



June 22, 2021

Mr. Michael Machat
Attorney for EGLA Corp.
MACHAT AND ASSOCIATES
michael@machatlaw.com

Dr. Edwin Hernandez
Chief Technology Officer
EGLA Corp.
edwinhm@eglacorp.com

Via EMAIL

Re: Response to EGLA Letter dated April 20, 2021 under FRE 408

Mr. Machat,

On April 20, 2021, our client, Stingray Group, Inc. (“Stingray”), received a letter from Dr. Edwin Hernandez on behalf of his company, EGLA Corp., asserting unfounded and outlandish accusations of intellectual property theft against Stingray with regard to Stingray’s UbiquiCAST technology.

Specifically, Dr. Hernandez represented in his letter that he has “evaluated recent evidence on UbiquiCAST and Stingray’s media distribution systems” and has “concluded that Stingray Digital has misappropriated EGLA’s Corp.’s trade secrets and that Stingray is therefore infringing at least two of our U.S. Patents.”

Subsequently, Dr. Hernandez notified Stingray via email that your firm is representing EGLA in this matter. Accordingly, we are directing our response to you so that you, as a legal professional, can inform and educate your client as to these fundamental facts: his claims are factually and legally baseless, as are his attempts to threaten, harass and extort Stingray. Stingray does not owe him a dime, and ***no payment is coming.***

I. Stingray’s Technology Pre-Dates Dr. Hernandez’s Alleged Trade Secrets

To be abundantly clear, not only did Stingray never access EGLA’s servers or “steal” any trade secrets, but Stingray never had any reason to do so. The UbiquiCAST product that Dr. Hernandez falsely accuses of using his technology pre-dates any alleged theft by multiple years.

For example, Dr. Hernandez states that he: “concluded that in 2014 when Stingray acquired DMX that our trade secrets went in possession of Stingray. Hence, UbiqCAST now contains significant amounts of our intellectual property and trade secrets, and hence infringes our product.” But a cursory internet search would have conclusively shown Mr. Hernandez that his claims are baseless and that Stingray—then operating under the brand name Galaxie—was using its UbiqCAST delivery platform to provide music services years before the DMX transition:



Galaxie • Your Musical Universe

One of the premier continuous digital music networks in North America, *now available internationally.*

Galaxie

- Dozens of commercial free and uninterrupted Music Channels covering 15 genres, delivered in pristine quality digital audio up to 192 kbps;
- Music channels professionally programmed by one of Galaxie's music aficionados and adapted to the tastes and trends of each market;
- Programming in multiple languages, including Arabic, Cantonese, Dutch, English, French, German, Hindi, Italian, Mandarin, Spanish, Swedish and more;
- Reaches close to 10 million households in North America and Europe;
- High quality Average Minute Audiences (AMA) rivalling those of other leading specialty television services, helping to generate advertising revenues;
- The best "three-screen" music experience in the market today, opening up the potential for cross-platform interactivity, maximizing Average Revenue Per User;
- Helps drive new subscribers and retain existing subscribers;
- Programming delivered to your head end using Stingray's exclusive UbiqCAST™ distributed broadcast architecture, reducing costs and greatly improving quality of service.

Source: <https://web.archive.org/web/20081222004753/http://www.galaxie.tv:80/>

This is equally true for the On Screen Enhancement feature that is at the core of Dr. Hernandez's allegations. Again, a cursory internet search conclusively shows that Stingray had rolled out this technology in both its Mediaroom application and UbiqCAST platform years before 2014:

DISCOVER GALAXIE AND ENJOY A MUSICAL UNIVERSE LIKE NO OTHER!

- Continuous, commercial-free music: No Ads, No Talk, Just Great Music.
- A complete selection of 50 channels covering all popular musical genres.
- Delivered in pristine, digital-quality audio.
- Programmed by music industry professionals with years of major-market radio experience.
- Several channels in each of the genres Rock, Pop, Country, Latino/Spanish, Urban, Jazz and more.
- Music to match every mood and every occasion; 24/7.
- 6 out of 10 households in the US with Digital Cable or DTH listen to a digital music service on their televisions on a weekly basis.
- The average time spent listening among users is more than 3 hours per week.

GALAXIE ON-SCREEN ENHANCEMENTS

An enhanced visual experience to complement the great music when using the Galaxie music service.

