

**UNITED STATES PATENT AND TRADEMARK OFFICE**

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**BEFORE THE PATENT TRIAL AND APPEAL BOARD**

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APPLE INC.,  
Petitioner,

v.

CONTENTGUARD HOLDINGS, INC.,  
Patent Owner.

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Case No. CBM2015-00160  
U.S. Patent No. 7,774,280

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**PETITIONER APPLE INC.'S NOTICE OF APPEAL**

Pursuant to 35 U.S.C. §§ 141, 142, and 319, and in accordance with 37 C.F.R. §§ 90.2(a) & 90.3, Petitioner Apple Inc. (“Apple”) appeals to the United States Court of Appeals for the Federal Circuit from the final written decision on remand (“Decision on Remand”) of the Patent Trial and Appeal Board (“Board”) entered on February 19, 2019 (Paper No. 14) in CBM2015-00160<sup>1</sup> and from all underlying findings, determinations, rulings, opinions, orders, and decisions regarding the covered business method reviews of U.S. Patent No. 7,774,280 (“280 patent”). A copy of the Decision on Remand is attached.

In accordance with 37 C.F.R. § 90.2(a)(3)(ii), Apple states that the issues on appeal include, but are not limited to: the Board’s determination on remand that Patent Owner demonstrated by a preponderance of the evidence that proposed, substitute independent claim 37 satisfies the requirements of 37 C.F.R. § 42.221; the Board’s determination on remand that Petitioners have not demonstrated by a preponderance of the evidence that proposed, substitute independent claim 37 is unpatentable over the prior art of record; any additional construction(s) of claim 37; the process by which the Board reached its determination(s); and any finding or determination supporting or related to these issues, as well as all other issues decided adversely to Apple in any orders, decisions, rulings and opinions.

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<sup>1</sup> An identical copy of the Decision on Remand was filed as Paper 48 in Case No. CBM2015-00040.

Apple is filing a copy of this Notice of Appeal with (i) the Director of the U.S. Patent and Trademark Office, (ii) electronically with the Board, and (iii) electronically with the Clerk's Office for the U.S. Court of Appeals for the Federal Circuit, along with the required docketing fee.

Dated: April 22, 2019

Respectfully Submitted,

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**CERTIFICATE OF FILING**

I certify that the foregoing was filed electronically with the Board through the PTAB E2E System, and a paper copy was served by hand-delivery on April 22, 2019, with the Director of the United States Patent and Trademark Office, at the following address:

Director of the U.S. Patent and Trademark Office  
c/o Office of the General Counsel  
United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria, Virginia 22313-1450

I further certify that a true and correct copy of the foregoing Notice of Appeal, along with the required filing fee, was filed electronically with the Court of Appeals for the Federal Circuit via CM/ECF on April 22, 2019. Per Fed. Cir. Rule 15(a)(1), one copy of this Notice of Appeal will be hand-delivered to the Clerk's office of the United States Court of Appeals for the Federal Circuit on April 22, 2019, at the following address:

Clerk of Court  
United States Court of Appeals for the Federal Circuit  
717 Madison Place NW  
Washington, DC 20439

**CERTIFICATE OF SERVICE**

Pursuant to 37 C.F.R. § 42.6(e), I hereby certify that on April 22, 2019, I caused to be served a true and correct copy of the foregoing by electronic mail on the following counsel:

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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GOOGLE INC. and APPLE INC.,  
Petitioners,

v.

CONTENTGUARD HOLDINGS, INC.,  
Patent Owner.

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Case CBM2015-00040<sup>1</sup>  
Patent 7,774,280 B2

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Before MICHAEL R. ZECHER, BENJAMIN D. M. WOOD, and  
GEORGIANNA W. BRADEN, *Administrative Patent Judges*.

*ZECHER, Administrative Patent Judge.*

DECISION ON REMAND  
Covered Business Method Patent Review  
*35 U.S.C. § 144 and 37 C.F.R. § 42.5(a)*

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<sup>1</sup> Case CBM2015-00160 has been joined with this proceeding.

## I. BACKGROUND

### A. Introduction

We address this case on remand after a decision by the U.S. Court of Appeals for the Federal Circuit in *Apple Inc. v. ContentGuard Holdings, Inc.*, 740 F. App'x 714 (Fed. Cir. 2018) (Paper 39, “*ContentGuard*”).

As background, Google Inc. (“Google”) filed a Petition requesting a review under the transitional program for covered business method patents of claims 1, 5, 11, 12, and 22 of U.S. Patent No. 7,774,280 B2 (“the ’280 patent,” Ex. 1001). Paper 1 (“Pet.”). ContentGuard Holdings, Inc. (“Patent Owner”) filed a Preliminary Response. Paper 8 (“Prelim. Resp.”). Taking into account the arguments presented in the Preliminary Response, we determined that the information presented in the Petition establishes that claims 1, 5, and 11 of the ’280 patent are more likely than not unpatentable under 35 U.S.C. §§ 102(b) and 103(a). We, however, determined that the information presented in the Petition did not establish that claims 1, 5, 11, 12, and 22 are more likely than not directed to non-statutory subject matter under 35 U.S.C. § 101, or that claims 12 and 22 are more likely than not unpatentable under §§ 102(b) and 103(a). Pursuant to 35 U.S.C. § 324 and § 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329–31 (2011) (“AIA”),<sup>2</sup> we instituted this covered business

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<sup>2</sup> Section 18(a)(1) of the AIA provides that the transitional program for covered business method patents will be regarded as a post-grant review under chapter 32 of title 35 United States Code and will employ the standards and procedures of a post-grant review, subject to certain exceptions.

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method patent review proceeding on June 24, 2015, only as to claims 1, 5, and 11 of the '280 patent and only on the grounds based on §§ 102(b) and 103(a). Paper 9 (“Dec. on Inst.”).

After instituting this proceeding, we considered a Petition filed by Apple Inc. (“Apple”) in Case CBM2015-00160 that challenged the same claims of the '280 patent at issue in this proceeding based on the same grounds of unpatentability. The Petition in Case CBM2015-00160 was accompanied by a Motion for Joinder that requested we join Apple as a party to this proceeding. Pursuant to § 324 and § 18(a) of the AIA, we instituted another covered business method patent review proceeding only as to claims 1, 5, and 11 of the '280 patent and only on the grounds based on §§ 102(b) and 103(a), and granted Apple’s Motion for Joinder. Paper 14.

During the course of trial, Patent Owner filed a Response to the Petition (Paper 15, “PO Resp.”), and a Motion to Amend (Paper 16, “Mot. to Amend”). Google and Apple (collectively, “Petitioners”) filed a Reply to the Patent Owner Response (Paper 21, “Pet. Reply”), and an Opposition to the Motion to Amend (Paper 22, “Opp. to Mot.”). Thereafter, Patent Owner filed a Reply to the Opposition to the Motion to Amend. Paper 25 (“Reply to Mot.”). Patent Owner also filed Observations regarding certain cross-examination testimony of Petitioners’ rebuttal witness, Benjamin Goldberg, Ph.D. (Paper 28, “Obs.”), and Petitioners filed a Response (Paper 30, “Obs. Resp.”). An oral hearing was held on February 24, 2016, and a transcript of the hearing is included in the record. Paper 33 (“Tr.”).

On June 21, 2016, we issued a Final Written Decision in this proceeding in accordance with 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73.



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Paper 34 (“Final Dec.”). We concluded that Petitioners demonstrated by a preponderance of the evidence that claims 1, 5, and 11 of the ’280 patent are unpatentable under §§ 102(b) and 103(a). Final Dec. 73. We also granted Patent Owner’s Motion to Amend. *Id.* Petitioners appealed our grant of Patent Owner’s Motion to Amend to the Federal Circuit. Papers 35, 36. Patent Owner cross-appealed our determination that the ’280 patent is a covered business method patent eligible for review. Paper 37.

In its remand decision that issued on July 11, 2018, the Federal Circuit acknowledged that, since we issued the Final Written Decision in this case, it had rejected the “incidental to” or “complementary to” standard for determining whether a patent qualifies as a covered business method patent eligible for review. *ContentGuard*, 740 F. App’x at 716 (citing *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1379 (Fed. Cir. 2016)). The Federal Circuit then vacated our Final Written Decision because we relied on this incorrect legal standard in determining whether the ’280 patent is a covered business method patent eligible for review. *Id.* The Federal Circuit remanded this case for us to determine whether the ’280 patent qualifies as a covered business method patent eligible for review, without relying on the “incidental to” or “complementary to” standard. *Id.* at 717. The Federal Circuit’s mandate issued on September 4, 2018. Paper 40.

On October 1, 2018, we issued an Order that modified our Decisions on Institution in Cases CBM2015-00040 and CBM2015-00160 to include review of all challenged claims and all grounds set forth in the respective Petitions, we authorized the parties to file a Joint Motion to Limit the Petitions by removing the previously non-instituted claims and grounds, and

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we authorized the parties to file a ten-page opening brief narrowly tailored to address whether the '280 patent qualifies as a covered business method patent eligible for review followed by a five-page responsive brief. Paper 41. On October 11, 2018, we granted the parties' Joint Motion to Limit the Petitions by removing the previously non-instituted claims and grounds. Paper 43. On October 19, 2018, the parties filed their opening briefs. Papers 44, 45. On November 9, 2018, the parties filed their responsive briefs. Papers 46, 47.

We have reconsidered the record anew by reviewing the parties' positions on remand as to whether the '280 patent qualifies as a covered business method patent eligible for review, without relying on the "incidental to" or "complementary to" standard. For the reasons discussed below, we hold that Petitioners have demonstrated by a preponderance of the evidence that (1) the '280 patent is a covered business method patent eligible for review; and (2) claims 1, 5, and 11 of the '280 patent are unpatentable under §§ 102(b) and 103(a). We also *grant* Patent Owner's Motion to Amend.

#### *B. Related Matters*

The parties indicate that the '280 patent has been asserted in the following three district court cases: (1) *ContentGuard Holdings, Inc. v. Google Inc.*, No. 2:14-cv-00061-JRG-RSP (E.D. Tex.); (2) *Google Inc. v. ContentGuard Holdings, Inc.*, No. 3:14-cv-00498-WHA (N.D. Cal.); and (3) *ContentGuard Holdings, Inc. v. Amazon.com Inc.*, No. 2:13-cv-01112-

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JRG (E.D. Tex.). Pet. 6–7;<sup>3</sup> Paper 7, 1–2. In addition to this Petition, Google filed another Petition in Case CBM2015-00043 requesting a review under the transitional program for covered business method patents of a certain subset of claims in U.S. Patent No. 8,001,053 B2 (“the ’053 patent”) owned by Patent Owner. Pet. 7; Paper 7, 1. In that related case, another panel of the Board denied the Petition as to all challenged claims of the ’053 patent. *Google Inc. v. ContentGuard Holdings, Inc.*, Case CBM2015-00043 (PTAB June 26, 2015) (Paper 9).

### *C. Standing*

Section 18 of the AIA governs the transitional program for covered business method patent reviews. Section 18(a)(1)(B) of the AIA limits such reviews to persons, or their privies, that have been sued or charged with infringement of a covered business method patent. Petitioners assert—and we agree—that they have standing to file their respective Petitions because they have been sued for infringement of the ’280 patent. Pet. 8 (citing Ex. 1004).

### *D. The ’280 Patent*

The ’280 patent, titled “System and Method for Managing Transfer of Rights using Shared State Variables,” issued August 10, 2010, from U.S.

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<sup>3</sup> The Petition and supporting evidence filed by Google in Case CBM2015-00040 are essentially the same as the Petition and supporting evidence filed by Apple in Case CBM2015-00160. For clarity and ease of reference, all references to the Petition and supporting evidence throughout this Final Written Decision are to the Petition and supporting evidence filed by Google in Case CBM2015-00040.

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Patent Application No. 10/956,121 (“the ’121 application”), filed on October 4, 2004. Ex. 1001, [54], [45], [21], [22]. The ’280 patent is a continuation-in-part of U.S. Patent Application No. 10/162,701 (“the ’701 application”), filed on June 6, 2002. *Id.* at [63]. The ’280 patent also claims priority to numerous provisional applications, the earliest of which includes U.S. Provisional Application No. 60/331,624 (“the ’624 provisional application”), filed on November 20, 2001. *Id.* at [60].

The ’280 patent generally relates to a method and system for managing the transfer of rights associated with digital works using shared state variables. Ex. 1001, 1:18–20. According to the ’280 patent, one of the most important issues impeding the widespread distribution of digital works is the current lack of ability to enforce the rights of content owners during the distribution and use of their digital works. *Id.* at 1:24–29. In particular, content owners do not have control over downstream parties unless they are privy to transactions with the downstream parties. *Id.* at 2:33–34. The concept of content owners simply granting rights to others that are a subset of the possessed rights is not adequate for multi-tier distribution schemes. *Id.* at 2:45–48.

The ’280 patent purportedly addresses these problems by providing a method and system for transferring rights associated with items of content—presumably digital works—from a supplier to a consumer. Ex. 1001, 2:52–55. The consumer obtains a set of rights associated with the digital work, which includes meta-rights specifying rights that may be derived therefrom. *Id.* at 2:55–57. If the consumer is entitled to the rights derived from the meta-rights, the disclosed invention then derives at least one right from the

meta-rights. *Id.* at 2:58–60. The rights that may be derived from the meta-rights include at least one state variable based on the set of rights, which, in turn, may be used to determine a state of the derived right. *Id.* at 2:62–64.

*E. Illustrative Claim*

Of the challenged claims remaining in this proceeding, only claim 1 is independent. Claim 1 is directed to a method for transferring rights associated with items from a supplier to a consumer. Claims 5 and 11 directly depend from independent claim 1. Independent claim 1 is illustrative and is reproduced below:

1. A computer-implemented method for transferring rights adapted to be associated with items from a rights supplier to a rights consumer, the method comprising:

obtaining a set of rights associated with an item, the set of rights including a meta-right specifying a right that can be created when the meta-right is exercised, wherein the meta-right is provided in digital form and is enforceable by a repository;

determining, by a repository, whether the rights consumer is entitled to the right specified by the meta-right; and

exercising the meta-right to create the right specified by the meta-right if the rights consumer is entitled to the right specified by the meta-right, wherein the created right includes at least one state variable based on the set of rights and used for determining a state of the created right.

Ex. 1001, 15:7–22.

*F. Covered Business Method Patent*

Under § 18(a)(1)(E) of the AIA, we may institute a transitional review proceeding only for a patent that is a covered business method patent. A “covered business method patent” is a patent that “claims a method or corresponding apparatus for performing data processing or other operations

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used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” AIA § 18(d)(1); *see also* 37 C.F.R. § 42.301 (defining “[c]overed business method patent” and “[t]echnological invention”). The Federal Circuit has explained that “§ 18(d)(1) directs us to examine *the claims* when deciding whether a patent is a [covered business method] patent.” *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016).

Based on the parties’ arguments and evidence presented on remand, we conclude that the ’280 patent both (1) claims a method for performing data processing or other operations used in the practice, administration, or management of a financial product or service, and (2) is not for a “technological invention.”

