

Digital Audio Encoding Systems LLC

Inter Partes Review (IPR)

The Litigation

In the summer and fall of 2016, Digital Audio Encoding Systems LLC sued 29 companies for infringement of a single patent (7,490,037) related to digital streaming media.

The lawsuits targeted makers and retailers of Android smartphones, tablets, wearables, and other devices that were pre-installed with Google Play Music, as well as companies that use WebEx collaboration products and network carriers. Defendants included a variety of large companies—mobile device and software manufacturers, product retailers, and banks—accused of using the technology in products they make or sell, or in their operations or services.

The Patent

The '037 patent presented far-reaching risk based on the filed complaints. The plaintiff was asserting it broadly across technologies used in virtually all smartphones, tablets, or laptops, and in an array of network equipment and software that includes streaming digital audio media functionality. The 29 suits likely marked the beginning of a litigation campaign that could have expanded further across industries and business types.

The Petitions

As RPX began preparing three petitions for IPR cumulatively challenging all claims of the '037 patent, another petitioner filed a single petition challenging all claims of the same patent on September 2; however, RPX noted a number of gaps in that petition and therefore proceeded with its own.

In its petition, RPX brought a new argument on a critical technicality. RPX had identified a “codependency” defect in the '037 patent; there was a gap in between the application for the '037 patent and pendency of its parent application. Why? The parent application was abandoned on March 2, 2005, for failure to file a petition and fee for extension of time in response to an earlier-issued office action—and the '037 patent's application was not filed until June 2, 2005. This gap created a lack of codependency, so that the '037 could not claim priority to its parent application. The parent application's parent PCT application, which published more than a year before the '037's effective US filing date and included all of the same subject matter, therefore was prior art to—and anticipated the claims of—the '037 patent.

The Result

After RPX filed its petitions on November 7, all remaining district court defendants were dismissed with prejudice on November 29.

In December 2016, Digital Audio Encoding requested adverse judgment of all claims in the four IPR proceedings, specifically referencing the argument raised by RPX as the reason.

Summary

The success of an IPR petition can turn on the smallest of technical details.

Here, RPX raised a previously undetected defect in the asserted patent, ultimately leading to Digital Audio's request for adverse judgment from the PTAB.

RPX's Patent Quality Initiative is focused on increasing transparency and developing mechanisms to address the common threat from the assertion of patents of questionable validity. As part of this effort, RPX seeks to invalidate low-quality patents and to stop or deter infringement lawsuits that we believe are frivolous and wasteful. Our team regularly assesses asserted patents and identifies possible targets for *inter partes* review (IPR), a process that typically costs petitioners \$100,000-\$700,000. We act alone, fund the petitions unilaterally, and expressly discourage input from clients and other third parties, unless they commit to co-filing.