Features:

- On-screen display includes:
 - Genre-specific images and visuals
 - Visual identification of next song to be played, and the previous songs played
 - Ability to integrate artist information
 - Ability to integrate display advertising

Source: Galaxie_OSE.pdf (Stingray sales presentation created in 2010, included via email)

Galaxie Music Mediaroom Launches with Three Telcos

Galaxie's Interactive App Leverages Mediaroom Platform


New Orleans, LA, October 25th, 2011 - Stingray Digital, a Montreal-based provider of music services to multi-channel operators, announces the launch of its Galaxie Digital Music Service with Hawaiian Telcom, Lumos Networks (formerly known as nTelos) and Paul Bunyan Communications.

"Stingray Digital is pleased to introduce the Galaxie music service to customers of these innovative telcos," said Eric Boyko, President of Stingray Digital. "Hawaiian Telcom, Lumos Networks and Paul Bunyan Communications customers will have access to the most advanced Galaxie service available through a unique and feature-rich Galaxie Mediaroom application." he added.

These companies are the first television services provider in the US to launch the Galaxie Mediaroom Application. This exciting new application gives Galaxie users an enhanced, interactive experience that leverages the flexibility of the Microsoft Mediaroom IPTV platform. The application allows users to browse all 50 channels and see what's playing without changing the current channel, provides a pleasing look and feel to the Galaxie service and includes album art for the currently playing, and previously played songs on each channel. Galaxie users can also review the playlist of the last 24 hours of songs played on each channel, the most requested feature.

Source:

<https://www.hawaiiantel.com/Portals/3/News%20PDFs/Galaxie%20Music%20Mediaroom%20Launches%20with%20Hawaiian%20Telcom.pdf>

 Communiqués

15 septembre 2010

Stingray launches Galaxie in the USA

Stingray Digital, an innovative broadcaster and media company, announces the availability of its Galaxie Digital Music Service for the US market. Galaxie, Your Musical Universe, is 50 uninterrupted and commercial-free digital music channels delivered by cable, satellite or IPTV directly to consumers' homes.

« Stingray Digital is already an established provider of music-related VOD content to US multi-channel operators through the brands The KARAOKE Channel and Concert TV. We are now expanding our music services with the Galaxie music channels for operators who are seeking an alternative source for digital music programming, » said Eric Boyko, President of Stingray Digital. « Galaxie is already an established digital music service offered through television service providers in several countries. We are pleased to now be providing this service to an even broader market on Telco TV and cable platforms across the US. » he added.

Launched over 13 years ago, Galaxie serves more than 8 million households in North America and elsewhere on digital cable, DTH and IPTV television packages. The Galaxie service available in the US includes:

- 50 commercial-free channels programmed by music industry professionals covering all popular music genres including Pop, Rock, Country, Jazz, Classical and more.
- Attractive, on-screen presentation with thematic images and song information.
- A true three-screen experience with an interactive Galaxie broadband player, and a soon-to-be-launched mobile application for iPhone, iPod Touch, Android and Blackberry.
- For operators using the Microsoft Media Room platform, a custom-built, advanced Galaxie Media Room application offering an enhanced experience to the Galaxie service.

Galaxie is being delivered to the US market as the exclusive music service on the Avail-TVN platform, and can be received by cable and IPTV operators using common satellite receiving equipment. The service is already being received by several IPTV and cable operators throughout the US, including members of NRTC (National Rural Telecommunications Cooperative), other content aggregators and several additional multi-channel operators across the country.

Source: <https://telesystem.ca/fr/communiques/stingray-launches-galaxie-in-the-usa/>

Telus Optik TV adds an interactive music app

→ Jump to Latest

admin1 · Jan 12, 2012 · Edited by Moderator Jan 12, 2012

Telus this week added a new application to their Optik service which their IPTV customers the ability to learn more about what is playing on their Galaxie music channels.

The new app can be launched from the Optik main menu with a click of the remote. Once running, customers can find out what's playing on all the music channels, look at playlists, and view album art.

In addition to viewing album art for the song currently playing, subscribers will also be able to view the one up next, and previously played songs on each channel.

The app was created by Stingray Digital, the Montreal-based provider of the Galaxie music service which provides Telus subscribers with 45 programmed music channels in all popular genres including Rock, Pop, Jazz, Classical, Country and many more, and is included at no additional charge for all customers.