#### *1. Financial Product or Service*

“[T]he definition of ‘covered business method patent’ is not limited to products and services of only the financial industry, or to patents owned by or directly affecting activities of financial institutions,” but rather it “covers a wide range of finance-related activities.” *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1325 (Fed. Cir. 2015). The Federal Circuit has determined that a patent that claims activities that are “financial in nature” is eligible for covered business method patent review under § 18(d)(1). *Unwired Planet*, 841 F.3d at 1380 n.5 (Fed. Cir. 2016) (endorsing the “financial in nature” standard set forth in *Blue Calypso*).

In its opening brief, Petitioners contend that independent claim 1 of the ’280 patent is “financial in nature” because it is directed to a business

model of distributing digital content that entails a supplier granting rights to consumer downstream in a distribution chain. Paper 44, 3–4 (citing Ex. 1001, 1:36–39, 2:24–48, 5:39–43, 6:1–13, 15:7–8). To support their argument, Petitioners assert that the specification of the '280 patent is replete with examples of the financial nature of the claimed exchange between the supplier and consumer. *Id.* at 4. As one example, Petitioners argue that the specification discloses a license that provides rights for a consumer to view content in exchange for paying a fee. *Id.* at 4–5 (citing Ex. 1001, 4:3–14, Fig. 4). Petitioners also argue that U.S. Patent No. 5,634,012 (“Stefik”), which is incorporated by reference into the '280 patent, is replete with examples demonstrating the financial activities inherent in the commercial distribution of digital content. *Id.* at 4–6. As one example, Petitioners direct us to a disclosure in Stefik that states “the billing for use of a digital work is fundamental to a commercial distribution system.” *Id.* at 7 (quoting Ex. 1002, 24:48–49).

Petitioners further contend that independent claim 1 is “financial in nature,” regardless of whether the specification of the '280 patent includes some non-financial embodiments. Paper 44, 7. Petitioners maintain that independent claim 1 defines the claimed invention in economic terms (i.e., “consumer” and “supplier”) to support a multi-tiered distribution scheme or business model, and the specification makes clear that financial transactions are fundamental to this business model. *Id.* Petitioners acknowledge that the specification includes a few embodiments that do not require payment of a fee during the transfer of rights associated with an item from a supplier to a consumer, but nonetheless assert that these embodiments should not

preclude the multi-tiered distribution scheme of independent claim 1 from being considered “financial in nature.” *Id.* at 8–9 (citing Ex. 1001, 7:6–22, 13:60–62, 14:8–10, Fig. 11).

In its opening brief, Patent Owner contends that the challenged claims of the '280 patent “are context-neutral, can be used in numerous non-financial settings, and do not recite any financial activity.” Paper 45, 2. To support its argument, Patent Owner asserts that the challenged claims are “plainly non-financial” because they only refer to “transferring rights”—not selling or re-selling rights. *Id.* at 4. Patent Owner further argues that the claim terms “supplier” and “consumer” recited in independent claim 1 are defined generically in the specification and, therefore, preclude any argument that these claim terms limit independent claim 1 to a financial activity. *Id.* at 4–5 (citing Ex. 1001, 6:10–13, 7:6–17). Patent Owner also argues that the “obtaining,” “determining,” and “exercising” method steps recited in independent claim 1 do not supply the missing financial activity element because they do not relate to a financial product or service. *Id.* at 5–6 (citing Ex. 1001, 15:10–22). Lastly, Patent Owner contends that the examples in the specification of payment of a fee or processing by a clearinghouse do not limit the challenged claims. *Id.* Patent Owner then directs us to an example highlighted in the Federal Circuit’s remand decision, as well as other examples that purportedly do not require the payment of a fee. *Id.* at 6–7 (citing Ex. 1001, 6:61–67, 7:6–22, 11:52–12:2, 12:22–32, 12:39–50, 12:57–13:8, 13:18–33, 14:11–18, 14:22–31, 14:41–44, Figs. 9–12, 14–16).



In its responsive brief, Petitioners contend that Patent Owner ignores the overwhelming evidence that the claimed invention is “financial in nature” and disregards its purpose—namely, to enable a digital rights management (“DRM”) business model. Paper 46, 1. Petitioners argue that the hospital example, highlighted by both the Federal Circuit and Patent Owner, is the only example where “consumer” is used in a non-financial setting. *Id.* at 2. According to Petitioners, the specification of the ’280 patent consistently uses “consumer” in a financial context to refer to a participant in a multi-tiered distribution scheme or business model. *Id.* (citing Ex. 1001, 5:39–43, 6:1–17). Petitioners also argue that Patent Owner’s reliance on a few non-financial embodiments should fail because the specification of the ’280 patent repeatedly refers to the preferred embodiment as “financial in nature.” *Id.* at 3–4 (citing Ex. 1001, 3:15–16, 3:21–23, 4:8–12, 5:36–38, Fig. 4). Petitioners assert that Patent Owner ignores the context of the business model disclosed and claimed in the ’280 patent, which only makes sense when the multi-tiered distribution scheme includes financial transactions. *Id.* at 3–4 (citing Ex. 1001, 6:14). Lastly, Petitioners do not agree with Patent Owner’s argument that the method steps of independent claim 1 do not relate to a financial product or service because this argument improperly reads independent claim 1 in isolation from the specification. *Id.* at 5 (citing Ex. 1001, 4:11–14, 9:9–13, 15:7–14).

In its responsive brief, Patent Owner maintains that the ’280 patent is not eligible for a covered business method patent review merely because the specification of the ’280 patent discloses embodiments that involve distributing digital content for payment of a fee. Paper 47, 1. According to

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Patent Owner, the challenged claims require creating and transferring rights to digital content—there is no mention of a business model, a sale, a fee transaction, or any other financial activity. *Id.* at 1–2. Patent Owner argues that the disclosure regarding business models and payment of fees in the specification does not limit the challenged claims. *Id.* at 2. According to Patent Owner, the Federal Circuit did not endorse an argument that the challenged claims of the '280 patent describe an exchange that is “financial in nature,” but rather they merely made observations regarding certain aspects of the specification. *Id.* Patent Owner asserts that the claim terms “supplier” and “consumer” are generic, non-economic terms that do not define parties to a business transaction. *Id.* at 2–3 (citing Ex. 1001, 6:10–13). Patent Owner recognizes that dependent claim 11 recites “generating a license,” but argues that this claim does not recite a fee condition and it has a non-financial meaning. *Id.* at 3. Lastly, Patent Owner argues that the specification does not support Petitioners’ attempt to characterize certain embodiments, such as sharing digital content within an enterprise, transferring medical records, or loaning digital content at a library, as being “financial in nature.” *Id.* at 4–5.

Upon considering the parties’ arguments and evidence on remand, we agree with Petitioners’ arguments and evidence that independent claim 1 of the '280 patent satisfies the “financial product or service” component of the definition for a covered business method patent set forth in § 18(d)(1) of the AIA. We begin our analysis by focusing on the language of independent claim 1. The preamble of this claim requires “[a] computer-implemented method for transferring rights adapted to be associated with items from a

rights supplier to a rights consumer.” Ex. 1001, 15:7–9. The method steps in the body of this claim further require “obtaining a set of rights associated with an item, the set of rights including a meta-right specifying a right that can be created when the meta-right is exercised, wherein the meta-right . . . is enforceable by a repository,” “determining, by a repository, whether the rights consumer is entitled to the right specified by the meta-right,” and, if so, “exercising the meta-right to create the right specified by the meta-right.” *Id.* at 15:10–22. These explicit requirements of independent claim 1 directly align with the stated objective of the ’280 patent, which is to control the distribution or resale of rights associated with an item from a supplier to a consumer in a multi-tiered distribution scheme. *Id.* at 2:22–48.

We agree with Petitioners that independent claim 1 is “financial in nature” because central to the operation of this multi-tiered distribution scheme is the billing or payment of a fee that accompanies distributing or reselling a set of rights associated with an item from a supplier to a consumer. *See Blue Calypso*, 815 F.3d at 1340 (explaining that the patent at issue was eligible for a covered business method patent review because, “[a]s the Board noted, the [claimed] ‘subsidy’ [was] central to the operation of the claimed invention”). When describing issues such as accounting, payment, and financial clearing that should be addressed by a DRM system, the ’280 patent incorporates by reference other DRM systems, one of which is Stefik. Ex. 1001, 1:36–43; *see also id.* at 5:43–47 (disclosing how the preferred embodiment of the ’280 patent extends the known concept of usage rights, such as the usage rights and DRM systems disclosed in Stefik, to the concept of meta-rights). Stefik unequivocally states that “[t]he billing

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*for use of a digital work is fundamental to a commercial distribution system.*” Ex. 1002, 24:48–49 (emphasis added). When applying this “fundamental” concept of a DRM system to the ’280 patent, it follows that billing or payment of a fee is central to the operation of the multi-tiered distribution scheme of independent claim 1.

Moreover, Stefik further highlights that independent claim 1 of the ’280 patent is “financial in nature” because this claim requires using a “repository,” such as the one disclosed in Stefik, as an enforcement mechanism. Ex. 1001, 15:12–14. Stefik, which, as we explain above, is incorporated by reference in the ’280 patent, describes itself as “[a] fee accounting mechanism for reporting fees associated with the distribution and use of digital works.” Ex. 1002, [57]. Stefik further discloses that “[t]he digital works and their usage rights and fees are stored in repositories,” each of which “control[s] access to the digital works” and, “[u]pon determination that the exercise of a usage right requires a fee, the repository generates a fee reporting transaction.” *Id.* Because both Stefik and the ’280 patent use a “repository” as an enforcement mechanism (Ex. 1001, 7:36–39), it follows that the “repository” recited in independent claim 1 of the ’280 patent is a claimed feature that is “financial in nature” because it “generates a fee reporting transaction.”

This is not a case where there is only one of many embodiments disclosed in the specification of the ’280 patent that might demonstrate independent claim 1 is “financial in nature,” but rather there are an overwhelming number of embodiments in the specification of the ’280 patent supporting a determination that independent claim 1 is “financial in

nature.” For example, the specification discloses that, in most embodiments covered by independent claim 1, the transfer of rights associated with an item from a supplier to a consumer requires the payment of a fee or processing by a clearinghouse. *See, e.g.*, Ex. 1001, 2:19–20 (disclosing usage rights, including meta-rights, may be contingent on payment), 4:3–14 (disclosing how a consumer is permitted to view the digital works it purchased for a fee of \$5 or, alternatively, view and print the digital content for a fee of \$10), 5:4–11 (disclosing that, when a consumer wishes to obtain a digital work, the consumer goes through a series of steps, including paying a fee), 5:35–37 (disclosing the use of a clearinghouse to process payment transactions). These cited disclosures in the specification reinforce that the distribution or resale of rights associated with an item from a supplier to a consumer is “financial in nature” because central to the operation of this multi-tiered distribution scheme is billing or payment of a fee. *See Blue Calypso*, 815 F.3d at 1339 n.2 (determining patents at issue are eligible for covered business method patent review based on claims reciting an “incentive program,” where one of the challenged patents “repeatedly, and almost exclusively discloses ‘incentive’ and ‘incentive program’ in a financial context”).

Dependent claim 3 recites, in relevant part, “generating a license including the created right.” Ex. 1001, 15:49–51. This claim also is “financial in nature” because central to generating a license in the context of the ’280 patent is billing or payment of a fee. Similar to our analysis of independent claim 1, there are an overwhelming number of embodiments in the specification of the ’280 patent supporting our determination that

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dependent claim 3 is “financial in nature.” For example, the specification discloses that, in most embodiments covered by dependent claim 3, generating a license requires billing or payment of a fee. *See, e.g.*, Ex. 1001, 4:3–14 (disclosing that, when a fee of \$5 has been paid, license 52 may be issued permitting the recipient of the license to view content 42), 4:39–43 (disclosing how license 52 includes conditions that must be satisfied in order to exercise a right, such as payment of a fee), 8:20–24 (disclosing that a distributor pays \$1 to the provider each time the distributor issues a license to an end user), Fig. 4 (illustrating that the preferred embodiment includes license 52 expressed in an extensible markup language based rights language that requires a dedicated fee). These cited disclosures in the specification reinforce that generating a license is “financial in nature” because central to the operation of generating the license is billing or payment of a fee. *See Blue Calypso*, 815 F.3d at 1339 n.2.

In our claim construction analysis below, we note that the parties agree that the construction of the claim term “license” is “data embodying a grant of rights.” *See infra* Section II.A.1. Although this construction of a “license” does not include an explicit fee requirement, it is incumbent upon us to determine the type of data that the specification of the ’280 patent envisions should be included in a license generated using the multi-tiered distribution scheme disclosed and claimed. As we explain above, generating a license in the context of the ’280 patent is “financial in nature” because most, if not all, of the embodiments in the specification that provide guidance on the type of data embodying a grant of rights that constitutes the license includes billing or payment of a fee.

We do not agree with Patent Owner’s primary argument that the challenged claims are context-neutral because they cover a few select non-financial embodiments. Paper 45, 2, 6–7; Paper 47, 4–5. In essence, Patent Owner argues that, because its challenged claims are broad enough in scope to cover certain embodiments that may not require an explicit fee (*see, e.g.*, Ex. 1001, 7:6–17 (managing the distribution of healthcare records between hospitals), 7:17–22 (managing the distribution of legal documents between law firms and third parties), 12:39–50 (sharing rights to e-books between a librarian and university students)), these claims are not “financial in nature.” In our view, it cannot be the case that the ’280 patent may avoid being subject to a covered business method patent review proceeding simply because it recites broad claims that, in a few select embodiments, may be non-financial. This ignores or turns a blind eye to the following: (1) what Stefik describes as a “fundamental” characteristic of the multi-tiered distribution scheme disclosed and claimed in the ’280 patent—namely, billing or payment of a fee (Ex. 1002, 24:48–49); and (2) the correlation between the “repository” recited in independent claim 1 of the ’280 patent and Stefik’s repository that “generates a fee reporting transaction” (Ex. 1002, [57]; Ex. 1001, 7:36–39). It also would require us to discount or completely disregard the overwhelming number of embodiments in the specification of the ’280 patent that are covered by independent claim 1 and dependent claim 3, each of which supports treating billing or payment of a fee as central to the operation of these challenged claims. *See* Ex. 1001, 2:19–20, 4:3–14, 4:39–43, 5:4–11, 5:35–37, 8:20–24, Fig. 4.

