

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE INC. and APPLE INC.,
Petitioners,

v.

CONTENTGUARD HOLDINGS, INC.,
Patent Owner.

Case CBM2015-00040¹
Patent 7,774,280 B2

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

ZECHER, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
Covered Business Method Patent Review
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

¹ Case CBM2015-00160 has been joined with this proceeding.

I. BACKGROUND

A. Introduction

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 12 and 22 of the ’280 patent are more likely than not unpatentable. 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”),² we instituted this covered business method patent review proceeding on June 24, 2015, only as to claims 1, 5, and 11 of the ’280 patent. Paper 9 (“Dec. on Inst.”).

After instituting this proceeding, we considered a Petition filed by Apple Inc. (“Apple”) in Case CBM2015-00160 that challenges the same

² 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.

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 requests 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 as to claims 1, 5, and 11 of the '280 patent, and then *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 a Motion for Observation 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.").

We have jurisdiction under 35 U.S.C. § 6(c). This decision is a Final Written Decision under 35 U.S.C. § 328(a) as to the patentability of claims 1, 5, and 11 of the '280 patent. For the reasons discussed below, we hold that Petitioners have demonstrated by a preponderance of the evidence that these claims are unpatentable under §§ 102(b) and 103(a). We *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-JRG (E.D. Tex.). Pet. 6–7;³ 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 that,

³ 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.

because they have been sued for infringement of the '280 patent, they have standing to file their respective Petitions. Pet. 8 (citing Ex. 1004). Based on the record developed during trial, we maintain that Petitioners satisfy the standing requirement. *See* Dec. on Inst. 3.

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. Patent Application No. 10/956,121 (“the '121 application”), filed on October 4, 2004. Ex. 1001, at [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 models. *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 rights supplier to a rights 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 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”). For purposes of determining whether a patent is eligible for a covered business method patent review, the focus is on the claims. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012). A patent need have only one claim directed to a covered business method to be eligible for review. *Id.* (Response to Comment 8).

1. Financial Product or Service

In promulgating rules for covered business method reviews, the U.S. Patent and Trademark Office (“Office”) considered the legislative intent and history behind the AIA’s definition of a “covered business method patent.” 77 Fed. Reg. at 48,735–36. The “legislative history explains that the definition of covered business method patent was drafted to encompass patents ‘claiming activities that are financial in nature, incidental to a

financial activity or complementary to a financial activity.’” *Id.* at 48,735 (quoting 157 CONG. REC. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)). The legislative history indicates that “‘financial product or service’ should be interpreted broadly.” *Id.*; *see also Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1323–26 (Fed. Cir. 2015) (discussing the scope of the term “covered business method patent” and, in particular, what falls within the purview of a financial product or service).

In their Petitions, Petitioners contend that the challenged claims of the ’280 patent encompass embodiments that are, at the very least, incidental or complementary to a financial activity. Pet. 10. In particular, Petitioners argue that the invention embodied in independent claim 1 is described using economic terms, such as the transfer of rights between a rights “supplier” and a rights “consumer.” *Id.* In addition, Petitioners argue that this claim is directed toward “obtaining a set of rights” by a consumer, including “meta-rights” relating to an item such as a digital work. *Id.* at 10–11 (citing Ex. 1001, 15:10–11). Petitioners then assert that the specification of the ’280 patent confirms the financial nature of a consumer acquiring a digital work from a supplier, as required by independent claim 1. *Id.* at 11–12 (citing Ex. 1001, 4:3–14, 4:39–53, 5:4–11, 5:35–37).

In response, Patent Owner contends that the ’280 patent does not claim a financial activity, but instead is context neutral. PO Resp. 28–29. Patent Owner argues that, when addressing the financial product or service aspect of covered business method patent eligibility in the Decision on Institution, we did not analyze the method steps recited in the body of independent claim 1, but instead only focused on the preamble, which

recites, in relevant part, “*transferring rights adapted to be associated with items from a rights supplier to a rights consumer.*” *Id.* at 29 (citing Dec. on Inst. 9). Patent Owner then alleges that the preamble of independent 1 merely states the purpose or intended use of the invention and generally is not treated as limiting. *See id.* at 29–30.