Source:

<https://www.digitalhome.ca/threads/telus-optik-tv-adds-an-interactive-music-app.291363/>

The screenshot shows the Stingray Digital website. At the top, there is a navigation bar with links for HOME, ABOUT US, OUR PROPERTIES, NEWS, CLIENTS & PARTNERS, and CONTACT. Below this is a sidebar with a list of services: GALAXIE, THE KARAOKE CHANNEL, STINGRAY MUSIC, STINGRAY360, CONCERTTV, and MUSIC CHOICE. The main content area features a large heading 'music choice' and a paragraph stating: 'MUSIC CHOICE INTERNATIONAL IS THE ORIGINAL DIGITAL MUSIC PIONEER AND HAS BEEN PROVIDING NON-STOP, LEGAL MUSIC TO OVER 40 MILLION EUROPEAN TV AND THE INTERNET CONSUMERS SINCE 1993.' Below this, there is a section titled 'TV MUSICSERVICE' with a small image of a music player interface. The text in this section describes the services offered, including linear and on-demand audio and video services, and mentions that 'Music Choice provides a visually inviting on-screen experience, including: rich image quality, album, song title and artist information for current playing songs as well as what's up next.'

Source:

<https://web.archive.org/web/20120326193503/http://www.stingraydigital.com/en/our-properties/music-choice.html>

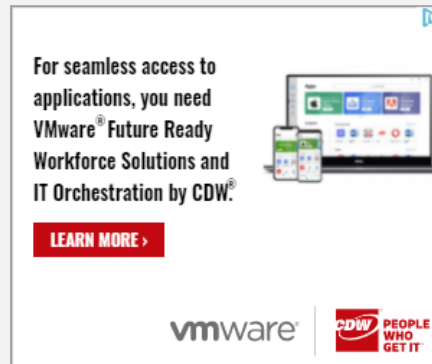
Galaxie Improvements Rolled-Out to More Than 2 Million Customers

Visually-rich images and enhanced information now complement the audio experience.

Montreal, Canada, May 13, 2012 --(PR.com)-- Improvements to the on-screen look of the Galaxie music service now reach more than 2 million customers in Canada following the launch today on Rogers Digital Cable. All 40 Galaxie channels on Rogers Digital Cable will now display on-screen images that represent the theme of each channel.

"Today is a very important day for Galaxie, since Rogers Digital Cable customers will immediately be upgraded to an improved on-screen experience for Galaxie," said Eric Boyko, President and CEO of Stingray Digital. "We strive to offer Canadians the best possible music experience by continually improving our service. We wanted our TV service to be as visually appealing as the Galaxie Broadband service offered on Rogers Anyplace TV," he added.

Instead of seeing a plain screen that only displayed the song information, customers will now see thematic images on the screen when a Galaxie channel is tuned. The images change every 10 seconds for the duration of the song, and the channel information as well as song information is displayed in heavy frequency along with the images, allowing viewers the opportunity to immediately identify the artist or title of the song.



Source: <https://www.pr.com/press-release/412503>



PRODUCTS BUSINESS SOLUTIONS INVESTORS ABOUT US CAREERS

Galaxie Music Service Rapidly Expands in the Caribbean and Latin America

2013-01-29

Commercial-free music service now available in 16 countries in the region

Stingray Digital, a Montreal-based provider of music services to multi-channel operators, announces recently signed deals in several countries throughout the Caribbean and Latin America.

The Galaxie Music Service has been selected by television service providers in Barbados, Bermuda, The British Virgin Islands, Bahamas, Trinidad & Tobago, St. Marteen, Costa Rica, Dominican Republic, Guatemala, Honduras México, Ecuador, Panama and El Salvador. With these new customers for Galaxie, the service is now available in 16 different countries in the region and in more than 1 million households.

"Stingray Digital is proud to be launching the Galaxie music service with so many of the top television service providers in the region," said Eric Boyko, President and CEO of Stingray Digital. "We have introduced more than a dozen Spanish and Caribbean local channels as well as many service enhancements like on-screen visuals and multiplatform access. Operators recognize that we offer the best service and have responded by signing long term contracts with us," he added.