## 2. *Technological Invention*

The definition of a “covered business method patent” in § 18(d)(1) of the AIA does not include patents for “technological inventions.” When determining whether a patent is for a “technological invention,” we consider the following: “whether the claimed subject matter as a whole [(1)] recites a technological feature that is novel and unobvious over the prior art; and [(2)] solves a technical problem using a technical solution.” 37 C.F.R. § 42.301(b). For the technological invention exception to apply, both prongs (1) and (2) of the inquiry must be met affirmatively, meaning that a negative answer under either prong renders inapplicable the “technological invention” exception. *See, e.g., Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016) (“We need not address this argument regarding whether the first prong of 37 C.F.R. § 42.301(b) was met, as we affirm the Board’s determination on the second prong of the regulation—that the claimed subject matter as a whole does not solve a technical problem using a technical solution.”); *Blue Calypso*, 815 F.3d at 1341 (addressing only whether the claimed invention solves a technical problem using a technical solution); *Versata*, 793 F.3d at 1326 (deciding to put aside the first prong of the regulation in stating that there would be little cause to determine whether a technological invention is novel and unobvious at the stage of determining whether the patent at issue is a covered business method patent). In this case, we discuss both prongs of the inquiry, even though the discussion of only one is sufficient. For the reasons discussed below, neither prong of the technological invention inquiry is met.



In their Petitions, Petitioners assert that the subject matter of independent claim 1, as a whole, does not recite a technological feature that is novel and unobvious. Pet. 16. To support their assertion, Petitioners contend that the specification of the '280 patent discloses that the technology used to accomplish the method steps recited in independent claim 1 is old and well known. *Id.* at 16–17 (citing Ex. 1001, 3:15–16, 3:55–58, 6:27–31, 9:28–32, 14:50–67, Fig. 1). For instance, Petitioners argue that, as evidenced by Stefik, the claimed features such as a “repository” and “rights language” are old and well known. *Id.* at 18–19. Petitioners then assert that the method steps recited in independent claim 1, either taken individually or collectively, do not recite a novel way of processing or transmitting rights associated with an item from a supplier to a consumer. *See id.* at 19–20.

In response, Patent Owner contends that independent claim 1 recites a number of novel technical features. PO Resp. 41. According to Patent Owner, the meta-rights construct is a novel feature that, when implemented with repositories and state variables, imparts new or enhanced functionality that was not known at the time of the '280 patent. *Id.* at 41–42. Patent Owner further asserts that known prior art repositories support only usage rights and not meta-rights. *Id.* at 45. Patent Owner also asserts that neither the meta-rights construct, nor repositories designed to enforce meta-rights, were known prior to the '280 patent. *Id.*

Petitioners counter by contending that the record as developed during trial supports our initial determination that the '280 patent does not claim a novel and unobvious technological feature. Pet. Reply 6 (citing Dec. on Inst. 12). In particular, Petitioners argue that the '280 patent admits that

meta-rights may be implemented in pre-existing technologies by stating that “the mechanism for exercising and enforcing a meta-right can be the same as that for a usage right,” and it identifies, as one example, the mechanism described in *Stefik*, which is the prior art that serves as the basis of the grounds instituted in this trial. *Id.* (citing Ex. 1001, 7:36–39). Petitioners also argue that the ’280 patent admits that meta-rights are an extension of the pre-existing concept of rights, as taught by *Stefik*. *Id.* (citing Ex. 1001, 5:43–47). Consequently, Petitioners assert that a meta-right is simply another type of right and, at a fundamental level, it is simply a pre-existing software construct. *Id.* at 6–7 (citing Ex. 1014 ¶¶ 38–42).

Upon considering the information presented by Petitioners, as well as the arguments presented by Patent Owner, we maintain our initial determination that the method steps of independent claim 1, as a whole, do not recite a technological feature that is novel and unobvious over the prior art of record. Dec. on Inst. 10–12. As we explained in the Decision on Institution, the only feature recited in the body of independent claim 1 that resembles a technological feature is the claimed “repository.” The claimed “repository,” however, does not direct independent claim 1 to a technological invention because, as evidenced by *Stefik*, this feature was not novel and unobvious as of the earliest effective filing date of the ’280 patent. *See* Ex. 1002, 12:42–13:41, 54:24–27. In addition, regardless of whether the method steps of “obtaining,” “determining,” and “exercising” recited in independent claim 1 impart a novel and unobvious way of enforcing or exercising rights associated with an item that have been transferred from a supplier to a consumer, this claim only uses known prior art technology—

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namely, the claimed “repository”—to accomplish this method. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012) (“*Practice Guide*”) (disclosing that claim drafting techniques, such as “[r]eciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious,” would not typically render a patent a technological invention).

We do not agree with Patent Owner’s argument that known prior art repositories were incapable of implementing and enforcing meta-rights. PO Resp. 45. We also do not agree with Patent Owner’s argument that, when meta-rights are implemented in a repository, they impart new or enhanced functionality that was not known at the time of the ’280 patent. *Id.* at 42–43. Patent Owner’s arguments in this regard are undermined by an admission in the specification of the ’280 patent. The specification states that “the mechanism for exercising and enforcing a meta-right can be the same as that for a usage right. For example, *the mechanism disclosed in [Stefik] can be used.*” Ex. 1001, 7:36–39 (emphasis added). Based on this admission in the specification, we agree with Petitioners that repositories, such as those disclosed by Stefik, exercise and enforce meta-rights. *See* Pet. Reply 6. Moreover, Patent Owner does not direct us to, nor can we find, sufficient or credible evidence to support its assertion that the implementation of meta-

rights in Stefik’s repositories somehow imparts new or enhanced functionality beyond that already contemplated by Stefik.<sup>4</sup>

Dependent claim 3, which depends from independent claim 1 and further recites “generating a license including the created right, if the rights consumer is entitled to the right specified by the meta-right” (Ex. 1001, 15:49–51), does not recite any technological features upon which Patent Owner can rely to argue that the ’280 patent is for a “technological invention.”

In their Petitions, Petitioners contend that the problem addressed by the ’280 patent “concerns a particular known ‘business model’ for creating, distributing, and using digital content involving a plurality of parties.” Pet. 20–21 (citing Ex. 1001, 2:24–26). According to Petitioners, the ’280 patent does not address a technical problem, but rather addresses the shortcomings of the aforementioned “business model” by explaining how content owners control and exploit their content through licensing of content rights. *Id.* at 21 (citing Ex. 1001, 2:26–29, 2:32–39, 2:52–64; Ex. 1014 ¶¶ 43, 44). Petitioners further argue that the proposed solutions to the problem addressed by the ’280 patent are the generation of meta-rights and the use of state variables to keep track of those rights. *Id.* (citing Ex. 1001, 2:52–65).

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<sup>4</sup> The specification of the ’280 patent also discloses that “[t]he invention can be implemented through any type of devices, such as computers and computer systems.” Ex. 1001, 14:50–51. This disclosure further undermines Patent Owner’s assertions that the meta-right construct embodied in the method steps of independent claim 1 represents a novel and unobvious technological feature. PO Resp. 41–42.

Petitioners assert that neither of these proposed solutions is a technological solution because both may be accomplished by a human with pencil and paper (e.g., by drafting a legal contract conveying a right and tracking an event). *Id.* at 21 (citing Ex. 1014 ¶ 45).

In response, Patent Owner contends that the problem addressed by the '280 patent is that the prior art multi-tiered distribution schemes did not allow distributors or resellers “to retain the desired amount of control over [their] content.” PO Resp. 42–43 (citing Ex. 1001, 2:23–48). Patent Owner argues that the '280 patent addresses this problem by allowing distributors or resellers to obtain meta-rights, which enable them to create new usage rights that did not exist previously. *Id.* at 42 (citing Ex. 1001, 6:4–10). According to Patent Owner, the method step of “exercising the meta-right to create the right specified by the meta-right if the rights consumer is entitled to the right specified by the meta-right,” as recited in independent claim 1, amounts to a technical solution to a technical problem. *Id.*

Petitioners counter by arguing that the '280 patent discloses that meta-rights address a business problem—not a technological problem. Pet. Reply 7. To support their argument, Petitioners quote the '280 patent—namely, “meta-rights enable ‘typical business models for distributing digital content,’ . . . and are particularly useful in ‘multi-tiered distribution models’ that include ‘entities that . . . are in the business of manipulating the rights associated with the content.’” *Id.* (quoting Ex. 1001, 5:39–40, 6:1–8). Petitioners further argue that the '280 patent, as described by Patent Owner, solves the business problem of “improving the control of the transfer of rights through distribution channels.” *Id.* (citing PO Resp. 6–7, 41–42).

Upon considering the information presented by Petitioners, as well as the arguments presented by Patent Owner, we determine that independent claim 1 does not recite a technical solution to a technical problem, but rather involves controlling the distribution or resale of rights associated with an item from a supplier to a consumer in a multi-tiered distribution scheme. Ex. 1001, 2:22–48, 15:7–22. In our view, this multi-tiered distribution scheme is best characterized as providing a business solution to the business problem of controlling rights associated with an item as that item progresses downstream in a distribution chain—it is not a technical solution to a technical problem. Indeed, the '280 patent repeatedly refers to this and other multi-tiered distribution schemes as “business models.” *Id.* at 2:24–26 (“known business models for creating, distributing, and using digital content and other items involve a plurality of parties”), 2:30–32 (“[i]n such a business model, usage rights can be given to each party in accordance with their role in the distribution chain”), 5:39–41 (“[a]s noted above, typical business models for distributing digital content include plural parties, such as owners, publishers, distributors, and users”), 11:40–43 (“depending on the sharing employed with a given . . . business model and the rights granted in the meta-rights, state variables can be created at different stages of the value chain”), Fig. 2 (illustrating multi-tiered distribution model 200).

Dependent claim 3, which recites, in relevant part, “generating a license including the created right” (Ex. 1001, 15:49–51), also does not recite a technical solution to a technical problem. This dependent claim does not add any technological aspects to the method steps of independent claim 1. Instead, it merely reinforces our determination that the challenged claims

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do not recite a technical solution to a technical problem because generating a license, which can be done by hand using pen and paper, provides a business solution to the business problem of controlling rights associated with an item as that item progresses downstream in a distribution chain.

### 3. Summary

Both independent claim 1 and dependent claim 3 satisfy the definition for a covered business method patent as set forth in § 18(d)(1) of the AIA because they are “financial in nature,” and they are not for a “technological invention.” Accordingly, we conclude that the ’280 patent is eligible for review under the transitional program for covered business method patents.

#### G. Prior Art Relied Upon

Petitioners rely upon the following prior art reference:

<b>Inventor</b>	<b>U.S. Patent No.</b>	<b>Dates</b>	<b>Exhibit No.</b>
Stefik	5,634,012	issued May 27, 1997, filed Nov. 23, 1994	1002

#### H. Instituted Grounds of Unpatentability

We instituted this proceeding based on the asserted grounds of unpatentability (“grounds”) set forth in the table below. Dec. on Inst. 43; *see also* Paper 43 (granting the parties’ Joint Motion to Limit the Petitions by removing the previously non-instituted claims and grounds).

<b>Reference(s)</b>	<b>Basis</b>	<b>Claims Challenged</b>
Stefik	§ 102(b)	1, 5, and 11
Stefik and the knowledge of one of ordinary skill in the art	§ 103(a)	1, 5, and 11

## II. ANALYSIS

### A. Claim Construction

In a covered business method patent review proceeding filed by November 13, 2018, we interpret claim terms in an unexpired patent according to the broadest reasonable interpretation in light of the specification of the patent in which it appears. 37 C.F.R. § 42.300(b) (2018).<sup>5</sup> Under the broadest reasonable interpretation standard, we give claim terms their ordinary and customary meaning, as would be understood by one of ordinary skill in the art, in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). A claim term, however, “will not receive its ordinary meaning if the patentee acted as his own lexicographer and clearly set forth a definition of the disputed claim term in either the specification or prosecution history.” *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed. Cir. 2002). Although the patentee is free to define the specific claim terms used to describe his or her invention, “this must be done with reasonable clarity, deliberateness, and precision.” *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994).

#### 1. Claim Terms Construed in the Decision on Institution

In their Petitions, Petitioners proposed a construction for each of the following claim terms: (1) “meta-right” (all challenged claims); (2) “rights” (all challenged claims); (3) “license” (claim 11); (4) “state variable” (all

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<sup>5</sup> A different rule applies for petitions filed on or after November 13, 2018. *See* Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 51,340 (Oct. 11, 2018) (amending 37 C.F.R. § 42.300(b)).



challenged claims); and (5) “repository” (all challenged claims). Pet. 27–36.

In response, Patent Owner proposed a construction for the following terms:

(1) “meta-right”; (2) “usage right” (no challenged claims); (3) “rights”; (4) “license”; (5) “state variable”; and (6) “repository.” Prelim. Resp. 30–38.

The parties generally agreed on the constructions offered for the claim terms “rights” and “license.” *Compare* Pet. 30–31, *with* Prelim Resp. 33–34.

Patent Owner also admitted that the term “usage right” is not recited explicitly in the challenged claims of the ’280 patent. Prelim. Resp. 32. For purposes of the Decision on Institution, we only assessed the constructions offered by the parties for the claim terms “meta-right,” “state variable,” and “repository.” Dec. on Inst. 15–21.

In its Response, Patent Owner contests the claim terms “repository” and “meta-right” that we construed in the Decision on Institution. PO Resp. 16–26. In their Reply, Petitioners only focus on the claim term “meta-right,” and argue that we should maintain our construction of this claim term articulated in the Decision on Institution. Pet. Reply 7–8. Given that the parties agree on the constructions of the claim terms “rights” and “license,” and accept our construction of “state variable” in the Decision on Institution, we discern no reason to address or alter those constructions for purposes of this Final Written Decision. For convenience, those constructions are reproduced in the table below.

<b>Claims</b>	<b>Claim Term</b>	<b>Claim Construction</b>
1, 5, and 11	“rights”	“a usage right or a meta-right”
1, 5, and 11	“license”	“data embodying a grant of rights”

Claims	Claim Term	Claim Construction
1, 5, and 11	“state variable”	“a variable having a value that represents status of rights, or other dynamic conditions”

We separately address the parties’ contentions regarding the claim terms “repository” and “meta-right” in turn.

2. “*repository*” (*all challenged claims*)

Independent claim 1 recites, in relevant part, “determining, by *a repository*,” whether the rights consumer is entitled to the right specified by the meta-right.” Ex. 1001, 15:15–16 (emphasis added). In the Decision on Institution, we construed the claim term “repository” as “a trusted system which maintains physical, communications, and behavioral integrity, and supports usage rights.” Dec. on Inst. 21. We further defined “physical integrity” as “preventing access to information by a non-trusted system”; “communications integrity” as “only communicates with other devices that are able to present proof that they are trusted systems, e.g., by using security measures such as encryption, exchange of digital certificates, and nonces”; and “behavioral integrity” as “requiring software to include a digital certificate in order to be installed in the repository.” *Id.*

In its Response, Patent Owner generally agrees with our construction of the claim term “repository,” but argues that this claim term is described more accurately as “a trusted system *in that it* maintains physical, communications, and behavioral integrity *in the support of* usage rights.” PO Resp. 17. According to Patent Owner, this construction better aligns with the definition of repository in the glossary section of Stefik, which is incorporated by reference in the ’280 patent. *Id.* (citing Ex. 1002, 53:23–

27). With the exception of two additional clarifications, Patent Owner also agrees with our constructions of “communications integrity,” “behavioral integrity,” and “physical integrity.” *Id.* at 17–18. In particular, Patent Owner agrees with our construction of “behavioral integrity,” with the understanding that “a digital certificate is an assurance that downloaded software comes from a trusted source known to the repository,” and Patent Owner agrees with our construction of “physical integrity,” with the understanding that “the information to which access is prevented is ‘content’ (or secret information of the repository itself).” *Id.* (citing Ex. 2009 ¶ 52). In their Reply, Petitioners do not address separately Patent Owner’s proposed construction for the claim term “repository,” but Petitioners note that they disagree with Patent Owner’s interpretation of “behavioral integrity.” Pet. Reply. 8.

