *Fintiv*: the likelihood that the parallel court case will resolve validity before the IPR does.” Sur-reply 4.

Patent Owner’s arguments effectively request the Board not to perform a *Fintiv* analysis contrary to the Director’s direction to perform a *Fintiv* analysis after a § 101 invalidity determination in a district court. *See Volvo Penta*, Paper 15 at 8 (“*AviaGames* recognizes that a *Fintiv* analysis

should be conducted in scenarios like this, where a district court has rendered a non-final invalidity determination that some or all of the claims challenged in an IPR petition are invalid, even on grounds that cannot be raised in that IPR.”); *AviaGames*, Paper 14 at 3 (“[T]he district court’s judgment of invalidity under 35 U.S.C. § 101, i.e., a statutory ground that could not have been raised before the Board, does not raise concerns of inefficient duplication of efforts or potentially inconsistent results between the Board and the district court.”).

Accordingly, this factor favors not exercising discretion to deny institution.

*F. Factor 6: other circumstances that impact the Board’s exercise of discretion, including the merits*

Patent Owner urges the Board to deny institution because Petitioner fails to show compelling merits. Sur-reply 4–8. Petitioner contends that the merits are compelling, but in any case, “the Board only considers the compelling merits standard if the first five *Fintiv* factors favor discretionary denial.” Reply 5 (citing *CommScope Techs. LLC. v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 at 4–5 (precedential)).

Petitioner is correct. As summarized above, *Fintiv* factors 1–5 do not favor exercising discretion to deny the Petition so there is no need to address whether the merits are compelling. See *Volvo Penta*, Paper 15 at 4–5 (“On remand, *if the Board determines that Fintiv factors 1–5 favor exercise of discretion to deny institution*, the Board shall consider whether the record prior to institution demonstrates that the merits are compelling” (emphasis added)).



In addition, as determined below, Petitioner shows that there is a reasonable likelihood of prevailing on the merits with respect to at least one challenged claim. Therefore, *Fintiv* factor 6 favors not exercising discretion to deny institution. Based on the foregoing discussion, a holistic review of the record favors not exercising discretion to deny institution.

Accordingly, we decline to exercise discretion to deny institution under 35 U.S.C. § 314 based on *Fintiv*.

#### IV. ANALYSIS OF PETITIONER’S CHALLENGES

##### A. *The Obviousness Standard*

Section 103(a) forbids issuance of a patent when “the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.”

*KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007) (quoting 35 U.S.C. § 103(a)). The obviousness question involves resolving underlying factual determinations including (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of ordinary skill in the art; and when presented (not so here), (4) objective evidence of non-obviousness. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966).

##### B. *Level of Ordinary Skill in the Art*

Determining whether an invention would have been obvious under 35 U.S.C. § 103 requires resolving the level of ordinary skill in the pertinent art at the time of the effective filing date of the claimed invention. *Graham*, 383 U.S. at 17. The person of ordinary skill in the art is a hypothetical person who knows the relevant art. *In re GPAC Inc.*, 57 F.3d 1573, 1579

(Fed. Cir. 1995). Factors in determining the level of ordinary skill in the art include the types of problems encountered in the art, the sophistication of the technology, and the educational level of active workers in the field. *Id.* One or more factors may predominate. *Id.*

Petitioner contends that a person of ordinary skill in the art (POSITA), at the time of the alleged invention of the '768 patent would have been a person with a bachelor's degree in electrical engineering, computer science, or a similar field with at least two years of experience in media display or a person with a master's degree in electrical engineering, computer science, or a similar field with a specialization in media display. Additional experience can substitute for the level of education, and vice-versa.

Pet. 4–5 (citing Ex. 1003 ¶¶ 16–18).

Patent Owner does not propose a level of ordinary skill in the art. *See generally* Prelim. Resp.

Based on a review of the record, we adopt Petitioner's proposed level of ordinary skill in the art because it is consistent with the evidence of record, including the asserted prior art and '768 patent specification.

### *C. Claim Construction*

In *inter partes* reviews, the Board interprets claim language using the district-court-type standard, as described in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc). *See* 37 C.F.R. § 42.100(b) (2023). Under this standard, claim terms have their ordinary and customary meaning, as would be understood by a person of ordinary skill in the art at the time of the invention, in light of the language of the claims, the specification, and the prosecution history. *See Phillips*, 415 F.3d at 1313–14.

*I. Intersplicer*

Citing support in the '768 patent specification, Petitioner proposes a construction for “intersplicer” as “software that selects advertising content and controls insertion and conveyance of advertising content in media content.” Pet. 5 (citing Ex. 1001, code (57), 7:45–55, 15:4–18). The specification implies that the intersplicer is “application software” that may include an “‘intersplicer’ module.” Ex. 1001, 7:45–58. The module “select[s] . . . the ads to be shown” and controls the insertion and conveyance of ads and the application software “automatically edits the selected advertisements into the presentation stream.” See Pet. 5 (quoting Ex. 1001, 7:45–55; citing Ex. 1003 ¶ 23); *see also* Ex. 1001, code (57) (“The intersplicer combines the media files with the ad files by providing control signals to the media player, causing the media player to present the ad files with the selected media files.”).

Patent Owner does not propose a construction for “intersplicer” at this stage in this proceeding. *See generally* Prelim. Resp.<sup>7</sup> The preliminary record supports Petitioner’s proposed construction of an “intersplicer” for purposes of this Institution Decision.

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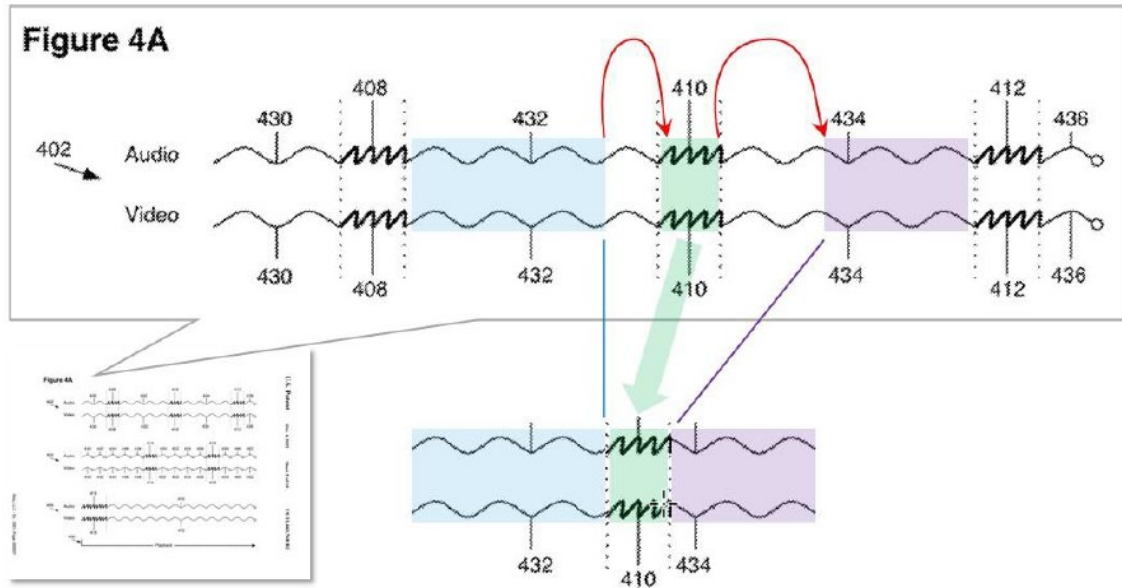
<sup>7</sup> Petitioner notes that Patent Owner provided a narrower construction in the District Court to incorporate “digital rights management software” with specific functionality into the construction of “intersplicer.” Pet. 6–8. On this preliminary record, Petitioner shows that the specification does not support this narrow construction. *See id.* (arguing that the disclosed and claimed intersplicer is one of many separate components that provides separate functionality as it relates to digital rights management software). Patent Owner is free to brief the issue during trial.

