

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

AFFINITY LABS OF TEXAS, LLC *
VS. *
NETFLIX, INC. * CIVIL ACTION NO. AU-15-CV-849
November 9, 2016

BEFORE SPECIAL MASTER KARL O. BAYER
MARKMAN HEARING

APPEARANCES:

For the Plaintiff: Cyrus A. Morton, Esq.
Patrick M. Arenz, Esq.
Robins Kaplan Miller & Ciresi LLP
800 LaSalle Avenue, Suite 2800
Minneapolis, MN 55402
- and -
Mark T. Mitchell
Gardere Wynne Sewell LLP
One America Center
600 Congress Avenue, Ste 3000
Austin, TX 78701-2978

For the Defendant: Ryan J. Marton, Esq.
Carolyn Chang, Esq.
Hector Ribera, Esq.
Marton Ribera Schumann & Chang LLP
300 Valley St., Suite 301
Sausalito, CA 94965
- and -
Richard D. Milvenan, Esq.
McGinnis Lochridge Kilgore, L.L.P.
600 Congress Avenue, Ste 2100
Austin, TX 78701

Court Reporter: Kristie M. Davis
United States District Court
PO Box 20994
Waco, Texas 76702-0994

Proceedings recorded by mechanical stenography, transcript
produced by computer-aided transcription.

(November 9, 2016, 9:07 a.m.)

THE BAILIFF: All rise.

MR. BAYER: Thank you. Please be seated.

DEPUTY CLERK: Court calls AU-15-CV-849, Affinity Labs of
Texas, LLC vs. Netflix, Inc. for a Markman hearing.

MR. BAYER: Let's start with the plaintiffs and please
announce and introduce anybody that's here with you and explain
roles if it's not exactly completely clear to me.

MR. MORTON: Certainly. Cy Morton of Robins Kaplan on
behalf of Affinity Labs. With me from Robins Kaplan is Patrick
Arenz sitting next to me and Ryan Dornberger sitting down on
the end. Also have our local counsel Mark Mitchell I think you
know. And our technical expert Dr. Kevin Almeroth.

MR. BAYER: Nice to have you back, sir.

All right.

MR. MILVENAN: Good morning, Special Master. Rick
Milevenan from McGinnis Lochridge. Today we have Ryan Marton,
Carolyn Chang and Hector Ribera from the Marton Ribera firm.
We're also joined by Isaac Peterson from Netflix, and all three
of the Marton Ribera lawyers will have various roles.

MR. BAYER: Okay. And then who else we got over there?

MR. MILVENAN: Vince Marbibbi from my firm and our expert
witness Nader Mir.

MR. BAYER: Okay. Nice to have you back too, sir.

All right. So I don't know how much counsel have talked

with each other about how we're going to proceed today, but let
me hear from each of you as to what you're recommending.

MR. MORTON: Certainly. We have discussed -- I think we
are in agreement. So the two terms that are up, the rate terms
and the playlist terms, we would go first on rate. They would
respond on the rate. Then we would go on. And if there's back
and forth, there's back and forth, but then we would do
playlists. We would start and they would respond.

MR. BAYER: Okay. Mr. Marton?

Oh, sorry.

MR. MORTON: Then we would do --

MR. BAYER: Go ahead.

MR. MORTON: I just went through the whole thing. He's
nodding so I think we're in agreement.

MR. MARTON: He's accurate.

MR. MORTON: Yeah. Then there are a bunch of terms where
the question is whether or not they are 112(6) means plus
function terms. We would go and handle all of those at once.
They would respond handling all of those at once.

And then the final group would be the terms where we've
said no construction. They've said the term is indefinite. We
would again start -- well, I don't know if we would need to
start or not. I don't think we've discussed it. Really
indefiniteness is their issue and their burden to prove that

Otherwise I can start. But we would handle those in a group as
well, argue them all and then argue them all on the other side.

MR. BAYER: Okay.

MR. MARTON: I think it makes sense for us to go first
on --

MR. BAYER: On indefinite. Okay. But you're okay.