We need not assess the parties’ differences regarding the construction of the claim term “repository,” and its corresponding “communications integrity,” “behavioral integrity,” and “physical integrity,” because both parties agree that, regardless of the exact construction of this claim term, Stefik discloses a repository. Pet. Reply 8 (stating that, “regardless of the exact claim construction used, Stefik undisputedly discloses the ‘repository’”); Tr. 33:19–34:6 (upon inquiry from the panel regarding whether Patent Owner agrees with the construction for the claim term “repository” articulated in the Decision on Institution, counsel stated “I don’t believe it makes a difference to the [patentability] issue in this case because we do acknowledge that under any definition Stefik discloses a repository”).

In summary, we maintain that the claim term “repository” should be construed as “a trusted system which maintains physical, communications, and behavioral integrity, and supports usage rights.” We further define “physical integrity” as “preventing access to information by a non-trusted system”; “communications integrity” as “only communicates with other devices that are able to present proof that they are trusted systems, e.g., by using security measures such as encryption, exchange of digital certificates, and nonces”; and “behavioral integrity” as “requiring software to include a digital certificate in order to be installed in the repository.”

3. “*meta-right*” (all challenged claims)

Independent claim 1 recites, in relevant part, “obtaining a set rights associated with an item, the set of rights including *a meta-right* specifying a right that can be created when *the meta-right* is exercised, wherein *the meta-right* is provided in digital form and is enforceable by a repository.”

Ex. 1001, 15:10–14 (emphases added). In the Decision on Institution, based on the explicit definition set forth in the specification of the ’280 patent (*id.* at 5:47–49), we construed the claim term “meta-right” as “a right that one has to generate, manipulate, modify, dispose of or otherwise derive another right.” Dec. on Inst. 17.

In its Response, Patent Owner disagrees with our construction of the claim term “meta-right” in the Decision on Institution, and continues to advocate that we should adopt the district court construction of “a right that, when exercised, creates or disposes of usage rights (or other meta-rights) but that is not itself a usage right because exercising a meta-right does not result in action to content.” PO Resp. 18. Patent Owner contends that, contrary to

our explanation in the Decision in Institution, the language in its proposed construction that it “is not itself a usage right because exercising a meta-right does not result in action to content” would not impart extraneous limitations into independent claim 1. *Id.* at 19. According to Patent Owner, at least two of the cases we cited in the Decision on Institution support its proposed construction because both cases instruct that it is proper to consult the entire specification of the ’280 patent to interpret what the patentee meant by the claim term “meta-right.” *See id.* at 19–22. Patent Owner asserts that our initial construction of this claim term does not reflect its full meaning as expressed in the specification with reasonable clarity and deliberateness. *Id.* at 22.

Patent Owner further contends that the statement in the specification of the ’280 patent that “[m]eta-rights are the rights that one has to generate, manipulate, modify, and dispose of or otherwise derive other rights” is a fundamental characteristic of a meta-right. PO Resp. 23 (alteration in original) (quoting Ex. 1001, 5:47–49; Dec. on Inst. 16). Patent Owner, however, argues that there is nothing in this cited disclosure of the specification that suggests it expresses the full meaning of the claim term “meta-right.” *Id.* Patent Owner further argues that the specification goes on to state another fundamental characteristic of the claim term “meta-right”—namely, a meta-right is distinct from a usage right in that the exercise of a meta-right does not result in actions to content. *Id.* (citing Ex. 1001, 7:24–30; Ex. 2009 ¶ 56). Patent Owner asserts that, because the distinction between meta-rights and usage rights is expressed clearly and unequivocally

in the specification, this distinction should be reflected in the broadest reasonable interpretation of the claim term “meta-right.” *Id.* at 24–25.

Petitioners counter that we should maintain our construction of the claim term “meta-right” articulated in the Decision on Institution, and not adopt the district court construction advocated by Patent Owner, because the district court included additional language in its construction to aid the jury, which is unnecessary in this proceeding because there is no risk we will be confused by our own construction. Pet. Reply 7–8. Petitioners argue that, as we correctly determined in the Decision on Institution, independent claim 1 adequately identifies the actions taken by the claim term “meta-right,” and additional language is not needed to give meaning to this claim term. *Id.* at 8. Lastly, Petitioners note that we apply a different claim construction standard than the district court. *Id.* (citing *Versata*, 793 F.3d at 1328).

Upon considering the information presented by Petitioners, as well as the arguments presented by Patent Owner, we decline Patent Owner’s invitation to adopt the district court’s construction of the claim term “meta-right” for purposes of this Final Written Decision. Although a district court’s construction of the claim term “meta-right” is instructive, we nevertheless are not bound by that construction. *See Power Integrations, Inc. v. Lee*, 797 F.3d 1318, 1326 (Fed. Cir. 2015) (“There is no dispute that the board is not generally bound by a prior judicial construction of a claim term.”). We observe that the parties’ arguments and supporting evidence submitted here are different than those presented in the related district court case. Notably, before the U.S. District Court for the Eastern District of Texas, the parties’ dispute regarding the claim term “meta-right” centered on

whether the construction of this claim term should include a “data structure.” Ex. 2001, 102–05. In any event, we have reviewed and considered the district court’s “Memorandum Opinion and Order” insofar as its reasoned analysis is relevant to the issues before us regarding the patentability of the claims at issue and the claim term “meta-right” in dispute here. *See Power Integrations*, 797 F.3d at 1326 (“The fact that the board is not generally bound by a previous judicial interpretation of a disputed claim term does not mean, however, that it has no obligation to acknowledge that interpretation or to assess whether it is consistent with the broadest reasonable construction of the term.”).

As we explained in the Decision on Institution, the specification of the ’280 patent provides an explicit definition for the claim term “meta-right.” Dec. on Inst. 16. In particular, the specification discloses that “[m]eta-rights are the rights that one has to generate, manipulate, modify, dispose of or otherwise derive other rights.” Ex. 1001, 5:47–49. By using the verb “are” following “meta-rights,” the specification sets forth an explicit definition for this claim term with reasonable clarity, deliberateness, and precision. *See Paulsen*, 30 F.3d at 1480. Notably, nothing in the specification contradicts this definition of the claim term “meta-right” or suggests another definition for this claim term. We, therefore, do not agree with Patent Owner’s argument that this cited disclosure in the specification is only one of many fundamental characteristics pertaining to a meta-right. PO Resp. 23.

Although we agree with Patent Owner that it is proper to consult the entire specification of the ’280 patent to interpret what the patentee meant by the claim term “meta-right” (PO Resp. 19–22), we do not agree with Patent

Owner’s argument that the specification further defines the claim term “meta-right” to import a negative limitation into the claims—namely, “a right that . . . is not itself a usage right because exercising a meta-right does not result in action to content” (*id.* at 23–25). For convenience, the relevant portion of the specification relied upon by Patent Owner is reproduced below:

At a high level the process of enforcing and exercising meta-rights are the same as for usage rights. However, the difference between usage rights and meta-rights are the result from exercising the rights. *When exercising usage rights, actions to content result. . . .* When meta-rights are exercised, new rights are created from the meta-rights or existing rights are disposed as the result of exercising the meta-rights.

Ex. 1001, 7:23–31 (emphasis added).

At the outset, we note that this cited portion of the specification only focuses on the difference between meta-rights and usage rights, but does not use particular language that would suggest the specification clearly sets forth another fundamental characteristic of the claim term “meta-right.” Indeed, the cited portion of the specification does not state explicitly that exercising meta-rights *does not result* in actions to content, much less further define the claim term “meta-right” to import a negative limitation with reasonable clarity, deliberateness, and precision. Instead, the cited portion of the specification merely states that exercising meta-rights results in the creation of new rights or the disposal of existing rights.

Patent Owner’s argument is predicated on the notion that, because the specification states that, “[w]hen exercising usage rights, actions to content result,” the converse necessarily implies to meta-rights—namely, exercising



meta-rights does not result in actions to content. In our view, Patent Owner engages in a *post hoc* attempt to import a negative limitation into the claims by impermissibly incorporating language not present in specification into the definition of the claim term “meta-right.” The Federal Circuit has cautioned that, although it is proper to consult the specification to interpret what a patentee meant by a particular claim term, this should not be confused with adding an extraneous feature, which, of course, is improper. *Paulsen*, 30 F.3d at 1480. Similar to our explanation in the Decision on Institution, we maintain that Patent Owner’s attempt to redefine the claim term “meta-right” by distinguishing it from a usage right is not necessary to give meaning to this claim term, and should not be read into claims that recite this feature. *See* Dec. on Inst. 17.

For essentially the same reasons discussed above, we do not agree with the supporting testimony of Patent Owner’s declarant, David Martin, Ph.D. Ex. 2009 ¶ 56. Although we recognize the distinction between meta-rights and usage rights that Dr. Martin highlights in his cited testimony, this distinction, by itself, does not rise to the level of further defining the claim term “meta-right” with reasonable clarity, deliberateness, and precision. Put simply, Dr. Martin’s attempt to redefine the claim term “meta-right” by distinguishing it from a usage right is not necessary to give meaning to this claim term, and should not be read into claims that recite this feature.

In summary, we decline to import a negative limitation into the claims, as urged by Patent Owner, but instead maintain our initial construction of the claim term “meta-right” as “a right that one has to generate, manipulate, modify, dispose of or otherwise derive another right,”

which is consistent with the explicit definition set forth in the specification of the '280 patent. Dec. on Inst. 17.

*B. Anticipation by Stefik*

Petitioners contend that claims 1, 5, and 11 are anticipated under § 102(b) by Stefik. Pet. 56–71; Pet. Reply 9–21. In particular, Petitioners explain how Stefik describes the subject matter of each challenged claim. Pet. 56–71; Pet. Reply 9–21. Petitioners also rely upon both Dr. Goldberg’s Declaration accompanying the Petition (Ex. 1014 ¶¶ 58–88) and Dr. Goldberg’s Rebuttal Declaration (Ex. 1032 ¶¶ 9–19) accompanying the Reply to support their positions. In its Response, Patent Owner presents arguments that only focus on independent claim 1. PO Resp. 47–63. Patent Owner relies upon Dr. Martin’s Declaration (Ex. 2009 ¶¶ 59–96) to support its positions.

We begin our analysis with the principles of law that generally apply to a ground based on anticipation, followed by a brief overview of Stefik, and then we address the parties’ arguments directed to independent claim 1.

*1. Principles of Law*

To establish anticipation, “all of the elements and limitations of the claim must be shown in a single prior reference, arranged as in the claim.” *Karsten Mfg. Corp. v. Cleveland Golf Co.*, 242 F.3d 1376, 1383 (Fed. Cir. 2001). When evaluating a single prior art reference in the context of anticipation, the reference must be “considered together with the knowledge of one of ordinary skill in the pertinent art.” *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994) (quoting *In re Samour*, 571 F.2d 559, 562 (CCPA 1978)). “[T]he dispositive question regarding anticipation [i]s whether *one*

*skilled in the art* would reasonably understand or infer from the [prior art reference's] teaching' that every claim element was disclosed in that single reference.'" *Dayco Prods., Inc. v. Total Containment, Inc.*, 329 F.3d 1358, 1368 (Fed. Cir. 2003) (second and third alterations in original) (quoting *In re Baxter Travenol Labs.*, 952 F.2d 388, 390 (Fed. Cir. 1991)). We analyze this asserted ground based on anticipation with the principles stated above in mind.

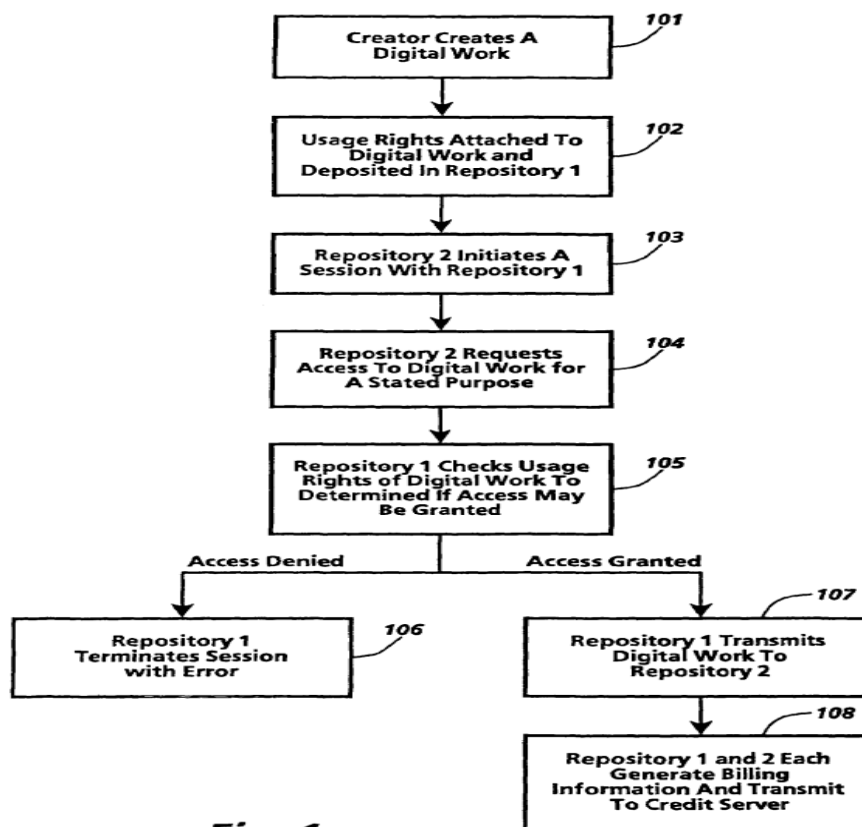
## 2. *Stefik Overview*

The invention disclosed in *Stefik* generally relates to distributing and enforcing usage rights for digital works. Ex. 1002, 1:24–25. A digital work refers to any work that has been reduced to a digital representation, including any audio, video, text, or multimedia work, and any accompanying interpreter (e.g., software), which may be required to recreate or render the content of the digital work. *Id.* at 6:35–39. Usage rights refer to rights granted to a recipient of a digital work that define the manner in which a digital work may be used and distributed. *Id.* at 4:6–8, 6:41–45. According to *Stefik*, objectives of the disclosed invention include the following: (1) providing the owner of a digital work the flexibility to distribute the digital work as desired; and (2) a distribution system that transports a means for billing with the digital work. *Id.* at 3:15–17, 3:65–67.