Patent Owner further contends that the activity of transferring rights from a supplier to a consumer, by itself, is insufficient to characterize the activity as financial in nature. PO Resp. 30. Patent Owner argues that, on its face, none of the method steps recited in independent claim 1, much less the preamble of this claim, bear any relation to a financial product or service. *Id.* Patent Owner then acknowledges that the specification of the ’280 patent discloses examples of paying fees in connection with the exercise of meta-right and usage rights, but asserts that these examples are optional and not required by independent claim 1. *Id.* at 31–32 (citing Ex. 1001, 4:3–14, 4:39–43, 5:4–11, 5:35–37). Patent Owner asserts that the specification also discloses implementations of the invention that would be understood to not involve the payment of a fee. *Id.* at 32 (citing Ex. 1001, 6:61–67, 7:6–17, 7:17–22, 12:39–50, 14:41–44). According to Patent Owner, this reinforces that the invention has general utility and has no particular relation to the financial services sector. *Id.*

Lastly, Patent Owner contends that Petitioners merely assess whether independent claim 1 encompasses a financial embodiment and does not focus on what actually is claimed. PO Resp. 33–34. Patent Owner then devotes a significant portion of its Response explaining how the facts of this case either align, or are distinguishable from, a number of previous Board

decisions that assessed the “financial product or service” component of covered business method patent eligibility. *Id.* at 34–38.

Petitioners counter that independent claim 1 of the ’280 patent covers a financial activity because it enables the commercial distribution of digital content from a supplier, via distributors and retailers, to a consumer.

Pet. Reply 2. According to Petitioners, the very purpose of this scheme is to enable financial transactions where a “rights consumer” purchases rights from a “rights supplier.” *Id.* at 3 (citing Ex. 1001, 15:5–22). Petitioners argue that the specification of the ’280 patent describes numerous embodiments where a rights consumer purchases rights from a rights supplier. *Id.* at 3–4 (citing Pet. 10–12; Dec. on Inst. 9–10). Consequently, Petitioners assert that there is sufficient evidence to support our initial determination that independent claim 1 covers an activity “that, at the very least, is incidental or complementary to a financial activity.” *Id.* at 4 (citing Dec. on Inst. 9–10).

Petitioners also disagree with Patent Owner’s assertion that, in order to be eligible for a covered business method patent review, a claim must necessarily cover only financial activities or an activity incidental or complementary to a financial activity, and not other kinds of activities. Pet. Reply 4. Petitioners argue that nothing in § 18(d)(1) of the AIA limits covered business method patent eligibility in this way. *See id.* Petitioners also contend that the previous Board decisions cited by Patent Owner that address the “financial product or service” component of covered business method patent eligibility are distinguishable from this case because the ’280 patent does not describe or claim an invention with general utility that might

theoretically apply in a financial context. *Id.* at 5. Instead, Petitioners assert that the central purpose of the '280 patent is to control the sale of rights in multi-tiered distribution schemes. *Id.* (citing Ex. 1001, 2:22–48).

Upon considering the information presented by Petitioners, as well as the arguments presented by Patent Owner, we maintain our initial determination 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. Dec. on Inst. 7–10. We begin our analysis by focusing on the language of independent claim 1 and, in particular, the recitation in the preamble of “[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 (emphasis added). The transfer of rights associated with an item from a supplier to a consumer is an activity that, at the very least, is incidental or complementary to a financial activity.

Our determination in this regard is further supported by the description of the invention in the specification of the '280 patent. For example, the specification discloses that the transfer of rights associated with an item from a supplier to a consumer may require the payment of a fee or processing by a clearinghouse. *See, e.g.*, Ex. 1001, 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), 4:39–43 (disclosing how a right specified in a license may include payment of a fee), 5:4–11 (disclosing that, when a consumer wishes to obtain a digital work, the consumer may go 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 transfer of rights associated with an item from a supplier to a consumer is, at the very least, incidental or complementary to a financial activity.

