

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

FUTUREVISION.COM, LLC.,	:	
	:	
Plaintiff,	:	
	:	
v.	:	C. A. No. 13-855-GMS-MPT
	:	
CEQUEL COMMUNICATIONS, LLC D/B/A	:	
SUDDENLINK COMMUNICATIONS,	:	
COMCAST OF HOUSTON, LLC, and	:	
COMCAST CABLE COMMUNICATIONS,	:	
LLC,	:	
	:	
Defendants.	:	

MEMORANDUM

I. INTRODUCTION

This patent case was originally filed by plaintiff FutureVision.com, LLC (“FutureVision”) in the Eastern District of Texas in June 2012 against Comcast of Houston, LLC, Comcast Cable Communications, LLC, (collectively “Comcast”) and Cequel Communications, LLC d/b/a Suddenlink Communications (“Cequel”) (collectively, “defendants”) and other now-settled defendants alleging infringement of U.S. Patent No. 5,877,755 (“the ‘755 patent”).¹ FutureVision is the successor-in-interest to an operating entity involved in the development of interactive television.

On April 22, 2013, The Honorable Leonard Davis granted defendants’ motion to transfer venue, which resulted in the transfer of the matter to this court on May 16, 2013.² A scheduling order was entered on October 16, 2014.³ The matter was stayed

¹ D.I. 1, 143 at 1.

² D.I. 79. At the time of the transfer, Time Warner Cable, Inc. and Charter Communications, LLC were also defendants. They were dismissed on May 15, 2015.

through April 9, 2015, and all deadlines were again stayed on April 13, 2015.⁴ The second stay was until May 11, 2015, at which time a status report was due. As a result of the joint status report, the matter was referred to this judge for the purpose of discovery relating to the licensing issue, disposition of the licensing issue, and ADR following that disposition.⁵ The stay was continued pending disposition of the licensing issue and any subsequent ADR.⁶ The parties consented to this judge's jurisdiction on the dispositive motion regarding the license issue pursuant to 26 U.S.C § 636(c).⁷ A scheduling order was entered regarding discovery, briefing and oral argument on the licensing issue on September 18, 2015.⁸ Currently before the court is the defense of license raised by defendants.

II. BACKGROUND⁹

Defendants are cable operators with cable systems operating throughout the country. Their vendors generally are ARRIS and Cisco. Each of the markets that defendants have throughout the United States is either an ARRIS or Cisco market. The '755 patent, the method patent-at-issue, relates to two-way interactivity, that is, the cable office, also referred to as a headend, needs to communicate with a set top box ("STB") or cable box located in a customer's home to provide services. Similarly, the

D.I. 119.

³ D.I. 90.

⁴ D.I. 114, 116.

⁵ D.I. 121.

⁶ *Id.*

⁷ D.I. 127.

⁸ D.I. 125.

⁹ The information contained in this section is taken from the parties' briefs and the transcript of oral argument on December 16, 2015 ("Transcript").

STB needs to communicate with the cable office or supplier of the cable services. The equipment on which such communications rely is provided by either Cisco or ARRIS for defendants. Pace plc (“Pace”) is another vendor, who also provides some limited STBs to both defendants. In addition, Harmonic and SeaChange provide some additional Video on Demand (“VOD”) equipment. Neither Harmonic nor SeaChange equipment can operate without using Cisco or ARRIS equipment to perform their functions.¹⁰

The interactivity referenced in the ’755 patent concerns the communications between the cable headend and the STB in the customer’s home, which is part of an interactive television system. When a customer uses his television, a program received from the cable office is sent to the STB which allows the request of additional media. As shown in figures 1 and 6 of the ’755 patent, that information is displayed on the customer’s television screen which allows selection through the television remote regarding what additional content is desired. In response to the customer’s selection, a signal is sent to the cable office and depending on the customer’s response, additional content may be provided to the STB.¹¹

In its complaint, FutureVision initially alleged that “[a]ll of the Defendants employ commonly sourced hardware from Motorola and Cisco/Scientific Atlanta, which consequently share substantial overlap in terms of development, manufacture and operation.”¹² FutureVision also maintained that the ’755 patent was infringed by defendants via the use of “products includ[ing], but not limited to, Motorola and

¹⁰ Transcript at 8, 12-15. The above description was not disputed by FutureVision.