2. *Change a Predetermined Advertising Insertion Point*

Limitation 1.e recites “change a predetermined advertisement insertion point in the digital media content to an adapted advertisement insertion point in the digital media content, in response to receiving a user input to update a current play position in the digital media content to a new play position in the digital media content.” Independent claims 10, 19, and 27 recite similar limitations.

Patent Owner contends that “[a]n ad insertion point represents a designated location within a content timeline where an ad file can be inserted.” Prelim. Resp. 41. Patent Owner also asserts that “[c]hanging an advertising insertion point means changing the location of that advertising insertion point on the timeline.” *Id.* at 43 (emphasis added). Patent Owner explains that “[t]his changing of a predetermined advertising insertion point’s position on the timeline is a novel improvement in the ’768 patent that allows users to customize their presentations.” *Id.*

To support its claim construction, Patent Owner provides an example of moving the insertion point for ad 410 to the left on the timeline due to a skip by a user. Prelim. Resp. 44–45. Patent Owner’s annotated and modified version of a portion of the ’768 patent’s Figure 4A follows (*id.* at 44):



Patent Owner argues that in the above annotated figure

from the '768 patent Figure 4A . . . [that] the ad insertion point is changed as claimed because it moves from its original position on the timeline (after segment 432 ends, that is, at 100% of segment 432) to the left (at only 80% of segment 432), after the user “jumps” to the new position in the middle of segment 434. The content that is jumped over is not played.

Prelim. Resp. 45 (citing Ex. 1001, 20:26–30). According further to Patent Owner, “moving an ad file to a different ad insertion position does not . . . disclose changing an ad insertion point.” *Id.* at 41. In other words, as best understood, the new ad insertion point for ad 410 is at a point on the timeline that is not an original ad insertion point (perhaps because the system did not previously specifically designate this new point as an ad insertion point originally).<sup>8</sup>

<sup>8</sup> As noted below, in general, the specification states that “[w]hatever method [the logic] uses, it places the ad blocks between individual tracks, or runs them just before resuming play upon a user-directed skip into the middle of a track.” Ex. 1001, 20:54–55 (emphasis added). That is, the logic contemplates ad insertion points at least between each content segment or

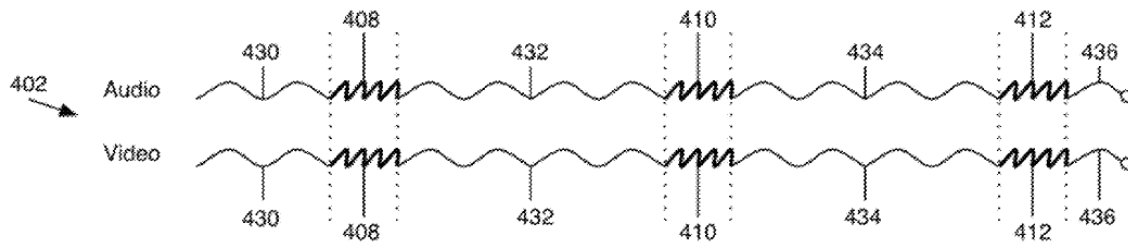
However, this above is just one example in the specification. Nothing in the claim language or specification limits the claims to this one concept or precludes moving an ad insertion point to a previously designated ad insertion point. It is improper to limit claim 1 based on this one example. *See Liebel-Flarsheim Co v. Medrad, Inc.*, 358 F.3d 898, 913 (Fed. Cir. 2004) (explaining that “it is improper to read limitations from a preferred embodiment described in the specification—even if it is the only embodiment—into the claims absent a clear indication in the intrinsic record that the patentee intended the claims to be so limited”).

To further support its claim construction, Patent Owner cites to the prosecution history of the '403 parent patent (Ex. 2002). *See* Prelim. Resp. 46; *supra* § II.B (Related Matters). Patent Owner relies on a prior Board decision that determined that written description support exists for original claim 212 in the '403 parent patent application. *See id.* (citing Ex. 1006); Ex. 1006, 857–858 (claim 212 analyzed by Board). However, even if claim 212 of the '403 patent application is of similar scope to claim 1 here, it is generally improper to limit claim 1 here based on one example. *See Liebel-Flarsheim*, 358 F.3d at 913. Accordingly, the prior Board decision’s written description analysis as to claim 212 sheds little or no light on how to interpret claim 1 here.

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just before resuming play after a skip because that is where the logic places ad blocks.

A portion of Figure 4A of the '768 patent follows:



In the portion of Figure 4A above, as in Patent Owner’s annotated version further above, play sequence 402 includes content segments 430, 432, 434, and 436 “the user has requested to play, and each of advertisement blocks 408, 410, and 412 is a group of at least one or more ads and/or other promotional material that the player/viewer software has automatically assembled and inserted into the sequence.” Ex. 1001, 19:51–55. A user can jump from one content segment to another. “For example, if the user of sequence 402 jumps right into segment 434 as segment 430 is just starting, the player/viewer will begin segment 434 at its point of entry, *followed at its end by ad block 412.*” *Id.* at 20:18–21 (emphasis added).

In other words, consistent with Patent Owner’s observation that at least for some embodiments, modified ad insertion points effectively move along the timeline, the ad insertion point at ad 412 effectively appears to move to the left along the time axis because of the result of skipping over content segment 432 and ad block 410. With respect to limitation 1.e, the user’s decision skip over 408, 432, and 410 causes a “change [in] a predetermined advertisement insertion point [at 412] in the digital media content to an adapted advertisement insertion point” to somewhere earlier on the timeline. But the specification does not state that the new insertion point for ad 412 does cannot coincide with original insertion points at 408 or 410, contrary to Patent Owner’s arguments. Limitation 1.e also does not require

this limitation, which amounts to a negative limitation as interpreted by Patent Owner.

Our reviewing court states in the context of a “negative limitation,” that “[it is] reluctant to read a written description to affirmatively exclude or disclaim an element *absent an express statement* to that effect,” *Healthier Choices Mgmt. Corp. v. Philip Morris Prods. S.A.*, No. 2023-1529, 2024 WL 4866805, at \*4 (Fed. Cir. Nov. 22, 2024) (emphasis added). “If, however, a patent owner could establish that a particular limitation would always be understood by skilled artisans as being necessarily excluded from a particular claimed method or apparatus if that limitation is not mentioned, the written description requirement would be satisfied despite the specification’s silence.” *Novartis Pharms. Corp. v. Accord Healthcare, Inc.*, 38 F.4th 1013, 1017 (Fed. Cir. 2022) (“While a negative limitation need not be recited in the specification in *haec verba*, there generally must be something in the specification that conveys to a skilled artisan that the inventor intended the exclusion, such as a discussion of disadvantages or alternatives.”). Here, there is no express statement for the argued negative limitation. In addition, although written description support for the negative limitation is a necessary condition, it is not a sufficient condition to import a limitation from the specification under the rubric of *Liebel-Flarsheim* (holding it is generally improper to read limitations from a preferred embodiment into a claim).