You're in agreement with everything else that he suggested?

MR. MARTON: Yes.

MR. BAYER: Great. Talk to me about time just a little
bit. I've reserved the whole day, but I want to do this at a
civilized pace. So in terms of letting staff know and things
about breaking for lunch I want to -- we're not going to stop
at an awkward place, but I might want to try to orchestrate
things so that we can -- rather than have a hurried sandwich
grabbed downtown someplace that's not very good, maybe we want
to have an hour and a half lunch break if that's possible.

MR. MORTON: Well, that's certainly fine with us. I do
think we plan to be fairly efficient. We do plan to call
Dr. Almeroth. So that takes a little bit of time going through
that, but otherwise I think we'll be fairly efficient. We may
get to lunch, and if we do, we're fine with whatever break.

MR. BAYER: Okay. What's your estimate on time? Do you
think this is an all day deal, or --

MR. MARTON: I don't think it will take all day.

1 other citations of what actually described -- their actual
 2 argument recited in their brief says if you recite the green
 3 parts, done. Not means plus function. And that is not the
 4 law. There needs to be some analysis engaged. We engaged in
 5 that analysis. We went through the specification and looked
 6 for it and it's not there. And I think that is sufficient to
 7 show that we rebutted the presumption and these are means plus
 8 function limitations. So that's for the collection of
 9 instructions limitations.

10 And at this point I'd like to call Dr. Mir up.

11 MR. BAYER: Sure.

12 DIRECT EXAMINATION

13 BY MS. CHANG:

14 Q. Good afternoon, Dr. Mir.

15 A. Good afternoon.

16 Q. When you see the term -- back in 2000 when the term
 17 "collection of instructions" is used, what do you understand --
 18 what would one of ordinary skill in the art in 2000 understand
 19 that term to mean?

20 A. Anyone of ordinary skill in the art back in year 2000
 21 the collection of instructions would be to him or her software.

22 Q. And when you say the word "software" to one of
 23 ordinary skill in the art, does that connote definite structure
 24 to one of ordinary skill?

25 A. No.

1 Q. What would one of ordinary skill in the art need to
 2 know about the software to understand the structure?

3 MR. BAYER: Wait a minute. Let's get real precise here.
 4 It's collection of instructions stored in nonvolatile memory.
 5 So in 2000 what was nonvolatile memory? Give me some examples.
 6 How would one of ordinary skill in the art understand?

7 THE WITNESS: Your Honor, the memory was there in those
 8 times, but the memory's not a structure for the software.

9 MR. BAYER: Yeah. I understand, but what was nonvolatile
 10 memory at that time? Give me some examples.

11 THE WITNESS: Example is that, you know, something like
 12 RAM.

13 MR. BAYER: Uh-huh. Okay. What about the cloud? What
 14 about -- what about a USB drive that I can take in my pocket?
 15 Are those examples of nonvolatile memory?

16 THE WITNESS: Yes.

17 MR. BAYER: In 2000.

18 THE WITNESS: In 2000 if it existed, yes.

19 MR. BAYER: Okay.

20 BY MS. CHANG:

21 Q. All right. So what would one of ordinary skill in
 22 2000 need to know about software to understand its structure?

23 A. Yeah. So any of the flowcharts or algorithm or any
 24 piece of code, computer code such as Java or Sea program, that
 25 would be a good structure for the software. At least it shows

1 that how exactly the software performs.

2 Q. Okay. So if we -- if I can have you take a look up
 3 here at Claim 9 of the '802 patent and it says a collection of
 4 instructions that are operable, one, to request a media segment
 5 with a formatting, two, to consider amount of information
 6 stored in buffer and, three, to request a different segment.
 7 Does that recitation of the functions of the software there,
 8 does that connote definite structure to one of ordinary skill
 9 in 2000?