¹¹ *Id.*

¹² D.I. 143, Ex. 1 at ¶ 13.

Cisco/Scientific Atlanta set top boxes, 1-Guide software, Motorola NC-1500 Network Controller, out-of-band modulators, return path demodulators, and their related components, that fall within the scope of at least one claim of the '755 patent.”¹³ Its original infringement contentions, provided before discovery, identified certain components which are now licensed, including those of Motorola.¹⁴ As noted by FutureVision, ARRIS acquired Motorola’s Home business, which included its STBs in 2013, and Cisco acquired Scientific Atlanta and its equipment in 2005.¹⁵ FutureVision no longer accuses Motorola equipment as providing infringing functionality, in part due to the ARRIS sublicense through RPX.¹⁶ It also acknowledges that Cisco is licensed through RPX, affirming ARRIS (Motorola) and Cisco (Scientific Atlanta) set top box configurations are not accused. It maintains, however, that other functionality identified by defendants infringes.¹⁷

On April 21, 2015, FutureVision entered into an agreement with patent aggregator RPX (the “RPX Agreement”), which licensed the '755 patent to RPX and its members.¹⁸ It is not disputed that Exhibit A to the RPX Agreement lists the RPX members, which includes ARRIS and Cisco as members at the time of execution.¹⁹ As a result, ARRIS and Cisco were licensed under the RPX Agreement.²⁰ Neither Comcast

¹³ *Id.* at ¶¶ 27, 34.

¹⁴ D.I. 144 at 1.

¹⁵ *Id.* n.1, 2. Cisco completed the acquisition of Scientific Atlanta in 2006. See D.I. 143, Ex. 6 Cisco Annual Report.

¹⁶ D.I. 144 at 3.

¹⁷ *Id.*

¹⁸ D.I. 143 at 1, Ex. 2 at § 1.2(a)(i); RPX Agreement at Exs. A-B.

¹⁹ *Id.*; D.I. 144 at 1-2.

²⁰ In addition to Pace, Comcast also uses STBs provided by Samsung, who is an RPX member and licensed under the RPX Agreement. D.I. 143 at Ex. A, No. 149.

nor Cequel are members of RPX, but certain of its suppliers, ARRIS or Motorola and Cisco are. At the time of the RPX Agreement, all patents licensed by FutureVision, including the '755 patent, were either abandoned or expired.²¹

During the discovery phase of the licensing issue, FutureVision deposed representatives of Comcast and Cequel. Thereafter, it amended its infringement contentions and withdrew claims 12 through 20 of the '755 patent as infringed and asserts that it removed all references or reliance on licensed equipment.²² In its revised infringement contentions, VOD and interactive text remain as part of the accused services.

Relevant provisions of the RPX Agreement to the issues in defendants' motion include the following.

Under Definitions:²³

*"Affiliates(s)" of an Entity shall mean any and all Entities, now or in the future and for so long as the Control exists, that are Controlled, directly or indirectly by the Entity. As used herein, and otherwise where applicable in the Agreement, the term "Affiliate" shall include the affiliate definitions set for in Exhibit C attached hereto.*²⁴

"Claims" shall mean any and all claims, counterclaims, third-party claims, contribution claims, indemnity claims, demands, actions, liabilities, damages, losses, causes of action, and all other claims of every kind and nature in law or equity, whether arising under state, federal, international or other law, which arise from or relate to in any way the Patents, or which are (currently or in the future) or were asserted in, could have been asserted in, or which arise from the same transactions or occurrences as those claims that are (currently or in the future) or were asserted in any

²¹ See D.I. 143, Ex. 2 at Ex. B at Future01328.

²² D.I. 144 at 2. As a result, the two independent claims remaining are Claims 1 and 2.