The Galaxie Music Service includes 50 commercial-free, professionally-programmed music channels in all popular genres including Salsa, Reggaeton, Rock, Pop, Jazz, Classical and many more selected from a collection of more than 200 channels in dozens of languages. The music is complemented by attractive visual display on the television along with the album cover art-work and details of the currently playing song. Subscribers to the operators' television services will receive Galaxie for free as part of their television package. Stingray's music service also includes a complete suite of music video content for VOD.

Source:

<https://www.stingray.com/about-us/press-room/news-and-press-releases/galaxie-music-service-rapidly-expands-caribbean-and>

Indeed, each of the UbiquiCAST software modules targeted by Dr. Hernandez, including but not limited to the StillPicGenerator, UbimetaServer and GalaxieAudioEngine, were written by Stingray *years before* the allegations in his own letter. If pushed into a baseless and frivolous lawsuit, Stingray can and will defend itself by: (a) showing the Court the corresponding source code and log entries that establish Stingray’s earlier dates of creation; (b) providing the Court with the host of publicly available information showing that Stingray had commercialized its technology years before any alleged theft; and (c) seeking full reimbursement from Dr. Hernandez and EGLA for *all* costs and attorney’s fees incurred in the lawsuit.

Dr. Hernandez’s claims are not just factually wrong but are legally frivolous. From one legal professional to another, we respectfully request that you inform Dr. Hernandez of these fatal problems and caution him that any attempt to extort money from Stingray via litigation will only expose him and EGLA to court sanctions.

II. EGLA’s Patents are Invalid Under the Law

For the same reasons, Dr. Hernandez’s referenced patents—U.S. Patent No. 10,123,074 and U.S. Patent No. 10,524,002—would also be invalid as a matter of basic patent law. Under 35 U.S.C. § 102(a), a person shall not be entitled to a patent if “the claimed invention was patented, described in a printed publication, *or in public use, on sale, or otherwise available to the public* before the effective filing date of the claimed invention.” See 35 U.S.C. § 102(a) (emphasis added).

At its core, the patent law prohibits would-be inventors from obtaining patents over technologies that were already commercialized or otherwise available to the public. Here, the two patents mentioned in Dr. Hernandez’s letter have a provisional filing date of December 22, 2014—several years after Stingray had already rolled out the accused technology to its customers. As a result, under the patent law, any attempt to accuse Stingray of infringement would inherently and immediately render those patents invalid under § 102(a). In other words, even if we take Dr. Hernandez’s accusations at face value and assume that Stingray’s own On Screen Enhancement feature reads on the patents—which it *does not*¹—Stingray’s accused technology would be invalidating prior art and any threatened lawsuit would be facially frivolous.

In identical situations, the Federal Circuit has upheld awards of attorneys’ fees against patentees that accused a defendant’s pre-existing technology of infringement. For example, in the *WPEM* case, the district court found that “the Accused Technology is prior art to the ’762 patent” and “a reasonable plaintiff conducting a minimally diligent infringement analysis would have become aware” that the defendant’s technology predated the patent filing. See *WPEM, LLC v. SOTI Inc.*, 837 Fed. Appx. 773, 774–75 (Fed. Cir. 2020). On appeal, the Federal Circuit agreed that “a reasonable plaintiff [would have] evaluated whether the product accused of infringement predates,

¹ Although Dr. Hernandez tellingly fails to provide any analysis of either U.S. Patent No. 10,123,074 or U.S. Patent No. 10,524,002, a simple review of the claim language shows that neither patent is infringed by Stingray. Specifically, the patents both require “rendering a web page” and then generating a sequence of “screen captures” of the rendered web page. Even if such an approach to providing multimedia content was workable, Stingray neither renders a web page as part of its On Screen Enhancement feature nor generates screen captures of the rendered web page. In fact, as recently as 2016, Dr. Hernandez himself has advertised the differences between Stingray’s technology and EGLA’s own music delivery platform, which he described as being “more clever, fault-tolerant, and efficient.” See <https://edwinhernandez.com/2017/07/09/music-choice-vs-stingray-digital-case-216-cv-586-jrg-rsp/>

and therefore potentially anticipates, the asserted patent claims” and held that the case was exceptional and warranted an award of attorneys’ fees against the patentee. *Id.*

Equally as bad for Dr. Hernandez, he has represented that EGLA’s own trade secrets practice his asserted patents, which makes EGLA’s own delivery platform invalidating prior art. For example, Dr. Hernandez stated in his letter that he “concluded that Stingray Digital has misappropriated EGLA Corp.’s trade secrets and that Stingray is **therefore infringing** at least two of our U.S. Patents.” However, under 35 U.S.C. § 102(b), an inventor must file a patent application within one year of their earliest date of public disclosure or sale of the patented invention. *See* 35 U.S.C. § 102(b); *New Railhead Mfg., LLC v. Vermeer Mfg. Co.*, 298 F.3d 1290, 1297 (Fed. Cir. 2002).