*Stefik* discloses permanently attaching usage rights to the digital work. Ex. 1002, 6:50–51. Copies of the digital work also will have the usage rights attached thereto. *Id.* at 6:51–52. Hence, any usage rights and associated fees assigned by the creator and subsequent distributor of the digital work always will remain with the digital work. *Id.* at 6:52–55. *Stefik*

further discloses that repositories enforce the usage rights of digital works. *Id.* at 6:56–57. In particular, repositories store digital works, control access to digital works, bill for access to digital works, and maintain the security and integrity of the digital works stored therein. *Id.* at 6:57–60.

Figure 1 of Stefik, reproduced below, illustrates the basic operations of the disclosed invention. Ex. 1002, 4:35–37, 7:5–7.



**Fig. 1**

As shown in step 101 of Figure 1, a creator creates a digital work. *Id.* at 7:7–8. At step 102, the creator determines the appropriate usage rights and fees, attaches them to the digital work, and stores the digital work with the associated usage rights and fees in repository 1. *Id.* at 7:8–10. At step 103,

repository 1 receives a request to access the digital work from repository 2. *Id.* at 7:15–16. Such a request, or session initiation, includes steps that help ensure that repository 1 and repository 2 are trustworthy. *Id.* at 7:16–18. At step 104, repository 2 requests access to the digital work stored in repository 1 for a stated purpose (e.g., to print the digital work or obtain a copy of the digital work). *Id.* at 7:19–21. At step 105, repository 1 checks the usage rights associated with the digital work stored therein to determine if access to the digital work may be granted. *Id.* at 7:21–25. At step 106, if access is denied, repository 1 terminates the session with repository 2 by transmitting an error message. *Id.* at 7:29–30. At step 107, if access is granted, repository 1 transmits the digital work to repository 2. *Id.* at 7:30–32. At step 108, both repositories 1 and 2 generate billing information prior to transmitting this information to a credit server. *Id.* at 7:33–35.

Figure 15 of Stefik, the relevant portion of which is reproduced below, lists the usage rights grammar elements used by the disclosed invention. Ex. 1002, 5:10–11, 19:66–67.

**1509** ~Next-Set-of-Rights := {(Add: Set-Of-Rights)}{(Delete:  
Set-Of-Rights)}{(Replace: Set-Of-Rights)}{(Keep: Set-Of-Rights)}

This portion of Figure 15 illustrates grammar element 1509 “Next-Set-of-Rights” (“NSOR”), which define how rights are carried forward for a copy of a digital work. *Id.* at 21:47–50. If the NSOR is not specified, the rights for the next copy are the same as those of the current copy. *Id.* at 21:50–52. Otherwise, the set of rights for the next copy may be specified. *Id.* at 21:52–53. Versions of rights after the “Add:” field may be added to the current set of rights, whereas version of rights after the “Delete:” field may be deleted

from the current set of rights. *Id.* at 21:52–55. Versions of rights after the “Replace:” field subsume all versions of rights of the same type in the current set of rights. *Id.* at 21:57–59.

### 3. Claim 1

In their Petitions, Petitioners contend that Stefik describes each of the three method steps recited in independent claim 1. Pet. 63–70. In particular, Petitioners argue that, when Stefik discloses that a creator of a work attaches usage rights to a digital work and stores them in a repository, Stefik effectively describes “obtaining a set of rights associated with an item,” as recited in independent claim 1. *Id.* at 63 (citing Ex. 1002, 7:5–37, 35:57–37:49). Petitioners then argue that Stefik’s NSOR amounts to “a meta-right specifying a right that can be created when the meta-right is exercised,” as recited in independent claim 1. *Id.* at 64–65 (citing Ex. 1002, 20:46–62, 26:67–27:5, 36:54–37:49, Fig. 15). Petitioners assert that, similar to the claimed “meta-right,” Stefik’s NSOR determines the rights associated with a copied digital work after it has been transported or, if no such rights are specified, ensures that the rights on the transported copy are the same as the original copy. *Id.* at 64 (citing Ex. 1002, 20:51–54). Petitioners also argue that, because the enforcement elements of Stefik are embodied in repositories, Stefik describes “the meta-right is provided in digital form and is enforceable by a repository,” as recited in independent claim 1. *Id.* at 65 (citing Ex. 1002, 6:56–61, 12:41–51, 14:62–15:19).

Petitioners further argue that Stefik’s disclosure of repository 1 determining whether repository 2 should be granted access to a digital work describes “determining, by a repository, whether the rights consumer is

entitled to the right specified by the meta-right,” as recited in independent claim 1. Pet. 65–66 (citing Ex. 1002, 7:5–7, 7:23–29). Petitioners argue that, before Stefik’s repository 1 transmits the digital work to repository 2, it performs a number of general tests to confirm that the requirements imposed on the digital work are met. *Id.* at 68 (citing Ex. 1002, 32:22–24). If those tests are met, Petitioners argue that Stefik’s repository 1 exercises the meta-right by transmitting a copy of the digital work with rights as specified by the NSOR to repository 2. *Id.* (citing Ex. 1002, 21:47–59, 36:9–13, 36:38–41, 37:5–9). Based on these cited disclosures, Petitioners assert that Stefik describes “exercising the meta-right to create the right specified by the meta-right if the rights consumer is entitled to the right specified by the meta-right,” as recited in independent claim 1. *See id.* Lastly, Petitioners argue that Stefik’s Copy Count and Copies-in-Use amount to “at least one state variable based on the set of rights and used for determining a state of the created right,” as recited in independent claim 1. *Id.* at 69 (citing Ex. 1002, 26:67–27:5).

In Response, Patent Owner presents a number of patentability arguments directed to independent claim 1. PO Resp. 50–63. We address each of Patent Owner’s arguments in turn.

*a. Stefik’s NSOR constitutes the claimed “meta-right”*

Independent claim 1 recites, in relevant part, “a meta-right specifying a right that can be created when the meta-right is exercised.” Ex. 1001, 15:11–12.

In its Response, Patent Owner disagrees with Petitioners’ assertion that Stefik’s NSOR, which is encapsulated within a usage right, constitutes

the claimed “meta-right.” PO Resp. 52. Patent Owner argues that Stefik’s NSOR is not itself an exercisable right, which purportedly is a requirement of a meta-right. *Id.* at 52–53. According to Patent Owner, Dr. Martin’s testimony confirms that Stefik’s NSOR is not itself an exercisable right, but instead, when exercising the encapsulating usage right, Stefik’s system merely consults the NSOR to populate the next set of rights. *Id.* at 53 (citing Ex. 2009 ¶ 68).

According to Patent Owner, Dr. Martin’s testimony also confirms that Stefik’s NSOR cannot be interpreted as a separate or independent right. PO Resp. 54 (citing Ex. 2009 ¶¶ 70–73). Patent Owner asserts that, based on Stefik’s entire disclosure, a person of ordinary skill in the art would have understood that an NSOR is merely a parameter describing certain aspects of a procedure used to compute a set of rights, but is not itself a right that one has, much less a right that may be exercised to generate, manipulate, modify, dispose of or otherwise derive another right. *Id.* at 55 (citing Ex. 2009 ¶ 73).

In their Reply, Petitioners counter that Stefik’s NSOR constitutes the claimed “meta-right” because it is a right to generate, dispose of, or modify usage rights. Pet. Reply 9. In particular, Petitioners argue that the NSOR is an element used by repositories in Stefik’s distribution scheme to control the usage rights a repository may create, delete, or modify for a work after it is transported. *Id.* at 10 (citing Pet. 58–60; Ex. 1002, 21:47–59; Ex. 1014 ¶ 64). To support their argument, Petitioners provide an example of how Stefik’s NSOR may be used by a content owner to add and delete certain usage rights. *Id.* at 10–12. Petitioners then assert that, because Stefik’s NSOR determines what usage rights a repository may generate during a



transaction, it satisfies the construction of the claim term “meta-right” articulated in the Decision on Institution. *Id.* at 12.

Petitioners further contend that a participant in Stefik’s distribution scheme may choose whether to exercise the NSOR (e.g., by subjecting the NSOR to certain conditions such as the payment of a \$10 fee). Pet. Reply 13–14 (citing Ex. 1002, 27:15–33). In addition, Petitioners argue that the NSOR allows a content owner to exert control of usage rights creation as a digital work is distributed downstream. *Id.* at 14. For example, Petitioners assert that a content owner could supply a digital work with multiple versions of a Copy usage right, where each version has a different NSOR bearing a different fee. *Id.* (citing Ex. 1032 ¶¶ 14–16).

Upon considering the record developed during trial, and as explained below, a preponderance of the evidence supports a finding that Stefik’s NSOR constitutes the claimed “meta-right.” Pet. 63–65; Pet. Reply 9–15. As we explain in the claim construction section, we did not adopt the construction proposed by Patent Owner for the claim term “meta-right,” which would import a negative limitation into the claims. *See supra* Section II.A.3. Instead, based on the explicit definition set forth in the specification of the ’280 patent, we construe the claim term “meta-right” as “a right that one has to generate, manipulate, modify, dispose of or otherwise derive another right.” *Id.*

There is no dispute between the parties that Stefik discloses that the NSOR defines how rights are carried forward for a copy of a digital work. Ex. 1002, 21:47–50. The NSOR includes the following four fields: (1) the “Add:” field; (2) the “Delete:” field; (3) the “Replace:” field; and (4) the

“Keep:” field. *Id.* at Fig. 15 (1509). Of particular importance in this case is Stefik’s disclosure that versions of usage rights after the “Add:” field may be added to the current set of usage rights, whereas versions of usage rights after the “Delete:” field may be deleted from the current set of usage rights. *Id.* at 21:52–55. The example provided by Petitioners in their Reply explaining how Stefik’s NSOR allows a content owner to add and delete certain usage rights is helpful to provide context. Pet. Reply 10–12. This example is reproduced below:

<u>Work 1</u>	<u>Work 2</u>
[Play] [Copy] [Loan]	[Play] [Copy] [Loan] [ <u>Next-Set-of-Rights: (Delete:</u> Copy Loan) ( <u>Add: Print</u> )

*Id.* at 10. According to Petitioners, this example illustrates that, for Work 1, a repository creates a copy of a digital work with Play, Copy, and Loan usage rights. *Id.* at 10–11. For Work 2, the repository creates another copy of the same digital work with a different set of usage rights. In particular, the NSOR associated with Work 2 directs the repository to (i) delete the Copy and Loan usage rights, and (ii) add the Print usage right. *Id.* at 11. Dr. Goldberg’s testimony confirms that this is just one example of how Stefik’s NSOR controls the creation of usage rights. Ex. 1032 ¶¶ 9, 10. With this example in mind, Stefik’s NSOR satisfies our construction of “a right that one has to generate, manipulate, modify, dispose of or otherwise derive another right” because it determines whether a repository adds or deletes certain usage rights to or from a digital work.

We do not agree with Patent Owner's assertion that Stefik's NSOR is not itself an exercisable right and, therefore, does not satisfy our construction of the claim term "meta-right." PO Resp. 52–53. In the example provided by Petitioners, reproduced above, Stefik's NSOR indeed constitutes an exercisable right because it allows a repository to add or delete certain usage rights to or from a digital work. This becomes clear when we look to Stefik's disclosure to understand what, if anything, occurs when the NSOR is not specified or exercised. Stefik discloses that, if the NSOR is not specified or exercised, the rights for the next copy of the digital work remain the same as those of the current copy of the digital work. Ex. 1002, 21:50–52. Only when the NSOR is specified or exercised does the right to add or delete certain usage rights exist. *Id.* at 21:53–55.

We also do not agree with Patent Owner's assertion, and Dr. Martin's corresponding testimony, that Stefik's NSOR does not constitute the claimed "meta-right" because, purportedly, it cannot be interpreted as a separate or independent right. PO Resp. 54–55; Ex. 2009 ¶¶ 70–73. Patent Owner's argument and Dr. Martin's cited testimony are not commensurate in scope with the claimed "meta-right." *See In re Self*, 671 F.2d 1344, 1348 (CCPA 1982) (stating that limitations not appearing in the claims cannot be relied upon for patentability). That is, Patent Owner and Dr. Martin do not direct us to, nor can we find, language in independent claim 1 that requires the claimed "meta-right" to be mutually exclusive from another right, such as a usage right. We, therefore, decline Patent Owner and Dr. Martin's invitation to narrow the scope of this claim term by requiring it to be a separate or independent right.

In summary, after considering the record in its entirety, a preponderance of the evidence supports a finding that Stefik's NSOR describes "a meta-right specifying a right that can be created when the meta-right is exercised," as recited in independent claim 1.

*b. Stefik describes the claimed "determining" step*

Independent claim 1 recites, in relevant part, "determining, by a repository, whether the rights consumer is entitled to the right specified by the meta-right." Ex. 1001, 15:15–16.

In its Response, Patent Owner disagrees with Petitioners' assertion that Stefik's disclosure of a repository checking whether all conditions of a usage right are satisfied prior to permitting access to content satisfies the "determining" step recited in independent claim 1. PO Resp. 56–57. In particular, Patent Owner argues that Petitioners do not point to any disclosure in Stefik of a repository determining whether the recipient is entitled to receive rights specified by the NSOR. *Id.* at 57; *see also id.* at 60–61 (arguing the same). Patent Owner then proceeds to direct us to multiple examples disclosed in Stefik that are relied upon by Petitioners in their Petitions, such as repository 2 requesting access to content stored in repository 1, and attempts to distinguish these examples from what is required by the claimed "determining" step. *Id.* at 57–61.

In their Reply, Petitioners counter that, during a usage rights transaction between repository 1 or server repository and repository 2 or requesting repository, Stefik discloses that the server repository first evaluates all conditions regarding the exercise of a usage right, including any NSORs, prior to permitting the requesting repository to access a digital

work stored in the server repository. Pet. Reply 18–19. According to Petitioners, this process disclosed in Stefik accounts for the claimed “determining” step. *Id.* In further support of their argument, Petitioners direct us to both a loan example (discussed in detail below) and a security example disclosed in Stefik. *Id.* at 19. In particular, Petitioners argue that, in the loan example, any required fees may be paid by the requesting repository, and that Patent Owner’s contentions to the contrary rest upon a contorted reading of Stefik. *Id.* at 19–20.

As an initial matter, we note that Patent Owner’s arguments are once again undermined by an admission in the specification of the ’280 patent. The specification states that “the mechanism for exercising and enforcing a meta-right can be the same as that for a usage right. For example, *the mechanism disclosed in [Stefik] can be used.*” Ex. 1001, 7:36–39 (emphasis added). Given this admission, along with our determination that Stefik’s NSOR constitutes the claimed “meta-right,” we agree with Petitioners that Stefik’s server repository is capable of determining whether a receiving repository is entitled to receive rights specified by a usage right, including any NSOR associated therewith, prior to permitting the requesting repository to access a digital work stored in the server repository. *See* Pet. 65–68; Pet. Reply 18–20.