²³ See 143, Ex. 2 at 1-4.

²⁴ *Id.*, Ex. 2 at 1 (emphasis added).

Licensor Litigations with respect to the Patents, whether such claims are absolute or contingent, in tort, contract or otherwise, direct or indirect, present or future, *known or unknown, that exist or may have existed prior to the Effective Date.*²⁵

“Combined Licensed Product and Service” shall mean *any past, present or future combination or use*, whether by an RPX Licensee or a third party, of a Licensed Product and Service *with any other* product, service, technology, or material, *only if a portion of such* Licensed Product and Service *provided by or on behalf of* an RPX Licensee or an RPX Licensee Affiliate *satisfies, in whole or in part, an element or step of a claim in any Patent.*²⁶

“Licensed Product and Service” shall mean *any past, present or future* product, service, software, technology, or material (including any components, devices, data, media, or any other portions thereof), *at any time*, made, have made, used, purchased, provided, hosted, sold, leased, licensed, distributed, transmitted, exported, imported or offered for sale, lease, or import *by or on behalf of* an RPX Licensee or an RPX Licensee Affiliate, *alone or in combination with* other products, software, technology, materials and services, the manufacture, use, purchase, provision, hosting, sale lease, license, distribution, transmittal, export, import (or offer for sale lease or import) *of which would result in infringement (direct, indirect or otherwise) of one or more Patents*, irrespective of whether the product service, software, technology, or material (including any components, devices, data, media or any other portions thereof) were or had been made, used, purchased, provided, hosted, sold, leased, licensed, distributed, transmitted, exported, imported or offered for sale, lease, or import in the United States. *Licensed Product and Service will include any Combined Licensed Product and Service.*²⁷

“Licensor Litigation Defendants” shall mean parties adverse to Licensor in any Licensor Litigation. Any one of the Licensor Litigation Defendants is a “Licensor litigation Defendant”.²⁸

“Option Companies” shall mean Entities identified in Exhibit G each such Entity’s Affiliates and any business unit or division that such Entity may divest while such Entity’s RPX membership agreement is in effect. Each

²⁵ *Id.*, Ex. 2 at 1 (emphasis added).

²⁶ *Id.*, Ex. 2 at 2 (emphasis added).

²⁷ *Id.*, Ex. 2 at 2 (emphasis added).

²⁸ *Id.*, Ex. 2 at 3.

such Entity is an “Option Company”.²⁹

Exhibit G, titled Option Companies and Expanded License Fee Payments, identifies three entities and the amount of fee payments: Cequel at \$100,000; Comcast at \$500,000; and Pace at \$750,000.³⁰

Other pertinent sections of the RPX Agreement include:

1.2 Patent License and License Option

(a) Effective upon RPX payment to Licensor of the License Fee, Licensor shall automatically be deemed to grant, and does hereby grant, to RPX the Patent License, which Patent License shall include:

(i) the exclusive and irrevocable right of RPX to grant sublicenses under the Patent License to all RPX Members; and

(ii) the non-exclusive and *irrevocable right of RPX to grant sublicenses* under the Patent License to each of the Option Companies; *provided RPX has paid to Licensor the applicable Expanded License Fee Payment* for each such sublicense granted under this Section 1.2(a)(ii).

The Patent License shall also include the express right of RPX to release the foregoing sublicenses from all claims for damages for past, present and future infringement of the Patents. *Upon RPX’s payment of the License Fee and/or any Expanded License Fee Payment, as applicable, any Entity that is granted a sublicense by RPX (directly or indirectly) in accordance with Section 1.2(a) shall be deemed an “RPX Licensee” for the purposes of this Agreement.*

(b) . . . Upon RPX providing Licensor with written notice that RPX has granted a sublicense to any Option Company pursuant to Section 1.2(a)(ii) *and paying Licensor the Applicable Expanded License Fee Payment for such Option Company*, Licensor shall immediately complete the Release and Dismissal Obligation with respect to such Option

²⁹ *Id.*, Ex. 2 at 3.