Moreover, the specification states that “[w]hatever method [the logic] uses, *it places the ad blocks between individual tracks, or runs them just before resuming play upon a user-directed skip into the middle of a track.*” Ex. 1001, 20:54–57 (emphasis added). As noted above, Patent Owner



contends that “[a]n ad insertion point represents a designated location within a content timeline where an ad file *can be inserted*.” Prelim. Resp. 41 (emphasis added). On this preliminary record, the specification contemplates moving an ad block from one insertion point to another point after a skip as changing an ad insertion point according to limitation 1.e.

The full context of limitation 1.e supports this interpretation because it contemplates a skip “to a new play position,” and it “change[s] a predetermined advertisement insertion point in the digital media content to an adapted advertisement insertion point in the digital media content, in response to receiving a user input to update a current play position in the digital media content to a new play position in the digital media content.”

As another example involving a skip, another portion of Figure 4A of the ’768 patent follows:

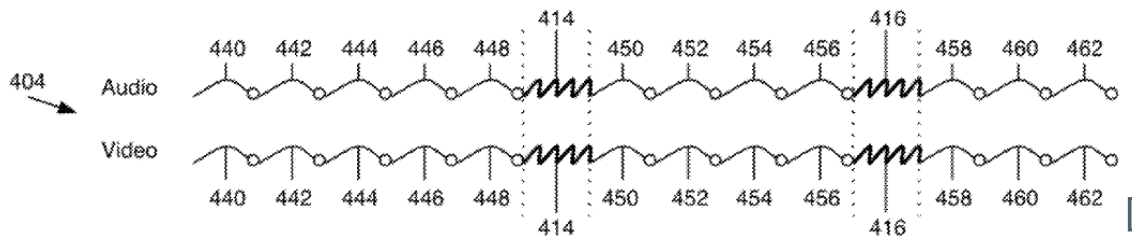


Figure 4A above illustrates play sequence 404 with ad blocks 414 and 416 at insertion points between content (e.g. video) tracks 440, 442, . . . 462. Ex. 1001, 20:40–48. The specification describes how the logic inserts ads with respect to sequence 404:

If the user plays through most of track 458, then jumps to the beginning of track 442 and plays it, . . . . [i]f the user then jumps to track 452, an ad block will play immediately after track 452 completes, or if the user attempts to leave track 452 after hearing most of it but before it completes, . . . . [t]his ad block will be assembled extemporaneously to go with the five tracks that were played . . . .

*Id.* at 21:17–24 (emphases added). In this example, the specification indicates a newly assembled ad block will play at the ad insertion point after track 452—“between individual tracks” 452 and 454 tracks—denoted by the small circle therebetween. *See id.* at Fig 4A, 21:17–24, 20:54–55. That is, as discussed above, the logic generally contemplates these insertion points (i.e., those designated by small circles) as normal ad insertion points. *Id.* at 20:54–55 (“Whatever method [the logic] uses, *it places the ad blocks between individual tracks . . .*”). This raises the issue of what a “predetermined advertisement insertion point” is. The parties will have the opportunity to brief this issue during trial.

Accordingly, for purposes of institution, “chang[ing] a predetermined advertisement insertion point in the digital media content to an adapted advertisement insertion point in the digital media content, in response to receiving a user input to update a current play position in the digital media content to a new play position in the digital media content,” at least includes skipping over a predetermined ad insertion point to ultimately arrive at a different ad insertion point in response to the user activity.

### 3. Summary

No other express construction of any claim term is necessary to determine whether to institute *inter partes* review. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (“[W]e need only construe terms ‘that are in controversy, and only to the extent necessary to resolve the controversy.’” (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999))).

*D. Ground 1, Alleged Obviousness of Claims 1–3, 5–12, 14–21, 23–25, 27–29, and 31–33*

Petitioner contends that claims 1–3, 5–12, 14–21, 23–25, 27–29, and 31–33 would have been obvious over the combined teachings of Eldering-I and Eldering-II. Pet. 10–71.

*1. Eldering-I*

Eldering-I relates to “targeted advertising, such as in television programming delivery systems utilizing set top boxes.” Ex.1004 ¶ 3. “[T]he invention can be used to insert any data into any other data stream.” *Id.* ¶ 27. “Preferably, the information stream includes particular time intervals which are dedicated for insertion of such external data. However, the invention also can be utilized to replace existing data in the data stream, if desired.” *Id.*

“The subscriber system receives from the head end system or other external source a plurality of programming channels having avails, and inserts selected advertisements into the avails of the programming channels.” Ex. 1004 ¶ 28. In other words, avails correspond to intervals in which to insert ads, as Figure 4 below shows:

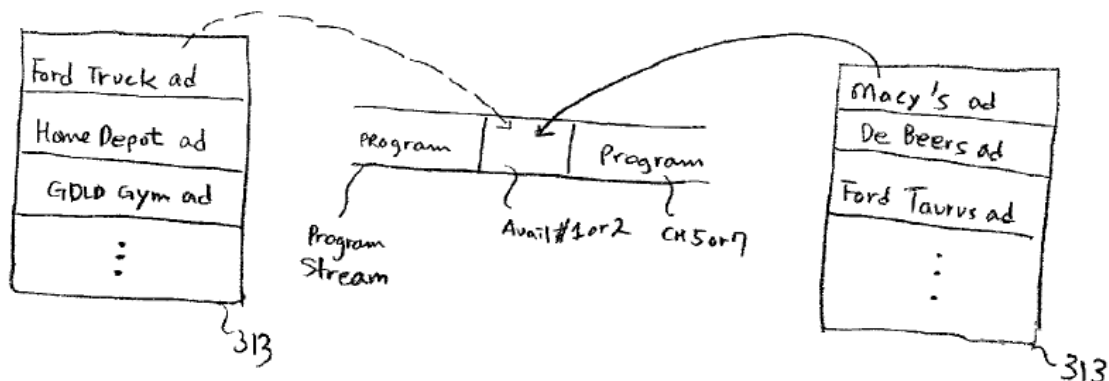


Figure 4 illustrates a program stream (middle) with an avail between program segments of a program stream into which the system inserts ads 313.

In addition, an ad processing unit varies the ads as it [d]etect[s] any change in one or more of certain viewing parameters associated with the subscriber system. Such viewing parameters may include, but are not limited to, the channel selections made by the current viewer, the identity of the current viewer, the type of program being watched by the current viewer, and the size of the next avail in the current programming channel.

Ex. 1004 ¶ 30.

Eldering-I teaches “us[ing] a wide variety of ad insertion opportunities” in “[t]he present invention,” “including prepended ads, ads inserted into live programming, ads inserted into recorded programming, ads inserted into content, or ads placed at the end of the programming.”

Ex. 1004 ¶ 71.

## 2. *Eldering-II*

Eldering II relates to Video on Demand (VoD), Subscription Video on Demand (SVoD), and Content on Demand (CoD) systems that present targeted ads and content to subscribers. Ex. 1005 ¶¶ 49, 52. “[W]hen the subscriber attempts to skip or fast forward the ad they are presented with an alternative ad in place of or in conjunction the targeted ad.” *Id.* ¶ 58. In general, for a media stream, “[t]he ads may be delivered prior to, after, within breaks in, in conjunction with or during the content.” *Id.* ¶ 74.

