Trials@uspto.gov
571-272-7822

Paper 12
Date: May 1, 2025

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HULU, LLC,
Petitioner,

v.

PIRANHA MEDIA DISTRIBUTION, LLC,
Patent Owner.

IPR2025-00081
Patent 10,986,403 B2

Before KARL D. EASTHOM, AARON W. MOORE, and SEAN P. O'HANLON, *Administrative Patent Judges*.

EASTHOM, *Administrative Patent Judge*.

DECISION
Denying 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, 2, 4–11, 13–15, 17–19, and 21–23 (the "challenged claims") of U.S. Patent No. 10,986,403 B2 (Ex. 1001, the "'403 patent"). Pet. 7. Piranha Media Distribution, LLC, Patent Owner, filed a Preliminary Response (Paper 8, "Prelim. Resp."). In addition, with the Board's authorization, Petitioner filed a Preliminary Reply, and Patent Owner a Preliminary Sur-Reply, both directed to discretionary denial issues. *See* Paper 10 ("Reply"); Paper 11 ("Sur-Reply").

Patent Owner urges the Board to discretionarily deny the Petition under 35 U.S.C. § 314. Institution of *inter partes* review is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) ("[T]he PTO is permitted, but never compelled, to institute an IPR proceeding."). Because a district court already found the claims invalid under 35 U.S.C. § 101 in parallel litigation, we deny institution of *inter partes* review.

II. BACKGROUND

A. Real Parties in Interest

Petitioner identifies Hulu, LLC and The Walt Disney Company as the real parties in interest. Pet. 77. Patent Owner identifies Piranha Media Distribution, LLC as the real party in interest. Paper 4, 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) ("District Court" or "District Court litigation") as a related matter involving the '403 patent. Pet. 77; Paper 4, 1;

Prelim. Resp. 24 (contending that the parallel District Court litigation "resulted in a final judgment of invalidity of all claims" of the '403 patent (citing Ex. 2010)); Ex. 2010, 15 (District Court determining the '403 patent claims are invalid under 35 U.S.C. § 101); Ex. 2011 (United States Court of Appeals for the Federal Circuit Docketing Statement for Patent Owner's appeal of the District Court's § 101 judgment), 1 (noting appeal of "[j]udgment that claims 1–23 of U.S. Patent No. 10,986,403 and claims 1–34 of [related] U.S. Patent No. 11,463,768 [the '768 patent] are invalid under 35 U.S.C. § 101").

The parties identify *Hulu, LLC v. Piranha Media Distribution, LLC*, IPR2025-00082 (PTAB) as a concurrent preliminary proceeding involving the same parties and the challenged claims of the '403 patent. Papers 3, 9.

Like the concurrent proceeding in IPR2025-00082, as discussed below, the instant proceeding involves the same discretionary denial issue as the proceedings in IPR2024-01252 (institution decision remanded and institution denied on Director Review) and IPR2024-01253 (same), which involve the same parties and the related '768 patent.

C. The '403 Patent

The '403 patent "relates generally to the distribution of audio, video, and print media content . . . via digital replication and delivery channels." Ex. 1001, 1:16–18. The '403 patent discusses inserting and displaying advertisements within media content. *Id.* at 7:38–47.

The '403 patent describes selecting and re-sequencing ads in response to user playback controls. *See* Ex. 1001, 7:38–47, 14:63–15:10, 28:48–60. 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 stream after the user finishes watching a content segment. *See id.* at 20:45–48.

D. Exemplary Claim 1

Claims 1, 17, 21, and 22 are independent. Independent claim 1 is illustrative of the challenged claims, and follows (with bracketed nomenclature by Petitioner):

> 1. [1a] A digital media player device for controlling digital media presentations, the digital media player device comprising:
>
> [1b] one or more processors for receiving data comprising digital media content and digital advertising content;
>
> [1c] a user interface input for allowing a user to control a course of presentation of the digital media content received;
>
> [1d] an intersplicer for controlling one or more insertion points of the digital advertising content into the digital media content thereby sequencing the digital media content and the digital advertising content, the sequencing comprising ordering one or more data blocks of the digital media content and one or more data blocks of the digital advertising content into a content stream playable as audio or visual content perceivable by the user; the content stream comprising one or more initially sequenced insertion points at which the digital advertising content is scheduled to be presented relative to the digital media content during play;
>
> [1e] in response to user input updating a current play position in the content stream to a new play position in the content stream, the one or more processors using one or more adaptive preference rules to adaptively modify a presentation position of the digital advertising content from at least one of the

one or more initially sequenced insertion points to one or more alternatively sequenced insertion points in the digital media content, at least one of the one or more alternatively sequenced insertion points being different than the one or more initially sequenced insertion points relative to the digital media content within the content stream;

[1f] the one or more alternatively sequenced insertion points being adaptively selectable by the intersplicer according to selection criteria defined by the one or more adaptive preference rules taking into account the new play position and at least one of a length of time associated with playing the digital media content and a number of digital media data blocks of the digital media content to be played,

[1g] such that at least one of the alternatively sequenced insertion points is positioned at a play position in the digital media content that satisfies a condition selected from: the play position being a predetermined length of time after the new play position, the play position being a predetermined number of digital media data blocks after the new play position; and

[1h] a user interface output for causing presentation of the content stream during a play period associated with one or more states of play such that a part of the digital advertising content is adaptively played at the one or more alternatively sequenced insertion points, instead of at the one or more initially sequenced insertion points; and

[1.i] at least a first memory for storing a setting to indicate a first state of play, the setting including a first value to indicate presentation of a required part of the digital advertising content is in progress during presentation of the content stream such that responsive to detecting the first value in the first memory, the user interface input is disabled to prevent commands comprising at least one of a user volume control or a user navigation control from altering a course of presentation of the content stream while presentation of the required part of the digital advertising content is in progress.