Here, Dr. Hernandez’s entire theory of trade secret theft is premised on the allegation that Stingray accessed servers that EGLA was using to provide multimedia content delivery to its customers. As asserted by Dr. Hernandez himself: “EGLA Corp. had previously deployed its headend servers when EGLA Corp. was working with DMX” (i.e., prior to January 2014). Similarly, EGLA’s own website shows that it offered its “Mediamplify platform” as a “one-stop shop solution for media distribution . . . [for] cable/satellite operators” at least as early as August 2013, more than a year before Dr. Hernandez filed his provisional patent application with the United States Patent and Trademark Office. *See* <https://web.archive.org/web/20130822235230/http://www.eglacomm.net/>. As a result, EGLA’s attempt to commercialize its “cloud-based solution” more than a year before it sought patent protection renders each of the identified patents invalid.

Under the same set of facts, courts have invalidated an asserted patent. For example, in the *Leader* case, the patentee commercialized a version of its software product more than one year before its patent filing date. *See Leader Techs., Inc. v. Facebook, Inc.*, 678 F.3d 1300, 1306 (Fed. Cir. 2012). In that case, the patent filing date was December 10, 2003. *Id.* However, the software was “offered for sale and publicly used prior to December 10, 2002,” when the patentee “offer[ed] to Wright Patterson in January 2002 . . . the exact software product . . . that fell within the scope of the asserted claims.” *Id.* at 1307. As a result, the court held that the patents were legally invalid under § 102(b). *Id.* Similarly, in the *Robotic Vision* case, the Federal Circuit affirmed a patent’s invalidity based on the prior public use of the claimed scanning technology. *See Robotic Vision Sys., Inc. v. View Eng’g, Inc.*, 249 F.3d 1307, 1311 (Fed. Cir. 2001). There, the patent was filed on June 24, 1992, but the patentee “sold its patented full-tray scanning technology . . . in March 1991.” *Id.* The Federal Circuit noted that “the necessary software for implementing [the invention]” was completed as part of the sale, and thus the patent was invalid. *Id.*

Like in the above *Leader* and *Robotic Vision* cases, EGLA also sought to commercialize its technology more than a year before seeking patent protection. Indeed, by at least August 2013, the claimed technology was already in public use, as evidenced by EGLA’s statement that “[c]urrently, DMX2GO . . . and SKY TUNES are powered by our platform as well as other customers.” *See* <https://web.archive.org/web/20130822235230/http://www.eglacomm.net/>.

Accordingly, the two patents identified by Dr. Hernandez are not only invalidated by Stingray’s own technology but also by EGLA’s own content delivery platform. Any threatened lawsuit would be facially frivolous and would expose Dr. Hernandez to substantial court sanctions, including an order for Dr. Hernandez to pay all of Stingray’s attorneys’ fees.

III. EGLA's Patents are Unenforceable Under the Law

Even more problematic for Dr. Hernandez, for the same core reasons as above, his patents are unenforceable as a result of his inequitable conduct. Under the law, inequitable conduct includes a patent applicant's failure to disclose information relevant to the patentability of claims and renders any resulting patent or continuation application unenforceable. *GS Cleantech Corporation v. Adkins Energy LLC*, 951 F.3d 1310, 1324 (Fed. Cir. 2020). In our review of the prosecution history of the identified patents, we note that Dr. Hernandez failed to disclose either EGLA's own content delivery product or Stingray's own technology to the Patent Office.

