

Exhibit 1

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May 19, 2014

Honorable Roy Payne
United States Magistrate Judge
Sam B. Hall, Jr. Federal Building and
United States Courthouse
101 East Houston Street
Marshall, TX 75670

Re: *Personal Audio, LLC v. Togi Entertainment, Inc. et al.*,
Case No. 2:13-CV-00013-JRG-RSP (E.D. Tex.)

Dear Judge Payne:

Pursuant to this Court's Docket Control Order (Dkt. No. 63), Plaintiff Personal Audio LLC ("Plaintiff" or "Personal Audio") submits this Response to Defendants' Letter Brief Seeking Permission to File Motion for Summary Judgment of Invalidity (Dkt. No. 122) filed by A Partnership Consisting of Adam Carolla, Donny Misraje, Kathee Schneider-Misraje, Sandy Ganz and Does 1-10, Inclusive dba "Ace Broadcasting" and/or "Carolla Digital", CBS Corporation, FOX Broadcasting Company, FOX Networks Group, Inc., Howstuffworks.com, Lotzi Digital, Inc., NBCUniversal Media, LLC, Togi Entertainment, Inc. ("Defendants").

Defendants request permission to file summary judgment on invalidity. In support of their request, Defendants cite to three references which they submit anticipate or render obvious claims 31-34 of U.S. Patent No. 8,112,504 ("the '504 patent"), which are the claims asserted in this case by Personal Audio. Anticipation under 35 U.S.C. § 102 is a question of fact to be decided in this case, a legal standard that Defendants concede governs here, and only in the circumstance where the relevant facts are undisputed can this issue be taken away from the jury. Thus, summary judgment is only proper "if no reasonable jury could find that the patent is not anticipated." *Zenith Elecs. Corp. v. PDI Commun. Sys.*, 522 F.3d 1348, 1357 (Fed. Cir. 2008). Obviousness is a question of law based on underlying factual findings: (1) the scope and content of the prior art; (2) the differences between the claims and the prior art; (3) the level of ordinary skill in the art; and (4) objective considerations of nonobviousness. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). A finding of obviousness, whether rendered by a jury or the Court, requires underlying factual support. *Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, 381 F.3d 1371, 1375 (Fed.Cir.2004)

As will be explained below, Personal Audio asserts that numerous disputed issues of fact exist for each of the cited references, including at least the questions of: whether the references

are competent prior art under §§102(a), 102(b), 102(g)(2) or 103; whether the teachings of the references anticipate or render obvious the asserted claims of the '504 patent; and, whether the reliability of uncorroborated witness testimony and extrinsic evidence relied upon to fill in the many gaps of the cited references is sufficient in light of Defendants' burden of proof.

Patents are presumed to be valid and invalidity must be proven by clear and convincing evidence. *See Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2242, 180 L. Ed. 2d 131 (2011). Accordingly, Defendants face a heavy burden to prevail, or even be heard, at summary judgment on the fact-intense issue of validity, under either an anticipation or obviousness theory. Indeed, to prevail on anticipation, Defendants would need to produce a single prior art reference that firmly places the claimed invention in the possession of the public. *See In re Brown*, 329 F.2d 1006, 1011 (C.C.P.A. 1964). Thus, an anticipatory prior art reference must disclose each and every feature of the claimed invention, either explicitly or inherently. *See Glaxo Inc. v. Novopharm Ltd.*, 52 F.3d 1043, 1047 (Fed. Cir. 1995). Personal Audio submits that no such reference has been advanced that indisputably is both valid prior art and completely places the invention in the hands of the public, including without limitation a "compilation file" as set forth in the asserted claims. Accordingly, factual disputes exist as to the quality and competence of the art as well as to the scope of the teachings in the art to a person of ordinary skill. Indeed, examining what are presumably Defendants' three best references cited in their letter brief, it is notable that those references all are web sites/pages. A relevant prior art reference to the claimed invention is necessarily one that teaches a server having the claimed components, software code to provide the claimed functionality and architecture defining the claimed configuration. Such a reference is absent from the Defendants' request for good reason – they have none. This glaring omission alone demonstrates that, contrary to Defendants' sweeping statements, there are many disputed facts as to the relied upon references making treatment at summary judgment on this issue at best premature.