³⁰ *Id.*, Ex. 2 at Ex. G. Exhibit G also required payment for any other Licensor Litigation Defendant, excluding Cequel, Comcast and Pace, at a fee of \$250,000. *Id.*, Ex. 2 at Ex. G.

Company . . . in the event such Option Company . . . is a Licensor
Litigation Defendant.³¹

III. LEGAL STANDARD

A license, whether express or implied, is a contract subject to “the ordinary principles of state contract law.”³² “In a suit for patent infringement, the burden of proving the establishment of an implied license falls upon the defendant.”³³

IV. DISCUSSION

FutureVision originally accused three of defendants’ services of infringement: (a) interactive program guides, (b) video-on-demand menus and previews, and (c) interactive advertisements.³⁴ After revising its contentions, video-on-demand menus and previews and interactive program guides remained accused. Defendants state for both Comcast and Cequel, each of the accused services are delivered using Cisco or ARRIS equipment.³⁵ Defendants maintain each of those services are expressly licensed to the ‘755 patent and, to the extent FutureVision contends defendants’

³¹ *Id.*, Ex. 2 at 4-5 (emphasis added).

³² *Power Lift, Inc. v. Weatherford Nipple-Up Sys., Inc.*, 871 F.2d 1082, 1085 (Fed. Cir. 1989).

³³ *LG Electronics, Inc v. Bizcom Electronics*, 453 F.3d 1364, 1369 (Fed. Cir.2006) (quoting *Bandag, Inc. v. Al Bolser’s Tire Stores Inc.*, 750 F.2d 903, 924 (Fed. Cir. 1984) (citing *Bassick Mfg. Co. v. Adams Grease Gun Corp.*, 54 F.2d 285, 286 (2d. Cir. 1931))); see also *Monsanto Co. v. Scruggs*, 459 F.3d 1328, 1334 (Fed. Cir. 2006) (assertions of implied license is an affirmative defense); *Jazz Photo Corp. v. Int’l Trade Comm’n*, 264 F.3d 1094, 1102 (Fed. Cir. 2001) (“The burden of establishing an affirmative defense is on the party raising the defense.”).

³⁴ D.I. 143 at 3-4; *id.*, Ex. 8 (Plaintiff’s Disclosure of Asserted Claims and Preliminary Infringement Contentions). Defendants note FutureVision accused “interactive advertisements” only for Comcast and did not make any such allegations with respect to Cequel. *Id.* at 4 n.2.

³⁵ *Id.* at 4. Defendants also reserve the right to seek relief for FutureVision’s litigation conduct. D.I. 147 at 7, n.14.

services are not licensed, FutureVision's claims are exhausted due to a license held by defendants' suppliers Cisco and ARRIS.³⁶

The '755 patent specification states that in its "broadest embodiment":

the present invention is directed to [1] a network having downstream broadcast capabilities, [2] upstream interactive communication capability and [3] a microprocessor-based CPE (Customer Premise Equipment) capable of loading and executing a core program and accessing broadcast data files. The present invention accesses specific data files which are broadcast and which correspond to video, textual and/or audio presentation.³⁷

Defendants maintain each of the claims of the '755 patent recites, among other limitations, each of the three basic enumerated components.³⁸

Claims 1 and 2 are the only independent claims being asserted.

Claim 1 recites:

In an interactive television network including a central broadcast server and a microprocessor-based customer premise equipment, including a processor, a memory, and a subscriber interface, a method for delivering a multimedia data file corresponding to an application core program from the central broadcast server to the microprocessor-based customer premised equipment, said application core program comprising logic, the method comprising:

storing the application core program file in the memory;

transmitting a signal from the microprocessor-based customer premise equipment to the central broadcast server representing a request for the multimedia data file;

downloading the multimedia data file from the central broadcast server to the microprocessor-based customer premise equipment;

³⁶ *Id.* at 1. In light of the court's rulings herein, and lack of argument at the hearing, the court need not address defendants' doctrine of exhaustion argument set forth in their opening brief.