E. Asserted Grounds of Unpatentability

Petitioner contends that the challenged claims are unpatentable as follows:[1]

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1, 2, 4–11, 13–15, 17–19, 21–23	103(a)	Wu,[2] Doherty[3]
2, 15	103(a)	Wu, Doherty, Crow[4]
13	103(a)	Wu, Doherty, Kocher[5]

Pet. 7. Petitioner supports its Petition with a Declaration of Dr. Houh. Ex. 1003.

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) because "[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.

[1] The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("AIA"), amended 35 U.S.C. § 103 effective March 16, 2013, which is after the '403 patent's effective filing date. *See* Ex. 1001, codes (22), (63). Therefore, the pre-AIA version of § 103 applies.

[2] Wu et al., US 7,877,766 B1, issued Jan. 25, 2011, filed May 4, 2000. Ex. 1004.

[3] Doherty, US 2003/0200128 A1, published Oct. 23, 2003, filed Mar. 10, 2000. Ex. 1005.

[4] Crow et al., US 6,262,724 B1, issued July 17, 2001. Ex. 1006

[5] Kocher et al., US 2002/0141582 A1, published Oct. 3, 2002, filed Mar. 27, 2002. Ex. 1007,

Resp. 24 (quoting *AviaGames, Inc., v. Skillz Platform Inc.*, IPR2022-00530, Paper 12 at 15 (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*")). In other words, 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 due to the parallel District Court's § 101 judgment invalidating all the '403 patent claims. *Id.* at 24–36; Ex. 2011 (United States Court of Appeals for the Federal Circuit Docketing Statement for Patent Owner's appeal of the District Court's § 101 judgment).

Petitioner disagrees with Patent Owner's characterization of *AviaGames*. Petitioner contends that the "[t]he *Fintiv* factors strongly weigh against discretionary denial," because, in *AviaGames*, the previous Director reasoned that "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." Reply 4 (quoting *AviaGames*, Paper 14 at 3). Petitioner also contends that "[t]he [previous] Director [in *AviaGames*] further noted that 'the challenged claims have not yet been cancelled and remain in force [and] [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.'" Reply 4–5 (quoting *AviaGames*, Paper 14 at 3–4).

Petitioner's reliance on *AviaGames* is unavailing because a more recent Director Review decision (i.e., in the above-noted related cases,

IPR2024-01252 and IPR2024-01253) reached the opposite conclusion to that of *AviaGames* in holding that a district court's § 101 invalidity judgment precludes instituting challenges to the invalid claims even though an appeal of that judgment is pending. Specifically, in *Hulu, LLC v. Piranha Media Distribution*, LLC, IPR2024-01252, -01253, Paper 27 (PTAB April 17, 2025) (Director Review decision) ("*Hulu*"), the Acting Director held that "[b]ecause the patent claims already stand invalid [due to a district court's § 101 invalidity judgment], it is unnecessary to institute another proceeding to review them for patentability under other grounds." *Hulu* at 2, 3 (reasoning that "[i]n the event the Federal Circuit reverses the district court's decision, Petitioner may raise such invalidity arguments in the district court on remand") (remanding the panel's institution decisions and denying institution).

Accordingly, under clear guidance from *Hulu*, because the District Court held all the '403 patent claims invalid under § 101, we deny institution. *See Hulu* at 3 (holding that "where a district court already has found the challenged claims invalid, the efficiency and integrity of the patent system is best served by denying institution" (citing *Fintiv* at 16)).

Based on the foregoing, we deny the Petition and do not institute trial under 35 U.S.C. § 314.

IV. CONCLUSION

Upon consideration of the briefing and evidence presented, we deny the Petition and do not institute an *inter partes* review challenging claims 1, 2, 4–11, 13–15, 17–19, and 21–23 of the '403 patent.

V. ORDER

In consideration of the foregoing, it is hereby

ORDERED that the Petition is *denied*, and no trial is instituted.

PETITIONER:

Harper Batts
Christopher Ponder
Jeffrey Liang
Fangzhou Qiu
SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
hbatts@sheppardmullin.com
cponder@sheppardmullin.com
jliang@sheppardmullin.com
fqiu@sheppardmullin.com

PATENT OWNER:

David L. Alberti
Sal Lim
KRAMER ALBERTI LIM & TONKOVICH LLP
dalberti@krameralberti.com
slim@feinday.com

Kenneth J. Weatherwax
Kenneth Wang
LOWENSTEIN & WEATHERWAX LLP
weatherwax@lowensteinweatherwax.com
wang@lowensteinweatherwax.com