To the extent Patent Owner argues that we narrowly focused on non-limiting language in the preamble of independent claim 1 and ignored the method steps recited in the body of this claim (PO Resp. 29–30), we do not agree. In considering whether a preamble limits a claim, the preamble is analyzed to ascertain whether it states a necessary and defining aspect of the invention, or whether it is simply an introduction to the general field of the claim. *On Demand Mach. Corp. v. Ingram Indus., Inc.*, 442 F.3d 1331, 1343 (Fed. Cir. 2006); *see also Bicon, Inc. v. Straumann Co.*, 441 F.3d 945, 952 (Fed. Cir. 2006) (explaining that whether a preamble limits a claim is determined on a claim-by-claim basis). “When limitations in the body of the claim rely upon and derive antecedent basis from the preamble, then the preamble may act as a necessary component of the claimed invention.” *Eaton Corp. v. Rockwell Int’l Corp.*, 323 F.3d 1332, 1339 (Fed. Cir. 2003). Here, the recitation in the preamble of “a rights consumer” provides antecedent basis for the same claim phrase recited in the body of independent claim 1. We also view the recitation in the preamble of “a rights supplier” as reciting an essential element of the invention embodied in independent claim 1 because a consumer and a supplier are bound inextricably. This consumer/supplier relationship provides the necessary context for the method steps of “obtaining,” “determining,” and “exercising.”

We also do not agree with Patent Owner's argument that the invention embodied in independent claim 1 has general utility and has no particular relation to the financial services sector. PO Resp. 31–32. Patent Owner's argument in this regard is predicated on the notion that independent claim 1 must necessarily cover only financial activities, and not other kinds of activities. We agree with Petitioners that there is nothing in § 18(d)(1) that suggests covered business method patent eligibility should be limited in this way. *See* Pet. Reply. 4. The U.S. Court of Appeals for the Federal Circuit has explained that, as a matter of statutory construction, the definition of “covered business method patent” covers a wide range of finance-related activities. *Versata*, 793 F.3d at 1325. This statutory definition makes no reference to requiring a claim to only cover financial-related activities, and not other kinds of activities. *See id.* As we explained above, independent claim 1 satisfies this statutory definition because it recites a consumer/supplier relationship. The specification of the '280 patent reinforces that this consumer/supplier relationship, at least in some instances, requires the payment of a fee or processing by a clearinghouse, both of which are activities that are financial in nature.

Lastly, we do not agree with Patent Owner's argument that previous Board decisions demonstrate that independent claim 1 of the '280 patent does not satisfy the “financial product or service” component of covered business method patent eligibility. PO Resp. 33–39. The previous Board decisions cited by Patent Owner are not precedential and not binding on this panel. Nonetheless, we have reviewed these purportedly conflicting decisions. Our review of these decision, however, reveals that the

determination of whether a patent is a covered business method patent that is eligible for review rests upon the specific facts of each case. We agree with Petitioners that the previous Board decisions cited by Patent Owner are distinguishable from this case in at least one significant respect. *See* Pet. Reply 5. The stated objective of the '280 patent and, in particular, the explicit requirements of independent claim 1, 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 (Ex. 1001, 2:22–48, 15:7–22), whereas the patents involved in the previous Board decisions cited by Patent Owner only include claims with general utility that do not relate necessarily to activities that are financial in nature.

We, therefore, maintain our initial determination that Petitioners have explained sufficiently why the transfer of rights associated with an item from a supplier to a consumer, as required by independent claim 1, 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.

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). The following claim drafting techniques typically do not render a patent a “technological invention”:

(a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.

(b) Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious.

(c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,763–64 (Aug. 14, 2012) (“*Practice Guide*”).

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 the asserted prior art, 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 U.S. Patent No. 5,634,012 (“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 subject matter of independent claim 1, as a whole, does not recite a technological feature that is novel and unobvious over the prior art. Dec. on Inst. 10–12. As we explained in the Decision on

Institution, based on our assessment of independent claim 1, the only feature recited in the body of the claim 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 from a supplier to a consumer, this claim only uses known prior art technology—namely, the claimed “repository”—to accomplish this method.

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 taught 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.