³⁷ '755 patent, 3:37-47.

³⁸ D.I. 143 at 3.

storing the multimedia data file in the memory;
and executing logic in application core program file.³⁹

Claim 2 recites:

A method for interactive broadcasting of multimedia information from a digital integration center comprising a central broadcast server and an interactive response server to a microprocessor-based customer premise equipment comprising a memory, a central processing unit, and a subscriber interface, in communication with said digital integration center, comprising the steps of:

selecting at least one core program file and at least one multimedia data file from the central broadcast server,

broadcasting the core program file and the multimedia data file from the central broadcast server to the microprocessor-based customer premise equipment,

receiving the core program file in the memory, loading the core program file into the central processing unit,

executing the core program file in the central processing unit,

obtaining an interactive command information from a subscriber via the subscriber interface,

sending the interactive command information from the subscriber interface to the interactive response server

and selecting at least one core program file and at least one multimedia data file corresponding to the interactive command information.⁴⁰

On December 1, 2015, the day before filing its opposition brief, FutureVision filed its Amended Infringement Contentions (“Revised Contentions”).⁴¹ The Revised

³⁹ ‘755 patent, claim 1.

⁴⁰ ‘755 patent, claim 2.

⁴¹ D.I. 147, Ex. A (“Plaintiff’s Amended Disclosure of Asserted Claims and Amended Infringement Contentions”). FutureVision served its original infringement contents against Comcast and Cequel in Delaware on or about January 19, 2015

Contentions removed infringement accusations as to Arris (Motorola) and Cisco (Scientific Atlanta) set top box configurations because those entities are licensed through the RPX Agreement.⁴² FutureVision continues to accuse Pace set top box configurations of infringement based on its assertion that those set top boxes are unlicensed, even after ARRIS's acquisition of Pace.⁴³ FutureVision also maintains its Revised Contentions demonstrate "each of Comcast and Cequel provide a complete infringing system without reference to licensed components satisfying an element of the asserted claims."⁴⁴

Defendants assert they are licensed under the '755 patent for several independent reasons. First, they point out Cisco and ARRIS licenced under the RPX Agreement.⁴⁵ They contend the accused methods are licensed because they are performed using Cisco and/or ARRIS products. Turning to the RPX agreement,

without having conducted discovery and prior to the April 21, 2015 execution of the RPX Agreement. D.I. 144 at 3. FutureVision prepared its Revised Contentions following a single targeted deposition of each of Comcast and Cequel in connection with the briefing on the license issue on November 6 and 17, respectively. *Id.* at 2. The subject of the depositions was the proprietary network architecture of the "headend" of Comcast and Cequel. *Id.* at 4. The Cequel deposition was taken on the same day that defendants filed their opening brief.

⁴² D.I. 144 at 4; *id.* at 1 ("Defendants Comcast and Cequel are not members of RPX, though some of its suppliers are, including Motorola and Cisco." (footnotes omitted)). At the time of briefing and oral argument, ARRIS was expected to acquire Pace. On January 4, 2016, the ARRIS acquisition of Pace was completed. D.I. 150.

⁴³ D.I. 144 at 4; D.I. 151.

⁴⁴ D.I. 144 at 4; *id.* at 2 (FutureVision "has narrowed and amended its infringement contentions so as not to rely on any licensed components. It has dropped claims 12-20 and removed any reference or reliance upon licensed equipment."). FutureVision currently asserts Comcast infringes claims 1-7 and 10-11 and Cequel infringes claim 1. *Id.* at 5.