10 A. No. It doesn't.

11 Q. And for --

12 MR. BAYER: Is that a hard program to write?

13 THE WITNESS: Is it?

14 MR. BAYER: Was it a hard -- back up. Was that a hard
 15 program to write? I just need to call a -- I need to -- I've
 16 got a media segment. I call it to be delivered at a particular
 17 rate. That doesn't sound particularly hard to me.

18 THE WITNESS: Yeah, but I need some sort of algorithm that
 19 shows that how this software works. That to me --

20 MR. BAYER: Why doesn't the graduate student or somebody
 21 of ordinary skill in the art just go whip me up a program to do
 22 that? Why isn't it that trivial?

23 THE WITNESS: If -- yeah. If you want to write a program,
 24 that's fine then, but we can't find that program in the patent.

1 MR. BAYER: Well, I understand, but your people of
 2 ordinary skill in the art in 2000 -- it doesn't necessarily
 3 have to be in the patent if it's something that's like word
 4 processor or something else that's commonly understood.

5 THE WITNESS: Right. You're talking about to request a
 6 media segment?

7 MR. BAYER: No. I'm just asking to write the software
 8 program that's embodied in collection of instructions to
 9 request a media segment with those characteristics. That
 10 doesn't sound hard to me. Yeah. It's not contained in the
 11 specifications or in the patent and there's no algorithm, but
 12 why isn't that something that's --

13 THE WITNESS: Okay.

14 MR. BAYER: -- that trivial? It's like I would say as an
 15 electrical engineer, you know, give me a bandpass filter that
 16 filters out 5G to 15 megahertz?

17 THE WITNESS: Sure. Let me just start with the media
 18 segment. The person who needs to write the program first needs
 19 to know what the media segment is. If he's told what the media
 20 segment is, let's say it's a piece of media and then he needs
 21 to know what the size of the media is, what the format of the
 22 media is, what the protocol for this media is. All of these
 23 adds complexity to the code, which protocol is he going to use
 24 to request. What is the -- for example the header size for

1 payload? I think it is not that trivial.
 2 MR. BAYER: Okay.
 3 THE WITNESS: It needs quite a bit of work and some
 4 concentration to set up the code, but of course. Yeah. It can
 5 be done. My graduate student can do it. I can do it myself.
 6 Yes. No problem.
 7 MS. CHANG: And, you know, to further answer Your Honor's
 8 question, I think we had a citation in our brief and I believe
 9 it was to the Williamson case, but I'm not exactly sure right
 10 now but there is case law that says the fact that one of
 11 ordinary skill in the art could themselves go and make it
 12 doesn't tell you whether it connotes sufficient structure.
 13 MR. BAYER: Right.
 14 MS. CHANG: Because the whole point of the 112(6) is you
 15 can't claim by function. You have to be limited in some way.
 16 So I'm going to limit you to the disclosures and so if I'm
 17 going to just rely on someone saying, oh, I could be able to do
 18 it, you've effectively allowed a patentee to claim all ways of
 19 doing something and that was exactly what the statute was meant
 20 to say, no, no, no. You can't do that. So that's the
 21 reason --
 22 MR. BAYER: Okay.
 23 MS. CHANG: -- we have to look to the claims.
 24 BY MS. CHANG:
 25 Q. And so same question for Claim 18 here. We have a

1 collection of instructions to direct the electronic device to
 2 continuously output the video and to periodically request the
 3 next file. With that function of the software does that
 4 connote sufficiently definite structure to one of ordinary
 5 skill in 2000?
 6 A. Similarly the answer is no.
 7 Q. And final question for Claim 1 of the '868 collection
 8 of instructions to utilize information representing the
 9 playlist to request a streaming delivery of information
 10 representing the given segment file and same thing for the
 11 different segment file. Does that connote sufficiently a
 12 definite structure to one of ordinary skill in 2000?
 13 A. No. It doesn't.
 14 Q. Thank you.
 15 MS. CHANG: So I think for the collection of instructions
 16 when you apply these standards and conduct the analysis you'll
 17 see that there's nothing that connotes sufficiently definite
 18 structure to one of ordinary skill. The presumption against
 19 means plus function claim would be overcome and this should be
 20 construed as a means plus function claim.
 21 Let me move on. And so we have --
 22 MR. BAYER: What page number of your slides are you on?
 23 MS. CHANG: 73.
 24 MR. BAYER: 73?
 25 MS. CHANG: So 73 is where we're moving on to the engine