Petitioners’ position in this regard is further bolstered by the loan example disclosed in Stefik that is referenced in both the Petition and Reply. Pet. 66; Pet. Reply 19–20. Stefik’s loan example is reproduced below:

((Play) (Transfer) (Copy) (Print) (Backup/(Restore  
(SC:3))  
(Loan 1 Remaining-Copy-Rights: (Add: Play Print  
Backup)  
Next-Set-of-Rights: (Delete: Transfer Loan)  
(Fee: Metered: \$10 Per: 1:0:0 To: Account-ID-567))  
(Loan 1 Remaining-Copy-Rights:  
Add: ((Play Player: Player-876-ID) 2 (From: 94/02/14  
Until: 95/02/15)  
(Fee: Metered: \$0.01 Per: 0:1:0 Min: \$0.25 Per: 0/1/0  
To: Account-ID-567))))))

Ex. 1002, 27:15–25. According to Stefik, this loan example illustrates two versions of a loan right. *Id.* at 27:27–28. Of particular importance in this case is the first version of the loan right, which Stefik discloses costs \$10 per day, but allows the original copy owner to exercise free use of the Play, Print, and Backup usage rights. *Id.* at 27:28–30.

As Petitioners explain in both the Petition and Reply, this loan example in Stefik demonstrates that the requesting repository requests a loan under the first version of the loan right from the server repository. Pet. 66–67; Pet. Reply 19. The first version of the loan right specifies that the requesting repository must pay a \$10-per-day fee to use the underlying digital work. Pet. 67; Pet. Reply 19. After the server repository verifies that the requesting repository has paid the \$10 fee, the server repository permits the requesting repository to exercise the first version of the loan right, including the NSOR associated therewith. Pet. 66–67; Pet. Reply 19. Dr. Goldberg’s testimony confirms that this loan example disclosed in Stefik shows that compliance with the \$10-per-day fee controls whether the NSOR associated with the first version of the loan right is exercised. Ex. 1032 ¶ 19; *see also* Ex. 1014 ¶ 76 (testifying that access conditions are first

checked to ensure that the requesting repository is entitled to the rights specified by a NSOR). This loan example disclosed in Stefik serves as sufficient evidence that the server repository determines whether the requesting repository is entitled to the rights specified by the NSOR, as required by the “determining” step recited in independent claim 1.

In an attempt to undermine the loan example disclosed in Stefik, Patent Owner and its declarant, Dr. Martin, contend that Stefik does not specify clearly who must pay the \$10-per-day fee. PO Resp. 59. Patent Owner also argues that the \$10-per-day fee is attached to the first version of the loan right, as a whole, and asserts that it is not specified within the NSOR that is used to propagate rights for the first version of the loan right. *Id.* (citing Ex. 2009 ¶ 86). We do not agree with Patent Owner’s arguments and Dr. Martin’s corresponding testimony. As Petitioners correctly note in their Reply, dependent claim 7 in Stefik states, in relevant part, “*identifying said requesting repository as a payer for said usage fee to a first credit server.*” Ex. 1002, 55:1–3 (emphasis added); Pet. Reply 20. This dependent claim in Stefik clearly envisages a scenario where the requesting repository pays the \$10-per-day fee in the loan example discussed above. Moreover, we note that, contrary to Patent Owner’s assertion and Dr. Martin’s corresponding testimony, Petitioners do not take the position that the \$10-per-day fee is specified within the NSOR itself. Instead, Petitioners take the position that compliance with the \$10-per-day fee controls whether the NSOR associated with the first version of the loan right is exercised. Pet. 66–67; Pet. Reply 19; Ex. 1032 ¶ 19.

In summary, after considering the record in its entirety, a preponderance of the evidence supports a finding that Stefik describes the “determining” step, as recited in independent claim 1.

*c. Stefik describes the claimed “exercising” step*

Independent claim 1 recites, in relevant part, “exercising the meta-right to create the right specified by the meta-right if the rights consumer is entitled to the right specified by the meta-right.” Ex. 1001, 15:17–19.

In its Response, Patent Owner contends that, because Stefik does not describe both a “meta-right” and the “determining” step recited in independent claim 1, it follows that Stefik does not describe the “exercising” step also recited in this claim. PO Resp. 61. In particular, Patent Owner argues that Stefik’s disclosure of the server repository transmitting a copy of a digital work with rights specified by the NSOR to the requesting repository does not amount to exercising a right to generate, manipulate, modify, dispose of or derive another right. *Id.* at 62. Rather, Patent Owner asserts that Stefik simply is exercising a right to transfer the content of the digital work and associated data from one repository to another. *Id.* (citing Ex. 2009 ¶ 92).

In their Reply, Petitioners counter that Patent Owner’s arguments directed to the “exercising” step rest primarily on its arguments that Stefik does not describe both a “meta-right” and the “determining” step, as claimed. Pet. Reply 20–21. Petitioners further argue that Patent Owner’s arguments in this regard are contrary to the actual disclosures in Stefik, as well as the admission in the specification of the ’280 patent that the



mechanism disclosed in Stefik is used to exercise and enforce meta-rights. *Id.* at 21 (citing Ex. 1001, 7:36–39).

Patent Owner relies upon essentially the same arguments presented against both a “meta-right” and the “determining” step to rebut Petitioners’ explanation and supporting evidence as to how Stefik describes the “exercising” step. For the same reasons discussed above with respect to both a “meta-right” and the “determining” step, we do not agree with Patent Owner that Stefik fails to account for the “exercising” step.

We also note that the loan example discussed above demonstrates that Stefik properly accounts for the “exercising” step recited in independent claim 1. For instance, after the server repository has determined that the requesting repository is entitled to the first version of the loan right because it has paid the \$10-per-day fee, the server repository exercises the first version of the loan right. Ex. 1002, 27:15–28; Ex. 1032 ¶ 19. Exercising the first version of the loan right in this manner encompasses exercising the NSOR associated therewith to create a new copy of the underlying digital work that contains Play, Print, and Backup usage rights, but does not contain Transfer and Loan usage rights, and then transferring this new copy of the digital work to the requesting repository. *See* Ex. 1002, 27:15–30; Ex. 1014 ¶ 76, Ex. 1032 ¶ 19. This loan example disclosed in Stefik serves as sufficient evidence that the server repository exercises the NSOR to create usage rights specified by the NSOR if the requesting repository is entitled to the usage rights specified by the NSOR, as required by the “exercising” step recited in independent claim 1.

In summary, after considering the record in its entirety, a preponderance of the evidence supports a finding that Stefik describes the “exercising” step, as recited in independent claim 1.

*d. Summary*

Based on the record developed during trial, we conclude that Petitioners have demonstrated by a preponderance of the evidence that the subject matter of independent claim 1 is anticipated by Stefik.

*4. Claims 5 and 11*

In its Response, Patent Owner relies upon the same arguments presented against independent claim 1 to rebut Petitioners’ explanations and evidence as to how Stefik describes the subject matter of dependent claims 5 and 11. *See* PO Resp. 50–63. For the same reasons discussed above with respect to independent claim 1, we do not agree with Patent Owner’s arguments.

We have reviewed Petitioners’ arguments and evidence set forth in the Petitions regarding dependent claims 5 and 11, and we agree with and adopt Petitioners’ analysis. *See* Pet. 70–71. Based on the record developed during trial, we conclude that Petitioners have demonstrated by a preponderance of the evidence that the subject matter of these dependent claims is anticipated by Stefik.

*C. Obviousness Over the Combination of Stefik and the Knowledge of One of Ordinary Skill in the Art*

Petitioners contend that claims 1, 5, and 11 are unpatentable under § 103(a) over the combination of Stefik and the knowledge of one of ordinary skill in the art. Pet. 74–76; Pet. Reply 21–25; *see also* Pet. 63–71

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(disclosing an element-by-element analysis of how Stefik teaches the subject matter of these challenged claims). In particular, Petitioners explain how the proffered combination teaches the subject matter of each challenged claim. Pet. 63–71. Petitioners also rely upon Dr. Goldberg’s Declaration accompanying the Petition (Ex. 1014 ¶¶ 69–98) and Dr. Goldberg’s Rebuttal Declaration accompanying the Reply (Ex. 1032 ¶¶ 22–27) to support their positions. In its Response, Patent Owner presents arguments that Petitioners have not demonstrated that claims 1, 5, and 11 would have been obvious based on Stefik and the knowledge of one of ordinary skill in the art. PO Resp. 63–71. Patent Owner relies upon Dr. Martin’s Declaration (Ex. 2009 ¶¶ 97–104) to support its positions.

We begin our analysis with the principles of law that generally apply to a ground based on obviousness, followed by an assessment of the level of skill in the art, and then we address the arguments presented by the parties.

### *1. Principles of Law*

A claim is unpatentable under § 103(a) if the differences between the claimed subject matter and the prior art are such that the subject matter, as a whole, would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations, including (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of skill in the art; and (4) when in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966). We also recognize

that prior art references must be “considered together with the knowledge of one of ordinary skill in the pertinent art.” *Paulsen*, 30 F.3d at 1480 (quoting *In re Samour*, 571 F.2d 559, 562 (CCPA 1978)). We analyze this ground based on obviousness with the principles stated above in mind.

### 2. *Level of Skill in the Art*

There is sufficient evidence in the record before us that reflects the knowledge level of a person with ordinary skill in the art. Petitioners’ declarant, Dr. Goldberg, attests that a person with ordinary skill in the art in the relevant time frame would be an individual who (1) possesses a bachelor’s degree in electrical engineering, computer science, or a related field; and (2) has at least two years of experience with digital content distribution and/or computer security. Ex. 1014 ¶ 10. Patent Owner’s declarant, Dr. Martin, agrees with Dr. Goldberg’s assessment. *Compare* Ex. 1014 ¶ 10, *with* Ex. 2009 ¶ 16. We adopt Dr. Goldberg’s assessment because it is consistent with the ’280 patent and the asserted prior art, and apply it to our obviousness inquiry below.

### 3. *Claims 1, 5, and 11*

Petitioners contend that Stefik teaches all the limitations recited in claims 1, 5, and 11. *See* Pet. 63–71. Petitioners then argue that, to the extent these challenged claims require that a meta-right must be exercisable or transferable without simultaneously copying or transferring the digital work associated therewith, it would have been obvious to one of ordinary skill in the art to exercise or transfer Stefik’s NSOR separately from any copying or transferring of the underlying digital work. *Id.* at 75. Petitioners further argue that a person of ordinary skill in the art would have understood

that there are only two ways for exercising or transferring meta-rights and the digital works associated therewith: (1) at the same time; and (2) at a different time or, alternatively, in a different action. *Id.* at 75–76.

Petitioners then assert that one of ordinary skill in the art, who possesses experience in digital data transfer and communications and is able to write source code, would have been able to write code to require the meta-right transfer to occur at the same time or at a different time from copying or transfer of the underlying digital work. *Id.* at 76 (citing Ex. 1014 ¶¶ 96–99).

In its Response, Patent Owner contends that the arguments advanced by Petitioners fall short of demonstrating that the challenged claims would have been obvious over Stefik and the knowledge of one of ordinary skill in the art. PO Resp. 66. In particular, Patent Owner directs us to arguments previously presented on the ground based on anticipation, and then argues that Stefik’s NSOR does not constitute the claimed “meta-right” because it is not an independently exercisable right. *Id.* at 66–67; *see also id.* at 69 (arguing the same). To support this argument, Patent Owner also directs us to certain testimony in Dr. Martin’s Declaration. *Id.* at 67 (citing Ex. 2009 ¶¶ 70–73, 104). Patent Owner further argues that Petitioners have not explained adequately how their proposed modification would result in practicing other aspects of the challenged claims—namely, the “determining” and “exercising” method steps recited in independent claim 1. *Id.* at 67–68 (citing Ex. 2009 ¶ 102). Lastly, Patent Owner argues that, even if the modification to Stefik proposed by Petitioners would have resulted in the subject matter of independent claim 1, Petitioners do not provide a sufficient rationale to modify Stefik in this way. *Id.* at 68–71.

In their Reply, Petitioners maintain that it would have been obvious to one of ordinary skill in the art to modify Stefik to allow the NSOR to be exercised separately from the copying or transferring of the underlying digital work. Pet. Reply 22. According to Petitioners, this is not a case where there are a multitude of choices with different consequences, but instead this is a case where there are only two options as to when Stefik’s NSOR may be exercised in relation to a usage right—namely, (1) at the same time or (2) at a different time. *Id.* (citing Pet. 75–76; Ex. 1014 ¶ 98). Petitioners argue that one of ordinary skill in the art would have recognized that adjusting the timing of actions such that Stefik’s NSOR is exercised separately from a usage right (e.g., a Copy or Transfer) would have been one of “a finite number of identified, predictable solutions,” well within the grasp of an ordinarily skilled artisan. *Id.* (quoting *KSR*, 550 U.S. at 421) (citing Ex. 1014 ¶¶ 98, 99). Lastly, Petitioners assert that exercising Stefik’s NSOR at a different time than the usage right would have no practical impact on the operation of Stefik’s distribution scheme, including the implementation of the method steps recited in independent claim 1. *Id.* at 22–23 (citing Ex. 1032 ¶ 22; *KSR*, 550 U.S. at 417).

The Supreme Court has held that an obviousness evaluation “cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation, or by overemphasis on the importance of published articles and the explicit content of issued patents.” *KSR*, 550 U.S. at 419. Instead, the relevant inquiry here is whether Petitioners have set forth “some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006),

*cited with approval in KSR*, 550 U.S. at 418. When describing examples of what may constitute a sufficient rationale to combine, the Court held that, “[w]hen there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp.” *KSR*, 550 U.S. at 421.

Upon considering the record in its entirety, we are satisfied that Petitioners’ rationale for modifying Stefik by allowing a NSOR to be exercised at a different time from a usage right suffices as an articulated reasoning with rational underpinnings that justifies the legal conclusion of obviousness. We first address whether a design need or market pressure existed to solve a particular problem, and then we turn to whether there were a finite number of identified, predictable solutions. As to the first inquiry, both the Background of the Invention of the ’280 patent and Stefik serve as evidence that there was a need to address particular problems associated with exercising and enforcing the rights of content owners during the distribution and use of their digital works in a multi-tier distribution scheme. Ex. 1001, 1:29–61; Ex. 1002, 1:23–2:48.

As to the second inquiry, we previously explained in the asserted ground based on anticipation that Stefik’s NSOR constitutes an exercisable right because it allows a repository to add or delete certain usage rights to or from a digital work. *See supra* Section II.B.3.a (citing Ex. 1002, 21:50–55). The focus of the second inquiry then shifts to whether Stefik’s NSOR is capable of being exercised *separately or independently* of a usage right. Although we recognize that Patent Owner and its declarant, Dr. Martin,

assert that Stefik's NSOR only works in the context of a usage right (PO Resp. 66–67, 69; Ex. 2009 ¶¶ 70–73, 103, 104), neither Patent Owner nor Dr. Martin provides sufficient or credible evidence that supports limiting the functionality of Stefik's NSOR in this way. Our reviewing court has instructed that we must consider Stefik for everything it teaches by way of technology and it is not limited to the particular invention it is describing and attempting to protect. *See EWP Corp. v. Reliance Universal Inc.*, 755 F.2d 898, 907 (Fed. Cir. 1985). Given that, at a fundamental level, Stefik's usage right and NSOR simply amount to software constructs, we agree with Petitioners and their declarant, Dr. Goldberg, that one of ordinary skill in the art would have recognized that there are two plausible options as to when Stefik's NSOR may be exercised in relation to a usage right—namely, (1) at the same time or (2) at a different time. Pet. 75–76; Pet. Reply 22; Ex. 1014 ¶ 98; Ex. 1032 ¶ 22.