### 3. Analysis of Claim 1

#### a) Preamble and Limitations 1.b–1.d

The preamble of independent claim 1 recites “[a] digital media system comprising.” Petitioner generally relies on Eldering-I’s subscriber system. Pet. 12 (Ex-1004, Fig. 1, ¶¶ 5–8, 26, 35, 39, 47; Ex. 1003 ¶ 44).

Eldering-I’s Figure 1 follows:

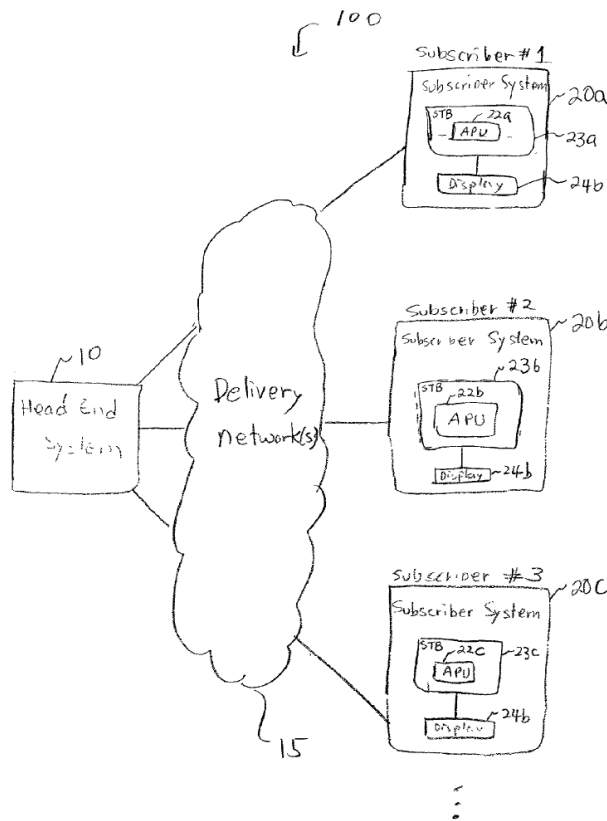


Figure 1 shows head end 10 for delivery of media content and ads to subscriber end systems 20a–20c. See Pet. 1 (citing Ex. 1004 ¶¶ 25 (“A ‘subscriber system’ is a system at the subscriber’s end which receives, processes, and/or displays media signals (e.g., TV Programs) including advertisement signals.”), 26 (“The media signals may be communicated between the head end system and the subscriber systems through one or more delivery networks . . . .”)).

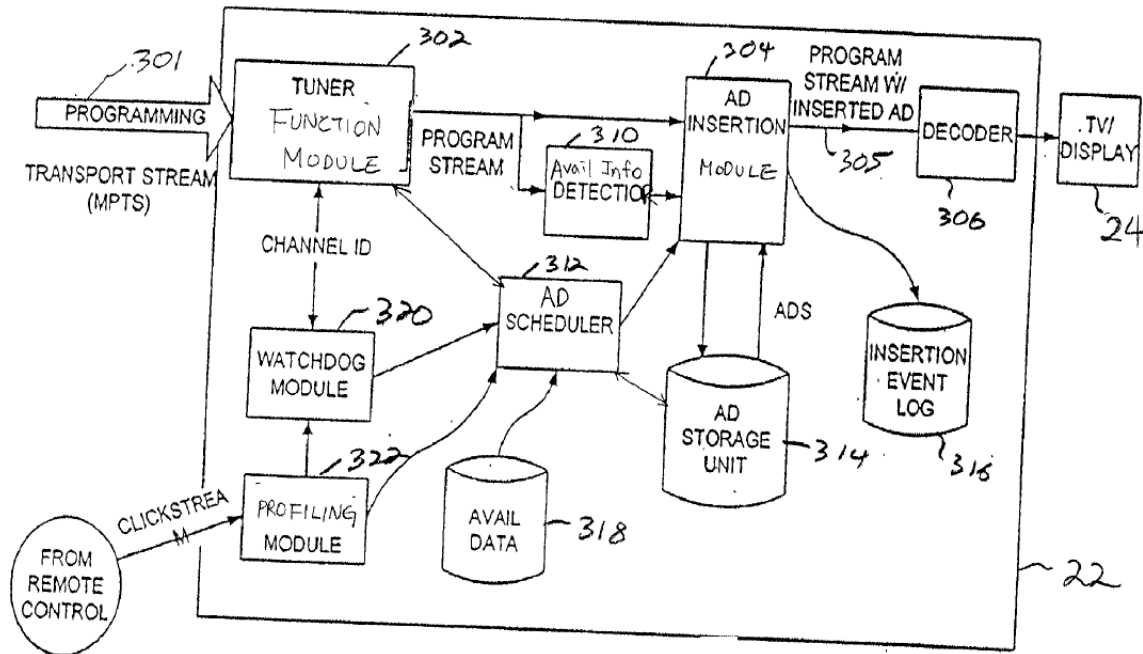
Limitation 1.b recites “a user interface for receiving user input for controlling a course of presentation of digital media content.” Petitioner relies on Eldering-I’s subscriber system as including a user interface via a set top box. Pet. 13 (citing Ex. 1004 ¶¶ 37 (“In accordance with one embodiment, each of the subscriber systems 20 includes a set top box 23a, 23b or 23c, and a display device 24a, 24b or 24c coupled to the set top box. . . . Each of the set top boxes 23 may further include components typically found in set top boxes, such as a tuner, a user interface, a CPU, ROM, RAM, etc.”), 25, 34, Fig. 1; Ex. 1003 ¶ 46). According to Petitioner, “Eldering-I’s user interface is for receiving user input (e.g., channel change) for controlling a course of presentation of digital media content.” *Id.* (citing Ex. 1004 ¶¶ 32, 36, 38, 59, 61, Fig. 1; Ex. 1003 ¶ 47).

Petitioner also relies on Eldering II’s user interface as providing “VCR functions (i.e., *rewind, pause, fast-forward, stop the playback*)” Pet. 14 (quoting Ex. 1004 ¶ 109). According to Petitioner, implementing known VCR features in Eldering I would have been obvious because they “improve users’ flexibility in controlling the presentation of the media content (e.g., by allowing the user to skip a boring part and move to a more interesting part of a program).” *Id.* Petitioner also asserts that because “Eldering-I and Eldering-II teach[] the same types of devices (e.g., set top box, PVR), which Eldering-II teaches to have the control functionalities, a POSITA would have had a reasonable expectation of success when implementing Eldering-II’s teachings to Eldering-I.” *Id.* (citing Ex. 1003 ¶ 52).

Limitation 1.c recites “an advertisement rotator for managing one or more requests for advertising content to be presented during the course of presentation of the digital media content either visually or audibly.”

Petitioner asserts that the claimed advertisement rotator reads on Eldering I's ad insertion module 204. Pet. 14 (citing Ex. 1004, code (57)) ("The system further includes an ad insertion module which inserts the advertisements into the programming channels according to the stored ordered list."), ¶ 52, Fig. 2).