⁴⁵ See D.I. 143, Ex. 2 at Ex. A (listing "RPX Members," including ARRIS Group Inc. and Cisco Systems Inc.).

defendants rely on the definitions of “Licensed Product and Service” and “Combined Licensed Product and Service.” “Licensed Product and Service” includes “any Combined Licensed Product and Service” and “Combined Licensed Product and Service”⁴⁶ is defined as “any past, present or future combination or use . . . of a Licensed Product and Service with any other . . . service . . . if a portion of such Licensed Product and Service . . . satisfies, in whole or *in part, an element or step of a claim in any patent.*”⁴⁷

Defendants conclude that if Cisco or ARRIS equipment satisfy in whole or in part any step of method claims 1 or 2, defendants are licensed.⁴⁸ Specifically, claim 1 requires “transmitting a signal from the microprocessor-based customer premise equipment to the central broadcast server” and claim 2 requires “sending the interactive command information from the subscriber interface to the interactive response server,” each being an upstream signal from a set top box. Defendants insist they cannot “transmit a signal” or “send interactive command information” from the set top box “to the central broadcast server” or “to the interactive response server” in the headend or anything in the headend without the use of Cisco or ARRIS equipment.⁴⁹ In support, defendants rely on an annotated diagram of the accused systems with arrows showing a signal being sent from the set top box to ARRIS and Cisco equipment at the headend.⁵⁰ Deposition testimony of Comcast and Cequel likewise supports defendants’

⁴⁶ *Id.*, Ex. 2 at 2.

⁴⁷ *Id.*, Ex. 2 at 2 (emphasis added).

⁴⁸ Transcript at 19; D.I. 147 at 5.

⁴⁹ Transcript at 22-23.

⁵⁰ *Id.* at 24-25; D.I. 147 at 4; *Id.*, Ex. D (showing the path a signal transmitted from the set top box towards the headend requires Cisco QPSK DeMod and

position. Comcast's deponent testified as follows.

Q. In what way would you consider the Video On Demand system two-way interactive?

A. The experience from a user's perspective, just to walk through that.

Q. Huh-huh.

A. After the user has navigated through the program guide to the Video On Demand function of the application—the user would be presented—well, the request would be to launch the VOD function. There's a button on the—on the guide menu that presents that. When the user navigates to that the guide application would make a request to the VOD client, the VOD client inside the set-top box to present the top level menu as an example. That VOD client would launch a command to—and send that upstream through the HPC network through the RBT, RBD, RPT, the NC1500, and that would get routed to a VOD server.⁵¹

Cequel's deponent similarly testified that the upstream signal is handled by Motorola/Cisco equipment.

Q. So when a consumer presses the button to request a preview of a video-on-demand, can you walk me through the hardware that passes through upstream?

MR. JACOBSON: Object to form.

A. The high-level components would be a laser receiver a QPSK demod, the DNCS, networking equipment in between here and there. Generally Cisco or Juniper are our markets. And on to the SeaChange back office system.

QUESTIONS BY MR. SCHMID:

Motorola/ARRIS RPD). At oral argument, FutureVision presented a slide of Exhibit 2 from the deposition of Rob Knee of Comcast showing only one arrow for the signal path from the set top box to the headend with that signal first being received at a Cisco QPSK DeMod. See FutureVision oral argument presentation at slide 6.

⁵¹ D.I. 147, Ex. B (Deposition of Rob Knee) at 36:8-37:1; see also *id.* at 4 n.6 for citations to similarly supporting testimony by Knee explaining signal transmission from the set top box to the headend being handled via Motorola/Cisco equipment.

Q. Just to be clear, you did describe that in the sequential order from the consumer—

A. Yes.⁵²

FutureVision acknowledges it previously identified Motorola equipment as providing infringing functionality, but no longer does so based on changes that have arisen since those contentions were provided, including the ARRIS sublicense through RPX.⁵³ Although, FutureVision maintains its Revised Contentions demonstrate other functionality infringes, a “*Licensed Product [or] Service provided by or on behalf of an RPX Licensee or an RPX Licensee Affiliate [need only satisfy], in whole or in part, an element or step of a claim in any Patent*” to be a “Combined Licensed Product and Service.”⁵⁴ Defendants’ evidence demonstrates their use of Pace set top boxes, even if

⁵² *Id.*, Ex. C (Deposition of Eric Eby) at 42:2-15; see also *id.* at 4 n.6 for citations to similarly supporting testimony by Eby explaining signal transmission from the set top box to the headend being handled via Motorola equipment.