The parties also present arguments directed to whether independent claim 1 solves a technical problem using a technical solution, which is the second factor involved in determining whether a patent is for a “technological invention.” Pet. 20–25; PO Resp. 42–43, 47; Pet. Reply 7. We, however, need only assess whether one of the factors set forth in 37 C.F.R. § 42.301(b) is deficient to determine whether independent claim 1 is not for a “technological invention.”⁴ Based on the record developed during trial, we maintain our initial determination that Petitioners have explained sufficiently why independent claim 1, as a whole, does not recite a technological feature that is novel and unobvious over the prior art and, therefore, we are satisfied that Petitioners have met their burden of demonstrating that the ’280 patent is not for a “technological invention.”

3. *Summary*

Because we have determined that independent claim 1 of the ’280 patent satisfies the “financial product or service” component of the definition for a covered business method patent, and it is not for a

⁴ The legislative history of the AIA supports this interpretation of the “technological invention” exception. *See, e.g.*, 157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (Sen. Schumer stated the “‘technological invention[]’ exception *only* excludes those patents whose novelty turns on a technological innovation over the prior art *and* are concerned with a technical problem which is solved with a technical solution” (emphases added)).

“technological invention,” the ’280 patent is a covered business method patent eligible for review.

G. Prior Art Relied Upon

Petitioners rely upon the following prior art reference:

Inventor	U.S. Patent No.	Dates	Exhibit No.
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.

Reference(s)	Basis	Claims Challenged
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, 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); *cf. Cuozzo Speed Techs., LLC v. Lee*, No. 15–446, 2016 WL 3369425, at *12 (U.S. June 20, 2016) (upholding the use of the broadest reasonable interpretation standard as the claim construction standard to be applied in an *inter partes* review proceeding). 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 indeed 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 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.

Claims	Claim Term	Claim Construction
1, 5, and 11	“rights”	“a usage right or a meta-right”
1, 5, and 11	“license”	“data embodying a grant of rights”
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 construction 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 of 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). “[A] reference can anticipate a claim even if it ‘d[oes] not expressly spell out’ all the limitations arranged or combined as in the claim, if a person of skill in the art, reading the reference, would ‘at once envisage’ the claimed arrangement or combination.” *Kennametal, Inc. v. Ingersoll Cutting Tool Co.*, 780 F.3d 1376, 1381 (Fed. Cir. 2015) (second alteration in original) (quoting *In re Petering*, 301 F.2d 676, 681 (CCPA 1962)). 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.

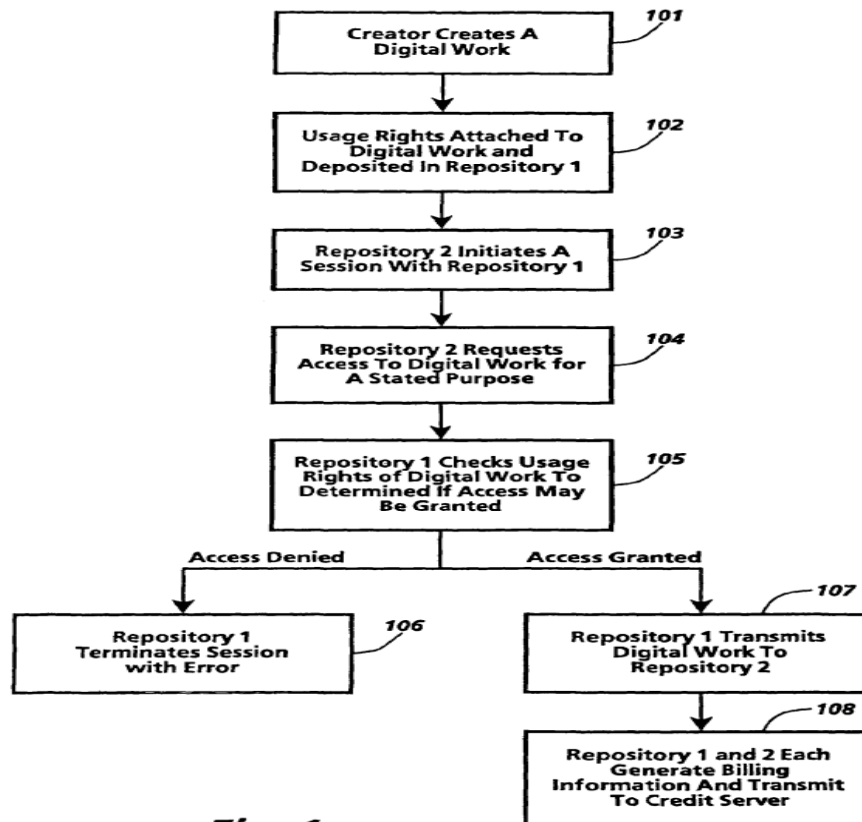


Fig. 1

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 7:18–21. 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 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. 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 a 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 explained 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] [Next-Set-of-Rights: (Delete: Copy Loan) (<u>Add:</u> Print)]

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 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 states, in relevant part, “*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 ¶ 62).