Eldering I's Figure 2 follows:



Eldering-I's Figure 2 shows Ad Insertion Module 204 in communication with Ad Scheduler 312 and Ad storage unit 314 for display ads at TV display 24. Petitioner relies on Eldering-I's teaching that "the advertisement insertion module 304, according to the ad insertion schedule provided by the ad scheduler 312, requests a particular advertisement from the advertisement storage unit 314." Pet. 16 (quoting Ex. 1004 ¶ 46). Petitioner contends that Eldering-I's "advertisement insertion module 304 inserts or splices the received advertisement into the avail of the programming stream channel." *Id.* (quoting Ex. 1004 ¶ 47). Petitioner also explains that Eldering-I presents the ad content during the presentation of

digital media content. *Id.* at 17 (“[T]subscriber system inserts the ads into the incoming programming channel according to the most current ad insertion schedule and displays the programming channel with the inserted advertisements[.]” (quoting Ex. 1004 ¶ 33)).

Limitation 1.d recites “an intersplicer in communication with the advertisement rotator, the intersplicer configured to.” Pet. 18. Petitioner reads the intersplicer onto Eldering-I’s ad scheduler “in communication with the advertisement rotator (e.g., advertisement insertion module).” *Id.* at 18 (citing Ex. 1004, code (57)). Petitioner maintains that “Eldering-I’s ad scheduler teaches an intersplicer because it selects advertising content and controls insertion and conveyance of advertising content in media content and is configured to perform the operations recited in limitations” 1.e–1.h, as discussed further below. *Id.* at 20. Petitioner explains that “[b]y scheduling and rescheduling advertisements, the ad scheduler controls how advertisements are inserted in media content and conveyed to the user.” *Id.* (citing Ex. 1004 ¶¶ 33, 44, 46–47; Ex. 1003 ¶ 64).

Petitioner also contends that Eldering-I teaches scheduling and re-scheduling ads “based on an hybrid orthogonal-linked sponsorship model, which includes rules regarding the advertisements to select for different avails.” Pet. 21(citing Ex. 1004, ¶¶ 16, 30, 32, 44, 49–52, 56–61, 63–64, 75). In other words, Eldering-I schedules ads to insert into avails based on rules. *Id.* (citing Ex. 1004 ¶¶ 76–82).

Turning to Eldering-II, Petitioner relies on its teaching of user functionality involving fast forwarding or skipping over ads. Pet. 21 (citing Ex. 1005 ¶¶ 110 (“[T]he content provider may not allow the subscriber to fast-forward or skip ads.”), 58, 165, code (57)). Petitioner asserts it would



have been obvious “to apply Eldering-II’s teachings to Eldering-I to limit the user’s ability to skip over or fast forward through advertisements because doing so would have provided the benefit of ensuring exposure to advertising content and protecting the interest of advertisers in sponsoring media content.” *Id.* According to Petitioner, “[t]he combination thus teaches **enforcing the conveyance of advertisements.**” *Id.* (citing Ex.1003 ¶ 68).

The preliminary record as summarized above sufficiently supports Petitioner as to the preamble of claim 1 and limitations 1.b–1.d. Patent Owner does not address Petitioner’s showing for these limitations. *See generally* Prelim. Resp.<sup>9</sup>

*b) Limitation 1.e*

Limitation 1.e recites “chang[ing] a predetermined advertisement insertion point in the digital media content to an adapted advertisement insertion point in the digital media content, in response to receiving a user input to update a current play position in the digital media content to a new play position in the digital media content.” Petitioner relies on the combined teachings of Eldering-I and Eldering-II to address limitation 1.e. Pet. 24–34.

As discussed above, Petitioner contends that Eldering-I’s system inserts ads into avails in the digital media content based on an ad insertion schedule, which in turn relies on user inputs and other parameters to select the appropriate ad to insert. *See* Pet. 24–34. Petitioner also relies on Eldering-II’s teaching of receiving a user input (e.g., skipping, fast

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<sup>9</sup> Petitioner also contends that the combination of Eldering-I and Eldering-II would have rendered the intersplicer limitation obvious even under Patent Owner’s narrower District Court construction. *See* Pet. 22–24; *supra* note 6.

forwarding) as a type of input that complements Eldering-I's system because that type of input also helps to determine user viewing habits or parameters. *Id.* at 28–31 (citing Ex. 1004 ¶¶ 16, 30, 32, 52, 61, 82; Ex. 1005 ¶¶ 109–110, 148, 162–164, 178, 182; Ex. 1003 ¶¶ 84–88). Petitioner explains that these control functionalities allow the user to fast forward through or skip over advertisements. *Id.* at 28 (citing Ex. 1005 ¶¶ 58, 110, 112, 124, 165; Ex. 1003 ¶ 82).

Petitioner explains that the “user input for skipping or fast forwarding **updates a current play position in the digital media content to a new play position in the digital media content.**” Pet. 28. In other words, Petitioner contends that “skipping over digital media content updates the play position from a position preceding the skipped over portion to a position subsequent to the skipped over portion.” *Id.* (citing Ex. 1010 ¶ 21; Ex. 1017 ¶¶ 34, 36, Fig. 5; Ex. 1018 ¶¶ 1015, Fig. 1). Petitioner also explains that “a user may skip from a current play position in the digital media content before an advertisement to a new play position in the digital media content after an advertisement,” or a user may skip over part of an ad to update the play position. *See id.* (citing Ex. 1010 ¶ 21; Ex. 1017, ¶¶ 34, 36, Fig. 5; Ex. 1003 ¶ 83). That is, Petitioner contends that “Eldering-II teaches or suggests changing a predetermined advertisement insertion point to an adapted advertisement insertion point, **in response to** receiving a user input to update a current play position to a new play position because . . . such a user input changes viewing parameters.” *Id.* at 29 (citing Ex. 1003 ¶ 85).

Petitioner also explains that “[b]ecause the advertisements are inserted in avails, this teaches bypassing one or multiple avails, causing a different

avail to be available after updated play position.” Pet. 29–30 (citing Ex. 1005 ¶¶ 148, 162–164, 178, 182). Petitioner also asserts that it would have been obvious to implement user control functionalities such as skipping and fast forwarding on Eldering-I’s digital media system because it allows a user to update the play position to a desired position with common flexible options. *See id.* at 14, 29.

In response, and as noted above in the claim construction section, Patent Owner argues that “moving an ad file to a different ad insertion position does not equate to or disclose changing an ad insertion point.” Prelim. Resp. 41. As discussed in the claim construction section, the specification does not support limiting limitation 1.e to this narrow claim interpretation. *See supra* § IV.C.3. For example, on this preliminary record, limitation 1.e reads on skipping over an ad insertion point and then inserting an ad file into a different ad insertion point, which occurs at a different point in time than the skipped ad. Patent Owner’s remaining arguments all appear to turn on its narrow claim interpretation without addressing Petitioner’s reliance on the resulting adapted ad insertion point resulting from a skip. *See, e.g.*, Prelim. Resp. 47 (arguing “Eldering-I and Eldering-II do not change the time at which ad avails occur”).