1 terms. And it's an engine, a digital engine, a communication
 2 engine. Affinity's main point is that these terms mean
 3 hardware and/or software that performs a specific function and
 4 I don't think anyone disputes that that engine can mean
 5 hardware or software and that's part of the problem, right?
 6 It's insufficiently definite for us to know what the structure
 7 is. Affinity argues that the specification talks about
 8 engines, right? I think if you -- in the bench book if you go
 9 to Figure 1 of the patent you have that figure where it's got a
 10 box for communication engine, got a box for digital engine and
 11 it's transmitting stuff to an electronic device. But again
 12 that's just like the situation we have in Williamson where we
 13 talked about the module term and the Court there said, yes. We
 14 know module means hardware or software and we know it performs
 15 some function, but just saying hardware or software that
 16 performs some function is a black box. And literally what we
 17 have -- I guess in Figure 1 we have white boxes, but that's
 18 what we have. We have a box that doesn't tell us anything
 19 about the structure of what's actually performing that.
 20 BY MS. CHANG:
 21 Q. So, Dr. Mir, if I could turn your attention here to
 22 the board. We have Claim 8 of the '868 patent and it says an
 23 engine that divides the available media into a plurality of
 24 independent segment files and encodes the plurality of

1 the structure of -- well, does that give one of ordinary skill
 2 in the art in 2000 an idea of what the structure?
 3 MR. BAYER: May I ask a predicate question first?
 4 MS. CHANG: Please.
 5 MR. BAYER: In 2000 was digital engine a term of art?
 6 THE WITNESS: No, Your Honor.
 7 MR. BAYER: And was communication engine a term of art in
 8 2000?
 9 THE WITNESS: No, Your Honor.
 10 MR. BAYER: Okay. Is there any attempt by -- in the
 11 specification or in the claims for the inventor or the
 12 applicant to try to act as their own lexicographer, in other
 13 words, to try to define what digital engine means or what
 14 communication engine means?
 15 THE WITNESS: I'm not sure, Your Honor, what the purpose
 16 of the inventor was in using the engine. The engine --
 17 MR. BAYER: Well, the best of all words form would be in
 18 the specification they say digital engine means or
 19 communication engine means.
 20 THE WITNESS: Yeah.
 21 MR. BAYER: There's nothing like that I don't think.
 22 THE WITNESS: There is nothing like that. It -- there is
 23 just minimal information about what digital engine does
 24 maintaining something. Communication engine does communicate

1 structure. Nothing. Zero information about what is exactly
2 inside a digital engine. Is there any analogue engine compared
3 to digital engine? And if a digital engine is a system that
4 has digital stuff in it, wouldn't that require some analogue
5 stuff too for power supply? So then that's not purely digital.

6 MR. BAYER: Go ahead. I interrupted you, but --

7 MS. CHANG: You asked my question. So I'm going to move
8 on to the last one which was delivery resource.

9 MR. BAYER: Okay.

10 BY MS. CHANG:

11 Q. And we talked a little bit about it before in
12 connection and Affinity said that it means a group of servers,
13 a server or a group of servers and I think we can all agree
14 that delivery source is the thing that holds the stuff that
15 we're going to send over to the electronic device. It says a
16 delivery resource to respond to a plurality of file requests by
17 transmitting information to the requesting device.