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 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 supporting 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 supporting evidence set forth in the Petition regarding dependent claims 5 and 11, and find them persuasive. *See* Pet. 70–71. Based on the record developed during trial, we conclude that Petitioners have demonstrated by a preponderance of the evidence that these dependent claims are 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 (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. In addition, we note that the prior art of record in this proceeding—namely, Stefik—is indicative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001); *In re GPAC Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995).

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 result 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-level 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 provide 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 Stefik's usage right and NSOR, at a fundamental level, 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, we see no reason why one of ordinary skill in the art would not 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, we see no reason why it would not have been obvious to try exercising Stefik's NSOR on its own, outside the context of, e.g., a Copy or Transfer usage right, especially given that 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

claims 1, 5, and 11 are 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 explained 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.

Id. at 2 (underlining indicates language that Patent Owner is seeking to add).

A motion to amend a claim in a covered business method patent review proceeding is not, by itself, an amendment. As the moving party, Patent Owner bears the burden of proof to establish that it is entitled to the relief requested. 37 C.F.R. § 42.20(c). As such, Patent Owner’s amendment is not entered automatically, but occurs only upon Patent Owner satisfying the requirements of 37 C.F.R. § 42.221 and demonstrating by a preponderance of the evidence the patentability of the proposed, substitute claim. *See MasterImage 3D, Inc. v. RealD Inc.*, Case IPR2015-00040 (PTAB July 15, 2015) (Paper 42, “*MasterImage*”) (precedential); *Idle Free Sys., Inc. v. Bergstrom, Inc.*, Case IPR2012-00027, slip op. at 7–8 (PTAB June 11, 2013) (Paper 26, “*Idle Free*”) (informative).⁵ We begin our analysis by first addressing whether proposed, substitute independent claim 37 meets the requirements of 37 C.F.R. § 42.221 and then we turn to whether this new claim is patentable over the prior art.

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.

⁵ We recognize that both the *MasterImage* and *Idle Free* decisions originate from *inter partes* review proceedings. These decisions, however, apply 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.

§ 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 instead 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, new 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 explained 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, are persuaded that the proposed, substitute independent claim 37 does not enlarge the scope of the original patent claims.

3. Written Description Support

Pursuant to 37 C.F.R. § 42.221(b)(1)–(2), a motion to amend 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." 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).

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 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 conclude that Patent Owner has made a sufficient showing that proposed, substitute independent claim 37, as a whole, has written description support in these disclosures. Contrary to Petitioners’ argument that Patent Owner 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 the 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 meta-rights.” Ex. 2011, 14–15⁶ (paragraph [0044]); Ex. 2012, 13⁷ (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, 3–4⁸ (emphasis omitted). We, therefore, are satisfied

⁶All 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.

⁷ 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.

⁸ 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.

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*

Patent Owner bears the burden in its Motion to Amend to show a patentable distinction of each proposed substitute claim over the prior art. *See* 37 C.F.R. § 42.20(c). Accordingly, a “patent owner should identify specifically the feature or features added to each substitute claim, as compared to the challenged claim it replaces, and come forward with technical facts and reasoning about those feature(s).” *Idle Free*, slip op. at 7. This includes “construction of new claim terms, sufficient to persuade [us] that the proposed substitute claim is patentable over the prior art of record, and over prior art not of record but known to the patent owner.” *Id.* As we explained previously, in a covered business method patent review proceeding, 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).

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

Claim Term	Claim Construction
“content”	“the digital information (i.e. raw bits) representing a digital work”

Claim Term	Claim Construction
“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 must 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. *Idle Free*, slip op. at 7–8. 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 accept Patent Owner’s assessment of the level of skill in the art.