Having seen the weakness of the anticipation and obviousness references and recognizing their heavy burden, Defendants, in footnote 6 of their letter brief, acknowledge that they need witness testimony and additional extrinsic evidence to bootstrap their primary invalidity references. As to the issue of using testimony to buttress its claims of invalidity, Defendants face an insurmountable hurdle. "[C]orroboration is required of any witness whose testimony alone is asserted to invalidate a patent, regardless of his or her level of interest." *Soverain Software LLC v. J.C. Penney Corp.*, 899 F.Supp.2d 574, 585 (E.D. Tex. 2012) (citing *Finnigan Corp. v. Int'l Trade Comm'n*, 180 F.3d 1354, 1369 (Fed. Cir. 1999)). Mere testimony, without corroboration in the form of contemporaneous evidence, is not competent evidence to carry the Defendants' burden of proof. Worse still, is the unfortunate issue as to whether Defendants have poisoned the very witnesses they intend to rely upon through litigation misconduct. Defendants did not, as they should have, seek percipient fact witnesses to explain the state of the prior art. Instead, from their first contact with prior art witnesses Defendants sought to color their testimony by providing inflammatory articles that sullied Personal Audio as a patent troll and made biased

characterizations as to the validity of the patent-in-suit and the significance of the inventions. Specifically, Defendants did not seek a witness to provide reliable fact testimony, they sought witnesses to “help invalidate a patent,” which is wholly inappropriate. Thus, not only are there significant unresolved factual disputes relating to the reliability of such testimony, the law likely requires that such testimony be excluded from consideration.

As to using extrinsic evidence to supplement or explain the disclosure of an alleged anticipatory reference, Personal Audio submits that at this point, the anticipation ship has sailed and the remaining issue is obviousness. As set out above, obviousness is a question of law based on underlying factual findings. Until the existence of undisputed facts is conceded by Personal Audio, or appropriate findings are made by the finder of fact, the legal question of invalidity based on obviousness cannot be reached. Looking at the required predicate findings of fact, it is readily apparent that resolution of the legal issue of obviousness is not possible at this time due to facts being in dispute.

First, the fact finder must determine the scope and content of the prior art. Given that the Defendants seem to be focused on prior art (web sites) that is not directly relevant to the claimed invention of a server apparatus having a certain configuration, components and functionality, there is a major unresolved factual issue, at least as to the scope of the prior art. Second, to reach the legal question of obviousness, a factual determination needs to be made as to the differences between the claims and the prior art. Here, Defendants contend that a web page of dubious provenance is an anticipatory reference to the claimed server apparatus, while Personal Audio maintains that a reference consisting of a web site alone is not relevant prior art. Accordingly, a factual dispute exists as to the differences between the asserted prior art and the claimed invention that needs to be resolved by the finder of fact. Third, a fact-based determination of the appropriate level of ordinary skill in the art is required. There is no consensus at present as to the qualifications and experience of a person of ordinary skill in the art, and thus, this factor is unresolved and in dispute. Indeed, until this fact is established, resolution of validity issues is hindered by lack of the proper lens through which to view the prior art landscape. Lastly, a factual finding on objective considerations of nonobviousness is necessary. Personal Audio submits that there is no agreement at present between the parties on this factor and that the evidentiary record has yet to be fully established on this topic through expert testimony. Accordingly, it is at least premature to resolve this required factual issue and reach obviousness.

In addition to the lengthy list of disputed facts and lack of required findings of fact on the record, as this Court is aware, the construction of the disputed claim terms has yet to be finalized. This fact alone makes treatment of the issue of invalidity near impossible at present. Personal Audio respectfully submits that permission to file Summary Judgment of Invalidity should be denied as numerous factual issues are in dispute.

Warm regards,

/s/ Papool S. Chaudhari

Papool S. Chaudhari