To the extent the challenged claims require that a meta-right must be exercisable or transferable without simultaneously copying or transferring the digital work associated therewith, Petitioners have demonstrated that one of ordinary skill in the art would have pursued these known options to arrive at exercising Stefik's NSOR at a different time than a usage right. *See KSR*, 550 U.S. at 421. That is, it would have been obvious to try exercising Stefik's NSOR on its own, outside the context of a Copy or Transfer usage right, especially because Stefik's NSOR is nothing more than a software construct that allows a repository to add or delete certain usage rights to or from a digital work.



In summary, based on the record developed during trial, we conclude that Petitioners have demonstrated by a preponderance of the evidence that the subject matter claims 1, 5, and 11 would have been obvious over the combination of Stefik and the knowledge of one of ordinary skill in the art.

*D. Patent Owner's Motion to Amend*

In its Motion to Amend, Patent Owner requests that we cancel independent claim 1 of the '280 patent and replace it with proposed, substitute independent claim 37. Mot. to Amend 1. This Motion is contingent on our determination that independent claim 1 is unpatentable under §§ 102(b) and 103(a). *Id.* As we explain in our analysis above, we determine that Petitioners have demonstrated by a preponderance of evidence that independent claim 1 is unpatentable under §§ 102(b) and 103(a). *See supra* Section II.B–C. Consequently, Patent Owner's Motion to Amend is before us for consideration. For the reasons set forth below, we *grant* Patent Owner's Motion to Amend.

Proposed, substitute independent claim 37 is reproduced below:

37. (Proposed substitute for original independent claim 1)  
A computer-implemented method for transferring rights adapted to be associated with items from a rights supplier to a rights consumer, the method comprising:

obtaining a set of rights associated with an item of content, the set of rights including a meta-right specifying a usage right or another meta-right that can be created when the meta-right is exercised, wherein the meta-right is provided in digital form and is enforceable by a repository;

determining, by a repository, whether the rights consumer is entitled to the right specified by the meta-right; and

exercising the meta-right to create the right specified by the meta-right if the rights consumer is entitled to the right

specified by the meta-right, wherein the created right includes at least one state variable based on the set of rights and used for determining a state of the created right, and wherein the meta-right is not itself a usage right because exercising the meta-right does not result in action to the content.

Mot. to Amend 2 (underlining indicates language that Patent Owner is seeking to add).

When filing a motion to amend, the patent owner bears the burden of satisfying the requirements of 37 C.F.R. § 42.221. That is, the patent owner must demonstrate the following: (1) the amendment responds to a ground of unpatentability involved in the trial; (2) the amendment does not seek to enlarge the scope of the claims of the patent or introduce new subject matter; (3) the amendment proposes a reasonable number of substitute claims; and (4) the proposed claims are supported in the original disclosure of the patent. *See* 35 U.S.C. § 326(d)(1)–(3); 37 C.F.R. § 42.221(a)–(c). The patent owner, however, “does not bear the burden of persuasion to demonstrate the patentability of [the proposed] substitute claims.” *W. Dig. Corp. v. SPEX Techs., Inc.*, Case IPR2018-00082, slip op. at 4 (PTAB Apr. 25, 2018) (Paper 13) (informative) (citing *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017); *Bosch Auto. Serv. Sols. LLC v. Iancu*, 878 F.3d 1027 (Fed. Cir. 2017)).<sup>6</sup> “Rather, as a result of the current state of the law and [U.S.

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<sup>6</sup> We recognize that the *Western Digital* decision originated from an *inter partes* review proceeding. This decision, however, equally applies to a covered business method patent review proceeding because the statutory provisions and regulations that govern a motion to amend are identical in both types of proceedings. *Compare* 35 U.S.C. § 316(d) and 37 C.F.R. § 42.121, with 35 U.S.C. § 326(d) and 37 C.F.R. § 42.221.

Patent and Trademark Office] rules and guidance, the burden of persuasion will ordinarily lie with the petitioner to show that any proposed substitute claims are unpatentable by a preponderance of the evidence.” *W. Dig.*, slip op. at 4. We begin our analysis by first addressing whether Patent Owner demonstrates that proposed, substitute independent claim 37 meets the requirements of 37 C.F.R. § 42.221, and then we determine whether Petitioners demonstrate that proposed, substitute independent claim 37 is unpatentable over the prior art of record.

*1. The Amendment Responds to a Ground Involved in the Trial*

A motion to amend may be denied where “[t]he amendment does not respond to a ground of unpatentability involved in the trial.” 37 C.F.R. § 42.221(a)(2)(i). In its Motion to Amend, Patent Owner requests that we cancel independent claim 1 and replace it with proposed, substitute independent claim 37 in order to overcome the instituted grounds based, in whole or in part, on *Stefik*. *See Mot. to Amend* 1, 9–11. In their Opposition, Petitioners contend that the amendment offered by Patent Owner is not responsive to any issue of patentability raised in the trial, but rather simply makes explicit what Petitioners contend already is implicit in independent claim 1. *Opp. to Mot.* 1–2 (citing *Mot. to Amend* 3, 24–25). In its Reply, Patent Owner contends that, in the event we maintain the construction of the claim term “meta-right” articulated in the Decision on Institution and ultimately determine that independent claim 1 is unpatentable in view of *Stefik*, newly proposed, substitute independent claim 37 would distinguish *Stefik* on grounds unavailable under our initial construction. *Reply to Mot.* 1. Patent Owner, therefore, asserts that its amendment is

related directly, and responsive to, the patentability issues involved in the trial. *Id.* at 1–2.

As we explain in our claim construction section, we did not adopt the construction proposed by Patent Owner for the claim term “meta-right,” which would import a negative limitation into the claims. *See supra* Section II.A.3. Instead, based on the explicit definition set forth in the specification of the ’280 patent, we construe the claim term “meta-right” as “a right that one has to generate, manipulate, modify, dispose of or otherwise derive another right.” *Id.* Much of the argument and evidence developed during the trial centered on whether Stefik properly accounts for this construction of the claim term “meta-right.” Proposed, substitute independent claim 37 merely amends independent claim 1 to recite explicitly the district court’s construction of the claim term “meta-right.” *See* Mot. to Amend 1; Reply to Mot. 1. We, therefore, agree with Patent Owner that its amendment is responsive to the grounds based, in whole and in part, on Stefik involved in the trial.

## 2. *No Broadening of Scope*

A proposed, substitute claim in a covered business method patent review proceeding “may not enlarge the scope of the claims of the patent.” 35 U.S.C. § 326(d)(3); *see* 37 C.F.R. § 42.221(a)(2)(ii). In its Motion to Amend, Patent Owner proposes independent claim 37 as a substitute for independent claim 1. Mot. to Amend 1. Patent Owner asserts that proposed, substitute independent claim 37 includes all of the limitations of independent claim 1, for which it is a substitute, and adds limitations that conform to the district court’s construction of the claim term “meta-right.” *Id.* at 3. No

limitations are removed. In their Opposition, Petitioners do not dispute Patent Owner's assertion that the proposed, substitute independent claim 37 does not enlarge the scope of independent claim 1. We, therefore, agree with Patent Owner that the proposed, substitute independent claim 37 does not enlarge the scope of the original patent claims.

### *3. Written Description Support*

A motion to amend filed in a covered business method patent review proceeding must set forth “[t]he support in the original disclosure of the patent for each claim that is added or amended,” and “[t]he support in an earlier-filed disclosure for each claim for which benefit of the filing date of the earlier filed disclosure is sought.” 37 C.F.R. § 42.221(b)(1)–(2). The test for written description support is “whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.” *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc).

In its Motion to Amend, Patent Owner sets forth written description support for proposed, substitute independent claim 37 by providing citations to, along with parentheticals of, the following applications: (1) the '121 application (Ex. 2011), which is the application that led to the '280 patent; (2) the '701 application (Ex. 2012), which is a continuation-in-part of the '121 application; and (3) the '624 provisional application (Ex. 2013), which

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is the earliest provisional application that the '280 patent seeks the benefit of priority. Mot. to Amend 3–5.

In their Opposition, Petitioners contend that Patent Owner fails to demonstrate sufficient written description support for proposed, substitute independent claim 37. Opp. to Mot. 19. In particular, Petitioners argue that Patent Owner only provides a cursory written description discussion that includes bare assertions, string citations with short parenthetical descriptions, and no supporting expert testimony. *Id.* at 20–21. With respect to the amended language, Petitioners assert that Patent Owner does not identify where this language appears verbatim in the three identified applications, nor does Patent Owner's parenthetical adequately explain why one ordinary skill in the art would have recognized that the inventor possessed the claimed subject matter, as a whole. *Id.* (citing *Nichia Corp. v. Emcore Corp.*, Case IPR2012-00005, slip op. at 4 (PTAB June 3, 2013) (Paper 27) (representative)).

In its Reply, Patent Owner maintains that it has demonstrated sufficient written description support for proposed, substitute independent claim 37, as a whole. Reply to Mot. 8. Patent Owner argues that Petitioners fail to consider the full teachings of each cited passage from the perspective of one of ordinary skill in the art. *Id.* at 8–9.

Upon reviewing Patent Owner's citations to, and parentheticals of, the disclosures of the '121 application, the '701 application, and the '624 provisional application, we agree with Patent Owner that proposed, substitute independent claim 37, as a whole, has written description support in these disclosures. Contrary to Petitioners' argument that Patent Owner

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only provides a cursory written description discussion in its Motion to Amend (Opp. to Mot. 20), we are able to ascertain based on Patent Owner's citations and accompanying parentheticals that there is sufficient written description for the entire proposed, substitute claim. To the extent Petitioners argue that Patent Owner must provide supporting expert testimony to satisfy the written description requirement (*id.*), we do not view expert testimony as necessary in this particular case to explain how the disclosures in the relevant applications provide written description support for the entire proposed, substitute claim.

We also do not agree with Petitioners' argument that Patent Owner does not identify where certain amended language—namely, “the meta-right is not itself a usage right because exercising the meta-right does not result in action to the content”—appears verbatim in the three identified applications. Opp. to Mot. 20. The Federal Circuit has held that, when examining the written description for support for a claimed invention, the exact terms appearing in the claim “need not be used in *haec verba.*” *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997).

Here, the '121 application and the '701 application both state that “the difference between usage rights and meta-rights are the result from exercising the rights. When exercising usage rights, actions to content result. . . . When meta-rights are exercised, new rights are created from the meta-rights or existing rights are disposed as the result of exercising the

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meta-rights.” Ex. 2011, 14–15<sup>7</sup> (paragraph [0044]); Ex. 2012, 13<sup>8</sup> (paragraph [0035]). Similarly, the ’624 provisional application states that “the differen[ce] between usage rights and meta-rights [is] the result from exercising the rights (or meta-rights). When exercising rights, actions result, for example viewing or using a digital content. With meta-rights new rights are created or derived from the meta-rights as the result of exercising those rights.” Ex. 2013, 3–4<sup>9</sup> (emphasis omitted). We, therefore, agree with Patent Owner that, as of the filing date of the ’280 patent, the aforementioned disclosures in the ’121 application, the ’701 application, and the ’624 provisional application reasonably convey to one of ordinary skill in the art that the inventors of the ’280 patent possessed the amended language identified above.

#### *4. Claim Construction*

As we explain previously, in a covered business method patent review proceeding filed before November 13, 2018, we interpret claim terms in an unexpired patent according to the broadest reasonable interpretation in light

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<sup>7</sup> All references to the page numbers in the ’121 application refer to the page numbers inserted by Patent Owner in the bottom, right-hand corner of each page in Exhibit 2011.

<sup>8</sup> All references to the page numbers in the ’701 application refer to the page numbers inserted by Patent Owner in the bottom, right-hand corner of each page in Exhibit 2012.

<sup>9</sup> All references to the page numbers in the ’624 provisional application refer to the page numbers inserted by Patent Owner in the bottom, right-hand corner of each page of Exhibit 2013.



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of the specification of the patent in which it appears. 37 C.F.R. § 42.300(b) (2018).

In its Motion to Amend, Patent Owner proposes a construction of two claim terms, both of which are reproduced in the table below.

<b>Claim Term</b>	<b>Claim Construction</b>
“content”	“the digital information (i.e. raw bits) representing a digital work”
“usage rights”	“indications that are attached, or treated as attached, to [a digital work / digital content / content / a digital document] and that indicate the manner in which the [digital work / digital content / content / digital document] may be used or distributed as well as any conditions on which use or distribution is premised”

Mot. to Amend 6 (alterations in original) (citing Ex. 1001, 1:37–43; Ex. 1002, 52:32–34; Ex. 2001, 23–33, 106–08). In their Opposition, Petitioners do not propose alternative constructions or otherwise argue that Patent Owner’s proposed constructions are incorrect.

#### *5. Level of Skill in the Art*

A motion to amend should address the basic knowledge and skill set possessed by a person of ordinary skill in the art, even without reliance on any particular item of prior art. Patent Owner maintains the same assessment of the level of skill in the art discussed previously in the instituted ground based on obviousness. Mot. to Amend 8–9 (citing Ex. 2009 ¶ 16). In their Opposition, Petitioners do not challenge this assessment of the level of skill in the art or propose an alternative assessment. For purposes of addressing this Motion to Amend, we adopt

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Patent Owner's assessment because it is consistent with the '280 patent and the asserted prior art, and apply it to our inquiries below.

*6. Patentability Over the Prior Art of Record*

In its Motion to Amend, Patent Owner contends that proposed, substitute independent claim 37 is patentable over Stefik, which is the prior art that serves as the basis of the asserted grounds instituted in this proceeding, as well as Ireton,<sup>10</sup> England,<sup>11</sup> Gruse,<sup>12</sup> Ginter,<sup>13</sup> and Wyman.<sup>14</sup> Mot. to Amend 9–23. Ireton, England, Gruse, and Ginter were all prior art references asserted in other Petitions filed by Apple challenging the patentability of certain subsets of claims of the '280 patent, including independent claim 1. *Id.* at 7–8 (citing Cases IPR2015-00351, IPR2015-00352, IPR2015-00353, IPR2015-00354). We denied each of these Petitions because Apple did not establish a reasonable likelihood that it would prevail as to any challenged claim. Exs. 2019–22. Wyman is a prior art reference that was asserted by Petitioners in a related district court case. Mot. to Amend 8.