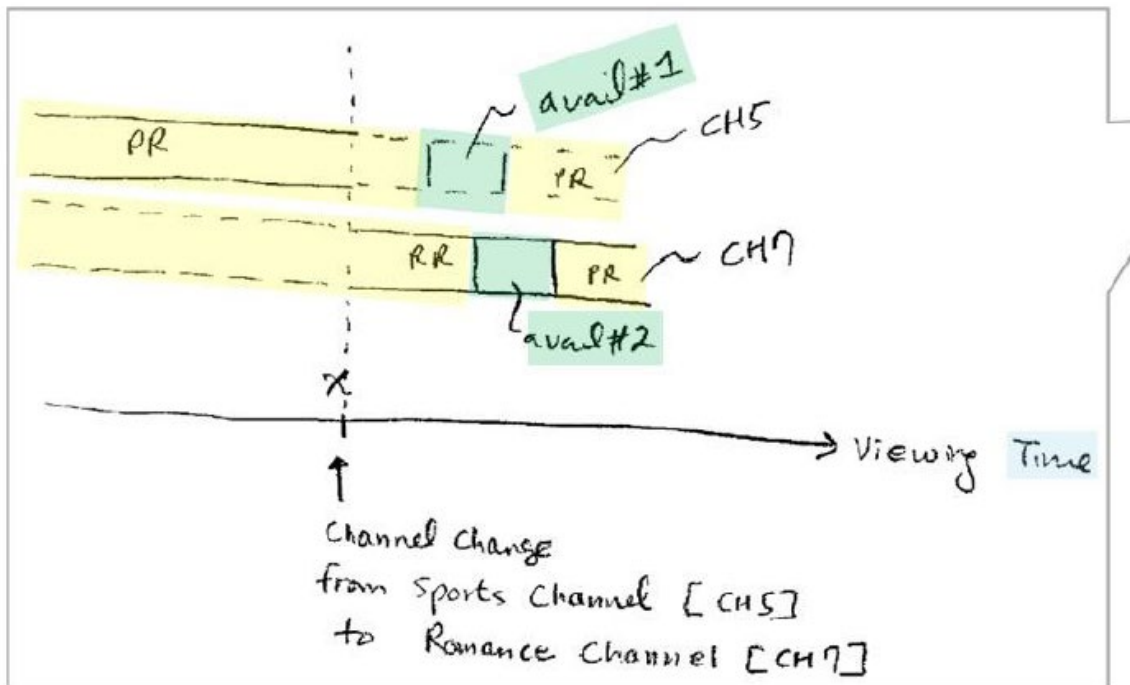
As one example, Patent Owner argues as follows:

Said another way, the Petition refers to an ad file being in one position in a list, with the list position allegedly associated with one ad avail, then the ad file being in a different list position—allegedly associated with a different ad avail. At most, this discloses two different ad avails. It does not show modifying an ad avail.

Prelim. Resp. 49. Again, this argument does not address the result of skipping over ad avails. Patent Owner’s other arguments focus on alleged

shortcomings in Eldering-I, asserting that “‘rescheduling’ is merely re-ranking.” *See id.* at 54. Similarly, Patent Owner argues that “changing an ad’s rank in the list does not show modifying an ad insertion point as the claims require.” *Id.* at 55.

Patent Owner recognizes that Eldering-I’s avails correspond to the claimed ad insertion point. Prelim. Resp. 42. Patent Owner produces an annotated version of Eldering-I’s avails to show that they correspond to a position on a “timeline of content” (*id.*):<sup>10</sup>



According to Patent Owner, “[a]s 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.” Prelim. Resp. 42. Even in

<sup>10</sup> We omit a portion of Patent Owner’s figure on the right. *See* Prelim. Resp. 42.

this example above, the ad avails are at different points in the timeline, although the parties do not address whether two different channels are in the same “digital media content.”

As indicated above, Petitioner also relies on Eldering-II to suggest modifying ad insertion points in Eldering-I’s system based on skipping an ad so that the combination results in “chang[ing] a predetermined advertisement insertion point . . . to an adapted advertisement insertion point in the digital media content,” as limitation 1.e requires. Pet. 31–36. Patent Owner’s arguments focus on Eldering-I and do not address the combination with particularity. *See* Prelim. Resp. 47–57.

As indicated above, Patent Owner also argues that “Eldering-I and Eldering-II do not change the time at which ad avails occur.” Prelim. Resp. 47. Patent Owner also contends that “the Petition does not assert otherwise.” *Id.* Patent Owner also argues that “[p]laying an alternative ad during fast forwarding is not changing an advertisement insertion point as claimed,” and “Petitioner does not even actually allege that Eldering-II’s reference to alternative ads during fast forwarding discloses modifying any particular advertising insertion point.” *Id.* at 40.

Contrary to these arguments, as indicated above, Patent Owner does not address Petitioner’s reliance on Eldering-II’s ad skipping, where Eldering-I incorporates Eldering-II and complements Eldering-I’s scheme for inserting ads based on parameters. As outlined above, Petitioner asserts that skipping an ad insertion point based on the combined teachings of Eldering-I and Eldering-II results in changing an ad insertion point to an adapted ad insertion point, as limitation 1.e requires on this preliminary record. *See* Pet. 29 (“The combination of Eldering-I and Eldering-II teaches

or suggests changing a predetermined advertisement insertion point to an adapted advertisement insertion point, in response to receiving a user input to update a current play position to a new play position because . . . such a user input changes viewing parameters.” (citing Ex. 1003 ¶ 85)). Similar to Patent Owner’s description of how a skip results in moving the ad insertion point in the ’768 patent (*see supra* IV.C.2), on this preliminary record, the new ad insertion point (the “new play position” or avail) would effectively shift to a different point on the time line relative to its original position in time due to the skip depending on the amount of content and number of ads skipped. *See* Pet. 29–30 (“Because the advertisements are inserted in avails, this teaches *bypassing one or multiple avails, causing a different avail to be available after [an] updated play position*” (citing Ex. 1004 ¶ 30; Ex. 1005 ¶¶ 148, 162–164, 178; Ex. 1003 ¶ 87) (emphasis added))).

As discussed above in the Claim Construction section, Patent Owner relies on a prior Board decision (Appeal No. 2019-001632) that addresses Examiner rejections of the ’403 parent patent’s original claim 212 to support its arguments. *See* Prelim. Resp. 10–16 (citing Ex. 1006); *supra* § IV.C.2. However, as relied upon by Patent Owner and discussed above, this prior Board decision addresses a written description issue and relies on a single example in the (common) specification for the ’403 patent and ’768 patent, which sheds little or no light on the full scope of limitation 1.e at issue here. *See supra* § IV.C.2.

Based on the foregoing discussion, the preliminary record as summarized above sufficiently supports Petitioner as to limitation 1.e.

*c) Limitations 1.f–1.h*

Limitation 1.f recites “the adapted advertisement insertion point determined by an adaptive preference rule based on an advertisement requirement that applies to the digital media system.” Petitioner relies on Eldering-I to teach “selecting and scheduling advertisements to present for each avail based on a hybrid orthogonal-linked sponsorship model.” Pet. 35 (citing Ex. 1004 ¶¶ 76–82). Petitioner explains that in Eldering-I, an orthogonal sponsorship model “allows targeted ads to be delivered to appropriate viewers . . . so that viewers will always see targeted ads even if they change channels or view programs at different times.” *Id.* (quoting Ex. 1004 ¶ 76). Petitioner also relies on Eldering-I’s Figure 6, which depicts an ad queue “containing additional columns which indicate linked sponsorship parameters such as the time of day, programs in which the advertisement should be shown, and the viewer to which the advertisement should be shown.” *Id.* at 36 (quoting Ex. 1004 ¶ 81).

Limitations 1.g and 1.h recite “modify[ing] the adapted insertion point of digital advertising content based on the advertisement requirement; and request[ing], from the advertisement rotator, digital advertising content to be played at the adapted advertisement insertion point.”