⁵³ D.I. 144 at 3.

⁵⁴ That a Combined Licensed Service may satisfy “in whole or *in part* an element or step of a claim in any Patent” is contrary to FutureVision’s assertion that “[i]t is not enough that a claimed, unlicensed component transmits signals to or receives signals from a licensed component. The licensed component must *satisfy a claim element or limitation*.” *Id.* at 4 (emphasis added). That assertion reads out the “in part” language of the definition. The RPX Agreement is governed by California law. D.I. 143, Ex. 2 at § 5.4. “[C]ourts must interpret contractual language in a manner which gives force and effect to every provision, and not in a way which renders some clauses nugatory, inoperative, or meaningless.” *City of Atascadero v. Merrill Lynch, Pierce, Pfenner & Smith*, 68 Cal. App. 4th 445, 473 (1998). At oral argument, FutureVision stated if there is intervening equipment between the set top box and the central broadcast server that is interposed in the communication path, that does not render it a “Combined Product and Service.” It argued the mere fact that equipment is interposed between two components that are purportedly claimed does not mean that it provides the necessary step or part of a step. Transcript at 50-51. Claims 1 and 2 are method claims, however, and FutureVision has not explained how those claimed methods could be accomplished by the accused services absent the licensed Cisco and ARRIS equipment. That equipment is implicated in, at least, part of the “transmitting” and “sending” of signals elements in those claims.

not separately licensed, in conjunction with licensed ARRIS or Cisco products is part of a “Combined Licensed Product and Service.” As a result, defendants’ accused services do not infringe.

Next, defendants argue the accused methods are licensed as to the entire ‘755 patent because at least “a claim” relies on Cisco and/or ARRIS products. Defendants again rely on the definition of “Combined Licensed Product and Service” in the RPX Agreement in support of this argument: “any . . . combination or use . . . [that] satisfies, in whole or in part, an element or step of *a claim* in any patent.” FutureVision concedes claims 12 through 20 are no longer asserted because of the RPX license, and so admit in its opposition brief.⁵⁵ Defendants argue that by acknowledging that Cisco and ARRIS products satisfy, in whole or in part, at least one element or step of claims 12-20 of the ‘755 patent, FutureVision has also established that the “combination or use,” i.e. defendants’ accused “video on demand” and “interactive text,” are licensed.⁵⁶

The court disagrees with defendants’ contention that so long as a single claim is licensed for a given “combination or use,” the entire patent is licensed for that “combination or use.” The court reads the language “an element or a step of *a claim*” to refer to a single claim leading to a claim by claim analysis, as FutureVision argued,⁵⁷ rather than implying a license to every claim in that particular patent.

Finally, defendants assert that allegations based on the use of Pace set top

⁵⁵ D.I. 144 at 2 (“Concurrently herewith, [FutureVision] has amended its infringement contentions so as not to rely on any licensed components. It has dropped claims 12-20 and removed any reference or reliance upon licensed equipment.”).

⁵⁶ D.I. 147 at 5.

⁵⁷ Transcript at 58-59.

boxes must fail because those boxes are now licensed due to ARRIS's recent acquisition of Pace. As a result of that acquisition Pace is now an "Affiliate" as defined in the RPX Agreement.⁵⁸ The relevant language in the RPX Agreement provides: "Affiliate(s)' of an Entity shall mean any and all Entities, *now or in the future and for so long as the Control exists*, that are Controlled, directly or indirectly by the Entity."⁵⁹ Defendants contend that once an entity becomes controlled by an RPX member, e.g., through acquisition, that entity is an "Affiliate" within the meaning of the RPX Agreement.⁶⁰ FutureVision maintains that Pace can never be an Affiliate that provides a "Licensed Product and Service" (or "Combined Licensed Product and Service") because nothing it provides while an "Affiliate" of ARRIS could infringe the now-expired '755 patent.⁶¹ FutureVision also relies on the language "for so long as the Control exists" in the "Affiliate" definition to argue Pace would only be deemed an "Affiliate" for purposes of the period of time after its acquisition by ARRIS.⁶² Neither argument is persuasive.