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<sup>10</sup> Ireton, U.S. Patent Publication No. 2002/0077984 A1, published June 20, 2002, filed Dec. 19, 2000 (Ex. 2014).

<sup>11</sup> England, U.S. Patent No. 6,327,652 B1, issued Dec. 4, 2001, filed Jan. 8, 1999 (Ex. 2015).

<sup>12</sup> Gruse, U.S. Patent No. 6,389,538 B1, issued May 14, 2002, filed Oct. 22, 1998 (Ex. 2016).

<sup>13</sup> Ginter, U.S. Patent No. 5,892,900, issued Apr. 6, 1999, filed Aug. 30, 1996 (Ex. 2017).

<sup>14</sup> Wyman, U.S. Patent No. 5,260,999, issued Nov. 9, 1993, filed Sept. 15, 1992 (Ex. 2018).

In their Opposition, Petitioners do not present arguments or evidence as to whether Ireton, England, Gruse, Ginter, or Wyman anticipates proposed, substitute independent claim 37, nor do Petitioners present arguments or evidence as to whether these prior art references in combination renders obvious this proposed, substitute claim. *See generally* Opp. to Mot. 2–19. Instead, Petitioners only contend that Stefik anticipates or renders obvious proposed, substitute independent claim 37. *Id.* Consequently, Patent Owner’s assertions regarding why proposed, substitute independent claim 37 is patentable over Ireton, England, Gruse, Ginter, and Wyman essentially are unrebutted. Our analysis below solely focuses on the parties’ contentions as to whether Stefik anticipates or renders obvious proposed, substitute independent claim 37.

*a. No Anticipation by Stefik*

In its Motion to Amend, Patent Owner contends that Stefik does not disclose the step of “exercising” the meta-right, “wherein the meta-right is not itself a usage right because exercising the meta-right does not result in action to the content,” as recited in proposed, substitute independent claim 37. Mot. to Amend 10. According to Patent Owner, Stefik’s NSOR only appears within grammar defining a usage right and is not itself a right separate from the usage right that can be exercised without resulting in action to content. *Id.* at 10–11 (citing Ex. 2009 ¶¶ 75, 117).

In their Opposition, Petitioners contend that the newly added feature that a “meta-right” is not a “usage right” and exercising it does not result in action to content has no effect on the status of Stefik’s NSOR as a “meta-right” because there is no evidence whatsoever that the NSOR is itself a

usage right, nor is there evidence that exercising the NSOR results in action to content. Opp. to Mot. 3–4. Petitioners argue that Stefik’s NSOR is not one and the same as a usage right, but instead it is simply part of the data defining the usage right. *Id.* at 10. Petitioners also argue that there is no evidence that Stefik’s NSOR causes action to content. *Id.*; *see also id.* at 12 (arguing the same). Instead, Petitioners assert that Stefik’s NSOR creates, destroys, or modifies usage rights, whereas the usage rights, themselves, cause action to content. *Id.* at 11.

In its Reply, Patent Owner maintains that Stefik’s NSOR does not disclose an exercisable right that is not a usage right and the NSOR only is processed as part of the sequence of steps constituting exercise of a usage right that results in action to content. Reply to Mot. 3–5.

Based on this record, we determine that Petitioners have not presented a sufficient explanation as to why proposed, substitute independent claim 37 is anticipated by Stefik. As we explain in the instituted ground based on anticipation discussed previously, Stefik’s NSOR determines whether a repository adds or deletes certain usage rights to or from a digital work. *See supra* Section II.B.3.a. The parties appear to agree that actions to content include, among other things, copy, play, or transfer. Tr. 12:16–18, 34:22–35:7. When we apply the parties’ understanding of what constitutes actions to content to the disclosed functionality of Stefik’s NSOR, the evidence of record reflects that exercising Stefik’s NSOR by adding Copy and Play usage rights to a digital work results in action to content because the content of this work is copied from one repository to another with a right to play the content. *See Ex. 1002, 21:47–54.* Based on the particular circumstances of

this case, Petitioners have not demonstrated sufficiently that Stefik describes “the meta-right is not itself a usage right because exercising the meta-right does not result in action to the content,” which is the newly added feature in proposed, substitute independent claim 37.

*b. No Obviousness Over Stefik*

In its Motion to Amend, Patent Owner contends that Stefik differs from proposed, substitute independent claim 37 because it controls use and distribution of content by enforcing usage rights specified by a content provider, wherein the exercise of the usage rights results in action to content. Mot. 20–21. Patent Owner argues that a person of ordinary skill in the art would not have been led by the teachings of Stefik toward a system that uses meta-rights that are distinct from usage rights and are exercisable to create new rights without resulting in action to content. *Id.* at 21. To support its argument, Patent Owner relies upon the testimony of its declarant, Dr. Martin. *Id.* at 22–23 (citing Ex. 2009 ¶¶ 154–57).

In their Opposition, Petitioners rely upon essentially the same arguments presented to demonstrate that Stefik anticipates proposed, substitute independent claim 37 in order to demonstrate that Stefik renders obvious this proposed, substitute claim. Opp. to Mot. 3–4, 10–12. Petitioners further argue that there a number of reasons that would have prompted one of ordinary skill in the art to modify Stefik to include the newly added feature in proposed, substitute independent claim 37. *Id.* at 17. Petitioners direct us to a number of examples in Stefik that purportedly suggest to one of ordinary skill in the art that it would be desirable to manage rights at one level of a distribution scheme for the stated goal of

controlling rights granted at a subsequent, downstream level of the distribution scheme. *Id.* at 17–18. Petitioners and their declarant, Dr. Goldberg, then assert that, in furtherance of this goal, Stefik discloses one example involving an embedded transaction fee that purportedly suggests it would have been desirable or feasible to add, remove, or modify the rights of a digital work without any action on content. *Id.* at 18–19 (citing Ex. 1002, 26:6–10, 41:54–56; Ex. 1032 ¶¶ 25–27).

In its Reply, Patent Owner contends that Petitioners have not demonstrated that proposed, substitute independent claim 37 would have been obvious in view of Stefik because Petitioners ignore both the subject matter of this proposed, substitute claim, as a whole, and Stefik’s disclosure at a fundamental level. Reply to Mot. 5–6. Patent Owner argues that Petitioners do not provide a cogent rationale to modify Stefik other than to assert that Stefik describes numerous distribution schemes. *Id.* at 7. Patent Owner also disagrees with Petitioners’ and Dr. Goldberg’s characterization of Stefik’s embedded transaction fee. *Id.* at 7–8. Patent Owner asserts that, in this example, embedding cannot occur without transferring the underlying content from one repository to another. *Id.* at 8.

Based on this record, we determine that Petitioners have not presented a sufficient explanation as to why proposed, substitute independent claim 37 would have been obvious over Stefik. As we explain above, Petitioners have not demonstrated sufficiently that Stefik describes “the meta-right is not itself a usage right because exercising the meta-right does not result in action to the content,” as recited in proposed, substitute independent claim 37. *See supra* Section II.D.6.a. The focus then shifts to whether there is

sufficient articulated reasoning as to whether one of ordinary skill in the art would have modified Stefik to account for this newly added feature. The primary reason Patent Owner offers for making this modification is that Stefik's disclosure of an embedded transaction fee purportedly suggests that it would have been desirable or feasible to add, remove, or modify the rights of a digital work without any action on content. Opp. to Mot. 17–18. We do not agree.

As an initial matter, Petitioners do not present and develop arguments in their Opposition that explain how or why Stefik's embedded transaction fee constitutes the claimed "meta-right." See Opp. to Mot. 18–19. We understand Dr. Goldberg to argue that Stefik's embedded transaction fee constitutes the claimed "meta-right," but his testimony in this regard only appears in his Declaration and is not presented or developed adequately in the Opposition itself. See *id.* (citing Ex. 1032 ¶¶ 25–27). Such incorporation by reference circumvents our rules limiting the pages in an opposition to a motion to amend to twenty-five pages and is not entitled to consideration. See 37 C.F.R. § 42.6(a)(3) ("Arguments must not be incorporated by reference from one document into another document.").

In any event, even if we were to assume that Stefik's embedded transaction fee constitutes the claimed "meta-right," we still do not agree with Petitioners' argument that exercising this embedded transaction fee does not result in action to content, as required by proposed, substitute independent claim 37. Stefik discloses that an embedded transaction fee is a fee added by a distributor to a digital work. Ex. 1002, 41:54–57. When a distributor imposes an embedded transaction fee, Stefik discloses that, if a

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NSOR has been provided, those rights are transferred as the rights for the new digital work. *Id.* at 42:4–6. Given these cited disclosures, we agree with Patent Owner that merely adding a fee to a digital work still requires transferring the digital work from one repository to another. *See* Reply to Mot. 8. For instance, if a distributor adds an embedded transaction fee to a digital work that provides a NSOR, exercising the NSOR by adding Copy and Play usage rights to a digital work still results in action to content because, once the fee is paid, the content of this new work is copied from one repository to another with a right to play the content. *See* Ex. 1002, 21:47–54, 41:54–42:13.

Based upon the particular circumstances of this case, Petitioners have not demonstrated sufficiently that Stefik describes “the meta-right is not itself a usage right because exercising the meta-right does not result in action to the content,” as recited in proposed, substitute independent claim 37. Nor do we agree with Petitioners’ assertion that there is a sufficient articulated reasoning that would have prompted one of ordinary skill in the art to modify Stefik to account for this newly added feature.

*7. Proposed, Substitute Independent Claim 37 is “Substantially Identical” to Original Independent Claim 1 Within the Meaning of 35 U.S.C. § 252*

The *Practice Guide* states:

When filing a motion to amend, a patent owner may demonstrate that the scope of the amended claim is substantially identical to that of the original patent claim, *as the original patent claim would have been interpreted by a district court*. In such cases, a patent owner may request that the Board determine that the



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amended claim and original patent claim are substantially identical within the meaning of 35 U.S.C. [§] 252.

77 Fed. Reg. at 48,766 (emphasis added). To determine whether substantive changes have been made, we consider “whether the scope of the claims are identical, not merely whether different words are used.” *Laitram Corp. v. NEC Corp.*, 163 F.3d 1342, 1346 (Fed. Cir. 1998); *Bloom Eng’g Co. v. N. Am. Mfg. Co.*, 129 F.3d 1247, 1250 (Fed. Cir. 1997).

In its Motion to Amend, Patent Owner contends that proposed, substitute independent claim 37 simply amends independent claim 1 to recite explicitly the meaning of the claim term “meta-right” as it was construed by the district courts. Mot. to Amend 24. To support its argument, Patent Owner directs us to the “Memorandum Opinion and Order” from the U.S. District Court for the Eastern District of Texas, in which the claim term “meta-right” in the ’280 patent was construed as “a right that, when exercised, creates or disposes of usage rights (or other meta-rights) but that is not itself a usage right because exercising a meta-right does not result in action to content.” *Id.* (quoting Ex. 2001, 106). Patent Owner represents that no other district court has construed this claim term. *Id.* at 25.

In their Opposition, Petitioners contend that we should decline to find that the scope of proposed, substitute independent claim 37 is “substantially identical” to the scope of independent claim 1 because restricting “meta-rights” to a subset of those encompassed by this original claim—namely, those which do not result in action to content—changes the scope of this original claim relative to the way it was construed under the broadest reasonable interpretation standard. *See Opp. to Mot.* 22–24.

In its Reply, Patent Owner contends that it is irrelevant under § 252 that the scope of proposed, substitute independent claim 37 is narrower than the scope of independent claim 1 under the broadest reasonable interpretation standard. Reply to Mot. 11. Instead, Patent Owner argues that the focus here should be on the how the district courts would construe independent claim 1, particularly the claim term “meta-right.” *Id.* at 10–11.

We agree with Patent Owner that, when determining whether the scope of proposed, substituted independent claim 37 is “substantially identical” to that of independent claim 1, the focus should be on how independent claim 1 would be construed by the district courts—not on how this same claim would be construed under the broadest reasonable interpretation standard. Here, Patent Owner has provided a sufficient explanation as to why the scope of proposed, substitute independent claim 37 is “substantially identical” to that of independent claim 1 for purposes of § 252. That is, proposed, substitute independent claim 37 simply amends independent claim 1 to recite explicitly the meaning of the claim term “meta-right” as it was construed by the U.S. District Court for the Eastern District of Texas. Ex. 2001, 106. Petitioners do not argue that this particular district court claim construction is erroneous or otherwise dispute that it is incorrect. When we apply the district court’s construction of the claim term “meta-right” to independent claim 1, the scope of this original claim includes the newly added feature in proposed, substitute independent claim 37—namely, “the meta-right is not itself a usage right because exercising the meta-right does not result in action to the content.”

Although we recognize that proposed, substitute independent claim 37 includes additional substantive changes (e.g., it recites “item of content” instead of “item” and “a usage right or another meta-right” instead of “a right”), this difference in language does not result in a change in scope from independent claim 1, but only seeks to provide proper antecedent basis for the newly added feature identified above. *See* Tr. 57:8–60:6. Based on the particular circumstances of this case, we determine that Patent Owner has demonstrated sufficiently that proposed, substituted independent claim 37 and independent claim 1 are “substantially identical” within the meaning of § 252.

#### 8. *Summary*

For the foregoing reasons, Patent Owner has demonstrated by a preponderance of the evidence that proposed, substitute independent claim 37 satisfies the requirements of 37 C.F.R. § 42.221. Petitioners, however, have not demonstrated by a preponderance of the evidence that proposed, substitute claim 37 is unpatentable over the prior art of record. Accordingly, we *grant* Patent Owner’s Motion to Amend.

#### *E. Patent Owner’s Observations*

Patent Owner filed Observations on the cross-examination testimony of Petitioners’ rebuttal witness, Dr. Goldberg. Obs. Petitioners filed a Response to Patent Owner’s Observations. Obs. Resp. To the extent these observations pertain to testimony purportedly impacting Dr. Goldberg’s credibility, we have considered the observations and the responses thereto in rendering this Final Written Decision, and accorded Dr. Goldberg’s rebuttal

testimony appropriate weight where necessary. *See* Obs. 1–3; Obs. Resp. 1–3.

### III. CONCLUSION

Petitioners have demonstrated by a preponderance of the evidence that (1) claims 1, 5, and 11 of the '280 patent are anticipated under § 102(b) by Stefik; and (2) these same claims are unpatentable under § 103(a) over the combination of Stefik and the knowledge of one of ordinary skill in the art. Patent Owner has demonstrated by a preponderance of the evidence that proposed, substitute independent claim 37 satisfies the requirements of 37 C.F.R. § 42.221. Petitioners, however, have not demonstrated by a preponderance of the evidence that proposed, substitute independent claim 37 is unpatentable over the prior art of record.

### IV. ORDER

In consideration of the foregoing, it is  
ORDERED that claims 1, 5, and 11 of the '280 patent are held to be unpatentable;

FURTHER ORDERED that Patent Owner's Motion to Amend is *granted*; and

FURTHER ORDERED that, because this Decision on Remand amounts to a Final Written Decision, parties to this proceeding seeking judicial review of our decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

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