18 MR. BAYER: Well, let me -- again let me ask my predicate
19 question.

20 MS. CHANG: Sure.

21 MR. BAYER: Was delivery resource a term of art in 2000?

22 THE WITNESS: No.

23 MR. BAYER: Okay.

24 THE WITNESS: Delivery source must come with some
25 application. What is to be delivered?

1 BY MS. CHANG:

2 Q. So, Dr. Mir, if I have you take a look at Claim 14 of
3 the '802 patent here and it says a delivery resource and the
4 language in the green to respond to a plurality of file
5 requests by transmitting information to the requesting device
6 in a manner that facilitates a continuous outputting of the
7 available media by the requesting device. Does that give you
8 an idea or does that give one of ordinary skill in the art in
9 2000 an idea of what the structure of that delivery resource
10 is?

11 A. No. There is no connotation of a structure.

12 MS. CHANG: So I think this claim is very similar to a
13 claim in Media Rights Tech which is a post Williamson Federal
14 Circuit case that had a compliance mechanism. Compliance
15 mechanism that monitors or controlled the data pathway. So in
16 that case the parties agreed that there is compliance mechanism
17 that it had no commonly understood meaning and that the claim
18 limitation does recite a function for the compliance mechanism.
19 What the Federal Circuit did is take a look at that and then
20 take a look throughout the specification and says, well, I can
21 see from the claim language that the compliance mechanism will
22 work with a controlled data pathway and it works with other
23 things that are called out in the specification, but other than
24 that, there's no structural cues anywhere. There was no
25 discussion in the specification of what was the equipment,

1 what -- how does it interact, how does it function and operate.
2 None of that. So it found this statement alone in the claims
3 was insufficient to connote definite structure to one of
4 ordinary skill and then that -- this was a means plus function
5 claim. So I think this is very similar to what we have here
6 analogous and it's a post Williamson Federal Circuit case.

7 So what I think in summary we have these three terms,
8 collection of instructions, engine and delivery resource, where
9 all we have is the claim language. All we have is the
10 recitation of function for those things but no connotation, no
11 conveyance, no description of any structure, nothing in the
12 words themselves that will convey to one of ordinary skill in
13 the art in 2000 what the structure is. Thank you.

14 MR. BAYER: Okay.

15 MR. ARENZ: I have a couple of questions for Professor Mir
16 and then I'll switch over to my presentation.

17 CROSS-EXAMINATION

18 BY MR. ARENZ:

19 Q. So, Professor Mir, am I understanding your opinion
20 correctly that it's your understanding that the terms of
21 collection of instructions are subject -- are written in means
22 plus function format effectively?

23 A. That's correct.

24 Q. And am I understanding your opinion that the terms

1 plus function format? Is that correct?

2 A. That's a means plus function term. Yes.

3 Q. And the same is true with delivery resource that you
4 just discussed?

5 A. Correct.

6 Q. Correct?

7 Now, you're involved with an inter parties review at the
8 patent and trademark appeal board, correct?

9 A. That is correct.

10 Q. Involving these exact same patents, correct?

11 A. That's correct.

12 Q. Netflix filed a petition on the '802 and the '868
13 patents with the PTAB, correct?

14 A. I believe so.

15 Q. You submitted -- well, you know so, correct, sir,
16 because you submitted a declaration?

17 A. Yes. That's correct.

18 Q. Under oath, right?

19 A. That's correct.

20 Q. And you're under oath here today?

21 A. Yes. I am.

22 Q. Okay. In any of those -- in your declaration of the
23 PTAB did you tell the PTAB that any term in -- that you just
24 testified in this court was subject -- was written in means

1 A. I don't recall anything like that.

2 Q. You never -- you never identified that for the PTAB,

3 correct?

4 A. I'm not sure that I did.

5 MR. ARENZ: May I approach, Your Honor?

6 MR. BAYER: Sure.

7 BY MR. ARENZ:

8 Q. Sir, I've put in front of you Affinity Exhibit 11.

9 That's a petition for inter parties review for the '802 patent,

10 correct, sir?

11 A. That is correct.

12 Q. And I also have your declaration as Affinity Exhibit

13 12, correct, sir?

14 A. That is correct.

15 Q. And Exhibits 13 and 14 are both the petition and your

16 declaration for the '868 patent respectively, correct, sir?