In the *GS Cleantech* case, the Federal Circuit held that certain patents were unenforceable when the patentee failed to disclose sale activity, a system diagram, and test reports that "threatened [the patentee's] chances of" patentability. *Id.* at 1329. It was also highly material that the patentee withheld information showing that the invention had been reduced to practice and that a customer was "offered . . . a royalty-free license" to use the invention more than one year before the patent filing date. *Id.* Like in *GS Cleantech*, Dr. Hernandez "intentionally withheld material information" related to a possible reduction to practice or offer for sale in order to deceive the Patent Office because he knew that these disclosures would threaten his chances of obtaining a patent. See *GS Cleantech*, 951 F.3d at 1329. As a consequence, EGLA engaged in inequitable conduct and its patents and any continuations thereof are unenforceable. *Total Rebuild, Inc. v. PHC Fluid Power, L.L.C.*, 417 F. Supp. 3d 797, 808 (W.D. La. 2019) (finding no reasonable excuse for nondisclosure of system that had been sold for years).

IV. Dr. Hernandez has Illegally and Improperly Accessed Stingray's Own Proprietary Information, Exposing Himself and EGLA to Liability.

Stingray is also highly disturbed by EGLA and Dr. Hernandez's improper access of Stingray's confidential and proprietary information. In his letter, Dr. Hernandez provides detailed technical information about Stingray's UbiquiCAST system, including detailed flowcharts and diagrams of its operation and specific source code modules. To be perfectly clear: ***this information is proprietary information owned by Stingray and has not been made available to the public.*** A detailed review of the public filings in Stingray's prior lawsuit involving Music Choice confirms that those filings were properly redacted and were not published or disclosed.

Strikingly, however, Dr. Hernandez has somehow acquired details about Stingray's operations and source code, suggesting that EGLA hacked or otherwise instituted a data breach of Stingray's servers. Indeed, Dr. Hernandez's own attempts to conceal the source of that information only reinforces the conclusion that he fully recognizes the illegality and impropriety of his actions. Specifically, although Dr. Hernandez referenced numerous technical exhibits in his letter, he never attached these exhibits for our review. Similarly, Dr. Hernandez's own self-serving "declaration" tellingly ***redacts*** the source of this confidential information and how it came into his possession.

Accordingly, Stingray hereby demands that Dr. Hernandez and EGLA provide a full accounting of the source of this confidential information, including how, where and when it was accessed so that Stingray can take appropriate steps to safeguard it and limit any future dissemination.

Please confirm that Dr. Hernandez will provide this information immediately.

V. EGLA's Improper Conduct is "Exceptional" Under the Law

Under the law, courts may award fees when a party's conduct is so unreasonable that it is exceptional. *See Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 546 (2014).

As detailed above, a cursory review of publicly available information would have informed Dr. Hernandez that his complaints are frivolous. Additionally, as explained in this letter, Dr. Hernandez has knowingly violated the on-sale bar to patentability and deceived the Patent Office to obtain his patents. *Buckeye Steel Castings Co.*, 23 F.3d 374, 379 (Fed. Cir. 1994) (inequitable conduct and litigation misconduct warranted an exceptional case finding). Even more outrageous, EGLA is now using those patents to raise a legally frivolous claim against Stingray's pre-existing technology in the hope of extorting a cost-of-litigation settlement. *See Amsted Industries Inc. v. Elec. Comm'n Techs., LLC v. ShoppersChoice.com, LLC*, 963 F.3d 1371 (Fed. Cir. 2020) (unreasonable and weak infringement claims brought with the intention of inducing quick settlement justified an exceptional case finding).

Accordingly, any attempt to institute a lawsuit against Stingray will be vigorously defended, and this letter serves as notice to Dr. Hernandez and EGLA of our intent to seek an exceptional case finding and all available sanctions in any potential lawsuit.

VI. Conclusion

Lastly, if you are not already aware, Dr. Hernandez has approached Stingray on repeated occasions in the past seeking to solicit business, including attempts to serve as an expert consultant in a prior case and attempts to license his patents. On each occasion, Stingray has respectfully declined his overtures. Similarly, Dr. Hernandez has no doubt informed you that EGLA has previously lost customers to Stingray, including through the DMX transition referenced in his letter. Accordingly, we have no doubt that Dr. Hernandez's scheme is motivated purely by a vendetta against Stingray rather than on any rational evaluation of the facts.

As attorneys, part of our job is to communicate such realities to our clients and to provide them with sound legal advice based on the law. Here, the only appropriate path for Dr. Hernandez is to cease his attempts to extort a settlement fee from Stingray. Although we do not believe that any further communications are necessary, if you have any additional reply, we respectfully request that you direct all correspondence to both danaipakos@azalaw.com and mmcbride@azalaw.com and all calls to 713-600-4962.

Sincerely,

Michael McBride