First, all of the patents licensed under the RPX Agreement had expired or been abandoned when the agreement was executed.⁶³ Also, the definition of "Affiliate(s)" is forward looking: "all Entities, now or *in the future*." FutureVision's interpretation would

⁵⁸ D.I. 150 at 1 (As a result of ARRIS's acquisition of Pace on January 4, 2016, "the accused products and services are now all provided by licensed vendors . . . , [and] Defendants respectfully submit that their license defense should be granted and the case dismissed for this additional reason as well."). FutureVision responded to defendants' letter disagreeing that Pace was released. D.I. 151.

⁵⁹ D.I. 143, Ex. 2 at 1 (emphasis added).

⁶⁰ *Id.* at 9.

⁶¹ D.I. 144 at 7.

⁶² Transcript at 61.

⁶³ D.I. 143, Ex. 2 at Ex. B (listing patents licensed by the RPX Agreement).

render the language regarding future affiliates superfluous.⁶⁴ Moreover, the RPX Agreement covers past infringement by Affiliates. “Licensed Product and Service” is defined as “*any past, present, or future product . . . at any time, made, have, made, used, purchased, provided, hosted, sold . . . by or on behalf of an RPX Licensee or an RPX Licensee Affiliate.*”⁶⁵ Similarly, “Combined Licensed Product and Service” is “*any past, present or future combination or use . . . provided by on behalf of an RPX Licensee or an RPX Licensee Affiliate.*”⁶⁶ Therefore, any past, present, or future product of an “Affiliate” is authorized for sale by the RPX Agreement.

FutureVision also argues Exhibit G indicates Pace was intended to be unlicensed unless and until the option price is paid.⁶⁷ This argument is also unpersuasive.

The RPX Agreement was executed on April 21, 2015. ARRIS’s planned acquisition of Pace was announced in a press release on April 22, 2015. As a result, FutureVision could not have known about ARRIS’s acquisition of Pace when the RPX Agreement was executed and, therefore, could not have accounted for it in its negotiations concerning that agreement. Defendants also contend that, when reading the entire agreement together, Exhibit G lists sums for these entities with respect to any activity for which they are not otherwise licensed by the agreement.⁶⁸ Defendants explain that if, for example, they developed and used their own service or used a non-

⁶⁴ *City of Atascadero v. Merrill Lynch, Pierce, Pfenner & Smith*, 68 Cal. App. 4th 445, 473 (1998) (“[C]ourts must interpret contractual language in a manner which gives force and effect to every provision, and not in a way which renders some clauses nugatory, inoperative, or meaningless.”).

⁶⁵ D.I. 143, Ex. 2 at 2.

⁶⁶ *Id.*, Ex. 2 at 2.

⁶⁷ D.I. 144 at 7.

⁶⁸ Transcript at 32

RPX member to provide the service that may be unlicensed, an “Expanded License Fee” would likely be needed.⁶⁹ Defendants note there is nothing in the “Combined Licensed Product and Service” definition that references Exhibit G or implies a carve out for Exhibit G which should in some way trump a plain reading of that definition.⁷⁰ Defendants maintain the combination language is clear that any use satisfying any step in whole or part would render the particular product or use licensed.⁷¹

As discussed above, under the definitions of “Licensed Product and Service” and “Combined Licensed Product and Service” the services provided by defendants, and Pace set top boxes, are already licensed. Therefore, there is no need to pay for an “Expanded License” as there is no infringement.

V. CONCLUSION

For the aforementioned reasons, defendants’ license defense is GRANTED. An appropriate order shall issue.

Dated: February 1, 2016

/s/ Mary Pat Thyng
UNITED STATES MAGISTRATE JUDGE

⁶⁹ *Id.*

⁷⁰ *Id.* at 33.

⁷¹ *Id.*