17 A. Yeah. Yes. Correct.

18 MR. ARENZ: And -- well, first of all, Your Honor, I'd

19 offer Exhibits 11 through 14 into the record.

20 MR. MARTON: No objection.

21 MR. BAYER: All right. Plaintiff's 11 through 14 have

22 been admitted.

23 BY MR. ARENZ:

24 Q. Now, sir, isn't it true that nowhere in Exhibit 12 or

25 Exhibit 14 do you tell the PTAB that as one of skill in the art

1 any of those terms you testified today -- to today are written

2 in means plus function format?

3 A. Yes. I need to review to say exactly yes or no, but

4 if you are saying that there is nothing like that, I just

5 accept your...

6 Q. I haven't seen anything so I'm asking you if you

7 recall -- do you ever recall telling the PTAB like you're

8 telling this Court that there are -- any of those claim terms

9 that are subject to 112(6)?

10 A. I don't.

11 Q. And in your declaration you compared the claims to

12 some alleged prior art, correct?

13 A. In my IPR declaration you mean?

14 Q. Yes, sir.

15 A. Yes.

16 Q. And according to your opinion, you were able to

17 identify in the art whether art fit within the metes and bounds

18 of a claim limit, the claim limitation, correct?

19 A. Yes. But remember for IPR, as you know better than

20 me, you know, IPR we are using a different standard and that is

21 the broadest reasonable interpretation which is very much

22 different to the standard that the Court uses.

23 Q. Are you aware, sir, that that standard is not

24 different for 112(6)?

25 A. What is 112(6)?

1 Q. Section 112, Paragraph 6.

2 MR. BAYER: We're getting a little bit too much legal

3 opinion here. Also I don't -- to be fair to him, I don't think

4 he ever testified today that it was in means plus function

5 form. He testified many times that he wouldn't have recognized

6 it as structure, but I'm not -- I don't recall him using the

7 legal conclusion today or even a question about asking the

8 ultimate question about means plus function.

9 MR. ARENZ: That's fair for the witness. If I can just

10 make one point to tie this all together. What is important are

11 a couple. One, Netflix is taking the position in the patent

12 office that these claim terms are not subject to 112(6).

13 They're taking the position here that they are 112(6). So I

14 think just from a credibility standpoint that's something for

15 Your Honor to consider.

16 Number two, of course their ultimate conclusion is that

17 these claim terms are indefinite and claim terms are indefinite

18 because you don't know the metes and bounds of the invention.

19 Well, both Netflix as well as their expert are able to render

20 an opinion when it benefits them --

21 MR. BAYER: About prior art.

22 MR. ARENZ: -- to say whether this item fits within the

23 metes and bounds. And so I'm -- we're kind of working

24 backwards. I've completed my cross-examination of Professor

1 MR. BAYER: And all I was saying is all those might be

2 great legal arguments. No offense to him. He's not qualified

3 to talk to me about those legal arguments.

4 MR. ARENZ: Well, I think that's generally true. I think

5 he came very close. I think if he's offering an opinion --

6 MR. BAYER: Ask him if he said anything about structure

7 not being disclosed. Ask him if --

8 MR. ARENZ: Well, but that is the question of course. You

9 know, if there's --

10 MR. BAYER: He can --

11 MR. ARENZ: Sorry, Your Honor.

12 MR. BAYER: He can opine about how one of ordinary skill

13 in the art would have understood structure or not structure.

14 It's not helpful to me and I don't think he can opine on

15 whether or not something should be as a legal matter construed

16 in a means plus function form when it's not --

17 MR. ARENZ: I understand.

18 MR. BAYER: -- written that way. Okay? And if you want

19 to impeach him on things that he has said factually or as a

20 matter of expert opinion that are different in the PTO in the

21 inter parties review, that would be hugely important to me. So

22 take your time in doing that. That would be almost tantamount

23 to a prosecution history estoppel at the other end of things.

24 Taking inconsistent positions is important and it's important

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.