For limitation 1.g, Petitioner relies on Eldering-I to “teach[] that the ad insertion schedule is modified on an on-going, real-time basis so that the most appropriate advertisements are inserted into the incoming programming stream.” Pet. 39 (citing Ex. 1004 ¶¶ 32, 52, 55, 58, 63 (“[T]he rescheduling of ads may occur continuously so that ads that are most appropriate for the current viewer are inserted and played.”), 75).

For limitation 1.h, Petitioner relies on Eldering-I to teach that “the ad scheduler notifies the advertisement insertion module of an ad insertion schedule or information about the next advertisement, based on which the advertisement insertion module requests an advertisement from the advertisement storage unit and inserts the received advertisement for presentation.” Pet. 40 (citing Ex. 1004 ¶¶ 46 (“[T]he advertisement insertion module 304, according to the ad insertion schedule provided by the ad scheduler 312, requests a particular advertisement from the advertisement storage unit 314.”), 47 (“The advertisement insertion module 304 inserts or splices the received advertisement into the avail of the programming stream channel.”), 49, Fig. 2).

The preliminary record as summarized above sufficiently supports Petitioner as to the preamble of claim 1 and limitations 1.b–1.d. Patent Owner does not address Petitioner’s showing for these limitations. *See generally* Prelim. Resp.

*d) Summary of Claim 1*

Based on the analysis set forth above, including the analysis of Patent Owner’s arguments and evidence, we determine, on the current record and for purposes of this Institution Decision, that the information presented in the Petition demonstrates a reasonable likelihood that Petitioner will prevail in establishing that claim 1 is unpatentable under 35 U.S.C. § 103(a) over the combination of Eldering-I and Eldering-II.

*4. Analysis of Claims 2–3, 5–12, 14–21, 23–25, 27–29, 31–33*

Claims 2, 3, 5–12, 14–21, 23–25, 27–29, and 31–33 depend directly or indirectly from claims 1, 10, 19, or 27. Independent claims 10, 19, and 27 are materially similar to claim 1 for purposes of institution and Petitioner



relies on its showing for claim 1 to address these claims. *See* Pet. 48–63. Petitioner also contends that the dependent claims would have been obvious over the combined teachings of Eldering-I and Eldering-II. *See id.* at 41–57, 64–68.

We determine, on the current record and for purposes of this Decision, that the information presented in the Petition demonstrates a reasonable likelihood that Petitioner will prevail in establishing that claims 2, 3, 5–12, 14–21, 23–25, 27–29, and 31–33 are unpatentable under 35 U.S.C. § 103(a) over the combination of Eldering-I and Eldering-II.

V. DISCRETIONARY DENIAL UNDER 35 U.S.C. § 325(d)

Patent Owner argues that the Petition should be denied under 35 U.S.C. § 325(d). Prelim. Resp. 17–20; Sur-reply 1–2. Petitioner disagrees. Pet. 69–71; Reply. 1–2.

In determining whether to deny institution under § 325(d), the following two-part framework applies: (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 [the] 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. *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6, 8 (PTAB Feb. 13, 2020) (precedential). In addition, factors set forth in *Becton, Dickinson* provide insight into how to apply the *Advanced Bionics* framework under 35 U.S.C. § 325(d). *Id.* at 9 (referencing *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8, 17–18 (PTAB Dec. 15, 2017) (precedential as to § III.C.5, first paragraph)).

As noted above, the first part of the *Advanced Bionics* framework requires consideration of “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.” *Advanced Bionics*, Paper 6 at 8. Previously presented art includes art made of record by the Examiner, and art provided to the Office by an applicant, such as on an Information Disclosure Statement (“IDS”), in the prosecution history of the challenged patent. *Id.*

*Becton, Dickinson* factors (a), (b), and (d) help to determine whether Petitioner has demonstrated that the same or substantially the same art or arguments were not presented to the Office. *Advanced Bionics*, Paper 6 at 10. Those factors follow: (a) the similarities and material differences between the asserted art and the prior art involved during examination; (b) the cumulative nature of the asserted art and the prior art evaluated during examination; and (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art. *Becton, Dickinson*, Paper 8 at 17–18.

Under the first part of the framework, Patent Owner contends that “[t]he Office already considered the same or substantially the same art.” Sur-reply 1 (citing Prelim. Resp. 4–16). Citing a reference to Knepper (Ex. 1008) applied by the Examiner to reject claim 212 in the ’403 parent patent (Ex. 2002) application, Patent Owner contends that the Board “already analyzed limitations largely similar to the advertisement insertion limitations, and reversed obviousness rejections over similar art to that cited in the Petitions based on those limitations, in the prosecution of the parent of

the '768 Patent.” *See* Prelim. Resp. 10, 11–16 (summarizing Board decision addressing rejections of original claim 212 of the '403 patent application, App. No. 10/696,729, in Appeal No. 2019-001632 (citing Ex. 1006, the '403 patent prosecution)); Ex. 1006, 856–897 (the prior Board decision).

Referring to two other references, Eldering-262/Plotnick (Ex. 2003) and Eldering '039 (Ex. 2004), Patent Owner also contends that “the Examiner [of the '768 patent application] found that Eldering-262, containing substantially the subject matter as Petitioner’s Eldering-II and literally incorporating-by-reference Petitioner’s Eldering-I, was the ‘closest prior art’ to these claims.”<sup>11</sup> Prelim. Resp. 17; *see also id.* at 4–9 (discussing the four Eldering references (two in prosecution and two in the Petition). Patent Owner also states that “[t]he four Eldering references—the two cited during prosecution, and the two in the Petition—are directed to the same or similar subject matter, and even include identical figures.” Prelim. Resp. 7.

Petitioner counters that its “art and arguments are materially different from those considered during prosecution.” Reply 1. Petitioner also asserts that “[i]t is undisputed that the Examiner never considered Eldering-I or Eldering-II or the combination of these two references in any Office Actions.” *Id.* at 2. Petitioner also asserts that material differences exist between its Eldering-based ground and Eldering-262. *Id.* Petitioner contends that

[t]he Petition explains in detail how Eldering-I’s teachings regarding selecting, scheduling and rescheduling advertisements in response to changing conditions—which are not present in Plotnick[/Eldering-262]—would have been combined with

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<sup>11</sup> The Examiner refers to Plotnick in the prosecution history, but Patent Owner refers to the same reference as Eldering-262. *See* Prelim. Resp. 5. We refer to the reference as Eldering-262.

Eldering-II's teachings regarding user input (e.g., skipping through content) such that the combination discloses rescheduling advertisements in response to user input, as the claim requires.

*Id.* at 2–3.

The record supports Petitioner. Patent Owner's assertion that because Eldering-262 was cited during prosecution and because it incorporates Eldering-I by reference, "the Office has already been presented with and discussed this art," is unavailing. *See id.* at 19. Eldering-262 incorporates by reference about 50 other patent applications including Eldering-I. *See* Ex. 2003 ((Eldering-262) ¶ 36 (citing Eldering-I), ¶¶ 1–52 (incorporating by reference about 50 patent applications)). The prosecution history does not indicate that the Examiner considered Eldering-I and Eldering-II or show that it was cited on an IDS or Form-892.

Patent Owner points out that the Examiner of the '768 patent application found that "the closest prior art [Eldering-262] teaches inserting alternative ads during a fast forward command." Prelim. Resp. 20 (quoting Ex. 1002, 351). However, this finding by the Examiner does not show that Eldering-I are and Eldering-II are similar or cumulative to Eldering-262 and Eldering '039. It also does not show a material overlap between what Petitioner relies on in Eldering-I and Eldering-II and Eldering-262's relied-upon teaching of "inserting alternative ads during a fast forward command." *See* Ex. 1002, 351.