6. *Patentability Over the Prior Art*

In its Motion to Amend, Patent Owner bears the burden of proof to demonstrate patentability of its proposed, substitute claim over the prior art, and, thus, entitlement to the new claim. *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1307–08 (Fed. Cir. 2015) (upholding the approach established in *Idle Free* of allocating to the patent owner the burden of

showing the patentability of any proposed amendments). This does not mean that Patent Owner is assumed to be aware of every item of prior art known to a person of ordinary skill in the art. Patent Owner, however, should explain in its Motion to Amend why the proposed, substitute claim is patentable over not just the “prior art of record,” but also “prior art known to the patent owner” that is not of record. *Idle Free*, slip op. at 7. We have held that “prior art of record” refers to any material art in the prosecution history of the patent, any material art of record in the current proceeding, including art asserted in grounds on which we did not institute review, and any material art of record in any other proceeding before the Office involving the ’280 patent. *MasterImage*, slip op. at 2. We also have held that “prior art known to the patent owner” should be understood as no more than the material prior art that Patent Owner makes of record in this proceeding pursuant to its duty of candor and good faith to the Office under 37 C.F.R. § 42.11. *Id.* at 3. Petitioners then have the opportunity, in their Opposition, to argue any deficiency in the Motion to Amend and “come forward with specific evidence and reasoning, including citation and submission of any applicable prior art,” to rebut Patent Owner’s position on patentability. *Idle Free*, slip op. at 8.

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,⁹ England,¹⁰ Gruse,¹¹ Ginter,¹² and Wyman.¹³ 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.

In their Opposition, Petitioners do not present argument or evidence as to whether Ireton, England, Gruse, Ginter, or Wyman anticipates proposed, substitute independent claim 37, nor do Petitioners present argument 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,

⁹ Ireton, U.S. Patent Publication No. 2002/0077984 A1, published June 20, 2002, filed Dec. 19, 2000 (Ex. 2014).

¹⁰ England, U.S. Patent No. 6,327,652 B1, issued Dec. 4, 2001, filed Jan. 8, 1999 (Ex. 2015).

¹¹ Gruse, U.S. Patent No. 6,389,538 B1, published May 14, 2002, filed Oct. 22, 1998 (Ex. 2016).

¹² Ginter, U.S. Patent No. 5,892,900, published Apr. 6, 1999, filed Aug. 30, 1996 (Ex. 2017).

¹³ Wyman, U.S. Patent No. 5,260,999, published Nov. 9, 1993, filed Sept. 15, 1992 (Ex. 2018).

Patent Owner's assertions regarding why proposed, substitute independent claim 37 is patentable over Ireton, England, Gruse, Ginter, and Wyman essentially are un rebutted. 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.

Taking into account Petitioners' Opposition, we determine that Patent Owner has provided a sufficient explanation as to why proposed, substitute independent claim 37 is not anticipated by Stefik. As we explained 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, e.g., 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, we are persuaded that Patent Owner has demonstrated sufficiently that Stefik does not describe “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.

Taking into account Petitioners’ Opposition, we determine that Patent Owner has provided a sufficient explanation as to why proposed, substitute independent claim 37 would not have been obvious over Stefik. As we explained above, Patent Owner has demonstrated sufficiently that Stefik does not describe “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, 41:54–56. When a distributor imposes an embedded transaction fee, Stefik discloses that, if a 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, e.g., 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, we remain convinced that Patent Owner has demonstrated sufficiently that Stefik does not describe “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 that:

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 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, alternatively, do not dispute that it is correct. 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 and is patentable over the prior art. Accordingly, we grant Patent Owner’s request to cancel independent claim 1 of the ’280 patent and replace it with proposed, substitute independent claim 37.

E. Patent Owner’s Motion for Observation

Patent Owner filed a Motion for Observation on the cross-examination testimony of Petitioners’ rebuttal witness, Dr. Goldberg. Obs. Petitioners filed a Response to Patent Owner’s Motion for Observation. Obs. Resp. To the extent Patent Owner’s Motion for Observation pertains to testimony purportedly impacting Dr. Goldberg’s credibility, we have considered Patent Owner’s observations and Petitioners’ responses 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 and is patentable over the prior art.

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 is 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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