Petitioner does not rely Eldering-I or Eldering-II to individually or collectively teach inserting an alternative ad *during* a fast forward command. Rather, as discussed above in analyzing limitation 1.e, Petitioner relies on the combination of Eldering-I and Eldering-II to suggest selecting and

rescheduling ads in response to changing conditions and inserting desirable ads into a new ad avail position in the digital stream *after* skipping ads and content as claim 1 requires. Patent Owner does not assert that the Examiner considered or mentioned that Eldering-262 or Eldering '039 suggests these combined features.<sup>12</sup> *See* Prelim. Resp. 19–20; Sur-reply Ex. 1002, 351.

Patent Owner also cites overlapping figures and teachings involving Eldering-I and Eldering-II, at issue in this Petition, and Eldering-262 and Eldering '039, as cited during prosecution. *See* Prelim. Resp. 4–9. However, none of the citations or figures show that Eldering-I and Eldering-II are cumulative to Eldering-262 and Eldering '039 in terms of Petitioner's showing that relies on the combination of Eldering-I and Eldering-II to suggest selecting and inserting a desirable ad into a new ad avail position in the digital stream after skipping an ad based on user inputs. *See supra* § IV.D.b; Reply 2–3. This implies that material differences exist in the two Petition references as applied by Petitioner to limitation 1.e versus how the Examiner viewed the closest prior art, Eldering-262.

Patent Owner does not direct us to teachings in the prosecution references that are similar or cumulative to those that the Petition relies upon to reach limitation 1.e. That the Examiner stated that the closest prior art, Eldering-262, involves “inserting alternative ads *during* a fast forward command” (Ex. 1002, 351) (emphasis added), shows that the closest prior art during prosecution is distinct from the combined teachings as relied upon

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<sup>12</sup> If Eldering-262 and Eldering '039 do suggest these combined features, then the Examiner erred based on the summary of Petitioner's showing, as Petitioner essentially argues. *See* Prelim. Resp. 1 (“The '768 patent was allowed in error because the Office has not considered . . . the combination of Eldering-I and Eldering-II).

by Petitioner, namely inserting alternative ads *after* a skip. *See supra* note 12.

Shifting to the prosecution of the parent '403 patent application, Patent Owner also argues as follows:

On appeal, in prosecution, the PTAB already held that although prior art disclosed changing the ad content shown in an ad insertion point, it did not disclose changing the position of the ad insertion point relative to the media. [Prelim. Resp.] 11–14. The PTAB thus already rejected essentially the same argument as Petitioner’s argument directed to changing the ad content but not the position of the ad insertion point.

PO Sur-reply 2 (referring to the prior Board decision for original claim 212 of the parent '403 patent application and prior art to Knepper as discussed in connection with limitation 1.e above (Ex. 1006) (citing Prelim. Resp. 11–16)).

However, the Board’s prior decision does not address whether Knepper teaches “chang[ing] a predetermined advertisement insertion point in the digital media content to an adapted advertisement insertion point in the digital media content . . . to a new play position in the digital media content” as claim 1 requires. That is, the Board’s prior decision and cited prosecution history involves original claim 212 of the '403 parent patent application, not claim 1 here. *See supra* §§ IV.C.2 (Claim Construction), IVD.3.b (addressing limitation 1.e); Ex. 1006, 856–897. Patent Owner’s arguments fail to show how claim 212 involved in the prior Board decision is materially similar to claim 1 at issue here. The Office simply did not consider Knepper in the context of broader claim 1 at issue here. *See id.*; Ex. 1006, 856–897 (prior Board decision).

For example, Patent Owner contends that the Board relied on Appellant's arguments in the prior Board decision involving the '403 parent patent application, namely the following:

Claim 212 recites **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.” As clearly shown above and as described in Knepper, the insertion points of the Ad Video Clips **do not change**.

*See* Ex. 1006, 688; Prelim. Resp. 13 (quoting Ex. 1006, 687–688).

Responding to these arguments by Appellant and others, the Board found and determined as follows:

[W]e 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*.

Ex. 1006, 896 (emphasis added) (addressing claim 212)(second alteration in original). In context, the Board also reasoned that “[t]he claims require modifying the *presentation position* from one initial insertion point to a different insertion point.” *See* Ex. 1006, 890 (emphasis added) (Patent Applicant arguing that “the Examiner seems to be misconstruing the claim language as requiring the modification of the initial ad ‘insertion points’ in the media stream, whereas the claim recites modifying ‘a presentation position’ of the ad content regardless of the point the ad was scheduled to be inserted in the stream initially”). Specifically, claim 212 recites “adaptively modifying . . . 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.” *See id.* at 707. Claim 1 here does not recite a similar feature. It follows that Petitioner does not rely on Eldering-I or Eldering-II to teach such a feature.

In simple terms, the thrust of the prior Board decision, based on arguments by Patent Owner, appears to be that Knepper merely teaches replacing the *content* of one ad for another ad *at the same place of the replaced ad* without skipping over the ad to arrive at another ad insertion point. *See* Prelim. Resp. 13 (“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.” (emphasis added)), 13–16 (reproducing annotated and modified versions of Knepper’s Figure 4 originally presented by Patent Applicant during prosecution of the ’403 patent application). Petitioner does not rely exclusively (if at all) on this simple concept of ad content replacement to reach claim 1 here.

In summary, Petitioner relies on Eldering-I and Eldering-II to collectively teach, *inter alia*, arriving at an adapted insertion point as a result of skipping over ad insertion points instead of merely inserting one ad for another ad at the same presentation position. As discussed above, the record does not show that Eldering-I and Eldering-II were presented during prosecution, that Knepper, Eldering-262, or Eldering ’039 are substantially the same references as Eldering-I or Eldering-II, or that the Examiner raised substantially the same arguments as the Petition.



In other words, the record does not show that the same or substantially the same art previously was presented to the Office or that the same or substantially the same arguments previously were presented to the Office.

Accordingly, we decline to exercise discretion to deny the Petition under § 325(d).

## VI. CONCLUSION

After considering the evidence and arguments presented in the Petition and the Preliminary Response, we determine that Petitioner has demonstrated a reasonable likelihood of prevailing on its assertion that at least one claim of the '768 patent is unpatentable. Accordingly, we institute an *inter partes* review of the challenged claims on the grounds presented in the Petition. *See* 37 C.F.R. § 42.108(a); *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359–60 (2018); *AC Techs. S.A. v. Amazon.com, Inc.*, 912 F.3d 1358, 1364 (Fed. Cir. 2019) (“[I]f the Board institutes an IPR, it must . . . address all grounds of unpatentability raised by the petitioner.”). At this stage of the proceeding, we have not made a final determination as to the patentability of these challenged claims.

## VII. ORDER

In consideration of the foregoing, it is hereby

ORDERED that pursuant to 35 U.S.C. § 314, *inter partes* review is instituted as to challenged claims 1–3, 5–12, 14–21, 23–25, 27–29, and 31–33 of the '768 patent with respect to all grounds of unpatentability presented in the Petition; and

FURTHER ORDERED that *inter partes* review is commenced on the entry date of this Order, and pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial.

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Patent 11,463,768 B2

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